

ANNUAL REPORT 2011



**Sugar Cane
Growers Council**

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.

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.

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

OUR VISION

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

OUR MISSION

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

OUR GOALS

- » To effectively represent the interest of the cane growers as stakeholders in all aspects of the industry.
- » To actively pursue and encourage the development of a sustainable and viable sugar industry.
- » To take necessary measures to provide services to the cane growers to better facilitate their cane farming activities.
- » To explore ways and means to reducing cost and increasing productivity and yields for the cane growers through better utilization of their existing resources and adopting best practice methods which would encourage and facilitate this.

- » To conduct research and collect data in respect of cane farming activities and other related areas.
- » To inform and educate the cane growers and the community on the issues relating to cane farming and the industry.
- » To represent the growers and make investment on their behalf in areas related to the activities of cane growing and sugar manufacture.
- » To participate actively and maintain a strong interest in the marketing of our sugar and to keep the cane growers well informed of developments, market-related issues and trends in the international markets.
- » To represent growers interest, both collectively and individually on matters relating to cane farming and their obligations to the industry and seek redress for their legitimate grievances through the appropriate authorities.

GROWERS UPDATE

There are 16,206 registered growers out of which 12791 are 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 labourer 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 urbanized areas 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 a quest for white collar jobs in the cities. 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.

ACTIVITIES REPORT 2011

The Acting Chief Executive Officer and Staff of Sugar Cane Growers Council takes pleasure in presenting its 2011 Report of Activities that includes the Audited Financial Statement for the year ended 31st December 2011.

1. WEATHER

The 2011 year started with wet period over the months of January to May, recording generally above average rainfall across all the sugar cane growing districts. The month of January recorded the highest rainfall due to troughs of low pressure from time to time.

The rainfall pattern for the wetter months from November to April was quite different from previous years due to the La Nina weather pattern. Conditions were again wetter than normal across the sugarcane belts in the western division over May to August period. However, rainfall recorded across the Northern sugar cane belts was average to above average in the same period. Rainfall was the lowest in the month of September in all areas however the wet condition regained momentum from October 2011 and all the four mill areas recorded mainly average rainfall however above average rainfall were recorded during troughs of low pressure from time to time.

Wet weather continued in the month of November through to December as the troughs of low pressure continued moving slowly above the group. The rainfall varied in December as Lautoka and Rarawai mill area received above average rainfall however Penang and Labasa received average.

Overall Penang Mill area received the highest rainfall in 2011 and also recorded the highest monthly average.



The following is the rainfall record from January 2011 to December 2011

Table 1.1 Monthly Rainfall (mm) 2011

MONTH	LAUTOKA		RARAWAI		LABASA		PENANG	
	RAIN DAYS	RAINFALL (MM)						
January	11	560.0	16	694.3	25	697.8	18	659.0
February	9	425.0	10	361.9	23	475.8	19	592.0
March	14	407.0	14	252.5	17	361.6	16	322.0
April	9	288.0	9	237.5	14	83.6	15	278.0
May	8	275.0	6	163.6	18	197.8	14	385.0
June	4	123.0	7	118.7	12	88.5	8	75.0
July	4	122.0	6	108.1	19	100.2	7	39.0
August	6	131.0	9	129.3	8	53.9	9	99.0
September	4	92.0	6	70.4	8	59.7	10	44.0
October	7	112.0	10	188.3	10	160.5	9	185.0
November	6	275.0	13	227.4	20	314.1	12	389.0
December	9	306.0	12	226.6	19	243.7	14	167.0
Total	91	3115.0	112	2778.9	193	2837.1	151	3234
		(Av.260)		(Av. 232)		(Av. 236)		(Av.270)

2. 2011 SEASON FORECAST OF CROP

Crop forecast for 2011 stood at 2.4 million tonnes. This was reviewed later in the season to 2.3 million tonnes due to heavy rain and flooding in most part of the cane belt area. Actual harvest was little over 2 million tonnes with an all time high stand over of 243,595 tonnes.

The industry also paid \$7.00 per tonne to growers of Rarawai, Lautoka and Labasa mill area for stand over crop. This payment was made to growers who had fulfilled all obligations in the gangs.

Table 2.1

MILL	Total Crop (Forecast)	Crushed	Stand Over
Lautoka	750,581	643,521	107,060
Rarawai	755,012	673,442	81,570
Labasa	619,791	570,471	49,320
Penang	213,952	208,307	5,645
All Mills	2,339,336	2,095,741	243,595

Table 2.2 CANE CRUSHED 2004 – 2011

DISTRICT/ MILL	2004	2005	2006	2007	2008	2009	2010	2011
LAUTOKA	415,713	367,240	430,025	315,017	325,341	300,815	216,986	281,071
NADI	430,176	369,139	423,428	302,266	316,920	318,535	229,730	262,212
SIGATOKA	186,212	154,400	179,784	123,947	128,308	106,696	80,750	100,258
LAUTOKA MILL TOTAL	1,032,101	890,779	1,033,237	741,230	770,569	726,045	527,466	643,521
BA	656,426	589,287	763,660	541,493	521,136	472,339	378,061	484,243
TAVUA	222,093	172,417	268,279	196,984	211,016	187,091	142,427	189,199
RARAWAI MILL TOTAL	878,521	761,704	1,031,939	738,477	732,152	659,430	520,488	673,442
LABASA	626,627	667,492	637,846	566,948	433,486	505,195	417,832	425,284
SEAQAQA	221,877	243,171	233,182	202,199	170,830	174,402	136,742	145,187
LABASA MILL TOTAL	848,504	910,663	871,028	769,147	604,316	679,597	554,574	570,471
PENANG MILL TOTAL	242,322	225,594	289,347	229,840	214,746	181,650	175,486	208,307
GRAND TOTAL	3,001,448	2,788,740	3,225,551	2,478,694	2,321,783	2,246,722	1,778,014	2,095,741

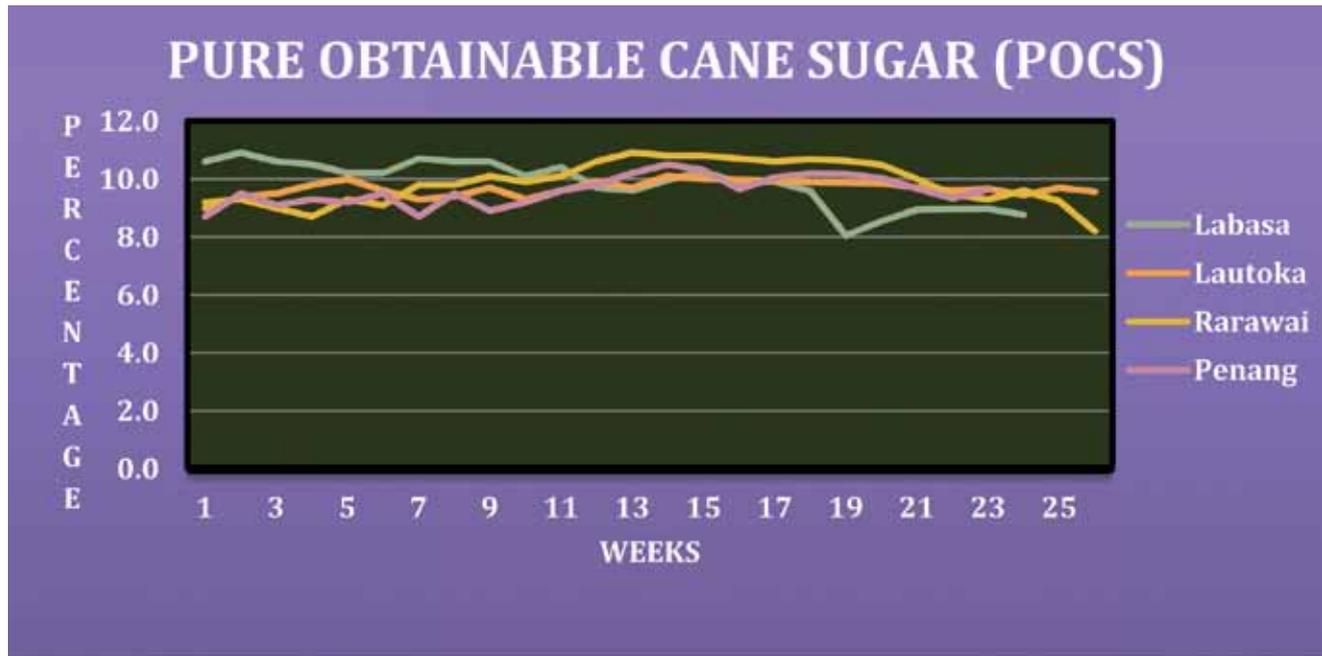
Table 2.3 SEASON LENGTH AND AVERAGE WEEKLY CRUSH- 2011

MILL	CANE (TONNES)	START DATE	TERMINATION DATE	NO OF WEEKS	AVERAGE WEEKLY CRUSH (TONNES)
Lautoka	643,521	06/06/11	21/12/11	28	22,983
Rarawai	673,442	21/06/11	24/12/11	27	24,942
Labasa	570,471	14/07/11	20/12/11	23	24,803
Penang	208,307	27/06/11	28/11/11	22	9,469
Total	2,095,741				

3. MILL PERFORMANCE



4. CANE QUALITY AND SUGAR PRODUCTION



As per the graph above, Labasa Mill has registered the highest sugar content (POCS) in cane whilst Rarawai Mill recorded the best TCTS (tonnes cane to tonnes sugar) ratio for the 2011 season. The TCTS was the highest in Lautoka standing at 13.60 followed by Labasa at 13.00 and Penang at 12.70 with an annual average standing at 12.60. Lautoka mill recorded the lowest POCS at 9.58 followed by Penang at 9.63 and Rarawai at 9.84. Average POCS was 9.79 for the year.

Table 4.1 Cane Quality and Sugar Production 2011

MILL	CANE (TONNES)	SUGAR (TONNES)	MOLASSES (TONNES)	POCS	TCTS	CANE PURITY %	BURNT CANE %
LAUTOKA	643,521	47,287	31,379	9.58	13.60	80.90	27.9
RARAWAI	673,442	59,022	28,338	9.84	11.40	80.10	28.2
LABASA	570,471	44,015	38,456	10.02	13.00	77.80	17.9
PENANG	208,307	16,345	8,755	9.63	12.70	79.20	26.0
TOTAL	2,095,741	166,669	106,928	9.79	12.60	79.60	25.0

Table 4.2 Pure Obtainable Cane Sugar & Tonne Cane Tonne Sugar

MILL	2008 SEASON		2009 SEASON		2010 SEASON		2011 SEASON	
	POCS	TCTS	POCS	TCTS	POCS	TCTS	POCS	TCTS
LAUTOKA	10.70	10.70	10.19	14.80	10.87	12.20	9.58	13.60
RARAWAI	10.80	11.30	9.93	15.00	9.90	15.50	9.84	11.40
LABASA	10.99	11.80	10.75	12.20	10.19	14.50	10.02	13.00
PENANG	10.54	10.80	10.62	10.20	10.58	11.20	9.63	12.70
AVERAGE	10.79	11.20	10.37	13.40	10.36	13.50	9.79	12.60

Table 4.3

MILL	GREEN CANE	PERCENTAGE	BURNT CANE	PERCENTAGE
LAUTOKA	463,978	72.1	179,543	27.9
RARAWAI	483,531	71.8	189,911	28.2
LABASA	468,357	82.1	102,114	17.9
PENANG	154,147	74.0	54,160	26.0
TOTAL	1,570,013	74.9	525,728	25.1

5. HARVESTING GANG PERFORMANCE

Harvesting commenced in the month of June 2011 for all mills except for Labasa which started in early July. Cane supply was slow at the start, however, supply picked up later in the season. As usual, supply problem was encountered during weekends which have become a norm for some seasons now.

Harvesting and cane supply during the weekends was below par for all mill areas as usual. It has become a tradition for cane cutters to take leave during the weekends for sports, festivals, religious and social activities. As growers representatives this is one of the biggest challenges that the Council is facing, which is to provide sufficient cane to the mill over the weekends.

Growers are continually being encouraged to relook at ways to see that crushing is not disrupted due to this practice.



6. OTHER GROWERS SERVICES

The Council continues to provide a wide range of other services to the growers through its 8 cane district offices and head office. Services provided by the Council have helped the growers to save thousands of dollars. Despite downsizing of the Council, the Administrative Arm continues to strive to achieve the ultimate goal for 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 2011

PARTICULARS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA	TOTAL
INCOME TAX RETURN	148	142	179	163	228	114	416	138	1528
VAT RETURN	2	-	-	16	2	4	5	7	36
POWER OF ATTORNEY	24	34	60	34	38	21	104	7	322
WILL	23	84	29	48	33	24	27	5	273
SUBSTITUTE AGREEMENT	307	385	358	722	340	126	326	55	2619
TRANSFER OF REGISTRATION	17	-	30	20	12	1	6	-	86
LAND RENT OBJECTION	42	9	5	8	2	-	17	-	83
GANG DISPUTE	24	35	45	13	22	9	74	10	232
COR AMENDMENT	37	35	71	16	43	5	27	1	235
NEW REGISTRATION	17	8	26	8	7	1	45	4	116
VAT/ TAX REFUND	1	-	-	-	-	-	-	-	1
CANE ACCESS ROAD	60	24	15	7	7	23	53	52	241
GANG MATTERS	68	65	7	20	23	-	135	-	318
CANE PAYMENT	99	267	60	26	149	90	5	191	887
REVOCATION OF POWER OF ATTORNEY	7	-	19	11	13	2	16	5	73
GANG MEETING	27	157	22	-	-	-	12	2	220
INCREASE HARVESTING RATES	142	99	485	102	158	78	250	217	1531
LORRY WHEEL TAX	109	110	257	182	179	33	161	118	1148
RENT APPEAL	-	23	15	1	3	-	14	11	67
BOND	1	5	9	-	1	-	8	0	24
GANG RATIONALISATION	16	18	17	-	1	-	9	-	61
ADDITIONAL TICKET BOOK	-	2	-	1	-	-	51	61	115
BURNT CANE	46	7	5	6	2	-	17	-	83
INDIVIDUAL HARVESTING	259	63	22	-	-	-	25	-	369
SPLIT OF REGISTRATION	3	-	-	-	-	-	-	2	5
WEEDICIDE SALES	1329	579	1193	1505	1134	295	1451	647	8133
CROP DAMAGE REPORT	2	-	1	7	11	-	-	-	21
LEGAL SERVICES	9	18	47	343	13	8	94	19	551
MOGA	-	145	270	213	152	4	411	-	1195
DRAINAGE	9	6	2	-	2	-	4	1	24
SUBSTITUTE DISPUTE	1	55	30	18	26	6	118	22	276
COR REPLACEMENT	31	25	39	5	7	-	27	-	134
GENERAL ENQUIRIES	4069	1392	2166	852	1974	935	1744	1299	14431
TOTAL	7142	3792	5642	4599	4842	1804	5854	2874	36549

7. LEGAL SERVICES

The 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.

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

In August 2011 the council ceased all legal services due to certain legislations which prevented Council from providing these services without a Practitioners Certificate. Some of the documents got held up at the High Court however arrangements were made through Solicitors who acted on behalf of the Council for release of the same.

DOCUMENTS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA	TOTAL
POWER OF ATTORNEY	25	34	60	34	38	15	104	11	321
REVOCATION POWER OF ATTORNEY	6	4	19	11	13	2	16	4	75
AGREEMENTS	1	6	15	8	1	-	15	4	50
TRANSFER	-	2	6	8	1	-	6	-	23
PROBATES & LETTER ADMINISTRATION	6	11	25	22	13	9	14	-	100
DEED	-	1	-	3	-	-	2	-	6
RENUNCIATION	-	-	3	4	2	-	6	-	15
TRANSFER OF CERTIFICATE OF REGISTRATION	-	2	6	4	1	-	6	-	19
SEARCH	-	1	1	3	-	-	-	-	5
TRANSMISSION BY DEATH	1	3	1	3	6	3	5	-	22
MORTGAGE/ BILL OF SALE	-	2	-	2	1	-	2	1	8
INSTRUMENT OF TENANCY	-	1	1	1	-	-	-	-	3
PROVISIONAL TITLE/ LEASE	1	2	5	5	-	-	1	-	14
RECORD OF DEATH/ TRUSTEES	-	-	1	1	-	-	-	-	2
WILL	23	84	29	48	32	24	27	5	272
EASEMENT	-	-	3	2	-	-	-	-	5
TOTAL	63	153	175	159	108	53	204	25	940

8. WEEDICIDE SALES

The Council facilitates the sale 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 the South Pacific Fertilizers Co. and made accessible to all cane growers nationwide from suitably located SCGC outlets in their own districts and towns.

In December 2011 after a mutual agreement between the Council and Corporation growers started receiving weedicides on credit basis from all the 8 Council district offices. This arrangement has assisted growers who could not afford to control the weeds on their farms due to financial constraints. This arrangement is expected to gain momentum and reduce cash handling for growers and council as well.

9. KNIFE/ FILES / HAND GLOVE SALES

The Council introduced the sale of Knives, files and gloves to growers few years back. This has been a very successful deal as the demand has been increasing year in year out with our 2011 sale recording 1547 sets surpassing the 2010 sale which stood at 1519 sets. The Management negotiates the price on an annual basis and tries to give a fair deal to the growers and the prices are normally far below the actual market price of similar products.

10. GROWERS RICE SUPPLY

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

11. FERTILIZER

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

12. LTA CONCESSIONS

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

13. FAIRTRADE CERTIFICATION

Official Launching Of Fair-Trade

Fair-trade Initiative for Labasa growers was launched by the Prime Minister and the Minister for Sugar in June 2010. Following successful certification Labasa Cane Producers Association (LCPA) have received their share of proceeds from the 2010 and 2011 season sugar produced at Labasa Mill.



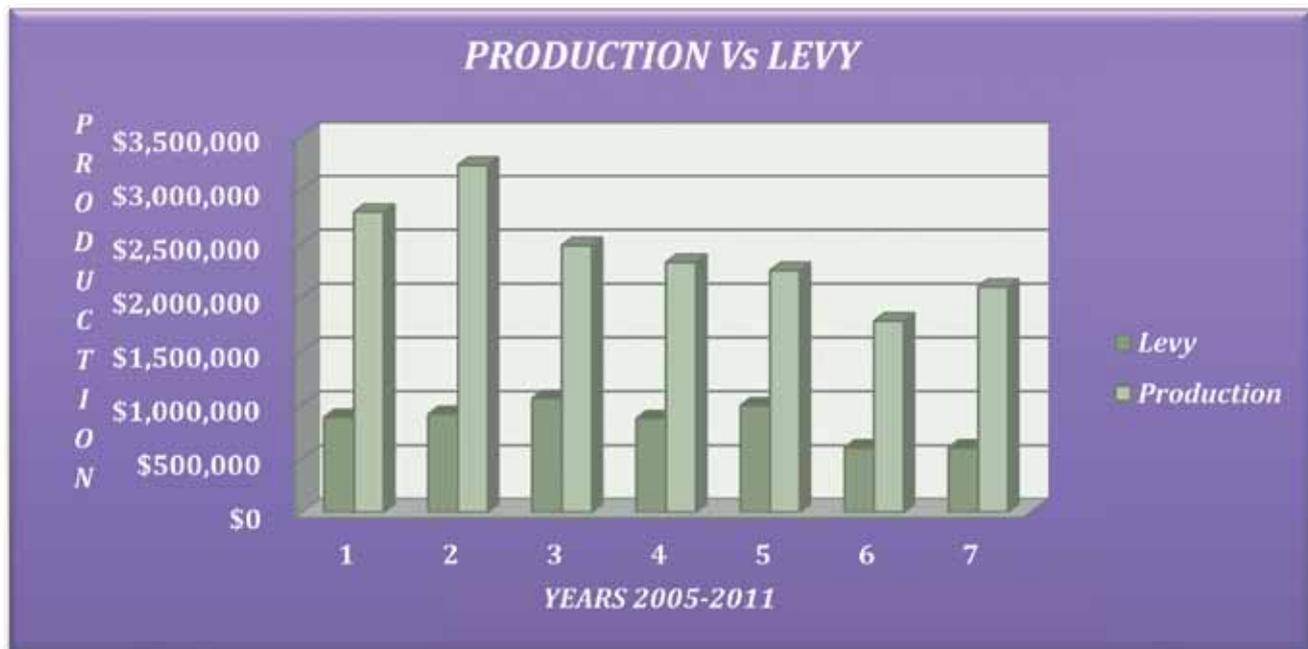
The launching for Viti Levu was held on the 03rd October 2011 at the SCGC Hall by the Commissioner Western, Cmdr Joeli Cawaki. Growers from all cane growing districts of Viti Levu were present for this inaugural occasion. It is envisaged that Viti Levu Mills would be certified in 2012.

14. COUNCIL LEVY

The Ministry of Sugar approved an Administrative Budget of \$600,000.00 for the 2011 financial year. The cane production for the year was 2,095,741 tonnes resulting in a chargeable levy of 0.29 cents per tonne of cane produced in the season.

Table 15.1 Last 7 years Annual Levy and Cane Production

YEAR	2005	2006	2007	2008	2009	2010	2011
LEVY	\$883,384	\$910,510	\$1,058,538	\$870,879	\$992,691	\$600,000	\$600,000
PRODUCTION	2,788,740	3,225,551	2,478,853	2,321,783	2,246,722	1,778,014	2095741
LEVY/ TONNE	\$0.32	\$0.28	\$0.42	\$0.38	\$0.44	\$0.34	\$0.29



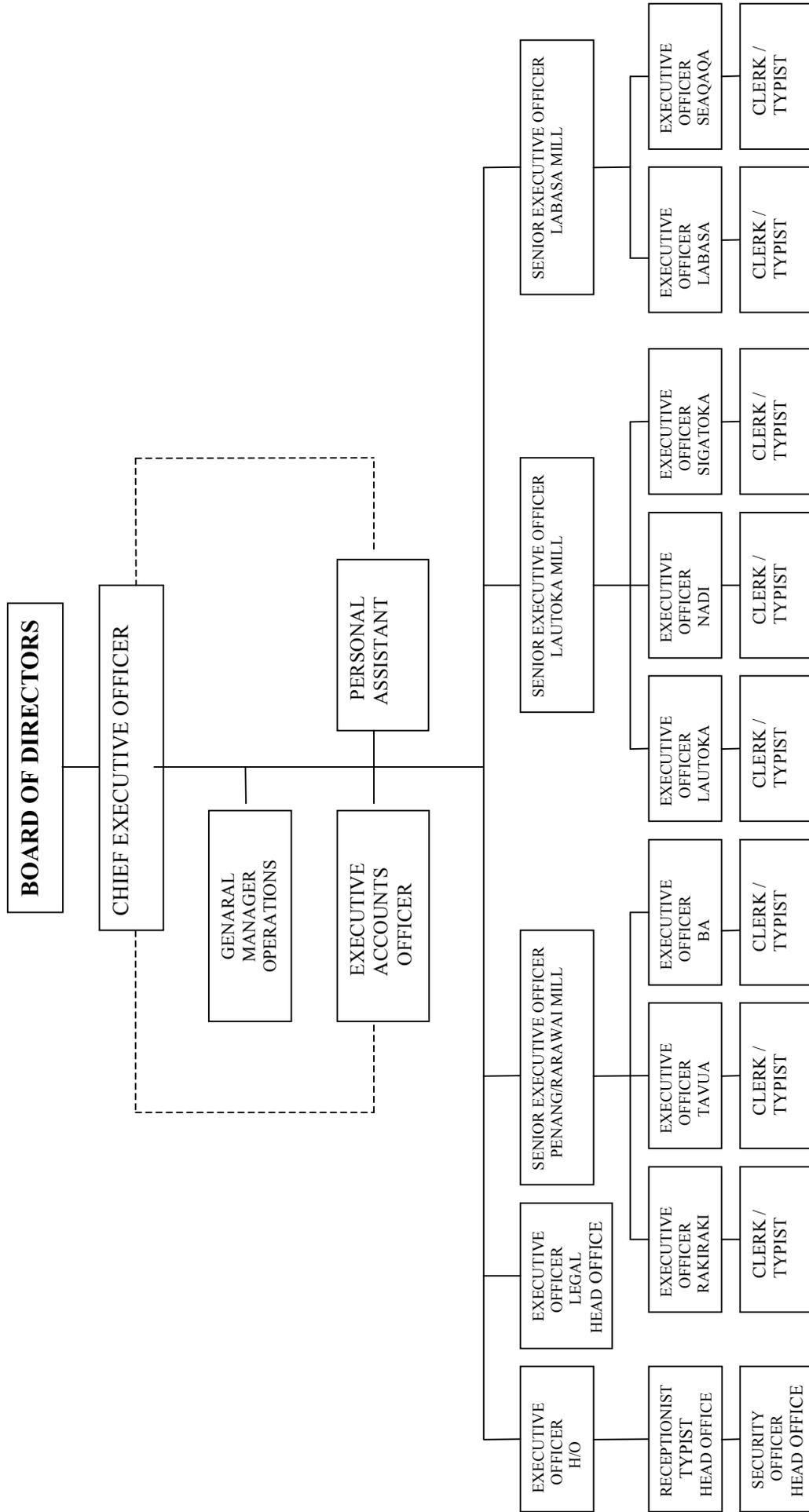
The Council Levy per tonne is based on the size of crop each year and a decline in crop will result in a marginal increase in chargeable levy. The Budget of the Council has been maintained at \$600,000.00 for the last 2 years. Due to a slight increase in crop size the levy for 2011 stood at \$0.29 compared to \$0.34 in 2010. If the production was maintained at 3.5million tonnes, the levy would have been only \$0.17 per tonne for 2011. All the expenses are very well managed within the budget.

15. Cane Development Revolving Fund (CDRF)

Government as in previous years provided \$6m for the Crop Development project with a view to increasing the production. 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 be 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.

SUGAR CANE GROWERS COUNCIL ORGANISATION CHART



Sugar Cane Growers Council

Financial Statements

For the year ended

31 December 2011



Sugar Cane Growers Council

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Sugar Cane Growers Council

Officers' report

The Director of Sugar and Acting Chief Executive Officers (Officers) herewith submit the statement of financial position of Sugar Cane Growers Council ("the Council") as at 31 December 2011 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 2011 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 \$131,375 (2010: \$96,148).

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

Events subsequent to year end

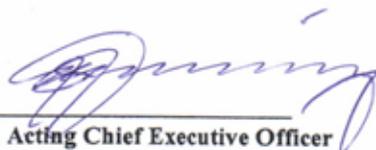
There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Officers, to affect significantly the operations of the Council, the results of those operations or the state of affairs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

Dated at Lautoka this 15th day of May 2012.

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 2011, and the statement of comprehensive income, statement of changes in equity 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 8 to 25.

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 and for such internal control as the directors 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 the auditor's 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, the auditor considers 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 2011 and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 2(b) and 23 in the financial statements regarding the Council's ability to continue as a going concern. The events discussed in Note 23 indicate 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.

15 May 2012

Nadi, Fiji Islands

KPMG

KPMG
Chartered Accountants

Sugar Cane Growers Council
Statement of comprehensive income
For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Revenue			
Revenue - growers levy		600,000	600,000
Other income	6	<u>156,300</u>	<u>168,155</u>
		756,300	768,155
Expenses			
Administrative expenses	7	(317,125)	(301,849)
Other operating expenses	8	<u>(335,809)</u>	<u>(365,651)</u>
Surplus from operations		103,366	100,655
Finance income	10	34,947	33,300
Finance expense	10	<u>(6,938)</u>	<u>(7,957)</u>
Operating surplus		131,375	125,998
Impairment of investments	12	-	(29,850)
Surplus for the year		<u>131,375</u>	<u>96,148</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>131,375</u></u>	<u><u>96,148</u></u>

The notes on pages 8 to 25 are an integral part of these financial statements.



Sugar Cane Growers Council
Statement of changes in funds employed
For the year ended 31 December 2011

	2011	2010
	\$	\$
Balance at 1 January	2,809,493	2,713,345
<i>Total comprehensive income for the year</i>		
Surplus for the year	131,375	96,148
Other comprehensive income	-	-
Balance at 31 December	<u>2,940,868</u>	<u>2,809,493</u>

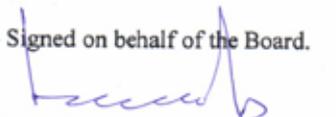
The notes on pages 8 to 25 are an integral part of these financial statements.



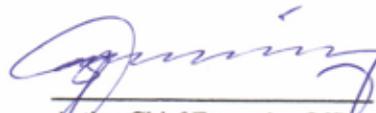
**Sugar Cane Growers Council
Statement of financial position
As at 31 December 2011**

	Note	2011 \$	2010 \$
Assets			
Non-current assets			
Property, plant and equipment	11	1,179,212	1,163,757
Investments	12	302,913	286,092
Total non-current assets		<u>1,482,125</u>	<u>1,449,849</u>
Current assets			
Cash and cash equivalents	13	662,238	701,852
Held to maturity investments	14	550,000	550,000
Receivables	15	621,050	493,379
Prepayments		13,342	12,372
Total current assets		<u>1,846,630</u>	<u>1,757,603</u>
Total assets		<u><u>3,328,755</u></u>	<u><u>3,207,452</u></u>
Funds employed			
Funds employed		2,940,868	2,809,493
Total funds employed		<u>2,940,868</u>	<u>2,809,493</u>
Non-current liability			
Loans and borrowings	16	76,000	152,000
Total non-current liability		<u>76,000</u>	<u>152,000</u>
Current liabilities			
Loans and borrowings	16	76,000	76,000
Other payables and accruals	17	199,757	134,200
Employee benefits	18	36,130	35,759
Total current liabilities		<u>311,887</u>	<u>245,959</u>
Total liabilities		<u>387,887</u>	<u>397,959</u>
Total funds employed and liabilities		<u><u>3,328,755</u></u>	<u><u>3,207,452</u></u>

Signed on behalf of the Board.



Director of Sugar



Acting Chief Executive Officer

The notes on pages 8 to 25 are an integral part of these financial statements.



Sugar Cane Growers Council
Statement of cash flows
For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Operating activities			
Receipts from Fiji Sugar Corporation		500,336	876,287
Other receipts		116,980	107,927
Payments to suppliers and employees		(548,589)	(516,206)
Interest and other finance charges paid		<u>(6,938)</u>	<u>(7,957)</u>
Cash flows from operating activities		<u>61,789</u>	<u>460,051</u>
Investing activities			
Interest received		34,947	33,300
Transfer of funds from term deposits		-	(100,000)
Acquisition of property, plant and equipment		<u>(60,350)</u>	<u>(10,360)</u>
Cash flows used in investing activities		<u>(25,403)</u>	<u>(77,060)</u>
Financing activities			
Repayment of loan		<u>(76,000)</u>	<u>(152,000)</u>
Cash flows used in financing activities		<u>(76,000)</u>	<u>(152,000)</u>
Net (decrease) / increase in cash and cash equivalents		(39,614)	230,991
Cash and cash equivalents at 1 January		<u>701,852</u>	<u>470,861</u>
Cash and cash equivalents at 31 December	13	<u><u>662,238</u></u>	<u><u>701,852</u></u>
Non-cash investing activity	20		

The notes on pages 8 to 25 are an integral part of these financial statements.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

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's registered office 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. 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 (IFRS) adopted by the International Accounting Standards Board and the requirements of Fiji Law.

The financial statements were authorised for issue by the Director of Sugar and Acting Chief Executive Officer on 15 May 2012.

(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 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. 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 IFRSs 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 2011

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 11 Property, plant and equipment
- Note 12 Investments
- Note 15 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. Certain comparative amounts in the statement of comprehensive income have been reclassified to conform with the current presentation (see note 6 and 7).

(a) Equity accounted investees

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Council holds between 20% and 50% of the voting power of another entity.

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

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

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

(b) Financial instruments

(i) Non-derivative financial assets

The Council generally recognises loans and receivable on the date that they are originated. All other financial assets (including liabilities 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.

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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

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

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3 (d) (i)).

Loan and receivables comprise cash at bank and other receivables.

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. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise term deposits.



Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets at fair value through profit and loss

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

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

(ii) Non-derivative financial liabilities

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

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

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.

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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.

(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.

The estimated 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%

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

(d) Impairment

(i) Non-derivative financial assets

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



Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(d) 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 group 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.

(e) Provisions

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(f) 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.

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.

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

(ii) Other income

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

(iii) Rental income

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

(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

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

Finance costs comprise bank charges and interest on borrowing.



Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(j) Value Added Tax (VAT)

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

4. Financial risk management policies

Overview

The Council has exposure to the following risks arising from financial instruments:

- (i) Credit risk; and
- (ii) Liquidity risk.

This note presents information about the Council's exposure to each of the above risks, the Council's objectives, policies and processes for measuring and managing risk, and the Council's management of capital.

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

(i) Credit risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Council's receivables from customer and investment securities.

Exposure to credit risk

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

	Note	Carrying amount	
		2011	2010
		\$	\$
Cash at bank	13	660,409	700,023
Held to maturity investments	14	550,000	550,000
Investments	12	302,913	286,092
Receivables	15	621,050	493,379
Total		<u>2,134,372</u>	<u>2,029,494</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

4. Financial risk management policies (continued)

(i) Credit risk (continued)

Receivables

The Council establishes a provision for impairment that represents its estimate of incurred losses in respect of 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.

Impairment losses

The aging of receivables at the reporting date that were not impaired was as follows:

	2011	2010
	\$	\$
Past due 1-30 days	75,643	14,213
Past due 90-120 days	599,830	479,166
	<u>675,473</u>	<u>493,379</u>

(ii) Liquidity risk

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

2011	Carrying amount	6 months or less	6 - 12 months	1 - 2years	More than 2 years
	\$	\$	\$	\$	\$
<u>Financial assets</u>					
Cash and cash equivalents	662,238	662,238	-	-	-
Term deposits	550,000	-	550,000	-	-
Other investments	302,913	-	-	-	302,913
Receivables	621,050	-	621,050	-	-
<u>Financial liabilities</u>					
Loans and borrowings	(152,000)	-	(76,000)	(76,000)	-
Other payables and accruals	(199,757)	(199,757)	-	-	-
Employee benefits	(36,130)	(36,130)	-	-	-
	<u>1,748,314</u>	<u>426,351</u>	<u>1,095,050</u>	<u>(76,000)</u>	<u>302,913</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

4. Financial risk management policies (continued)

(ii) Liquidity risk (continued)

	Carrying amount \$	6 months or less \$	6 - 12 months \$	1 - 2 years \$	More than 2 years \$
2010					
<u>Financial assets</u>					
Cash and cash equivalents	701,852	701,852	-	-	-
Term deposits	550,000	-	550,000	-	-
Other Investments	286,092	-	-	-	286,092
Receivables	493,379	-	493,379	-	-
<u>Financial liabilities</u>					
Loans and borrowings	(228,000)	-	(76,000)	(76,000)	(76,000)
Other payables and accruals	(134,200)	(134,200)	-	-	-
Employee benefits	(35,759)	(35,759)	-	-	-
	<u>1,633,364</u>	<u>531,893</u>	<u>967,379</u>	<u>(76,000)</u>	<u>210,092</u>

5. Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2011				
Financial assets designated as at fair value through profit or loss	302,913	-	-	302,913
Total assets	<u>302,913</u>	<u>-</u>	<u>-</u>	<u>302,913</u>
31 December 2010				
Financial assets designated as at fair value through profit or loss	286,092	-	-	286,092
Total assets	<u>286,092</u>	<u>-</u>	<u>-</u>	<u>286,092</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

	2011	2010
	\$	\$
6. Other income		
Dividend income - Unit Trust of Fiji	7,781	13,265
Gain on disposal of property, plant and equipment	22,500	5,300
Gain on remeasurement of investments to fair value	9,039	-
Other income	10,154	7,322
Rental income	94,213	90,360
Sundry income - legal services	8,739	10,245
Sale of durion	3,874	41,663
	<u>156,300</u>	<u>168,155</u>

Change in classification

During the year the Council modified the statement of comprehensive income classification of dividend income to other income to provide more relevant and reliable information.

	2011	2010
	\$	\$
7. Administrative expense		
Meeting costs - other	3,857	4,262
Personnel expenses (refer note 9)	313,268	297,587
	<u>317,125</u>	<u>301,849</u>

During the year the Council modified the statement of comprehensive income classification of personnel expenses to administrative expenses to provide more relevant and reliable information.

8. Other operating expenses	2011	2010
	\$	\$
Included in other operating expenses are the following items:		
Doubtful debts	33,423	42,742
Auditor's remuneration - audit services	7,000	7,000
- other services	1,309	721
Depreciation	67,395	65,769
Electricity	26,227	27,104
Insurance	24,621	22,470
Loss on remeasurement of investments to fair value	-	27,991
Motor vehicle expenses	37,730	38,838
Rent	28,008	30,489
Telephone	24,827	24,238
	<u>24,827</u>	<u>24,238</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

9. Personnel expenses	2011	2010
	\$	\$
Annual leave	11,475	17,599
Fiji National Provident Fund contributions	23,897	22,747
Key management compensation - short term benefits	57,423	53,750
National Training and Productivity Center levy	2,802	2,775
Wages and salaries	217,671	200,716
	<u>313,268</u>	<u>297,587</u>
10. Finance income and expenses		
<u>Finance income</u>		
Interest income	<u>34,947</u>	<u>33,300</u>
<u>Finance expense</u>		
Bank charges	2,378	1,877
Interest expense	<u>4,560</u>	<u>6,080</u>
	<u>6,938</u>	<u>7,957</u>

**Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011**

11. Property, plant and equipment

	Fixtures and fittings	Plant and equipment	Motor vehicles	Land and buildings	Total
	\$	\$	\$	\$	\$
Cost					
Balance at 1 January 2010	123,710	406,041	321,884	1,309,685	2,161,320
Acquisitions during the year	-	10,700	-	4,960	15,660
Disposals during the year	-	(12,600)	-	-	(12,600)
Balance at 31 December 2010	123,710	404,141	321,884	1,314,645	2,164,380
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
Depreciation					
Balance at 1 January 2010	123,334	375,301	246,695	202,124	947,454
Depreciation charge for the year	315	15,881	31,625	17,948	65,769
Disposals during the year	-	(12,600)	-	-	(12,600)
Balance at 31 December 2010	123,649	378,582	278,320	220,072	1,000,623
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
Carrying amount					
At 1 January 2010	376	30,740	75,189	1,107,561	1,213,866
At 31 December 2010	61	25,559	43,564	1,094,573	1,163,757
At 31 December 2011	-	26,432	69,522	1,083,258	1,179,212

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

12. Investments

Non-current investment

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

	2011	2010
	\$	\$
(i) The Fiji Sugar Corporation Limited		
This represents investment in The Fiji Sugar Corporation Limited of 119,401 ordinary shares at \$Nil (2010: \$Nil). The company was delisted from the South Pacific stock exchange on 24 February 2011.	-	-
(ii) Unit Trust of Fiji		
This represents investment in Unit Trust of Fiji of 240,407 units (2010: 234502 units) at \$1.26 (2010: \$1.22).	302,913	286,092
(iii) South Pacific Fertilizers Limited		
This represents investment in South Pacific Fertiliser Limited of 1,760,000 shares at \$Nil (2010: \$Nil).	-	-
	<u>302,913</u>	<u>286,092</u>
<u>(i) Reconciliation of investment in The Fiji Sugar Corporation Limited</u>		
Balance at 1 January	-	29,850
Provision for impairment	-	(29,850)
Balance at 31 December	<u>-</u>	<u>-</u>
<u>(ii) Reconciliation of investment in Unit Trust of Fiji</u>		
Balance at 1 January	286,092	300,819
Additional units acquired during the year	7,782	13,264
Gain /(loss) on remeasurement of investment to fair value	9,039	(27,991)
Balance at 31 December	<u>302,913</u>	<u>286,092</u>

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

12. Investments (continued)

	2011	2010
	\$	\$
<u>(ii) Reconciliation of investment in South Pacific Fertilizers Limited</u>		
Balance at 1 January / 31 December	298,381	298,381
Provision for impairment	<u>(298,381)</u>	<u>(298,381)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The Council holds 9.4% (2010: 9.4%) shares in South Pacific Fertilizers Limited (SPFL).

13. Cash and cash equivalents

Cash at bank	660,409	700,023
Cash on hand	1,829	1,829
Cash and cash equivalents in the cash flow statements	<u>662,238</u>	<u>701,852</u>

14. Held-to-maturity investments

Term Deposits	<u>550,000</u>	<u>550,000</u>
---------------	----------------	----------------

The average interest rate on term deposits in 2011 is 4.84% (2010: 6.65%). The deposits have an average maturity of 365 days (2010: 365 days).

15. Receivables

Growers levy receivable from The Fiji Sugar Corporation Limited (FSC)	621,572	521,908
Less: Provision for doubtful debts	<u>(76,165)</u>	<u>(42,742)</u>
	545,407	479,166
Other receivables	75,643	14,213
	<u>621,050</u>	<u>493,379</u>

Provision for doubtful debts

Balance as at 1 January 2011	42,742	-
Expense recognised during the year	33,423	42,742
Balance as at 31 December 2011	<u>76,165</u>	<u>42,742</u>

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

16. Loans and borrowings	2011	2010
	\$	\$
Secured loan from Sugar Cane Growers Fund	152,000	228,000
Disclosed in the financials as follows:		
Current liability	76,000	76,000
Non current liability	76,000	152,000

The loan is repayable by annual repayments of \$76,000 (2010: \$76,000) and interest is being charged at the rate of 2% for the years 2009, 2010 and 2011 and 3% for the remaining term.

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

17. Other payables and accruals	2011	2010
	\$	\$
Payables and accruals	58,358	64,468
South Pacific Fertilizers Limited	141,399	69,732
	<u>199,757</u>	<u>134,200</u>
18. Employee benefits		
Balance at 1 January	35,759	29,038
Expense recognised in the profit or loss	11,475	17,599
Leave utilised	(11,104)	(10,878)
Balance at 31 December	<u>36,130</u>	<u>35,759</u>

19. 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 and up until the date the financial statements were authorised for issue 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 2011

19. Related parties (continued)

	2011	2010
	\$	\$
(c) Amounts receivable from / (payable to) related parties		
South Pacific Fertilizers Limited (Note 17)	(141,399)	(69,732)
Growers levy receivable from The Fiji Sugar Corporation Limited (FSC) (Note 15)	621,572	521,908
	<u> </u>	<u> </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:

	2011	2010
	\$	\$
Interest expense - Sugar Cane Growers Fund	4,560	6,080
Levy income – The Fiji Sugar Corporation Limited	600,000	600,000
Purchase of durion from South Pacific Fertilizer Limited	766,723	527,529
Rental income from Sugar Cane Growers Fund	50,160	45,405
Repayment of loan- Sugar Cane Growers Fund	76,000	76,000
	<u> </u>	<u> </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 9.

	2011	2010
	\$	\$
20. Non-cash investing activity		
Acquisition of shares in Unit Trust of Fiji	7,781	13,265
Trade-in of property, plant and equipment	22,500	5,300
	<u> </u>	<u> </u>

21. Capital commitments

Capital commitments as at 31 December 2011 amounted to \$Nil (2010: \$Nil).

22. Contingent liabilities

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

Sugar Cane Growers Council
Notes to the financial statements
For the year ended 31 December 2011

23. Significant events during the previous years

The following significant events occurred in previous years:

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

24. 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 27 to 28 is in accordance with the books and records of Sugar Cane Growers Council which have been subjected to the auditing procedures applied in our statutory audit of the Council for the year ended 31 December 2011. 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.

15 May 2012
Nadi, Fiji Islands


KPMG
Chartered Accountants



Sugar Cane Growers Council
Statement of operations
For the year ended 31 December 2011

	2011	2010
	\$	\$
Income		
Dividend income	7,781	13,265
Gain on disposal of property, plant and equipment	22,500	5,300
Gain on remeasurement of investments to fair value	9,039	-
Interest income	34,947	33,300
Growers levy	600,000	600,000
Rental income	94,213	90,360
Sundry income - legal services	8,739	10,245
Sale of durion	3,874	41,663
Other income	10,154	7,322
	<hr/>	<hr/>
Total income	791,247	801,455
	<hr/>	<hr/>
Expenditure		
Advertising	1,526	396
Doubtful debts	33,423	42,742
Auditor's remuneration - audit services	7,000	7,000
- other services	1,309	721
Bank charges	2,378	1,877
City rates	687	721
Cleaning	9,385	9,322
Depreciation	67,395	65,769
Donations	365	410
Electricity	26,227	27,104
Fiji National Provident Fund contributions	23,897	22,747
General expenses	3,871	5,352
Growers accountant's fees	5,875	5,625
Hospitality	891	1,070
Insurance	24,621	22,470
Interest expense	4,560	6,080
Loss on remeasurement of investments to fair value	-	27,991
Meeting costs - other	3,857	4,262
Motor vehicle expenses	37,730	38,838
Office expenses	6,503	5,594
Expenses balance carried forward	261,500	296,091

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

Sugar Cane Growers Council
Statement of operations (continued)
For the year ended 31 December 2011

	2011	2010
	\$	\$
Expenses balance brought forward	261,500	296,091
Postage	3,362	2,844
Professional services	15,000	4,100
Rent	28,008	30,489
Repairs and maintenance	10,044	18,264
Security expenses	10,770	10,098
Stationery and printing	13,938	8,227
Subscriptions	2,533	4,243
Telephone	24,827	24,238
National Training and Productivity Center levy	2,802	2,775
Wages and salaries	286,569	272,065
Water rates	519	2,023
	<hr/>	<hr/>
Total expenditure	659,872	675,457
	<hr/>	<hr/>
Operating surplus	131,375	125,998
	<hr/> <hr/>	<hr/> <hr/>

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

