2017

Parliamentary Paper Number : 139/2018

SUGAR CANE GROWERS FUND

ANNUAL REPORT

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Our Ref:

29 November 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 2017, in accordance with Section 16 of the Act.

Yours faithfully

FAIZUL ARIFF ALI
CHAIRMAN - SCGF

1.0 BACKGROUND

The Sugar Cane Growers Fund Authority (Fund) 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 (SCGF) by amendment Act 12 of 1996.

2.0 FUNCTIONS

The function of SCGF 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 SCGF BOARD & COMPOSITION

The SCGF Board provides strategic guidance and advice to Management to ensure the sound management and good governance. The Board comprises of five members. Chairman Mr Ariff Ali and Board Member Mr Pradeep Lal were appointed on 19 January 2017. Other three members were appointed on18 November, 2015. They are Mr Sundres Chetty, Mr Timothy Brown and Mr David Veremo.

Table 1

Board Meetings and Attendance for the Period of 27 March 2017 to 18 December 2017

Board Members	Board No. of meetings	
	Held	Attended
Mr Ariff Ali	4	4
Mr Pradeep Lal	4	3
Mr Sundres Chetty	4	4
Mr Timothy Brown	4	4
Mr David Veremo	4	4

BOARD REMUNERATION AND ALLOWANCES

Under the SCGF Act of 1984, Board Members' shall receive fees and allowances in respect of his services as a member of the Board are determined by the Minister after consultation with the Board and are paid in line with the Public Enterprises Circular report. The fees are processed on quarterly basis. Board Chairman Mr Ariff Ali and member Mr Pradeep Lal have both opted not to take any board fees and allowances, and for Mr Chetty the payments are paid to his employer.

4.0 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 sub-section 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.

5.0 LOANS TO GROWERS

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

Table 2

Type of Loans	Portfolio
Priority Loans	Limited up to $5,000 for Farm Development and Planting for Sugar Cane, Repair of Farm Equipment, 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.

Borehole drilling funding provided to a Grower

6.0 LOANS CUMMULATIVE TO 2017

Table 3

Particulars	Priority Loans	Specialised Loans	New Leases	Refinance
Application count	33,223	7,041	4,495	665
Value	$38,720,828	$47,873,502	$20,773,434	$7,681,765

Approximately $2.5M identified as potential doubtful loans, SCGF has arrears management recovery process in place and where needed as provided fully for potential losses.

7.0 DISTRICT OFFICES

SCGF 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, in Sigatoka.

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 $2.9M and loans under Specialised Lending to the value of $2.4M.

Table 4 – **Applications received at District office**

District	Application Count	Value of Loans Paid
Labasa/Seaqaqa	1,100	$3,192,128
Rakiraki	367	$1,087,801
Tavua	201	$ 551,035
Ba	599	$1,731,411
Nadi/Sigatoka	294	$1,017,983
Lautoka	364	$1,121,897
Total	**2,925**	**$8,702,255**

Grower assisted for Farm Developments - bulldozing 4 acres land for cane planting

8.0 LOANS TO SOUTH PACIFIC FERTILIZERS LIMITED

Following submissions by the South Pacific Fertilizers Limited (SPFL) 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 increased its subsidy from $14.09 to $25.59 bring the cost as low as $20 per bag for the growers.

SCGF provides financial assistance in terms of loans to SPFL, at 5% per annum by the Cabinet decision of 2009 for purchase of raw materials for blended fertilizers.

SPFL is a subsidiary of SCGF holding 90.6% with the remaining 9.4% owned by Sugar Cane Growers Council (SCGC).

During financial year 2017, the Company borrowed $3.99M for procurement of Raw Materials and paid $4.02M which was principal and interest. No Loan was outstanding as at 31 December 2017.

Table 5

Particulars	Advance	Paid
Raw Materials	$3.99M	$4.02M
Year Ending Balance	**Nil**	**Nil**

9.0 MICRO INSURANCE BUNDLED PRODUCT

This new insurance scheme initiative was approved by the SCGF Board to benefit approximately 12,000 cane growers in the cane belt areas effective 01 July 2017. The Pacific Financial Inclusive Programme (PFIP) and Fiji Care Insurance Limited collaborated with SCGF to provide financial support towards the administration, marketing and awareness of this insurance product.

This special insurance product, the first of its kind to in Fiji, provided by Fiji Care Insurance Limited and provides the following covers:

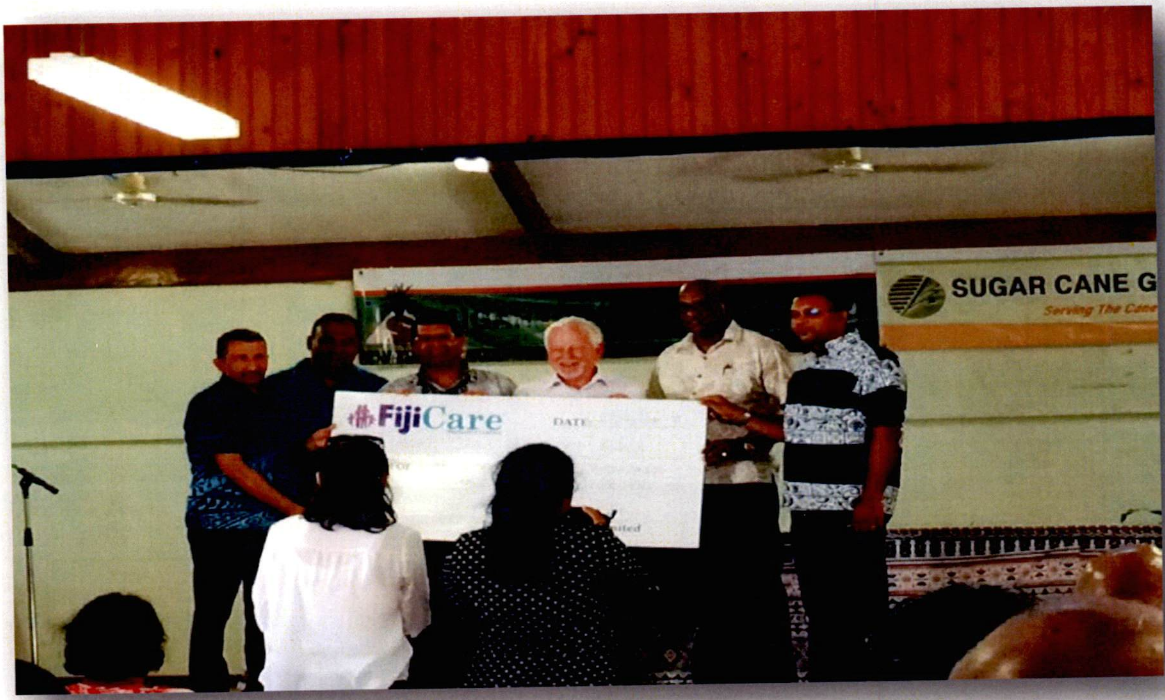
- Death - $3,000.00
- Fire - $3,000.00
- Personal Accident - $3,000.00
- Funeral - $1,000.00

TOTAL - $10,000.00

SCGF has agreed to pay the insurance scheme premiums of $52 per farmer per year for the next three years at no cost to the growers. Cane growers below the age of 65 years are covered for death, personal injury, funeral costs and house fire. The premium payment for the product is funded by SCGF operations with support from the Fiji Sugar Corporation (FSC) contributed - $10,000 and Sugar Cane Growers Council (SCGC) - $10,000.

For farmers above the age of 65 years, this new initiative provides a cover for their house while their next of kin is covered for death, personal injury and funeral costs.

A review of the Scheme will be undertaken in 2020.



Launch of the Micro Insurance Bundled Product, Board Chairman Mr Ali and Acting CEO Mr Dutt with stakeholders

<u>Table 6</u> – No. of Growers assisted as of 31 December 2017

Particulars	Count	Amount Paid
Fire	6	$ 18,000
Funeral/Term Life	31	$118,000
Total	**37**	**$136,000**

10.0 CYCLONE WINSTON LOAN

Following the devastation by 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 Honourable Minister for Sugar Industry endorsed that Government of Fiji will meet the 3.0% interest per annum for five years.

The Government approved a Grant towards repayment of the Winston Loan. A total of 3,942 farmers were assisted through Government Grant on 19 May 2017.

Table 7

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

11.0 FIJI SUGAR CORPORATIONS - SPECIAL CANE PAYMENT

SCGF advanced $8.4M to the Fiji Sugar Corporation Limited in May 2010 for top-up of the 4th Cane Payment for 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. $4.2M out of $8.4M 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.

The $4.2M advance to FSC on a monthly rollover basis is under Government Guarantee and has been earning interest of 3.5% to 2017 and increased rate to 5.5% in 2018 which will be reviewed at the end of 2018 to cater for the market rate of interest.

12.0 SUMMARY OF INVESTMENTS AND LOANS

Table 8

Institution		Amount
SCGF - Loans to Growers (CDRF inclusive)	$	26,298,261
Loans to South Pacific Fertilizers Ltd		Nil
Loans to Fiji Sugar Corporation	$	8,567,653
Shares - South Pacific Fertilizers Ltd	$	13,401,405
Investments/Term Deposits	$	15,120,663
Total	**$**	**63,387,982**

13.0 SUMMARY OF SCGF FINANCIAL PERFORMANCE

2017 was the most successful trading year for SCGF (table below shows the income and expenditure for previous years) whereby the group made a net profit after taxes of $7,439,794 (Fund-$1,749,027) for the year ended 31 December 2017. Maximizing revenue from investments is the goal for the Fund so that benefits to the farmers could be maximized; as a result SCGF has financed the insurance premium for all the registered and producing growers and will be continuing to do so till 2019.

Improved performance was also recorded from SPFL at the end of 2017 and SPFL did not owe any money to SCGF as at December 2017.

Table 9

FINANCIAL PERFORMANCE ANALYSIS 2013 – 2017 FOR SCGF					
	2013	**2014**	**2015**	**2016**	**2017**
Revenue	**$$**	**$$**	**$$**	**$$**	**$$**
Interest income	2,021,874	2,310,506	2,049,498	2,086,287	2,271,182
Other operating income	71,554	166,345	233,753	245,641	1,160,029
	2,093,428	2,476,851	2,283,251	2,331,928	3,431,211
Administrative and other operating expenses	1,486,654	1,102,543	1,206,992	1,423,772	1,682,184

The Fund is dedicated to continue its operations in such a manner to enhance its services and bring in more opportunities to the sugar cane farmers of Fiji.

14.0 FUND'S BANKERS

Bank of Baroda is SCGF main bank. SCGF also has cheque accounts with most of the banks namely Home Finance Company (HFC), Westpac Banking Corporation (WBC), Bank of South Pacific (BSP), Bred & ANZ bank.

15.0 SCGF STAFF

SCGF has 27 employees, majority of whom are members of the Fiji Bank & Finance Sector Employees Union (FB&FSEU) and are employed under Terms & Conditions contained in an agreement between SCGF and the Fiji Bank & Finance Sector Employees Union (FB&FSEU).

16.0 WAY FORWARD

"On THE WAY FORWARD; Fund is working on review of its Act that would expand the scope, enabling it to provide wider range of financial services to the farmers and the Industry. It would also strengthen its investment policy framework, provide effective good governance and risk management policy environment. On the operational side, the existing loan products will be blended with Government incentives where appropriate, passing the benefit at competitive level to the growers.

Fund; in addition, will reposition itself in terms of marketing and awareness, thus embarking on its reach through digital platform. As such, it is working on the getting new integrate financial system. The resource and organisation structure will be aligned to support A 3 Year Strategic Plan, which is expected to be formulated before December 2018.

17.0 ACKNOWLEDGEMENT

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

The Board acknowledges the Management and Staff have for the performance of the year.

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CHAIRMAN
SUGAR CANE GROWERS FUND

Sugar Cane Growers Fund and Subsidiary

Financial Statements

31 December 2017

Contents

Sugar Cane Growers Fund and Subsidiary
Board Report
For the year ended 31 December 2017

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 Subsidiary, South Pacific Fertilizers Limited) for the year ended 31 December 2017 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 $7,439,794 (2016: net profit of $6,152,303) after income tax expense of $nil (2016: $nil).

The net profit of the Fund for the year amounted to $1,749,027 (2016: $908,156) after income tax expense of $nil (2016: $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 ..19th.. day of July 2018.

For and on behalf of the Board,

.... Chairman

.... Board member

Sugar Cane Growers Fund and Subsidiary
Statement by Board Members
For the year ended 31 December 2017

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 2017;

(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 2017;

(c) the accompanying statements of changes in equity for the year ended 31 December 2017 is drawn up so as to give a true and fair view of the movement in shareholders' and members' 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 2017;

(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 ..19th.. day of July 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 2017, 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 2017, 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.

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.

- Obtain 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

19 July 2018
Lautoka, Fiji

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Sugar Cane Growers Fund and Subsidiary
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

	Notes	Group 2017 $	Group 2016 $	Fund 2017 $	Fund 2016 $
Revenue	29	29,754,367	22,222,352	-	-
Cost of goods sold		(21,095,476)	(16,662,859)	-	-
Gross profit		8,658,891	5,559,493	-	-
Finance income	5	2,241,436	1,887,148	2,271,182	2,086,287
Other operating income	6	1,118,080	2,530,832	1,160,029	245,641
		12,018,407	9,977,473	3,431,211	2,331,928
Administrative and other operating expenses	7	(4,296,908)	(3,559,540)	(1,682,184)	(1,423,772)
Profit from operations		7,721,499	6,417,933	1,749,027	908,156
Finance costs – net		(281,705)	(265,630)	-	-
Profit before income tax		7,439,794	6,152,303	1,749,027	908,156
Income tax expense	9 (a)	-	-	-	-
Net profit for the year		7,439,794	6,152,303	1,749,027	908,156
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		$7,439,794	$6,152,303	$1,749,027	$908,156
Total comprehensive income attributable to:					
Owners of the parent		6,862,280	5,659,353	1,749,027	908,156
Non-controlling interest		577,514	492,950	-	-
		$7,439,794	$6,152,303	$1,749,027	$908,156

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 Subsidiary
Balance Sheets
As at 31 December 2017

	Notes	Group 2017 $	Group 2016 $	Fund 2017 $	Fund 2016 $
Assets					
Cash and cash equivalents	10	9,304,244	6,966,643	6,493,978	6,668,762
Other investments	11	4,259,663	1,782,231	4,259,663	1,780,576
Held to maturity investments	12	10,861,000	7,500,000	10,861,000	7,500,000
Trade and other receivables	13	23,953,912	17,693,145	662,982	97,998
Loans to growers	14	26,298,261	29,917,191	26,298,261	29,917,191
Inventories	15	11,471,203	12,555,898	-	-
Prepayments	16	4,795,653	918,269	42,426	13,809
Advances to industry related parties	17	8,567,653	8,697,404	8,567,653	8,697,404
Property, plant and equipment	18	4,490,572	5,082,535	311,431	89,109
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		$104,002,161	$91,113,316	$70,898,799	$68,166,254
Liabilities					
Trade and other payables	20	5,287,692	4,485,848	3,820,165	3,587,393
Employee benefits	21	67,130	65,994	67,130	65,994
Borrowings	22	4,936,724	4,655,019	-	-
Deferred grant income	23	13,049,167	8,387,411	1,000,000	-
Deferred interest income	24	-	250,390	-	250,390
Total liabilities		$23,340,713	$17,844,662	$4,887,295	$3,903,777
Equity					
Funds employed / Retained earnings		78,021,220	71,158,940	66,011,504	64,262,477
Non-controlling interest	25	2,640,228	2,109,714	-	-
Total equity		$80,661,448	$73,268,654	$66,011,504	$64,262,477
Total equity and liabilities		$104,002,161	$91,113,316	$70,898,799	$68,166,254

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 Subsidiary
Statements of Changes in Equity
For the year ended 31 December 2017

	Funds employed / retained earnings attributable to the: Owners	Non-controlling Interest	Total
	$	$	$
Group			
Balance at 1 January 2016	65,499,587	1,616,764	67,116,351
Comprehensive income			
Profit for the year	5,659,353	492,950	6,152,303
Other comprehensive income	-	-	-
Total comprehensive income	5,659,353	492,950	6,152,303
Balance at 31 December 2016	71,158,940	2,109,714	73,268,654
Comprehensive income			
Profit for the year	6,862,280	577,514	7,439,794
Other comprehensive income	-	-	-
Total comprehensive income	6,862,280	577,514	7,439,794
Transactions with owners			
Dividends Paid	-	(47,000)	(47,000)
Total transactions with owners	-	(47,000)	(47,000)
Balance at 31 December 2017	$78,021,220	$2,640,228	$80,661,448

	Funds employed
	$
Fund	
Balance at 1 January 2016	63,354,321
Comprehensive income	
Profit for the year	908,156
Other comprehensive income	-
Total comprehensive income	908,156
Balance at 31 December 2016	64,262,477
Comprehensive income	
Profit for the year	1,749,027
Other comprehensive income	-
Total comprehensive income	1,749,027
Balance at 31 December 2017	$66,011,504

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

Sugar Cane Growers Fund and Subsidiary
Statements of Cash Flows
For the year ended 31 December 2017

	Notes	Group 2017 $	Group 2016 $	Fund 2017 $	Fund 2016 $
Operating activities					
Receipts from customers		8,774,287	13,500,579	28,175	15,496
Receipt of Government subsidy for fertilizer		15,962,476	8,919,358	-	-
Receipt of Government subsidy for weedicide		2,898,118	-	-	-
Receipt of Government grant for new farmers assistance		1,000,000	-	1,000,000	-
Loans repaid by growers		8,031,930	5,960,019	8,031,930	5,960,019
Receipt of application fees		30,282	27,941	30,282	27,941
Insurance claims proceeds		17,495	2,018,349	-	-
Interest received		2,709,172	1,883,874	2,738,918	2,267,257
Payments to suppliers and employees		(26,714,798)	(20,673,512)	(1,646,766)	(1,201,483)
Loans to growers		(4,885,351)	(11,450,742)	(4,885,351)	(11,450,742)
Net cash from / (used in) operating Activities		7,823,611	185,866	5,297,188	(4,381,512)
Investing activities					
Payments for property, plant and equipment		(350,343)	(251,674)	(280,457)	(85,191)
Payments for investment in Unit Trust of Fiji		(2,000,001)	-	(2,000,001)	-
Payments for held-to-maturity investments		(3,361,000)	-	(3,361,000)	-
Advance to South Pacific Fertilizers Limited		-	-	(3,992,599)	(6,917,598)
Advance to Fiji Sugar Corporation Limited		-	(6,189,050)	-	(6,189,050)
Proceeds from sale of property, plant and equipment		126,721	-	73,510	-
Proceeds from sale of investment in Unit Trust of Fiji		2,637	-	-	-
Dividends received from Unit Trust of Fiji		95,976	64,209	95,976	64,209
Loan repayment - South Pacific Fertilizers Limited		-	-	3,992,599	11,276,348
Loan repayment - Fiji Sugar Corporation Limited		-	2,844,525	-	2,844,525
Net cash (used in) / from investing activities		(5,486,010)	(3,531,990)	(5,471,972)	993,243
Net increase / (decrease) in cash and cash equivalents		2,337,601	(3,346,124)	(174,784)	(3,388,269)
Cash and cash equivalents at the beginning of the year		6,966,643	10,312,767	6,668,762	10,057,031
Cash and cash equivalents at the end of the year	10	$9,304,244	$6,966,643	$6,493,978	$6,668,762

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 2017 comprise the Fund and subsidiary, South Pacific Fertilizers Limited (together referred to as the "Group").

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 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 19th July 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 2015 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 2017

There have been a number of new standards, interpretations, and amendments to the IFRS that came into effect for periods beginning on 1 January 2017. 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 2018 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
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 profit or loss. Debts previously written off and subsequently recovered are written back to profit or 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 an 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 subsidiary 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	
	2017	2016	2017	2016
	$	$	$	$
Maximum exposure to credit risk				
Cash at bank	9,303,654	6,966,097	6,493,688	6,668,516
Loans to growers	26,298,261	29,917,191	26,298,261	29,917,191
Trade receivables	22,784,741	17,489,592	-	-
Other receivables	1,169,171	203,553	662,982	97,998
Advances to industry related parties	8,567,653	8,697,404	8,567,653	8,697,404
	$68,123,480	$63,273,837	$42,022,584	$45,381,109

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	
	2017	2016	2017	2016
	$	$	$	$
Current	17,303,349	21,986,461	17,303,349	21,986,461
Past due 1 year	4,177,400	4,770,026	4,177,400	4,770,026
Past due 2 years	2,605,777	1,729,884	2,605,777	1,729,884
Past due 3 years and over	4,750,079	3,765,303	4,750,079	3,765,303
	$28,836,605	$32,251,674	$28,836,605	$32,251,674

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

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Provision for impairment				
At 1 January	2,334,483	2,198,911	2,334,483	2,198,911
Provision during the year	203,861	135,572	203,861	135,572
At 31 December	$2,538,344	$2,334,483	$2,538,344	$2,334,483

(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 2017 $	Group 2016 $
Up to 3 months	5,043,871	7,868,738
3 to 6 months	17,740,870	9,631,184
Balance at 31 December	$22,784,741	$17,499,922

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

	Group 2017 $	Group 2016 $
Provision for impairment		
At 1 January	10,330	10,330
Write-off against provision	(10,330)	-
At 31 December	$-	$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 2017				
Trade payables	340,829	-	-	-
Other payables	1,307,175	-	-	-
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 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

Fund	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2017				
Other payables	180,477	-	-	-

	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	-	-	-

(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 benefit 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 2017 $	Group 2016 $	Fund 2017 $	Fund 2016 $
Interest – priority loans	269,834	270,854	269,834	270,854
– specialised loans	1,154,559	1,009,933	1,154,559	1,009,933
– term deposits	466,905	302,219	466,905	302,219
– Government bonds	37,878	-	37,878	-
– South Pacific Fertilizers Limited	-	-	29,746	199,139
– Fiji Sugar Corporation Limited	289,878	260,505	289,878	260,505
– TC Winston loans (refer note 24)	22,382	43,637	22,382	43,637
	$2,241,436	$1,887,148	$2,271,182	$2,086,287

Note 6. Other operating income

	Group 2017 $	Group 2016 $	Fund 2017 $	Fund 2016 $
Application fees	30,282	27,941	30,282	27,941
Bad debts recovered	928	153	928	153
Dividend income – Unit Trust of Fiji	95,976	64,209	95,976	64,209
Gain on disposal of property, plant and equipment	126,721	-	73,510	-
Gain on remeasurements of investments to fair value	480,069	140,288	479,087	140,288
Grant income – benefit of nil rate of interest on government loan (refer to (a))	281,705	265,630	-	-
Insurance proceeds (refer to (b))	17,495	2,018,349	-	-
Dividends	-	-	453,000	
Donation for growers' insurance contributions (refer note 7(i))	10,000	-	10,000	
Sundry income	74,904	14,262	17,246	13,050
	$1,118,080	$2,530,832	$1,160,029	$245,641

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

Grant income of $281,705 (2016: $265,630) representing the amortised portion of deferred grant income relating to the benefit of the nil rate of interest on government loan received by the subsidiary (note 22) was recognised and included in other income.

(b) Insurance proceeds

In 2017, the subsidiary company received an amount of $19,069 (inclusive of vat of $1,574) from its insurance broker (Marsh Limited) as settlement under its Material Damage policy for water damage to 500 bags of rice sustained during shipment.

Note 6. Other operating income (continued)

(b) Insurance proceeds (continued)

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

(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.

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	
	2017	2016	2017	2016
	$	$	$	$
Auditor's remuneration – audit	21,500	23,500	9,000	12,500
– other services	6,600	9,100	3,000	3,000
Accounting and other assurance services	35,152	14,273	28,675	9,938
Bad debts	-	3,651	-	3,651
Depreciation	182,622	307,792	58,135	49,310
Directors fees	37,810	76,341	24,900	45,700
Fringe benefit tax expense	13,078	13,697	9,188	8,151
Insurance for growers (refer (i))	301,756	-	301,756	-
Loss due to cyber fraud	234,289	-	-	-
Loss on sale of property, plant and equipment	-	49,958	-	49,958
Provision for impairment – loans to growers	203,862	135,572	203,861	135,572
Staff costs (refer note 8)	1,010,272	1,040,616	689,900	730,365
Write-off of work-in-progress	39,001	-	-	-

(i) In July 2017, the Fund introduced a Micro Insurance Bundled Product for active cane farmers through Fiji Care Insurance Limited. Annual insurance premium is $52 per active grower and key benefits covered include Life & Funeral, Personal Accident, and Fire. The premium was paid by the Fund and it has committed in principal to fund the premium for the next 3 years. Fiji Sugar Corporation Limited has donated $10,000 towards the premium.

Note 8. Staff costs

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Wages and salaries – administrative expense	702,290	710,128	539,179	571,556
Fiji National Provident Fund contributions	108,907	112,722	58,846	64,194
Key management compensation – short term benefits	177,091	191,887	75,257	73,869
Fiji National University levy	10,861	11,971	5,495	6,838
Other staff costs	11,123	13,908	11,123	13,908
	1,010,272	1,040,616	689,900	730,365
Wages and salaries – cost of sales	245,266	238,528	-	-
	$1,255,538	$1,279,144	$689,900	$730,365

Note 9. Income tax

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

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Operating profit before income tax	7,439,794	6,152,303	1,749,027	908,156
Prima facie tax payable at 20%	1,487,959	1,230,461	349,805	181,631
Tax effect of non-deductible expenses:				
– exempt income	(3,242,632)	(1,301,436)	(349,805)	(181,631)
– tax losses (brought) / not brought to account	1,735,677	(16,342)	-	-
– tax effect of timing difference not brought to account	9,116	80,330	-	-
– other non-deductible expenses	9,880	6,987	-	-
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 $1,999,878 (2016: $1,287,234) attributable to tax losses of $9,999,390 (2016: $6,436,171) that can be carried forward against future taxable income. Tax losses of $5,104,835 relating to tax year 2013 were forfeited during the year.

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	
	2017	2016	2017	2016
	$	$	$	$
Cash on hand	590	546	290	246
Cash at bank – operating	7,119,104	5,816,996	4,309,138	5,519,415
Cash at bank - Cane Development Revolving Fund (refer note 20 (a))	2,184,550	1,149,101	2,184,550	1,149,101
Cash and cash equivalents	$9,304,244	$6,966,643	$6,493,978	$6,668,762

Note 11. Other investments

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Unit Trust of Fiji				
Units at fair value (refer to (a))	4,259,663	1,782,231	4,259,663	1,780,576
Reconciliation of investment in Unit Trust of Fiji				
At 1 January	1,782,231	1,641,943	1,780,576	1,640,288
Additions	2,000,001	-	2,000,001	-
Gain on remeasurement to fair value	480,068	140,288	479,086	140,288
Withdrawal of investment	(2,637)	-	-	
At 31 December	$4,259,663	$1,782,231	$4,259,663	$1,780,576

(a) Breakdown of investment in Unit Trust of Fiji

	Units held (unit)	Fair value per unit $	Extended value $
Fund	$2,241,928	1.90	$4,259,663

(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	
	2017	2016	2017	2016
	$	$	$	$
Term Deposits				
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
Home Finance Limited	1,000,000	1,000,000	1,000,000	1,000,000
Kontiki Finance Limited	3,000,000	-	3,000,000	-
Merchant Finance Limited	3,500,000	3,500,000	3,500,000	3,500,000
	9,500,000	7,500,000	9,500,000	7,500,000
Bonds				
Government Infrastructure Bond	1,000,000	-	1,000,000	-
Government Green Bond	361,000	-	361,000	-
	1,361,000	-	1,361,000	-
	$10,861,000	$7,500,000	$10,861,000	$7,500,000

(a) The interest rate on term deposits in 2017 range from 3.50% to 6.75% (2016: 3.80% to 4.40%) with terms ranging from 12 months to 24 months (2016: 12 months).

(b) The interest rate on Government Infrastructure Bond and Government Green Bond is 6.00% and 6.30%, respectively. The bonds mature on 17 May 2027 and 1 November 2030, respectively.

Note 13. Trade and other receivables

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	22,784,741	17,499,922	-	-
Less: provision for impairment	-	(10,330)	-	-
	22,784,741	17,489,592	-	-
Other receivables	1,169,171	203,553	662,982	97,998
	$23,953,912	$17,693,145	$662,982	$97,998

Note 14. Loans to growers

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Secured loans to growers	26,488,968	29,152,477	26,488,968	29,152,477
Cane Development Revolving Fund	1,374,666	2,061,936	1,374,666	2,061,936
	27,863,634	31,214,413	27,863,634	31,214,413
Accrued interest	1,226,965	1,155,347	1,226,965	1,155,347
Interest in suspense	(253,994)	(118,086)	(253,994)	(118,086)
	28,836,605	32,251,674	28,836,605	32,251,674
Less: provision for impairment	(2,538,344)	(2,334,483)	(2,538,344)	(2,334,483)
	$26,298,261	$29,917,191	$26,298,261	$29,917,191

Note 15. Inventories

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

	Group	
	2017	2016
	$	$
Raw materials	8,116,319	8,670,923
Packing materials	465,193	331,816
Finished goods	2,111,885	2,611,571
Weedicide	777,806	876,894
	11,471,203	12,491,204
Goods in transit	-	64,694
	$11,471,203	$12,555,898

Note 16. Prepayments

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Prepayments – inventory	4,753,227	904,460	-	-
Prepayments – others	42,426	13,809	42,426	13,809
	$4,795,653	$918,269	$42,426	$13,809

Note 17. Advances to industry related entities

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Receivable from Fiji Sugar Corporation Limited	$8,567,653	$8,697,404	$8,567,653	$8,697,404

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

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 2016	11,432,184	4,997,560	379,493	327,792	1,614,882	39,001	18,790,912
Additions	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
Addition	-	5,075	4,270	1,870	339,128	-	350,343
Disposals	-	-	-	-	(286,640)	(39,001)	(325,641)
At 31 December 2017	$11,538,694	$5,007,685	$390,376	$334,290	$1,750,848	$-	$19,021,893
Accumulated depreciation							
At 1 January 2016	(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)
Depreciation	(532,070)	(264,576)	(5,039)	(14,189)	(87,431)	-	(903,305)
Disposals	-	-	-	-	286,640	-	286,640
At 31 December 2017	$(8,508,033)	$(4,010,990)	$(343,047)	$(320,801)	$(1,348,450)	$-	$(14,531,321)
Carrying amount							
At 31 December 2016	$3,562,731	$1,256,196	$48,098	$25,808	$150,701	$39,001	$5,082,535
At 31 December 2017	$3,030,661	$996,695	$47,329	$13,489	$402,398	$-	$4,490,572

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

The total depreciation of $903,305 (2016: $934,762), has been allocated to cost of sales amounting to $720,683 (2016: $626,970) and administrative and other operating expenses amounting to $182,622 (2016: $307,792).

During the year, the subsidiary's work-in-progress amounting to $39,001 relating to the professional fees paid for the concept design, planning, concept civil, structural engineering, cost estimates and reporting for proposed weedicide and storage facility, was written off in the statement of profit or loss and other comprehensive income.

Note 18. **Property, plant and equipment** (continued)

Fund

	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
Cost				
At 1 January 2016	142,189	327,792	345,640	815,621
Additions	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
Addition	3,587	1,870	275,000	280,457
Disposals	-	-	(286,640)	(286,640)
At 31 December 2017	$152,389	$334,290	$348,000	$834,679
Accumulated depreciation				
At 1 January 2016	(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)
Depreciation	(4,800)	(14,189)	(39,146)	(58,135)
Disposals	-	-	286,640	286,640
At 31 December 2017	$(138,648)	$(320,801)	$(63,799)	$(523,248)
Carrying amount				
At 31 December 2016	$14,954	$25,808	$48,347	$89,109
At 31 December 2017	$13,741	$13,489	$284,201	$311,431

Note 19. Investment in subsidiary

	Fund 2017 $	Fund 2016 $
South Pacific Fertilizers 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	
	2017	2016	2017	2016
	$	$	$	$
Trade payables	340,829	157,869	-	-
Other payables	1,307,175	928,718	180,477	188,132
Payable – Cane Development Revolving Fund (refer (a))	3,639,688	3,399,261	3,639,688	3,399,261
	$5,287,692	$4,485,848	$3,820,165	$3,587,393

(a) In 2011, the Government advanced $6 million to the Fund to set up a Cane Development Revolving Fund. The Fund 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	
	2017	2016	2017	2016
	$	$	$	$
At 1 January	65,994	65,994	65,994	65,994
Movement during the year	1,136	-	1,136	-
At 31 December	$67,130	$65,994	$67,130	$65,994

Note 22. Borrowings

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Government loan	$4,936,724	$4,655,019	$-	$-

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 2017 amounted to $281,705 (2016: $265,630).

Note 23. Deferred grant income

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Benefit of nil rate of interest on Government loan (note 22)	4,785,376	5,067,081	-	-
Government fertilizer price subsidy (note 29(b))	5,483,500	3,320,330	-	-
Government weedicide price subsidy (note 29(b))	1,780,291	-	-	-
New farmer assistance grant (refer (a))	1,000,000	-	1,000,000	-
	$13,049,167	$8,387,411	$1,000,000	$-

(a) In December 2017, the Fund received a government grant of $1 million towards encouraging new farmers to venture into sugarcane farming for the 2017-2018 financial year. The purpose of the grant is to assist new farmers who do not qualify for loans with the Fund. The Fund will administer the grant to acquire land lease, and carry out identified farm activities, and will be accountable for the disbursement of these funds to farmers. For the purpose of accountability and governance, a separate bank account was established by the Fund subsequent to year end for the new farmers assistance grant.

Note 24. Deferred interest income

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
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 Honourable 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 $22,382 (2016: $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 interest (NCI) of 9.4% that is material to the Group:

Note 25. Non-controlling interest (continued)

Summarised Balance Sheet:

	2017	2016
	$	$
Current assets	42,778,626	31,353,386
Current liabilities	(9,446,878)	(4,464,297)
Current net assets	**33,331,748**	**26,889,089**
Non-current assets	4,179,141	4,995,081
Non-current liabilities	(9,423,347)	(9,440,395)
Non-current – net assets	**(5,244,206)**	**(4,445,314)**
Net assets	**$28,087,542**	**$22,443,775**
Accumulated NCI	**$2,640,228**	**$2,109,714**

Summarised Statement of Profit or Loss and Other Comprehensive Income:

	2017	2016
	$	$
Revenue	29,754,367	22,222,352
Gross profit for the period	**8,658,891**	**5,559,493**
Net profit for the year	6,143,767	5,244,147
Total comprehensive income	**6,143,767**	**5,244,147**
Profit allocated to NCI	577,514	492,950

Summarised Statement of Cash Flows:

	2017	2016
	$	$
Cash flows used in operating activities	2,526,423	4,567,378
Cash flows used in investing activities	(14,038)	(166,483)
Cash flows from financing activities	-	(4,358,750)
Net increase in cash and cash equivalents	**$ 2,512,385**	**$42,145**

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)

Directors' fees are disclosed under note 7.

Note 26. Related parties (continued)

(b) Key management personnel

Key management includes the Acting 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.

(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	
	2017	2016	2017	2016
	$	$	$	$
Loans to Fiji Sugar Corporation Limited (FSC)				
At 1 January	8,697,404	5,793,091	8,697,404	5,793,091
Loans advanced	-	6,189,050	-	6,189,050
Interest earned	289,878	260,505	289,878	260,505
Loan repayment (principal and interest)	(419,629)	(3,545,242)	(419,629)	(3,545,242)
At 31 December	$8,567,653	$8,697,404	$8,567,653	$8,697,404

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Loans to South Pacific Fertilizers Limited (SPFL)				
At 1 January	-	-	-	4,544,530
Loans advanced	-	-	3,992,599	6,917,598
Interest earned	-	-	29,746	199,139
Loan repayment (principal and interest)	-	-	(4,022,345)	(11,661,267)
At 31 December	$-	$-	$-	$-

This represents a working capital facility provided to SPFL. The loan is secured and interest is charged at the rate of 5% (2016: 5%) per annum.

Security:

(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 26. Related parties (continued)

(d) Transactions with related parties (continued)

	Group		Fund	
	2017	2016	2017	2016
	$	$	$	$
Sale to Sugar Cane Growers Council	2,079,249	1,828,212	-	-
Sale to Fiji Sugar Corporation Limited	12,074,263	13,882,742	-	-

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 subsidiary as and when it is required to enable the subsidiary to continue operations and fulfil its 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	
	2017	2016
	$	$
Fertilizer sales to FSC	10,822,321	12,517,332
Rice sales	1,211,551	1,360,477
Other sales	2,803,363	2,745,516
Grant income – Government fertilizer price subsidy (refer (b))	13,799,305	5,599,027
Grant income – Government weedicide price subsidy (refer (c))	1,117,827	-
	$29,754,367	$22,222,352

(a) The subsidiary recognises revenue from sale of fertilisers, weedicides and rice. Sale of fertilisers are mainly to Fiji Sugar Corporation Limited at $20.00 (vep) (2016: $31.50 (vep)) per 50kg bag for distribution to sugarcane farmers.

(b) Grant income – Government fertilizer price subsidy

In 2017, the subsidiary company received a government subsidy of $17,399,098 (inclusive of vat of $1,436,623) towards fertilizer price for 2017-2018 (2016: $9,722,100 (inclusive of vat of $802,742) for 2016-2017). An amount of $13,799,305 (2016: $5,599,027) was recognised and included in revenue and represents the total subsidy at $25.59 (vep) per 50kg bag of fertilizer sold in 2017 (2016: $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. Since 2009, a sugarcane farmer paid $31.50 (vep) per 50kg bag of fertilizer while the Government of Fiji contributed $14.09 (vep) per 50kg bag as fertilizer subsidy. In the 2017/2018 Fiji Budget, the Government of Fiji allocated $15.4 million as subsidy for fertilizer. Under the new allocation, a sugarcane farmer pays $20.00 (vep) per 50kg bag of fertilizer while the Government of Fiji contributes $25.59 (vep) per 50kg bag as fertilizer subsidy. The subsidy balance of $5,483,500 (2016: $3,320,330) is recognised as deferred income and represents the total subsidy at $25.59 (vep) per 50kg bag of fertilizer that has yet to be sold as at 31 December 2017.

Note 29. Subsidiary revenue (continued)

(c) **Grant income – Government weedicide price subsidy**

In 2017, the subsidiary company received a government subsidy of $3,158,949 (inclusive of vat of $260,831) (2016: $nil) towards weedicide price for 2017-2018. An amount of $1,117,827 (2016: $nil) was recognised and included in revenue and represents the total subsidised weedicide sold in 2017 through the Sugar Cane Growers Council. Under the subsidy allocation, a farmer pays $7.25 (vep) per kg of Diuron, $3.00 (vep) per litre of Amine, $2.61 (vep) per litre of Glyphosate, $11.78 (vep) per kg of valpar and $2.61 (vep) per kg of Glyphosate – Long Fallow, while the Government of Fiji contributes $8.86 (vep) per kg of Diuron, $3.67 (vep) per litre of Amine, $3.19 (vep) per litre of Glyphosate, $14.40 (vep) per kg of valpar and $3.19 (vep) per kg of Glyphosate – Long Fallow. The balance of $1,780,291 is recognised as deferred income and represents the total subsidy at subsidised price per kg or litre of weedicides that has yet to be sold as at 31 December 2017.

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

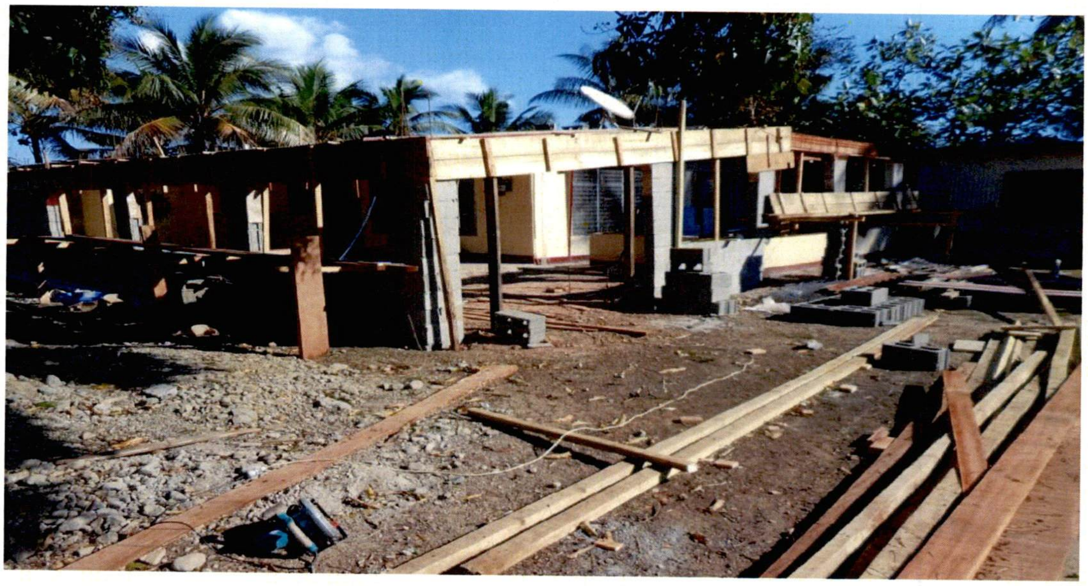
Note 30. Events subsequent to balance date

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.

Other Pictorial Highlights of 2017

Premila Devi being assisted for Farm House Extension after Cyclone Winston

House Extension completed



Grower obtained loan sum for Farm House Construction

Grower funded for purchase of Cane Truck

Grower assisted under Government initiative Cane Development Revolving Fund to complete cane planting

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