Sugar Cane Growers Fund

2016

Annual Report

SUGAR CANE GROWERS FUND

2nd Floor,
Sugar Cane Growers Council Building.
75 Drasa Avenue, Lautoka.
P.O. Box 13,
Lautoka.
Phone: 665 0777 665 0280
Fax: 665 0768
Email: scgf@connect.com.fj

Our Ref:

28 May 2018

Rear Admiral Josaia Voreqe Bainimarama
Honorable Prime Minister & Minister for Sugar Industry
P O Box 2353
Government Buildings
Suva

Dear Honorable Prime Minister

Enclosed herewith is a copy of the Annual Report and the Audited Accounts for the Sugar Cane Growers Fund and the consolidated Financial Statements of the Group (the Group being the Fund and its Subsidiary - South Pacific Fertilizers Limited) for the year ended 31 December 2016, in accordance with Section 16 of the Act.

Yours faithfully

FAriff Ali·
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FAIZUL ARIFF ALI
CHAIRMAN - SCGF

1.0 BACKGROUND

The Sugar Cane Growers Fund Authority was established by Act. No. 9 of 1984 enacted by the Parliament of Fiji on 26 July 1984. All monies and Assets of the Sugar Cane Price Support Fund were transferred to the Sugar Cane Growers Fund under the Act. The name has been changed to Sugar Cane Growers Fund by amendment Act 12 of 1996.

2.0 FUNCTIONS

The function of the Fund is to provide loans to Sugar Cane Growers for the following purposes:-

(a) Purposes which, in the opinion of the Board, will increase the production of Sugar Cane;

(b) Purposes which, in the opinion of the Board will improve efficiency in the planting, growing, harvesting and transportation of Sugar Cane;

(c) The carrying out of work which the Board considers necessary or desirable to rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters;

(d) The carrying out of work which the Board considers necessary or desirable to establish sugar cane farms and to construct buildings and other installations on those farms;

(e) The carrying out of work which the Board considers necessary or desirable for crop diversification;

(f) The making of provision to such extent as the Board considers necessary, for the personal family needs of Growers during periods of financial distress or hardship;

(g) To enable cane growers to participate in commercial ventures which, in the opinion of the Board, are intended to benefit the cane growing industry.

3.0 FINANCIAL ASSISTANCE TO CANE GROWERS

Under section 17 (1) of the Act, a loan to a cane grower is a first charge on all cane proceeds due to him/her provided the loan is for those purposes only, set out in paragraph (a), (b), (c) and (f) of subsection 1 of section 4 of the Act and the loan does not exceed $5,000.00. Repayment of advances by the Fiji Sugar Corporation Limited, or other payments of whatsoever nature made to the cane growers or on his/her behalf and Land Rent under the Master Award take precedence.

4.0 LOANS TO GROWERS

Currently, the Fund has the following loan facilities available for Cane Farmers:

Table 1

Type of Loans	Portfolio
Priority Loans	Limited up to $5,000 for Farm Development and Planting for Sugar Cane, Repair of Farm Equipments, House Repairs, Education Expenses, Wedding , Drainage, Roading, Weedicides, Borehole Drilling, Medical and Purchase of Working Bullocks and Horses, etc
Specialised Lending	Maximum lending of $50,000 for the Purchase of Cane Farms, Farm Machinery, Cane Trucks, Construction of Farm House and for other purposes provided in the Act
Loans to Tenants for New Leases	Loans to enable growers to acquire New Leases from the iTaukei Land Trust Board, Department of Lands and other Landowners
Refinance of Sugar Cane Growers Loan	Loans to Refinance Sugar Cane Growers loans with Commercial Banks and other Lenders. Loans are approved only for the purposes provided in the Sugar Cane Growers Fund Act

5.0 LOANS CUMMULATIVE TO 2016

Table 2

Particulars	Priority Loans	Specialised Loans	New Leases	Refinance
Application count	31,307	6,196	4,275	655
Value of Loans Paid	$36,011,561	$42,520,554	$20,182,362	$6,735,820

6.0 DISTRICT OFFICES

The Fund has Offices in Lautoka, Labasa, Seaqaqa, Rakiraki, Tavua, Ba and Nadi to provide services to sugar cane growers. Growers from the Sigatoka Districts are provided services by the Nadi Staff once a week from the Sugar Cane Growers Council Office.

Loans applications are received at the District Offices, the approvals and payments are processed at the Head Office.

During the year, the Fund approved loans under Priority Loans to the value of $2.6 M. Loans under Specialised Lending to the value of $2.0 M and Winston loans to the value of $3.2 M.

The Labasa/Seaqaqa District Office received – 802, Rakiraki – 1,208, Tavua – 932, Ba – 2,349, Nadi/Sigatoka– 263 and Lautoka – 851 applications respectively.

7.0 LOANS TO SOUTH PACIFIC FERTILIZERS LIMITED

Following submissions by the South Pacific Fertilizers Limited and the Stakeholders of the Sugar Industry to Government for assistance to support the price of fertilizer supplied to the sugar cane growers.

The Government/Cabinet made the following decisions as Way Forward for the SPFL:

a) that the Fertilizer price increase of $26.09 per bag (from $19.50 to $45.59 per bag) be effective from 2009, for which additional $12 per bag (from $19.50 to $31.50) is to be met by the growers and the balance of $14.09 per bag (from $31.50 to $45.59 per bag) to be met by the Government.

b) that the SPFL be restructured as follows:

   i. its loans ($14.7 m) in the Sugar cane Growers Fund (SCGF) be converted to equity;

   ii. the Fiji Sugar Corporation (FSC) divests from SPFL and its shares be transferred to the other Shareholders.

   iii. that consequential amendments be made to the Sugar Cane Growers Fund Act to allow for the SCGF to make investments in the SPFL and

c) that the SCGF be asked to provide necessary financing needs of the SPFL and

c) that in view of the SCGF acquiring majority shares (90%), the Chairmanship of the SPFL be held by the representative of the SCGF, and that the Fiji Sugar Corporation have a nominee Director on the SPFL Board appointed by SCGF.

During financial year 2016, the Company borrowed $7.8M for procurement of Raw Materials and paid $9.5M. SPFL settled the sum of $2.6 M towards Roof Upgrade damaged by Cyclone Evan in 2012. No Loan outstanding as at 31 December 2016.

Table 3

Particulars	Advance	Paid
Raw Materials	$7.8M	$9.5M
Building Roof Upgrade	Nil	$2.6M
Year Ending Balance	Nil	Nil

8.0 CYCLONE WINSTON LOAN

Following the devastation of Tropical Cyclone Winston and in an effort to provide urgent assistance to affected cane growers, the SCGF Board on 24 February 2016 agreed to provide a soft loan of up to $1,000 per affected grower with an interest rate of 3.0% per annum repayable over a term of 5 years commencing from the delivery pay of 2017 crop season.

The amount of loan was calculated on the grower's average cane production for the last 3 years.

The Honorable Minister & Minister for Sugar endorsed the Government of Fiji to meet the 3.0% interest per annum for five years.

Table 4

Winston Loan	Count	Value
Applications Paid	3,942	$3,267,970

9.0 FIJI SUGAR CORPORATION- SPECIAL CANE PAYMENT

The Sugar Cane Growers Fund advanced $8.4 million to the Fiji Sugar Corporation Limited in May 2010 for top-up of the 4th Cane Payment for the 2009 season. This payment was made following a directive from the Prime Minister and Minister for Sugar Industry.

The loan was to be repaid from sugar proceeds of the 2011 and 2012 season. $4.2 million out of $8.4 million repaid on 31/03/2012 and the balance is on rollover arrangement with FSC paying the interest of 3.5% per annum.

The Government through the Ministry of Sugar settled the interest balance amount of $276,336 on 13 July 2016.

10.0 SUMMARY OF INVESTMENTS AND LOANS

Table 5

Institution	Amount	
SCGF - Loans to Growers	$	29,917,191
Loans to South Pacific Fertilizers Ltd	Nil	
Loans to Fiji Sugar Corporation	$	8,697,404
Shares - South Pacific Fertilizers Ltd	$	13,401,405
Investments/Term Deposits	$	9,280,576
Total	**$**	**61,296,576**

11.0 FUNDS BANKERS

Bank of Baroda is the Fund's Bankers.

12.0 STAFF

The Staff are members of the Fiji Bank & Finance Sector Employees Union and are employed under Terms & Conditions contained in an agreement between the Fund and the Fiji Bank & Finance Sector Employees Union.

13.0 BOARD MEETINGS

The Board of Management held seven meetings during the year.

14.0 ACKNOWLEDGEMENT

The Board wishes to acknowledge the co-operation and assistance given by the Ministry of Sugar Industry, Ministry of Finance, Ministry of Agriculture, Ministry of Lands & Mineral Resources, iTaukei Land Trust Board, Sugar Cane Growers Council, Sugar Industry Tribunal, Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji, South Pacific Fertilizers Limited and the Trading Banks to the Fund during the year.

The Board acknowledges the efficient manner in which the Management and Staff have performed their duties.

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CHAIRMAN
SUGAR CANE GROWERS FUND

Sugar Cane Growers Fund and its Subsidiary

Financial Statements

31 December 2016

Sugar Cane Growers Fund and its Subsidiary
Financial Statements – 31 December 2016

Contents

In accordance with a resolution of the board, the board members herewith submit the financial statements of Sugar Cane Growers Fund ("the Fund") and the consolidated financial statements of the Group (being the Fund and its Subsidiary, South Pacific Fertilizers Limited) for the year ended 31 December 2016 and report as follows:

Board members

The following were board members in office at any time during the financial year and up to the date of this report:

- Mr Faizul Ariff Ali (appointed as Chairman on 19 January 2017)
- Mr Pradeep Lal - Member (appointed on 19 January 2017)
- Mr Timothy Brown - Member
- Mr David Veremo - Member
- Mr Sundresh Chetty - Member
- Mr Viliame Gucake - Member (resigned on 7 January 2017)
- Mr Abdul Khan - Member (resigned on 19 January 2017)

Principal activity

The principal activity of the Fund as outlined under the Sugar Cane Growers Fund Act 1984, Section 4, is to provide loans to sugar cane growers to increase production of sugar cane, improve efficiency in the planting, growing and transportation of sugar cane, rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters, establish sugarcane farms and to construct buildings and other installations on those farms, crop diversification and to provide assistance to the personal family needs of growers during periods of financial distress or hardship and to benefit the cane growing industry.

The principal activity of the subsidiary during the year was importing bulk fertilizer, blending, packing and distribution to local market.

Trading results

The net profit after income tax of the Group for the year was $6,152,303 (2015: net loss of $669,130) after income tax expense of $nil (2015: $nil).

The net profit of the Fund for the year amounted to $908,156 (2015: $1,076,259) after income tax expense of $nil (2015: $nil).

Current assets

The board took reasonable steps before the financial statements were made out to ascertain that the current assets of the Group and the Fund 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 the business. At the date of this report, the board members are not aware of any circumstances which would render the values attributable to the current assets in the Group's and Fund's consolidated financial statements misleading.

Non-Current Assets

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

Bad and doubtful debts

The board took reasonable steps before the financial statements were made out, to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts. At the date of this report, the board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

Events subsequent to balance date

No charge on the assets of the Fund has arisen since the end of the financial period to the date of this report to secure the liabilities of any other person. No contingent liability has arisen since the end of the financial period to the date of this report. No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months from the date of this report which, in the opinion of the board, will or may affect the ability of the Group and the Fund to meet its obligations when they fall due.

Basis of accounting

The board members believe that the basis of preparation of accounts is appropriate and the Fund will be able to continue in operation for at least 12 months from the date of this statement. Accordingly, the board members believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

Other circumstances

At the date of this report, the board are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements misleading.

Unusual/ significant transactions

The results of the Group's and the Fund's operations during the financial year have not in the opinion of the board members been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Board members benefits

No board member of the Fund has, since the end of the previous financial period, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by board members as shown in the Fund financial statements) by reason of any contracts made by the Fund with the board member or with a firm of which he is a member, or with a company in which he has substantial financial interest.

Related parties transaction

In opinion of the board members all related parties transactions have been adequately recorded in the books of the Group and the Fund and reflected in the attached financial statements.

Signed in accordance with a resolution of the board this 20th day of April 2018.

For and on behalf of the Board,

....
Chairman Board member

Sugar Cane Growers Fund and its Subsidiary
Statement by Board Members
For the year ended 31 December 2016

In the opinion of the board members:

(a) the accompanying statements of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Group and the Fund for the year ended 31 December 2016;

(b) the accompanying balance sheets is drawn up so as to give a true and fair view of the state of the Group's and the Fund's affairs as at 31 December 2016;

(c) the accompanying statements of changes in equity for the year ended 31 December 2016 is drawn up so as to give a true and fair view of the movement in shareholders' funds;

(d) the accompanying statements of cash flows is drawn up so as to give a true and fair view of the cash flows of the Group and the Fund for the year ended 31 December 2016;

(e) at the date of this statement, there are reasonable grounds to believe that the Group and the Fund will be able to pay its debts as and when they fall due; and

(f) all related party transactions have been adequately recorded in the books of the Group and the Fund.

For and on behalf of the Board members by authority of a resolution of the Board, this 20th day of April 2018.

....
Chairman

....
Board member

Independent Auditor's Report

To the Members of Sugar Cane Growers Fund and its Subsidiary

Report on the audit of the financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sugar Cane Growers Fund (the 'Fund') and the consolidated financial statements of the Fund and its Subsidiary (together the 'Group'). The financial statements comprise the balance sheets of the Fund and the Group as at 31 December 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and the Group as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the consolidated financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of Board Members and Management for the Consolidated Financial Statements

Board members and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the provisions of the Sugar Cane Growers Fund Act, 1984, and for such internal control as the board members and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The board members and management are responsible for overseeing the Group's financial reporting process.

PricewaterhouseCoopers, 52 Narara Parade, Lautoka, Fiji.
PO Box 54, Lautoka, Fiji.
T: (679)6660400 / 6661055, F: (679) 6661798

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- Our sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Sugar Cane Growers Fund Act, 1984, in our opinion:

a) the statements are based on proper accounts and records,
b) the statements are in general agreement with the accounts and records, and
c) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Fund Authority during the year have been in accordance with this Act.

Restriction on Distribution or Use

This report is made solely to the Fund's members, as a body, in accordance with Section 16(2) of the Sugar Cane Growers Fund Act, 1984. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

20 April 2018
Lautoka, Fiji

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants

Sugar Cane Growers Fund and its Subsidiary
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	Notes	Group 2016 $	Group 2015 $	Fund 2016 $	Fund 2015 $
Revenue	29	22,222,352	20,076,804	-	-
Cost of goods sold		(16,662,859)	(19,239,602)	-	-
Gross profit		5,559,493	837,202	-	-
Finance income	5	1,887,148	1,488,311	2,086,287	2,049,498
Other operating income	6	2,530,832	821,302	245,641	233,753
		9,977,473	3,146,815	2,331,928	2,283,251
Administrative and other operating expenses	7	(3,559,540)	(3,751,941)	(1,423,772)	(1,206,992)
Profit / (loss) from operations		6,417,933	(605,126)	908,156	1,076,259
Finance costs – net		(265,630)	(64,004)	-	-
Profit / (loss) before income tax		6,152,303	(669,130)	908,156	1,076,259
Income tax expense	9 (a)	-	-	-	-
Net profit / (loss) for the year		6,152,303	(669,130)	908,156	1,076,259
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the year		$6,152,303	$(669,130)	$908,156	$1,076,259
Total comprehensive income / (loss) attributable to:					
Owners of the parent		5,659,353	(505,063)	908,156	1,076,259
Non-controlling interest		492,950	(164,067)	-	-
		$6,152,303	$(669,130)	$908,156	$1,076,259

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Sugar Cane Growers Fund and its Subsidiary
Balance Sheets
As at 31 December 2016

	Notes	Group 2016 $	Group 2015 $	Fund 2016 $	Fund 2015 $
Assets					
Cash and cash equivalents	10	6,966,643	10,312,767	6,668,762	10,057,031
Other investments	11	1,782,231	1,641,943	1,780,576	1,640,288
Held to maturity investments	12	7,500,000	7,500,000	7,500,000	7,500,000
Trade and other receivables	13	17,693,145	14,556,707	97,998	101,014
Loans to growers	14	29,917,191	24,117,017	29,917,191	24,117,017
Inventories	15	12,555,898	11,906,380	-	-
Prepayments	16	918,269	54,291	13,809	13,094
Advances to industry related parties	17	8,697,404	5,793,091	8,697,404	10,337,621
Property, plant and equipment	18	5,082,535	5,801,026	89,109	103,186
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		$91,113,316	$81,683,222	$68,166,254	$67,270,656
Liabilities					
Trade and other payables	20	4,485,848	4,778,776	3,587,393	3,850,341
Employee benefits	21	65,994	65,994	65,994	65,994
Borrowings	22	4,655,019	4,389,390	-	-
Deferred grant income	23	8,387,411	5,332,711	-	-
Deferred interest income	24	250,390	-	250,390	-
Total liabilities		$17,844,662	$14,566,871	$3,903,777	$3,916,335
Equity					
Funds employed / Retained earnings		71,158,940	65,499,587	64,262,477	63,354,321
Non-contolling interest	25	2,109,714	1,616,764	-	-
Total equity		$73,268,654	$67,116,351	$64,262,477	$63,354,321
Total equity and liabilities		$91,113,316	$81,683,222	$68,166,254	$67,270,656

The above balance sheets should be read in conjunction with the accompanying notes.

Signed on behalf of the Board.

Chairman

Board Member

Sugar Cane Growers Fund and its Subsidiary
Statements of Changes in Equity
For the year ended 31 December 2016

	Funds employed / retained earnings attributable to the:		
	Owners	Non-contolling Interest	Total
	$	$	$
Group			
Balance at 1 January 2015	66,004,650	1,780,831	67,785,481
Loss for the year	(505,063)	(164,067)	(669,130)
Other comprehensive income	-	-	-
Balance at 31 December 2015	$65,499,587	$1,616,764	$67,116,351
Profit for the year	5,659,353	492,950	6,152,303
Other comprehensive income	-	-	-
Balance at 31 December 2016	$71,158,940	$2,109,714	$73,268,654

	Funds employed
	$
Fund	
Balance at 1 January 2015	62,278,062
Profit for the year	1,076,259
Other comprehensive income	-
Balance at 31 December 2015	$63,354,321
Profit for the year	908,156
Other comprehensive income	-
Balance at 31 December 2016	$64,262,477

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

Sugar Cane Growers Fund and its Subsidiary
Statements of Cash Flows
For the year ended 31 December 2016

	Notes	Group 2016 $	Group 2015 $	Fund 2016 $	Fund 2015 $
Operating activities					
Receipts from customers		13,500,579	17,757,593	15,496	26,062
Payments to suppliers and employees		(20,673,512)	(18,855,482)	(1,201,483)	(1,134,232)
Insurance claims proceeds		2,018,349	1,368,702	-	-
Loans to growers		(11,450,742)	(9,980,428)	(11,450,742)	(9,980,428)
Loans repaid by growers		5,960,019	8,031,443	5,960,019	8,031,443
Application fees received		27,941	31,532	27,941	31,532
Interest received		1,883,874	1,409,404	2,267,257	2,122,379
Receipt of Government subsidy for fertilizer		8,919,358	-	-	-
Net cash used in operating activities		185,866	(237,236)	(4,381,512)	(903,244)
Investing activities					
Dividend received		64,209	63,130	64,209	63,130
Payments for property, plant and equipment		(251,674)	(1,329,238)	(85,191)	(79,857)
Proceeds from sale of property, plant and equipment		-	10,000	-	10,000
South Pacific Fertilizers Limited - loan repayment		-	-	11,276,348	19,797,292
Fiji Sugar Corporation Limited - loan repayment		2,844,525	-	2,844,525	-
Advance to South Pacific Fertilizers Limited		-	-	(6,917,598)	(10,745,245)
Advance to Fiji Sugar Corporation Limited		(6,189,050)	(1,000,000)	(6,189,050)	(1,000,000)
Investment in term deposits		-	(3,500,000)	-	(3,500,000)
Net cash (used in) / from investing activities		(3,531,990)	(5,756,108)	993,243	4,545,320
Financing activities					
Government of Fji borrowings		-	9,722,100	-	-
Net cash from financing activities		-	9,722,100	-	-
Net (decrease) / increase in cash and cash equivalents		(3,346,124)	3,728,756	(3,388,269)	3,642,076
Cash and cash equivalents at the beginning of the year		10,312,767	6,584,011	10,057,031	6,414,955
Cash and cash equivalents at the end of the year	10	$6,966,643	$10,312,767	$6,668,762	$10,057,031

The above statements of cash flows should be read in conjunction with the accompanying note.

Note 1. General Information

Sugar Cane Growers Fund (the "Fund") is a body corporate established in Fiji on 26 July 1984 under the Sugar Cane Growers Fund Act 1984. The address of its registered office and the principal place of business is located at 2nd floor, Sugar Cane Growers Council (SCGC) Building, 75 Drasa Avenue, Lautoka.

The consolidated financial statements of the Fund as at and for the year ended 31 December 2016 comprise the Fund and its subsidiary, South Pacific Fertilizers Limited (together referred to as the "Group").

The prinicipal activity of the Fund as outlined under the Sugar Cane Growers Fund Act 1984, Section 4, is to provide loans to sugar cane growers to increase production of sugar cane, improve efficiency in the planting, growing and transportation of sugar cane, rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters, establish sugarcane farms to construct buildings and other installations on those farms, crop diversification and to provide assistance to the personal family needs of growers during periods of financial distress or hardship and to benefit the cane growing industry.

The principal activity of the subsidiary, South Pacific Fertilizer Limited (SPFL), during the year was importing bulk fertilizer, blending, packing and distributing to local markets. SPFL is incorporated in Fiji and its registered office is at Waterfront Road, Veitari, Lautoka.

The Group's financial statements were authorised for issue by the Board on 20th April 2018.

Note 2. Summary of significant accounting policies

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

(a) Basis of preparation

These consolidated financial statements of the Group and separate financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the Fiji Institute of Accountants, the provisions of the Fiji Companies Act 1983 and the provisions of the Sugar Cane Growers Fund Act, 1984. The financial statements comply with IFRS that were issued and effective at the time of preparing these statements.

The consolidated financial statements have also been prepared under historical cost convention which permits revaluations of non-current assets but, otherwise, has no regard to changes in the levels of prices The accounting policies adopted are consistent with those of the previous year.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies (refer note 3).

(i) Standards, amendments and interpretations to existing standards those are effective in 2016

There have been a number of new standards, interpretations, and amendments to the IFRS that came into effect for periods beginning on 1 January 2016. The adoption of these had no material impact on the financial statements and the accounting policies are consistent with those used in the prior year.

(ii) Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2017 or later periods, but the company has not early adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations, except for IFRS 9 Financial Instruments which becomes mandatory for the Fund's and the Group's 2018 financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Note 2. Summary of significant accounting policies (continued)

(a) **Basis of preparation** (continued)

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Topic	Key Requirements	Effective Date
Amendments to IAS 7, Statement of cash flows on disclosure initiative	These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.	Annual periods beginning on or after 1 January 2017
IFRS 9, 'Financial instruments'	This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Statement of profit or loss and other comprehensive income, unless this creates an accounting mismatch.	Annual periods beginning on or after 1 January 2018
IFRS 15, 'Revenue from contracts with customers'	This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.	Annual periods beginning on or after 1 January 2018
Amendment to IFRS 15, 'Revenue from contracts with customers'	These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.	Annual periods beginning on or after 1 January 2018
IFRS 16 'Leases' (effective annual periods beginning on or after 1 January 2019)	This standard replaces the current guidance in IAS 17 and is far reaching in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short- term leases and leases of low value assets' however this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standards. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	Annual periods beginning on or after 1 January 2019

Note 2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Topic	Key Requirements	Effective Date
IFRIC 22, 'Foreign currency transactions and advance consideration'	The IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.	Annual periods beginning on or after 1 January 2018

(b) Basis of consolidation

(i) Subsidiary

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated while preparing the consolidated financial statements.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Fiji dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(d) Property, plant and equipment

All property, plant and equipment are shown at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Note 2. **Summary of significant accounting policies** (continued)

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

Depreciation is calculated using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life. The principal annual rates in use are:

	Rate
Buildings	5%
Furniture and fittings	5% - 20%
Motor vehicles	25%
Office equipment	25%
Plant and equipment	10% - 25%

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss and other comprehensive income.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(e) **Financial instruments**

(i) Financial assets

Financial assets of the Group include loans and receivables, financial assets at fair value through profit or loss and held to maturity investments.

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group 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 ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a 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 Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 and suspended interest charges to reflect the estimated recoverable amounts.

Loans and receivables comprise cash and cash equivalents, loans to growers, trade and other receivables, and advances to industry related parties.

Note 2. Summary of significant accounting policies (continued)

(e) **Financial instruments** (continued)

(i) **Financial assets** (continued)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly 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, including any interest or dividend income, are recognised in profit or loss.

Financial assets at fair value through profit or loss comprise of other investments which is investment in Unit Trust of Fiji.

Held to maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Held to maturity investments comprises of investments in term deposits.

(ii) Financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

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

The Group 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 of trade and other payables.

(f) **Impairment**

(i) 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 an impact on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables measured at amortised cost

The Group considers evidence of impairment for loans and receivables on a specific asset basis. All individually significant receivables are assessed for specific impairment.

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. Interest on the impaired asset ceases to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Note 2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

Bad debts are written off against the provision in the year in which the debt is recognized as being irrecoverable. Where not previously included in the provision, bad debts are written off directly against proifit or loss. Debts previously written off and subsequently recovered are written back to profit ot loss in the year in which they are recovered.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than 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 or CGU. For the purpose of impairment testing, assets 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 CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Investments

Investments comprise investments in subsidiary company. Investments are stated at cost less allowance for impairment losses. A provision for impairment loss is made where, in the opinion of the directors, there is a permanent diminution in the value of the investment. When an event occurring after the impairment loss was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Any gain or loss on disposal of investment is recognised in the profit or loss.

(h) Inventories

Raw materials are valued at cost which is determined on the basis of individual shipments on a first-in-first-out basis. Finished products are valued at the lower of cost and net realisable value. Cost includes manufacturing expense and an appropriate portion of overhead expenditure and is determined on a first-in-first-out basis. Packaging materials are valued at lower of cost and net realisable value determined on a first-in-first-out basis.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with maturities of three months or less from the acquisition date.

Note 2. Summary of significant accounting policies (continued)

(j) Trade receivables

Trade receivables are recognised at original invoice value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within administrative costs. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited to other income in the statement of profit or loss and other comprehensive income.

(k) Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised at invoice value.

(m) Current and deferred income tax

(i) The Fund

The Fund is exempt from income tax under Section 15 of the Sugar Cane Growers Fund Act, 1984.

(ii) Subsidiary

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(ii) Pension obligations

The company's contributions to the Fiji National Provident Fund are charged to the statement of profit or loss and other comprehensive income in the period to which the contributions relate.

Note 2. Summary of Significant Accounting Policies (continued)

(o) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of an amount can be made. Provisions are not recognised for future operating losses.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or provision of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

(i) Interest income

Interest income is derived from loans issued to growers, industry related parties and term deposits of the Group and is recognised on an accrual basis.

For financial assets measured at amortised cost, the effective interest rate method is used to measure the interest income recognised in the statement of profit or loss and other comprehensive income. For financial assets measured at fair value, interest income is recognised on accrual basis, either daily or on a yield to maturity basis.

Revenue from other operating activities are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

(ii) Sale of goods

A sale is recognised when products are delivered to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured. Sales are shown on net of returns and trade allowances.

(iii) Government grants and deferred grant income

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(q) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax (Vat), except where the amount of Vat incurred is not recoverable from the taxable authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for trade receivables and trade payable which are recognised inclusive of Vat.

(r) Statutory liabilities

Statutory liabilities comprise of Value Added Tax (VAT) payable, Fringe Benefit Tax (FBT) payable, Fiji National Provident Fund (FNPF) deductions, Pay As You Earn (PAYE) deductions and Fiji National University Levy (FNU) contribution payable at year end.

Note 2. Summary of Significant Accounting Policies (continued)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 3. Critical accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 estimates are revised and in any future periods affected.

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

Note 2(f)	-	Impairment of loans to growers
Note 2(f)	-	Impairment of property, plant and equipment
Note 2(f)	-	Impairment of investment in subsidiary
Note 2(j)	-	Trade receivables

Note 4. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest-rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

(a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group'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.

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily the US dollar, Australia dollar and New Zealand dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Management has set up a policy to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Group's functional currency. The Group does not hedge its exposure to exchange fluctuations in the foreign currencies.

(ii) Price risk

The Group's exposure to commodity price risk is minimal.

(iii) Cash flow and fair value interest rate risk

The Group has interest bearing assets and liabilities however, the Group's income and operating cash flows are substantially independent of changes in market interest rates as the interest rates are fixed.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a grower or customer or counterparty to a financial asset fails to meet its contractual obligations.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to loans to growers and loan advances to industry related entities, including outstanding receivables and committed transactions. The credit control assesses the credit quality of the grower, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Maximum exposure to credit risk				
Cash at bank	6,966,097	10,312,347	6,668,516	10,056,811
Loans to growers	29,917,191	24,117,017	29,917,191	24,117,017
Trade receivables	17,489,592	14,297,329	-	-
Other receivables	203,553	259,378	97,998	101,014
Advances to industry related parties	8,697,404	5,793,091	8,697,404	10,337,621
	$63,273,837	$54,779,162	$45,381,109	$44,612,463

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Loans to growers

The Board has established a credit policy under which each new grower is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group's review process includes production history, farm area and yield, when available, and in some cases bank references. Loan limits are established for each grower, which represents the maximum amount without requiring approval from the Board.

Under Section 17 of the Sugar Cane Growers Fund Act, 1984, loans to cane growers are secured by a first charge over cane proceeds except that such charge shall not take precedence over the repayment of any advances of whatsoever nature made to the cane grower or on his behalf by the Fiji Sugar Corporation Limited (FSC) pursuant to the Master Award under the Sugar Industry Act 1984.

The gross ageing of loans to growers as at the reporting date is as follows:

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Current	21,986,461	21,417,289	21,986,461	21,417,289
Past due 1 year	4,770,026	1,419,311	4,770,026	1,419,311
Past duc 2 years	1,729,884	852,586	1,729,884	852,586
Past due 3 years	3,765,303	2,626,742	3,765,303	2,626,742
	$32,251,674	$26,315,928	$32,251,674	$26,315,928

The movement in the provision for impairment of loans to growers are as follows:

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Provision for impairment				
At 1 January	2,198,911	2,150,615	2,198,911	2,150,615
Provision during the year	135,572	48,296	135,572	48,296
At 31 December	$2,334,483	$2,198,911	$2,334,483	$2,198,911

(ii) Trade receivables

The credit controller assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. The utilisation of credit limits are regularly monitored.

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

(b) **Credit risk** (continued)

(ii) Trade receivables (continued)

The ageing of trade receivables at the reporting date is as follows:

	Group	
	2016	2015
	$	$
Up to 3 months	7,868,738	6,286,323
3 to 6 months	9,631,184	8,021,336
Balance at 31 December	$17,499,922	$14,307,659

The movement in the provision for impairment of trade receivables are as follows:

	Group	
	2016	2015
	$	$
Provision for impairment		
At 1 January	10,330	10,330
Provision during the year	-	-
At 31 December	$10,330	$10,330

(c) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date.

Group	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2016				
Trade payables	157,869	-	-	-
Other payables	928,718	-	-	-
Borrowings, including benefit of nil rate of interest on government loan	-	-	243,000	9,479,100

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

(c) **Liquidity risk** (continued)

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2015				
Trade payables	268,404	-	-	-
Other payables	817,083	-	-	-
Borrowings, including benefit of nil rate of interest on government loan	-	-	243,000	9,479,100

Fund	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2016				
Other payables	188,132	-	-	-

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2015				
Other payables	157,052	-	-	-

(d) **Capital risk management**

The Group's and the Fund's objectives when managing capital is to safeguard the assets, especially loans to growers, from possible impairment and to ensure that enough cash is available for future loans for the benefits of the stakeholders in the sugar industry.

The subsidiary's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

Note 5. Finance income

	Group		Fund	
	2016 $	2015 $	2016 $	2015 $
Interest – priority loans	270,854	201,725	270,854	201,725
– specialised loans	1,009,933	1,001,505	1,009,933	1,001,505
– term deposits	302,219	114,929	302,219	114,929
– South Pacific Fertilizers Limited	-	-	199,139	561,187
– Fiji Sugar Corporation Limited	260,505	170,152	260,505	170,152
– TC Winston loans (refer note 24)	43,637	-	43,637	-
	$1,887,148	$1,488,311	$2,086,287	$2,049,498

Note 6. Other operating income

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Application fees	27,941	31,532	27,941	31,532
Bad debts recovered	153	1,581	153	1,581
Dividend income – Unit Trust of Fiji	64,209	63,130	64,209	63,130
Gain on Disposal of property, plant and equipment	-	10,000	-	10,000
Gain on remeasurements of investments to fair value	140,288	107,913	140,288	107,913
Grant income – benefit of nil rate of interest on government loan (refer to (a))	265,630	64,004	-	-
Insurance proceeds (refer to (b))	2,018,349	453,312	-	-
Sundry income	14,262	89,830	13,050	19,597
	$2,530,832	$821,302	$245,641	$233,753

(a) Grant income – benefit of nil rate of interest on government loan

Grant income of $265,630 (2015: $64,004) representing the amortised portion of deferred grant income relating to the benefit of the nil rate of interest on government loan (note 22) was recognised and included in other income.

(b) Insurance proceeds

In 2016, the following insurance claims were made by the subsidiary company with its insurer QBE Insurance (Fiji) Ltd:

(i) Claim under policy for goods in transit for fertilizer stock lost at sea on 5 September 2016 when barge capsized on route to Labasa. Total insurance proceeds of $500,000 (inclusive of vat of $41,284) was received from the subsidiary company's insurer during the year.

(ii) Claim under policy for material damage for damages sustained to the subsidiary company's property in Lautoka during Cyclone Winston on 20 February 2016. Total insurance proceeds of $1,700,000 (inclusive of vat of $140,367), net of excess of $89,474, was received from the subsidiary company's insurer during the year.

In 2015, the subsidiary company had received an amount of $521,309 (inclusive of vat of $67,997) from its insurance broker (Marsh Limited) as settlement under its Material Damage policy for damages sustained during Cyclone Evan.

Note 7. Administrative and other operating expenses

Administrative and other operating expenses in the statement of profit or loss and other comprehensive income consists of the following specific items:

		Group		Fund	
		2016	2015	2016	2015
		$	$	$	$
Auditor's remuneration – Fund audit					
	– current year	12,500	8,900	12,500	8,900
	– prior year	10,596	-	10,596	-
	– subsidiary audit	11,000	11,000	-	-
	– other services	12,777	6,533	2,342	-
Bad debts		3,651	-	3,651	-
Depreciation		307,792	169,353	49,310	32,265
Directors fees		76,341	37,442	45,700	1,949

Note 7. Administrative and other operating expenses (continued)

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Fringe benefit tax expense	13,697	13,700	8,151	9,889
Loss on sale of property, plant and equipment	49,958	-	49,958	-
Provision for impairment – loans to growers	135,572	48,296	135,572	48,296
Staff costs (refer note 8)	1,040,616	1,051,339	730,365	748,664

Note 8. Staff costs

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Wages and salaries – administrative expense	710,128	649,985	571,556	522,568
Fiji National Provident Fund contributions	112,722	112,685	64,194	69,592
Key management compensation – short term benefits	191,887	264,764	73,869	137,651
Fiji National University levy	11,971	11,388	6,838	6,336
Other staff costs	13,908	12,517	13,908	12,517
	1,040,616	1,051,339	730,365	748,664
Wages and salaries – cost of sales	238,528	229,139	-	-
	$1,279,144	$1,280,478	$730,365	$748,664

Note 9. Income tax

(a) The prima facie tax payable on the operating profit / (loss) differs from the income tax expense in the statements of profit or loss and other comprehensive income and is reconciled as follows:

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Operating profit / (loss) before income tax	6,152,303	(669,130)	908,156	1,076,259
Prima facie tax payable at 20%	1,230,461	(133,826)	181,631	215,252
Tax effect of non-deductible expenses:				
– exempt income	(1,301,436)	(215,252)	(181,631)	(215,252)
– tax losses (brought) / not brought to account	(16,342)	253,068	-	-
– tax effect of timing difference not brought to account	80,330	90,278	-	-
– other non-deductible expenses	6,987	5,732	-	-
Income tax expense	$-	$-	$-	$-

(b) Benefit of income tax losses not brought to account

Deferred tax asset is recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The subsidiary did not recognise deferred tax asset of $1,287,234 (2015: $2,784,819) attributable to tax losses of $6,436,171 (2015: $13,924,096) that can be carried forward against future taxable income.

Note 10. Cash and cash equivalents

The cash at bank and on hand figures are reconciled to the cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Cash on hand	546	420	246	220
Cash at bank - operating	5,816,996	8,461,390	5,519,415	8,205,854
Cash at bank - Cane Development Revolving Fund (refer note 20)	1,149,101	1,850,957	1,149,101	1,850,957
Cash and cash equivalents	$6,966,643	$10,312,767	$6,668,762	$10,057,031

Note 11. Other investments

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Unit Trust of Fiji				
Units at fair value (refer to (a))	1,782,231	1,641,943	1,780,576	1,640,288
Reconciliation of investment in Unit Trust of Fiji				
At 1 January	1,641,943	1,534,030	1,640,288	1,532,375
Gain on remeasurement of investment to fair value	140,288	107,913	140,288	107,913
At 31 December	$1,782,231	$1,641,943	$1,780,576	$1,640,288

(a) Breakdown of investment in Unit Trust of Fiji

	Units held	Fair value per unit	Extended value
	(unit)	$	$
Subsidiary	1,217	1.36	1,655
Fund	1,079,137	1.65	1,780,576
Group	1,080,354		$1,782,231

(b) When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The Group measures the fair value of the above investments using Level 1 of the fair value hierarchy.

Note 12. Held to maturity investments

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Bank of Baroda	2,000,000	2,000,000	2,000,000	2,000,000
Bank of South Pacific Limited	1,000,000	-	1,000,000	-
Bred Bank Limited	-	1,000,000	-	1,000,000
Home Finance Limited	1,000,000	-	1,000,000	-
Kontiki Finance Limited	-	2,000,000	-	2,000,000
Merchant Finance Limited	3,500,000	2,500,000	3,500,000	2,500,000
	$7,500,000	$7,500,000	$7,500,000	$7,500,000

The term deposits have an average interest rate of 4.05% (2015: 3.30%) and an average maturity of 12 months.

Note 13. Trade and other receivables

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables	17,499,922	14,307,659	-	-
Less: provision for impairment	(10,330)	(10,330)	-	-
	17,489,592	14,297,329	-	-
Other receivables	203,553	259,378	97,998	101,014
	$17,693,145	$14,556,707	$97,998	$101,014

Note 14. Loans to growers

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Secured loans to growers	29,152,477	22,927,733	29,152,477	22,927,733
Cane Development Revolving Fund	2,061,936	2,677,870	2,061,936	2,677,870
	31,214,413	25,605,603	31,214,413	25,605,603
Accrued interest	1,155,347	710,325	1,155,347	710,325
Interest in suspense	(118,086)	-	(118,086)	-
	32,251,674	26,315,928	32,251,674	26,315,928
Less: provision for impairment	(2,334,483)	(2,198,911)	(2,334,483)	(2,198,911)
	$29,917,191	$24,117,017	$29,917,191	$24,117,017

Note 15. Inventories

The valuation policy adopted in respect of inventories is set out in note 2(h).

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Raw materials	8,670,924	7,498,120	-	-
Packing materials	331,816	235,079	-	-
Finished goods	2,611,569	2,704,431	-	-
Weedicide	876,895	1,153,216	-	-
	12,491,204	11,590,846		
Goods in transit	64,694	315,534	-	-
	$12,555,898	$11,906,380	$-	$-

Note 16. Prepayments

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Prepayments – inventory	904,460	41,197	-	-
Prepayments – others	13,809	13,094	13,809	13,094
	$918,269	$54,291	$13,809	$13,094

Note 17. Advances to industry related entities

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Receivable from Fiji Sugar Corporation Limited	8,697,404	5,793,091	8,697,404	5,793,091
Receivable from South Pacific Fertilizers Limited	-	-	-	4,544,530
	$8,697,404	$5,793,091	$8,697,404	$10,337,621

(a) Receivable from Fiji Sugar Corporation Limited (FSC)

Amount receivable from FSC is secured via government guarantee. Interest is charged at the rate of 3.5% (2015: 3.5%). Loan repayments are recoverable from the 2016 season sugar proceeds and from FSC.

(b) Receivable from South Pacific Fertilizers Limited (SPFL)

Amount receivable from SPFL is secured and interest is charged at the rate of 5% (2015: 5%) per annum. Amount receivable from SPFL is secured as follows:

(i) First registered mortgage debenture over all assets and undertakings including uncalled and unpaid capital of the company.

(ii) First registered mortgage over certificate of title no. 25872 on freehold property situated at Veitari, Lautoka.

Note 18. Property, plant and equipment

Group

	Land and buildings $	Plant and equipment $	Furniture and fittings $	Office equipment $	Motor vehicles $	Work in progress $	Total $
Cost							
At 1 January 2015	9,723,908	4,997,560	376,998	309,430	1,515,869	571,809	17,495,574
Additions	-	-	2,495	18,362	59,000	1,249,381	1,329,238
Disposals	-	-	-	-	(33,900)	-	(33,900)
Transfers	1,708,276	-	-	-	73,913	(1,782,189)	-
At 31 December 2015	11,432,184	4,997,560	379,493	327,792	1,614,882	39,001	18,790,912
Addition	106,510	5,050	6,613	4,628	143,428	-	266,229
Disposals	-	-	-	-	(59,950)	-	(59,950)
At 31 December 2016	$11,538,694	$5,002,610	$386,106	$332,420	$1,698,360	$39,001	$18,997,191
Accumulated depreciation							
At 1 January 2015	(7,000,369)	(3,205,515)	(322,686)	(269,584)	(1,265,750)	-	(12,063,904)
Depreciation	(443,524)	(270,593)	(10,510)	(18,813)	(216,442)	-	(959,882)
Disposals	-	-	-	-	33,900	-	33,900
Transfer	-	-	-	-	-	-	-
At 31 December 2015	(7,443,893)	(3,476,108)	(333,196)	(288,397)	(1,448,292)	-	(12,989,886)
Depreciation	(532,070)	(270,306)	(4,812)	(18,215)	(109,359)	-	(934,762)
Disposals	-	-	-	-	9,992	-	9,992
At 31 December 2016	$(7,975,963)	$(3,746,414)	$(338,008)	$(306,612)	$(1,547,659)	$-	$(13,914,656)
Carrying amount							
At 31 December 2015	$3,988,291	$1,521,452	$46,297	$39,395	$166,590	$39,001	$5,801,026
At 31 December 2016	$3,562,731	$1,256,196	$48,098	$25,808	$150,701	$39,001	$5,082,535

The depreciation policy adopted in respect of the above is set out in note 2(d).

The total depreciation of $934,762 (2015: $959,882), has been allocated to cost of sales amounting to $626,970 (2015: $790,529) and administrative and other operating expenses amounting to $307,792 (2015: $169,353).

Note 18. Property, plant and equipment (continued)

Fund

	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
Cost				
At 1 January 2015	139,694	309,430	320,540	769,664
Additions	2,495	18,362	59,000	79,857
Disposals	-	-	(33,900)	(33,900)
At 31 December 2015	142,189	327,792	345,640	815,621
Addition	6,613	4,628	73,950	85,191
Disposals	-	-	(59,950)	(59,950)
At 31 December 2016	$148,802	$332,420	$359,640	$840,862
Accumulated depreciation				
At 1 January 2015	(125,312)	(269,584)	(319,174)	(714,070)
Depreciation	(3,935)	(18,813)	(9,517)	(32,265)
Disposals	-	-	33,900	33,900
At 31 December 2015	(129,247)	(288,397)	(294,791)	(712,435)
Depreciation	(4,601)	(18,215)	(26,494)	(49,310)
Disposals	-	-	9,992	9,992
At 31 December 2016	$(133,848)	$(306,612)	$(311,293)	$(751,753)
Carrying amount				
At 31 December 2015	$12,942	$39,395	$50,849	$103,186
At 31 December 2016	$14,954	$25,808	$48,347	$89,109

Note 19. Investment in subsidiary

	Fund	
	2016 $	2015 $
South Pacific Ferilizers Limited (SPFL)		
Investment	14,951,296	14,951,296
Less: provision for impairment	(1,549,891)	(1,549,891)
At 31 December	$13,401,405	$13,401,405

SPFL is a Company domiciled in Fiji. The Fund's interest in SPFL is 90.6% with the remaining 9.4% owned by Sugar Cane Growers Council.

The principal business activity of SPFL during the year was importing bulk fertilizer, blending, packing and distributing to local markets.

Note 20. Trade and other payables

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Trade payables	157,869	268,404	-	-
Other payables	928,718	817,083	188,132	157,052
Payable – Cane Development Revolving Fund	3,399,261	3,693,289	3,399,261	3,693,289
	$4,485,848	$4,778,776	$3,587,393	$3,850,341

In 2011, the Government advanced $6 million to Sugar Cane Growers Fund (SCGF) to set up a Cane Development Revolving Fund. SCGF is only the facilitator to process applications and make payments, while FSC identifies the growers and completes the application form. No funds were advanced to growers from this account during the year.

Note 21. Employee benefits

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
At 1 January	65,994	65,994	65,994	65,994
Movement during the year	-	-	-	-
At 31 December	$65,994	$65,994	$65,994	$65,994

Note 22. Borrowings

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Government loan	$4,655,019	$4,389,390	$-	$-

The above represents a loan received by the subsidiary from the Government of Fiji of $9,722,100 that was appropriated for in the 2015 National budget. The loan is repayable by semi-annual instalments of $243,000 commencing from 31 August 2020 for a term of 25 years, and no interest will be charged on the loan. A deferred grant income of $5,332,711 representing the benefit of the nil rate of interest was recognised separately, and is measured as the difference between the present value of all future cash repayments over the term of the loan discounted using the prevailing market rate of interest for a similar instrument (which is determined at 5.89%), and the proceeds received. The deferred grant is amortised and recognised in the statement of profit or loss and other comprehensive income as grant income on a systematic basis over the term of the government loan. Interest expense determined at the estimated market rate of interest of 5.89% is also recognised in the statement of profit or loss and other comprehensive income over the term of the loan. Grant income and interest expense recognised in the statement of profit or loss and other comprehensive income for the period ended 31 December 2016 amounted to $265,630 (2015: $64,004).

Note 23. Deferred grant income

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Benefit of nil rate of interest on Government loan (note 22)	5,067,081	5,332,711	-	-
Government fertilizer price subsidy (note 29(b))	3,320,330	-	-	-
	$8,387,411	$5,332,711	$-	$-

Note 24. Deferred interest income

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Deferred interest income	$250,390	$-	$250,390	$-

In 2016, the Government of Fiji approved soft loans totalling $3,266,970 to be given by the Fund to 3,941 growers who were affected by TC Winston. The loans are repayable over a term of 5 years and subject to 3% interest per annum. The Honorable Prime Minister and Minister for Sugar endorsed for the Government of Fiji to meet the 3% interest per annum. In June 2016, interest on the loans totalling $294,027 was transferred from the Cane Development Revolving Fund (CDRF) Account to the Fund's operating account. Interest of $43,637 is recognised as interest income in the statement of profit or loss and other comprehensive. The balance of $250,390 is included in liabilities as deferred interest income and will be recognised over the remaining term of the loans. In 2017, the remaining balance of TC Winston loans were repaid by the Government of Fiji on behalf of the affected growers. The deferred interest balance was transferred back into the CDRF account.

Note 25. Non-controlling interest

Set out below is summarised financial information for the subsidiary company (South Pacific Fertilizers Limited) that has non-controlling interests (NCI) (9.4%) that are material to the Group:

Summarised Balance Sheet:

	2016	2015
	$	$
Current assets	31,353,386	26,659,006
Current liabilities	(4,464,297)	(2,885,850)
Current net assets	**26,889,089**	**23,773,156**
Non-current assets	4,995,081	5,699,495
Non-current liabilities	(9,440,395)	(12,273,023)
Non-current – net assets	**(4,445,314)**	**(6,573,528)**
Net assets	**$22,443,775**	**$17,199,628**
Accumulated NCI	**$2,109,714**	**$1,616,764**

Note 25. Non-controlling interest (continued)

Summarised Statement of Profit or Loss and Other Comprehensive Income:

	2016 $	2015 $
Revenue	22,222,352	20,076,804
Gross profit for the period	**5,559,493**	**837,202**
Net profit / (loss) for the year	5,244,147	(1,745,389)
Total comprehensive income / (loss)	**5,244,147**	**(1,745,389)**
Profit / (loss) allocated to NCI	492,950	(164,067)

Summarised Statement of Cash Flows:

	2016 $	2015 $
Cash flows used in operating activities	4,567,378	666,008
Cash flows used in investing activities	(166,483)	(1,249,381)
Cash flows from financing activities	(4,358,750)	670,053
Net (decrease) / increase in cash and cash equivalents	**$42,145**	**$86,680**

Note 26. Related parties

(a) Board members

The following were board members in office at any time during the financial year and up to the date of this report:

- Mr Faizul Ariff Ali (appointed as Chairman on 19 January 2017)
- Mr Pradeep Lal - Member (appointed on 19 January 2017)
- Mr Timothy Brown - Member
- Mr David Veremo - Member
- Mr Sundresh Chetty - Member
- Mr Viliame Gucake - Member (resigned on 7 January 2017)
- Mr Abdul Khan - Member (resigned on 19 January 2017)

Board members expenses are disclosed under note 7.

(b) Key management personnel

Key management includes the Chief Executive Officer of the Fund and the General Manager of the subsidiary, South Pacific Fertilizers Limited, who have authority and responsibility for planning, directing and controlling the activities of the Group and the Company. Compensation paid or payable to key management during the financial year is disclosed under note 8.

(c) Identity of related parties

South Pacific Fertilizers Limited is a subsidiary of the Fund. Majority shares in South Pacific Fertilizers Limited are owned by the Fund, with minority shares owned by the Sugar Cane Growers Council.

Other related parties of the company include key stakeholders in the Fiji Sugar Industry, namely, the Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji and Sugar Cane Growers Council.

Note 26. **Related parties** (continued)

(d) Transactions with related parties

During the year, the Group and the Fund entered into various transactions with related parties which were on normal commercial terms and conditions. The following transactions occurred with the related parties:

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Loans to Fiji Sugar Corporation Limited (FSC)				
At 1 January	5,793,091	4,814,597	5,793,091	4,814,597
Loans advanced	6,189,050	1,000,000	6,189,050	1,000,000
Interest earned	260,505	170,152	260,505	170,152
Loan repayment (principal and interest)	(3,545,242)	(191,658)	(3,545,242)	(191,658)
At 31 December	$8,697,404	$5,793,091	$8,697,404	$5,793,091

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Loans to South Pacific Fertilizers Limited (SPFL)				
At 1 January	-	-	4,544,530	13,748,365
Loans advanced	-	-	6,917,598	10,745,245
Interest earned	-	-	199,139	561,187
Loan repayment (principal and interest)	-	-	(11,661,267)	(20,510,267)
At 31 December	$-	$-	$-	$4,544,530

	Group		Fund	
	2016	2015	2016	2015
	$	$	$	$
Sale to Sugar Cane Growers Council	1,828,212	1,625,283	-	-
Sale to Fiji Sugar Corporation Limited	13,882,742	17,335,715	-	-

Note 27. Contingent liabilities

The Group and the Fund did not have any contingent liabilities as at balance date which require an adjustment to or disclosure in the financial statement. However, the Fund has guaranteed the provision of financial assistance to the subisidary as and when it is required to enable the subsidiary to continue operations and fulfill it's financial obligation for a period of 12 months from the date of signing these financial statements.

Note 28. Capital commitments

There were no capital commitments as at balance date for the Group and the Fund.

Note 29. Subsidiary revenue

	Group	
	2016	2015
	$	$
Fertilizer sales to FSC	12,517,332	15,252,111
Rice sales	1,360,477	2,131,367
Other sales	2,745,516	2,693,326
Grant income – Government fertilizer price subsidy	5,599,027	-
	$22,222,352	$20,076,804

(a) The subsidiary recognises revenue from sale of fertilisers, weedicides and rice. Sale of fertilisers are mainly to Fiji Sugar Corporation Limited at $31.50 (vep) per 50kg bag for distribution to sugarcane farmers.

(b) **Grant income – Government fertilizer price subsidy**

In 2016, the subsidiary company received a government subsidy of $9,722,100 (inclusive of vat of $802,742) (2015: $nil) towards fertilizer price for 2016. An amount of $5,599,027 (2015: $nil) was recognised and included in other income and represents the total subsidy at $14.09 (vep) per 50kg bag of fertilizer sold in 2016. The Cabinet in April 2009 approved that fertilizer price of sugar blends to increase from $19.50 (vep) per 50kg bag to $45.59 (vep) per 50kg bag. Under the new price, a sugarcane farmer pays $31.50 (vep) per 50kg bag of fertilizer while the Government of Fiji contributes $14.09 (vep) per 50kg bag as fertilizer subsidy. The balance of $3,320,330 is recognised as deferred income and represents the total subsidy at $14.09 (vep) per 50kg bag of fertilizer that has yet to be sold as at 31 December 2016.

The revenue recognition policy adopted in respect of the above is set out in note 2(p).

Note 30. Events subsequent to balance date

No charge on the assets of the Group and the Fund has arisen since the end of the financial period to the date of this report to secure the liabilities of any other person. No contingent liability has arisen since the end of the financial period to the date of this report. No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months from the date of this report which, in the opinion of the board, will or may affect the ability of the Group and the Fund to meet its obligations when they fall due.

Sugar Cane Growers Fund
2nd Floor
Sugar Cane Growers Council Building.
75 Drasa Avenue, Lautoka
P.O. Box 13, Lautoka
Phone: 665 0777 / 665 0280
Fax: 665 0768