SUGAR CANE GROWERS FUND
ANNUAL REPORT
2020

Parliamentary Paper No. 49 of 2021

SUGAR CANE GROWERS FUND

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Our Ref:RS/ ss

13 July 2021

The Honorable Prime Minister and
Minister for Sugar Industry
Office of the Prime Minister
Government Buildings
Suva

Dear Honorable Prime Minister

RE: ANNUAL REPORT SUGAR CANE GROWERS FUND & SOUTH PACIFIC FERTILIZERS PTE LTD

Enclosed is copy of the Annual Report for the Sugar Cane Growers Fund and its Subsidiary, South Pacific Pte Limited for the year ended 31 December 2020.

This information is submitted to your high office in accordance with Section 16 of the Sugar Cane Growers Fund Act.

I would be most pleased to provide any further clarification or information required by your high office.

Yours faithfully

....

Uday Sen
CHAIRMAN

CORPORATE STATEMENT

Vision

To be the premier and sustainable financial service provider for Fiji's sugar cane growers.

Mission

We exist to:

- Provide quality, fair and affordable financial services to all cane growers of Fiji;
- Be ethical and honest in all our dealings;
- Enhance the livelihood of all cane growers we serve;
- Be sustainable and contribute in transformation of the industry; and
- Be part of the prosperity journey for the cane growers.

Values

We ingrain our values as and for "GRROWERS- II",

G **Growth** for all stakeholders of SCGF;

R **Responsible** in all our dealings across;

R **Resilient** be there in good times and bad times;

O **Opportunity** for all stakeholders but prudently;

W **Willingness** listen, help with compassion;

E **Empathy** for all stakeholders;

R **Responsive** with dedication and commitment;

S **Sustainable** for its longevity;

I **Innovations** think inside and outside of the box; and

I **Integrity** highest level of integrity and honesty.

ABOUT SCGF

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.

Functions

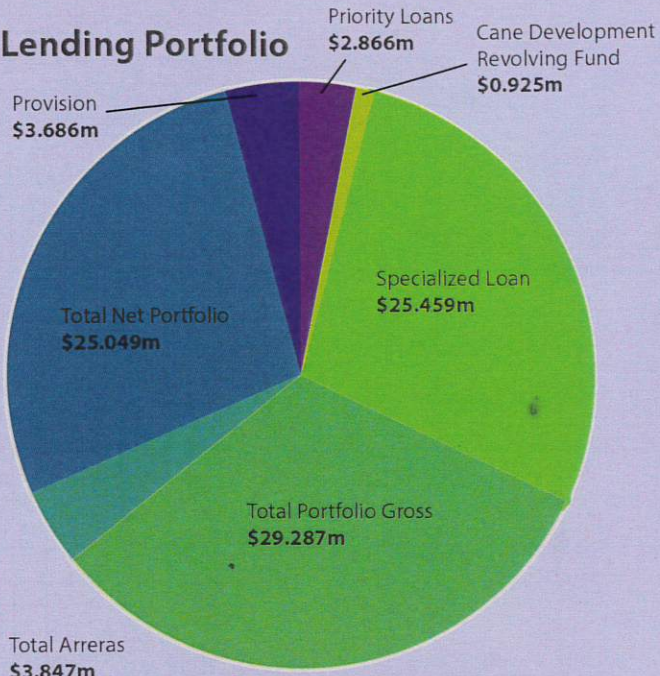
The function of SCGF is to provide loans to Sugar Cane Growers for the following purposes:

(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 a provision to such extent as the Board considers necessary, for the personal family needs of Growers during periods of financial distress or hardship, and
(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.

CONTENTS

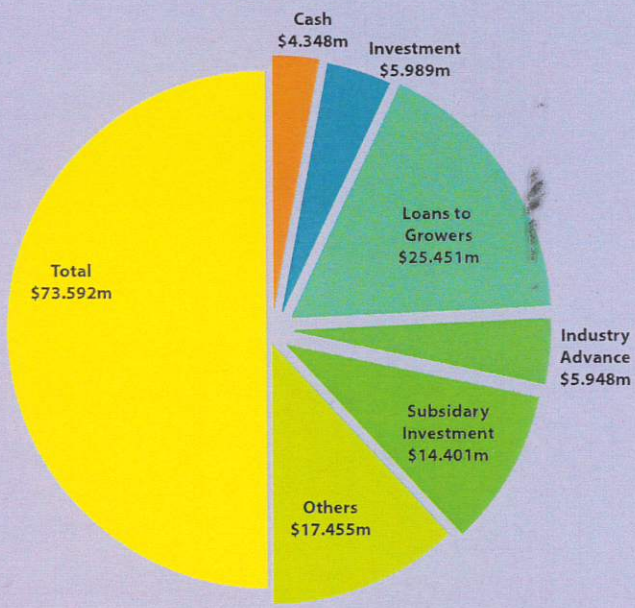
SCGF HIGHLIGHTS

Lending Portfolio

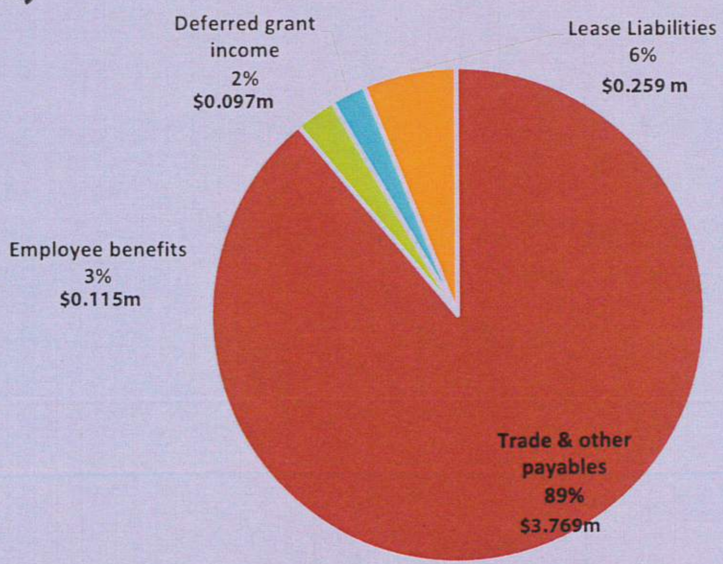


- Priority Loans - 5262 Accounts ($2.866m)
- Cane Development Revolving Fund - 1441 Accounts ($0.925m)
- Specialized Loan - 4057 Accounts ($25.459m)
- Total Portfolio Gross - 10067 Accounts ($29.287m)
- Total Arrears - $3.847m Portfolio 13%
- Total Net Portfolio $25.049m
- Provision $3.686m

Assets

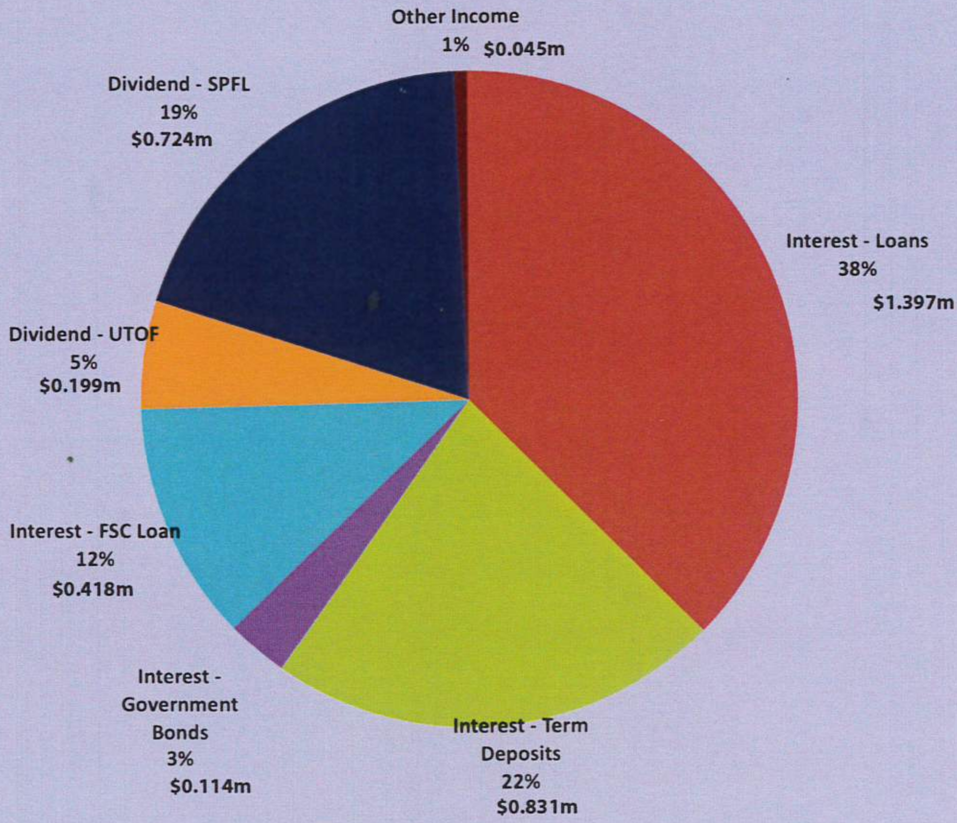


Liability

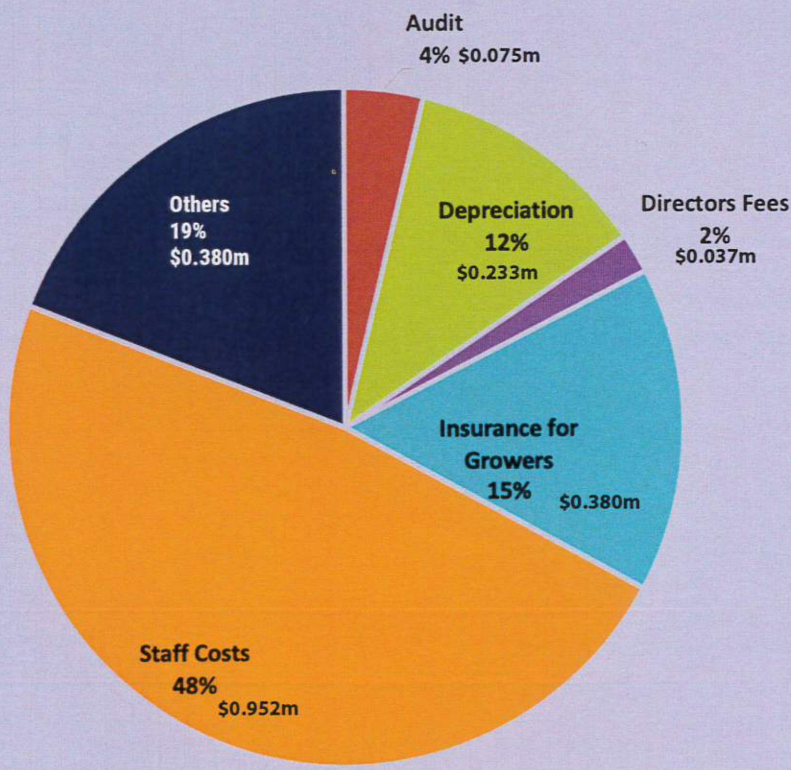


SCGF HIGHLIGHTS

Income



Expense



SUCCESSFUL SUGAR CANE FARMER & COMMUNITY LEADER

MS AKISI VINAKA (Justice of Peace)

SCGF is proud to be associated and financially assisting Ms Akisi Vinaka (JP) a 62-year-old Cane Farmer, Landowner, Community Worker and a Gang Sirdar. Ms Vinaka has 21 years of experience in cane farming. Ms Vinaka is a dedicated farmer who has empowered the cane farming community of Lagalaga, Wainikoro. She also plays an important role during the harvesting and transportation of cane.

MESSAGE FROM THE CHAIRMAN

Uday Sen

The 2020 financial year saw some major upheavals in the global economy. Amongst these factors Covid 19 played a very major role, closing certain economies for extended period of time.

Locally, Tropical Cyclone Yasa and Covid-19 have marked their toll on the operating environment and the economic climate of Fiji. We at Sugar Cane Growers Fund (SCGF) were no exception to this. Despite these challenges, our fundamental core functions of serving the cane growers of Fiji were never diluted.

Over the years SCGF has been able to better understand the dynamics of how the farming community operates and despite trying times the fund was able to lend just over $9.8 million within the farming community. These loans were granted through a thorough assessment and evaluation process. Major consideration was given to the fact that the farmers should be able to sufficiently service these facilities. During the 2020 financial year it became clearly evident that Agriculture had a very integral space in the country's economic landscape.

Governance

The 2020 financial year saw a marked transformation in the Governance Framework of the Fund. It saw a movement from the ancient manual system of accounting to an automated Informational Technology System specially built for Institution like the Sugar Cane Growers Fund.

The new IT system saw a new era in managing and financial reporting including an offside back up system for the entire SCGF data.

The Board also committed to significant initiative to ensure that the core functions of the Fund were given the level of attention it deserved. The area of lending and collections functions were significantly enhanced with appropriate controls in place. The Board also adopted an ongoing loan review program for existing loans which included ensuring that at least 65% of loan portfolio is reviewed by management on a yearly basis. The internal audit agenda was strengthened to ensure, on-going compliance with relevant policies and guidelines.

The financial year 2020 saw some significant evaluations for long term sustainability which included thoroughly considering the revenue streams and perceived risks. This resulted in updating the fees and charges framework which continues to be the lowest when compared to the entire Fijian financial market. While updating the new fees and charges, the Fund made an informed call to forgo application fee for funeral, medical and natural disasters type of loans. The long-term sustainability evaluation also involved a thorough consideration on the status of a number of old and long outstanding accounts and adequately creating appropriate levels of doubtful debt provisions. SCGF also fully complies with Expected Credit Loss (ECL) model which was developed with the help of the Accounting firm PWC in 2019.

During the year, the Board also held policy awareness workshop with senior management to ensure that oversight and policy environment are continuously enhanced and well understood.

The Board also adopted an ongoing loan review program for existing loans which included ensuring that at least 65% of loan portfolio is reviewed by management on a yearly basis.

MESSAGE FROM THE CHAIRMAN

Results

During the financial year ending 31st December 2020 the SCGF and its subsidiary, South Pacific Fertilizers Pte Limited (SPFL), made a group net profit after taxes of $6.807m (2019 $6.730m). This profit was made of net profit of $5.086m by SPFL and $1.721m by the SCGF.

The SPFL profit increased from $4.135m in 2019 to $5.086m in 2020. SCGF profits reduced to $1.720m 2020 from $2.595m in 2019.

The most significant factor contributing to the reduction of SCGF profit is the reduction in value of investments held at Unit Trust of Fiji. SCGF has significant investments in UTOF. Under the present International Financial Reporting Standards fair value movements in value of available for sale assets need to be appropriately recorded through profit and loss. In 2020, a reduction of $0.980m was recorded in the carrying amount of this investment after advice was received from UTOF that the value of investments declined due to impact of COVID -19 on their (UTOF's) investments.

The Board of the SCGF also took a very conservative approach in calculation of provisions for doubtful debts. In consultation with the external auditors the Board ensured appropriate provision for doubtful debts were in place considering the present challenging economic times. The loan book saw an arrears reduction on its overall portfolio from 19 per cent (2019) to 13 percent during this year.

SCGF also wrote off $0.256m in 2020 (2019 $1.641m), where all avenues were exhausted and collections were economically not possible. These write offs were done against provisions already held.

Others

SCGF continued with its task of ensuring timely and swift response to any Natural Disaster faced by our growers. Year 2020 saw the devasting effects of TC Yasa in the Northern and some parts of the Western Division. Within three days after Tropical Cyclone Yasa hit the country, the Fund was able to activate a special unsecured loan package of $1,000 and secured loan package of $4,000 with an interest rate of 4 percent to the affected cane farmers. This loan facility attracted no application fee. This package ended on 31st March 2021.

Outlook

The importance of Agriculture for our Economy cannot be over emphasized. The Covid-19 clearly showed the need for broad based economy and the need for further increase in output within the agricultural sector including meeting production targets within the sugar cane sector.

The Fund predominantly operates within the farming sector and an increase in production level has direct positive impact on SCGF and its subsidiary's core businesses. A lot of effort is being put by Fiji Sugar Corporation (FSC) to increase the crop size.

Despite these efforts the crop size remains stagnant. The Fund continues to actively play its role in an effort to assist cane farmers to increase crop size. It is envisaged that the production will gradually increase thus leading to improvement and increase in SCGF and its subsidiary business.

Acknowledgement

I take this opportunity to thank the Government, in particular the Honorable Prime Minister and Minister for Sugar Industry, Permanent Secretary for the Ministry, Ministry of Economy, Ministry of Agriculture, Ministry of Lands & Mineral Resources, iTaukei Land Trust Board, Sugar Cane Growers Council, Sugar Industry Tribunal, Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji, South Pacific Fertilizers Pte Limited, and the trading Banks.

I also take this opportunity to thank my other fellow directors for their ongoing contributions and support.

I acknowledge the valuable contribution of our growers who are equally important for the success of the industry and SCGF. We will continue to provide timely and efficient services to our growers. We will continue with our work to strengthen our relationship with our growers as we go along.

I also thank the Chief Executive Officer, the Management team and the staff of SCGF for their diligent contribution to the success of the SCGF and its subsidiary SPFL.

Uday Sen
Chairman of Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER
Raj Sharma

The year 2020 was totally different for the world, for our country, industry and we at Sugar Cane Growers Fund (SCGF) were no exception, due to global pandemic that had an unprecedented impact. It required new ways of thinking, operating, and living. We were at the height of it when the sugar city went down for lockdown in March. This continued to be a challenge with "new normal" for some time until things were normalized. We were also hit by Tropical Cyclone Harold in April and Yasa in December. Whilst Harold was not that severe but Yasa had caused substantial damage, including damages to the sugar industry.

On the Covid-19 front, we thank the Government, frontliners, all the relevant agencies including our growers and other stakeholders for the collaborative approaches for the covid containment. At SCGF, we advocated strong culture of health and safety of our people who have worked to build over the years. SCGF was able to quickly respond to the pandemic. We implemented comprehensive protocols and preventive measures to safeguard our people and growers visiting us. These included work from home, transportation for the staff and other relevant protocols.

The highlights of the year are as follows:

Growth

Despite all these constrains, we at SCGF moved setting new operational plans that included work from home, providing transport to staff, mitigating the risks, executing the projects and connecting to the growers for the core business of advancing loans, making payments and collecting repayments. This resulted in a total of loans approved 2621 (2019- 2379) valued at $9.871m (2019- $8.418m). The 17.26 per cent increase in value approved and net portfolio increased from $23.703m (2019) to $25.450m (7.4 per cent) demonstrated our deepened relationship and improved grower service.

This is also attributed due to the demands of the agricultural land at the backdrop of Covid-19. We continued to promote products and services such as - Back to School Promotion and Pre-Harvesting Loans. In addition to these, Government Grant Specialized Farm Purchase Loan was launched in March by Permanent Secretary for Sugar Industry, Mr Yogesh Karan in Labasa. This product was for the new cane farmers. Under this product, the equity contribution was 30 per cent in total, of which 15 per cent to a cap of $10,000 would have come from the Government grant. The normal interest was 6.5 percent but for Women and Youths, it was 6 per cent. The product in the fiscal year from August was put on hold due to reduction in budget and reallocation of the amount to other priority needs of the industry. We also initiated laptop and tablets, loan package when schools and universities were closed and offered on line classes respectively.

Teams continued to attend meetings and grower consultations either with the sugar industry stakeholders and/or on our own, advocating the industry aspiration, our loan products and services. During the visitation we also tried to meet and assist the growers who had difficulties in meeting the repayment. The collaboration and prudent monitoring of the accounts had seen the reduction of the arrears portfolio from 19 percent to 13 per cent in the year.

Financial Performance

On the Financial Performance; as stated in the earlier part of the report, SCGF recorded a net surplus of $1.720m (2019 $2.595m), reduction $0.875m or 33 percent, mostly due to the write down of the investment of $0.980m. The write down is the share value reduction on the investment at Unit Trust of Fiji (UTOF), however the actual investment of $4.9m received annual dividend of 6 percent. For 2020, UTOF dividend was $0.198m which is good in the current environment. Nonetheless, management is closely monitoring the share price movements. It is also important to note that with the new system and verification of prior year data and information, there were (2019) audit adjustments for (1) increase in loan portfolio by $0.404m, and (2) increase in profitability by $0.404 (from $2.191m to $2.595m). We also carried out verification of the share value of investment at South Pacific Fertilizers Ltd (SPFL) whereby the share value was reconciled and adjusted in the accounting records to $16.9m as per the share certificate. The net effect remained the same as $13.4m reflecting the net investment in the Balance Sheet.

Policies & Process
We continued to improve the policy environment through revision of existing policies, identifying the gaps, introduced Anti Money Laundering Policy, thus complying to the Anti Money Laundering Policy guidelines and regulations. The Board and Management had policy workshop in October that further improved the governance framework. The internal and external audit program have been very robust with effective implementation, reported to the Board whereby past and current year saw 23 of internal and 15 external findings implemented.

The Management reviewed the Loan Provisioning methodology as in addition to the Expected Credit Loss (ECL), forward looking Specific Provisioning concept with adequate checks and balances, and acceptable discounting methods were adopted.

The Management continued to align a number of processes from Loan Approval, Documentation, Payments and Administration to suit the system needs.

Project
In the reporting year, despite the challenges, SCGF started a new Information Communication Technology (ICT) project, the system acquired from an Indian ICT company, Sesame Software Solutions Pvt Ltd which co-partnered with Datec (Fiji) Pte Limited. The system brings efficiency, data accuracy, data security, robust reporting and automation. During the project, the Covid-19 lock downs locally and in India, had affected the project delivery. However, there was no business impact nor cost overrun, for which we thank the vendors for the mutual understanding.

The first phase of the project "cut over" of the system was done on 24th August 2020 and continued with parallel run of both the systems until the end of the year. During the transition, we also adopted the best universal practice of interest rate application whereby the new loans are capitalized on the daily reducing balance and charged at the end of the month. The existing loans would continue to be capitalized daily on reducing balance but charged annually. In case of any additional loans, grower would have choice to have separate loan account and or consolidate existing loans. In addition to this, the new system comes with new repayment computation on "anniversary" of the account than to the "season" of harvesting. This would also improve accuracy of the reporting and monitoring of arrears.

Furthermore, the system would become very convenient in providing the usual service to the growers in approving loans and making payments with online processing, real time balances, automation of documentations. The system encompasses digital services with Mobile Application (mySCGF) that would enable growers to check the loan balances, get the statement and even apply for loans on-line. It has all its system and back up through the IaaS CLOUD platform provided by Vodafone Fiji, with a comprehensive Business Continuity and Disaster Recovery plans.

Our People
When we talk about our people, we as team are integral part of the transformation journey and we ensured reinforcing the values of business culture and recognizing the team. Despite the constrains, we kept the people motivated with rewards and recognition. We also fostered gender balance initiatives that included women empowerment

Picture above: CEO Mr. Sharma in the field with Mr. Mohammed Sadiq (Grower of Veisaru Sector, Ba).

whereby female was appointed in the leadership role. Besides this, we continued to build our own people for the vacancies, internal resources were considered based on the skill sets and competency. This included appointment of Manager Lending & Operation, Manager Information Technology and Senior Loans Officer. For the Training and Development, plan was equally executed. In the year, General Manager Operations & Lending attended a two-week International Training Program on Financing Inclusive Agriculture and Rural Development through Indian Technical & Economic Cooperation Programme (ITEC).

Community & Environment

We continued to assist cane farming community. Major contribution was the insurance premium payment for the final six months of the three-year period ending June 2020. Since it's inception, from July 2017 to June 2020, SCGF paid a premium of \$1.803m for the productive cane growers and against which, 250 of them received claim benefit of \$0.979m. The remaining six months from June to December in 2020, the premium of \$0.301m was paid by Government. From January 2021, this program is taken over by Sugar Cane Growers Council (SCGC) and growers will meet the premium of \$52.00 (\$1 per week) from the cane payment installments deducted by FSC.

In addition to that, SCGF and its staff Club under CANE (Care All Nation Equally) drive continued to assist the communities in various forms such as blood drive and grocery packs during cyclones.

Appreciation

We have worked hard to move SCGF forward during the challenging year and this has onlycome about with support of the Ministry of Sugar Industry and in particular, Honorable Prime Minister and Minister for Sugar Industry, Permanent Secretary Mr. Karan and his team, Board Chairman and Directors, including the outgoing Directors, our subsidiary company SPFL, sugar industry stakeholders, other government agencies, business partners and our valued growers. We immensely thank them all.

We are equally and incredibly proud of our Management team and Staff, as to how much we completed in the year despite the unprecedented time. I must whole heartedly thank them too.

Thank you

Raj Sharma
Chief Executive Officer

Picture Below: CEO Mr. Sharma presenting to the UN Consultants for Parametric Insurance

Mr. PARMIN KUMAR
LOANS OFFICER TAVUA/RAKIRAKI

24 Years of Service – Longest Serving Employee

"I am proud to be with SCGF for the last 24 years mainly based in Ba/Tavua/Rakiraki districts. SCGF management and board have always ensured staff are well looked after and are equipped with necessary resources for efficient service delivery."

Grower in Picture- Mrs Sabitri with grandson Vikash, Farm No 19816, Drumasi Sector, Tavua.

GOVERNANCE

SCGF Board

The functions and powers of the Board are defined in the SCGF Act 1984 – Section 6. The Board is entrusted with managing the affairs of the Sugar Cane Growers Fund in an efficient and effective manner. The Board provides strategic guidance and advice to the Management to ensure the sound management of SCGF. The Board meets at least every quarter or as required depending on the needs.

Board Compositions

Mr Uday Sen was appointed as Chairman on 19th January 2020 taking over from Mr Faizal Ariff Ali. The other Board members are Mr Tevita Madigibuli, Mr Sundresh Chetty and Professor Anand Chand. It is also noted that Mr Pradeep Lal retired from the Board on 19th January2020. Both Mr Ali and Mr Lal opted not having the term renewed in view of other priority commitments. We thank them for their contributions and support to SCGF.

Mr Uday Sen Chairman

Mr. Uday Sen is the Managing Director, City Cars & Equipment. He holds a Master of Commerce Degree in Accounting from USP, a Post-Graduate Diploma in Banking from USP; a Post-Graduate Diploma in Accounting from USP and Bachelor of Arts Degree majoring in Accounting and Information Systems from USP. He is a Member of Fiji Institute of Accountants, A Fellow member of CPA Australia and a Fellow of CIMA (Chartered Institute of Management Accountants). He has worked at executive level in the Corporate Sector and Financial Institutions for over 10 years. He has previously served on Government's Ministry of Multi Ethnic Affairs Scholarship committee, been a Director on Fiji Hardwood Corporation Limited and has been on the Council of the Fiji National University. He has previously been the President of CPA Australia Fiji Branch and has also previoulsy been the President of Fiji Institute of Accountants. He is a Board Member of Governments entity such as Agro marketing Authority of Fiji (AMA). He was appointed as the Board Director on 9th January 2019 and subsequently as Chairman on 19th January 2020.

Professor Anand Chand

Dr. Anand Chand is a Professor at University of the South Pacific - He holds a PhD (University of Cardiff, Wales, and UK) and has been with the USP since 1982. His academic specializes includes the following areas:- PhD Degree (University of Wales (UK), MA Degree (Manchester University (UK), Diploma in Business Studies (University of Canterbury (NZ), MA Degree (The University of the South Pacific (Fiji), Postgraduate Diploma (The University of the South Pacific(Fiji), Bachelors of Arts Degree (University of Tasmania (Australia), Certificate in Introduction to Technology-Enabled Learning (Athabasca University, Canada/Commonwealth of Learning Centre. He was appointed on 9th January 2019.

Mr. Tevita Madigibuli

Mr. Tevita Madigibuli is a retired General Manager Relationships and Sales (Fiji Development Bank), holds a Master of Business Administration from the University of the South Pacific and a Bachelor of Arts Degree in Business Studies. He also has a Diploma in Tropical Agriculture. Mr. Madigibuli has over thirty years of experience in development banking, predominantly focusing on relationship and sales with clienteles. He is appointed as the director Board on 9th January 2019.

Mr Sundresh Chetty

Mr. Sundresh Chetty, the former Chief Executive Officer of Sugar Cane Growers Council got reappointed for another term on 11th November 2019.
Mr. Chetty brings wealth of experience in the Sugar Industry, having served the industry for 26 years including 11 years as CEO of Sugar Cane Growers Council. He has previously served in various Boards of the Sugar Industry and continues as the Board member of SCGF and SPFL respectively. He is also a registered cane grower and a Justice of Peace.

GOVERNANCE cont'd

Board Meeting Attendance

Board Members	No. of Meetings	
	Held	Attended
Mr. Uday Sen	5	5
Mr. Anand Chand	5	5
Mr. Sundresh Chetty	5	5
Mr. Tevita Madigibuli	5	5

Credit Sub Committee

The Credit Committee which is Chaired by Mr. Tevita Madigibuli with Mr. Sundresh Chetty as the other member. This sub-committee looks at the core functions of lending as stipulated under Section 4 of the SCGF Act.

Board Fees

Board member allowances are determined by the Minister of Sugar Industry and is aligned to Public Service Commission guidelines and Sugar Industry Stakeholders on allowances for board members of statutory organizations. The fees are processed on a quarterly and annual basis, based on the board member's preferences.

Compliance Management

SCGF continually reviews its policies to ensure these are benchmarked to best practices and locally regulated guidelines. The reviewed policies were:

i. Information Technology Policy
i. Operational Limits and Authority Policy
ii. Finance & Administration Policy

The new policy introduced in the year was

iii. SCGF Anti Money Laundering Policy

Risk Management

The risk management framework has been revamped in the recent years and is forward looking to ensure emerging risks are identified and documented for monitoring and reporting purposes. Awareness on the new risks were discussed during the risk management workshop to improve on risk identification and management.

The following key risks were identified in 2020 and appropriate plan where necessary were executed.

i. Covid-19 Risk
ii. Business Continuity Risk
iii. Credit Risk
iv. Operational Risk
v. Reputational Risk
vi. Industry Risk

Internal Audit

The Board values the importance of internal audits to ensure the proper checks and balances are fluid in the daily operations of SCGF. The table below shows the internal audit details for 2020.

Audit	Implementation
New IT System Procurement	3 issues – all implemented
IFRS 9 Provision	No issue – 2 recommendations
Follow-up audit – previous year issues	27 Issues – 23 completed; 3 partial completed; 1 deferred
New IT System Implementation	Deferred to 2021

Fraud Management

SCGF had a zero tolerance on fraud and unethical behaviors. Awareness is done to ensure all stakeholders are thoroughly involved. Investigations related to fraud are from reports received through the complaints management system, whistleblower and anonymous tips. In 2020 there were no fraud related information received and investigated for SCGF.

External Audit

For financial year ended 31 December 2020 there were 8 key areas of focus which was highlighted to Board. Prior to the finalization of the financial statements in March 2021, all these areas were rectified and subsequently implemented. The table below summaries the 8 key areas.

Focus Area	Action
Finance Loans & Advances	Implemented
Loans to Growers – Accounting Errors	Implemented
SPFL Investment	Implemented
UTOF Investment	Implemented
Cane Development Revolving Fund	Implemented
FSC Loan	Implemented
Long Service Leave	Implemented
Covid-19 Impact	Implemented

Board Director Mr. Chetty receiving the Bundled Insurance 6 month payment from Honorable Prime Minister and Minister for Sugar Industry.

OUR LEARNINGS FROM COVID-19

The Covid 19 had been a learning exercise for everyone and we at SCGF were no exception with changes and adjustment to the business. We adopted a framework similar to one published by Ernest & Young (EY).

i. People safety and continuous engagement

	Scope	Action Plans
1.	Ensuring the safety and wellbeing of the employees and customers in the workplace is essential.	For staff and family safety in locked down period, work from home was implemented, staff transportation was provided, 6 categories of staff presences or absences, were implemented. Physical distancing, mask, gloves, sanitizers were provided. Grower communication and reach were implemented. Restrictive farm visitations were implemented.
2.	Initiate or expand flexible work arrangements and other policies that allow people to work remotely and safely.	Implemented with flexible work plans or work from home with monitoring and reporting of the scope of work and productivity measurement.
3.	Business Continuity Plans and ability to operate remotely.	Business Continuity Plan, online banking and transfers, Pre and Post banking transaction checks and balances were followed.

ii. Strategy for business continuity

	Scope	Comments
1.	Likely to experience significant disruption to their business-as-usual operations and face business underperformance throughout the duration of the COVID-19 crisis.	Disruption, social distancing or lockdown which affected the courier services and security documentation process. The lack of bus services in the most rural areas also affected the growers' visitation.
2.	Experiencing operational disruption.	Affected Loan settlements, Debt Recovery and Mortgagee sale and other operations.
3.	As well as significant shifts in demands and behavior impacting.	Demands for loans were high as more farmers focused to agriculture/farming that showed highest loan approval total- number of loans approved 2621 (2019- 2379) valued $9.871m (2019- $8.418m) compared to previous years.

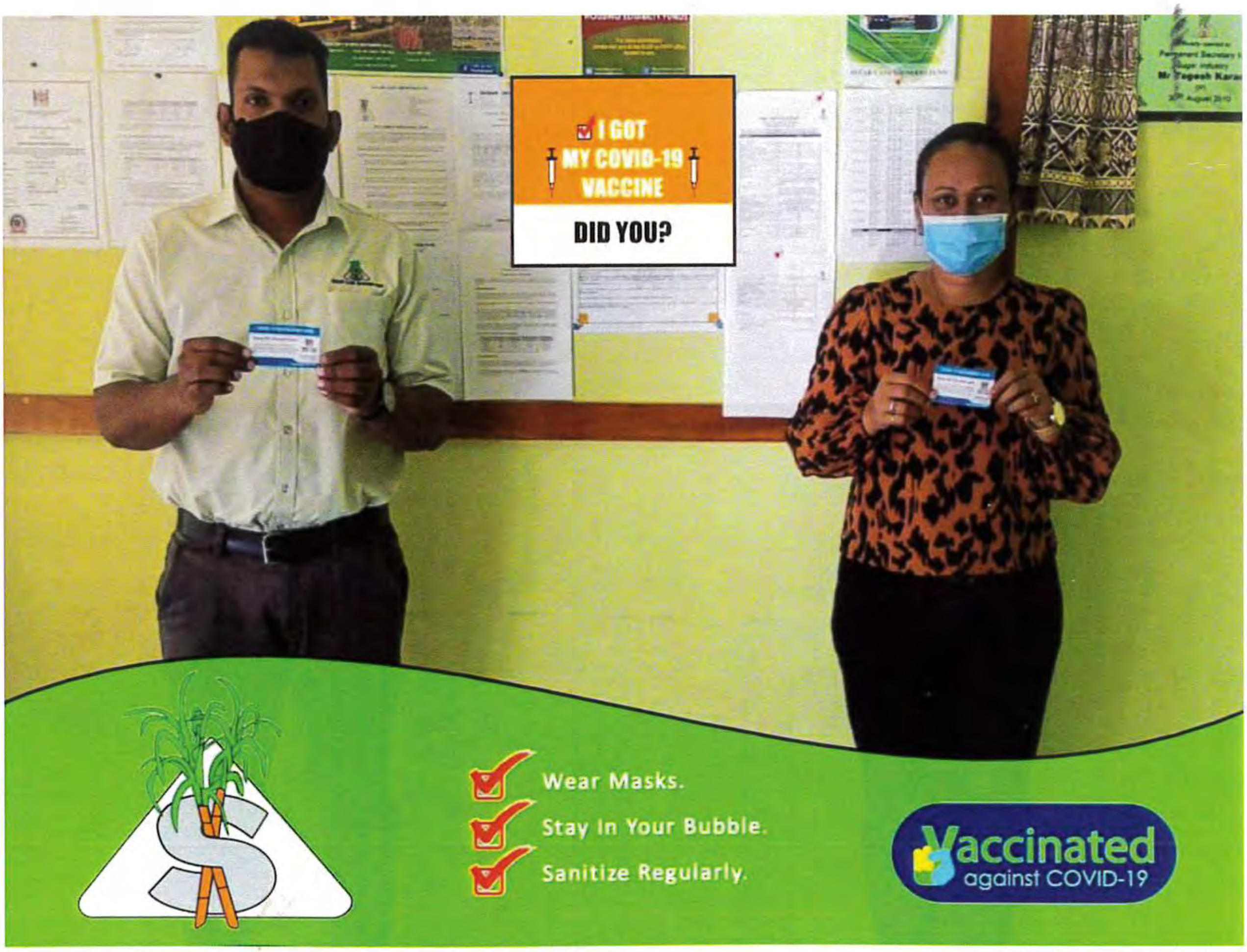
iii. Effective Communication

	Scope	Comments
1.	Clear, transparent and timely communications are necessary when creating a platform to reshape – customers, employees, suppliers, creditors and investors and Government and regulators.	SCGF's internal and external communication had been timely executed including all the Government announcement, through internal circulars, meetings and externals through Press Releases.

OUR LEARNINGS FROM COVID-19

iv. Build resilience in preparation for the new normal

	Scope	Comments
1.	Once have solidified strategies based on stress tests and communicated any new directions with relevant stakeholders, they will need to execute based on revised plans.	The plans and procedures were implemented successfully-showed our operation plans were quite effective.
2.	Once the COVID-19 outbreak is controlled, SCGF will review and renew business continuity plans (BCP).	This has been continuously revisited and aligned also with new ICT System and product review.
3.	Financial services organizations have an ethical opportunity to develop more agile products for working capital and short-term loans to support the economy	There has been impact on our investment with write down and as such, investments are very closely monitored. Stress Test and scenarios analysis were carried out whether and when cane harvesting would start, impact of the such events.



Kushal Sagar is a young and successful cane farmer producing over 1000 tons annually. He revived his in-laws' sugar cane farm with his wife when the trustee of the farm, Mr Mahendra Prasad passed away. Mr Mahendra Prasad was the son of Mr Jai Karan who bought two farms in Korolailai, Daku through SCGF loan assistance in the year 1998. Upon passing away of Mr Jai Karan the estate ownership was transferred to Mahendra Prasad. The legacy of farming continued to 3rd generation after passing of Mahendra Prasad.

OUR CORE BUSINESS

Currently, SCGF has the following loan facilities available for cane growers:

SCGF Products

Type of Loans	Portfolio
Priority Loans	Maximum lending of $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 $75,000 for the Purchase of Cane Farms, Farm Machinery, Cane Trucks, Construction of Farm House, Refinance from other banks and for other purposes provided in the Act. Loans in excess of $75,000 is referred to the Board.
Cane Development Revolving Fund	Maximum lending of $5,000 under the Government funded program for Farm Development and Planting for Sugar Cane granted at zero percent interest rate, repayable over 5 years, with first year being grace period .

The table below provides the breakdown of loans disbursed to cane growers as at 31 December 2020. Loans are for the purposes such as farm purchase, machinery repair and purchase, farm house repair and construction, deposit towards the mechanical harvester, payment of land rentals arrears, refinancing, sundry loans such as wedding and medical, subsistence farming and others.

Disbursement & Approval

The table below provides the breakdown of loans approved with partially disbursed and fully undrawn to cane growers as at 31 December 2020.

Net Loans	No.	Total Value
Ba	579	$1,888,074.42
Labasa	580	$2,284,578.02
Lautoka	313	$1,223,101.86
Nadi	244	$959,368.81
Raki aki	380	$1,193,534.78
Seaqaqa	175	$1,273,477.34
Sigatoka	80	$254,579.73
Tavua	269	$794,112.28
Total	**2621**	**$9,870,827.24**

Arrears Trends

The tables below provide the arrears movement of growers at macro levels. The growers have been consulted, given chances, the repayments leakage verified and implemented with FSC, where required followed up with letters and visitation. In the worst case, SCGF had to exercise the enforcement means for debt recovery.

The total arrears trends in the period (after main cane payment) has been as follows:

	Jan	April	Jun	Oct	Dec
No. of Default Grower	2732	1943	1728	1820	1596
Total Arrears (m)	$3.096	$.,626	$2.340	$2.419	$2.153
Total Loan-Default (m)	$5.085	$4.590	$4.022	$4.251	$3.825
Total Portfolio (m)	$26.526	$26.989	$27.379	$28.506	$29. 295
% Balance Arrears	19%	17%	15%	15%	13%

OUR CORE BUSINESS cont'd

District Offices

SCGF has offices in Ba, Labasa, Lautoka, Nadi, Rakiraki, Seaqaqa, and Tavua, to provide services to the 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 $531,728.89, CDRF Loans to the value of $520,430.21 and loans under Specialised Lending to the value of $8,818,668.14, making total of $9,870,827.24.

Loan Type	Approved		Disbursement	
	No.	Value	No	Value
Priority	409	$531,728.89	377	$458,817.87
CDRF	326	$520,430.21	433	$366,598.48
Specialized	1866	$8,818,668.14	1405	$6,469,145.97
Total	**2,771**	**$9,870,827.24**	**2215**	**$7,998,661.11**

Cane Development Revolving Fund (CDRF)

Sugar Cane Growers Fund provided $3million towards establishment of a Cane Development Revolving Fund initiated by the Fiji Sugar Corporation Limited and Ministry of Sugar Industry.

The Industry Stakeholders – which included Fiji Sugar Corporation Limited (FSC), Sugar Cane Growers Fund (SCGF), Sugar Cane Growers Council (SCGC), Sugar Industry Tribunal (SIT), South Pacific Fertilizers Pte Limited (SPFL) and Sugar Research Institute of Fiji (SRIF)signed a Memorandum of Agreement to support the initiative taken by Fiji Sugar Corporation Limited (FSC) and Ministry of Sugar Industry.

Loan provided through Revolving Fund is interest free and is repayable over five-year period. Recovery would commence from the second year and deductions shall take place from the delivery payments.

Sugar Cane Growers Fund is responsible for the assessment of loan applications and release of loan funds which was done in two stages. Verification and inspection is carried out jointly with FSC and disbursement is done upon full germination of cane. Under this CDRF loan scheme, a grower can borrow up to $5,000 where cost of the usage is $1500 per hectare. For the release of the funds, 50 percent of the approved fund is released upon acceptance of the loan offer letter and balance of the 50 percent after verification and inspection by SCGF and FSC on the successful germination. However, those growers who have been in default in repayment, a 5 per cent interest rate is applied on the loan.

Accumulative Cane Development

CDRF Loan	Count	Value
Applications Paid	326	$520,430.21

Lending Team

Standing left to right: Rajneel, Rakesh, Nilesh, Anald.
Sitting left to right: Ashwita, Sagar, Litiana.

OUR CORE BUSINESS cont'd

New Farmer Assistance Program (NFA)

The New Farmer Assistance (NFA) program started in 2018 and the whole objective of this government funding was to entice new farmers in sugar cane farming. The application by individuals is carried out by Sugar Cane Growers Fund and Sugar Cane Growers Council office and submitted to Ministry of Sugar Industry. Processing selection and evaluation is carried out Sugar Industry Tribunal with recommendation to the Project Steering Committee, which consists of the chief executive officers or the industry representative.

SCGF facilitates the disbursement of the funds on the instructions of Ministry of Sugar Industry after its duly approved by the Honourable Minister of Sugar Industry.

Details	Number
News Leases in process with TLTB [New lease Cost Loans]	68
Lease with Lands Department [Lease renewals]	19
Security Documents with Titles & Deeds Office	76
Documents released to Stakeholders/ Solicitors	32
Total	195

Picture below: Farm in Drasa Sector

MR. SAGAR DAYAL

MANAGER LENDING & OPERATIONS
18 Years of Service

"Started my career with SCGF in 2003 as a clerical assistant based at our Labasa district. Through the years SCGF has helped me progress both professionally and personally for which I am truly grateful. SCGF has also helped me progress academically with my Degree, Post Graduate Diploma and currently completing my Masters Thesis. This has enabled me to serve the sugar cane growers more effectively and efficiently and contribute to the success of this prestigious institution."

OUR INVESTMENTS

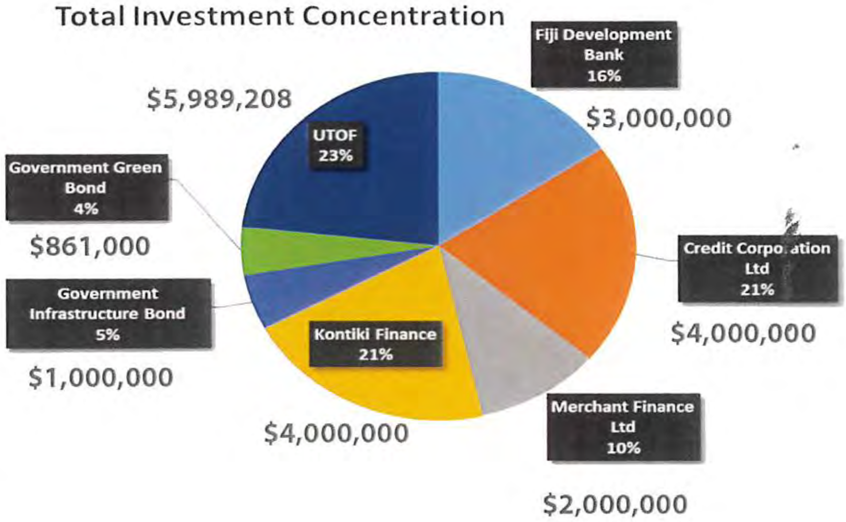
SCGF's main investment strategy in 2020 was to maximize its investment returns and minimize its risks surrounding these investments. The total investment (net) portfolio in 2020 was $22.803 million of which $16.814 million (74%) were fixed income assets and $5.989 million (26%) was an income and growth asset. The total income generated from these investments amounted to $1.144 million or 5% rate of return on the total investment portfolio. This is a sound achievement due to the fact that the Covid-19 pandemic which began in Fiji around March 2020. This presented a new challenge for SCGF as the financial markets literately came to a standstill and there were a lot of uncertainties in the local economy. However, with the guidance of the Board and prudent management decisions, SCGF was still able maintain a attractive and diverse investment portfolio in 2020. There is always a concentrated industry risk which gradually needs to be spread. A snapshot of the total investments is shown in the pie chart.

Success Story – Prudent Balance Sheet Management
Prior to the Covid-19 pandemic affecting the Fiji economy, SCGF's investment in UTOF had a market investment valuation (unrealized) of $6.917 million against a principal amount of $4.5 million. This meant a gain on investment of circa $2.417 million. When Covid-19 hit in March 2020, SCGF braced itself for the worst which also included negative shocks in its investment portfolio. The full impact of this on the UTOF investment was realized at 31 December 2020 when the market value declined by circa $0.980 million. This happened in the mid of the year and SCGF considered redeeming the investment in order to minimize the the impact. The prudent assessment found that there were no attractive returns in the market then to what UTOF was offering. Conversely, the share values where closely monitored.

The forecast projections were re-evaluated and strategized in cost reduction and enhancing revenue generation schemes.

This included collection of past due interest on CDRF loan ($0.347 million), expedited loan underwriting and settlements, effective arrears management and rehabilitation program with write back. However, as prudent practice only 50 percent of the write was taken back in the final accounts. Ultimately, we made a reasonable net surplus of $1.720 million given the circumstances.

Total Investment Concentration



Finance Team
Standing left to right: Francis, Ravneel, Deepak
Sitting: Shalvin

OUR INFORMATION TECHNOLOGY SERVICES

The year had been a quite challenging and busy for the Information Technology Department. One of the major activities for the reporting period had been implementation of Core Business Solution (CBS). During the first quarter the business requirements document for the CBS was signed off and work began with the vendors on gathering information on system requirement specification. At the end of February 2020 Business Analyst Mr. Athul Sankar of Sesame Software Solutions Pvt. Ltd joined the team to implement the software. The Department also implemented suggestions from external audit findings and general ICT Policy Standards.

In the second quarter each module was released for functionality testing. These required lot of inputs from the staff to ensure that all our business processes are covered. Training sessions were organized by the Department where the input, process and output of each module was discussed, scoped and changes were made to make the system user friendly.

User Acceptance Testings were carried out by the Subject Area Experts and suggestions and changes were implemented. The Department has also worked closely with Lending and Finance Departments to automate some of the manual processes to reduce duplication of work as well as improve on generation of various reports. The Department carried out its first Disaster Recovery (DR) test with Vodafone's Iaas Cloud infrastructure. Data cleansing exercise such as closing of paid off accounts, merging of customer records to eliminate duplicate record were carried out as well.

The Department commenced work on developing Business Continuity (BCP) and Disaster Recovery Plan (DRP) in the 3rd quarter. The other business units as well the branch supervisors were also involved in all the phases of the documentation (initiation and execution plan).

In August the Department began working on the first cutover of the CBS. These included releasing of major modules and running parallel with the in-house system. After successful Data Migration with "GO Live" on 24th August 2020, the Department executed its data verification plan where all staff across verified the migrated data on the new platform. The Cut-over to the new system on 24th August has been one of the successfully milestone for the year 2020 for the Department as well as for SCGF.

During the last 3 months of the year, the Department began work on development of system generated reports, methodology for Arrears Calculation, implementation of Loan Classification, Reconciliation of both the systems, interfacing CBS with Sage financials, SMS platform, and automation of letters, Mobile Application and Online Portal. The Department also wrapped up website development and testing with Oceanic Communications. Overall it has been a remarkable year!

Picture Above: Manager IT – Ms Sheetal Shalini receiving her IT certificate from UN Representative – Mr Krishnan Narasimhan

*Picture Right: **IT TEAM***
From Left, Sheetal, Prashneel and Salanieta

MS. SHEETAL SHALINI

MANAGER INFORMATION TECHNOLOGY
15 years of service

"I am truly grateful for the opportunities SCGF has provided me and my family for the last 15 years. Being the first female in a management position for SCGF, I hope I can inspire other females to take up the corporate management challenges and be a trail blazer in a male dominated sugar industry."

OUR PEOPLE

Human Resource Management
SCGF enhanced the core competencies, recognizing that human capital and resource is very important. It has implemented Performance Management Systems, continued to recognize the people with incentive, motivational programs and fostered gender balance initiatives, women empowerment whereby female is also in the leadership role.

SCGF has a total of 28 permanents and 2 temporary staff for 2020.

Staff Promotion
Internally staffs were promoted to positions of Manager Information Technology, Manager Lending & Operations, Senior Loans Officer, Credit Officer and Loans Officer as they were familiar with the organizational structure, culture, stakeholders and policies and processes of SCGF.

Staff Resignation
Mr Vimal Dutt, General Manager Operations & Lending resigned for career progression to join Sugar Cane Growers Council for the post of Chief Executive Officer.

Top: Presentation to Parliamentary Committee on SCGF Annual Reports 2009 to 2018.

Middle: CEO presentation to staff.

Left: Honorable Prime Minister and Minister of Sugar Industry with Board Director MR Chetty and SCGF staff.

OUR PEOPLE

Staff Training

SCGF is committed to staff training and development and will support employees seeking to develop professional skills relevant to the needs of the SCGF. The training and development opportunities available to all staff of SCGF are through:

- Internal Training (Internal Resource at the Premises)
- In-House Training (External Resource at the Premises)
- External Training (External Resource and Off Premises)
- On Job Training (Internal Resource at the Premises)

On Job Training
We looked at total of (7) on job training/ rotation in multi skilling our people and building succession plan within the organization.

In-House Training
The 360 Degree exercise was part of work plan for the Human Resource Department, the feedback was confidential and anonymous from SCGF Management & Staff and the full survey results were submitted to Board for noting. The Risk Management training was held to understand the risk factors by defining, describing and determining the key components which is integral part of the SCGF and also the industry. Valuation training was provided with practical assessment on the field and Sales training, was provided (from a sales perspective) the importance of SCGF' (Customers, Products and its impact in the industry, service touch points & how this impacts the negotiations and Values as this drives the organization's culture).

Staff Training as at 31 December 2020

No.	Particulars	No. of Trainings Attended
1	Internal Training (Internal Resource at the Premises)	13
2	On Job Training (Internal Resource at the Premises)	7
3	In-House Training (External Resource at the Premises)	4
4	External Training (External Resource and Off Premises),	1

Overseas Training
Mr. Vimal Dutt, General Manager Operations & Lending attended the International Program on Financing Inclusive Agriculture and Rural Development through Indian Technical & Economic Cooperation Programme (ITEC) in India from [10th - 22nd] of February 2020.

Performance Management
Staff worked effectively on the Key Performance Indicators for 2019 and the staff performance were measured & assessed in their deliverables and achievements. Performance Management appraisal payout was made across to staff for 2019.

HR function and activities executed:

- Reward and Recognition by on-the-spot awards, monthly performance awards and Employee of the Year Award to Mr. Prashneel Pavindra Prasad.
- Successful completion of PFIP Pacific Finacial Inclusion Program sponsored online training with the Fletcher School and Digital Frontiers Institute on "Leading Digital Money Markets". Mr. Vimal Dutt, General Manager Operations & Lending and Ms. Sheetal Shalini, Manager Information Technology were among the top scorers for the course from all of the participants, including regional, that were sponsored by PFIP under the RJS Scholarship scheme.
- 50th Independence Medal awarded to Mr. Raj Sharma, Chief Executive Officer by the Fijian Government to commemorate for his contribution towards the agriculture sector.

Staff and Social Club
Staff and management are also member of Staff and Social Club. The club is partly funded by staffs and SCGF. Club also provides charitable services to the needy and under privileged citizens under the banner of Care All National Equally [CANE] Drive.

The activities of 2020 were as follows:
- Breast Cancer awareness programs in Labasa/Ba areas;
- Blood Drive; and
- Distribution of Grocery packs for the needy.

Micro Insurance Bundled Product
SCGF has successfully fulfilled its 3 years' obligation ending on 30th June 2020, paying insurance premium as direct benefit to growers progressively, and acted as part of social corporate responsibility.

	No. of Growers	2017/2018/2019/2020
Funeral		$ 229,000.00
	229	$687,000.00
Fire	20	$60,000.00
Permanent Disability	1	$3000.00
Claims Paid Up to 30/06/2020	250	$ 979,000.00
Premium paid by SCGF-30/06/2020		$1,803,279.64

OUR PEOPLE

Micro Insurance Bundled Product

01 July 2020, the Government paid premium for the six months of July to December 2020 on behalf of the grower's amounting to $300,731.76 and SCGF provided the administrative support, claims lodgments. The payment cheque was handed by Hon Prime Minister on 15th October 2021.

Picture above: Parmin (Tavua Loans Officer) presiding a truck purchase loan between vendor – Mr Reenesh Sharma (middle) and grower – Mr Moti Chand.

Picture above: (Labasa Team) : Left to right : Ashiana, Monish Arvind and Ranita

Picture below: Honorable Prime Minister presenting the grower insurance premium cheque payment to Managing Director for Fiji Care, Mr. Peter Mcpherson.

MR VIMAL SACHIN DUTT

CEO OF SUGAR CANE GROWERS COUNCIL

17 years of Service – Resigned in September 2020 to take up the role of Chief Executive Officer of SCGC. Mr Dutt has been an integral part of SCGF's journey for the last 17 years and prior to his resignation he was the General Manager Operations & Lending. He has also been the Acting CEO of SCGF for 3 years. SCGF is proud to be able to mold future leaders and will continue to do so.

OUR SUBSIDIARY
South Pacific Fertilizer PTE Limited

The Fertilizer Company was established in 1983 and it began its commercial operation from 1991. In 2009, SCGF become major shareholder (90.6%) of SPFL with SCGC (9.4%) being the other minority shareholder. The principal activity of the company is to import bulk raw materials, blend, pack and distribute to local market.

The company also imports and sells:
- Other NPK and straight fertilizers
- Weedicides
- Rice

SPFL currently has 34 employees on the payroll. 29 are male whilst 5 are female staff. SPFL believes in capacity building for its workers. Our employees are sent to attend appropriate trainings or workshops, which relate to their line of work during the reporting period. This is done in consultation with the HR and the CEO. Performance Evaluation is also done annually, and the company practices Succession Planning at workplace. SPFL is an equal opportunity employer.

Current Challenges faced by SPFL
- Raw Material prices remain volatile;
- Strengthening of US dollar against the FJD;
- COVID 19 pandemic;
- Remoteness ;
- Natural disasters – cyclones and El Niño / La Niña; and
- Continuation of Government support to Farmers.

Going forward the company aims:
- To be the sole importer and distributor of fertilizer to the Non-Sugar sector of Fiji;
- Introduce more products to suit the need of the farmers; and
- Establish business relations with the Pacific Island Countries.

CORPORATE CALENDER

JANUARY

- 6th - Kicked Start 2020 Grower consultation with All industry stakeholders, Minister for Lands and Assistant Minister for Sugar Industry in Ba at Mr. Arun Sharma's place and Naviyago Lautoka at Mrs. Pramila Devi's place.

FEBRUARY

- 10th – 11th – SCGF meeting with Pacific Financial Inclusion Program in Labasa.

MARCH

- 5th – Economic Affairs/ Standing Committee Site visit to the Fund.
- 12th – Launching of Government Grant Product by Permanent Secretary for Ministry of Sugar Industry at FSC, Labasa Mill.
- 20th – meeting held with Datec Personnel on COVID-19 IT infrastructure.

Picture Above: Assitant Minister for Sugar Industry Hon. George Vegnathan talking to farmers in Lautoka.

APRIL

- 27th - SCGF Pre-Harvesting Loan Promotion.
- 30th - Education Loan Package

MAY.

- 1st – SCGF Launches 2020 Pre-harvesting Loan.

JUNE

- 5th - CDRF MOU signing & awarded recipient by Permanent Secretary for Ministry of Sugar Industryheld at the SCGC Hall
- 26th – UN Resident Coordinator's HE Mr Sanaka Samarasinha official visit to SCGF

JULY

- 10th - Six Months Result Training

OCTOBER

- 14th - CEO Mr. Raj Sharma receiving "Fiji 50th Independence Commemorative medal" for his contribution towards the nation.
- 15th - Honorable Prime Minister & Minister for Sugar Industry handing over the $300,713.76 cheque as premium payment for the growers bundle insurance product with Fiji Care.

Picture Above: CEO Mr. Raj Sharma receiving "Fiji 50th Independence Commemorative medal" for his contribution towards the nation.

DECEMBER

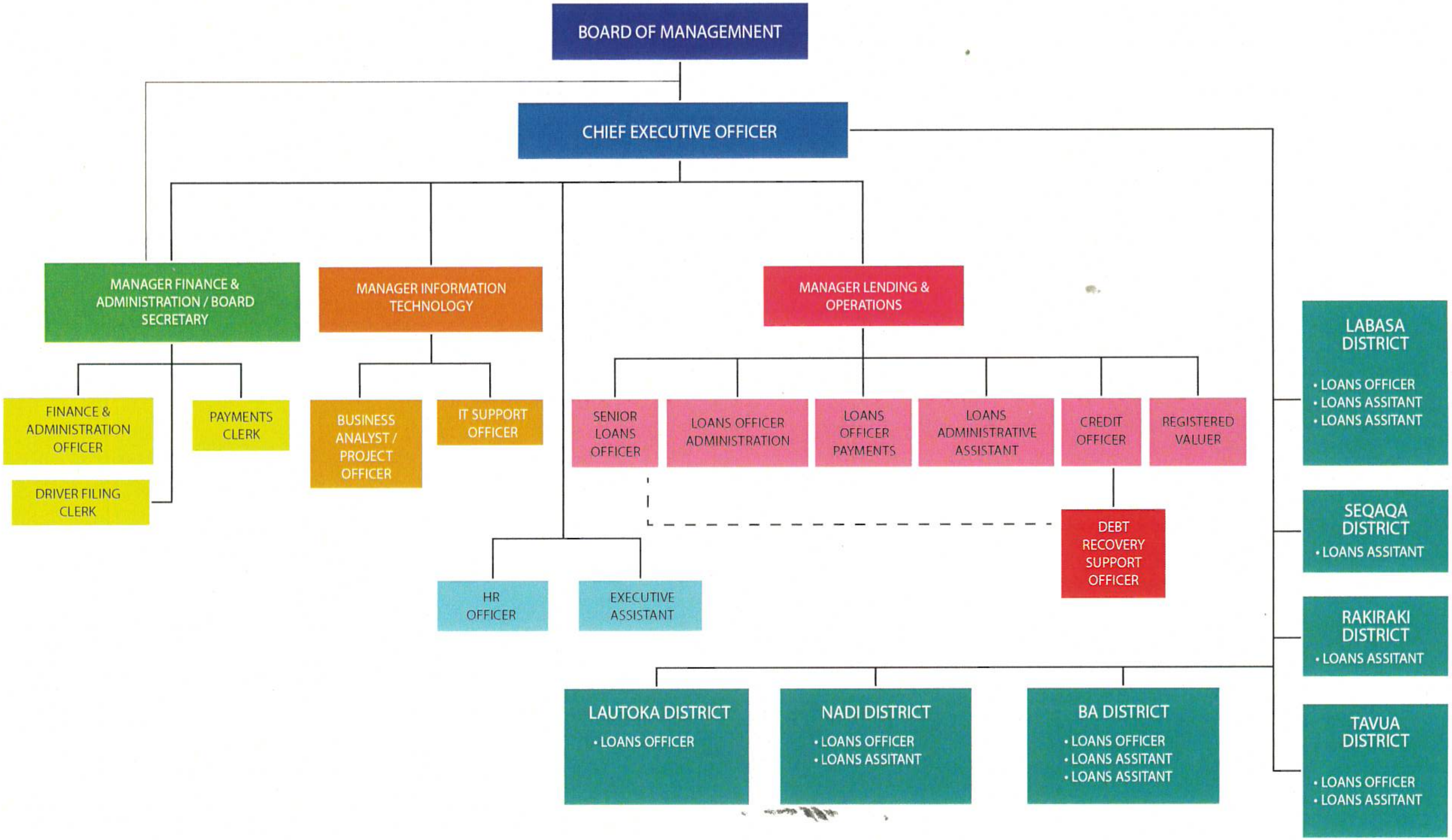
- 11th – final day of the Phase II of the COVID 19 Response Financial Literacy and Awareness campaign in the Western Division.
- Pocket meeting with growers.
- Cane drive/ Donation to Fiji Cancer society.
- Participating during grower Information Day organized by Sugar Research.
- SCGF Activates TC YASA Rehabilitation Loan Package for Northern growers.

MICHAEL GOCK

SUCCESSFUL FARMER

Mr. Michael Gock, a successful Cane Farmer who is originally from Nalawa, Ra. Mr Gock, sacrificed his teaching career for the passion of cane farming. The family now owns five farms and producing over 1000 tons of cane annually. Mr. M Gock has invested further in farming machinery through SCGF loan facility.

ORGANISATIONAL STRUCTURE



Ms SHAHIN ASHMIN NISHA

SUCCESSFUL FARMER

Ms Nisha, is a successful Cane Farmer from Ciri, Sigatoka. She began farming in 1996 and she transformed a barren land to a producing cane farm through effective use of machinery. Ms Nisha has brought sustainability through mechanized farming in Ciri, Sigatoka.

Sugar Cane Growers Fund and Its Subsidiary

Consolidated Financial Statements

For the Year Ended 31 December 2020

Building a better working world

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Contents

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
BOARD REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with a resolution of the Board, the Board members herewith submit the statement of financial position of Sugar Cane Growers Fund ("Fund") and its subsidiary (collectively "the Group") as at 31 December 2020, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date 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 Uday Sen – continuing member and appointed as Chairman on 19/01/2020
- Mr Sundresh Chetty – continuing member
- Professor Anand Chand – continuing member
- Mr Tevita Madigibuli – continuing member
- Mr Faizul Ariff Ali - Chairman upto 18/1/20, opted for non-renewal
- Mr Pradeep Lal - member upto 18/1/20, opted for non-renewal

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.

Results

The net profit after income tax of the Group for the year was $6,806,990 (2019 restated: $6,730,141) after income tax expense of $1,446,551 (2019: $1,342,908).

The net profit of the Fund for the year amounted to $1,719,927 (2019 restated: $2,594,872) after income tax expense of $Nil (2019: $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 the Fund's financial statements misleading.

Non-current assets

Prior to the completion of the Group's and the Fund's financial statements, the Board members 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 Group and 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 in the Group and the Fund, inadequate to any substantial extent.

Events subsequent to balance date

Subsequent to the end of the financial year, on 19 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government. The introduction of these restrictions have not had a material effect on the Group and Fund's financial statements at 31 December 2020.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and the Fund, the results or cash flows of those operations, or the state of affairs of the Group and the Fund in future financial years.

Significant event during the year

During the year, management and the Directors of the subsidiary, South Pacifc Fertilizers Pte Limtied in collaboration with, Sugar Cane Growers Fund ("the Fund") discussed the following option with regard to legacy debt recovery owed by Fiji Sugar Corporation ("FSC") amounting to $13,618,604:

1. The subisidiary has Government borrowing of $9,479,100 and recommends the Government to offset this debt against the owing by FSC, hence FSC will owe this amount to the Government. Balance to be borrowed by FSC from the Fund to settle the amount.

The above option was endorsed by the Permanent Secretary for Sugar Industry in its internal memorandum to the Ministry of Economy dated 22nd October 2020. Subsequently, the Acting Permanent Secretary for Ministry of Economy acknowledged the options as part of a wider set of policy reform actions relating to FSC and the sugar industry as a whole. This, however, is subject to Ministerial/Cabinet approval and Ministry will be guided by the Ministry of Sugar Industry on this issue as part of the upcoming FY2021/2022 budget.

Other options the entity may consider are:

1. FSC enter into debt deed with the company on legacy debt.
2. The Group re-consider the land/property swap deal for which sale and purchase agreement was signed in 2019.

Impact of the Coronavirus (COVID-19) outbreak on the Group and the Fund

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Fund and the Group has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Board members and management are carefully considering the impact of the COVID-19 outbreak on the Fund and its subsidiary, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Fund and its subsidiary cannot control.

Board members and management believe the Fund and the Group have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Fund and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of accounting

Board members believe that the basis of the preparation of the financial statements is appropriate and the Group and the Fund will be able to continue its operation for at least twelve months from the date of this statement. Accordingly the Board members believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.
All related party transactions have been adequately recorded in the books of the Group and the Fund.

Other circumstances

As at the date of this report :

(i) no charge on the assets of the Group and the Fund has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Group and the Fund could become liable; and

(iii) no contingent liabilities or other liabilities of the Group and the Fund have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Board members, will or may substantially affect the ability of the Group and the Fund to meet its obligations as and when they fall due.

As at the date of this report, the Board members are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Group's and Fund's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Group and the Fund misleading or inappropriate.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Board members, the results of the operations of the Group and the Fund during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Board members, to affect substantially the results of the operations of the Group and the Fund in the current financial year, other than those reflected in the financial statements.

Board members benefits

Since the end of the previous financial year, no Board member has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Board members shown in the consolidated financial statements or received as the fixed salary of a full-time employee of the Group or of a related corporation) by reason of a contract made by the Group or by a related corporation with the Board member or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the Board members by authority of a resolution of the Board, this 28th day of June 2021.

Chairman

Board Member

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT BY BOARD MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

(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 2020.

(c) the accompanying statements of changes in equity for the year ended 31 December 2020 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 2020.

(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.

(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 28th day of June 2021.

Chairman

Board Member

21 Enamanu Road,
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Independent Auditor's Report

To the members of Sugar Cane Growers Fund

Report on the Audit of the Fund's and the Group's Financial Statements

Opinion

We have audited the consolidated financial statements of Sugar Cane Growers Fund and its subsidiaries (collectively, "the Group") which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement 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 2020, and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Fund and the Group in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board members and management are responsible for the other information. The other information comprises Board's report but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the Financial Statements

The Board members and management are responsible for the preparation and fair presentation of financial statements in accordance with IFRS and the provisions of the Sugar Cane Growers Fund Act, 1984 and for such internal control as the 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 management and the Board members are responsible for assessing the the Fund's and 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 management and Board member either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 management.
- Conclude on the appropriateness of the management and Board Members 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Group's financial information of the entities or business activities within the Group to express an opinion on the Group's 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 those charge with governance 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.

We also provide the those charge with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

i) proper books of account have been kept by the Fund, sufficient to enable consolidated financial statements to be prepared, so far as it appears from our examination of those books; and

ii) to the best of our information and according to the information and explanations given to us the consolidated financial statements give the information required by the Sugar Cane Growers Fund Act 1984, in the manner so required.

Ernst & Young

Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
28th June 2021

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group 2020	Group 2019 Restated*	Fund 2020	Fund 2019 Restated*
		$	$	$	$
Revenue	27	32,780,893	31,320,982	-	-
Cost of goods sold		(22,763,418)	(21,907,589)	-	-
Gross profit		10,017,475	9,413,393	-	-
Finance income	4	2,780,953	2,690,803	2,780,953	2,690,803
Other operating income	5	575,549	2,077,574	947,479	2,389,152
		13,373,977	14,181,770	3,728,432	5,079,955
Administrative and other Operating expenses	6	(4,789,157)	(5,454,337)	(1,984,515)	(2,460,112)
Profit from operations		8,584,820	8,727,433	1,743,917	2,619,843
Finance costs - net		(331,279)	(654,384)	(23,990)	(24,971)
Profit before income tax		8,253,541	8,073,049	1,719,927	2,594,872
Income tax expense	8(a)	(1,446,551)	(1,342,908)	-	-
Net profit for the year		6,806,990	6,730,141	1,719,927	2,594,872
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		6,806,990	6,730,141	1,719,927	2,594,872
Total comprehensive income attributable to:					
Owners of the parent		6,260,675	6,247,745	1,719,927	2,594,872
Non-controlling interest		546,315	482,396	-	-
		6,806,990	6,730,141	1,719,927	2,594,872

** Refer Note 31 for restatement*

The accompanying notes form an integral part of the statement of profit or loss and other comprehensive income.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Group 2020	Group 2019 Restated*	Fund 2020	Fund 2019 Restated*
Assets		$	$	$	$
Cash and cash equivalents	9	20,716,513	20,478,306	4,348,308	6,807,568
Investments at fair value through profit or loss	10	5,989,208	6,969,742	5,989,208	6,969,742
Investments at amortised cost	11	16,814,313	13,314,313	16,814,313	13,314,313
Trade and other receivables	12	29,119,666	26,628,248	825,580	703,090
Loans to growers	13	25,450,681	23,703,065	25,450,681	23,703,065
Inventories	14	15,773,779	17,243,867	-	-
Prepayments	15	4,133	14,032	4,133	14,032
Advances to industry related parties	16	5,948,471	6,916,693	5,948,471	6,916,693
Property, plant and equipment	17	3,205,871	3,762,904	551,866	354,534
Intangible assets	18	272	545	-	-
Right of use asset	28 (a)	352,214	350,626	258,949	255,029
Deferred tax asset	8 (c)	1,222,353	1,141,269	-	-
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		124,597,474	120,523,610	73,592,914	72,439,471
Liabilities					
Trade and other payables	20	6,008,483	5,162,878	3,769,295	4,018,382
Employee benefits	21	174,157	188,455	114,774	127,920
Borrowings	22	5,802,899	5,859,896	-	-
Lease liabilities	28 (b)	356,066	360,909	259,585	263,686
Deferred grant income	23	12,949,484	16,465,154	97,360	402,510
Current tax liability	8 (b)	181,536	93,259	-	-
Total liabilities		25,472,625	28,130,551	4,241,014	4,807,498
Equity					
Funds employed / retained earnings		95,063,058	88,802,383	69,351,900	67,631,973
Non-controlling interest	24	4,061,791	3,590,676	-	-
Total equity		99,124,849	92,393,059	69,351,900	67,631,973
Total equity and liabilities		124,597,474	120,523,610	73,592,914	72,439,471

Signed on behalf of the Board.

Chairman

Board Member

** Refer Note 31 for restatement*

The accompanying notes form an integral part of the statement of financial position.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Owners	Non-controlling Interest	Total
	$	$	$
Balance at 1 January 2019	82,554,638	3,211,680	85,766,318
Comprehensive income			
Profit for the year	6,247,745	482,396	6,730,141
Other comprehensive income	-	-	-
Total comprehensive income	6,247,745	482,396	6,730,141
Transactions with owners			
Dividends paid	-	(103,400)	(103,400)
Total transactions with owners	-	(103,400)	(103,400)
Balance at 31 December 2019 (Restated*)	88,802,383	3,590,676	92,393,059
Comprehensive income			
Profit for the year	6,260,675	546,315	6,806,990
Other comprehensive income	-	-	-
Total comprehensive income	6,260,675	546,315	6,806,990
Transactions with owners			
Dividends paid	-	(75,200)	(75,200)
Total transactions with owners	-	(75,200)	(75,200)
Balance at 31 December 2020	95,063,058	4,061,791	99,124,849

Fund	2020	2019 Restated*
	$	$
Balance at 1 January	67,631,973	65,037,101
Comprehensive income		
Profit for the year	1,719,927	2,594,872
Other comprehensive income	-	-
Total comprehensive income	1,719,927	2,594,872
Balance at 31 December	69,351,900	67,631,973

** Refer Note 31 for restatement*

The accompanying notes form an integral part of this statement of changes in equity.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Fund	
	Note	2020	2019	2020	2019
Operating activities		$	$	$	$
Receipts from customers / growers		11,293,008	13,303,245	704,107	103,513
Receipt of Government subsidy for fertilizer and weedicide		16,990,486	15,793,327	-	-
Receipt of application fees		21,588	24,237	21,588	24,237
Insurance claims proceeds		10,131	23,486	-	-
Interest received		1,625,592	1,826,862	1,927,923	1,826,862
Interest lease liability		(28,948)	(29,965)	(23,990)	(24,971)
Payments to suppliers and employees		(26,577,761)	(24,463,462)	(2,303,747)	(2,596,932)
Loans repaid by growers		8,884,717	11,342,952	8,884,717	11,342,952
Loans to growers		(8,904,332)	(8,279,661)	(8,904,332)	(8,279,661)
Net cash from operating activities		3,314,481	9,541,021	306,266	2,396,000
Investing activities					
Payments for property, plant and equipment		(426,260)	(415,899)	(319,103)	(233,615)
Payments for held-to-maturity investments		(3,500,000)	(2,000,000)	(3,500,000)	(2,000,000)
Proceeds from sale of property, plant and equipment		49,033	34,707	8,882	-
Dividends received from Unit Trust of Fiji		198,757	198,757	198,757	198,757
Dividends (paid) / received		-	(47,000)	-	453,000
Loan repayment - Fiji Sugar Corporation Limited		968,218	-	968,218	-
Repayment of Government borrowings		(243,000)	-	-	-
Payment of principal portion of lease liability		(123,022)	(84,327)	(122,280)	(83,621)
Net cash (used in) investing activities		(3,076,274)	(2,313,762)	(2,765,526)	(1,665,479)
Net increase / (decrease) in cash and cash equivalents		238,207	7,227,259	(2,459,260)	730,521
Cash and cash equivalents at the beginning of the year		20,478,306	13,251,047	6,807,568	6,077,047
Cash and cash equivalents at the end of the year	9	20,716,513	20,478,306	4,348,308	6,807,568

The accompanying notes form an integral part of the statement of cash flows.

1. Corporate 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 2020 comprise the Fund and its subsidiary, South Pacific Fertilizers Pte Limited (together referred to as the "Group").

The principal activity of the Fund as outlined under Section 4 of the Sugar Cane Growers Fund Act 1984 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 Pte 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 consolidated financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board on 28th June 2021.

2.1 Basis of preparation

The 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.

Statement of compliance

The consolidated financial statements have been prepared on a historical cost basis except for investment properties that have been measured at fair value. The consolidated financial statements are presented in Fijian dollars and all values are rounded to the nearest dollars except when otherwise indicated.

Presentation of financial statements

The Fund presents its statement of financial position in order of liquidity based on the Fund's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2020. The Fund consolidates a subsidiary when it controls it. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, the Fund may still exercise control with a less than 50% shareholding, or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Fund considers all relevant facts and circumstances, including:

2.2 Basis of consolidation (continued)

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Fund can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Fund is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Fund and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Fund's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Fund are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Fund loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

Given the level of judgement required regarding consolidation of structured entities, these considerations are described further in the Significant accounting judgements in Note 3. Disclosures for investment in subsidiaries, structured entities, securitisations and asset management activities are provided in Note 19.

2.3 Summary of significant accounting policies

a) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

b) Current 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

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

2.3 Summary of significant accounting policies (continued)

b) Current income tax (continued)

(ii) Subsidiary (continued)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales taxes, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

c) Foreign currency translation

The financial statements are presented in Fijian dollars, which is also the Fund's and the Group's functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

d) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

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

2.3 Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed each financial year and adjusted prospectively, if appropriate.

e) Leases

The Fund and the Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Fund and the Group applies a singe recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund and the Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Fund and the Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

▸ Leasehold land	42 years
▸ Office space	1 to 4 years

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Fund and the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Fund and the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2.3 Summary of significant accounting policies (continued)

e) Leases (continued)

ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Fund and the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Fund and the Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

2.3 Summary of significant accounting policies (continued)

h) Financial instruments - initial recognition and subsequent measurement

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Fund and the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a) Purchased or Originated Credit Impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund and the Group commits to purchase or sell the asset.

At initial recognition, the Fund and the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, as described in note 29, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss;
b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.3 Summary of significant accounting policies (continued)

h) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets

(i) Classification and subsequent measurement

The Fund and the Group classifies its financial assets in the following measurement category:

- Amortised cost
- Fair value through profit or loss

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Fund's and the Group's business model for managing the asset

(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

- *Amortised cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss ('FVPL'), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 29. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *Fair value through other comprehensive income ("FVOCI")*

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or losses which are recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- *Fair value through profit or loss*

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2.3 Summary of significant accounting policies (continued)

h) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Business model: the business model reflects how the Fund and the Group manages the assets in order to generate cash flows. That is, whether the Fund's and the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Fund and the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, is held by the Fund and the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Solely payments of principal and interest (SPPI): where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund and the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Fund and the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Fund and the Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Fund and the Group subsequently measures all equity investments at FVPL, except where the Fund's and the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Fund's and the Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Other operating income' when the Fund's and the Group's right to receive payments is established.

2.3 Summary of significant accounting policies (continued)

h) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Gains and losses on equity investments at FVPL are included in the 'Other operating income' line in the statement of profit or loss.

(ii) Impairment

The Fund and the Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iii) Modification of loans

The Fund and the Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to cane growers and related parties. When this happens, the Fund and the Group assesses whether or not the new terms are substantially different to the original terms. The Fund and the Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Fund and the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Fund and the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Fund and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.3 Summary of significant accounting policies (continued)

h) **Financial instruments - initial recognition and subsequent measurement (continued)**

Financial assets (continued)

(iv) De-recognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund and the Group transfers substantially all the risks and rewards of ownership, or (ii) the Fund and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Fund and the Group has not retained control.

The Fund and the Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Fund and the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets
(ii) Is prohibited from selling or pledging the assets
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral furnished by the Fund and the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Fund and the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund and the Group retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability
- Financial guarantee contracts and loan commitments.

(ii) De-recognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Fund and the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.3 Summary of significant accounting policies (continued)

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) Impairment of non-financial assets

The Fund and the Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an assets or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense category consistent with the function of the impaired assets, except for properties previously revalued with the revaluation taken to OCI.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund and the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Fund's and the Group's cash management.

l) Provisions

Provisions are recognised when the Fund and the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund and the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2.3 Summary of significant accounting policies (continued)

m) Employee benefits

Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

Pension obligations

The Fund's and the Group's contribution to the Fiji National Provident Fund are charged to the statement of comprehensive income in the period to which the contributions relate.

Other employee benefits

The Fund and the Group has signed an agreement with the Union to provide long service leave to its employees. The entitlement to this benefit is conditional on completion of a minimum service period and the employee remaining in service up to the retirement age. A liability for long service leave is calculated as the present value of expected future payments to be made in respect of services provided by the employees at the balance date. This is adjusted for employee departure trends and appropriate inflation and discount rate.

n) Investments

Investments comprise investment 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.

o) 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 Fund's and the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The Fund and the Group recognises revenue when it satisfies a performance obligation by transfers of goods and services to its customers at a point in time.

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Fund's and the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

(i) 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.

(ii) Government grants and deferred grant income

Subsidies 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 conditions attached to the grants. Government grants relating to unsold fertilizer and weedicide are deferred and recognised in profit or loss when the related products are sold.

(iii) Interest income

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

2.3 Summary of significant accounting policies (continued)

p) 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.

q) Value Added Tax (VAT)

Revenue, 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 VAT payable, Fringe Benefit Tax (FBT) payable, Fiji National Provident Fund (FNPF) deductions, Pay As You Earn (PAYE) deductions and Fiji National University Levy (FBU) contribution payable at year end.

2.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's and the Group's financial statements are disclosed below. The Fund and the Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Fund will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Fund and the Group.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Fund's and the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the grouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Other disclosures relating to the Fund's and the Group's exposure to risks and uncertainties includes:

- Capital management
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

Judgements

In the process of applying the Fund's and the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Fund and the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Fund and the Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund and Group. Such changes are reflected in the assumption when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental cost of disposing of the asset. The value in use calculation is based on a DCF model.

(b) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL.

3. **Significant accounting judgements, estimates and assumptions (continued)**

(b) Measurement of the expected credit loss allowance (continued)

In addition to the above, the measurement of ECL for loans to growers includes the following significant judgements:

- The level of arrears monitoring, follow-up and enforcement
- Level of enforceability (e.g. expiry of leases)
- Outlook of the Sugar Industry in Fiji - harvesting & transportation cost, age of farmers, availability of man-power, and impact of climate change, including natural disasters.

Detailed information about the judgements and estimates made by the Fund and the Group in the above areas are set out in Note 29(b).

(c) Fair value measurement of financial assets

When the fair values of financial assets and liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(d) Leases - Estimating the incremental borrowing rate

The Fund and the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure liabilities. The IBR is the rate of interest that the Fund and the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Fund and the Group would have to pay, which requires estimation when no observable rates are available.

(e) Going concern

The Fund's and the Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's and the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

	Group		Fund	
	2020	2019	2020	2019
4. Finance income	$	$	$	$
Interest - Priority loans	169,690	218,066	169,690	218,066
- Specialised loans	1,226,900	1,256,574	1,226,900	1,256,574
- Term deposits	831,302	682,967	831,302	682,967
- Government bonds	114,243	114,243	114,243	114,243
- Fiji Sugar Corporation Limited	438,818	418,953	438,818	418,953
	2,780,953	2,690,803	2,780,953	2,690,803

	Group		Fund	
	2020	2019 Restated*	2020	2019 Restated*
5. Other operating income	$	$	$	$
Application fees	21,588	24,237	21,588	24,237
Bad debts recovered	-	170	-	170
Board allowance	46,771	31,486	46,771	31,486
Dividends - South Pacific Fertilizers Pte Limited (refer Note (a))	-	-	724,800	996,600
Dividend income - Unit Trust of Fiji	198,757	198,757	198,757	198,757
Gain on disposal of property, plant and equipment	46,253	35,348	6,102	541
(Loss)/gain on remeasurements of investments to fair value	(980,534)	662,523	(980,534)	662,523
Grant income - benefit of nil rate of interest on government loan (refer to (b))	302,331	624,419	-	-
Insurance proceeds	10,131	23,486	-	-
Net-off loan provision write back	477,543	403,522	477,543	403,522
Suspended interest released	21,436	-	21,436	-
Sundry income	431,273	73,626	431,016	71,316
	575,549	2,077,574	947,479	2,389,152

(a) Dividends – South Pacific Fertilizers Pte Ltd

During the year dividend of $800,000 was approved by the subsidiary of which $724,800 related to the Fund's share of dividends for the financial year ended 31 December 2020.

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

Grant income of $302,331 (2019: $624,419) 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 23) was recognised and included in other income.

6. Administrative and other operating expenses

	Group 2020	Group 2019 Restated*	Fund 2020	Fund 2019 Restated*
	$	$	$	$
Auditor's remuneration - audit	24,000	25,250	11,500	12,750
- other services	38,138	5,500	3,500	5,500
Accounting and other assurance services	45,018	31,519	60,018	31,519
Depreciation - property, plant & equipment	980,513	1,018,073	118,991	127,862
- Right-of-use	116,591	94,610	114,259	92,278
Directors fees	53,860	46,246	37,400	33,336
Insurance for growers (refer (i))	307,598	593,070	307,598	593,070
Staff costs (refer Note 7)	1,353,343	1,923,295	951,550	1,152,876
Others	1,870,096	1,716,774	379,699	410,921
	4,789,157	5,454,337	1,984,515	2,460,112

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 the Cane Farmer Micro-Insurance Scheme for the next 3 years.

6. Administrative and other operating expenses (continued)

In 2018, Sugar Cane Growers Council contributed $10,000 towards the premium for the year while the United Nations Capital Development Fund contributed a grant of $103,136 towards the planning and operational costs for the Sugar Cane Farmers Insurance Awareness Campaign initiated to promote and raise awareness about the product amongst member growers.

7. Staff costs

	Group		Fund	
	2020	2019	2020	2019
	$	$	$	$
Wages and salaries - administrative expense	633,548	1,069,101	553,565	813,873
Fiji National Provident Fund contributions	92,791	157,660	50,089	94,481
Key management compensation- short term benefits	605,909	337,174	330,259	207,700
Fiji National University levy	10,792	16,149	7,334	9,750
Other staff costs	10,303	27,072	10,303	27,072
	1,353,343	1,607,156	951,550	1,152,876
Wages and salaries - cost of sales	311,012	316,139	-	-
	1,664,355	1,923,295	951,550	1,152,876

8. Income tax

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

	$	$	$	$
Current tax	1,446,348	1,335,626	-	-
Deferred tax	203	7,282	-	-
	1,446,551	1,342,908	-	-

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

	$	$	$	$
Operating profit before income tax	8,253,540	7,669,527	1,719,926	2,191,354
Prima facie tax payable at 20%	1,650,708	1,533,905	343,985	438,271
Tax effect of non-deductible expenses:				
- exempt income	(199,025)	(238,950)	(343,985)	(438,271)
- adjustment in respect of current income tax of previous year	(5,335)	40,671	-	-
- other non-deductible expenses	203	7,282	-	-
Income tax expense	1,446,551	1,342,908	-	-
Current tax liability - 1 January	93,259	1,223,154	-	-
Income tax paid	(1,358,274)	(2,472,803)	-	-
Current tax liability - 31 December	181,536	93,259	-	-

(c) **Deferred tax assets**

	$	$	$	$
Deferred tax at 31 December relates to the following:				
Accelerated depreciation for tax purpose	1,202,117	1,131,832	-	-
Allowance for expected credit losses	8,360	-	-	-
Provisions for employee entitlements	11,876	9,437	-	-
Net deferred tax assets	1,222,353	1,141,269	-	-
Reflected in the statement of financial position as follows:				
Deferred tax assets	1,222,353	1,141,269	-	-
Deferred tax assets, net	1,222,353	1,141,269	-	-

8. **Income tax (continued)**

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

	Group		Fund	
	2020	2019	2020	2019
9. Cash and cash equivalents	$	$	$	$
Cash on hand	1,300	1,250	950	950
Cash at bank – operating	18,100,227	17,230,301	1,732,372	3,559,863
Cash at bank - CDRF	2,512,626	2,839,244	2,512,626	2,839,244
Vodafone – Mpaisa	5,000	5,000	5,000	5,000
Cash at Bank – New Cane Farmer Assistance Grant	97,360	402,511	97,360	402,511
	20,716,513	20,478,306	4,348,308	6,807,568
10. Investment at fair value through profit or loss	$	$	$	$
Units at fair value (refer to note below)	5,989,208	6,969,742	5,989,208	6,969,742
Reconciliation of investment in Unit Trust of Fiji				
At 1 January	6,969,742	6,307,219	6,969,742	6,307,219
(Loss)/gain on remeasurement of investment to fair value	(980,534)	662,523	(980,534)	662,523
At 31 December	5,989,208	6,969,742	5,989,208	6,969,742

(a) *Details of investment in Unit Trust of Fiji*

	Units held (unit)	Fair value per unit $	Extended value $
Investment	2,650,092	2.26	5,989,208

When measuring the fair value of an asset or liability, the Fund and the Group uses observable market data as far as possible. Fair values 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.

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

	Group 2020	Group 2019	Fund 2020	Fund 2019
11. Investments–at amortised cost	$	$	$	$
Term deposits				
Bank of the South Pacific Limited	-	2,000,000	-	2,000,000
Credit Corporation	4,000,000	1,000,000	4,000,000	1,000,000
Fiji Development Bank	3,000,000	-	3,000,000	-
Kontiki Finance Limited	4,000,000	3,000,000	4,000,000	3,000,000
Merchant Finance Limited	4,000,000	5,500,000	4,000,000	5,500,000
	15,000,000	11,500,000	15,000,000	11,500,000
Bonds				
Government Infrastructure Bond	1,000,000	1,000,000	1,000,000	1,000,000
Government Green Bond	861,000	861,000	861,000	861,000
	1,861,000	1,861,000	1,861,000	1,861,000
Less: Loss allowance (ECL)	(46,687)	(46,687)	(46,687)	(46,687)
	16,814,313	13,314,313	16,814,313	13,314,313

11. Investments–at amortised cost (continued)

(a) The interest rates on term deposits in 2020 range from 3.3% to 6% (2019: 4.54% to 5.7%) with terms ranging from 12 months to 24 months. (2019: 12 months to 24 months).

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

	Group		Fund	
	2020	2019	2020	2019
12. Trade and other receivables	$	$	$	$
Trade receivables	27,082,889	24,645,111	-	-
Other receivables	2,036,777	1,983,137	825,580	703,090
	29,119,666	26,628,248	825,580	703,090

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. Trade receivables from Fiji Sugar Corporation Limited ("FSC") amount to $25,203,977 (2019: $22,577,832) at year end. The Permanent Secretary for Ministry of Sugar through an internal memorandum dated 22 October 2020 had endorsed to the Ministry of Economy to consider Government loan swap and property/land swap or borrowing from Sugar Cane Growers Fund for FSC to settle its old debts of $13,618,604 for the period 2015 - 2017. Ministry of Economy is yet to endorse this proposal.

As at 31 December 2020, the subsidiary has trade receivables of $27,082,889 (2019: $24,645,111) which is net of an allowance for expected credit losses of $41,800 (2019: $nil).

	2020	2019
	$	$
As at 1 January	-	-
Provision for expected credit losses*	41,800	-
As at 31 December	41,800	-

** Specific provision provided for customers; Sugar Industry Tribunal and FoodHall.*

13. Loans to growers	$	$	$	$
		Restated*		Restated*
Secured loans to growers	24,693,908	25,049,428	24,693,908	25,049,428
Cane Development Revolving Fund	897,547	811,755	897,547	811,755
	25,591,455	25,861,183	25,591,455	25,861,183
Accrued interest	3,238,768	1,783,428	3,238,768	1,783,428
	28,830,223	27,644,611	28,830,223	27,644,611
Less: Loss allowance (ECL)	(3,379,542)	(3,941,546)	(3,379,542)	(3,941,546)
	25,450,681	23,703,065	25,450,681	23,703,065

14. Inventories	$	$	$	$
Raw materials	4,179,834	6,903,056	-	-
Packing materials	343,744	611,829	-	-
Finished goods	2,045,447	1,583,653	-	-
Weedicide	2,840,614	5,446,597	-	-
	9,409,639	14,545,135	-	-
Goods in transit	6,364,140	2,698,732	-	-
	15,773,779	17,243,867	-	-

Inventories valued at $214,569 (2019: nil) was expensed during the year as it got spoilt during Tropical Cyclone Yasa.

15. Prepayments	$	$	$	$
Prepayments – others	4,133	14,032	4,133	14,032

	Group		Fund	
	2020	2019	2020	2019
16. Advances to industry related entities	$	$	$	$
Receivable from Fiji Sugar Corporation Limited	6,043,623	7,011,839	6,043,623	7,011,839
Less: Loss allowance (ECL)	(95,152)	(95,146)	(95,152)	(95,146)
	5,948,471	6,916,693	5,948,471	6,916,693

Amounts receivable from Fiji Sugar Corporation Limited (FSC) is secured via government guarantee. On 24 September 2020, the Fund agreed with FSC to restructure the loan as a way forward. The debt to be paid over 10 years with annual repayment $880,859. Such repayments to be made on twice in a year amounting to $440,430 on 31st August 20201 and $449,430 on 31st December 2021. And thereon every 31st August and 31 December until the loan is paid off. The repayment is calculated on 8% interest and will be applied once the 7% interest is applied after regularization of securities.

17. Property, plant and equipment

Group	Land and buildings	Plant, Office Equipment and Furniture & Fittings	Motor vehicles	Work in Progress	Total
Cost or valuation	$	$	$	$	$
At 1 January 2019	12,126,983	5,924,946	1,777,938	-	19,829,867
Additions	31,643	121,427	134,928	127,901	415,899
Disposals	-	(924,208)	(63,869)	-	(988,077)
Reclassification*	-	(2,728)	-	-	(2,728)
At 31 December 2019	12,158,626	5,119,437	1,848,997	127,901	19,254,961
Additions	-	26,610	138,642	261,008	426,260
Disposals	-	(80,307)	(140,085)	-	(220,392)
Reclassification*	-	(10,176)	-	-	(10,176)
At 31 December 2020	12,158,626	5,055,564	1,847,554	388,909	19,450,653
Depreciation and impairment					
At 1 January 2019	(9,051,256)	(4,956,279)	(1,456,809)	-	(15,464,344)
Depreciation charge	(582,647)	(282,872)	(152,554)	-	(1,018,073)
Disposals	-	924,308	63,869	-	988,177
Reclassification*	-	2,183	-	-	2,183
At 31 December 2019	(9,633,903)	(4,312,660)	(1,545,494)	-	(15,492,057)
Depreciation charge	(553,180)	(253,916)	(173,417)	-	(980,513)
Disposals	-	78,985	138,627	-	217,612
Reclassification*	-	10,176	-	-	10,176
At 31 December 2020	(10,187,083)	(4,477,415)	(1,580,284)	-	(16,244,782)
Net book value:					
At 31 December 2020	1,971,543	578,149	267,270	388,909	3,205,871
At 31 December 2019	2,524,723	806,777	303,503	127,901	3,762,904

** Software cost and accumulated amortisation reclassified to intangible assets.*

17. Property, plant and equipment (continued)

Fund	Furniture and fittings	Office Equipment	Motor Vehicle	Work in Progress	Total
Cost or valuation	$	$	$	$	$
At 1 January 2019	171,103	354,974	348,000	-	874,077
Additions	219	43,595	61,900	127,901	233,615
Disposals	(65,577)	(267,147)	-	-	(332,724)
At 31 December 2019	105,745	131,422	409,900	127,901	774,968
Additions	3,900	6,195	48,000	261,008	319,103
Disposals	(4,554)	(11,805)	(14,000)	-	(30,359)
Reclassification*	-	(10,176)	-	-	(10,176)
At 31 December 2020	105,091	115,636	443,900	388,909	1,053,536
Depreciation and impairment					
At 1 January 2019	(144,021)	(330,476)	(150,799)	-	(625,296)
Depreciation charge	(5,503)	(29,054)	(93,305)	-	(127,862)
Disposals	65,577	267,147	-	-	332,724
At 31 December 2019	(83,947)	(92,383)	(244,104)	-	(420,434)
Depreciation charge	(5,030)	(18,444)	(95,517)	-	(118,991)
Disposals	3,545	11,492	12,542	-	27,579
Reclassification*	-	10,176	-	-	10,176
At 31 December 2020	(85,432)	(89,159)	(327,079)	-	(501,670)
Net book value:					
At 31 December 2020	19,659	26,477	116,821	388,909	551,866
At 31 December 2019	21,798	39,039	165,796	127,901	354,534

** Software cost and accumulated amortisation reclassified to intangible assets.*

18. Intangible assets	Group 2020	Group 2019	Fund 2020	Fund 2019
	$	$	$	$
Software cost				
Balance at 1 January	2,728	-	-	-
Reclassification	10,176	2,728	10,176	-
Balance at 31 December	12,904	2,728	10,176	-
Accumulated amortisation				
Balance at 1 January	2,183	-	-	-
Amortisation during the year	273	-	-	-
Reclassification	10,176	2,183	10,176	-
Balance at 31 December	12,632	2,183	10,176	-
Closing balance at 31 December	272	545	-	-

19. Investment in subsidiary	Fund 2020	Fund 2019 Restated*
	$	$
South Pacific Fertilizers Pte Limited (SPFL)		
Investment	16,940,000	16,940,000
Less: provision for impairment	(3,538,595)	(3,538,595)
At 31 December	13,401,405	13,401,405

19. Investment in subsidiary (continued)

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. bulk fertilizer, blending, packing and distributing to local markets.

	Group		Fund	
	2020	2019	2020	2019
20. Trade and other payables	$	$	$	$
Trade payables	340,381	116,414	-	-
Other payables	2,183,404	1,265,982	284,597	232,900
Payable - Cane Development Revolving Fund	3,484,698	3,780,482	3,484,698	3,780,482
	6,008,483	5,162,878	3,769,295	4,013,382

In 2011, the Government advanced $6 million to the Fund to set up a Cane Development Revolving Fund (CDRF). The Fund processes CDRF loan applications and 50% is paid out upon signing of the letter of offer. The 50% balance of loan is paid after the farm is inspected and satisfied that sugar cane gemination is done. These inspections are done by jointly with Fiji Sugar Corporation Limited.

21. Employee benefits	$	$	$	$
At 1 January	187,303	156,492	127,920	95,957
Movement during the year	(13,146)	31,963	(13,146)	31,963
At 31 December	174,157	188,455	114,774	127,920

22. Borrowings	$	$	$	$
Current	180,578	55,855	-	-
Non- current	5,622,321	5,804,041	-	-
	5,802,899	5,859,896	-	-

This represents a loan to the subsidiary by Government of Fiji of $9,722,100 was appropriated for in the 2015 National Budget. The loan is repayable by semi-annually instalments of $243,000 commencing from 1 September 2020 for a term of 25 years, and no interest will be charged on the loan. A deferred grant income of $3,676,200 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 similar instrument (which was determined at 5.21%), 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. The balance of deferred grant income which represents the benefit of the nil rate of interest in the Government of Fiji loan as at 31 December 2020 was $3,676,200 (2019: $3,862,204). Interest expense is determined at the estimated market interest rate of 5.21% (2019: 5.1%) 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 is recognised in the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020 amounted to $302,331 (2019: $624,419).

23. Deferred grant income	$	$	$	$
Benefit of nil rate of interest on Government loan	3,676,200	3,862,204	-	-
Government fertilizer price subsidy	7,047,415	7,244,244	-	-
Government weedicide price subsidy	2,128,509	4,956,196	-	-
New cane farmers assistance grant	97,360	402,510	97,360	402,510
	12,949,484	16,465,154	97,360	402,510

23. Deferred grant income (continued)

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. accountable for the disbursement of these funds to farmers.

In 2020, loan advances of $878,962 were paid out of the grant funds to growers, and interest of $5,002 was credited to the cane farmer assistance grant bank account. An amount of $43,589 was paid out of the grant funds to Fiji Revenue and Customs Services for VAT on grant.

24. Non-controlling interest

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

	2020	2019
Summarised Statement of Financial Position	$	$
Current assets	60,436,070	57,383,368
Current liabilities	(12,106,344)	(14,371,547)
Current net assets	48,329,726	43,011,821
Non-current assets	3,969,622	4,645,781
Non-current liabilities	(9,088,801)	(9,458,913)
Non-current - net assets	(5,119,179)	(4,813,132)
Net assets	43,210,547	38,198,689
Accumulated NCI	4,061,791	3,590,676
Summarised Statement of Profit or Loss and Other Comprehensive Income:	$	$
Revenue	32,780,893	31,320,982
Gross profit for the year	10,017,475	9,413,393
Net profit for the year	5,811,863	5,131,869
Total comprehensive income	5,811,863	5,131,869
Profit allocated to NCI	546,315	482,396
Summarised Statement of Cash Flows:	$	$
Cash flows used in operating activities	3,008,215	7,145,021
Cash flows used in investing activities	(67,006)	(147,577)
Cash flows from financing activities	(243,742)	(500,706)
Net cash and cash equivalents attributing to increase in cash flows	2,697,467	6,496,738

25. Related Parties

(a) Board members

The following were board members in office during the financial year:

- Mr Uday Sen – continuing member and appointed as Chairman on 19/01/2020
- Mr Sundresh Chetty – continuing member
- Professor Anand Chand – continuing member
- Mr Tevita Madigibuli – continuing member
- Mr Faizul Ariff Ali - Chairman upto 18/1/20, opted for non-renewal
- Mr Pradeep Lal - member upto 18/1/20, opted for non-renewal

Directors' fees are disclosed under Note 6.

25. Related Parties (continued)

(b) Key management personnel

Key management includes the Chief Executive Officer, Manager – Lending and Operations, Manager Finance and Administration and Manager Information Technology of the Fund and the Directors, Chief Executive Officer, Chief Financial Officer, Operations Supervisor and Factory Supervisor (2019: Directors and Chief Executive Officer) of the subsidiary, South Pacific Fertilizers Pte Limited, who have authority and responsibility for planning, directing and controlling the activities of the Group and the Fund. Compensation paid or payable to key management during the financial year is disclosed under **Note 7**.

(c) Related parties

South Pacific Fertilizers Pte Limited is a subsidiary of the Fund. Majority shares in South Pacific Fertilizers Pte Limited are owned by the Fund, with non-controlling interests held by the Sugar Cane Growers Council.

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

(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	
	2020	2019	2020	2019
Loans to Fiji Sugar Corporation Limited	$	$	$	$
At 1 January	6,916,693	6,609,111	6,916,693	6,609,111
Interest earned	438,818	418,953	438,818	418,953
Loan restructure fee	19,253	33,506	19,253	33,506
Loan repayment (principal and interest)	(1,426,293)	(144,877)	(1,426,293)	(144,877)
At 31 December	5,948,471	6,916,693	5,948,471	6,916,693

	Group	
	2020	2019
Sale to Sugar Cane Growers Council	3,188,934	2,976,687

26. Commitments and contingencies

(a) Contingent liabilities

The Fund and the Group did not have any contingent liabilities as at balance date which require an adjustment to or disclosure in the financial statement.

However, there is an employee dispute matter against the Fund in magistrate court. The management and Board members are defending the matters and are confident that no liability will arise.

(b) Capital Commitments	$	$	$	$
Capital expenditure commitments	930,000	620,000	-	-

	Group	
	2020	2019
27. Subsidiary revenue	$	$
Grant income - Government fertilizer subsidy	13,802,913	13,291,523
Grant income - Government weedicide subsidy	3,187,573	2,884,649
Fertilizer sales	11,151,438	10,748,402
Weedicide sales	2,689,320	2,452,611
Rice sales	1,426,085	1,267,583
Other sales	523,564	676,214
	32,780,893	31,320,982

27. Subsidiary Revenue (continued)

(a) Grant income - Government fertilizer price subsidy

In 2020, the subsidy received government subsidy of $16.08m (2019: $15.62m) inclusive of VAT towards fertilizer price for 2020-2021 and 2019-2020 Annual Budget. An amount of $13,802,913 (2019: $13,291,523) was recognised and included in revenue and represents the total subsidy at $25.59 (2019: $25.59) (VEP) per 50kg bag of fertilizer sold. The Cabinet in 2009 approved the fertilizer price of sugar blends to increase from $19.50 (VEP) to $45.59 (VEP) per 50kg bag. Since 2009, a sugarcane farmer paid $31.50 (VEP) while the Government of Fiji contributed $14.09 (VEP) per 50kg bag of fertilizer subsidy. Under the new allocation, a sugarcane farmer pays $20.00 (VEP) while the Government of Fiji contributes $25.59 (VEP) per 50kg bag as fertilizer subsidy. The subsidy balance of $7,047,415 (2019: 7,244,244) 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 2020.

(b) Grant income - Government weedicide price subsidy

In 2020, the Company received a government subsidy of $0.54m (2019: $1.0m) inclusive of VAT towards weedicide price for 2020-2021 and 2019-2020 respectively. An amount of $3,187,573 (2019: 2,884,649) was recognised and included in revenue and represents the total subsidised weedicide sold in 2020 through the Sugar Cane Growers Council. Under the subsidy allocation, the Government of Fiji and farmers are required to pay as follows:

2020-2021	Diuron	Amine	Glyphosate	Valpar	Glyphosate - Long Fallo
	(VEP)	(VEP)	(VEP)	(VEP)	(VEP)
Government of Fiji	$10.49/kg	$4.15/litre	$2.88/litre	$14.14/kg	$5.95/litre
Farmers	$8.58/kg	$3.40/litre	$2.36/litre	$11.57/kg	$3.03/litre

2019-2020	Diuron	Amine	Glyphosate	Valpar	Glyphosate - Long Fallo
	(vep)	(vep)	(vep)	(vep)	(vep)
Government of Fiji	$10.81/kg	$4.05/litre	$2.97/litre	$14.14/kg	$2.97/litre
Farmers	$8.83/kg	$3.32/litre	$2.43/litre	$11.57/kg	$2.43/litre

The balance of $2,128,509 (2019: $4,956,196) is recognised as deferred income and represents the total subsidy at subsidised price per kg or litre of weedicides that is yet to be sold as at 31 December 2020.

28. Right-of-use assets and lease liabilities

	Group		Fund	
	2020	2019	2020	2019
(a) Right-of-use asset	$	$	$	$
Balance at 1 January	350,626	445,236	255,029	347,307
Additions during the year	118,179	-	118,179	-
Depreciation charge for the year	(116,591)	(94,610)	(114,259)	(92,278)
Balance at 31 December	352,214	350,626	258,949	255,029

(b) Lease liabilities

Lease liabilities included in the statement of financial position at 31 December 2020.

	$	$	$	$
Balance at 1 January	360,909	352,958	263,686	255,029
Additions during the year	118,179	-	118,179	-
Accretion of interest	28,948	29,965	23,990	24,971
Payment	(151,970)	(22,014)	(146,270)	(16,314)
As at 31 December	356,066	360,909	259,585	263,686

28. Right-of-use assets and lease liabilities (continued)

(b) Lease liabilities (continued)	Group 2020	Group 2019	Fund 2020	Fund 2019
This comprise of:	$	$	$	$
Current	156,416	99,001	155,637	93,301
Non-current	199,650	261,908	103,948	170,385
	356,066	360,909	259,585	263,686

29. Financial risk management

Financial risk factors

The following section discusses the Fund's and the Groups' risk management policies. The measurement of expected credit loss (ECL) under IFRS 9 uses the information and approaches that the group uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

The Fund's and 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 Fund's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's and the Group's financial performance.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Fund's and the Group's exposure to the risk of changes in market interest rates relates primarily to the Fund's and the Group's long-term debt obligations.

(ii) Foreign currency 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 Fund and the Group does not hedge its exposure to exchange fluctuations in the foreign currencies.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund and the Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Fund and the Group incurs risk with regard to loans, advances and trade and other receivables due from customers and other monies or investments held with financial institutions. Credit risk is the likelihood of future financial loss resulting from the failure of clients or counter-parties to meet contractual obligations to the Fund and the Group as they fall due.

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

Credit risk is managed by analysing the risk spread and by ensuring risk is diversely spread by customer/grower. Individual exposures are measured using repayment performance, reviews and statistical techniques. Comprehensive credit standards and approval limits have been formulated and approved by the Board. The Board is responsible for the development and implementation of credit policy and loan portfolio review methodology. The Board is the final arbiter of risk management and loan risk concentration.

The Fund and the Group has in place processes that identify, assess and control credit risk in relation to the loan portfolio, to assist in determining the appropriateness of provisions for loan impairment. These processes also enable assessments to be made of other classes of assets that may carry an element of credit risk. The Fund and the Group assigns quality indicators to its credit exposures to determine the asset quality profile.

The Fund and the Group has in place processes that identify, assess and control credit risk in relation to the loan to growers and trade and other receivables, to assist in determining the appropriateness of provisions for loan impairment. These processes also enable assessments to be made of other classes of assets that may carry an element of credit risk. The Group assigns quality indicators to its credit exposures to determine the asset quality profile.

	Group		Fund	
	2020	2019	2020	2019
Maximum exposure to credit risk	$	$	$	$
Cash at bank	20,715,213	20,477,056	4,347,358	6,806,618
Loans to growers	25,450,681	23,703,065	25,450,681	23,703,065
Trade receivables	27,082,889	24,645,111	-	-
Other receivables	2,036,777	1,983,137	825,580	703,090
Advances to industry related parties	5,948,471	6,916,693	5,948,471	6,916,693
	81,234,031	77,725,062	36,572,090	38,129,466

(i) Credit risk measurement

Loan to Growers

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

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

	$	$	$	$
		Restated*		Restated*
Current	19,900,130	23,026,237	19,900,130	23,026,237
Past due 1 year	6,218,168	1,054,304	6,218,168	1,054,304
Past due 2 years	892,846	679,377	892,846	679,377
Past due 3 years and over	1,819,079	2,884,693	1,819,079	2,884,693
	28,830,223	27,644,611	28,830,223	27,644,611

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

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

Provision for impairment	Group 2020 $	Group 2019 $	Fund 2020 $	Fund 2019 $
At 1 January	3,941,546	5,501,169	3,941,546	5,501,169
Provision during the year (IFRS 9)	-	81,233	-	81,233
Write-offs	(562,004)	(1,640,856)	(562,004)	(1,640,856)
	3,379,542	3,941,546	3,379,542	3,941,546

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.

Credit risk grading - Loans to growers

The Fund and the Group uses an internal credit risk grading system as part of its loan appraisal process. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. Once loans are approved, a separate grading system that reflects the Fund's assessment of the probability of default of individual counterparties is used.

The Fund's internal rating scale for assessing the performance of loans is set out below:

Internal Scale	Definition of category
▸ Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows
▸ Underperforming	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 4 quarters past due
▸ Default	Interest and/or principal repayments are 8 quarters past due and there is no reasonable expectation of recovery.

(ii) Expected Credit Loss Management

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Fund and the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to notes below for a description of how the Fund and the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to notes below for a description of how the Fund and the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to notes below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Notes below includes an explanation of how the Fund and the Group has incorporated this in its ECL models.

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(ii) Expected Credit Loss Management (continued)

The following diagram summarises the impairment requirements under IFRS 9.

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	**(Credit-impaired assets)**
12-month expected credit losses	Lifetime expected credit losses	**Lifetime expected credit losses**

Significant Increase in Credit Risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative Criteria

If the instrument meets one or more of the following criteria:

- Significant adverse changes in financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating performance of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default/(loss)
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.

Backstop - A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 4 quarters past due.

Definition of default and credit-impaired assets

The Fund and the Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 8 quarters past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Fund and the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(ii) Expected Credit Loss Management (continued)

Qualitative criteria (continued)

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of 4 quarters. This period of 4 quarters has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses is the product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Fund and the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Fund and the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Fund's and the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer below for an explanation of forward- looking information and its inclusion in ECL calculations.

Forward-looking information incorporated in the ECL models

The Fund and the Group used statistical models to convert historical PDs into forward looking lifetime PDs. The conversion process looks at the historical relationship between long-term PDs for a particular year and the observed (annual) default rate for the same year (known as the 'Z-factor') and a set of systematic factors for the year. The Fund and the Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses which are as follows:

- GDP Growth (%)
- Change in Unemployment (%)

These are then compared to the expected systematic factors and long-term PDs for a future year to estimate the point in time ("PiT") PDs for that future year. Forecasts of these economic variables (the "base economic scenario") are based on externally available data and provide the best estimate view of the economy over the next five years. Z-factors are estimated for five years based on forecast systematic data and all future years from year 6 are adjusted using Z- factors which diminish in magnitude from the one estimated for year 5.

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(ii) Expected Credit Loss Management (continued)

Economic variable assumptions

The most significant period end assumption used in the ECL estimate when initial rolled as of 31st December 2019 are set our below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		2019	2020	2021	2022
	Base	3.30%	3.30%	3.30%	3.30%
GDP Growth (%)	Upside	3.40%	3.30%	3.30%	3.30%
	Downside	2.50%	2.40%	2.40%	2.40%
Change in	Base	0.00%	0.00%	0.00%	0.00%
Unemployment (% total	Upside	(0.50%)	(0.50%)	(0.50%)	(0.50%)
lab force) (%)	Downside	0.50%	0.50%	0.50%	0.50%

The weightings assigned to each economic scenario at 31 December 2020 were as follows:

Scenario	Base	Upside	Downside
Weight	60.00%	10.00%	30.00%

However, in view of the uncertain economic environment with GDP outlook of -19% (2020), 5% (2021) and 6% (2022), impact of Covid 19, natural disasters and the the sugar price, the Board and management have adopted a more comprehensive provisioning methodologies with additional layers of provisions, and for classified accounts (Loss and Doubtful) specific provisions created.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

Sensitivity analysis

The most significant assumption affecting the ECL allowance was the GDP, given the significant impact on loan performance and collateral values.

Set out below are the changes to the ECL as at year end that would result from reasonably possible changes in these parameters from the actual assumptions used in the Fund's and the Group's economic variable assumptions:

	[-20%] ($)	[+10%] ($)
GDP Growth Rate	199,528	(79,366)
Change in Scenario weighting	(52,240)	

(Upside scenario increased from 10% to 30%, downside scenario decreased from 30% to 10%).

(iii) Credit risk exposure

a) Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Fund's and the Group's maximum exposure to credit risk on these assets.

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(iii) Credit risk exposure (continued)

	2020				2019 (Restated)*
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Standard	22,667,102	-	-	22,667,102	21,910,925
Special Mention	-	81,435	-	81,435	476,587
Sub Standard	-	29,983	-	29,983	-
Doubtful	-	-	651,893	651,893	2,661,916
Loss	-	-	1,263,495	1,263,495	-
Gross carrying amount *	22,667,102	111,418	1,915,388	24,693,908	25,049,428
Loss allowance	(2,271,012)	(64,066)	(1,044,464)	(3,379,542)	(3,941,546)
Carrying amount *	**20,396,090**	**47,352**	**870,924**	**21,314,366**	**21,107,882**

** Excludes Cane Development Revolving Fund and Accrued interest.*

b) Collateral and other credit enhancements

The Fund and the Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Fund and the Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Fund and the Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Charges over assets financed by the Group
- Mortgages over land and properties;

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Fund's and the Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Fund and the Group since the prior period.

The Fund and the Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Fund and the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets	$	$	$	$
Loans to individuals:				
Specialised	1,667,030	948,182	718,848	656,066
Priority	248,358	96,282	152,076	-
Total credit-impaired assets	1,915,388	1,044,464	870,924	656,066

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(iii) Credit Risk Exposure (continued)

c) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Expected Credit Loss	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $	2019 $
Opening ECL	1,941,268	228,191	1,772,087	3,941,546	5,501,169
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(110,393)	307,603	-	197,210	141,021
Transfer from Stage 1 to Stage 3	(71,608)	-	442,468	370,860	42,611
Transfer from Stage 2 to Stage 1	149,027	(175,403)	-	(26,376)	(238,667)
Transfer from Stage 2 to Stage 3	-	(25,340)	16,076	(9,264)	40,754
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	555,335	-	(1,836,581)	(1,281,246)	(445,073)
New financial assets originated or purchased	1,915,945	287,571	323,931	2,527,447	1,960,039
Financial assets derecognised during the period	-	-	-	-	764,415

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(iii) Credit Risk Exposure (continued)

c) Loss Allowance (continued)

Expected Credit Loss	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $	2019 $
Movements with P&L impact					
Transfers:					
Changes in PDs/LGDs/EADs/ others	(2,108,562)	(558,556)	632,462	(2,034,656)	(2,183,867)
Total net P&L charge during the period	329,744	(164,125)	(421,644)	(256,025)	81,233
Movements without P&L Impact					
Financial assets written off during the period	-	-	(305,979)	(305,979)	(1,640,856)
Closing ECL	2,271,012	64,066	1,044,464	3,379,542	3,941,546

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- Total write off of loans of $nil during the year.
- Other significant movements were due to new loans originated during the year.

The gross carrying amount of financial assets resulting in the above movements in ECL are included in the table below:

Gross Balances	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $	2019 Restated * $
Opening Gross Balance	21,910,925	476,587	2,661,916	25,049,428	28,796,676
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(1,364,655)	1,364,655	-	-	-
Transfer from Stage 1 to Stage 3	(723,646)	-	723,646	-	-
Transfer from Stage 2 to Stage 1	378,177	(378,177)	-	-	-
Transfer from Stage 2 to Stage 3	-	(48,609)	48,609	-	-

29. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(iii) Credit Risk Exposure (continued)

c) Loss Allowance (continued)

Gross Balances	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $	2019 $
Movements with P&L impact					
Transfers:					
Transfer from Stage 3 to Stage 2	-	333,689	(333,689)	-	-
Transfer from Stage 3 to Stage 1	2,550,857	-	(2,550,857)	-	-
New financial assets originated or purchased	13,862,751	1,276,194	1,095,673	16,234,618	17,541,859
Financial assets derecognised during the period	-	-	-	-	3,057,841
Changes in PDs/LGDs/E/	(13,947,308)	(2,912,920)	270,090	(16,590,138)	(24,346,948)
Total Movement in Gross Values during the period	756,176	(365,168)	(746,528)	(355,520)	(3,747,248)
Closing Gross Balances	22,667,101	111,419	1,915,388	24,693,908	25,049,428

d) Write-off policy

The Fund and the Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Fund's and the Group's recovery method is through realisation of collateral (where held) and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Fund and the Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2020 was $305,979 (2019: $1,640,856). The Fund and the Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

c) Liquidity risk

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

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

29. Financial risk management objectives and policies (continued)

c) Liquidity risk (continued)

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2020	$	$	$	$	$
Trade payables	340,381	-	-	-	340,381
Other payables	2,183,146	-	-	-	2,183,146
Borrowings	-	486,000	1,944,000	7,049,100	9,479,100
Lease liabilities	-	138,963	134,739	82,364	356,066
	2,523,527	624,963	2,078,739	7,131,464	12,358,693
At 31 December 2019	$	$	$	$	$
Trade payables	116,414	-	-	-	116,414
Other payables	1,265,982	-	-	-	1,265,982
Borrowings	-	243,000	729,000	8,750,100	9,722,100
Lease liabilities	-	138,963	134,739	87,207	360,909
	1,382,396	381,963	863,739	8,837,307	11,465,405

Fund	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
At 31 December 2020	$	$	$	$	$
Other payables	284,597	-	-	-	284,597
Lease liabilities	-	133,663	111,539	14,383	259,585
	284,597	133,663	111,539	14,383	544,182
At 31 December 2019	$	$	$	$	$
Other payables	232,900	-	-	-	232,900
Lease liabilities	-	133,663	111,539	18,484	263,686
	232,900	133,663	111,539	18,484	496,586

30. Capital management

The Fund's and the Group'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 subsidiary 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 subsidiary monitors capital on the basis of the gearing ratio.

31. Correction of errors

a) Loan to Growers

On 31 December 2020, the Fund and the Group changed its loan portfolio system from Visual Basic (subsidiary ledger) to BeaconPro Core Banking System (CBS) and conducted a detailed review of its subsidiary ledger for completeness and accuracy. During the process, management discovered that loan to growers for both specialised and priority loan had been erroneously understated in its financial statements since prior years. As a consequence, loan to growers recorded in the statement of financial position was understated. The error has been corrected by restating each of the affected financial statement line items for the prior periods. The Fund has restated 2019 financial statement line items, as follows:

(i) Impact on equity (increase/(decrease) in equity)

	31 December 2019	
	Group	Holding
	$	$
Loan to growers (Note 13)	403,522	403,522
Total assets	403,522	403,522
Total liabilities	-	-
Net impact on equity	403,522	403,522

(ii) Impact on statement of profit or loss (increase/(decrease) in profit)	$	$
Net-off loan provision write back (Note 5)	403,522	403,522
Income tax expense	-	-
Net impact on profit for the year	403,522	403,522

(iii) The change did not have an impact on OCI for the period or the Fund's operating, investing and financing cash flows.

b) Investment in subsidiary - reclassification

During 2020, the Fund discovered that the value of investment in South Pacific Fertilizers Pte Limited was understated in the financial statements since its debt to equity conversion in 2008. Board members and management agreed to correct the error by restating investment in subsidiary as per the share certificate and create impairment for the same exposure. The following tables summarises the impacts on the Funds financial statements:

(i) Impact on equity (increase/(decrease) in equity)

	2019
	Holding
	$
Investment (Note 19)	1,410,499
Less: provision for impairment	(1,410,499)
Total assets	-
Total liabilities	-
Net impact on equity	-

(ii) Impact on statement of profit or loss (increase/(decrease) in profit)	$
Investment - restatement	1,410,499
Impairment loss	(1,410,499)
Net impact on profit for the year	-

(iii) The change did not have an impact on OCI for the period or the Fund's operating, investing and financing cash flows.

32. Events subsequent to balance date

Subsequent to the end of the financial year, on 19 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government. The introduction of these restrictions have not had a material effect on the Group and Fund's financial statements at 31 December 2020.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and the Fund, the results or cash flows of those operations, or the state of affairs of the Group and the Fund in future financial years.

33. Significant event during the year

During the year, management and the Directors of the subsidiary, South Pacifc Fertilizers Pte Limtied in collaboration with, Sugar Cane Growers Fund ("the Fund") discussed the following option with regard to legacy debt recovery owed by Fiji Sugar Corporation ("FSC") amounting to $13,618,604:

1. The subisidiary has Government borrowing of $9,479,100 and recommends the Government to offset this debt against the owing by FSC, hence FSC will owe this amount to the Government. Balance to be borrowed by FSC from the Fund to settle the amount.

The above option was endorsed by the Permanent Secretary for Sugar Industry in its internal memorandum to the Ministry of Economy dated 22nd October 2020. Subsequently, the Acting Permanent Secretary for Ministry of Economy acknowledged the options as part of a wider set of policy reform actions relating to FSC and the sugar industry as a whole. This, however, is subject to Ministerial/Cabinet approval and Ministry will be guided by the Ministry of Sugar Industry on this issue as part of the upcoming FY2021/2022 budget.

Other options the entity may consider are:

1. FSC enter into debt deed with the company on legacy debt.
2. The Group re-consider the land/property swap deal for which sale and purchase agreement was signed in 2019.

34. Impact of the Coronavirus (COVID-19) outbreak on the Group and the Fund

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Fund and the Group has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Board members and management are carefully considering the impact of the COVID-19 outbreak on the Fund and its subsidiary, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Fund and its subsidiary cannot control.

Board members and management believe the Fund and the Group have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Fund and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

35. Segment information

Industry segment

The Subsidiary operates predominantly in the management and operation of an efficient and profitable domestic manufacturing industry.

Geographical segment

The Fund and the Group operates in Fiji and is therefore one geographical area for reporting purposes.

36. Principal business 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.

37. Fund details

Registered Office

2 floor
Sugar Cane Growers Council Building
75 Drasa Avenue
Lautoka

Number of Employees

As at balance date, the Fund employed a total of 30 employees (2019: 30 employees).

Notes