

2012 annual report



**Sugar Cane
Growers Council**

ORGANISATION PROFILE

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.

The Council is currently an Administrative body for the growers, 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.

Under the Sugar Industry reform, a representative from the eight cane growing districts is to be appointed in the reformed Council on certain criteria. The Legislative changes are still being drafted and is expected to be finalized in due course. On a timely basis the present Administrative Arm of the Council reports to the Ministry of Sugar.

OUR VISION

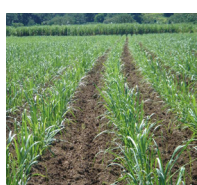
To be the pro-active grower representative organization, that strives to serve the interests of the cane growers of Fiji.

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.

GROWERS UPDATE

There are about 15,862 active growers running small family cane farms with majority producing less than 200 tonnes per year. Some 10 years ago, the Sugar Industry used to comprise of over 21,000 cane growers but the numbers gradually declined as land leases comprising the farms for many growers expired and were not renewed. Many others voluntarily moved out of cane farming when their profit reduced as a result of increasing cultivation, harvesting and transportation costs. The sudden increase of fertilizer cost from \$19.50 to \$31.50 per bag also badly affected their income.

The vast majority of the growers have farm size of 4 hectares /10 acres, a legacy from the British Colonial administration and the end of indentured laborer system in the 1920's. At that time, a plot of 4 hectares of land was leased to individual grower which was considered to be sufficient to support a grower and his family.

Over the years many growers have moved to urban centers in the quest of easier and better jobs. Nowadays most of the plots are cultivated by a middle-aged generation of growers in their fifties and sixties; their children left to attend universities to get better educated in search for white collar jobs in the cities or overseas. Growers of this age group do not feel secure and does not pass on their reins to the next generation.

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.

SUMMARY OF GROWERS AND GANGS

DISTRICT	NO. OF SECTOR	NUMBER OF GROWERS	NUMBER OF GANGS
LAUTOKA	5	2,038	216
NADI	6	2,065	272
SIGATOKA	3	1,115	106
BA	7	3,468	340
TAVUA	3	1,579	143
RAKIRAKI	3	1,662	182
LABASA	7	3,318	418
SEAQAQA	3	617	168
TOTAL	38	15,862	1,845



ACTIVITIES REPORT 2012

The Acting Chief Executive Officer and Staff of Sugar Cane Growers Council takes pleasure in presenting its 2012 Report of Activities that includes the Audited Financial Statement for the year ended 31st December 2012.

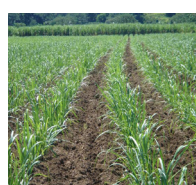
1. WEATHER

The 2012 weather pattern was quite similar to 2011 when above average rainfall was experienced in the first quarter of the year. The heavy rainfall in January and March had caused two major flooding of towns and many cane fields in the Western division. Many fields were filled with debris and low lying farms were water logged for long periods affecting young cane plants. Riverbanks in most of the Western cane belts had burst during the flooding causing erosion of banks hence resulting in decreasing the land area of farmers along these rivers. Western Division was further struck by cyclone 'Evan' in December which caused destruction to buildings and infrastructure.

The months of July and August were the driest of the year with very little rainfall recorded and likewise, rainfall during October and November was relatively lower than 2011 season. While this weather was good for cane planting and cultivation, it did hinder the smooth harvesting and delivery of cane and often contributed to short supply of cane to mills during wet periods.



Sugar cane in water logged



The following is the rainfall record from January 2012 to December 2012

Table 1.1 Monthly Rainfall (mm) 2012

	L A U T O K A		R A R A W A I		L A B A S A		P E N A N G	
MONTH	RAIN	RAINFALL	RAIN	RAINFALL	RAIN	RAINFALL	RAIN	RAINFALL
	DAYS	(MM)	DAYS	(MM)	DAYS	(MM)	DAYS	(MM)
January	18	854	15	825	24	567	24	990
February	20	579	22	710	24	754	22	477
March	17	894	17	275	19	411	18	235
April	15	406	4	4	20	229	17	576
May	8	78	8	80	9	37	11	41
June	7	210	9	173	8	99	8	165
July	4	14	0	0	5	12	7	19
August	5	53	9	46	8	38	10	75
September	12	296	13	238	12	175	12	215
October	9	120	9	173	15	189	15	147
November	10	35	13	100	14	167	8	60
December	10	24	11	16	15	276	15	430
Total	135	3563	130	2640	173	2954	167	3430
		(Av.297)		(Av. 220)		(Av. 246)		(Av. 286)

Source: SRIF, Lautoka

2. 2012 SEASON FORECAST OF CROP

The Council and Corporation had jointly forecasted a crop of 2.4 million tonnes for the 2012 season but as the season went by, the forecast was revised to 2.2 million tonnes. However, due to the unusual weather pattern during the season the actual crop dropped far below the forecast in all mill areas.

Table 2.1

Mill	2012 Season (Forecast)	2012 Season (Actual)	Variance (+/-)
Lautoka	644,500	490,462	154,038(-)
Rarawai	471,800	465,320	6,480(-)
Labasa	470,000	413,283	56,717(-)
Penang	186,215	177,832	8,383(-)
All Mill	1,772,515	1,546,897	225,618(-)



Table 2.2

<i>Mill</i>	<i>Total Crop</i>	<i>Crushed</i>	<i>Stand over</i>
Lautoka	514,707	490,462	24,245
Rarawai	471,800	465,320	6,480
Labasa	426,453	413,283	13,170
Penang	180,727	177,832	2,895
All Mill	1,593,687	1,546,897	46,790

Table 2.3 CANES CRUSHED 2005 – 2012

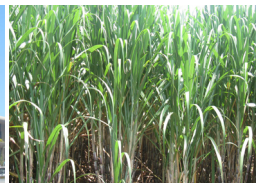
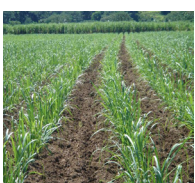
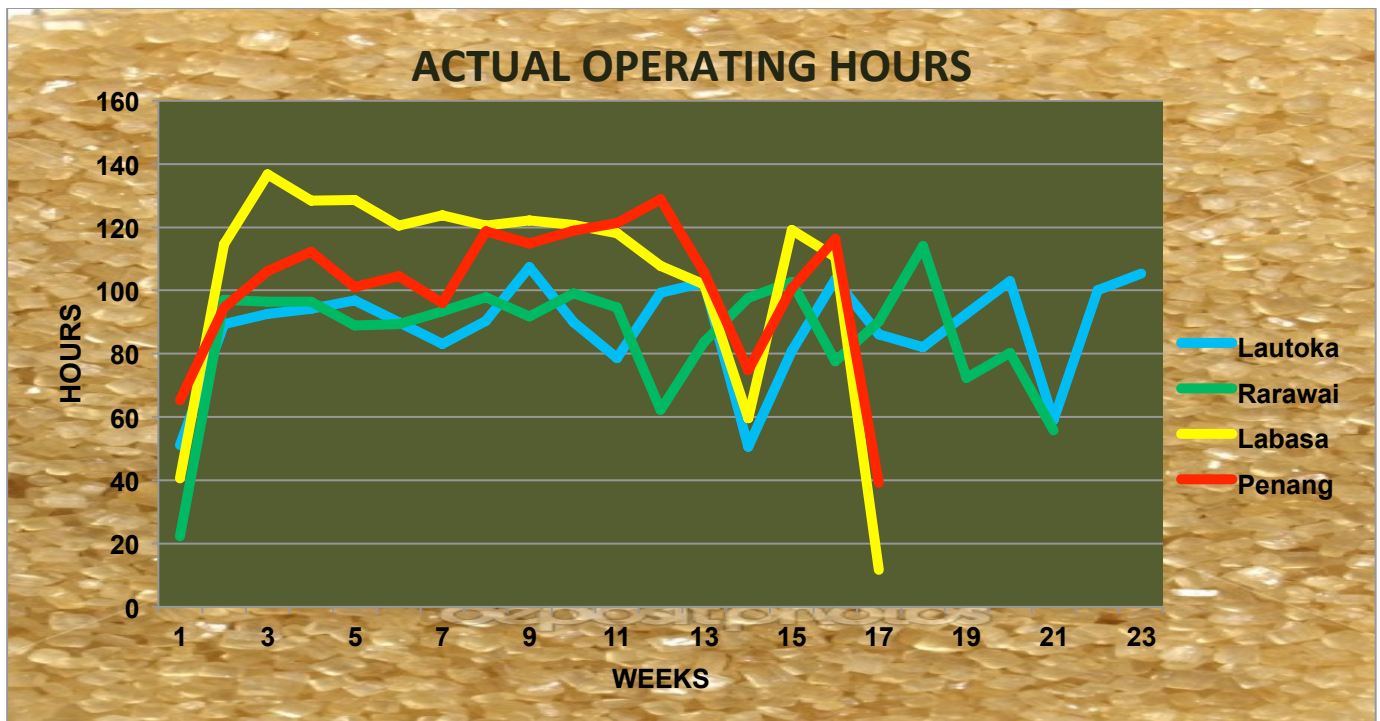
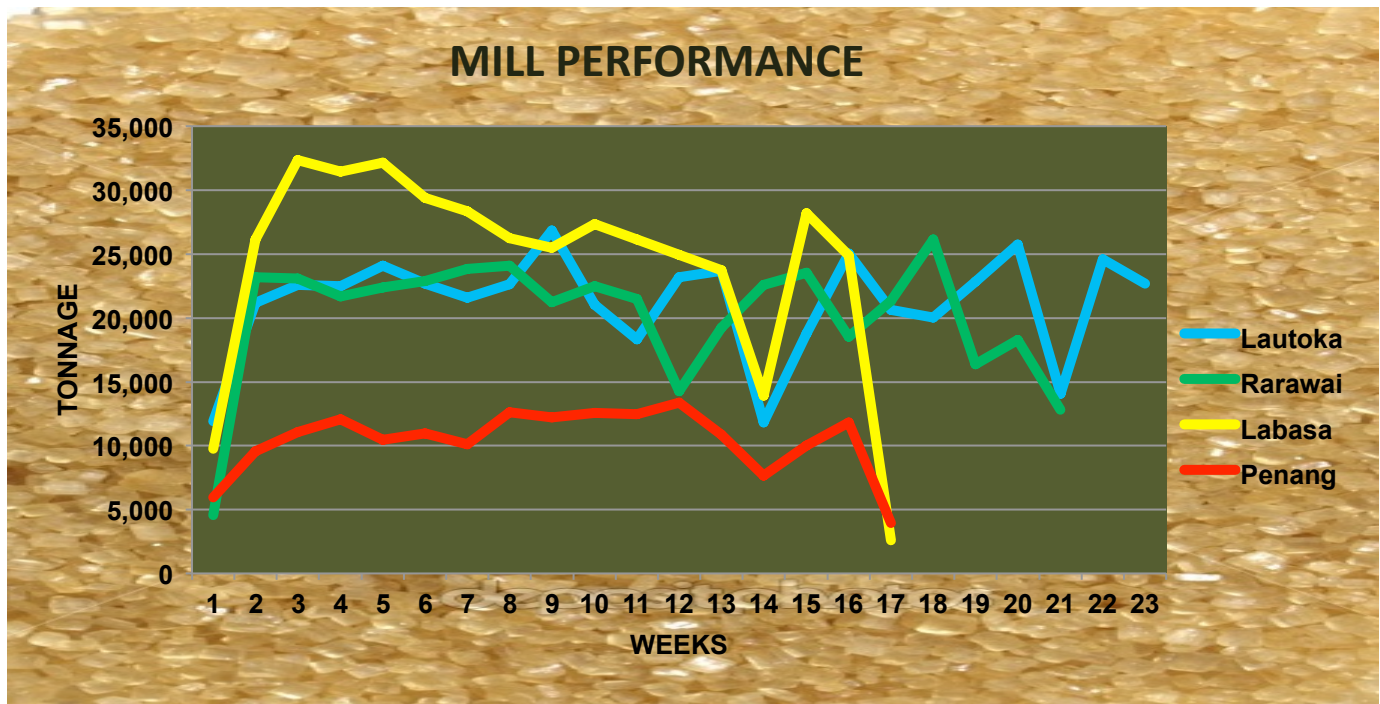
District/ Mill	2005	2006	2007	2008	2009	2010	2011	2012
Lautoka	367,240	430,025	315,017	325,341	300,815	216,986	281,071	209,240
Nadi	369,139	423,428	302,266	316,920	318,535	229,730	262,212	213,783
Sigatoka	154,400	179,784	123,947	128,308	106,696	80,750	100,258	67,439
Lautoka Mill Total	890,779	1,033,237	741,230	770,569	726,045	527,466	643,521	490,462
Rarawai	589,287	763,660	541,493	521,136	472,339	378,061	484,243	325,115
Favua	172,417	268,279	196,984	211,016	187,091	142,427	189,199	140,205
Rarawai Mill Total	761,704	1,031,939	738,477	732,152	659,430	520,488	673,442	465,320
Labasa	667,492	637,846	566,948	433,486	505,195	417,832	425,284	313,973
Seaqaqa	243,171	233,182	202,199	170,830	174,402	136,742	145,187	99,310
Labasa Mill Total	910,663	871,028	769,147	604,316	679,597	554,574	570,471	413,283
Penang Mill Total	225,594	289,347	229,840	214,746	181,650	175,486	208,307	177,832
GRAND TOTAL	2,788,740	3,225,551	2,478,694	2,321,783	2,246,722	1,778,014	2,095,741	1,546,897

Table 2.4 SEASON LENGTH AND AVERAGE WEEKLY CRUSH - 2012

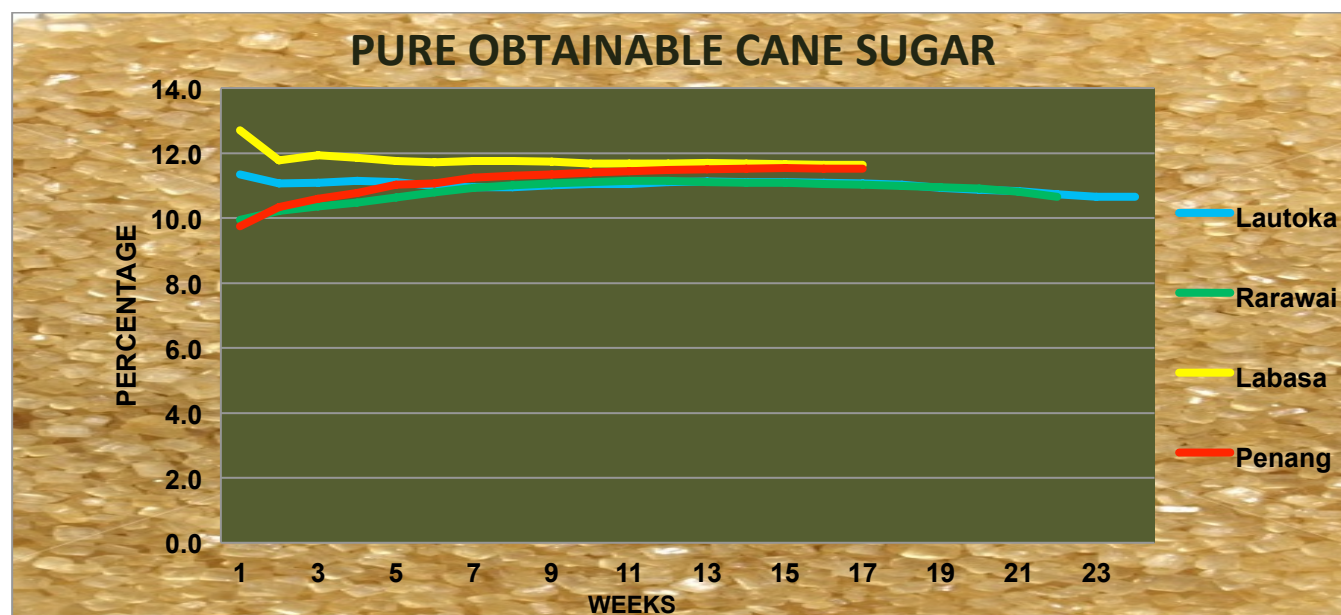
<i>Mill</i>	<i>Cane (Tonnes)</i>	<i>Start Date</i>	<i>Termination Date</i>	<i>No. of Wks</i>	<i>Average Wkly Crush (Tonnes)</i>
Lautoka	490,462	26/06/12	03/12/12	24	20,436
Rarawai	465,320	10/07/12	20/12/12	23	20,231
Labasa	413,283	28/06/12	16/10/12	17	24,310
Penang	177,832	26/06/12	18/10/12	17	10,460
Total	1,548,370				



3. MILL PERFORMANCE



4. CANE QUALITY AND SUGAR PRODUCTION



The above graph illustrates that Labasa Mill had recorded the highest sugar content (POCS) in cane while on the other hand Penang Mill had the best TCTS (tonnes cane to tonnes sugar) ratio for the 2012 season.

The POCS for Labasa Mill was 11.64 followed by Penang at 11.52, Lautoka at 10.66 and Rarawai being the lowest at 10.65. The average POCS for all the Mills was 11.12. The TCTS for Penang Mill was 9.2 followed by Labasa at 9.3, Rarawai at 10.4 and Lautoka being the highest at 10.5 tonnes. The annual average TCTS for all the 4 mills stood at 9.99 tonnes.

Table 4.1 Cane Quality and Sugar Production 2012

	Cane	Sugar	Molasses	POCS	TCTS	Cane	Burnt
<i>Mill</i>	<i>(Tonnes)</i>	<i>(Tonnes)</i>	<i>(Tonnes)</i>			<i>Purity %</i>	<i>Cane %</i>
Lautoka	490,462	46,576	20,681	10.66	10.5	81.6	29.6
Rarawai	465,320	44,570	20,590	10.65	10.4	79.6	41.0
Labasa	413,283	44,394	20,631	11.64	9.3	83.0	18.2
Penang	177,832	19,273	4,948	11.52	9.2	83.5	28.2
TOTAL	1,546,897	154,813	66,850	11.02	10.0	81.6	29.8

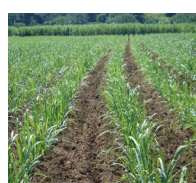


Table 4.2 Pure Obtainable Cane Sugar & Tonne Cane Tonne Sugar

	2008 SEASON		2009 SEASON		2010 SEASON		2011 SEASON		2012 SEASON	
<i>Mill</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>
Lautoka	10.7	10.7	10.19	14.8	10.87	12.2	9.58	13.6	10.66	10.5
Rarawai	10.8	11.3	9.93	15	9.9	15.5	9.84	11.4	10.65	10.4
Labasa	10.99	11.8	10.75	12.2	10.19	14.5	10.02	13.0	11.64	9.3
Penang	10.54	10.8	10.62	10.2	10.58	11.2	9.63	12.7	11.52	9.2
Average	10.79	11.2	10.37	13.4	10.36	13.5	9.79	12.6	11.12	9.85

Table 4.3 Percentage of Green and Burnt Cane Crushed

<i>MILL</i>	<i>GREEN CANE</i>	<i>PERCENTAGE</i>	<i>BURNT CANE</i>	<i>PERCENTAGE</i>
LAUTOKA	345,286	70.4	145,176	29.6
RARAWAI	274,539	59.0	190,781	41.0
LABASA	338,066	81.8	75,217	18.2
PENANG	127,684	71.8	50,148	28.2
TOTAL	1,085,575	70.2	461,322	29.8

5. HARVESTING GANG PERFORMANCE

Harvesting commenced at the Lautoka and Penang Mills on 26/06/12 while crushing at Rarawai Mill in the Western division was delayed till 10/07/12 to enable repair works to complete after the two floods that caused severe damage to the mill. Harvesting at Labasa mill begun on 28/06/12 and the delay attributed to the low cane crop as the stakeholders felt that if crushing had commenced any earlier, all cane would have finished well before October when cane maturity is at its peak.

The Labasa mill performance was above expectation and this gave harvesting gangs a challenge to consistently supply cane to the mill. Unfortunately growers were not prepared for this bearing in mind the poor mill performance of 2011 season and hence a large number of cane supply stops were noted.

The weekend cane supply has also been a concern as most of the gangs with indigenous cane cutters do not operate on Sundays and cane supply during the weekend becomes weak.

6. OTHER GROWERS SERVICES

A wide range of other services were provided to the growers throughout the Council's 8 cane growing district offices and the Head office. Services provided by the Council have helped the growers to save thousands of dollars.

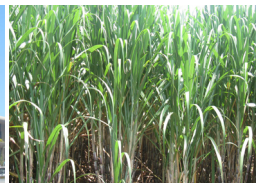
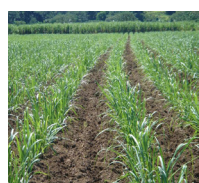
Despite the downsizing of the Council, the Administrative Arm continues to strive to the ultimate goal of the interest of the registered cane growers of the nation. The types of services have increased



and so has the number of growers benefiting from the same. Some of the key services provided by Council on a district by district basis during the year are shown below.

GROWERS SERVICE AS AT 31ST DECEMBER 2012

SERVICES	Rakiraki	Tavua	Ba	Lautoka	Nadi	Sigatoka	Labasa	Seaqaqa	TOTAL
Additional Ticket book	0	0	0	0	0	0	83	0	83
Bond	12	7	11	3	1	0	7	0	41
Burnt Cane	34	8	15	18	4	0	4	0	83
Cane Access Road	97	11	35	26	2	52	345	2	570
Cane payment	58	228	28	23	112	40	4	17	510
COR amendment	19	58	96	35	18	8	63	4	301
COR replacement	19	58	20	7	3	0	18	5	130
Crop Damage	60	39	109	32	39	0	0	0	279
Drainage	18	0	13	6	1	0	14	0	52
Gang Disputes	1	40	74	1	1	11	36	9	173
Gang Matters	74	57	0	12	0	12	30	0	185
Gang Meeting	13	85	14	0	0	0	24	0	136
Gang Rationalization	12	14	3	0	0	0	0	0	29
Income tax	148	154	167	214	225	110	482	180	1680
Increase H/Rates	91	136	398	119	358	13	203	157	1475
Individual Harvest	195	105	12	1	0	0	17	0	330
Knife Sale	96	188	135	231	286	29	0	0	965
Land rent object	46	24	15	15	0	0	27	0	127
Legal Services	3	9	4	3	0	0	134	0	153
Lorry Wheel Tax	101	77	243	161	209	32	174	71	1068
MOGA	147	166	271	178	238	87	402	163	1652
New Registration	6	18	22	2	2	0	73	4	127
Power of Attorney	37	84	95	37	27	32	113	7	432
Rent Appeal	0	51	14	5	0	0	162	21	253
Revocation P/Attorney	7	13	22	13	7	1	22	3	88
Split Registration	3	0	0	0	0	0	6	0	9
Substitute Dispute	0	59	52	9	5	2	56	0	183
Substitute Agreement	322	410	473	1030	45	64	553	42	2939
Transfer of Registration	3	10	29	5	15	0	3	0	65
VAT returns	4	1	2	30	1	6	1	0	45
Weedicide Sales	2265	1721	4006	6815	4442	421	5747	1249	26666
Will	18	65	8	49	30	18	44	0	232
General Services	3894	1049	1664	751	2182	679	3845	1473	15537
Total	7803	4945	8050	9831	8253	1617	12692	3407	56598



7. LEGAL SERVICES

Sugar Cane Growers Council's legal department which was established on 3rd February 2003 has continued to provide a wide 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.

In August 2011, all legal services were ceased due to certain legislations which prevented the Council from providing Legal services without a Practitioners Certificate.

A number of representations were made to the Chief Registrar however we were not allowed to continue unless a legal firm is engaged to act on our behalf. Discussion is on going with a prominent solicitor in Lautoka to have a Managerial contract done so that our services are not disrupted.

During the year various types of services were provided to the cane growers throughout Fiji at a comparatively cheaper rate.

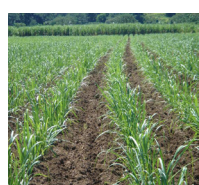
LEGAL SERVICES REPORT FROM 2ND JANUARY 2012 TO 31ST DECEMBER 2012

DOCUMENTS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA	TOTAL
P/Attorney	34	51	93	36	28	15	101	8	366
R/P/Attorney	6	11	26	13	8	-	19	2	85
Wills	18	65	8	49	30	18	44	0	232
Agreements	-	-	2	2	-	-	-	-	4
Transfer	-	-	3	-	-	-	-	-	3
Transmission By Death	1	-	3	2	2	-	2	1	11
Dedication	-	-	1	-	-	-	-	-	1
Easement	-	-	1	1	-	-	-	-	2
R/Death	-	-	-	-	-	-	-	-	-
D/Mortgage /Bill of Sale	-	-	1	-	-	-	-	-	1
Provisional Title	1	-	4	1	-	-	-	-	6
R/New C.T.	-	-	1	1	-	-	-	-	2
Total	60	127	143	105	68	33	166	11	713

8. WEEDICIDE SALES

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

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



All of these weedicides and agro-chemicals are available from South Pacific Fertilizers Company Limited and are made accessible to all cane growers nationwide from suitably located SCGC outlets in their own districts and towns.

An agreement was reached In December 2011 between the Council and Fiji Sugar Corporation after which growers began receiving weedicides on credit basis from the Council's 8 district offices. This arrangement has assisted growers who could not afford to control weeds on their farms due to financial constraints. This gained momentum during 2012 when more growers were seen taking advantage of this credit facility that has reduced cash handling for growers and offices as well.

In 2012, the Council's Labasa and Seaqaqa District offices further distributed weedicide to around 4,000 members of Labasa Cane Producers Association, a fair-trade certified organization within the Labasa Mill Area under LCPA order.

9. KNIFE/ FILES / HAND GLOVE SALES

The Council introduced sale of knives, files and hand gloves to growers in 2008 season. This has been a very successful deal as demand has been increasing with our 2012 sale recording 965 sets sold. The Management is negotiating the price with the supplier and would again provide the opportunity to growers to purchase knives, file and hand gloves at the same cost.

10. GROWERS RICE SUPPLY

The Fiji Sugar Corporation and Council once again arranged delivery of rice through South Pacific Fertilizers Ltd and SPF provided efficient service at affordable costs. Compliments were also received from growers on the quality of rice supplied.

11. FERTILIZER

The fertilizer price 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. Growers are fortunate that the Government has been subsidizing it by \$14.09 per bag while the growers pay the rate of \$31.50 a bag. The Council is thankful to the Government for its continued support to 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 user levy and minor infringements. The lorry association members are mostly growers and these costs has been very high compared to the income for the six monthly operations during crushing. The Council is indebted to the Government and LTA for their continuous support.

13. FAIRTRADE CERTIFICATION

In June 2010, the Prime Minister and Minister for Sugar, Mr. Voreqe Bainimarama launched the Fair-trade Initiative for Labasa growers. Following successful certification, Labasa Cane Producers



Association (LCPA) have received their share of premium from the 2010, 2011 and 2012 season sugar produced at Labasa Mill. LCPA has been assisting its grower members and the community at large by distributing free weedicides, knives, files, water projects, electricity connection deposits, bus shelters, computers to schools etc.

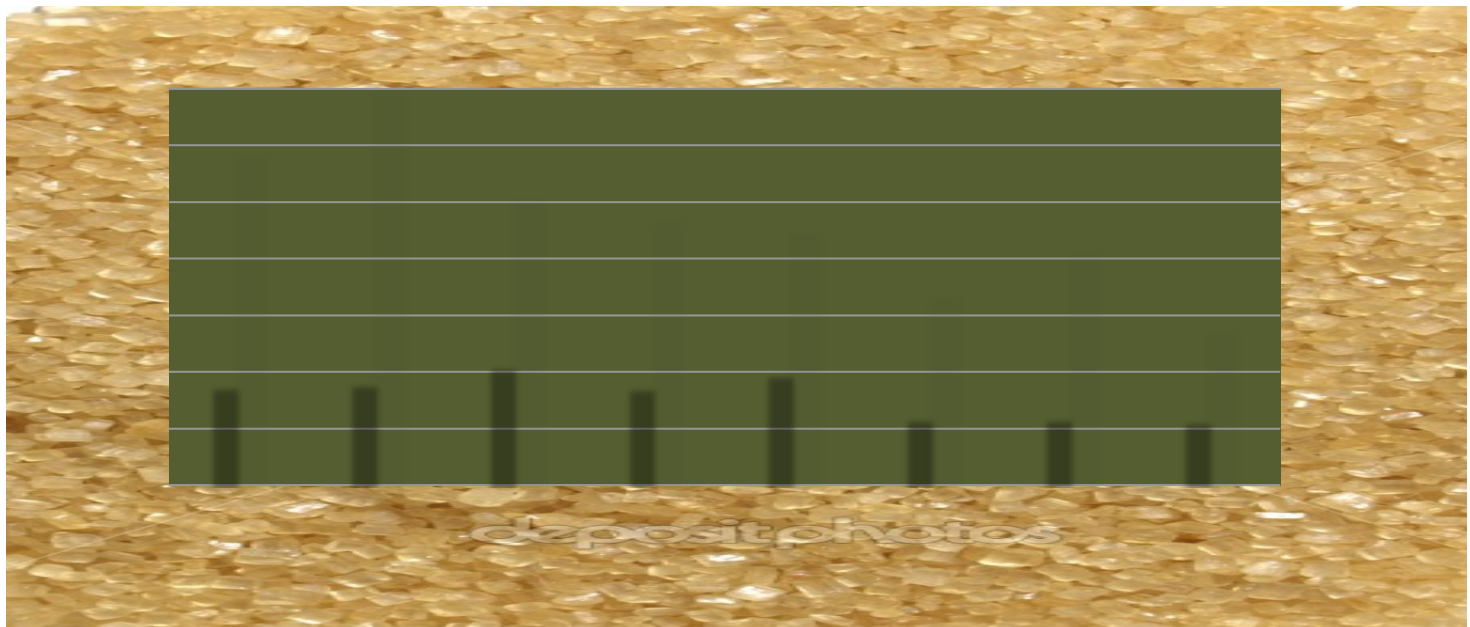
Following the launching of Viti Levu Cane Producers Associations in October 2011, the two other producer organizations namely, Lautoka Cane Producers Association and Penang / Rarawai Cane Producers Association have been certified.

14. COUNCIL LEVY

The Ministry of Sugar approved an Administrative Budget of \$600,000.00 for the 2012 financial year. The cane production for the year was 1,546,897 tonnes resulting in a chargeable levy of 0.37 cents per tonne of cane produced in the season.

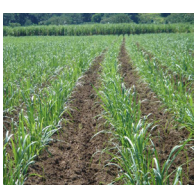
Table 15.1 Last 8 years Annual Levy and Cane Production

YEAR	2005	2006	2007	2008	2009	2010	2011	2012
Levy	\$883,384	\$910,510	\$1,058,538	\$870,879	\$992,691	\$600,000	\$600,000	\$600,000
Production	2,788,740	3,225,551	2,478,853	2,321,783	2,246,722	1,778,014	2,095,741	1,546,897
Levy/ tonne	\$0.32	\$0.28	\$0.42	\$0.38	\$0.44	\$0.34	\$0.29	\$0.37



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 six years.

It should be noted that Council’s Budget has now been reduced to \$600 000.00. The decline in crop has seriously affected levy per tonne of cane and if the crop was maintained at 3.5million tonnes, the



levy would have been only \$0.17 per ton for 2012. All the expenses are very well managed within the budget.

Another notable feature is that for 2010 season the total levy was \$0.34 / ton but due to a reduced cane price, Council had decided to waive \$0.09 / tonne deduction. This amount has not been deducted till to date and the management has now decided to waive this deduction. Therefore, the levy for 2010 has just been \$0.25 per ton.

15. GROWERS AWARENESS PROGRAMME

The Council together with other Sugar Industry Stakeholders worked hand in hand in carrying out awareness programs in the 38 cane growing sectors under the leadership of the Honorable Prime Minister and Minister for Sugar, Mr. Voreqe Bainimarama. For the first time, the growers had the opportunity to personally express and raise their grievances in this program. Majority of the cases raised in the awareness program were expiry of land leases, cane access roads, road tax levy and sugar related matters. The Council staff also had the privilege of meeting and having a talanoa session with the Prime Minister after the awareness program.

16. AGRICULTURE SHOW

The 2012 Agriculture Show was for the first time held in Lautoka's Churchill Park in August and the Council also had a booth showcasing the services we provide. Growers and the public visited the Council's booth whereby weedicides and cane knives were also made available for sales.

17. Cane Development Revolving Fund (CDRF)

With a view to increase cane production, Government as in previous years provided \$6m for Cane Development project. Grants given out for cane planting in the past had been futile as there was no significant increase in crop. The Stakeholders then decided to turn the grant into a revolving fund to enable growers interested to plant cane to get interest free loan. This would enable the growers to take some ownership and the loan would be recouped slowly and the funds could be reutilized.

It was decided that a further \$3m be allocated by the SCGF and the entire funds controlled by the stakeholders. Criteria was set for the fund where a minimum of \$1000/ acre or \$2500/ ha provided to a grower on an interest free loan via SCGF. There were other conditions attached and was to be overseen by all the stakeholders who were tasked to do different tasks in the CDRF. The Council was given the task of following up on compliance to cultivation of different varieties, certification of land preparation/ planting and monitoring of field activities.

Subsequent to the two flooding of 2012, the stakeholders met and revised the criteria. It was then agreed that growers would be given \$1,000.00 per acre under CDRF cane planting program of which \$500.00 would be loan repayable within the next 5 years while \$500.00 would be granted to assist growers rehabilitate. Many growers took advantage of this and replanted their ageing ratoon with new cane.



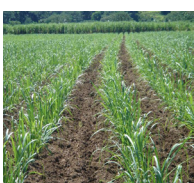
18. INTERNATIONAL SUGAR ORGANISATION (ISO) CONFERENCE

The Council's Acting Chief Executive Officer was part of the Fiji delegation to the International Sugar Organisation (ISO) Conference and ISC meeting held in New Delhi, India from 24th to 26th April 2012. The delegation was led by the Honorable Prime Minister and Minister for Sugar, Commodore Voreqe Bainimarama. The same delegation also attended the annual ISO conference and ISC meeting in London from 27th to 28th November 2012. At the ISC meeting, the Honorable Prime Minister of Fiji was elected the new Chairman of the International Sugar Council for 2013. He was nominated by Brazil and seconded by India. 85 sugar producing nations voted in favour of Fiji.

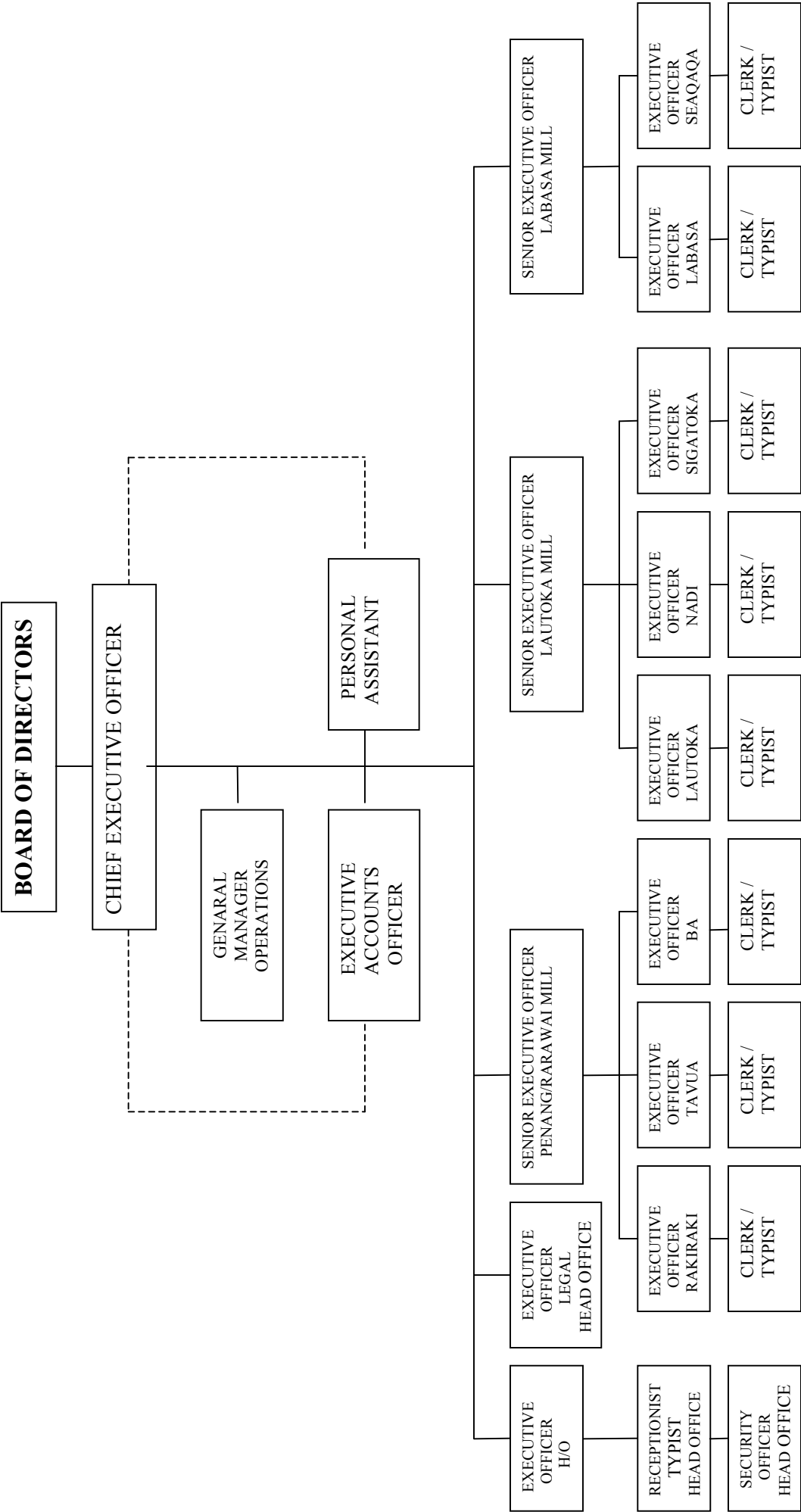


Fiji Delegation to the ISO Conference

L-R: *Director Sugar, Mr. Viliame Gucale, SCGC CEO (Acting), Mr. Sundresh Chetty, FSC Executive Chairman, Mr. Abdul Khan, Fiji Counsellor Brussels, Mr. Nidhendra Singh, Honorable Prime Minister & Minister for Sugar, Mr. Voreqe Bainimarama, Permanent Secretary for Sugar, Mr. Manasa Vaniqi, Fiji's High Commissioner to London, Mr. Solo Mara, and Sugar Industrial Commissioner, Mr. Timothy Brown.*



SUGAR CANE GROWERS COUNCIL ORGANISATION CHART



Sugar Cane Growers Council

Financial Statements

For the year ended

31 December 2012

Sugar Cane Growers Council

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Sugar Cane Growers Council

Officers' report

The Director of Sugar and Acting Chief Executive Officer (Officers) herewith submit the statement of financial position of Sugar Cane Growers Council ("the Council") as at 31 December 2012 and the related statement of comprehensive income, statement of changes in funds employed and statement of cash flows for the year ended on that date and report as follows:

Officers

The names of Officers in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue are as follows:

Villiam Gucake - Director of Sugar

Sundresh Chetty - Acting Chief Executive Officer

State of affairs

In the opinion of the Officers the accompanying statement of financial position gives a true and fair view of the state of affairs of the Council as at 31 December 2012 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 total comprehensive income for the year amounted to \$63,929 (2011: \$131,375).

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

Current assets

The Officers took reasonable steps before the Council's financial statements were made out to ascertain that the current assets of the company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Officers are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

Receivables

The Officers took reasonable steps before the Council's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the Officers are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded in the financial statements.

Sugar Cane Growers Council

Officers' report (continued)

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 23, 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. The Officers believe that the Council will be re-constituted.

The following significant events occurred in prior years:

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

(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.

As at the date of the financial statements, there has been no further action taken with regard to the dissolution of the Council or appointment of a successor body.

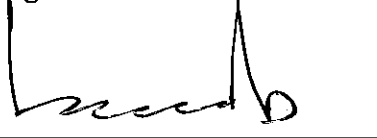
The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

Events subsequent to year end

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 Officers, 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 _____ day of _____ 2013.

Signed in accordance with a resolution of the Officers.



Director of Sugar

Acting Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUGAR CANE GROWERS COUNCIL

We have audited the accompanying financial statements of Sugar Cane Growers Council, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in funds employed and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 19.

Officers' and Management's Responsibility for the Financial Statements

Officers' and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and for such internal control as the officers and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sugar Cane Growers Council as at 31 December 2012 and of its financial performance, its changes in funds employed and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 2(b) and 21 in the financial statements regarding the Council's ability to continue as a going concern. The events discussed in Note 21 indicate the existence of material uncertainties about the Council's ability to continue as a going concern and therefore realise its asset and discharge its liabilities in the normal course of business.

14 May, 2013
Nadi, Fiji Islands



KPMG
Chartered Accountants

Sugar Cane Growers Council
Statement of comprehensive income
For the year ended 31 December 2012

	Note	2012	2011
		\$	\$
Sales		1,753,624	605,942
Cost of Sales		<u>(1,603,612)</u>	<u>(602,068)</u>
Gross Profit		150,012	3,874
Revenue - growers levy		600,000	600,000
Other income	4	143,168	152,426
Administrative expenses	5	(383,539)	(317,125)
Other operating expenses	6	<u>(458,794)</u>	<u>(335,809)</u>
Surplus from operations		50,847	103,366
Finance income	8	20,007	34,947
Finance expense	8	<u>(6,925)</u>	<u>(6,938)</u>
Surplus for the year		63,929	131,375
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>63,929</u></u>	<u><u>131,375</u></u>

The notes on pages 8 to 19 are an integral part of these financial statements.

Sugar Cane Growers Council
Statement of changes in funds employed
For the year ended 31 December 2012

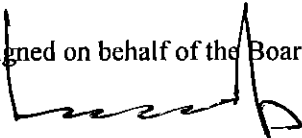
	2012	2011
	\$	\$
Balance at 1 January	2,940,868	2,809,493
<i>Total comprehensive income for the year</i>		
Surplus for the year	63,929	131,375
Other comprehensive income	-	-
Balance at 31 December	<u>3,004,797</u>	<u>2,940,868</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

Sugar Cane Growers Council
Statement of financial position
As at 31 December 2012

	Note	2012 \$	2011 \$
Assets			
Non-current assets			
Property, plant and equipment	9	1,136,757	1,179,212
Investments	10	341,427	302,913
Total non-current assets		<u>1,478,184</u>	<u>1,482,125</u>
Current assets			
Cash and cash equivalents	11	614,145	662,238
Held to maturity investments	12	550,000	550,000
Receivables	13	1,034,681	621,050
Prepayments		12,941	13,342
Total current assets		<u>2,211,767</u>	<u>1,846,630</u>
Total assets		<u><u>3,689,951</u></u>	<u><u>3,328,755</u></u>
Funds employed			
Funds employed		3,004,797	2,940,868
Total funds employed		<u>3,004,797</u>	<u>2,940,868</u>
Non-current liability			
Loans and borrowings	14	-	76,000
Total non-current liability		<u>-</u>	<u>76,000</u>
Current liabilities			
Loans and borrowings	14	76,000	76,000
Other payables and accruals	15	581,130	199,757
Employee benefits	16	28,024	36,130
Total current liabilities		<u>685,154</u>	<u>311,887</u>
Total liabilities		<u>685,154</u>	<u>387,887</u>
Total funds employed and liabilities		<u><u>3,689,951</u></u>	<u><u>3,328,755</u></u>

Signed on behalf of the Board.


 Director of Sugar


 Acting Chief Executive Officer

The notes on pages 8 to 19 are an integral part of these financial statements.

Sugar Cane Growers Council
Statement of cash flows
For the year ended 31 December 2012

	Note	2012 \$	2011 \$
Operating activities			
Receipts of growers levy from Fiji Sugar Corporation		455,374	500,336
Other receipts		1,846,084	116,980
Payments to suppliers and employees		(2,291,353)	(548,589)
Interest and other finance charges paid		<u>(6,925)</u>	<u>(6,938)</u>
Cash flows from operating activities		<u>3,180</u>	<u>61,789</u>
Investing activities			
Interest received		20,007	34,947
Proceeds from sale of property, plant and equipment		22,000	1,000
Acquisition of property, plant and equipment		<u>(17,280)</u>	<u>(61,350)</u>
Cash flows used in investing activities		<u>24,727</u>	<u>(25,403)</u>
Financing activities			
Repayment of loan		<u>(76,000)</u>	<u>(76,000)</u>
Cash flows used in financing activities		<u>(76,000)</u>	<u>(76,000)</u>
Net (decrease) / increase in cash and cash equivalents		(48,093)	(39,614)
Cash and cash equivalents at 1 January		<u>662,238</u>	<u>703,681</u>
Cash and cash equivalents at 31 December	11	<u><u>614,145</u></u>	<u><u>662,238</u></u>
Non-cash investing activity	18		

The notes on pages 8 to 19 are an integral part of these financial statements.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

1. Reporting entity

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

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

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

As the Council was applying full IFRS in previous periods there are no changes other than to disclosures that arise from the change.

The financial statements were authorised for issue by the Director of Sugar and Acting Chief Executive Officer on _____.

(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. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Council's continuity as going concern. The Officers believe that the Council will be reconstituted.

(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 for SMEs 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.

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.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

2. Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

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 9 Property, plant and equipment
- Note 10 Investments
- Note 13 Receivables

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) Financial instruments

(i) Non-derivative financial assets

The Council generally recognises loans and receivable on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Council becomes a party to the contractual provisions of the instrument.

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 the 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 and loans and receivables .

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 (see note 3 (c) (i)).

Loan and receivables comprise cash at bank and other receivables.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Cash and cash equivalents

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

Held-to-maturity financial assets

If the Council has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Held-to-maturity financial assets comprise term deposits.

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 at fair value through profit or loss comprise investments in Unit Trust of Fiji.

(ii) Non-derivative financial liabilities

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.

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 and other payables and accruals.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

3. Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

Any 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 operating expenses in profit or loss.

(iii) Depreciation

Items of property, plant and equipment are depreciated 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.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Council. Ongoing repairs and maintenance is expensed as incurred.

The depreciation rate for the current and comparative years are as follows:

Asset	Rate
Fixtures and fittings	25%
Plant and equipment	25%
Motor vehicles	25%
Land and building	1.25% - 5%

(c) 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.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

3. Significant accounting policies (continued)

(c) Impairment (continued)

Financial assets measured at amortised cost

The Council considers evidence of impairment for financial assets at amortised cost (loans and receivables and held to maturity investments securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets 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 and held to maturity financial assets. 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. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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").

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU's) and then to reduce the carrying amounts of the other assets in the CGU (group of CGU's) on a *pro-rata* basis.

(d) Employee benefits

i) Defined contribution plan / Superannuation

Contributions are paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

3. Significant accounting policies (continued)

(d) Employee benefits (continued)

ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided.

A liability is recognised for the amount to be paid under short-term benefits if the Council has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(e) 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. Growers levies 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.

(ii) Sale of durion

Revenue from sale of durion is measured at the fair value of the consideration received or receivable. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer.

(iii) Other income

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

(iv) Rental income

Rental income from hire of hall and office premises are recognised in profit or loss on an accrual basis.

(f) Income tax

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

(g) Financing income and expenses

Finance income comprises interest received on the term deposits held. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise bank charges and interest on borrowing.

(h) Value Added Tax (VAT)

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

	2012	2011
	\$	\$
4. Other income		
Dividend income - Unit Trust of Fiji	14,090	7,781
Gain on disposal of property, plant and equipment	12,194	22,500
Gain on remeasurement of investments to fair value	24,424	9,039
Other income	7,181	10,154
Rental income	85,279	94,213
Sundry income - legal department services	-	8,739
	<u>143,168</u>	<u>152,426</u>
5. Administrative expense		
Meeting costs - other	3,874	3,857
Personnel expenses (refer note 7)	379,665	313,268
	<u>383,539</u>	<u>317,125</u>
6. Other operating expenses		
Included in other operating expenses are the following items:		
Doubtful debts	136,172	33,423
Auditor's remuneration - audit services	7,000	7,000
- other services	1,283	1,309
Depreciation	49,929	67,395
Electricity	27,418	26,227
Insurance	24,332	24,621
Legal department expenses	12,486	-
Motor vehicle expenses	47,152	37,730
Rent	28,287	28,008
Telephone	26,884	24,827
	<u>26</u>	<u>26</u>
7. Personnel expenses		
Annual leave	21,398	11,475
Fiji National Provident Fund contributions	28,564	23,897
Key management compensation - short term benefits	77,578	57,423
National Training and Productivity Center levy	2,152	2,802
Wages and salaries	249,973	217,671
	<u>379,665</u>	<u>313,268</u>
The average number of employees during the year was:	<u>26</u>	<u>26</u>
8. Finance income and expenses		
<u>Finance income</u>		
Interest income	<u>20,007</u>	<u>34,947</u>
<u>Finance expense</u>		
Bank charges	2,365	2,378
Interest expense	4,560	4,560
	<u>6,925</u>	<u>6,938</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

9. Property, plant and equipment

	Fixtures and fittings \$	Plant and equipment \$	Motor vehicles \$	Land and buildings \$	Total \$
Cost					
Balance at 1 January 2011	123,710	404,141	321,884	1,314,645	2,164,380
Acquisitions during the year	-	14,250	61,500	7,100	82,850
Disposals during the year	-	-	(40,000)	-	(40,000)
Balance at 31 December 2011	123,710	418,391	343,384	1,321,745	2,207,230
Acquisitions during the year	-	11,280	-	6,000	17,280
Disposals during the year	(2,345)	(5,089)	(30,000)	-	(37,434)
Balance at 31 December 2012	121,365	424,582	313,384	1,327,745	2,187,076
Depreciation					
Balance at 1 January 2011	123,649	378,582	278,320	220,072	1,000,623
Depreciation charge for the year	61	13,377	35,542	18,415	67,395
Disposals during the year	-	-	(40,000)	-	(40,000)
Balance at 31 December 2011	123,710	391,959	273,862	238,487	1,028,018
Depreciation charge for the year	-	13,037	17,507	19,385	49,929
Disposals during the year	(2,345)	(5,089)	(20,194)	-	(27,628)
Balance at 31 December 2012	121,365	399,907	271,175	257,872	1,050,319
Carrying amount					
At 1 January 2011	61	25,559	43,564	1,094,573	1,163,757
At 31 December 2011	-	26,432	69,522	1,083,258	1,179,212
At 31 December 2012	-	24,675	42,209	1,069,873	1,136,757

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

10. Investments

Non-current investment

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

	2012	2011
	\$	\$
<u>Unit Trust of Fiji</u>		
This represents investment in Unit Trust of Fiji of 251,049 units (2011: 240,407 units) at \$1.36 (2011: \$1.26).	<u>341,427</u>	<u>302,913</u>
<u>Reconciliation of investment in Unit Trust of Fiji</u>		
Balance at 1 January	302,913	286,092
Additional units acquired during the year	14,090	7,782
Gain /(loss) on remeasurement of investment to fair value	<u>24,424</u>	<u>9,039</u>
Balance at 31 December	<u>341,427</u>	<u>302,913</u>

11. Cash and cash equivalents

Cash at bank	612,316	660,409
Cash on hand	<u>1,829</u>	<u>1,829</u>
Cash and cash equivalents in the cash flow statements	<u>614,145</u>	<u>662,238</u>

12. Held-to-maturity investments

Term Deposits	<u>550,000</u>	<u>550,000</u>
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The average interest rate on term deposits in 2012 is 4.33% (2011: 4.84%). The deposits have an average maturity of 365 days (2011: 365 days).

13. Receivables

	2012	2011
	\$	\$
Growers levy receivable from The Fiji Sugar Corporation Limited (FSC)	766,198	621,572
Less: Provision for doubtful debts	<u>(212,337)</u>	<u>(76,165)</u>
	553,861	545,407
Receivables for sale of durion	468,088	62,828
Other receivables	<u>12,732</u>	<u>12,815</u>
	<u>1,034,681</u>	<u>621,050</u>
<u>Provision for doubtful debts</u>		
Balance as at 1 January 2012	76,165	42,742
Expense recognised during the year	<u>136,172</u>	<u>33,423</u>
Balance as at 31 December 2012	<u>212,337</u>	<u>76,165</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

14. Loans and borrowings	2012	2011
	\$	\$
Secured loan from Sugar Cane Growers Fund	<u>76,000</u>	<u>152,000</u>
Disclosed in the financials as follows:		
Current liability	76,000	76,000
Non current liability	<u>-</u>	<u>76,000</u>

The loan is repayable by annual repayments of \$76,000 (2011: \$76,000) and interest is being charged at the rate of 3% (2011: 2%).

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

15. Other payables and accruals	2012	2011
	\$	\$
Payables and accruals	48,095	58,358
South Pacific Fertilizers Limited	<u>533,035</u>	<u>141,399</u>
	<u>581,130</u>	<u>199,757</u>
16. Employee benefits		
Balance at 1 January	36,130	35,759
Expense recognised in the profit or loss	21,398	11,475
Leave utilised	<u>(29,504)</u>	<u>(11,104)</u>
Balance at 31 December	<u>28,024</u>	<u>36,130</u>

17. Related parties

(a) The Officers

The names of Officers in office at the date of this report and at any time during the financial year are as follows:

Villiams Gucake - Director of Sugar
Sundresh Chetty - Acting Chief Executive Officer

(b) Identity of related parties

The Fiji Sugar Corporation Limited (FSC) and South Pacific Fertilizers Limited 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 2012

17. Related parties (continued)

(c) Amounts receivable from / (payable to) related parties	2012	2011
	\$	\$
South Pacific Fertilizers Limited (Note 15)	(533,035)	(141,399)
Growers levy receivable from The Fiji Sugar Corporation	<u>766,198</u>	<u>621,572</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:

	2012	2011
	\$	\$
Interest expense – Sugar Cane Growers Fund	4,560	4,560
Levy income – The Fiji Sugar Corporation Limited	600,000	600,000
Purchase of durion from South Pacific Fertilizer Limited	1,603,612	766,723
Rental income from Sugar Cane Growers Fund	50,162	50,160
Repayment of loan – Sugar Cane Growers Fund	<u>76,000</u>	<u>76,000</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 7.

18. Non-cash investing activity	2012	2011
	\$	\$
Acquisition of shares in Unit Trust of Fiji	14,090	7,781
Trade-in of property, plant and equipment	<u>-</u>	<u>22,500</u>

19. Capital commitments

Capital commitments as at 31 December 2012 amounted to \$Nil (2011: \$Nil).

20. Contingent liabilities

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

21. Significant events during previous years

The following significant events occurred in previous years:

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2012

21. Significant events during previous years (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.

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.

22. Events subsequent to year end

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 Officers, 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 21 to 22 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 2012. 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.

14 May, 2013
Nadi, Fiji Islands



KPMG
Chartered Accountants

Sugar Cane Growers Council
Statement of operations
For the year ended 31 December 2012

	2012	2011
	\$	\$
Sales	1,753,624	605,942
Cost of Sales	(1,603,612)	(602,068)
Gross Profit	150,012	3,874
Growers levy	600,000	600,000
Dividend income	14,090	7,781
Gain on disposal of property, plant and equipment	12,194	22,500
Gain on remeasurement of investments to fair value	24,424	9,039
Interest income	20,007	34,947
Rental income	85,279	94,213
Sundry income - legal department services	-	8,739
Other income	7,181	10,154
Total income	913,187	791,247
Expenditure		
Advertising	1,046	1,526
Doubtful debts	136,172	33,423
Auditor's remuneration - audit services	7,000	7,000
- other services	1,283	1,309
Bank charges	2,365	2,378
City rates	881	687
Cleaning	9,820	9,385
Contingency expense	100	78
Depreciation	49,929	67,395
Donations	280	365
Electricity	27,418	26,227
Fiji National Provident Fund contributions	28,564	23,897
General expenses	5,639	2,694
Growers accountant's fees	5,750	5,875
Hospitality	1,251	891
Insurance	24,332	24,621
Interest expense	4,560	4,560
Legal department expenses	12,486	-
Meeting costs - other	3,874	3,857
Motor vehicle expenses	47,152	37,730
Office expenses	6,187	6,503
Expenses balance carried forward	376,089	260,401

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 20.

Sugar Cane Growers Council
Statement of operations (continued)
For the year ended 31 December 2012

	2012	2011
	\$	\$
Expenses balance brought forward	376,089	260,401
Postage	3,031	3,362
Professional services	-	15,000
Rent	28,287	28,008
Repairs and maintenance	36,119	10,044
Security expenses	12,516	10,770
Staff Training	55	783
Stationery and printing	10,539	13,938
Subscriptions	2,353	2,533
Telephone	26,884	24,827
National Training and Productivity Center levy	2,152	2,802
Wages and salaries	348,949	286,569
Water rates	458	519
Website costs	1,826	316
Total expenditure	849,258	659,872
Operating surplus	63,929	131,375

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 20.

