



**SUGAR CANE
GROWERS COUNCIL**
Annual Report

2008

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.

Members of the Sugar Cane Growers Council are elected triennially and consist of 38 Sector Councilors elected by the cane growers of their respective sectors. The council elects the Board of Directors consisting of 11 Directors at its Annual General Meeting.

- The Chairman and 2 Vice Chairmen are elected from amongst the 38 members of the Council at the Annual General Meeting.
- Eight Ordinary Directors are elected by councillors from their respective districts at the Annual General Meeting.

BOARD OF DIRECTORS 2008

CHAIRMAN	JAIN KUMAR
VICE CHAIRMEN	KAMLESH KUMAR/ PARAS RAM SOMAIYA
MEMBERS	MARIKA SILIMAIBAU UMESH PRASAD SURESH CHANDRA RAJ PARMOD KUMAR SHIU NARAYAN JWALA PRASAD LEAKAT BEGG
CHIEF EXECUTIVE	JAY GAWANDAR / SURENDRA SHARMA
SECRETARY	SUNDRESH CHETTY

OUR VISION

To be the pro-active grower representative organization, which 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.

ACTIVITIES REPORT 2008

The Board of Directors of the Sugar Cane Growers Council takes pleasure in presenting its 2008 Report of Activities that includes the Audited Financial Statement for the year ended 31st December 2008.

1. WEATHER

The 2008 crushing season experienced a prolonged spell of dry weather, which was followed by rain towards the later part of crushing around August. This weather pattern was prevalent in all cane districts. Occasional and sometimes heavy downpour was experienced around September and onwards which often disrupted harvesting and transport

causing short supply at the mills. The early closure of Penang and Lautoka Mills was attributed to favorable weather conditions in the early part of the season. Due to the above weather pattern, new planting has been slow throughout the season but has gradually improved on receipt of ample rainfall.

The following is the rainfall record from January 2008 to December 2008

Table 1 Monthly Rainfall (mm) 2008

	<i>L A U T O K A</i>		<i>R A R A W A I</i>		<i>L A B A S A</i>		<i>P E N A N G</i>	
MONTH	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)
<i>January</i>	24	672.2	22	826.5	26	1002.6	26	1240.5
<i>February</i>	23	553.5	24	604.6	24	332.6	19	570.0
<i>March</i>	21	231.8	19	372.4	19	305.0	16	200.0
<i>April</i>	14	117.8	14	270.9	20	255.8	25	218.6
<i>May</i>	13	225.9	15	173.2	17	243.5	12	271.0
<i>June</i>	7	112.3	12	54.7	10	97.2	11	104.4
<i>July</i>	3	121.8	3	52.1	8	9.7	3	18.5
<i>August</i>	4	1.1	4	9.2	3	2.6	8	74.6
<i>September</i>	6	26.4	6	20.7	9	45.4	12	38.3
<i>October</i>	11	103.3	7	80.9	5	46.5	8	21.0
<i>November</i>	13	216.2	17	402.0	21	167.9	18	381.0
<i>December</i>	15	119.3	16	185.0	23	298.6	20	242.0
Total	154	2501.6 (Av. 208)	159	3052.2 (Av. 254)	185	2807.4 (Av. 234)	178	3379.9 (Av.282)

2. 2008 SEASON FORECAST OF CROP

The Council and the Corporation had forecast a crop of 2.75 million tonnes for the 2008 season.

Table 2.1

<i>Mill</i>	<i>2008 Season</i> <i>(Forecast)</i>	<i>2008 Season</i> <i>(Actual)</i>	<i>Variance (+/-)</i>
<i>Lautoka</i>	748,000	778,673	+ 30,673
<i>Rarawai</i>	890,000	702,750	- 187,250
<i>Labasa</i>	870,000	604,316	- 265,684
<i>Penang</i>	250,000	236,044	- 13,956
All Mill	2,758,000	2,321,783	- 428,217

3. 2008 SEASON CROP

The 2008 season crop declined compared to 2007 by 0.15m tonnes. This is a notable decline of 6.3%. The significant drop was due to prolonged dry weather in all three Viti Levu Mills. Labasa Mill's reduction was however caused by excessive rain from September to the end of crush, which led to poor harvesting effort. The four mills jointly crushed 2,321,783 tonnes of cane

from an area of 53794.5 hectares giving an average of 46.1 tonnes per hectare. The stand over cane for the season was around 37,255 tonnes against 156,908 tonnes in 2007. Around 80% of the stand over cane was due to non-availability of the cane cutters and adverse weather conditions. This is an ongoing problem and is of concern to us.

Table 3.1

<i>Mill</i>	<i>Crushed</i>	<i>Stand over</i>	<i>Total Crop</i>
<i>Lautoka</i>	778,673	14,515	793,188
<i>Rarawai</i>	702,750	9,000	711,750
<i>Labasa</i>	604,316	12,490	616,806
<i>Penang</i>	236,044	1,250	237,294
<i>All Mill</i>	2,321,783	37,255	2,359,038

Table 3.2 Cane Production 2000 – 2008

<i>District/ Mill</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
<i>Lautoka</i>	325,341	315,017	430,025	367,240	415,713	350,696	431,444	360,412	492,901
<i>Nadi</i>	316,920	302,266	423,428	369,139	430,176	372,817	487,096	375,550	553,514
<i>Sigatoka</i>	128,308	123,947	179,784	154,400	186,212	166,986	218,584	170,781	253,810
<i>Lautoka Mill Total</i>	770,569	741,230	1,033,237	890,779	1,032,101	890,499	1,137,123	906,743	1,300,225
<i>Rarawai</i>	521,136	541,493	763,660	589,287	656,426	615,802	749,622	600,668	859,862
<i>Tavua</i>	211,016	196,984	268,279	172,417	222,095	220,923	321,957	243,743	390,927
<i>Rarawai Mill Total</i>	732,152	738,477	1,031,939	761,704	878,521	836,725	1,071,579	844,411	1,250,789
<i>Labasa</i>	433,486	566,948	637,846	667,492	626,627	453,287	700,594	617,762	654,106
<i>Seaqaqa</i>	170,830	202,199	233,182	243,171	221,877	185,564	237,856	227,682	257,233
<i>Labasa Mill Total</i>	604,316	769,147	871,028	910,663	848,504	638,851	938,450	845,444	911,339
<i>Penang Mill Total</i>	214,746	229,840	289,347	225,594	242,322	243,583	275,431	208,184	158,026
GRAND TOTAL	2,321,783	2,478,694	3,225,551	2,788,740	3,001,448	2,609,658	3,422,583	2,804,782	3,620,379

4. 2008 CRUSHING SEASON

COMMENCEMENT AND TERMINATION DATES & SEASON LENGTH- 2008

The 2008 crushing season started with Lautoka Mill commencing crush on 10th June 2008 followed by Penang Mill on the 11th June 2008. Rarawai and Labasa mills were not ready and commenced crush on 17th and 24th June respectively. There were some hiccups and teething problems at the mills and in some cases heavy downpour decreased cane supply. The momentum of crush however picked up in week three in all mills. The table

below summarizes the actual dates and related data. Again in the later part of the season the frequent mill breakdowns and cane supply problems due to unfavorable (rainy) weather conditions saw a stretch in termination at some mills. Penang and Lautoka being the leaders terminated crush in November however Rarawai and Labasa stretched on to December 2008.

Table 4.1 SEASON LENGTH AND AVERAGE WEEKLY CRUSH

<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>
<i>Lautoka</i>	778,673	10/06/08	23/11/08	24	32,445
<i>Rarawai</i>	702,750	17/06/08	15/12/08	26	27,029
<i>Labasa</i>	604,316	24/06/08	19/12/08	26	23,243
<i>Penang</i>	236,044	11/06/08	12/11/08	23	10,263
<i>Total</i>	2,321,783				92,980

5. CANE TRANSPORTATION

The Management raised serious concerns regarding the mills inability to maintain the rail/lorry ratio for all the mills despite substantial tonnage of rail cane being converted to lorry. This was a serious issue, which led to imbalance of supply at the end of the season thus causing problems in the continuity of mill operations. Concerns were also raised time and again on the

performance of FSC's rail transport system. Late delivery of empties and unscheduled picking up of loaded trucks have been evident throughout the season. Frequent breakdown of locomotives at all mills was a concern. The Penang Mill towards the end of the season was left with one loco in operation and the rail cane supply was badly hindered.

6. MILL PERFORMANCE

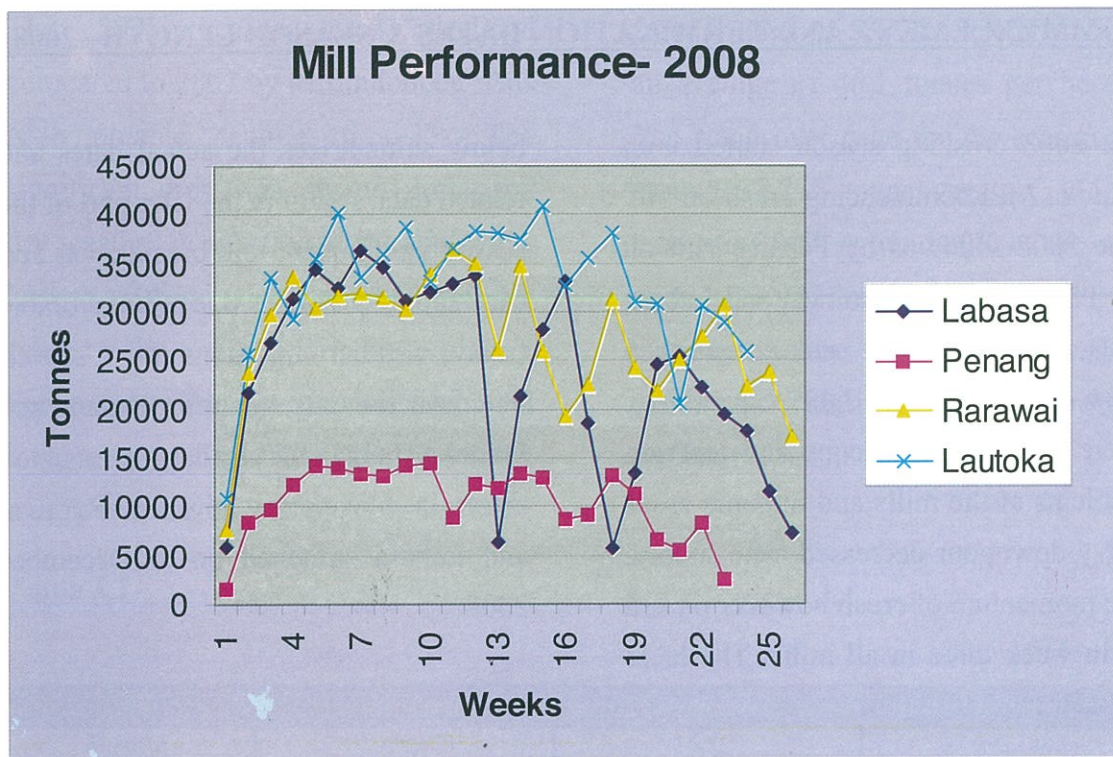
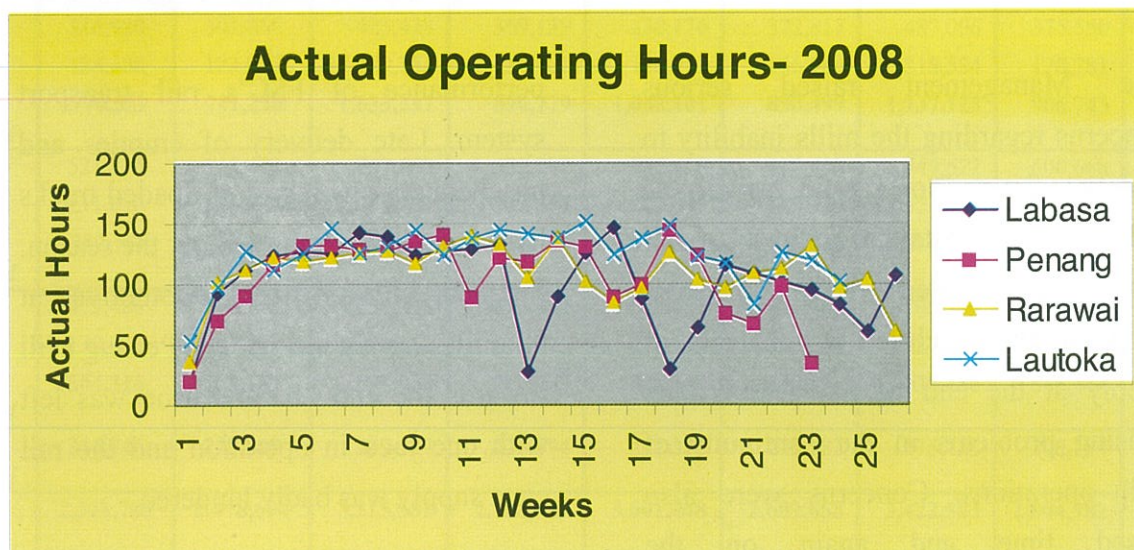
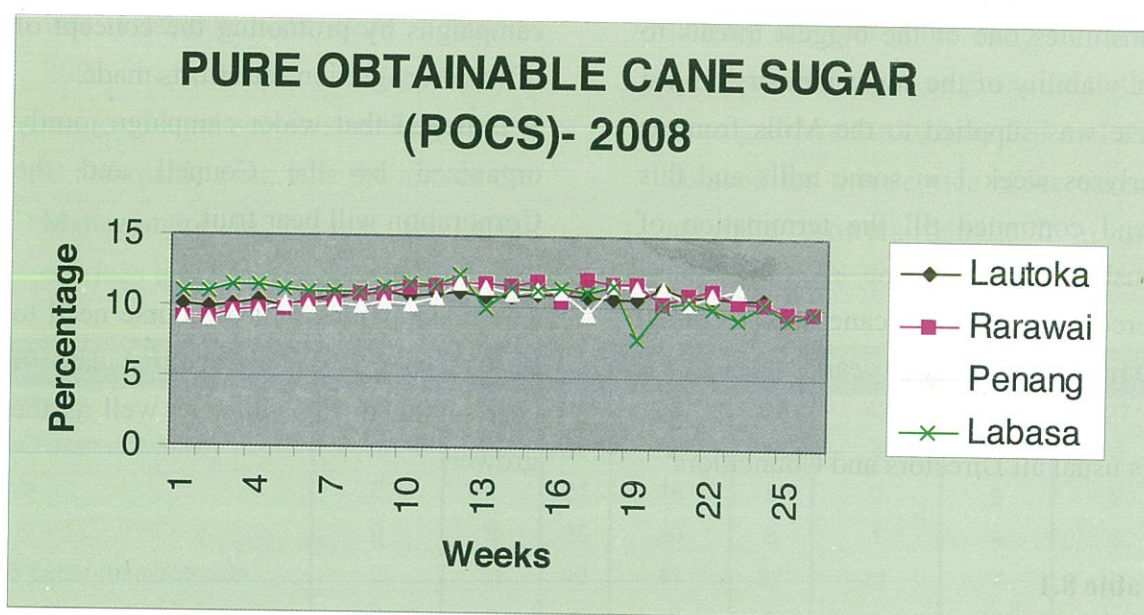


Table 6.1

	Lautoka	Rarawai	Labasa	Penang	All Mills
Tonnes Crushed	778,673	702,750	604,316	236,044	2,321,783
Weeks Crushed	24	26	26	23	24.75
Average Crush	32,445	27,029	23,243	10,263	92,980
2007 Crush	31,541	31,425	26,522	10,543	100,031
Variance +/-	+904	-4,396	-3,279	-280	-7,051



7. CANE QUALITY AND SUGAR PRODUCTION



Labasa Mill has registered the highest sugar content (POCS) in cane and Lautoka Mill records the best TCTS ratio for the 2008 season. The TCTS was the highest in Labasa standing at 11.80

followed by Rarawai at 11.30 and Penang at 10.80. Penang mill recorded the lowest POCS at 10.54 followed by Lautoka at 10.70 and Rarawai at 10.80. Average POCS was 10.79 for the year.

Table 7.1 Cane Quality and Sugar Production 2008

Mill	Cane (Tonnes)	Sugar (Tonnes)	Molasses (Tonnes)	POCS	TCTS	Cane Purity %	Burnt Cane %
Lautoka	778,673	72,672	35,874	10.70	10.70	81.5	51.9
Rarawai	702,750	62,117	37,781	10.80	11.30	79.9	55.4
Labasa	604,316	51,340	36,296	10.99	11.80	79.5	43.1
Penang	236,044	21,837	10,317	10.54	10.80	80.8	47.7
TOTAL	2,321,783	207,966	120,268	10.79	11.20	80.42	50.2

Table 7.2 Pure Obtainable Cane Sugar & Tonne Cane Tonne Sugar

Mill	2008 SEASON		2007 SEASON		2006 SEASON		2005 SEASON	
	POCS	TCTS	POCS	TCTS	POCS	TCTS	POCS	TCTS
Lautoka	10.70	10.70	11.25	10.2	10.7	11.1	11.5	9.5
Rarawai	10.80	11.30	11.60	9.7	11.5	9.8	11.5	9.2
Labasa	10.99	11.80	10.44	11.5	11.5	10.7	10.9	10.3
Penang	10.54	10.80	11.45	10.8	11.8	9.5	12.3	9.4
Average	10.79	11.20	11.19	10.44	11.4	10.3	11.4	9.7

8. BURNT CANE

The escalation of cane burning constitutes one of the biggest threats to the viability of the sugar industry. Burnt cane was supplied to the Mills from as early as week 1 in some mills and this trend continued till the termination of crush. This year one of the highest percentage of burnt cane was recorded compared to previous years.

As usual all Directors and Councillors

were advised to activate anti- burning campaigns by promoting the concept of official recognition for efforts made.

It is hoped that wider campaign jointly organized by the Council and the Corporation will bear fruit.

These campaigns will of course need to be backed up with substantive data of cost saving to the miller as well as the grower.

Table 8.1

MILL	GREEN CANE	PERCENTAGE	BURNT CANE	PERCENTAGE
LAUTOKA	374,542	48.1	404,131	51.9
RARAWAI	313,427	44.6	389,323	55.4
LABASA	343,856	56.9	260,460	43.1
PENANG	123,451	52.3	112,593	47.7
TOTAL	1,155,276	49.8	1,166,507	50.2

Table 8.2

BURNT CANE COMPARISON – LAST 3 SEASONS

Mill	2008				2007				2006			
	Burnt	Green	Total	%	Burnt	Green	Total	%	Burnt	Green	Total	%
Lautoka	374,542	404,131	778,673	52	288,863	452,367	741,230	39	619,942	413,295	1,033,237	60
Rarawai	313,427	389,323	702,750	55	299,102	439,375	738,477	40	600,124	431,815	1,031,939	61
Labasa	343,856	260,460	604,316	43	153,538	615,609	769,147	20	300,400	570,628	871,028	35
Penang	123,451	112,593	236,044	48	81,973	147,867	229,840	36	130,206	159,141	289,347	45
Total	1,155,276	1,166,507	2,321,783	50	823,476	1,655,218	2,478,694	33	1,650,672	1,574,879	3,225,551	52

9. 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 challenge that the Council is facing, which is to provide sufficient cane to the mill over the weekends.

10. LEGAL SERVICES

Our Council legal department, which was established on 03rd 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 some 1235 different 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	39	74	187	109	81	43	123	27	683
Revocation Power of Attorney	10	12	29	2	17	4	14	3	91
Agreements	2	2	24	18	8	2	9	2	67
Transfer	0	9	35	30	3	1	4	1	83
Probates & Letter Administration	2	31	40	41	22	21	7	0	164
Deed Poll	0	0	4	4	3	0	2	0	13
Renunciation	0	1	2	5	2	2	3	0	15
Transfer of Certificate of Registration	0	10	24	27	3	1	3	0	68
Crop Lien	0	0	0	0	3	3	0	0	6
Transmission by death	2	6	7	8	3	2	3	0	31
Mortgage bill of sale	0	0	1	1	1	1	1	3	8
Instrument of Tenancy	0	2	3	0	0	0	0	0	5
Easement	0	0	0	1	0	0	0	0	1
Total	55	147	356	246	146	80	169	36	1235

11. CANE PRICE & MARKETING

The forecast price for the 2008 season crop announced by the Corporation was \$46.26. A special cane payment of \$4.00 per tonne was paid out to all growers by FSC in January 2008 at the request of the Council.

The 2008 cane price was acceptable to the growers as this was among the highest prices per tonne of cane. A lower crop produced sufficient sugar to be sold largely at protocol prices and the remaining at world market prices for the season.

Key Production and Pricing Data

	<u>2008</u>	<u>2007</u>	<u>2006</u>
1. Tonnes Cane Crushed	2.3m	2.5m	3.2 m
2. Sugar Production	207,966	237,418	310,140
3. TCTS (Tonnes Cane/Tonnes Sugar ratio)	11.2	10.4	10.4

<u>Cane Payments</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Delivery Payment	27.76	26.26	29.12
2 nd Cane Payment	9.25	8.75	9.78
Special Payment	4.00	4.00	4.00
3 rd Cane Payment	4.02	6.59	4.96
4 th Cane Payment	12.44	12.44	8.94
Final Cane Payment	<u>0.00</u>	<u>1.61</u>	<u>1.80</u>
Total	<u>\$57.47</u>	<u>\$59.65</u>	<u>\$58.60</u>

12. 2008 SUGAR AND MOLASSES SALES

Table 12.1[illegible]

13. COUNCIL LEVY

The Council approved an Administrative Budget of \$970,879.00 for the 2008 financial year. However for the purpose of 'general levy', the budget was reduced to \$870,879.00 with the difference to be recovered from Council

savings in the previous year. The cane production for the year was 2,321,783 tonnes resulting in a chargeable levy of 0.38 cents per tonne of cane produced in the season.

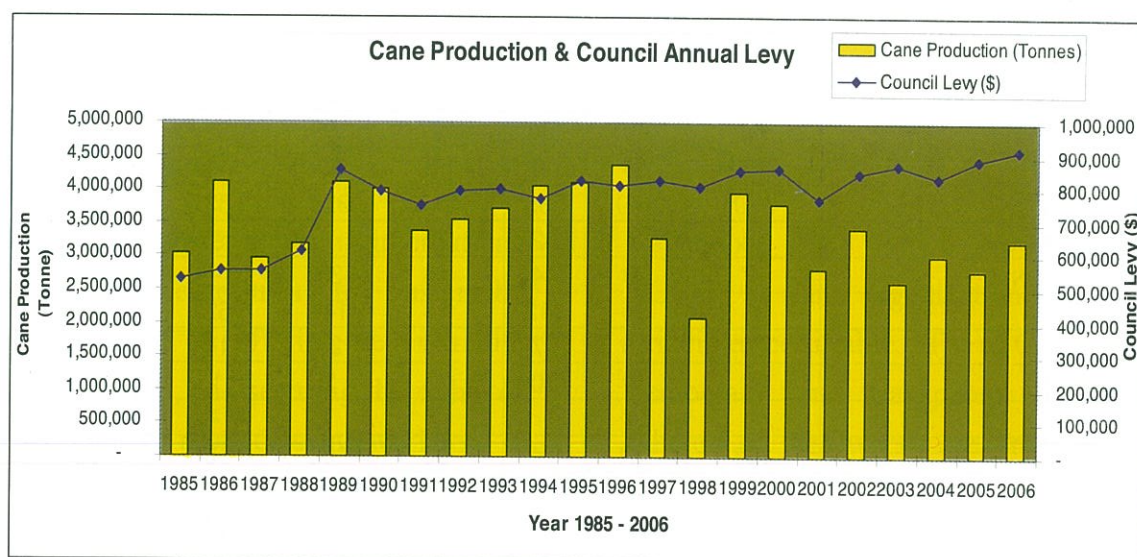


Table 13.1 Last 6 years Annual Levy and Cane Production

YEAR	2008	2007	2006	2005	2004	2003
Levy	\$870,879	\$1,058,538	\$910,510	\$883,384	\$831,225	\$867,072
Production	2,321,783	2,478,853	3,225,551	2,788,740	3,001,448	2,606,658
Levy/tonne	0.38	0.42	0.28	0.32	0.28	0.33

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.

14. OTHER GROWERS SERVICES

The Council continues to provide a wide range of 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 in services. Some of the key services provided by our offices during the year are shown below.

GROWERS SERVICE AS AT 31ST DECEMBER 2008

PARTICULARS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA
INCOME TAX RETURN	93	27	84	56	218	61	529	89
VAT RETURN	7	1	-	8	3	10	10	34
POWER OF ATTORNEY	59	60	111	127	71	53	83	25
WILL	47	34	40	116	59	41	30	7
SUBSTITUTE AGREEMENT	300	270	385	317	329	83	269	29
TRANSFER OF REGISTRAR	14	5	62	79	-	9	1	-
LAND RENT OBJECTION	77	29	44	16	30	-	30	2
GANG DISPUTE	2	34	112	14	141	62	31	50
COR AMENDMENT	20	18	97	30	23	14	11	17
NEW REGISTRATION	32	19	70	25	3	1	131	19
VAT REFUND	-	-	-	7	-	-	-	16
CANE ACCESS ROAD	163	131	74	36	103	15	30	0
GANG MATTERS	80	25	-	13	227	-	118	53
CANE PAYMENT	86	166	63	13	239	14	7	197
REVOCAION OF POWER OF ATTORNEY	12	10	37	9	15	3	14	7
GANG MEETING	63	6	193	9	0	0	14	1
INCREASE HARVESTING RATES	135	154	533	175	0	20	264	0
LORRY WHEEL TAX	108	65	229	181	0	0	117	100
CROP LIEN	-	-	-	-	-	-	-	-
FARMING ASSISTANCE SCHEME	-	-	-	42	12	-	-	-
BOND	1	5	5	4	1	-	-	-
GANG RATIONALISATION	21	27	-	-	-	-	23	1
ADDITIONAL TICKET BOOK	1	6	-	1	-	1	69	57
BURNT CANE	124	7	38	12	19	3	8	18
INDIVIDUAL HARVESTING	133	32	-	-	-	-	-	-
SLPIT OF REGISTRATION	4	2	-	4	-	-	-	-
WEEDICIDE SALES	784	683	831	1939	1668	460	5947	320
CROP DAMAGE REPORT	28	29	23	6	12	-	22	1
DROUGHT REPORT	-	-	1	-	-	-	-	-
LEGAL SERVICES	8	17	2	305	21	46	-	-
MOGA	-	124	318	-	248	7	-	-
DRAINAGE	11	6	6	20	34	-	10	-
SUBSTITUTE DISPUTE	-	42	60	49	108	42	-	-
FSC CONSENT	-	-	-	-	-	-	-	-
GENERAL ENQUIRIES	1293	1024	1395	1341	737	180	1065	1095
TOTAL	3706	3058	4813	4954	4321	1125	8833	2138

15. BOARDS AND COUNCIL MEETING

The Annual General Meeting of the Council was held on 18th December 2008. The Board of Directors held seven meetings during the year and they deliberated on issues such as cane planting and harvesting, milling

operations and its difficulties, cane quality, sugar marketing, land lease issues, crop diversification, sugar industry restructure and other industry matters.

16. FAIRTRADE

Fairtrade is a trading partnership based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers.

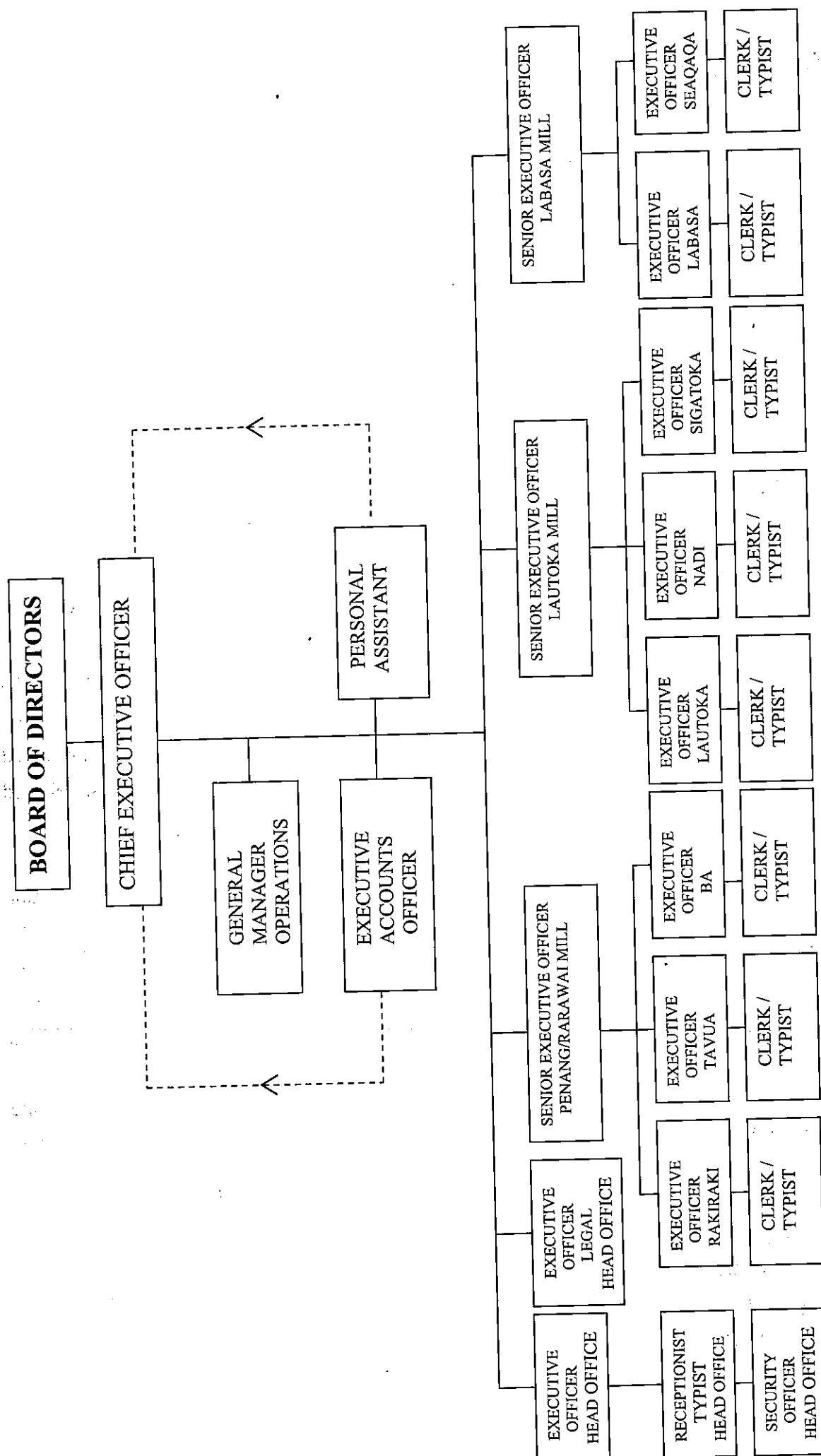
Fairtrade Labeling seeks to ensure transparency in the Fairtrade marketplace, while contributing to the growth of the market thereby increasing the impact of Fairtrade.

The fair-trade premium is an amount, in addition to the price, paid to Fairtrade producers when they sell their products. This money is meant to be used to improve the lives of the farmers, their families and communities. For small farmer organization, like Sugar Cane Growers Council, the premium can also be invested in improving and developing the business and the organization.

A pre-assessment survey was carried out by Fairtrade Labeling Organization in September 2008 which revealed that SCGC as an organization was in principle certifiable. The SCGC is a democratic and transparent structure, where all growers are represented through their representatives, elected during proper election process.

As soon as the SCGC is Fairtrade certified, the sugar produced from the cane cultivated by the members of SCGC can be sold on Fairtrade label and this would fetch the growers of Fiji a substantial sum of money to improve their livelihood. The Sugar Cane Growers Council is pursuing this vigorously and hopes to get accreditation process completed by the commencement of 2010 crushing season in order to start selling portion of the sugar sold to Tate & Lyle from June 2008 and earn a premium of US\$60 per tonne.

SUGAR CANE GROWERS COUNCIL ORGANISATION CHART



Sugar Cane Growers Council

Individual Financial Statements

For the year ended

31 December 2008

Sugar Cane Growers Council

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Sugar Cane Growers Council

Directors' report

The directors present their report together with the individual financial statements of the Sugar Cane Growers Council ("Council") for the year ended 31 December 2008 and the auditor's report thereon.

Directors

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

Jain Kumar - Chairman

Jwala Prasad

Kamlesh Kumar

Liakat Begg

Marika Silimaibau

Paras Somaiya

Pramod Kumar

Shiu Narayan

Suresh Raj

Umesh Prasad

State of affairs

In the opinion of the directors the accompanying balance sheet gives a true and fair view of the state of affairs of the Council as at 31 December 2008 and the accompanying income statement, 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 deficit for the year amounted to \$1,777,789 (2007: deficit \$259,043).

Principal activities

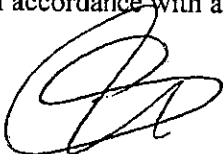
The principal activities of the Council are outlined under Section 42 of the Sugar Industry Act of 1984, which include generally all such things and undertaking all such steps as it may consider necessary for the protection and development of the sugar industry.

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 05 day of August 2009.

Signed in accordance with a resolution of the directors.



Director



Director



Report of the independent auditor to the members of Sugar Cane Growers Council

Scope

We have audited the individual financial statements of Sugar Cane Growers Council for the year ended 31 December 2008, consisting of the balance sheet, income statement, statement of changes in funds employed, statement of cash flows and accompanying notes set out on pages 3 to 19. The Council's directors are responsible for the preparation and presentation of the individual financial statements and the information they contain. We have conducted an independent audit of these individual financial statements in order to express an opinion on them to the members of the Council.

Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the individual financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the individual financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the individual financial statements are presented fairly in accordance with International Financial Reporting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion:

- a) the individual financial statements are prepared so as to present fairly the state of affairs of the Council as at 31 December 2008 and of the results, changes in funds employed and cash flows of the Council for the year then ended; in accordance with International Financial Reporting Standards;
- b) the individual financial statements are in general agreement with the accounts and records;
- c) the receipt, expenditure and investment of moneys, and the acquisition of assets, by the Council during the year were in accordance with the Sugar Industry Act 1984.

5 August 2009
Nadi, Fiji Islands

KPMG
Chartered Accountants

Sugar Cane Growers Council
Income statement
For the year ended 31 December 2008

	Note	2008 \$	2007 \$
Levy received from The Fiji Sugar Corporation Limited		870,879	1,058,538
Dividend income	5	8,010	12,161
Other income	6	<u>209,978</u>	<u>152,305</u>
		1,088,867	1,223,004
Less expenses			
Administrative expenses		(220,712)	(223,650)
Personnel expenses	8	(320,659)	(326,263)
Other operating expenses	7	<u>(330,605)</u>	<u>(357,366)</u>
Surplus from operations before finance income and expense		216,891	315,725
Finance income	9	29,143	53,066
Finance expense	9	<u>(3,312)</u>	<u>(1,605)</u>
Operating surplus		242,722	367,186
Share of loss of equity accounted investee	11	(738,555)	(626,229)
Write-off of investment in equity accounted investee	11	<u>(1,281,956)</u>	<u>-</u>
Deficit for the year		<u><u>(1,777,789)</u></u>	<u><u>(259,043)</u></u>

The above income statement is to be read in conjunction with notes to the individual financial statements set out on pages 7 to 19.

Sugar Cane Growers Council .
Statement of changes in funds employed
For the year ended 31 December 2008

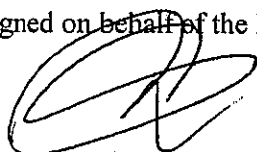
	2008 \$	2007 \$
Balance at 1 January	4,713,719	4,972,762
Deficit for the year	<u>(1,777,789)</u>	<u>(259,043)</u>
Balance at 31 December	<u><u>2,935,930</u></u>	<u><u>4,713,719</u></u>

The above statement of changes in funds employed is to be read in conjunction with notes to the individual financial statements set out on pages 7 to 19.

Sugar Cane Growers Council
Balance sheet
As at 31 December 2008

	Note	2008 \$	2007 \$
Assets			
Non-current assets			
Property, plant and equipment	10	1,213,101	1,207,569
Investment in equity accounted investee	11		1,720,511
Other investments	12	346,752	320,334
Total non-current assets		<u>1,559,853</u>	<u>3,248,414</u>
Current assets			
Cash at bank and on hand	13	535,304	387,354
Term deposits	13	550,000	650,000
Other receivables	14	506,024	583,002
Prepayments		12,231	10,266
Total current assets		<u>1,603,559</u>	<u>1,630,622</u>
Total assets		<u>3,163,412</u>	<u>4,879,036</u>
Funds balance			
Funds employed		2,935,930	4,713,719
Total funds employed		<u>2,935,930</u>	<u>4,713,719</u>
Current liabilities			
Other payables and accruals	15	208,336	138,304
Employee benefits	16	19,146	27,013
Total current liabilities		<u>227,482</u>	<u>165,317</u>
Total liabilities		<u>227,482</u>	<u>165,317</u>
Total funds employed and liabilities		<u>3,163,412</u>	<u>4,879,036</u>

Signed on behalf of the Board



Director



Director

The above balance sheet is to be read in conjunction with notes to the individual financial statements set out on pages 7 to 19.

Sugar Cane Growers Council
Statement of cash flows
For the year ended 31 December 2008

	Note	2008 \$	2007 \$
Operating activities			
Receipts from stakeholders		1,123,429	1,033,845
Payments to suppliers and employees		(768,065)	(893,550)
Interest and other finance charges paid		<u>(3,312)</u>	<u>(1,605)</u>
Cash flows from operating activities		<u>352,052</u>	<u>138,690</u>
Investing activities			
Proceeds from disposal of property, plant and equipment		-	7,700
Interest received		29,143	53,066
Dividends received		8,010	12,161
Transfer of funds from (to) term deposits		100,000	(100,000)
Acquisition of additional shares in associate		(300,000)	-
Acquisition of property, plant and equipment		<u>(41,255)</u>	<u>(69,916)</u>
Cash flows (used in) investing activities		<u>(204,102)</u>	<u>(96,989)</u>
Net increase in cash and cash equivalents		147,950	41,701
Cash and cash equivalents at 1 January		<u>387,354</u>	<u>345,653</u>
Cash and cash equivalents at 31 December	13	<u><u>535,304</u></u>	<u><u>387,354</u></u>
Non-cash investing activity	18		

The above cash flow statement is to be read in conjunction with notes to the individual financial statements set out on pages 7 to 19.

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

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.

2. Basis of preparation

(a) Statement of compliance

The individual 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 individual financial statements were approved by the Board of Directors on 5 August 2009.

(b) Basis of measurement

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

(c) Functional and presentation currency

The individual financial statements are presented in Fiji dollars, which is the Council's functional currency. All financial information presented in Fiji dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of individual financial statements 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the individual financial statements are described in the following notes:

- Note 3(b) Financial instruments
- Note 3(c) Property, plant and equipment
- Note 3(d) Impairment
- Note 3(e) Provisions
- Note 3(f) Employee benefits

Sugar Cane Growers Council .
Notes to the individual financial statements
For the year ended 31 December 2008

3. Significant accounting policies

The principal accounting policies adopted by the Council are stated to assist in the general understanding of the financial statements.

(a) Equity accounted investees

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The individual financial statements include the Council's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Council. 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

Non-derivative financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(i) Cash and cash equivalents

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

(ii) Other receivables

Other receivables are measured at their cost less impairment losses. The collectability of debts is assessed at year end and allowance is made for any specific doubtful debts. Bad debts are written off during the period in which they are identified.

(iii) Other payables

Other payables are measured at cost.

(iv) 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 investments are measured at amortised cost using the effective interest method, less any impairment losses.

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(v) Financial assets at fair value through the income statement

An instrument is classified at fair value through the income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments at fair value through the income statement are measured at fair value, and changes therein are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the income statement.

(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 the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The depreciation rates are as follows:

Asset	Rate
Fixtures & fittings	25%
Plant & equipment	25%
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.

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

3. Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

(ii) Non-financial assets

The carrying amounts of the Council's non-financial assets and inventories, 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.

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.

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 income statement.

(e) Provisions

A provision is recognised in the balance sheet when the Council has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

(f) Employee benefits

(i) Defined contribution plan

Contributions are paid to the superannuation fund on behalf of employees to secure retirement benefits. Costs are included in the income statement.

(ii) Short term benefits

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

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

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. This is receivable from The Fiji Sugar Corporation Limited.

(ii) Other income

Revenue from dividend and other operating activities are recognised in the income statement on an accrual basis.

(iii) Grant income

An unconditional grant related to asset acquisition is recognised in the income statement as other operating income when the grant becomes receivable. Any other grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Council will comply with the conditions attaching to it. Grants that compensate the Council for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Council for the cost of an asset are recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

(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 individual financial statements have been prepared on a gross basis (VAT inclusive) since the organisation 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 individual financial statements
For the year ended 31 December 2008

4. Financial risk management policies

Overview

The Council has exposure to the following risks that includes credit risk, liquidity risk and 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.

The Board of Directors has overall responsibility for the establishment and oversight of the Council's risk management framework. The Board is responsible for developing and monitoring the Council's risk management policies.

The Board oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council.

The above risks are limited by the Council's financial management policies and procedures as described below:

(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 FSC.

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.

Credit risk concentrations are presented below:

	2008	%	2007	%
Term Deposits	550,000	52%	650,000	53%
Other Receivables	506,024	48%	583,002	47%
Total	1,056,024	100%	1,233,002	100%

(ii) Liquidity risk

Liquidity is the risk that Council will not be able to meet its financial obligations as and when they fall due. The Council's approach to manage its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

4. Financial risk management policies (continued)

(iii) Market risk

Market risk is the risk that changes in interest rates 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.

(iv) Interest rate risk

Cash flow interest rate risk is the potential for a change in interest rates to change net interest earnings, in the current reporting period and in future years. Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term. In managing this risk, the Council seeks to achieve a balance between reducing risk to earnings and market value from adverse interest rate movements, and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes.

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

	2008	2007
	\$	\$
Cash at bank and on hand	535,304	387,354
Term deposits	550,000	650,000
	<u>1,085,304</u>	<u>1,037,354</u>

A 1% change in the interest rate would have approximately \$14,321 (2007: \$13,577) impact on interest income.

5. Dividend income

Unit Trust of Fiji	<u>8,010</u>	<u>12,161</u>
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6. Other income

Gain on disposal of property, plant & equipment	16,000	9,950
Gain on remeasurement of investments to fair value	18,408	-
IVA grant	-	29,245
Other income	37,755	-
Rental income	72,580	72,975
Sundry income - legal services	29,354	40,135
Sundry income - service fees	35,881	-
	<u>209,978</u>	<u>152,305</u>

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

	2008	2007
	\$	\$
7. Other operating expenses		
Included in other operating expenses are the following items:		
Auditor's remuneration - audit services	6,250	6,000
- other services	19,420	-
Depreciation	51,723	54,424
Directors' fees	72,785	77,085
Loss on remeasurement of investments to fair value	-	15,104
Legal fees	3,305	21,720
	<u>320,659</u>	<u>326,263</u>
8. Personnel expenses		
Annual leave	17,248	18,476
Fiji National Provident Fund contributions	23,836	26,808
Key management compensation - Short term benefits	67,151	80,000
Training and Productivity Authority of Fiji	4,731	3,371
Wages and salaries	207,693	197,608
	<u>320,659</u>	<u>326,263</u>
The average number of employees during the year was:	<u>25</u>	<u>29</u>
9. Financing income and expenses		
<u>Finance income</u>		
Interest income	29,143	53,066
<u>Finance expense</u>		
Bank charges	3,312	1,605

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

10. Property, plant and equipment

Cost	Fixtures & fittings \$	Plant & equipment \$	Motor vehicles \$	Land & buildings \$	Total \$
Balance at 1 January	123,710	401,245	291,084	1,291,015	2,107,054
Acquisitions during the year	-	11,255	46,000	-	57,255
Disposals during the year	-	(1,867)	(45,200)	-	(47,067)
Balance at 31 December	123,710	410,633	291,884	1,291,015	2,117,242
Depreciation					
Balance at 1 January	122,147	364,681	244,035	168,622	899,485
Depreciation charge for the year					
	674	14,291	20,407	16,351	51,723
Disposals during the year	-	(1,867)	(45,200)	-	(47,067)
Balance at 31 December	122,821	377,105	219,242	184,973	904,141
Carrying amount					
At 1 January 2008	1,563	36,564	47,049	1,122,393	1,207,569
At 31 December 2008	889	33,528	72,642	1,106,042	1,213,101

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

11. Investment in equity accounted investee	2008	2007
	\$	\$
<u>Associate - South Pacific Fertilizers Limited</u>		
Balance at 1 January	1,720,511	2,346,740
Additional shares acquired during the year	300,000	-
Equity share of loss during the year 34% (2007: 40%)	(738,555)	(626,229)
	<hr/>	<hr/>
Balance at 31 December	1,281,956	1,720,511
Write-off of investment in associate	(1,281,956)	-
	<hr/>	<hr/>
	-	1,720,511

The Council holds 34% (2007: 40%) shares in South Pacific Fertilizers Limited (SPFL). The net assets of SPFL as per the unaudited financial statements for the year ended 31 December 2008 amounted to \$3,770,459 (31 March 2008 unaudited: \$4,301,280).

12. Other investments

Non-current investment

Financial assets designated at fair value through the income statement.

(i) The Fiji Sugar Corporation Limited	42,984	39,402
This represents investment in The Fiji Sugar Corporation Limited of 119,401 ordinary shares at \$0.36 (2007: \$0.33).		
(ii) Unit Trust of Fiji	303,768	280,932
This represents investment in Unit Trust of Fiji of 218,538 units (2007: 212,827 units) at \$1.39 (2007: \$1.32)		
	<hr/>	<hr/>
	346,752	320,334

(i) Reconciliation of investment in The Fiji Sugar Corporation Limited

Balance at 1 January	39,402	41,790
Gain/(loss) on remeasurement of investment to fair value	3,582	(2,388)
	<hr/>	<hr/>
Balance at 31 December	42,984	39,402

(ii) Reconciliation of investment in Unit Trust of Fiji:

Balance at 1 January	280,932	281,487
Additional units acquired during the year	8,010	12,161
Gain/(loss) on remeasurement of investment to fair value	14,826	(12,716)
	<hr/>	<hr/>
Balance at 31 December	303,768	280,932

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

	2008 \$	2007 \$
13. Cash and short term deposits		
Cash at bank	533,475	385,525
Cash on hand	<u>1,829</u>	<u>1,829</u>
Cash and cash equivalents in the cash flow statements	535,304	387,354
Term deposits	<u>550,000</u>	<u>650,000</u>
	<u><u>1,085,304</u></u>	<u><u>1,037,354</u></u>
The average interest rate on term deposits in 2008 was 3.2% (2007: 5.75%). The deposits had an average maturity of 366 days (2007: 365 days).		
14. Other receivables		
Levy receivable from The Fiji Sugar Corporation (Note 17 (c))	477,178	554,548
Fiji Sugar Marketing (Note 17 (c))	6,000	4,000
South Pacific Fertilizers Limited (Note 17 (c))	3,777	2,153
Other receivables	<u>19,069</u>	<u>22,301</u>
	<u><u>506,024</u></u>	<u><u>583,002</u></u>
15. Other payables and accruals		
Payables	64,784	16,370
Other accruals	62,412	102,694
South Pacific Fertilizers Limited (Note 17 (c))	<u>81,140</u>	<u>19,240</u>
	<u><u>208,336</u></u>	<u><u>138,304</u></u>
16. Employee benefits		
Balance at 1 January	27,013	60,817
Expense recognised in the income statement	17,248	18,476
Leave utilised	<u>(25,115)</u>	<u>(52,280)</u>
Balance at 31 December	<u><u>19,146</u></u>	<u><u>27,013</u></u>

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

17. Related parties

(a) Directors

The following were directors for the Council during the year:

Jain Kumar - Chairman

Jwala Prasad

Kamlesh Kumar

Liakat Begg

Marika Silimaibau

Paras Somaiya

Pramod Kumar

Shiu Narayan

Suresh Raj

Umesh Prasad

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, Sugar Cane Growers Fund and Sugar Commission.

	2008	2007
(c) Amounts receivable from (payable) to related parties	\$	\$
Fiji Sugar Marketing (Note 14)	6,000	4,000
South Pacific Fertilizers Limited (Note 14)	3,777	2,153
South Pacific Fertilizers Limited (Note 15)	(81,140)	(19,240)
The Fiji Sugar Corporation Limited (Note 14)	<u>477,178</u>	<u>554,548</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 major transactions with the related parties during the year is as follows:

Acquisition of additional shares in equity accounted investee	300,000	-
Levy income – The Fiji Sugar Corporation Limited	<u>870,879</u>	<u>1,058,538</u>

Sugar Cane Growers Council
Notes to the individual financial statements
For the year ended 31 December 2008

17. Related parties (continued)

(e) Transactions with key management personnel

Key management personnel includes the Chief Executive Officer and Manager Administration.

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

Transactions with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

	2008	2007
	\$	\$
18. Non-cash investing activity		
Trade-in of property, plant & equipment	<u>16,000</u>	<u>-</u>
19. Capital commitments		
Capital commitments as at 31 December 2008 amounted to \$380,000 with respect to acquisition of additional shares in South Pacific Fertilizers Limited (2007: \$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. 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 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 2008. 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 2009
Nadi, Fiji Islands

KPMG
KPMG
Chartered Accountants

Sugar Cane Growers Council
Statement of operations
For the year ended 31 December 2008

	2008 \$	2007 \$
Income		
Dividend income	8,010	12,161
Gain on disposal of property, plant & equipment	16,000	9,950
Gain on remeasurement of investments to fair value	18,408	-
Interest income	29,143	53,066
IVA grant	-	29,245
Levy received from The Fiji Sugar Corporation Limited	870,879	1,058,538
Rental income	72,580	72,975
Sundry income - legal services	29,354	40,135
Sundry income - service fees	35,881	-
Other income	37,755	-
	<hr/>	<hr/>
Total income	1,118,010	1,276,070
	<hr/>	<hr/>
Expenditure		
Advertising	2,498	1,626
Auditor's remuneration - audit services	6,250	6,000
- other services	19,420	-
Bank charges	3,312	1,605
City rates	555	555
Cleaning	13,279	14,099
Computer maintenance and network	5,648	9,720
Councillors travel and subsistence	120,182	119,380
Depreciation	51,723	54,424
Directors' fees	72,785	77,085
Donations	285	250
Electricity	29,235	27,020
Fiji National Provident Fund contributions	23,836	26,808
General expenses	4,392	7,571
Growers accountant's fees	5,625	5,625
Hospitality	2,024	1,838
Industry seminar and workshop	7,160	6,055
Insurance	20,505	17,420
Loss on remeasurement of investments to fair value	-	15,104
	<hr/>	<hr/>
Expenses balance carried forward	388,714	392,185

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
For the year ended 31 December 2008

	2008 \$	2007 \$
Expenses balance brought forward	388,714	392,185
Legal fees	3,305	21,720
Meeting costs - board	15,293	13,231
Meeting costs - council	6,039	9,926
Meeting costs - other	6,413	4,028
Motor vehicle expenses	39,072	43,295
Office expenses	7,531	7,993
Postage	2,859	3,104
Printing	4,353	4,720
Rent	33,535	29,732
Repairs and maintenance	13,645	7,961
Security expenses	9,667	8,608
Stationery	10,079	11,203
Subscriptions	4,102	3,394
Telephone	32,872	37,244
Training and Productivity Authority of Fiji	4,731	3,371
Vat refund written off	-	10,497
Wages and salaries	292,092	296,084
Water rates	986	588
Total expenditure	875,288	908,884
Operating surplus	242,722	367,186

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