



SUGAR CANE GROWERS FUND



ANNUAL REPORT 2023

Parliamentary Paper # 165/24

"Financially Empowering the Sugar Industry"

SUGAR CANE GROWERS FUND



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18 February 2025

The Honourable Charan Jeath Singh
Minister for Multi-Ethnic Affairs and Sugar Industry
Level 4, Bali Towers
Toorak
Suva

Dear Sir

RE: ANNUAL REPORT 2023

SUGAR CANE GROWERS FUND & SOUTH PACIFIC FERTILIZER PTE LTD

Enclosed is a copy of the Annual Report for the Sugar Cane Growers Fund and its Subsidiary, South Pacific Fertilizer Pte Limited for the year ended 31 December 2023.

This information is submitted to your high office in accordance with Section 16 of the Sugar Cane Growers Fund Act 1984.

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

Yours faithfully


Ahemad Bhamji
CHAIRMAN



"Sugar Cane Growers Fund remains resolute in its long-term strategies for responsible lending, sound and sustainable returns, and investments, supported by key strategic pillars and enablers for the growers."

Chairman Mr. Ahemad Bhamji

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Major Achievement of 2023



"We are pleased to report that we achieved our goal of improving operational efficiency, which resulted in achieving the Prize Level Business Excellence Award at the 2023 Fiji Business Excellence Awards."
Chief Executive Officer.

SUGAR CANE GROWERS FUND



Values

We ingrain our values as and for
“GRROWERS - II”,

- **G**rowth - for all stakeholders of SCGF;
- **R**esponsible - in all our dealings across;
- **R**esilient - be there in good times and bad times;
- **O**ppportunity - for all stakeholders but prudently;
- **W**illingness - listen, help with compassion;
- **E**mpathy - for all stakeholders;
- **R**esponsive - with dedication and commitment;
- **S**ustainable - for its longevity;
- **I**nnovations - think inside and outside of the box; and
- **I**ntegrity - highest level of integrity and honestly.

Vision

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

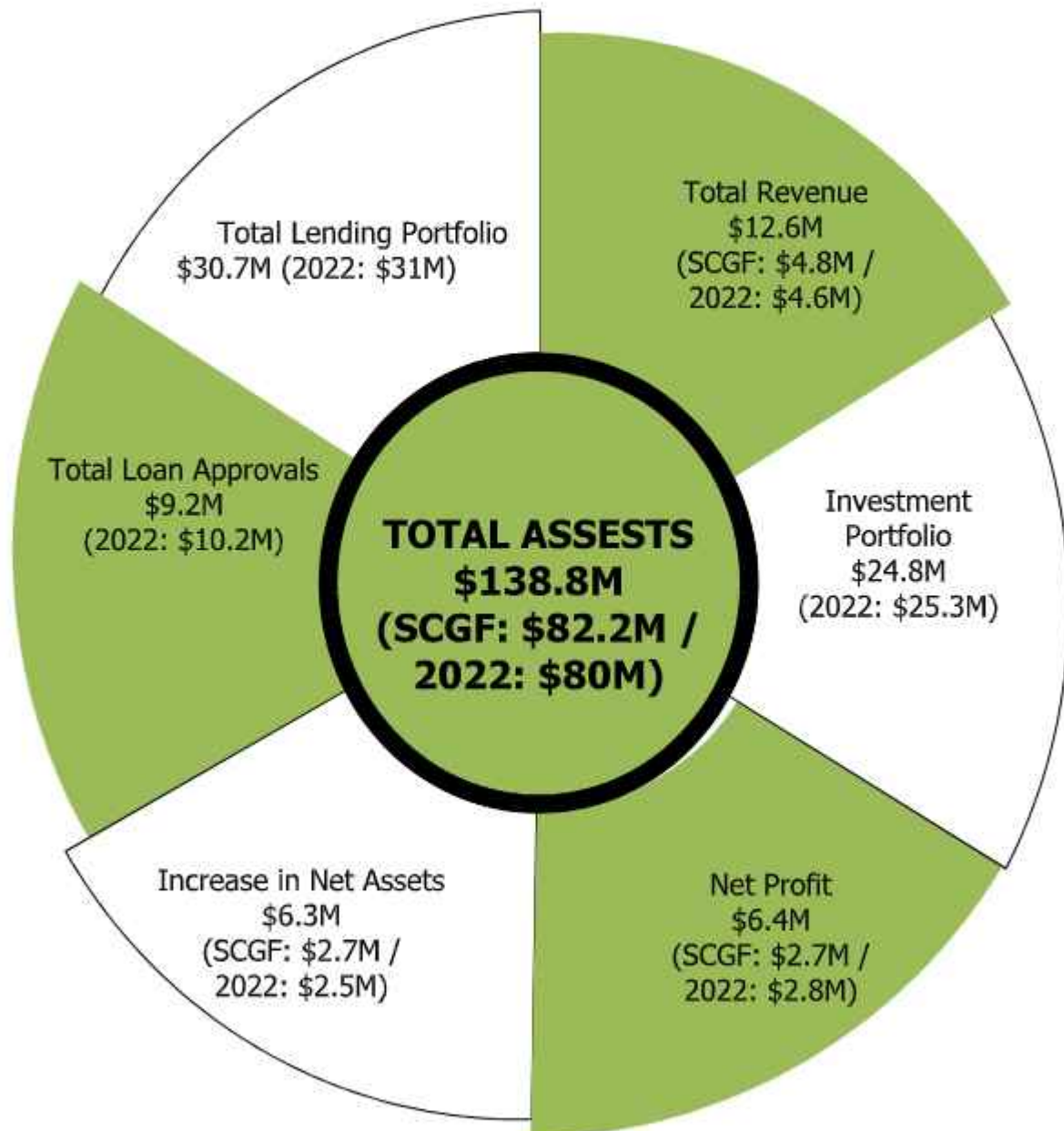
Mission

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 livelihood of all the cane
growers we serve;
- Be sustainable and contribute in
transformation of the industry; and
- Be part of the prosperity journey
for the cane growers.

Financially Empowering the Sugar Industry

2023 AT A GLANCE





Chairman's Message

It is with immense satisfaction that we share another year of successful performance by us, at Sugar Cane Growers Fund (SCGF). Our commitment to enhancing our strategies have not wavered, and we are pleased to report sustainable growth and responsible results. The past year witnessed a significant upswing in economic activities in our tourism sector as the global economy recovered and businesses reopened. However, we would continue to tread cautiously as we navigate the lingering effects of COVID-19, along with global uncertainties such as the conflicts in Ukraine and the Middle East, which continue to impact interest rates and inflation. The Sugar Industry

continues to face challenges which include climate change, aging farmers, labor shortage, industry infrastructure, lease renewals, cost and urbanisation. Despite these challenges, the SCGF is committed to delivering its services to the growers in the most efficient manner.

The Organisation understands that the solution (s) to a lot of challenges being faced by the industry would require collaboration with all stakeholders and as such, SCGF continuously engages in all industry related forums.

The Board is cognisant that while the economy is recovering, we now have to deal with fresh challenges too. The impact of the Russia-Ukraine war continues to affect fertilizer raw material prices which has a direct effect on the costs of production of fertilizer by our subsidiary thus requiring significant investment by the Government on fertilizer subsidy framework.

We are acutely aware of how shifts in the local and global economy can influence our performance and our ability to deliver sustainable surplus for the betterment of our growers. We are also mindful of the increasing cost of business but that cannot be passed to the growers. The liquidity is high in the system and as such, we cannot get the desired returns either.

We acknowledge these complexities inclusive of skilled labor migration, generative artificial intelligence (AI), disruptive innovation, geopolitics, the growth of the informal sector, and the rising demand for greener and responsible investments. Thus, the need for agility is paramount as processes and systems become increasingly integrated. Regardless of these disruptions, our commitment remains unwavering: to safeguard the best interests of our growers in this challenging economic landscape.

Ongoing Collaboration to Advance Strategic Objectives

We are actively seeking opportunities to enhance the value we provide to our members. Collaborating with key stakeholders, we have laid the foundation for our five-year Strategic Plan. An essential part of this Plan is a thorough review of the governing legislation of SCGF, the Sugar Cane Growers Fund Act 1984. The fulfillment of our strategic objectives depends heavily on our

mandate to advise the Government on policy issues affecting our grower's welfare, in particular strengthening and improving their livelihood with various financial products and services. Further exploration of strategic commercial investments like land acquisition and property development whereby the returns can be passed directly to our growers, are on the horizon, as we engage in progressive dialogue with the Government and other strategic stakeholders.

Responsible Investment Performance

In response to global economic shifts, the need for greener and socially responsible investments is growing. We have incorporated Environmental, Social, and Governance (ESG) principles into our investment decisions and operations. We are committed to sustainable investment strategies, social responsibilities, and a balanced approach to investments. Our core focus though is to ensure we maximize investment returns for our growers. Our investments in Government Bonds, Term Deposits, Unit Trust of Fiji, and dividends from our subsidiary – South Pacific Fertilizer Pte Ltd have provided better returns. We are working closely with key investment agencies to enable a more diversified investment approach. Our plans to provide a wider spectrum of services to growers through a roadmap to a licensed institution and or through Fintech Platform remains.

However, our priority to support the industry transformation remains on top of the agenda which is our core function.

The Results 2023

The key results for the financial year ended 31 December 2023 included a group profit of \$6.39m (2022: \$9.67m) which comprised of SCGF's net profit \$2.71m (2022: \$2.84m) and South Pacific Fertilizer Pte Limited's net profit of \$3.68m (2022: \$6.83m). The Chief Executive Officer's report discusses the performance in detail, including the added benefits provided indirectly by the Government. The long term debt issue of FSC to South Pacific Fertilizer Pte Limited had been challenging, however, arrangements have been reached for timely payments; against the backdrop of the conditional support letter from the Government, being the shareholder of FSC. SCGF had made its position known to South Pacific Fertilizer Pte Ltd Board that the company has to re-strategize with innovative products and also look at its sustainability by diversifying into other agro-related products.

Our People

"Our people remain a critical component of our strong performance in the last few years." We are committed to attracting, retaining, and nurturing our people so we can sustain and maintain a high-performing culture. We invest in the professional development of our employees through training and capacity-building programs. We have embarked on a journey to broaden our horizons by collaborating with renowned training institutions – locally or abroad. We believe in workers' rights and we have ensured to maintain a very cordial relationship with Fiji

Bank & Finance Sector Union. We are also a member of the Fiji Institute of Human Resources (FIHR) and have benefitted from industry insights shared by the Institute.

Guidance by the Board Management of SCGF

We saw changes to our Board Members during the year, bidding farewell to two valued members and welcoming the new Board members. We express our heartfelt appreciation to those who have left (Mr. Uday Sen and Mr. Sundresh Chetty) for their dedication and service to SCGF and the Sugar Industry. I am also honored to be appointed as the Chairman along with new Board Member, Mr Pratick Singh who brings invaluable expertise to our team. In pursuit of improving our operations, the Board annually reviews the Strategic Plan, Governance Framework and Policy Environment to enhance the organization's performance.

2024 & Beyond

As we take the opportunity to reflect on the past year, we are also privileged that we can look forward to the future. The series of events unfolding around the world will continue to impact us in the years ahead. The lessons we learned through COVID-19 remind us that we must continue to work together during the most challenging and uncertain of times. We are optimistic about SCGF's long-term direction and confident that the organization is well-placed to deliver long-term value for our growers. Our strategies are geared towards serving our growers with excellence.

I would like to take this opportunity to thank the Government and in particular Ministry of Multi-Ethnic Affairs & Sugar Industry and Hon Minister, Ministry of Finance, Strategic Planning, National Planning & Development and Hon Deputy Prime Minister, all the Sugar Industry Stakeholders, Business and Development Partners, South Pacific Fertilizer Pte Ltd Board & Management, past Board Members, current SCGF Board Members and of course our valued growers.

Finally, I also thank the CEO, Management and Staff of SCGF for another successful year, and for staying true to our calling to "financially empowering the Sugar Industry"!

Vinaka Vakalevu



Ahemad Bhamji
Board Chairman

Chief Executive Officer's Message



Introduction

The year 2023 was an exciting, challenging, and inspiring year for SCGF. The sugar industry has its opportunities and challenges however, we at SCGF had remarkable achievements. The support from the Government, line Ministry, Board, Management and staff enabled us to produce impressive results. This has been done against the backdrop of our vision, mission, and values embedded in the operations. The operation was executed prudently with our organic growth of assets from \$78.9m to \$81.17m (+ 2.87%) and one of the major components had been Loans to Growers, being the core business. The portfolio increased from \$28.24m to \$30.70m (6.5%). The operations also factored in continuous improvements to governance, policies, and risk management and the additional Environmental Social Governance Framework.

Key Highlights

Some of the strategic and operational highlights to mention are:

1. The remarkable achievement of the year was winning the Prize Level Fiji Business Excellency Award with other supplementary awards.
2. Being Customer-Centric we deepened our engagement with growers through various product and service- reviews that include-
 - a. Application Fee Waiver for growers with any form of disabilities;
 - b. Digitalization of the Services with the Launch of *mySCGFApp*;
 - c. Signed a Memorandum of Understanding [MOU] with the Ministry of Fisheries and Forestry to provide technical support for any Cane Grower who wish to venture into Aquaculture Farming under the Business Link Pacific Product;
 - d. First ever SCGF Open Day for the growers and industry players that created a very good awareness platform; and
 - e. Continued to run Loan Promotion Programs – Back to School, Pre-Harvesting, Cyclone Preparedness & Green Energy Loans.
3. Introduced Customer Sample Survey from June which showed a Product Rating (Excellent (5) 86% and a Service Rating (Excellent (5) – 96%. In addition, majority (99%) of the sample respondents supported the future roadmap to banking.
4. Following the recruitment of In-house Legal Counsel, introduced additional Legal Services for growers indebted to SCGF. These services are making of Wills, Sale & Purchase Agreements, Transfer, Transmission by Death, Probate, Letter of Administration, and Letters of Administration De Bonis Non (with/without Will). The whole intention is to provide a wider range of services at very affordable and competitive rates.
5. Ensured that the Governance, Risk Management, Audit & Compliance platforms were robust with a timely review of the Risk Management framework, and policies that encompassed revision of Human Resources and Corporate Governance policies. In addition, following the internal audit by KPMG, new policies were also introduced namely – Compliance policy, Environmental, Social Governance (ESG) policy, Product, Process and Policy Development

Policy, and other Information Technology policies- Information Technology Policy, Change Management Policy, Security Incident Management Policy, Technical and Vulnerability Management Policy.

6. Our subsidiary - South Pacific Fertilizer Pte Ltd and its debts owed by Fiji Sugar Corporation Ltd (FSC), were able to get a workout program with the Government Support Letter that enabled the signing of accounts. We thank the Ministry of Finance for this.

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Strategic Outlook

We always feel that there are strong opportunities for SCGF to reform and become a sustainable institution. The strategic planning review process in the year included bottom-up (from the staff) and cross-sectional (from the industry and other stakeholders) approach. The environmental observations at the backdrop of the ADB Report, correlating to cane production, growth projections, the expected lending for the industry, the non-sugar lending. It was also agreed that SCGF needs to diversify its operation and investment to be resilient and sustainable.

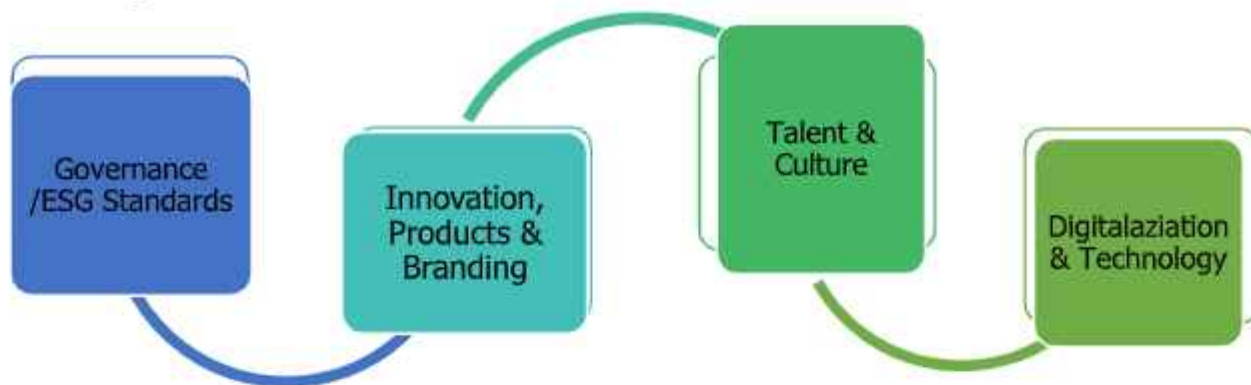
We continued to make presentations to the Government on our strategic intent for its reform on a roadmap to SME Banking, based on the Asian Development Bank (ADB) report and its Consultant having been engaged in 2022- 2023 to carry out the gap analysis. The Board had agreed to form a subsidiary and follow the process with necessary Ministerial approval. This also required a review of the SCGF Act 1984. The line Ministry towards the end of the year requested to hold with the plan and commence in 2024 as there were other industry priorities.

The revised Strategic Plan was formulated with **three Strategic Pillars** supported by **four Strategic Enablers** with Objectives, Tactics, and Measurements.

Strategic Pillars



Strategic Enablers



Some of the Key Results Areas include:

1. Grower or Customer focused – affordable loan and increase the market share from 60% to 75% from \$32m (2023) to \$50m by (2028) - an unconditional commitment to the Industry subject to sustainable increased production;
2. Deepen the engagement with growers complemented with SDG initiatives;
3. Effective turnaround time of Services;
4. Transform to other services with a Review of Act, if required;
5. Support the core funding for the industry with checks and balances for sustainable earnings;
6. Supplement with integrated farming funding to have over 20% of the Portfolio- with growers, growers' families, and then outside of industry over the period;
7. Improved Governance structure- Policies, Delegations, Internal (KPMG) and External (EY) Audits, Risk Management Compliance Framework;
8. Contribution to the farming community - paid \$1.8m premium and the formation of Industry Trust SCGF (\$0.075m) and Government Approved \$0.075m – Industry Trust - subject to industry players contributing which did not eventuate;
9. Continuous Review of Products, Policies, and Policies, Customer Surveys, Branding & Image- Radio Programs, Advertisements, Social Media, Talk-Back Shows,
10. Ongoing Promotion & Marketing-Radio, Community Services;
11. Recognition and Rewards of Staff, Training & Development, Empowerment, Performance Management; and
12. Digital services – Online loans, Automated documentation, *mySCGF* App, Online Portal, Alerts, M-PAISA, MyCash – Exploring Saving, QR, Revolving Loans, HR Systems, Document Management (Board Consideration).

Furthermore, we considered looking at diversifying the Balance Sheet to absorb any unexpected shock and agreed to look at investment in real estate and other ventures progressively without compromising the core functions.

Our People

We recognize our people are strength of SCGF and continue to support them to do the best work of their lives. In 2023, we introduced a significant level of transformation activities including the roll-out of a new HR System, continuously reviewed the salaries, and maintained a very cordial relationship with Fiji Bank & Financial Sector Union.

We remain committed to fostering a workplace culture that inspires collaboration, empowers individuals, and cultivates the importance of diversity, equity, and inclusion on the merit based

approach. We are pleased to report that we achieved our goal of improving operational efficiency, which resulted in achieving the **Prize Level Award** at Fiji Business Excellence Award.

Creating Enduring Legacies for the Community

SCGF is dedicated to creating lasting legacies within the communities across and we were able to do so by participating in the main celebrations of Diwali, Eid, and Christmas with our growers. We also participated in the International Women's Day Celebration, a Cancer Awareness program, and provided a platform for Free Medical check-ups at Open Day the Staff Social Club contributed directly or indirectly to those in need. Our key initiatives and leadership in creating a more sustainable and resilient industry continued to gain good recognition within or outside of the sugar industry too.

Reporting Sound Financial Performance

In fiscal 2023, we achieved sound financial performance. The net profit for the year amounted to \$6,385,471 (SCGF \$2,705,230) (2022: \$9,669,336 (SCGF- \$2,836,424)). A new prudent provisioning policy review was undertaken by PwC to ensure that the framework is resilient and robust considering the vulnerabilities of the sugar industry. The industry and market conditions remained challenging as the cane production has been falling and market rates on investment also continued to fall thus affecting the earnings. Nonetheless we ensured to balance the operation for the sound results.

Unlocking Possibilities

I am proud of our well-balanced business and exceptional team however 2024 will have some setbacks as the cane production is not that steady. Nonetheless, we remain steadfast in our efforts to create a more sustainable future for our teams, our growers, our communities, as well as for the industry as a whole.

I wish to extend my sincere thanks to the Government- Hon Minister for Multi-Ethnic Affairs & Sugar Industry, the Deputy Prime Minister & Minister for Finance, the Permanent Secretaries, the Standing Committees, our past and current Chairmen and Board Members, all the stakeholders, Business and Development Partners (Business Link Pacific and Asian Development Bank), Management, Staff and our valuable Cane Growers for their trust and ongoing confidence in SCGF.

Vinaka Vakalevu



.....
Raj Snarma
Chief Executive Officer

BOARD MANAGEMENT OF SCGF



MR AHEMAD BHAMJI

Board Chairman

Appointed January 2024

Mr Ahemad Bhamji is a company director and holds a Bachelor of Commerce from Delhi University. He was a former audit senior at Coopers & Lybrand (Chartered Accountant) in Fiji. Mr Bhamji served as a former Franchise Board Member at Foodstuffs Auckland Ltd and NZ Post Ltd. He is an active cane farmer and has over 45 year of extensive business experience specializing in retail, management, mergers & acquisitions, real estate, property development and served on several Not-for-Profit Governance boards. He is also a current member of the finance committee of Fiji Football Association.



MR TEVITA MADIGIBULI

Board Member

Appointed April 2023

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 is an Associate Member of NZIML (Institute of Managers and Leaders) and a Member of Fiji Institute of Bankers. He also has a Diploma in Tropical Agriculture. Mr. Madigibuli has over thirty years of experience in development banking, predominantly focusing on relationships and sales with clientele.



MRS JIU DAUNIVALU

Board Member

Appointed May 2023

Mrs Jiu Daunivalu is the current Chief Executive Officer of Fiji Crop & Livestock Council (FCLC). She brings more than 40 years of public sector and commercial experience and more recently agriculture expertise (non-sugar) having been the CEO of FCLC since January 2016. Additionally, she has extensive private sector knowledge as well having been the Regional Manager – West for Digicel (Fiji) Ltd and the General Manager Corporate Services for Fiji Ports Authority between March 2008 and September 2014 respectively. She has also done consultancy work for the UN International Trade Centre (Geneva) from September 2014 to December 2015. She has a Master's in Business Administration (MBA), a Bachelor's Degree in Economics & Management, and Certificate in Diplomacy & International Relations from the University of the South Pacific.



MR SUNIL CHAUDHARY

Board Member

Appointed July 2021

Mr. Sunil Chaudhary is the current General Manager Operations for Sugar Cane Growers Council and got appointed to SCGF Board on 19 July 2021. Mr. Chaudhary brings more the 25 years of agricultural and sugar experience having initially worked for FSC and now with SCGC. He has also acted as SCGC - CEO In 2020. He has Diploma in Tropical Agriculture and a Master's Degree in Business Administration from the University of the South Pacific.



MR PRATICK SINGH

Board Member

Appointed January 2024

Mr. Pratick Shamal Singh currently holds a Management Portfolio at a Corporate Transport Group with more than 18 years of Private Sector Management & Marketing background having experience in the Steel, Timber, Transportation, Real Estate and Fresh Produce Industry additionally with previously having 5 years of Government Statutory Body work experience at the Fiji Audio Visual Commission. He holds an Executive Master's in Business Administration and Higher Education Diploma in Marketing from the Fiji National University. He is a Member of the Disciplinary Panel of the Fiji Institute of Chartered Accountants

The Board Responsibilities

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 SCGF 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.

The Board remains committed to upholding the highest standards of integrity and transparency in its governance of the SCGF. The importance and the value of a balanced interplay between management, board and stakeholders within the Sugar Industry remain a major principle governing the conduct of the SCGF.

The Board supports a strong disclosure regime acknowledging transparency as a key element of an effective corporate governance system. This includes timely and accurate information to be disclosed on matters such as the entities' financial and operating results, its objectives, remuneration for Board Members and material foreseeable risk factors.

The Board also supports the policies, principles and standards set out in the SCGF Act 1984, the accountancy profession and relevant statutory reporting requirements. While these do not determine the detailed course of conduct by directors, they support the need for the highest standards of behaviour and accountability.

CORPORATE GOVERNANCE

Corporate Governance involves balancing the interests of various stakeholders, such as shareholders, employees, customers, suppliers, regulators and the community. Corporate governance also ensures accountability, transparency, fairness and ethical conduct in the business operations. A well-governed entity can benefit from enhanced reputation, trust, performance, innovation and risk management and SCGF ensures that is embed in all its operations.

Corporate Governance at SCGF

SCGF is a statutory body that provides financial services to support the development of Fiji's sugar cane industry and its vision is to be the leading financial institution for empowering and transforming cane growers and their livelihoods in Fiji. The corporate governance of SCGF is aligned to the nature, scope and diversity of the SCGF's operations to ensure effective management in accordance with the prudent conduct of business principles. The SCGF's commitment to its purpose, values and vision requires the integration of sound corporate governance practices into regular business activities.

Observance of this Code: A Sugar Cane Growers Fund (SCGF) official has a duty to conduct himself or herself in accordance with this Code and therefore to keep him or herself informed of its provisions and any amendments. This code of conduct applies to the Board of Board Members, Management, Staff, Causal Workers, Consultants and/ or whom SCGF determines.

Integrity: Being straightforward, honest and truthful in all professional and business relationships. You should not be associated with any information that you believe contains a materially false or misleading statement, or which is misleading by omission.

Objectivity- Not allowing bias, conflict of interest or the influence of other people to override your professional judgment and the interest of the SCGF.

Professional Competence and Due care. An ongoing commitment to level of professional knowledge and skill in decision making an official act lawfully and exercise his or her discretionary powers impartially, taking into account only relevant matters.

Conflict of Interest: Must take reasonable steps to avoid, resolve or disclose any conflict of interest, financial or non-financial. The Conflict of interest to be advised to the Board Secretary or Human Resource Executive who will keep a register and such register will be tabled to the Board once in a year with December Board reporting or as deemed necessary.

Improper Advantage and Misuse of Official Position: The official should never take undue advantage of his or her position for his or her private interest.

Confidentiality: An official has a duty to treat appropriately, with all necessary confidentiality and must undertake, not to use any information obtained in the course of his or her official duties to gain a direct or indirect personal advantage or upon resignation, retirement or dismissal from office. An official should only disclose information in accordance with the rules and requirements set out by or law requires doing so.

Gifts and Benefits: An official must not solicit, encourage or accept gifts, benefits or favors either for himself or herself or for another person in connection with performing or not performing his or her official duties. Any such gifts in the event offered must be disclosed, brought to attention of the Chief Executive Officer prior to its sage to determine whether to be returned and/ or recorded in

the Gift Register. Such register to be tabled to the Board annually with December reports or as deemed necessary. No monies to be taken under any circumstances.

Political Neutrality: An official should carry out his or her duties in accordance with the constitution and all laws, in house policies and with those lawful instructions and ethical standards, which relate to his or her functions, maintaining political neutrality.

Incompatible outside Interests: An official should not engage in any activity or transaction or acquire any position or function, whether paid or unpaid, that is incompatible with or detracts from the proper performance of his or her duties as a public official. Where it is not clear whether an activity is compatible, he or she should seek advice from his or her appointing authority.

Respect for Persons: An official must take all reasonable steps to observe relevant standards of procedural fairness in decisions made by him or her. Such decisions are to be unaffected by bias or irrelevant considerations. An official is to treat everyone with respect, courtesy and in a fair and equitable manner without harassment, victimization or discrimination.

Reporting: An official who believes he or she is being required to act in a way which is unlawful, improper or unethical or inconsistent with this Code, should seek clarification or comes across that official has unreasonably conducted, should report the matter to the Chief Executive Officer and if the Chief Executive Officer is deemed to be implicated, must be reported to the Chairman of the Board.

Corporate Governance Structure

SCGF has a leading role in driving a sustainable strategy and is assisted by its committees. At management level, SCGF is organizationally integrated into the existing processes for decision making, risk management and control as well as escalation, including management committee structures. The first line of defense is managing sustainability and financial impacts, while the second line of defense is accountable for developing the SCGF's risk management framework.

The illustration below depicts the Corporate Governance structure of SCGF as per Section 6 of the SCGF Act 1984.



THE BOARD OF MANAGEMENT OF SCGF

Corporate Governance Policy

The Corporate Governance Policy formulated, revised by KPMG at the backdrop of the Sugar Cane Growers SCGF Act (1984) outlines the Board Charter, Roles, Responsibilities, and Functions of the Board Members and its Committees. The framework aligns to Reserve Bank of Fiji's Supervision Policy relating the Board and the Board Committees, Charters, Management Reporting Structure, the Control functions such as Risk Management, Compliance, Anti Money Laundering and Internal Audit, Code of Conduct; Operational Policies and Procedures; Internal Controls & Risk Management Systems; Compliance Procedures; External and Internal Audits; Effective Communications and Transparent Disclosures; And Accountability.

This Policy aims to ensure good governance, accountability, and transparency in the SCGF's operations and decision-making.

The Board is responsible for overseeing the strategic direction, performance, and governance of the institution.

Key Responsibilities of the Board are:-

- Ensure effectiveness of internal control.
- Ensure appropriate policies and procedures are in place.
- Oversee the Organization's strategic direction.
- Approve annual budget and annual financial results.
- Approve management structure, responsibilities, and succession.
- Approve major capital projects, investments, and divestment.
- Being independent when it comes to decision making.

SCGF Board Composition

The Board consists of five (5) members appointed by the Minister for Sugar Industry, as mandated in the SCGF Act 1984, to serve a term as decided by the Minister. The Board Members have diverse backgrounds and expertise in business lending, finance, agriculture, law and development. The Board meets regularly to review SCGF's operations, policies, risk management and financial statements. The Board also ensures that the organization fulfills its mandate that supports the economic growth and social progress of Fiji's Sugar Industry thus contributing Fiji's economy.

The current Board Members are – Mr Ahemad Bhamji (Chairman), Mr Tevita Madigibuli, Mrs. Jiu Daunivalu, Mr. Sunil Chaudhary and Mr. Pratick Singh.

For the Financial Year ended 31 December 2023, the Board Members were as follows:

Members Appointment	Title	Appointment Date	Term of
Mr. Uday Sen	Chairman	19 January 2022- [Did not seek extension]	2 years
Mr. Sundresh Chetty	Member	19 November 2020 [Did not seek extension]	3 years
Mr Tevita Madigibuli	Member	02 May 2023	3 years
Mrs Jiu Daunivalu	Member	02 May 2023	3 years
Mr Sunil Chaudhary	Member	19 July 2021	3 years

Board Chairman

As per Section 7 (3) of the SCGF Act 1984, the Minister of Sugar Industry has the authority to appoint the Board Chairman of the SCGF. The Corporate Governance Policy specifies the roles and responsibilities of the Chairman and the procedures for decision making. The key responsibilities of the Chairman are:

Manage the affairs of the board, including ensuring the board is organized properly, functions effectively and meets its obligations and responsibilities;

Facilitate the functioning of the board independently of management and maintain and enhance the quality of the Board's governance and that of the institution;

Regular interaction with the Chief Executive Officer on governance and performance issues including providing feedback of other board members as well as acting as a 'sounding board' for the Chief Executive Officer, and

Lead the Board in the execution of its responsibilities to shareholders.

Chief Executive Officer (CEO)

The Board Management appoints the Chief Executive Officer (CEO) of the SCGF. CEO is responsible for setting the strategic and operational performance and is accountable to stakeholders, as approved by the Board Members, for securing appropriate economic returns, and for creating an organization capable of sustainable value creation for its shareholders.

The CEO is responsible for executing all Board approved policies and accepts full responsibility and accountability for total performance consistent with the interests of all the stakeholders. The key responsibilities include but not limited to the areas of:

- Governance. Risk Management, Audit & Compliance;
- Strategic Planning, Strategic Thinking, Leadership and Direction;
- Customer (Grower) Value Propositions/agenda and business development;

- People Management and Relationships;
- Financial Management; and
- Corporate and Social Responsibility.

Board Secretary

The role of the Board Secretary for the SCGF is to provide administrative support and financial/legal advice to the Board Members and the management team. The Board Secretary is responsible for preparing and distributing board agenda, minutes, resolutions, and other documents, as well as maintaining the SCGF's corporate records and policies. The Board Secretary also advises the Board and the management on governance, compliance, and regulatory matters, and liaises with external stakeholders such as Government, auditors, regulators, and lawyers.

Delegation

The Board has established the separation of work and responsibilities between the Board and the executive Leadership Team covering delegation of authority, duties and responsibilities, and reporting obligations.

Board Members Remunerations

The Board member's remuneration is determined by the Minister of Sugar Industry. It consists of a fixed annual fee, a meeting allowance, and a travel allowance which is paid in quarterly installments. The remuneration reflects on the expected time commitment and responsibilities of the Board Members. The Members are informed in advance of all board meeting dates and the allowance is paid for each board meeting or committee meeting attended by the Board Members. It covers the preparation time and participation in the meeting. The travel allowance is paid for expenses incurred by the Board Members in relation to their board duties, such as airfare, accommodation, meals, and incidentals.

The last Board Fees and Allowance was approved on 19th June 2019. These allowances were paid similarly to other government agencies which are as follows

Designation	Annual Fee
Board Chairman	\$12500 pa
Board Members	\$8300pa
Board Sub Committee Sitting Allowance (If called upon)	\$200 per day or \$100 per day if the meeting is for less than an hour

The Board Fee and Allowances for Mr Sunil Chaudhary are paid to his employer Sugar Cane Growers Council and the current Chairman Mr Bhamji, has opted for his fees to be paid to a nominated charity in Fiji. He also does not claim any travel expenses or accommodation while traveling from New Zealand.

To protect the Board Members from personal liability arising from their duties, SCGF has purchased a comprehensive Directors and Officers (D&O) insurance policy that covers legal costs, settlements, and damages in the event of a claim.

Conflict of interest

All members must notify the Chairman of any conflicts of interest at the beginning of the Board meeting. The Board Secretary records these statements and subsequent decisions in the minutes of the meeting.

Board Meetings

The table below shows the number of meetings held by the Board and the attendance of individual Board Members.

Members Name	Board Meetings		Special Board Meeting	
	Attended	Held	Attended	Held
Uday Sen	3	3	3	3
Tevita Madigibuli	2	2	3	3
Sundresh Chetty	2	2	4	4
Jiu Daunivalu	2	2	5	5
Sunil Chaudhary	3	3	4	4

The Board Sub-Committees

In accordance with Section 12 of the Corporate Governance Policy, the Board has established three (3) permanent committees undertaking preparatory work each within their specific area, namely i) the Risk & Governance Committee, ii) the Credit & Lending Committee, iii) the Nomination, Remuneration & Finance Committee. The duties of the Board Committees, as well as working procedures, are stipulated in the Committee Charters. In general, the Board Committees do have autonomous decision-making powers and each Committee reports on its work to the Board.

Board Audit & Risk Sub -Committee

The role of the Committee is to oversee the internal control systems of the organization, as well as to monitor the performance and independence of the internal and external auditors. The audit committee also advises the Board on risk management, compliance, and governance matters. The members of this committee are the Chairman – Mr Bhamji, Board Members – Mr Madigibuli and Mrs Daunivalu.

Board Credit Committee

The Committee is responsible for overseeing the credit risk and lending applications which are above \$50,000. The committee also advises the Board on lending related matters like the loan write-off, provisions and arrears risk which directly impact the organisation. The Members are Mr Madigibuli - Chair, Mr Chaudhary and Mr Singh.

Nomination, Remuneration and Finance Committee

The Committee is responsible for overseeing the recruitment, training, performance management, and career development and financial matters of the SCGF. The Committee also ensures that the SCGF's culture and values are aligned with its vision and mission. The Committee works closely with the Senior Management and the Board to foster a high-performing and innovative workforce that

can deliver quality services to the cane growers and stakeholders. The Members are Mrs Daunivalu - Chair, Mr Chaudhary and Mr Singh.

Key Management Salaries

The key management salary of \$351,180 as reflected in the Financial Statement for SCGF is paid to Chief Executive Officer, Manager Lending Operations, Manager Finance & Administration and Manager Information Technology. The salary is duly approved by the Board based on the market rate or job evaluation carried out the accounting firm PwC. In addition, the Board looks at fit and proper requirements, the competency and skill set, qualification and the ability of SCGF to pay to retain right skillset.

THE LEADERSHIP TEAM

"The Leadership Team of SCGF is a key decision-making body that oversees the strategic direction, policies, and operations of the SCGF."



Leadership Team Members of SCGF:

(Front Left to Right: Ms Sheetal Shalini – Manager IT, Ms Sheetal Chetty – Legal Counsel, Ms Prithi Ram – Human Resource Executive)
(Back Left to Right: Mr Deepak Singh – Financial Accountant, Mr Sagar Dayal – Manager Lending Operations, Mr Tonganibeia Karutake – Valuer, Mr Raj Sharma – CEO, Mr Nilesh Karan – Senior Loans Officer, Mr Francis Pesamino – Manager Finance & Administration/Board Secretary)

The Leadership consists of two sets (1) the Key Management which consists of the CEO, Manager Lending Operations, Manager Finance & Administration and Manager Information Technology. In accordance with Corporate Governance Policy they execute duties and responsibilities delegated by the Board and by or through the Chief Executive Officer. The management is responsible for the implementation of appropriate procedures and processes in place to ensure adherence to the Board approved policies, laws, regulations and other guidelines to ensure appropriate Corporate Governance standards throughout SCGF.

The other members (2) which form the Leadership team consist of Talent & Organizational Development, Legal & Governance, Valuation Services and Financial members. The committee meets weekly and or as need arises to review the performance, risks, and opportunities and its portfolio of projects. The team also ensures that the SCGF adheres to the highest standards of governance, accountability, and transparency in fulfilling its mandate of promoting sustainable and inclusive Sugar Industry in Fiji. The leadership team is guided by the SCGF Act 1984 and the relevant policies as approved by the Board and the Human Resource Executive is the Secretary. The overall functions of the Leadership Team are to implement corporate objectives, policies and strategic direction set by the

Board, to allocate resources within the allocated budget approved by the Board, to ensure compliance of all regulations & laws and to establish and implement an effective internal control system aligned to the business requirements.

Timely and Balanced Disclosures

Annual Report

The Section 16 of the SCGF Act 1984 requires the Annual Report plus the audited financial statements be presented in a timely fashion. The Annual Report is made public through the SCGF's website after it is presented in Parliament.

Continuous Disclosure

The Organization is committed to transparency and accountability in its operations and dealings. It informs the SCGF staff of any internal issues through a Head Office Circulars, Meetings and shares any public matters through the SCGF's print and digital media. The SCGF ensures that the information it provides; is timely, accurate and complete.

Code of Conduct

The Code of Conduct guides the Board, Management and staff in their duties and responsibilities. The Code of Conduct complies with the SCGF Act 1984 and other relevant Acts, which set the standards for the SCGF's governance. The Board members receive the Board Members Handbook Code of Conduct when they join the Board. They go through a proper induction program. The Management and staff also follow the same process when they join.

Conflict of Interest Register

SCGF has a Conflict-of-Interest Register that complies with the Code of Conduct mentioned in the Corporate Governance Policy. The Board Members inform the Board Chairman of any conflict of interest at the start of each meeting and the Board Secretary documents these statements and subsequent decisions in the minutes of the meeting and then updates the register. The Members are excused and or are abstained from making decision on any such matters that have conflict.

SCGF protects its information from unauthorized disclosure and does not share it with any third party without the permission of the owner of the material, unless required by law. Board members, Management and Staff at every level are required to declare any conflict of interest and are to sign and follow the SCGF's Code of Conduct.

AUDIT AND REGULATORY COMPLIANCE FRAMEWORK

Audit and Regulatory framework – "assures the quality of our work by systematically identifying good practices and improvements."

Internal audit

Internal audit is an essential function of any organization that aims to ensure compliance, efficiency and effectiveness of its operations. At SCGF, internal audit is conducted by KPMG who reports directly to the Board. This engagement follows a risk-based approach to plan and execute its audits, covering various aspects of the SCGFs activities such as lending, treasury, finance, human resources and information technology. The internal audit function also supports the Full Board, Board Audit Committee, Senior Management (CEO) in fulfilling their responsibilities. Special audits as requested by the Board or the Management is mostly done by the Finance department.

The frequency and scope of internal audit depends on the level of risk and materiality of each area, as well as the availability of resources and the audit schedule. Generally, internal audit is conducted four times a year for each area, and the findings and recommendations are reported to the Board Audit & Risk Committee and the Management for their review and action.

External Audit

The SCGF Act 1984 Section 16 mandates an annual external audit of the SCGF's financial statement. For financial year ended 31 December 2023, EY conducted the audit to evaluate the SCGF's performance and verified that the financial statement is accurate and free of significant errors.

Risk Management

SCGF relies on effective internal controls to manage its risks and achieve its business goals. A robust system of internal control helps to protect both the SCGF's assets and the interests of the stakeholders. SCGF faces various risks in its operations, such as credit risk, market risk, operational risk, strategic risk, and reputational risk. Therefore, SCGF needs to have an effective internal control arrangement that can help it manage these risks and achieve its objective.

It has an effective Enterprise Risk Management (ERM) Framework that has been audited by KPMG and technical review was provided by Business Link Pacific.

Whistleblower Policy

A whistleblower policy is a set of guidelines and procedures that encourage employees to report misconduct, fraud, corruption, or other unethical behaviour within an organisation. A whistleblower policy can help protect the reputation, integrity, and public trust of the institution, as well as ensure compliance with laws and regulations. SCGF is committed to upholding the highest standards of ethical conduct and accountability in all its activities. The whistleblowing function enables anyone who has a stake in SCGF's performance, such as customers, regulators, affected communities and

SCGFs own employees, to voice their concerns about any suspected misconduct that may harm SCGFs reputation and integrity. Such misconduct may include violation of human rights, laws, regulations, policies, instructions, or guidelines, or any fraudulent, inappropriate, dishonest, illegal or negligent actions or behaviour in SCGF's operations, products or services. The whistleblowing function guarantees that all reports are confidential and those reporting can choose to disclose their identity and contact details or remain anonymous. SCGF encourages everyone to speak up and assures them that they will be protected from any retaliation or adverse consequences for reporting in good faith.

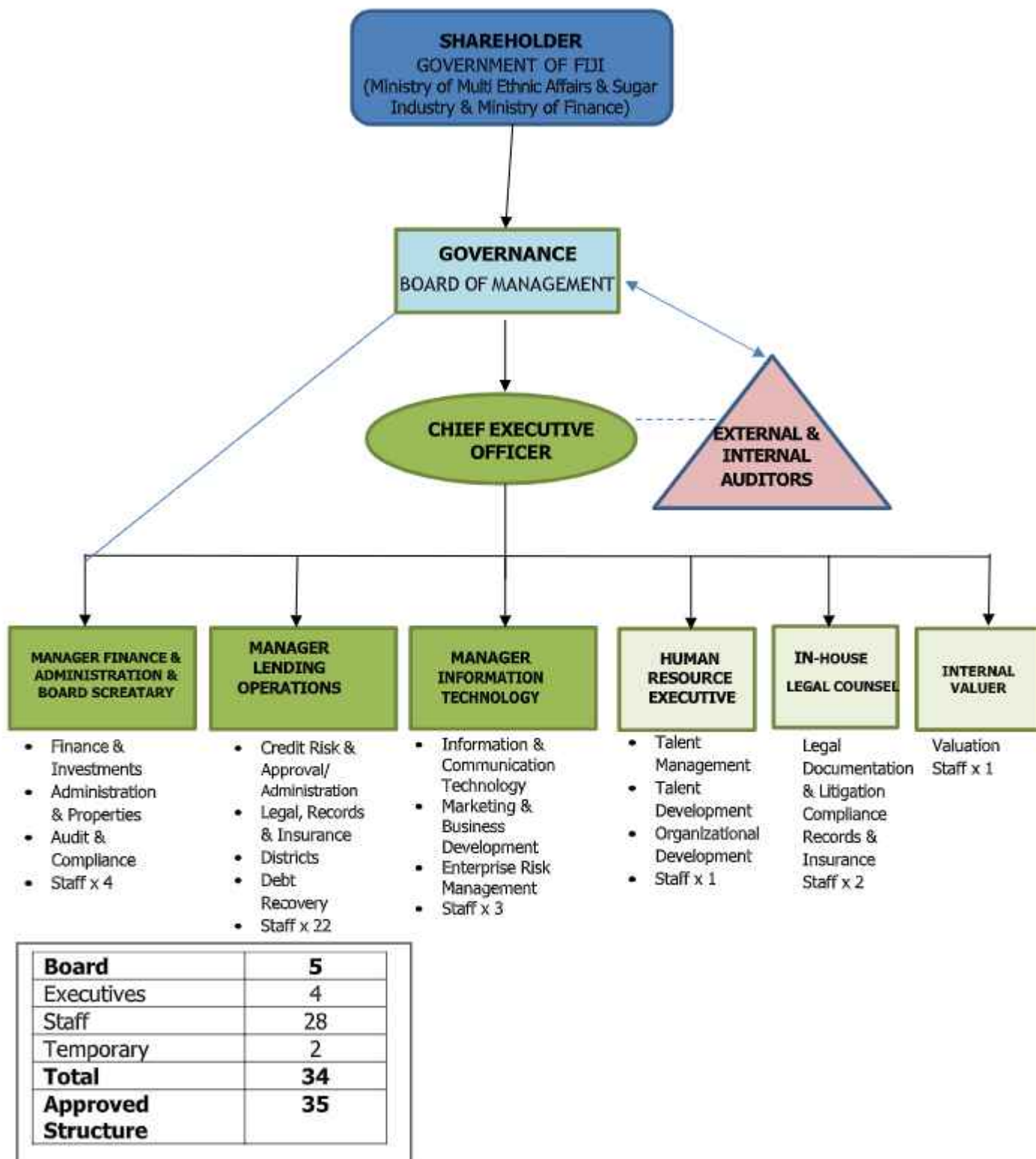
Our Stakeholders

The SCGFs Mission is to offer finance, financial and advisory services that support the Sugar Industry of Fiji, especially towards the welfare of registered sugarcane growers. SCGF is committed to building and sustaining strong and long-lasting relationships with our stakeholders including shareholders (Government), employees, growers, and community at large. We continually seek insights into their needs and expectations and respond in a timely manner with relevant actions and engagements.

Website

SCGF maintains an up-to-date website to supplement the official release of information to the public. The website address is <http://scgf.com.fj/>

SUGAR CANE GROWERS SCGF ORGANIGRAM



LENDING and OPERATIONS

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

SCGF Products

Loan Type	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, Roding, Weedicides, Borehole Drilling, Medical and Purchase of Working Bullocks and Horses, etc. The interest rate is 3 - 6% for a term of 5 years. Loan to be paid 5 years before lease expiry.
Specialized Loans	Maximum Lending of \$50,000 and in access is referred to the Board Sub Committee. Loans granted the Purchase of Cane Farms, Farm Machinery, Cane Trucks, Construction of Farmhouse, Refinance from Other Bank Loans, Personal Needs and for other purposes provided in the SCGF Act (1984). The interest rate is 3 - 6% and loan term is of 5-15 years. Loan to be paid 5 years before lease expiry.
Business Link Pacific [BLP] Specialized Loans	The BLP Concessional Loans program is implemented by DT Global as Managing Contractor of the Pacific SME Finance Facility Pilot programme. DT Global has partnered with SCGF (FI Partner) to deliver funding on behalf of the Ministry of Foreign Affairs and Trade (MFAT) under a New Zealand International Aid and Development Programme by making wholesale capital accessible to small and medium size cane growers/business enterprises (SME's) operating in the cane belt areas of Fiji for any of the SME project, at concessional loan rates of 5%. Maximum Lending amount is \$30,000 and Facility has 16% Grant of the project cost. The Term of the Loan is 5 years. Loans to be paid 5 years before lease expiry.
Cane Development Revolving Fund (CDRF)	Maximum Lending of \$5,000 under the Government Fund 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. Loans to be paid 5 years before lease expiry.

Women Empowerment

The sugar industry and the borrowing is dominated by the males. SCGF in supporting the Sustainable Development Goals for Gender Equality, has reduced Loan Application Fee by 50% for the Purchase of Farms and Implements for Women Growers.



Our Loans Officer, Seaqqa District, Ms. Ranita Shivangini guiding one of our Women Growers out in the field. Ms Meresaeini Marica's (pictured) has a farm in Bureseini, Seaqqa. The farm is managed by her and supported by her husband. With her hard work and dedication, she was able to harvest 850 tons of cane in the 2023 season with 900 tons being estimated for 2024 season. The farm mostly consists of flat land except for few acres. The harvesting is done by both mechanical and manual methods.

Loan Portfolio as 31st December 2023 by Mills

	Total Accounts #	% No	SCGF Total Production	Total Portfolio	Portfolio %	Total Production	Percent SCGF Production / Total Mill Production
Lautoka	1532	24%	163,852.50	\$12,642,390.65	34%	392,047.60	42%
Rarawai	2946	45%	283,598.09	\$12,801,599.33	35%	617,816.60	46%
Labasa	2008	31%	244,810.39	\$11,261,758.98	31%	555,622.17	44%
Total	6486	100%	692,260.98	\$36,705,748.96	100%	1,565,486.37	44%

The above table illustrates Loan Portfolio by Mill: -

1. By number majority of growers are from Rarawai (Ba) Mill includes Rakiraki, Tavua and Ba;
2. The growers indebted to SCGF produced 0.692 m tonnes of sugar cane which is 44% of the national production;
3. Total Loan Portfolio is \$36.7m including FSC's loan of \$4.583m, so the net grower loan is \$32.122m; and
4. Rarawai Mill Portfolio and production is the highest.

This denotes that sugar cane farming is economically driven by Labasa and Rarawai Mills as the alternatives are limited.

Portfolio as 31st December 2023 by Production

Production	Count	%	Loan Portfolio	%
0-100	2811	43.34%	\$8,426,101.14	22.96%
100-200	1992	30.71%	\$9,968,820.12	27.16%
200-300	971	14.97%	\$7,382,345.13	20.11%
300-400	389	6.00%	\$3,406,163.96	9.28%
400-500	170	2.62%	\$1,648,390.52	4.49%
500-600	68	1.05%	\$421,828.10	1.15%
600-700	42	0.65%	\$421,499.19	1.15%
700-800	19	0.29%	\$195,300.03	0.53%
800-900	10	0.15%	\$123,793.40	0.34%
900-1000	5	0.08%	\$88,434.80	0.24%
1000-1100	8	0.12%	\$40,269.49	0.11%
4200- 4300-FSC	1	0.02%	\$4,582,803.08	12.49%
Grand Total	6486	100%	\$36,705,748.96	100.00%

Majority of the borrowers by number (43.34%) produce 0-100 tonnes and by Portfolio (27.16%) have aggregative Loan Portfolio of \$9.968m (27.16%). These numbers indicate the smallholder depend on borrowing. This also denotes that low production growers are not able to sustain themselves and as such SCGF is encouraging them to improve on the production with various Government assistance and also with interest free loans for cane planting. In addition, SCGF is also encouraging them to take BLP loans as subsistence funding to support them, that has grant and reduced interest rate.

On the macro level, the low producers may not be commercially viable and SCGF cannot discriminate them on loans provided they have ability to pay.

Portfolio as 31 st December 2023 by Age				
Age Group	Count	% No	Loan Portfolio	% Portfolio
18-35	175	2.70%	\$1,301,865.30	3.55%
36-55	2247	34.64%	\$13,662,742.90	37.22%
56-65	2065	31.84%	\$10,117,215.01	27.56%
66-85	1848	28.49%	\$6,700,491.41	18.25%
>85	150	2.31%	\$340,631.26	0.93%
FSC	1	0.02%	\$4,582,803.08	12.49%
Grand Total	6486	100.00%	\$36,705,748.96	100.00%

The majority of the borrowers either by number (34.64%) or portfolio (37.22%) fall within the age bracket of 36-55 years as provided in the table above. SCGF is always enticing younger generations in cane farming with its technological based solutions of *mySCGF* app and provisions of Fiji National Provident Fund scheme. The New Farmer Assistance program also supports the younger farmers.

Portfolio as 31 st December 2023 by Gender				
Gender	Count		Loan Portfolio	% Portfolio
Female	411	6.34%	\$2,993,577.30	8%
Male	6074	93.65%	\$29,129,368.58	79%
FSC	1	0.02%	\$4,582,803.08	12%
Grand Total	6486	100.00%	\$36,705,748.96	100%

The sugar industry and the borrowing is dominated by the males. SCGF in supporting the SDG 5 for Gender Equality, has reduced Loan Application Fee by 50% for the Purchase of Farms and Implements.

Portfolio as 31st December 2023 by Purposes

Category	Sum of Count	Sum of Loan Balance	%
BLP Loan	30	\$ 122,782.43	0.33%
CDRF	1503	\$ 1,638,259.65	4.46%
FSC	1	\$ 4,582,803.08	12.49%
Improvement Loan	1571	\$ 6,458,791.63	17.60%
Investment Loan	1315	\$ 8,647,715.92	23.56%
Personal Loan	741	\$ 2,417,879.72	6.59%
Refinance Of Cane Growers Loan	1058	\$ 9,497,163.81	25.87%
Refinance of Outside Debt	222	\$ 3,023,985.83	8.24%
Rehabilitation Loan	26	\$ 196,503.40	0.54%
Subsistence Farming	19	\$ 119,863.49	0.33%
Grand Total	6486	\$ 36,705,748.96	100.00%

Majority of the loans have been within refinance (25.87%) as the growers preferred to have single loan account, followed by investment loans (23.56%) that is an investment in farms and machines and thereafter farm improvement loans (17.6%).

Loan Approvals 2023

The loan approval for 2023 has been \$10.884m.

Loan Approval by Purposes 2023

LOAN APPROVAL BY CATEGORY				
Product	Category	App Count	Approved Amt	Percentage
Business Link Pacific	BLP Loan	20	\$110,750.00	
	Fees and Charges	20	\$970.00	
	Total	20	\$111,720.00	1.03%
CDRF LOANS	Cane Planting [CDRF]	155	\$335,500.00	
	Total	155	\$335,500.00	3.08%
NEW PRIORITY LOAN	Priority Loan	1	\$3,040.00	
	Total	1	\$3,040.00	0.03%
NEW SPECIALISED LOAN	Fees and Charges	1459	\$173,327.50	1.59%
	Improvement Loan	759	\$3,069,119.87	28.20%
	Investment Loan	182	\$2,352,369.89	21.61%
	Personal Loan	748	\$1,532,743.69	14.08%
	Refinance Of Outside Debt	47	\$741,829.25	6.82%
	Refinance Of SCGF Loan	353	\$1,684,519.49	15.48%
	Subsistence Farming	6	\$34,000.00	0.31%
	Working Capital Loan	529	\$845,871.00	7.77%
	Total	1469	\$10,428,745.69	95.82%
Gross		1645	\$10,884,040.69	100%
Less Amalgamation		353	\$1,684,519.49	
Net Loan Approvals for 2023			\$9,199,521.20	

Priority Loans Loan Approval 2023

In 2023 only a loan of \$3040.00 was approved. There are restrictions on Priority Loans as section 17 of SCGF Act 1984, had been removed after the introduction of the Personal Property Securities Act 2017. The removal of the provision does not allow Priority Loan deductions, especially for the growers who have loans with other lenders. This facility has been quite handy in case of natural disasters. There have been ongoing meetings with the line Ministry, Ministry of Finance, Reserve Bank of Fiji, and Solicitor General's Office to reinstate the section 17 of the Act.

Specialized Loan Approval -2023

District	NO	Total Value
Ba	527	\$ 1,883,309.71
Labasa	493	\$ 2,715,067.11
Lautoka	216	\$ 868,331.31
Sigatoka	82	\$ 685,303.25
Nadi	171	\$ 1,027,294.42
Rakiraki	272	\$ 1,128,844.09
Seaqaqa	215	\$ 1,613,380.43
Tavua	184	\$ 962,510.37
Gross Total	2160	\$ 10,884,040.69
Less Amalgamation		\$ 1,684,519.49
Net		\$ 9,199,521.20

Labasa had the highest approval in terms of the \$ value followed by Ba, whilst the number had been highest for Ba. It is to be noted that Seaqaqa and Labasa combined approvals of \$4.241m (41%) for Labasa Mill denotes the importance of the sugar industry for Northerners and equally important for districts like Ba and Rakiraki. Other districts had less approvals as they are backed by other sources of income which might be cash crops, tourism backed, export produces and Gold Mining and Fiji Water employment for Tavua. Overall Farm Improvement and Farm Investment Loans have been the highest purposes as presented in other tables.

BLP Specialised Loan Approval 2023

District	Application No	Approved Amount
Ba	2	\$15,025.00
Labasa	1	\$5,025.00
Lautoka	2	\$5,810.00
Nadi	4	\$28,270.00
Sigatoka	2	\$21,125.00
RakiRaki	1	\$4,215.00
Seaqaqa	4	\$12,085.00
Tavua	4	\$20,165.00
Total	20	\$111,720.00

BLP loan had slow uptake as it related to diversification and the growers were not keen with policy conditions attached for specific loans for – ginger, duruka, bee keeping, aquaculture which had been reviewed later on. The is a SME Package with 16% grant for the project and the growers need to have a registered business.

Cane Development Revolving Fund Approval 2023

District	Application No	Approved Amount
Ba	12	\$21,000.00
Labasa	38	\$81,000.00
Lautoka	5	\$10,000.00
Nadi	8	\$13,000.00
Sigatoka	3	\$5,500.00
RakiRaki	32	\$64,500.00
Seaqaqa	37	\$104,500.00
Tavua	20	\$36,000.00
Total	155	\$335,500.00

This is Government Funding facility at zero interest rate provided for cane planting and highest uptake has been in Seaqaqa and followed by Labasa. Normally growers take this loan, after utilisation of the Government – Cane Planting Grant. This depicts rate of new planting of cane through loans is higher for Labasa Mill.

The Approval Process is executed in line with Lending Policy which is revised from time to time duly approved by the SCGF Board. The Lending Policy is quite robust influenced by the international credit standards, the current external and internal factors, the industry aspiration and driven by Government Policy.

The Loan Approval and Payment are made against inspection of farms, valuation and where required for repairs and maintenance, payment are made direct to the vendors. Some of the approved loans are paid progressively ensuring that funds are properly used for the intended purposes.

Loan Disbursement – 2023

The total loan payment made in 2023 was \$9.035m and like approvals, the highest payment made for Labasa.

The table below provides the breakdown of loans disbursed to cane growers as at 31st December 2023. Loans are for 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.

Loan Disbursement by District

District	Disbursement Amount	%
Lautoka	\$844,162.98	9%
Nadi	\$932,237.55	10%
Sigatoka	\$467,111.99	5%
Ba	\$1,584,261.30	18%
Tavua	\$638,801.45	7%
Rakiraki	\$911,895.36	10%
Labasa	\$2,393,956.38	26%
Seqaqa	\$1,263,479.78	14%
Total	\$9,035,906.79	100%

The Disbursement or Payment has been highest for Labasa (26%) followed by Ba (18%) where demands for Investment and Improvements Loans were high whilst Seqaqa though had high loan approval but the payments were delayed due to new lease premium payments. The lease premium is paid after the documentation and issuance of lease by TLTB and Certificate of Registration by Sugar Industry Tribunal.

Loan Disbursements by Products

Type of Loan	Approval		Disbursement	
	Number	Value	Number	Value
Priority Loan	01	\$3,040.00	2	\$3,540.00
BLP/SME Loan	20	\$111,720.00	34	\$98,070.00
CDRF	155	\$335,500.00	283	\$296,986.76
Specialised Loan	1478	\$10,379,501.21	2,896	\$8,637,310.03
Total	1654	\$10,829,761.21	3215	\$9,035,906.79

Specialised Loan is the major funding product for all the cane related purpose and is a secured loan product and that why major portion of the loans were funded under this.

Arrears Trends

In the last 6 years, arrears has reduced significantly and that has come about with quality of approvals and assessment, quick reviews of Early Warning Signals, close monitoring, visitation, follow up, letters, enforcements, legal actions and last resort to write off. Prior to 2018, there were no robust debt management. The new ICT system has also improved the administration, monitoring and that even includes sending automated text messages for the default accounts. SCGF is quite flexible to give the second chance with various workout and rehabilitation programs.

Year	2018	2019	2020	2021	2022	2023
Percentage Arrears	25%	19%	13%	11%	10%	8%

Arrears 2023

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. There is annual account review whereby 70% of accounts are reviewed. 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) have been as follows:

Type	Jan-23	Mar-23	Jun-23	Sep-23	Dec-23
Grower Count Default	1,912	1,783	1,798	1,782	1,712
Total Arrears	\$1,944,813.45	\$1,869,259.00	1,901,821	1,904,000	1,602,320
Total Loan-Default	\$3,032,745.49	\$2,636,704.00	2,653,756	2,984,851	2,621,463
Total Portfolio	\$30,998,112.48	\$28,444,166.00	29,980,388	31,697,797	31,996,240
% Balance Arrears	10%	9%	9%	9%	8%

The table above show the arrears for the cane grower accounts is 8% and if FSC Debt is included (\$4.582m), then ratio is 7%. The FSC Debt is well respected with timely repayment, met from the FSC farms and cash payments six monthly and fully secured by Government Guarantee.

Portfolio by District					
Details	Grower Count	Total Loan-Default	Total Accounts	Total Portfolio	% Balance Arrea
Head Office - FSC	0	\$0.00	1	\$4,582,803.08	0%
Lautoka	174	\$242,460.26	644	\$3,236,280.81	7%
Nadi	118	\$90,892.21	617	\$3,296,217.63	3%
Sigatoka	48	\$93,289.08	270	\$1,527,089.13	6%
Ba	332	\$380,995.23	1380	\$6,783,209.89	6%
Tavua	204	\$201,105.38	631	\$2,422,444.72	8%
Labasa	339	\$703,409.99	1453	\$7,378,522.90	10%
Seaqaqa	119	\$345,691.27	555	\$3,883,236.08	9%
RakiRaki	378	\$563,619.71	935	\$3,595,944.72	16%
Total	1712	\$2,621,463.13	6486	\$36,705,748.96	7%

New Farmer Assistance Program (NFA)

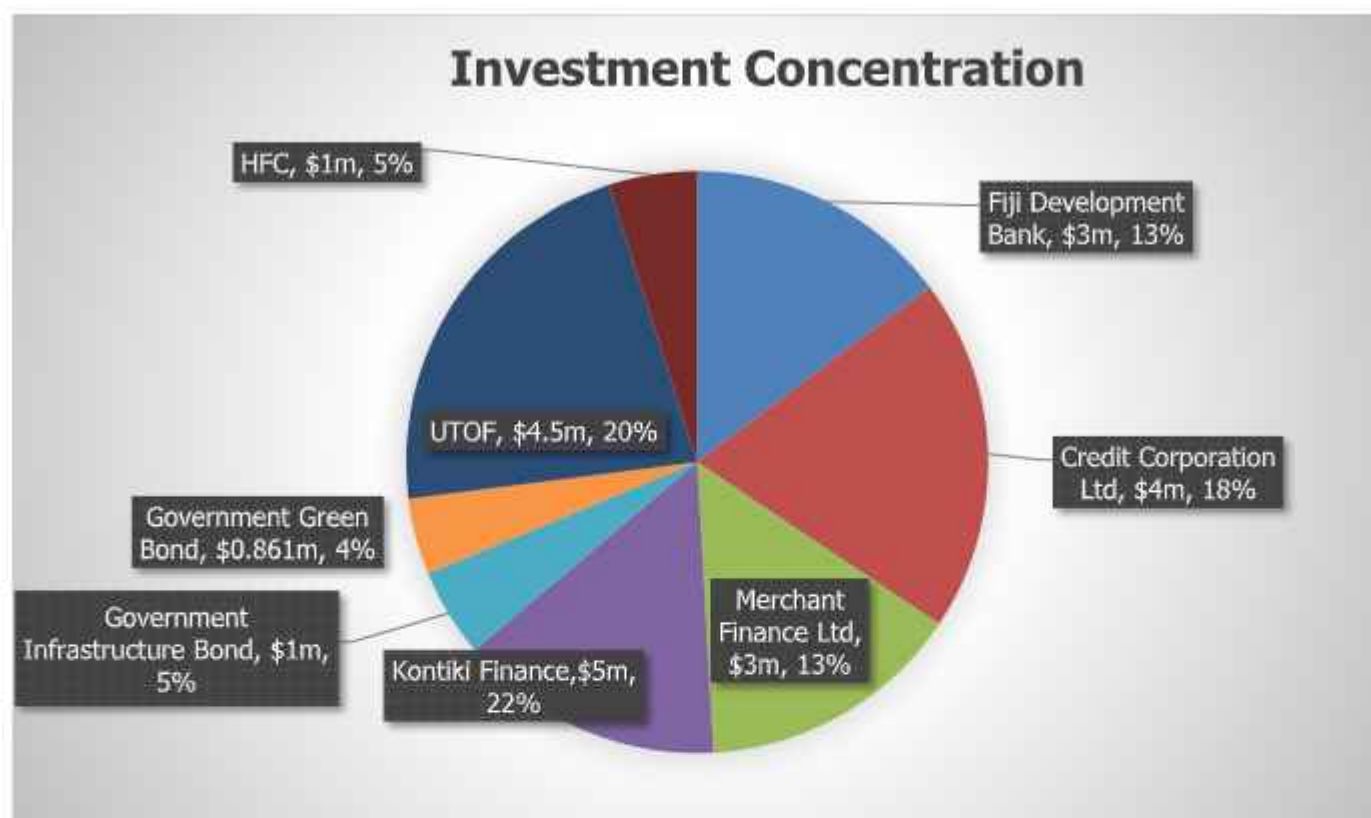
The New Farmer Assistance (NFA) program started in 2018 and the whole objective of this government funding was to entice new farmers into sugar cane farming. The application for the grant assistance by individuals is carried out by SCGF and Sugar Cane Growers Council office and submitted to Ministry of Sugar Industry. Processing selection and evaluation is carried out by Sugar

Industry Tribunal with recommendation to the Project Steering Committee, which consists of the Chief Executive Officers or the industry representatives.

SCGF facilitates the disbursement of funds on the instructions of Ministry of Sugar Industry after it is duly approved. A total of 267 Growers were assisted since its inception and full payment with a total value of \$1,506,530.41. Out of these 267 growers, there are 34 farmers who remain unproductive. This was informed to the Ministry whereby, we recommended that we provide farm advisory assistance through SRIF. Ministry had taken the responsibility of visiting these growers and giving them notices.

Paid to TLTB	Count	Reimbursed to Growers/Applicants Bank and Loan Account	Total
\$554,213.50	267	\$952,316.91	\$1,506,530.41

OUR INVESTMENTS



We invest with the best, for our Growers!

An additional role of SCGF is to invest any excess money with reputable financial institutions so that returns can be used in the organisation for the benefit of the growers. As an institutional investor, our strategic approach involves diversifying SCGF's across a wide array of assets, with the primary goal of nurturing the long-term growth of our growers' savings. SCGF's overarching investment objective is to maximize long-term investment returns, while managing constraints aimed at minimizing short term return fluctuations to maintain a suitable balance between risk and return. The organization remained committed to investing in accordance with its current investment policy statement. Our investment portfolio at the end of 2023 was \$24.8 million with an average rate of return of 3.2%. The market average rate was around 2.5% to 3%.

ADB Report – Diversification Strategy

In 2022, SCGF also further embarked on its transformation journey and engaged the Asian Development Bank (ADB) with the help of the Ministry of Sugar Industry and Ministry of Finance. The main purpose was to provide a Gap-Analysis Report on the operations of SCGF and a provide a pathway for SCGF to diversify into a possible Licensed Financial Institution (LFI). This is an on-going project which requires engagements of multiple stakeholders. However, the main purpose was to ensure that the growers reap the benefits of such a project.

OUR LEGAL SERVICES

The desire to avoid the high cost of hiring outside counsel, always a powerful motivator for business, is being augmented in the current corporate environment by the recent economic crisis, the need to cut costs, and the increasing need to comply with regulations stemming from the corporate and financial losses of the past decade. To combat this, SCGF also built its own Legal Department with In-House Legal Counsel employed from the year 2023 to meet increasing business demands and avoid high outside counsel costs. Legal Department was established not only to avoid high outside counsel costs but also to generate some revenue for the institution. Legal Department handles all conveyancing matters such as Discharges, Mortgage, Securities and extends towards some specific non-core business to only its customers as approved in the Board which directly contributes to the growers' legal issues. The position provides legal guidance, counselling and support to the leadership team in working towards its vision; ensuring that SCGF has the proper legal and compliance controls, administrative and reporting procedures, and systems in place to effectively grow SCGF thus ensuring financial strength and operating efficiency is in line with strategies, necessary laws, regulations and corporate objectives. This position provides support to Chief Executive Officer or Board in a range of activities and responsibilities- Legal Advices, Documentation and Administration, Legal Conveyance, Litigation and other enforcement. The role also requires to work with the Management team, contributing to the development and implementation of SCGF's strategies, Corporate Plan, policies and procedures, also interact with the Board. Growers, stakeholders and the business partners.

LEGAL ADVICE

A total of 25 legal advices were issued by the In House Legal Counsel together with drafting and review of Contracts, MOA and MOU's. There have been 17 Legal Advices provided to growers.

CIVIL LITIGATION

There were 3 long pending cases in court and 10 new cases were filed out of which 6, we had obtained orders and there were 2 appeal cases filed from Small Claims Tribunal to Magistrates Court. There are currently 8 pending cases in court. Below are the types of documents completed:

No.	Instruments	April to December 2023
1	Will	7
2	Transmission By Death	30
3	Power of Attorney	7
4	Provisional Title	2
5	Probate	12
6	Sales and Purchase Agreement	6
7	Transfer	18
8	Deed	9

CIVIL LAW

Some of the services provided under Civil Law include, but are not limited to:

- Drafting of Wills
- Taking out Probate Grants, Letters Of Administration
- Drafting of Deeds
- Transmission (of Title) by Death
- Title Transfers (By Love and Affection)
- Record of Death
- Power of Attorney

OUR IT ENABLERS

Businesses rely heavily on Information Technology (IT) to succeed and grow in this fast-paced, globally connected world. The way businesses run, interact, and compete has changed as a result of the IT industry's constant integration into various business functions. One of the most significant contributions of IT in organizations is the enhancement of efficiency and productivity. Automation of routine tasks, data processing, and streamlined workflows through software and applications not only reduces manual errors, but also allows employees to focus on more strategic and creative tasks. Internal Audit was conducted for the IT functions. The overall objective of the internal audit was to consider the effectiveness of key controls and compliance with current policies and procedures relating to the Information Technology functions of SCGF. The internal audit addressed the objective of adequacy & compliance with SCGF's policies and procedures over the IT function, reliability and integrity of management of Information and Data, reliability and managing key risks of IT and improvements to the IT function. SCGF's Information Security environment was assessed against the ISO guidelines and Information Security Management Systems Requirements (ISO 27001:2013).

This year the Department mainly focused on full implementation of integrated HR/payroll solution, using technology to reach to customers- implementation of mobile app (*mySCGF App*) and online portal, complete documenting system-based processes, advocating Green ICT initiative, management of systems security, data and infrastructure. SCGF continues to register customers on *mySCGF* mobile app. A number of online applications have been received via the mobile application portal as well. This allowed timely processing and customer notification of their application status.

The Department formulated & implemented 13 major lending processes. These processes were documented after consultation with the subject matter experts and user training provided after signoff. The department continues to provide Helpdesk services to the users. For the financial year 350 issues were reported with 337 being resolved and 13 remained pending. These issues related to hardware, software, mobile application, network and ICT systems. To ensure Confidentiality, Integrity and Availability of Information data backups and data recovery tests are done on timely basis. As part of IT awareness and training, the department also carried out programs and presentation on IT policies, procedures, and cybersecurity.

For the 2nd time the Department led SCGF team in the National Team Excellence Competition on the theme "Innovations for Higher Productivity" where the team presented on the project *Digitalization of HR functions* and was awarded 2 Stars Rating Award.



**273 Registered Customers
& 119 loan Applications**



7091



6349



205




FINANCING FOR SUSTAINABLE DEVELOPMENT












Plan 2023- 2028



The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are part of the SCGF's plan and operation—we recognize that action in one area will affect outcomes in others and that development balances social, economic and environmental sustainability transformation of SCGF despite the challenges it operates in. SCGF has developed its framework for the SDG work plan integrated within its core function. Any strategies and work plans will ensure that such plans are embedded in the operation.


GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS
 1 NO POVERTY	<ul style="list-style-type: none"> Regularization of Land ownership by way Lease Renewal, land survey, of farming lease and regularizing land ownership. Very affordable funding and ESG. Concessional Loans Structure. 	<ul style="list-style-type: none"> Expansion of investment on the farm. Consolidated farming business, merger with sugarcane cane. Diversification with other source of funding and use of funding – grants. Fold security programs – BLP Loans. New farmer schemes – government Program, Lease Renewals, Hardship Loans. 	<ul style="list-style-type: none"> Total Loans Portfolio \$30.740m as of 31st December 2023 for the Growers that allowed them to sustain at a maximum rate of 6% (which is below market rate). Fees & Charges Comparatively 20 to 30% of the market rate BLP Loans -20 \$0.108m Hardship -468 -\$0.458m
 2 ZERO HUNGER	<ul style="list-style-type: none"> Subsistence Farming Loans –promote self-reliance, maximum use of Land. Investment in cane farms. Investment in farm Mechanization. 	<ul style="list-style-type: none"> Review of the Product and support from Ministry of Agriculture. Review of the functions with review of Act after Industry policy formulation working towards banking platform. Food Security funding and Better utilization of Land. 	<ul style="list-style-type: none"> Have MOU signed with Ministry of Agriculture & Ministry of Forest & Fisheries – Aqua Farming 1-\$0.015m. Total Net Loan Granted in 2023 - \$9.1m. Personal loan 693- \$1.449m.

GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS									
<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div>	<ul style="list-style-type: none">Medical expenses.Promote subsistence farming.Insurance Coverage available.Health awareness Programs.100% Discount Fee for Medical Loans.	<ul style="list-style-type: none">Comprehensive Health insurance.coverage/Wellness Forum-funding / Outreach.Subsistence Farming.Awareness vide technology platform (Medics, weather).Option to support seniors and those with health issues with "Contractor or Gentleman Farming" or Farm Manager.Disability Support programs with Zero Fee.Possible Medical Centre collaboration – NGO/ Government.Medical Loans with Zero Application Fee.	<ul style="list-style-type: none">Loan Medical Expenses Application Fee – 100% waived – 16 \$0.103m.Free Medical Checkup in Labasa and Sigatoka- Open Day 1st July 2023.100% waiver Application Fee launched- 4th January 2023 by Hon. Minister Singh.20th October 2023- Participated in Sugar Industry Pinktober Breast Cancer awareness program held at Sugar Cane Growers Council Hall.									
<div>4</div> <div>QUALITY EDUCATION</div> <div></div>	<ul style="list-style-type: none">Facility to meet basic education needs.Tuition expenses.Loans for educational tools – laptop and tablets.	<ul style="list-style-type: none">Capacity Building program for employees with No of trainings.Grower advocacy programs on Financial inclusion/ joint promotion of husbandry with other industry stakeholders.Education Loans "Back to School Promotion.Support Lectures and Forum for cane growers.	<ul style="list-style-type: none">Staff Capacity – 18 internal trainings, 2 In house (with external resource) and 10 externals.Open day – 1st July 2023 – awareness programs.Loans Promotion "Back to school Promotion"- 77- \$0.139m- 21st Dec 2022- 30th Apr 2023.Loan Promotion/Awareness meeting 132 meetings.									
<div>5</div> <div>GENDER EQUALITY</div> <div></div>	<ul style="list-style-type: none">Farming loans to women as growers at concessional rate.Government Programs for new leases.	<ul style="list-style-type: none">Promote more women participation in Farming.Support women dominated farming projects under <i>Subsistence Farming</i> or alternative livelihood project manageable by women with 50% Discounted Application Fee.Women appointment at leadership roles/ Boards.Special loan package for Women Farm ownership programs.New Farmers/ Government Grant/ FNPf Approved Lender.Explore any of the development partners to work through (Vworld Bank, European Union, ADB, European Investment Bank) through Ministry.	<p>The women Farmer is 6% by numbers and 8% by Gross Portfolio:</p> <table><tr><td>Female</td><td>298</td><td>\$2,718,294.53</td></tr><tr><td>Male</td><td>4670</td><td>\$29,404,651.35</td></tr><tr><td>Total</td><td>4968</td><td>\$32,122,945.88</td></tr></table> <p>There was ongoing discussion with UN to support women farmers.</p>	Female	298	\$2,718,294.53	Male	4670	\$29,404,651.35	Total	4968	\$32,122,945.88
Female	298	\$2,718,294.53										
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GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS																		
<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div>	<ul style="list-style-type: none">• Borehole projects.• Water tanks.• Drainage.• Rain catchment.	<p>Continue with</p> <ul style="list-style-type: none">• Borehole projects• Water tanks or catchment• Drainage• Irrigation <p>Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry.</p>	<p>Loan Approved for Borehole and water projects –14- \$0.050m.</p> <p>Drainage 11- \$0.190m.</p>																		
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>	<ul style="list-style-type: none">• Portable solar systems.• Save Fuels.	<ul style="list-style-type: none">• Reach household without national power supply in rural areas.• Provide alternative solution - Solar projects.• Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry.	<p>Solar Kit and Electrical- Loan Approved – 8 \$0.015m.</p>																		
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<ul style="list-style-type: none">• Affordable and very competitive rate loans all cane growers available at all times for within industry and supplementary projects.	<ul style="list-style-type: none">• More competitive rates on loan and optimum rate of return on investments.• Create enabling environment & support to new entrant to the industry.• Diversified loan products.• Supplementary source of income generation.• Options for social security or savings for the farmers.	<ul style="list-style-type: none">• Affordable loans at max interest rate of 6%, including those in default, Fees & Charges discounted at 20- 30% of the Market.																		
<div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div></div>	<ul style="list-style-type: none">• Support Farm mechanization by way of new modern farming equipment.• Investment in new Modern Lending/ Technology System- Information and communication (Online).	<ul style="list-style-type: none">• Continue to support with modern machinery funding• Education and awareness. for use of technology- SCGF App and Digitalization.• Integration of the system and local and progressive international payment system.• Local SCGFs transfer• Support the Industry aspiration and work plans to make it sustainable.	<ul style="list-style-type: none">• Farm Equipment Repairs and purchase – 120 - \$0.575m.• Mechanical Harvester- 6 - \$0.016.• 31st May –Acting Prime Minister and Minister for Finance, Strategic Planning and National Development Hon. Biman Prasad launched the <i>mySCGF App</i>.• On-Line Registration 1301 – Mobile App 671, Online Portal, 125 and SMS 505. <table><tr><th colspan="3">Status- Loan Approved on mySCGF App</th></tr><tr><th></th><th>Count</th><th>Value</th></tr><tr><td>Approved</td><td>51</td><td>\$315,428.09</td></tr><tr><td>Declined</td><td>5</td><td>\$19,800.00</td></tr><tr><td>In progress</td><td>1</td><td>\$25,425.00</td></tr><tr><td>Total</td><td>57</td><td>\$351,673.09</td></tr></table>	Status- Loan Approved on mySCGF App				Count	Value	Approved	51	\$315,428.09	Declined	5	\$19,800.00	In progress	1	\$25,425.00	Total	57	\$351,673.09
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GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS
10 REDUCED INEQUALITIES 	<ul style="list-style-type: none"> Promote for women ownerships of farms with special attention in loan funding and Government assistance. Equal pay for the staff subject to affordability to pay. 	<ul style="list-style-type: none"> Empower and promote the social, economic inclusion with various financial services. social protection policies, and progressively achieve greater equality with financial product for aged growers. Look at Remittance product. 	<ul style="list-style-type: none"> Loan Discounted Fee by 50% for Women Farmers. Social protection products – savings / insurance were explored and ongoing. Remittance & payment were not cost effective.
11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none"> House construction /Upgrade (Committees). 	<ul style="list-style-type: none"> Resilient building structures at farm level (Cat 3) with combination of grants and funding. Disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations- awareness programs Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning- utility and housing 	<ul style="list-style-type: none"> Farm House Extension Loan 359-\$1.610m.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none"> Effective cost managements for staff coffee/ tea etc. Consumption of utility services – water and energy. Usage and measurement of paper use. 	<ul style="list-style-type: none"> Sustainable management and efficient use of natural resources- water and solar project funding. Reduce food losses along production and supply chains, including post-harvest losses- back to back. 	<ul style="list-style-type: none"> Cost Reduction of 12% against budget of 5%.
13 CLIMATE ACTION 	<ul style="list-style-type: none"> Rehabilitation projects after natural disaster. e.g. Post Cyclone. 	<ul style="list-style-type: none"> Planting of tree crops. Drainage and waterways funding for farmers. Disaster Rehabilitation program- quick response (reserve SCGFs). Crop Insurance or parametric insurance (World Bank, Govt, PFIP). Mitigation actions and transparency on Implementation and fully operationalize the Green Climate SCGF. 	<ul style="list-style-type: none"> Drainage Loans as data provided and Developed – ESG Policy Guideline formulated.
14 LIFE BELOW WATER 	<ul style="list-style-type: none"> Ensure and farm development by growers do not Impact the marine life. Consider aquaculture or Blue Economy projects. 	<ul style="list-style-type: none"> Ensure to have policy on sustainable farm development. No harm to marine life and sea. No pollution. 	<ul style="list-style-type: none"> BLP Loan Product for aquaculture in place. The Policy framework to be developed- remains outstanding.

GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS
 <p>15 LIFE ON LAND</p>		<ul style="list-style-type: none"> Farm development ensure inland freshwater ecosystems and their services, in particular forests, wetlands, mountains are maintained. No pollution, soil erosion. 	<ul style="list-style-type: none"> ESG Policy Framework Developed and approved by Board.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> Legal services at very affordable cost that support the functions in accordance with Act. 	<ul style="list-style-type: none"> Promote the rule of law at the national and international levels and ensure equal access to justice- Code of Conduct of SCGF. Vision, Mission and Values Ingrained in the daily operations. Substantially reduce corruption and bribery in all their forms- Governance POLICY/ Whistleblower policy. Develop effective, accountable and transparent institutions at all levels- Governance Policy. Compliance Policy Guidelines Lines and ESG Policy Implemented. Ensure public access to information and protect funding - Disclosures/ Annual Report. 	<ul style="list-style-type: none"> Code of Conduct awareness in January for Staff and Management held. On Going Policy Trainings. Completed 5 Policy Reviews and Introduced 6 New Policies- This included review of Corporate Governance Policy, Introduction of Compliance and ESG Policies. Introduced from April 2023 Legal services for (Non-Core Lending) at affordable price similar to Sugar Cane Growers Council. - 91 documents of which 30 were Transmission by Death & 12 Probates.

GOAL	WORK PLANS	STRATEGIES 2022 - 2028	2023 ACHIEVEMENTS
		<ul style="list-style-type: none"> • Finance - Strengthen resource mobilization, including through international support-through Government agencies and multinational and development partners. • Technology - Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to on favorable terms, including on concessional and preferential terms, as mutually agreed with our ICT system and Social Media. • Capacity building- continuous look out for the people development. • Systematic issues – Implementation of policies and products that eradicate poverty. • Multi-stakeholder partnerships- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships that includes Government (ministries) – that we would explore. • Data, monitoring and accountability- enhance capacity-building support/ research etc / regular feedback. 	<ul style="list-style-type: none"> • Have formulated policies, processes, products that support SDGs with necessary technological platform. • It is ongoing enhancement and improvements that will require commitment and political good will along with National Development and Industry Plan in a collaborative way with all industry stakeholders, government agencies and Development Partners.

OUR PEOPLE

SCGF upholds its values and recognizes that our people are key to sustainable operations. We foster an environment of transparency, integrity, innovation, and collaboration, and ensure that everyone within the organization understands and aligns with our vision, mission, and core values. The organization allows staff to strengthen their skills to improve and support strategic and industry objectives.

SCGF had total of 32 permanents and 2 temporary staff for 2023.

Permanent	32
Temporary	2
Total	34
Approved Structure	35

Gender

Male	18
Female	16

Staff Training & Development

As at 31st December 2023:

No.	Particulars	No. of Trainings Attended
1	Internal Training (Internal Resource at the Premises)	18
2	In-House Training (External Resource at the Premises)	2
3	External Training (External Resource and Off Premises, through Webinars/On-line)	10

Fiji Business Excellence Award

This year SCGF has once again participated in the Fiji Business Award and was winners of "**Prize Level**". The prestigious award was awarded to SCGF in recognition for the commitments of Board, Management and Staff for the progression that has been made in the business and Sugar Industry.

Team Excellence Award

Two Teams of SCGF [Team Sugar SCGF Tech/Team Dovu] participated in the National Quality & Innovation Conference. 3rd Team Excellence Competition was organized by Fiji National University's (FNU) National Training and Productivity Centre and both Teams won **2 Star** award and **Special Recognition** award for Learning and Development.

Relationship with Fiji Bank & Finance Sector Employees Union

Total of 23 staffs are members of Fiji Bank & Finance Sector Employees Union.

1. We are the first organization in the Sugar Industry to increase the Retirement age to 60 years.
2. We are the first organization in the Sugar Industry to remove Employment contracts for contracted (Staffs and Management except CEO).
3. We continued maintain a very cordial relationship with Fiji Bank & Finance Sector Union and have carried salary and payment for 3% Cost of Living Adjustment for 2023.

Key Achievements:

- Recruitment of In-House Legal Counsel and from April 2023 rolled out with Legal Operations/Services with SCGF.
- On 22nd May 2023, Board, Management and Staff had Strategic Planning for SCGF's future prospects and growth potentials.
- On 16th June 2023, SCGF registered with Ministry of Labour for [LMCCC]-Labour-Management Consultation & Cooperation Committee.
- On 27th to 28th July 2023, SCGF attended Pacific Anti-Corruption Regional Conference to foster unity, promote good governance and expand the efforts in combating corruption in the Pacific Region.
- On 14th August-07th September 2023, Company Secretary Online Course was attended by Manager Finance & Administration/Board Secretary facilitated by the Australian Institute of Company Directors. The course outlined the topics of:
 - i. Governance Overview;
 - ii. Board Roles and Responsibilities;
 - iii. Position and the Role of a Company Secretary;
 - iv. Company Secretary Appointment and Relationships; and
 - v. Legal Duties and Responsibilities of a Company Secretary.
- On 30th September 2023, Building A Customer-Centric Mindset, training was provided by a Registered Trainer Mr. Altaab Khan.
- On 11th - 12th October 2023, Staff attended training- Productivity Measurement Training with FNU and training was conducted by Mr. George Wong [Top Singaporean Productivity Specialist & APO Consultant] for productivity.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) formulated through the Budgetary Process and duly confirmed by the Board. These consist of qualitative and quantitative measurements which were monitored monthly and reported to the Board through various Board Reports and detailed reports were tabled six monthly.

The High-Level KPIs and Achievements for 2023 consisted of action plans, the majority of the work was completed and/or attended. However, there were a few that management was unable to attend (those in red) due to either other priorities, budgetary constraints or shortage of resources.

The surplus of \$2.7m against \$3m demonstrates good and sound achievement [90%] considering various challenges within the industry where management had to be prudent in lending. Also, the other income had been down as the high liquidity market meant the investment rates were not impressive. The lending approval/settlement achieved were 80% as there were healthy payments, and repayments were waived at the request of the Ministry, so the uptake of the loans were less.

Nonetheless, the arrears management and the provision after the review by PWC provided comfort and added to the surplus.

Ratios	Budget	Audited
ROE	3.99%	3.47%
ROA	3.69%	3.29%
Total Exp / Total Income	41.25%	44.09%
Total Lending Income / Total Income	39.98%	34.82%

Strategic Pillars (60%)

1. Be Customer/ Grower Centric
2. Sustainable and Diversified Growth
3. Have Sustainable Earnings

Strategic Enablers (40%)

4. Risk Management, Audit & ESG Standards
5. Innovation, Products & Branding
6. Talent & Culture
7. Digitalization & Technology

The table below summarizes key 69 action plans emanating from the KPIs of which 59 (85%) have been implemented, 2 (3%) were in progress and 8 (12%) remained pending, due either resource constrains or other priorities of the work.

PILLARS/ ENABLERS	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS	RESPONSIBLE MANAGEMENT	RESULT
1. Customer & Grower Centric	We recognize that Growers/Customers are the cornerstone for SCGF's sustainability.			
	1.1 Improve with Effective and Efficient Grower Services with Turnaround Time.	Existing grower Loan application to be processed within 1 working day with complete document.	MLO/SLO	Attained 3% of applications exceeded 7 days.
		New Loan application processed within 2 working days with complete documents.	MLO/SLO	Achieved and 3% (against 5%) exceeded 7 days.
		Customer Survey Annually, Satisfaction rating over 85%.	MLO	85% Rated Excellent Service 95% Rated Excellent for Product and 99% support for Banking initiative.
	1.2 Deepen the Engagement with Growers.	No more than 5% of No of Applications to exceed 5 working days.	MLO/SLO	3% attained against 5%.
2. Sustainable and Diversified Growth	We strive for sustainable growth through prudent Earnings & Cost Containment.			
	2.1 Improve on the Earnings.	For the growth of \$1.018m per month loan approvals & settlements - as per the district targets.	MLO	Loan Approvals of \$9.199m against \$11.352m [81%]. Loan Payment of \$9.034m against \$11.352m [80%].
	2.2 Reduce Expenses.	Reduce Departmental or District Expenses- Paper, Utility, Vehicle, etc. (5% Reduction).	MFA	Achieved – 12% Savings against 5%.
	2.3 Lending Activity - Core Business.	Loan Assessment & Approval based on the quality of the loan proposal.	MLO/ SLO	Achieved.
		Effective arrears management - Priority from 48% to 38%, CDRF from 23% to 16%, Specialized 8% to 8% remain and overall 9.5% (growers) to 9% with respective District Level targets.	MLO / CO	8% overall SP 56% PL 66% CDRF 24%
		Provision and Interest Suspension measurements monthly - timely and accurate with annual reversal target (\$0.500m).	MLO/CO	Total Provision as of 31st Dec was \$1.721m with reversal of \$0.443m.
		Monthly Checks of expired Term reviews - those expiring in the next 12 months with an overall Portfolio Review 70%.	LOA	Checked and reviews are at 75% attained.
3. Have Sustainable Earnings	To have quality and sustainable growth that is not only for profit, but affordable			
	3.1 Effective Management of Lending Operation.	For the growth of \$1.018m per month loan approvals & settlements - as per the district targets.	MLO	Loan Approvals of \$9.199m against \$11.352m [81%]. Loan Payment of \$9.034m against \$11.352m [80%].
	3.2 Effective management and monitoring of Investment.	Effective management of the Balance Sheet Risk Profile.	MFA	Actioned.

4. Risk Management	Not limiting to Risk Management, Audit, and Compliance , but promote SCGF's accountability, fairness and transparency in all the dealings in the environment where we exist in.			
	4.1 Risk Management.	Six monthly review of the Risk Framework with current status - Very High (0) , High (6), Medium (14) and Low (4) and 2023 target Very High (0), High (1), Medium (16) and Low (6) - Overall to be medium	MFA/MLO/MIT	Six month review of the Risk Framework with current status – Very High (0) , High (2), Medium (6) and Low (16) and 2024 target Very High (0), High (0), Medium (7) and Low (17) - Overall to Low
	4.2 Audit.	Annual External Audit & Report Completion March.	MFA	Actioned however delayed due to SPPL letter of undertaking from Government.
		Internal audit findings 100% implementation within 12m months - High 3 months, medium 6 months and Low 12 months.	MFA/MLO/MIT	All Issues Implemented – 8 / 8.
		Overall audits to be Medium & Below	All Medium- Low	
	4.3 Compliance.	Check and Compliance to Anti-Money Laundering & Annual Awareness (June 2023).	Compliance Officer	Refresher Training Of AML Was Conducted On 29/12/2023.
		Formulation of Compliance Framework- policy, process, by March 2023.	Exco	Achieved
	4.4 Environment & Social.	Community-based project minimum three per year with and or without the support of Social Club - (CANE DRIVE).	Exco	Completed Distribution of wheelchairs/, Food Vouchers to students [Bus Accident/Cash Donation and Free Medical Check Up during Open day.
	4.5 Governance.	Contribute and support Board approved strategy(ies).	EXCO	Implemented.
		Quarterly Reporting of the Approved strategic and corporate plans - Banking Gap Analysis / RBF Policy / Products as per the work plan.	EXCO	Completed – June 23.
		Board Papers are prepared 15- 10 days prior and sent 7 days before the meeting.	BS	Completed.
		Minutes sent within 5 working days after the meeting.	BS	Completed.
		Review of existing Policies where required and new Policies - compliance, ESG.	EXCO	Completed 5 Reviews and introduced 6 New Policies.
		Full Compliance to Policy Framework.	EXCO/ IHLC	Completed.
5. Innovation , Products & Branding	To be innovative with products, policies, and branding that stand out			
	5.1 Innovation & Products	Explore other opportunities of the maximum use of the System.	EXCO	Ongoing.
		Opportunity of new/innovative products - SME / JVS / Revolving Facility.	CEO	Pending with other priorities however BLP Product reviewed.
	5.2 Branding	Timely update of Website & Social Media with Press Release, statements, and events on the same day.	MIT & Team	Completed for 12 months.
		Monthly Press Release and Awareness - social media.	MIT & Team	Completed for 12 months.
		Minimum of 3 Product Promotions per year.	MLO	Completed.
		Digital Marketing – add-ons to website, explore additional features for Facebook page, Viber community, Wikipedia.	MIT & Team	Pending.
		Branding policy by September 2023.	CEO	Pending

6. Talent & Culture	6.1 Open Door Policy & Communication.	Improve efficiency and effectiveness of people and processes by engaging with Departmental Weekly Meetings, CEO meetings fortnightly, 1:1 discussion by line managers and annually by the CEO.	HR/ EXCO	One to one discussions with CEO is pending.
		Timely and effective communication management /staff vice versa- Memos, Newsletters, emails and prompt responses by any due dates.	HR	On-Going.
		Human Resource Policy Awareness program- Jan 2023.	HR	Completed on 24/04/2023.
		Encourage and Participate in meetings and contribute effectively -macro (Minimum monthly) and unit (weekly) or contributions in strategic suggestions.	EXCO	Had SCGF Strategic meeting with Board- 22/05/2023.
	6.2 Training & Development.	Training Need Analysis by March of each year and plan developed thereafter.	HR	Completed-2023.
		Training & Developments internal (100%) /external (20%)/overseas/education support programs/bonding (10%) and on job training (10%) and job rotation (10%).	HR	Internal Training-18 In-House-2 External-10 On-Job rotation- 9 100% staff attended
	6.3 Org Structure & Turnover.	Review Org Structure on need /project-based recruitment to support the Strategy (but prudently);	Board	Reviewed in 2023.
		Annual Succession Plan on top 2 tier levels in March.	Board	Completed.
		All positions to have revised JDD and MQR by June 2023.	Board	Completed.
		No more than 10% of the staff turnover per annum.	EXCO	4 permanent staffs resigned- 11%.
		Placement within 3 months of the vacant position.	EXCO	Unable to get right incumbents.
	6.4 Rewards & Recognitions.	All Performance Appraisal to be completed within 3 / 2 months - (Mar& Aug).		For 2022 PMS completed on HR System-Link soft, 2023 is on-going.
		Bonus and Salary Reviews with sign of Annual Accounts.	HR	2022 PMS Paid out and Salary Reviews are in progress.
		All KPIs to be rolled out by Jan and signed off by Feb.	EXCO	Completed.
	6.5 Others.	Annual 360 Degree Assessment (March) & Implementation of gaps in next six months – Sept.	HR	Findings implemented with salary review and Team Bonding.
		Implement HR Software with adequate training by Feb 2023.	HR	Completed.
		Team Bonding activity - with sports / wellbeing activity / social activity - one per quarter.	HR	On-going.
		Fiji Bank & Finance Sector Union Agreement Review (March).	HR	Review has been completed, changes yet to be formalize.

To have a sound and robust Technology, Channel & Digitalization platform that improves data security, reliability, accuracy and services

7.1 Core Business Solutions.	Full Implementation and closure of project reviews and explore other options.	MIT	1.System fully implemented with all the required modules and functionality; 2.Following change Request implemented as well: •Loan Classification •Single Interest posting functionality																																			
	Continuous Review of the System Process and Changes minimum quarterly - Complete existing by Feb 2023.	MIT	Formulation and Implementation of following 13 processes: • Bulk Uploading •Charge Posting •Recovery Processing-Priority & CDRF •Cane pay Processing-SP •Interest Suspension •Specific Provisioning & ECL •Arrears SMS Notification •Security Management •Day End- Sage File •Agency Payment •Document Management •Bank Rejects •Credit Balances																																			
	Timely and accurately generating reports daily, weekly and monthly, yearly All Report formatting / Dashboard by Jan 2023.	MIT	All reports available in the system 2.Following new reports were developed: •Account Review for over \$20,000.00 •Account Review for 25% production decline •Expired Account Reviews •100 Largest Portfolio •Top 100 Largest Arrears •Dashboard for Loans Approved Summary by Month •Dashboard for Loans Approved Summary-Product																																			
	Post Implementation Training and Awareness as part of ongoing refresher - Before Feb 2023 and any new changes thereafter / User own generation of report.	Ongoing.																																				
	Helpdesk attendance and escalating to the vendors- Priority ones to be actioned 24 hours and other 3 days to 5 days or as per agreement.	<table><thead><tr><th>Issue Type</th><th>Count</th><th>Solved</th><th>Pending</th></tr></thead><tbody><tr><td>Hardware (Laptop, phone, printers)</td><td>23</td><td>23</td><td>0</td></tr><tr><td>Software</td><td>92</td><td>92</td><td>0</td></tr><tr><td>Network</td><td>33</td><td>33</td><td>0</td></tr><tr><td>System (CRM and LOS)</td><td>123</td><td>113</td><td>10</td></tr><tr><td>CR</td><td>14</td><td>10</td><td>4</td></tr><tr><td>MobileApp</td><td>13</td><td>1</td><td>0</td></tr><tr><td>Email</td><td>30</td><td>30</td><td>0</td></tr><tr><td></td><td>350</td><td>336</td><td>14</td></tr></tbody></table>	Issue Type	Count	Solved	Pending	Hardware (Laptop, phone, printers)	23	23	0	Software	92	92	0	Network	33	33	0	System (CRM and LOS)	123	113	10	CR	14	10	4	MobileApp	13	1	0	Email	30	30	0		350	336	14
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Monthly Reports of the Helpdesk. Issues with no more 5% to be unsolved and those urgent or over 30 days to be discussed with CEO.	Completed for the 12 months	<table><thead><tr><th>Issue Type</th><th>Count</th><th>Solved</th><th>Pending</th></tr></thead><tbody><tr><td>Hardware (Laptop, phone, printers)</td><td>23</td><td>23</td><td>0</td></tr><tr><td>Software</td><td>92</td><td>92</td><td>0</td></tr><tr><td>Network</td><td>33</td><td>33</td><td>0</td></tr><tr><td>System (CRM and LOS)</td><td>123</td><td>113</td><td>10</td></tr><tr><td>CR</td><td>14</td><td>10</td><td>4</td></tr><tr><td>MobileApp</td><td>13</td><td>1</td><td>0</td></tr><tr><td>Email</td><td>30</td><td>30</td><td>0</td></tr><tr><td></td><td>350</td><td>336</td><td>14</td></tr></tbody></table>	Issue Type	Count	Solved	Pending	Hardware (Laptop, phone, printers)	23	23	0	Software	92	92	0	Network	33	33	0	System (CRM and LOS)	123	113	10	CR	14	10	4	MobileApp	13	1	0	Email	30	30	0		350	336	14
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Explore other opportunities of the maximum use of the System - agency /Mobile Lender/ Banking Road map - Village System- QR Code, b) Explore other changes to Mobile App c) Revolving facilities	Pending in view of other Priorities																																					
7.2 Back up Security / Business Continuity.	Review the Cloud Solution / Costing	Completed for the year. There will not be any change of price.																																				
	Daily Back Up, End of Day and Start of Days, Monthly and Yearly Activities and Sign off Reports.	Completed for 12 months.																																				

		Daily camera backup and records for minimum 30 days.	Completed for 12 months.	
		Independent Penetration testing of network and system By June 2023.	Pending.	
		Secure systems with password policies, 2 Factor Authentication, implement best practice for cyber security by June 2023.	1. Implemented for laptops 2. Password policy integrated in Len Decider/CBS 3.2FA integrated in Link Soft	
		User Access and controls for all systems across SCGF (Review quarterly).	All access levels and controls implemented in the applications. The next step will be to review access control form.	
		Cyber Security awareness program for by March 2023.	August- (Business Email Compromise, Social media, Mobile) September – Security (Removable Media, Password and Authentication, Physical Security).	
		Six monthly business Continuity Test by Jun / Dec.	Completed 1 test Successfully for the following services: • File Server • CBS • Len Decider • Sage	
		Health checks for all laptops and servers twice a year (Jun/ Dec).	Implementation of Patch Management Solution to centrally manage updates/patches.	
	7.3 Improve on ICT Policy Environment.	Review all sections of ICT policy, review current practice, short falls and develop action plans.	Formulation of following policies (SCGF Board-Approved as interim policy-working document and will be reviewed in 6 months): • Technical Vulnerability (Patch) Management • ICT Change Management • Information Security Incident Management	
		Commence work on ISO standards for IT - ISO/IEC 20000-1:2018 - Information Technology Service Management and ISO 27001 - Information Security Management Systems (ISMS) to have completed by June.	Pending and was not high priority in view of other pressing issues and shortage of staff.	
		Participate In ICT Project based Programs (FNU) ETC.	MIT & Team	2 teams participated: Team SCGF Tech- HR System- won 2 stars Team Dovu- Sage Implementation –won 2 star and Training & Development award.
		Action plans as per the Risk Register and those due dates.	MIT & Team	Completed as per due dates for year 2023.
		Formulate Change Management & Security Policy.	MIT	Completed as Draft and Reviewed by Management and Board- working document and to be reviewed in 6 months.

CORPORATE DIARY

JANUARY

4th - It was a great pleasure & honor to host our new Multi-Ethnic Affairs & Sugar Industry Minister, Hon. Charan Jeath Singh and during his visit he launched a new initiative whereby all applicants with any form of disability either for new or top-up loans, will have the Loan Application Fee waived.



12th – Minister for Multi-Ethnic Affairs & Sugar Industry Hon. Charan Jeath Singh visited the Labasa office.



MARCH

10th – International Women's Day celebration in Labasa. Chief Guest Hon. Minister for Multi-Ethnic Affairs & Sugar Industry. Hon Charan Jeath Singh and Guest speaker Ms. Shartika Naidu from Fiji Sun.

13th - International Women's Day and Holi celebration at SCGF Head Office, Dr. Pramila Devi-USP Lautoka Campus Director as the Chief Guest and Guest Speaker Ms. Reshmi Kumari Director of Planning, Policy & Research with some of the successful women growers. The guests provided insight into their achievements.



APRIL

18th – Loans Officer Mr. Parmin Kumar & Settlement Officer Mr. Anald Sharma appeared as guest speakers on *Aap Ki Awaaz* with Mr. Ravin Singh aired on Fiji Two radio station.



27th – Loan Officer Ms. Salome Naivaro & Assistant Loan Officer Ms. Elenoa Tuberi appeared as guest speakers on Vakekeli aired on Radio Fiji1.



28th- Launch of the Pre-Harvesting Loan Promotion.



15th- SCGF Team with other Sugar Industry took part in Girmit celebration in Suva.



26th - Celebrating Sir Ratu Lala Sukuna Day at all Districts and Head Office.



31st –Acting Prime Minister and Minister for Finance, Strategic Planning and National Development Hon. Biman Prasad launched the *mySCGF* App at SCGF Boardroom-a platform that would provide more convenient means of service to Growers- -Account Summary, View Accounts, View Transaction, Download Statement, Apply Loans.



JULY

1st July 2023 - First ever - SCGF Open Day in Kabisi Sigatoka and Labasa with free Medical Checkup. All the District Offices were opened, on the spot loan approval and Loan Offers signed.



11th – Mr. Bob Mitchell-Manager Quality Awards, National Training & Productivity Centre visited SCGF Head Office.



29th – Anti-Corruption Regional Conference at InterContinental Resort attended by Mr. Francis Pesamino, Mr. Sagar Dayal, Ms. Prithi Ram and Ms. Sheetal Chetty.



AUGUST

15th – Staff attending First –Aid Training facilitated by Fiji Red Cross.



22nd – SCGF signed a MOU with Ministry of Fisheries and Forestry to provide technical support for any Cane Grower who wishes to venture to Aquaculture Farming. Permanent Secretary Ms. Rokosuka and her team were part of the signing.



23rd – Management Team appeared before to the Public Accounts Committee.



SEPTEMBER

21st – iTaukei Affairs, Culture & Heritage Minister Hon.Iferemi Vasu & the Interim CEO for iTaukei Land Trust Board(TLTB) – Mr. Solomoni Nata paid SCGF a courtesy visit.



28th – Minister for Multi-Ethnic Affairs and Sugar Industry – Hon. Charan Jeeth Singh launched the Ministry's one of the 13 Programs of 2023-2024 Budget – New Farmer and Lease Premium Program with SCGF as the implementing agency. The Government has allocated \$2m for this program. Applications open from 1/10/23 – 30/6/24.



30th – Customer Centric Training facilitated by Mr. Altaab Khan at SCGF Head Office and other events followed - Recognizing the winning team for Bowling, celebrating Prophet Mohammed and site visit at Sugar Research Institute of Fiji and South Pacific Fertilizer Pte Ltd.



OCTOBER

13th – Congratulations to our 2 teams for participating in the 3rd Team Excellence Competition held at FNU Namaka Campus. Both teams won 2 Star Awards each and a special award for Learning & Development.



20th – Sugar Industry Pinktober Breast Cancer awareness program held at Sugar Cane Growers Council Hall. The speaker Dr. Ashleen from Ministry of Health provided insight of self-care & Ms. Margaret Jane Rounds gave an overview of the role of Fiji Cancer Society.



25th – SCGF Team together with South Pacific Fertilizer Pte Ltd participated at the Agriculture Show in Suva.





NOVEMBER

8th –Hosted the Assistant Minister Hon. Sakiusa Tubuna and the members of the Economic Affairs Standing Committee. Launched a promotion on Cyclone Preparedness and Green Energy Promotional Loan for Cane Farmers at SCGF Boardroom.



10th – Combined Diwali Celebration with Sugar Cane Growers Council Management and Staff at SCGC Hall.



12th – SCGF Board, staff attended Fiji Business Excellence Awards Night at Grand Pacific Hotel, Suva and won Fiji Business Excellence Prize Level award dedicating the win to all Sugarcane Growers, Board, Management, Staff and industry stakeholder. The award was presented by the President of Fiji His Excellency Ratu Wiliame Maivalili Katonivere.



DECEMBER

21st – The Chairman Mr. Uday Sen and Board Members addressed the staff and thanked them for their achievement for the year 2023.



OUR SUBSIDIARY – SOUTH PACIFIC FERTILIZER PTE LIMITED (SPFL)

Establishment and Core Business

Fertilizer Company - established in 1983 & registered under Companies Act. SPFL completed construction of its bulk, blending and packaging factory at Veitari, Lautoka in 1990. SPFL started with 3 blends (A, B and C) in 1991 for the sugar cane farmers, on the recommendation by the SRIF, formerly known as Sugar Cane Research Centre, FSC.



The principal activity of the company is to import bulk raw materials, blend, pack and distribute the blended fertilizer to the sugar cane growers. SPFL has further diversified its business into the sale of straight weedicides and rice and other NPK fertilizers for the non-sugar sector.

Vision/ Mission (Way Forward)

1. To be the Preferred Supplier of Mineral Fertilizers to the Fiji Agricultural Sector.
2. To be the Supplier/ Distributor of affordable N-P-K Blends to the Sugar Cane Sector.
3. To create continuous value for our customers and consumers, inspiring confidence and respect through the highest levels of product quality and service.

Human Resource

SPFL currently has 31 employees on the payroll of which 26 are male and 5 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. SPFL is an equal opportunity employer.

Challenges

1. Raw Material Prices — Fluctuations in the market prices are primarily driven by external market forces and our remoteness.
2. Fertilizer Application — Fertilizer is not applied at the recommended rates by the growers. On average, growers should apply 15 to 18 bags of Blend C fertilizer per hectare on ratoon crops per SRIF's recommendation.
3. Weedicide Application — Should be done in a timely manner and at the recommended rates. Weeds have infested cane farms in all the regions. When the weeds are not controlled, it affects the crop production and yields are compromised.
4. Climate Change - The adverse effects of climate change are the unpredictable weather patterns causing natural disasters.
5. Dependence on the sugar industry and reliance on Government Subsidy as almost 90% of SPFL's revenue is generated from the sugar industry. When the cane production is low, sales to the sugar sector declines and triggers a fall in SPFL's revenue.

Opportunities

1. Raw Material Prices — Raw materials are purchased on a periodic basis which enables the Company to assess market trends and make better decisions for future procurements.
2. Since FSC provides extension services to the growers, FSC's field staff should advocate and ensure that fertilizer and weedicides are applied at the recommended rates on individual cane farms.
3. The industry can work on a plan to mitigate the risks associated with climate change. It can be achieved by moving away from burnt cane and conservation of trash to allow soils to regenerate fertility.
4. SPFL is working on diversifying in to more products for the non-sugar sector such as insecticides and weedicides for rice farming.

KPIs and Achievements of KPI

Given below is the budget sales to sugar cane farmers against the actual sold for the financial year ended 31 December 2023.

	FYE 31 DEC 2023	BUDGET 2023
Blended Fertilizer (MT)	24,323.95 MT	26,246.35 MT

Way Forward

To achieve optimum level of production, it is imperative to follow the simple and timely practices that have been recommended through research. This can be done through both, grower awareness and education.



Photo 1.' Source of N



Photo 2. Source of N & P



Photo 3: Source of P



Photo 4.' Source of P



Photo 5. Blended Fertilizer for Storage



Photo 6.' Loading of Fertilizer for Delivery

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
BOARD'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, the related statement of profit or loss and other comprehensive income, the 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 05/01/2020. Reappointed as Chairman on 19/01/22 to 08/01/24, opted for non-renewal
- Mr Ahemad Bhamji —appointed as Chairman on 11/01/24 to 09/01/26
- Mr Sundresh Chetty —continuing member from 19/11/20 to 18/11/23, opted for non-renewal
- Professor Anand Chand —continuing member and reappointed on 09/01/21 to 08/01/23, opted for non-renewal
- Mr Tevita Madigibuli —continuing member and reappointed on 02/05/23 to 01/05/26
- Mr Sunil Chaudhary - appointed as member on 19/07/2021 to 18/07/24
- Mr Pratik Shamal Singh - appointed as member on 11/01/24 to 11/07/27
- Ms Jiu Daunivalu - appointed as member on 02/05/23 to 01/05/26

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 sugar cane 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 \$6,385,471 (2022: \$9,669,336) after providing for income tax expense of \$911,415 (2022: \$1,875,673).

The net profit of the Fund for the year amounted to \$2,705,230 (2022: \$2,836,424) after providing for income tax expense of \$Nil (2022: \$Nil).

Bad and doubtful debts

Prior to the completion of the financial statements of the Group and Fund, the Board members took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the allowance for expected credit losses.

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.

Significant events during the year

(i) Change in Corporate tax from 20% to 25%

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) (No. 2) Regulations 2023, which commenced this financial year, the Group is subject to the corporate income tax of 25%.

(ii) Undertaking from the Government of Fiji

On 27 September 2023, the Group received a written undertaking from the Government that in the event FSC defaults its payment for legacy debt, the Government will, subject always to necessary legislative processes and/or Parliamentary approval, assist FSC.

Events subsequent to balance date

No 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 and the results of those operations, or the state of affairs of the Group and the Fund in future financial years.

Basis of accounting

Board members believe that the basis of the preparation of the financial statements is appropriate and the Fund and the Group 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 Fund and the Group.

Other circumstances

As at the date of this report:

- (i) no charge on the assets of the Fund and the Group 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 Fund and the Group could become liable; and
- (iii) no contingent liabilities or other liabilities of the Fund and the Group 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 Fund and the Group 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 Fund and the Group 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 Fund and the Group 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. During the financial year ending, board allowance of Mr Sunil Chaudhary was paid to his employer (SCGC).

For and on behalf of the Board members by authority of a resolution of the Board, this 14th day of October 2024.



Chairman



Board Member

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT BY BOARD MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 Fund and the Group for the year ended 31 December 2023.
- (b) the accompanying statements of financial position is drawn up so as to give a true and fair view of the state of the Fund's and the Group's affairs as at 31 December 2023.
- (c) the accompanying statements of changes in equity for the year ended 31 December 2023 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 Fund and the Group for the year ended 31 December 2023.
- (e) at the date of this statement, there are reasonable grounds to believe that the Fund and the Group 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 Fund and the Group.

For and on behalf of the Board members by authority of a resolution of the Board, this 14th day of October 2024.



Chairman



Board Member

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 financial statements of Sugar Cane Growers Fund ("the Fund") and its subsidiary (collectively, "the Group") which comprise the statement of financial position as at 31 December 2023, 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 2023, 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 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 (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji 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 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 Fund's and the Group's financial reporting process.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the Fund and the Group's Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 Fund's and 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 Fund's and 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 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 Fund and the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the Fund and the Group's financial information of the entities or business activities within the Fund and the Group to express an opinion on the Fund and the Group's financial statements. We are responsible for the direction, supervision and performance of the Fund and 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 and the Group, sufficient to enable 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 financial statements give the information required by the Sugar Cane Growers Fund Act 1984, in the manner so required.


Ernst & Young
Chartered Accountants


Shaneel Nandan
Partner
Nadi, Fiji
14 October 2024

A member firm of Ernst & Young Global Limited

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

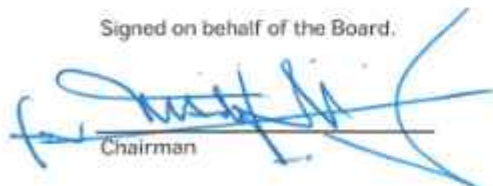
	Notes	Group 2023 \$	2022 \$	Fund 2023 \$	2022 \$
Revenue	27	47,567,661	47,393,101	-	-
Cost of goods sold		(39,455,574)	(35,288,254)	-	-
Gross profit		8,112,087	12,104,847	-	-
Finance income	4	2,563,764	2,613,528	2,563,764	2,613,528
Other operating income	5	1,869,713	1,769,806	2,274,863	2,052,743
		12,545,564	16,488,181	4,838,627	4,666,271
Administrative and other operating expenses	6	(4,961,340)	(4,657,585)	(2,110,581)	(1,821,032)
Profit from operations		7,584,224	11,830,596	2,728,046	2,845,239
Finance costs – net		(287,338)	(285,587)	(22,816)	(8,815)
Profit before income tax		7,296,886	11,545,009	2,705,230	2,836,424
Income tax expense	8(a)	(911,415)	(1,875,673)	-	-
Net profit for the year		6,385,471	9,669,336	2,705,230	2,836,424
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		6,385,471	9,669,336	2,705,230	2,836,424
Total comprehensive income attributable to:					
Owners of the parent		5,971,397	8,958,911	2,705,230	2,836,424
Non-controlling interest		414,074	710,425	-	-
		6,385,471	9,669,336	2,705,230	2,836,424

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Fund	
	Notes	2023	2022	2023	2022
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	9	27,554,531	31,356,699	5,650,562	4,771,006
Investments at fair value through profit or loss	10	7,022,744	6,519,226	7,022,744	6,519,226
Investments at amortised cost	11	17,804,991	18,814,313	17,804,991	18,814,313
Trade and other receivables	12	25,747,420	19,252,585	2,097,381	1,391,626
Loans to growers	13	30,740,000	28,239,128	30,740,000	28,239,128
Inventories	14	20,081,456	31,947,990	-	-
Prepayments	15	1,475	2,525	1,475	2,525
Advances to industry related parties	16	4,487,651	5,005,351	4,487,651	5,005,351
Property, plant and equipment	17	2,606,301	2,671,461	214,716	162,304
Intangible assets	18	517,676	559,111	517,676	559,111
Right-of-use asset	28 (a)	366,602	100,086	280,333	11,485
Deferred tax asset	8 (c)	1,832,732	1,521,283	-	-
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		138,763,579	145,989,758	82,218,934	78,877,480
Liabilities					
Trade and other payables	20	5,186,672	7,058,774	3,338,546	3,493,870
Employee benefits	21	141,873	206,407	141,873	123,276
Borrowings	22	5,562,304	5,732,516	-	-
Lease liabilities	28 (b)	382,484	106,638	288,462	11,755
Deferred grant income	23	6,338,587	17,193,363	499,975	3,731
Current tax liability	8 (b)	561,225	1,411,897	-	-
Total liabilities		18,173,145	31,709,595	4,268,856	3,632,632
Equity					
Funds employed / retained earnings		115,319,106	109,347,709	77,950,078	75,244,848
Non-controlling interest	24	5,271,328	4,932,454	-	-
Total equity		120,590,434	114,280,163	77,950,078	75,244,848
Total equity and liabilities		138,763,579	145,989,758	82,218,934	78,877,480

Signed on behalf of the Board.


Chairman


Board Member

The accompanying notes form an integral part of this Statement of Financial Position.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Owners \$	Non-controlling Interest \$	Total \$
Balance at 1 January 2022	100,388,798	4,297,229	104,686,027
Comprehensive income			
Profit for the year	8,958,911	710,425	9,669,336
Other comprehensive income	-	-	-
Total comprehensive income	8,958,911	710,425	9,669,336
Transactions with owners			
Dividends declared	-	(75,200)	(75,200)
Total transactions with owners	-	(75,200)	(75,200)
Balance at 31 December 2022	109,347,709	4,932,454	114,280,163
Comprehensive income			
Profit for the year	5,971,397	414,074	6,385,471
Other comprehensive income	-	-	-
Total comprehensive income	5,971,397	414,074	6,385,471
Transactions with owners			
Dividends declared	-	(75,200)	(75,200)
Total transactions with owners	-	(75,200)	(75,200)
Balance at 31 December 2023	115,319,106	5,271,328	120,590,434
Fund		2023 \$	2022 \$
Balance at 1 January		75,244,848	72,408,424
Comprehensive income			
Profit for the year		2,705,230	2,836,424
Other comprehensive income		-	-
Total comprehensive income		2,705,230	2,836,424
Balance at 31 December		77,950,078	75,244,848

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 2023

	Note	Group		Fund	
		2023	2022	2023	2022
		\$	\$	\$	\$
Operating activities					
Receipts from customers / growers		10,384,579	32,936,025	516,019	444,680
Receipt of Government subsidy for fertilizer and weedicide		21,933,937	34,523,733	-	-
Receipt of lending fees		326,995	387,163	326,995	387,163
Insurance claims proceeds		-	131,082	-	-
Interest received		2,120,842	2,622,840	2,120,842	2,617,919
Interest lease liability		(22,816)	(13,736)	(22,816)	(8,815)
Payments to suppliers and employees		(36,889,302)	(51,863,710)	(1,390,794)	(901,969)
Loans repaid by growers		11,861,230	13,630,445	11,861,230	13,630,445
Loans to growers		(13,919,180)	(16,655,458)	(13,919,180)	(16,655,458)
Net cash (used in)/from operating activities		(4,203,715)	15,698,384	(507,704)	(486,035)
Investing activities					
Payments for property, plant and equipment		(755,718)	(1,090,768)	(207,909)	(227,510)
Proceeds from term deposits		982,500	-	982,500	-
Placement of term deposits		-	(3,000,000)	-	(3,000,000)
Proceeds from sale of property, plant and equipment		70,957	92,523	22,000	53,990
Dividends received from Unit Trust of Fiji		181,531	165,631	181,531	165,631
Dividends received/ (paid)		19,045	(44,634)	19,045	(44,634)
Loan repayment - Fiji Sugar Corporation Limited		517,700	621,301	517,700	621,301
Net cash from/ (used in) investing activities		1,016,015	(3,255,947)	1,514,867	(2,431,222)
Financing activities					
Payment of principal portion of lease liability		(128,468)	(118,259)	(127,607)	(117,440)
Repayment of Government borrowings		(486,000)	(485,999)	-	-
Net cash used in financing activities		(614,468)	(604,258)	(127,607)	(117,440)
Net increase (decrease)/increase in cash and cash equivalents		(3,802,168)	11,838,179	879,556	(3,034,697)
Cash and cash equivalents at the beginning of the year		31,356,699	19,518,520	4,771,006	7,805,703
Cash and cash equivalents at the end of the year	9	27,554,531	31,356,699	5,650,562	4,771,006

The accompanying notes form an integral part of this Statement of Cash Flows.

1. Corporate information

The 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 for the year ended 31 December 2023 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, Veiwai, Lautoka.

The consolidated financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board on the 14th day of October 2024.

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.

Statement of compliance

The consolidated financial statements have been prepared on a historical cost basis except unless otherwise stated 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 the 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.

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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2023. 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:

- 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; and
- 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 Material 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 material 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 complied 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.

2.3 Summary of material accounting policies continued

b) 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

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:

- 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 it 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 it 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.

2.3 Summary of material accounting policies continued

c) Foreign currency translation continued

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%

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 to be derived 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 single 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.

2.3 Summary of material accounting policies continued

e) Leases continued

Group as a lessee continued

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 or Fund 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.

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.

2.3 Summary of material accounting policies continued

e) Leases continued

Group as a lessor

Leases in which the Group and Fund 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.

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.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

Measurement methods continued

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.

(i) Classification and subsequent measurement

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

- Amortised cost; and
- Fair value through profit or loss.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

Financial assets

Initial recognition and measurement continued

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; and
- (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 a separate line item in the statement of profit or loss and other comprehensive income.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

Financial assets continued

(i) Classification and subsequent measurement continued

Debt Instruments continued

- 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.

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.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

Financial assets continued

(i) Classification and subsequent measurement continued

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.

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; and
- 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.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

Financial assets continued

- 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).

(iv) Derecognition 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; and
- (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.

2.3 Summary of material accounting policies continued

h) Financial instruments - initial recognition and subsequent measurement continued

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 derecognition, 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) Derecognition

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.

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.

2.3 Summary of material accounting policies continued

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 the 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 material 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) Investment in subsidiary

Investments comprise investments in a 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 Board members, 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 from contracts with customers

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.

2.3 Summary of material accounting policies continued

o) Revenue from contracts with customers continued

(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.

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 Changes in accounting policies

New standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the annual financial statements for the year ended 31 December 2023, but have not had a material effect on the Group or the Fund are:

- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies;

Material accounting policy information

The Group and Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) on 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

2.4 Changes in accounting policies continued

New standards, interpretations and amendments effective during the year continued

Material accounting policy information continued

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and determined that no updates to the information disclosed was required.

- Amendments to IAS 8 Definition of Accounting Estimates; and
- Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.

2.5 New standards, interpretations and amendments not yet effective

The following amendments are effective for the period beginning 1 January 2024:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current; and
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The Group and Fund is currently assessing the impact of these new accounting standards and amendments. The Group and Fund does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a material impact on the reported financial position or financial performance of the Group and Fund.

3. Material 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 include:

- Capital management;
- Financial instruments risk management and policies; and
- 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.

3. Material accounting judgements, estimates and assumptions continued

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; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

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 and 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.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

(c) Fair value measurement of financial assets continued

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.

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
4. Finance income				
Interest - Priority loans	30,479	68,550	30,479	68,550
- Specialised loans	1,654,159	1,561,517	1,654,159	1,561,517
- Term deposits	410,043	485,494	410,043	485,494
- Government bonds	114,243	114,243	114,243	114,243
- Fiji Sugar Corporation Limited	354,840	383,724	354,840	383,724
	<u>2,563,764</u>	<u>2,613,528</u>	<u>2,563,764</u>	<u>2,613,528</u>
5. Other operating income				
	\$	\$	\$	\$
Lending fees	326,995	387,163	326,995	387,163
Bad debts recovered	1,285	3,625	1,285	3,625
Board allowance	25,488	28,500	25,488	28,500
Dividends - South Pacific Fertilizers Pte Limited (refer Note (a))	-	-	724,800	724,800
Dividend income - Unit Trust of Fiji	181,531	165,631	181,531	165,631
Gain on disposal of property, plant and	70,957	92,523	22,000	53,990
Gain/(loss) on remeasurements of investments to fair value	503,518	265,009	503,518	265,009
Grant income - benefit of nil rate of interest on government loan (refer to (b))	259,683	271,891	-	-
Insurance proceeds	10,848	131,082	-	-
Net-off loan provision write back	443,056	388,699	443,056	388,699
Sundry income	46,352	35,683	46,190	35,326
	<u>1,869,713</u>	<u>1,769,806</u>	<u>2,274,863</u>	<u>2,052,743</u>

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

5. Other operating income continued

(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 2023.

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

Grant income of \$259,683 (2022: \$271,891) 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.

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
6. Administrative and other operating expenses				
Auditor's remuneration - audit fees	32,550	24,000	15,750	11,500
- other services	8,400	-	6,300	-
Accounting and other assurance services	66,580	70,677	42,108	36,815
Depreciation - property, plant and equipment	760,351	878,209	198,566	98,636
- Right-of-use assets	137,253	114,790	134,921	112,458
Directors fees	67,206	74,630	39,206	47,730
Staff costs (refer Note 7)	1,658,785	1,291,605	1,174,994	1,010,214
Others	2,230,215	2,203,674	498,736	503,679
	<u>4,961,340</u>	<u>4,657,585</u>	<u>2,110,581</u>	<u>1,821,032</u>
7. Staff costs	\$	\$	\$	\$
Wages and salaries - administrative expense	784,812	1,264,668	650,656	609,302
Fiji National Provident Fund contributions	135,763	128,468	73,591	55,903
Key management compensation - short term benefits	631,850	411,124	352,180	299,700
Fiji National University levy	22,343	17,935	14,550	17,935
Staff bonus	60,004	2,883	60,004	2,883
Other staff costs	24,013	24,491	24,013	24,491
	<u>1,658,785</u>	<u>1,849,569</u>	<u>1,174,994</u>	<u>1,010,214</u>
Wages and salaries - cost of sales	381,736	560,690	-	-
	<u>2,040,521</u>	<u>2,410,259</u>	<u>1,174,994</u>	<u>1,010,214</u>

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
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	1,222,864	772,033	-	-
Deferred tax	(311,449)	(5,471)	-	-
	911,415	766,562	-	-
(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	7,296,886	11,545,011	2,705,230	2,836,424
Prima facie tax payable at 25%(2022: 20%)	1,824,222	2,309,002	541,046	567,285
Tax effect of non-deductible expenses:				
- exempt income	(495,108)	(422,325)	(541,046)	(567,285)
- adjustment in respect of current income tax of previous year	(31,596)	(11,004)	-	-
- other non-deductible expenses	(5,788)	-	-	-
- effect of change in tax rate	(380,315)	-	-	-
Income tax expense	911,415	1,875,673	-	-
Current tax liability - 1 January	1,411,897	(38,696)	-	-
Effect of change in tax rate on deferred tax assets	380,315	-	-	-
Tax effect of increase in timing differences on deferred tax assets arising in the	(68,866)	-	-	-
Income tax paid	(2,073,536)	(425,080)	-	-
Current tax liability - 31 December	561,225	1,411,897	-	-
(c) Deferred tax assets	\$	\$	\$	\$
Deferred tax at 31 December relates to the following:				
Accelerated depreciation for tax purpose	1,779,803	1,369,162	-	-
Allowance for expected credit losses	-	8,360	-	-
Leases	1,949	-	-	-
Provisions for employee entitlements	24,114	16,626	-	-
Provision for inventory in transit	26,866	127,135	-	-
Net deferred tax assets	1,832,732	1,521,283	-	-
Reflected in the statement of financial position as follows:				
Deferred tax assets, net	1,832,732	1,521,283	-	-
(d) The Fund is exempt from income tax under Section 15 of the Sugar Cane Growers Fund Act, 1984.				

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
9. Cash and cash equivalents				
Cash on hand	1,472	1,300	1,100	950
Cash at bank—operating	25,861,543	29,659,743	3,957,946	3,074,400
Cash at bank-BLP	589,576	688,035	589,576	688,035
Cash at bank - CDRF	593,794	993,545	593,794	993,545
Vodafone—Mpaisa	7,171	10,345	7,171	10,345
Cash at Bank—New Cane Farmer Assistance Grant	500,975	3,731	500,975	3,731
	<u>27,554,531</u>	<u>31,356,699</u>	<u>5,650,562</u>	<u>4,771,006</u>
10. Investment at fair value through profit or loss	\$	\$	\$	\$
Units at fair value (refer to note below)	<u>7,022,744</u>	<u>6,519,226</u>	<u>7,022,744</u>	<u>6,519,226</u>
Reconciliation of investment in Unit Trust of Fiji				
At 1 January	6,519,226	6,254,217	6,519,226	6,254,217
Gain on remeasurement of investment to fair value	<u>503,518</u>	<u>265,009</u>	<u>503,518</u>	<u>265,009</u>
At 31 December	<u>7,022,744</u>	<u>6,519,226</u>	<u>7,022,744</u>	<u>6,519,226</u>

(a) Details of investment in Unit Trust of Fiji

	Units held (unit)	Fair value per unit \$	Extended value \$
Investment	2,650,092	2.65	7,022,744

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 and Fund measures the fair value of the above instruments using Level 1 of the fair value hierarchy.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Fund	
11. Investments—at amortised cost	2023 \$	2022 \$	2023 \$	2022 \$
Term deposits				
Credit Corporation	4,000,000	4,000,000	4,000,000	4,000,000
Fiji Development Bank	3,000,000	4,000,000	3,000,000	4,000,000
Home Finance Limited	1,017,500	2,000,000	1,017,500	2,000,000
Kontiki Finance Limited	5,000,000	4,000,000	5,000,000	4,000,000
Merchant Finance Limited	3,000,000	3,000,000	3,000,000	3,000,000
	<u>16,017,500</u>	<u>17,000,000</u>	<u>16,017,500</u>	<u>17,000,000</u>
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
	<u>1,861,000</u>	<u>1,861,000</u>	<u>1,861,000</u>	<u>1,861,000</u>
Less: Loss allowance (ECL)	<u>(73,509)</u>	<u>(46,687)</u>	<u>(73,509)</u>	<u>(46,687)</u>
	<u>17,804,991</u>	<u>18,814,313</u>	<u>17,804,991</u>	<u>18,814,313</u>

(a) The interest rates on term deposits in 2023 range from 1.50% to 3.50% (2022: 1.35% to 6.3% with terms ranging from 12 months to 36 months (2022: 12 months to 36 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.

12. Trade and other receivables	\$	\$	\$	\$
Trade receivables	23,344,183	18,301,758	-	-
Other receivables	2,403,237	950,827	2,097,381	1,391,626
	<u>25,747,420</u>	<u>19,252,585</u>	<u>2,097,381</u>	<u>1,391,626</u>

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 \$20,158,448 (2022: \$16,138,323) at year end. The Company received a written undertaking from the Government that in the event FSC defaults its payment for legacy debt, the Government will, subject always to necessary legislative processes and/or Parliamentary approval, assist FSC.

As at 31 December 2023, the Company has trade receivables of \$23,344,183 (2022: \$18,301,758) which is net of allowance for expected credit losses of \$nil (2022: \$41,800).

	2023 \$	2022 \$
As at 1 January	41,800	41,800
Provision for expected credit losses*	-	-
As at 31 December	<u>41,800</u>	<u>41,800</u>

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

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
13. Loans to growers				
Secured loans to growers	30,889,988	28,961,553	30,889,988	28,961,553
Cane Development Revolving Fund	1,645,869	1,516,354	1,645,869	1,516,354
	32,535,857	30,477,907	32,535,857	30,477,907
Accrued interest	(75,153)	(75,029)	(75,153)	(75,029)
	32,460,704	30,402,878	32,460,704	30,402,878
Less: Loss allowance (ECL)	(1,720,704)	(2,163,750)	(1,720,704)	(2,163,750)
	30,740,000	28,239,128	30,740,000	28,239,128
14. Inventories	\$	\$	\$	\$
Raw materials	12,806,244	22,328,097	-	-
Packing materials	400,821	599,749	-	-
Finished goods	3,419,475	3,791,977	-	-
Weedicide	3,042,358	2,802,494	-	-
	19,668,898	29,522,317	-	-
Goods in transit	520,023	2,996,463	-	-
Provision for inventory in transit	(107,465)	(570,790)	-	-
	20,081,456	31,947,990	-	-
15. Prepayments	\$	\$	\$	\$
Prepayments	1,475	2,525	1,475	2,525
16. Advances to industry related entities	\$	\$	\$	\$
Receivable from Fiji Sugar Corporation Limited	4,582,803	5,100,503	4,582,803	5,100,503
Less: Loss allowance (ECL)	(95,152)	(95,152)	(95,152)	(95,152)
	4,487,651	5,005,351	4,487,651	5,005,351

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. Actual amount received as at 31 December 2023 was \$872,564 (2022: \$1,005,037) with \$354,864 (2023: \$383,736) interest charged based on 7% interest applied after regularization of securities.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

17. Property, plant and equipment

Group	Land and buildings \$	Plant, office equipment and furniture and fittings \$	Motor vehicles \$	Work in progress \$	Total \$
Cost or valuation					
At 1 January 2022	12,158,626	5,150,777	1,929,574	-	19,238,977
Additions	853,688	23,036	144,400	-	1,021,124
Disposals	(835,963)	(7,527)	(212,218)	-	(1,055,708)
At 31 December 2022	12,176,351	5,166,286	1,861,756	-	19,204,393
Additions	448,090	30,258	205,435	-	683,783
Disposals	(443,050)	-	(144,020)	-	(587,070)
Adjustments	-	1,044	-	-	1,044
At 31 December 2023	12,181,391	5,197,588	1,923,171	-	19,302,150
Depreciation and impairment					
At 1 January 2022	(10,283,919)	(4,683,267)	(1,743,245)	-	(16,710,431)
Depreciation charge	(551,762)	(196,705)	(129,742)	-	(878,209)
Disposals	835,963	7,527	212,218	-	1,055,708
At 31 December 2022	(9,999,718)	(4,872,445)	(1,660,769)	-	(16,532,932)
Depreciation charge	(551,762)	(54,616)	(153,973)	-	(760,351)
Disposals	443,050	-	144,020	-	587,070
Adjustments	-	10,243	121	-	10,364
At 31 December 2023	(10,108,430)	(4,916,818)	(1,670,601)	-	(16,695,849)
Net book value:					
At 31 December 2023	2,072,961	280,770	252,570	-	2,606,301
At 31 December 2022	2,176,633	293,841	200,987	-	2,671,461
Fund	Furniture and fittings \$	Office Equipment \$	Motor Vehicle \$	Work In progress \$	Total \$
Cost or valuation					
At 1 January 2022	112,374	139,687	443,900	-	695,961
Additions	1,740	11,726	144,400	-	157,866
Disposals	-	-	(148,000)	-	(148,000)
At 31 December 2022	114,114	151,413	440,300	-	705,827
Additions	-	20,174	115,800	-	135,974
Disposals	-	-	(62,000)	-	(62,000)
Adjustments	(10)	1,054	-	-	1,044
At 31 December 2023	114,104	172,641	494,100	-	780,845

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2023

Fund	Furniture and fittings \$	Office Equipment \$	Motor Vehicle \$	Work In progress \$	Total \$
Depreciation and impairment					
At 1 January 2022	(90,241)	(110,394)	(402,408)	-	(603,043)
Depreciation charge	(5,633)	(23,624)	(59,223)	-	(88,480)
Disposals	-	-	148,000	-	148,000
At 31 December 2022	(95,874)	(134,018)	(313,631)	-	(543,523)
Depreciation charge	(4,695)	(14,357)	(75,918)	-	(94,970)
Disposals	-	-	62,000	-	62,000
Adjustments	642	9,601	121	-	10,364
At 31 December 2023	(99,927)	(138,774)	(327,428)	-	(566,129)
Net book value:					
At 31 December 2023	14,177	33,867	166,672	-	214,716
At 31 December 2022	18,240	17,395	126,669	-	162,304

	Group		Fund	
	2023 \$	2022 \$	2023 \$	2022 \$
18. Intangible assets				
Software cost				
Balance at 1 January	582,172	512,528	579,444	509,800
Additions	71,935	69,644	71,935	69,644
Balance at 31 December	654,107	582,172	651,379	579,444
Accumulated amortisation				
Balance at 1 January	23,060	12,904	20,332	10,176
Amortisation during the year	103,596	10,156	103,596	10,156
Adjustments	9,774	-	9,774	-
Balance at 31 December	136,430	23,060	133,702	20,332
At 31 December	517,676	559,111	517,676	559,111

	Fund	
	2023 \$	2022 \$
19. Investment in subsidiary		
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

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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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.

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
20. Trade and other payables				
Trade payables	1,847,851	3,564,629	-	-
Other payables	886,636	892,399	886,361	892,124
Payable - Cane Development Revolving Fund	2,452,185	2,601,746	2,452,185	2,601,746
	5,186,672	7,058,774	3,338,546	3,493,870

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 germination is done. These inspections are done jointly with Fiji Sugar Corporation Limited.

21. Employee benefits	\$	\$	\$	\$
At 1 January	206,407	205,966	123,276	120,066
Movement during the year	(64,534)	441	18,597	3,210
At 31 December	141,873	206,407	141,873	123,276
22. Borrowings	\$	\$	\$	\$
Current	234,028	229,642	-	-
Non-current	5,328,276	5,502,874	-	-
	5,562,304	5,732,516	-	-

The loan from Government of Fiji amounting to \$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 \$2,458,795 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 4.53%, 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 2023 was \$2,458,795 (2022: \$2,774,583). Interest expense is determined at the estimated market interest rate of 4.53% (2022: 4.65%) 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 2023 amounted to \$259,683 (2022: \$271,891).

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
23. Deferred grant income				
Benefit of nil rate of interest on Government loan	2,458,795	2,774,583	-	-
Government fertilizer price subsidy	3,250,665	14,426,468	-	-
Government weedicide price subsidy	129,152	(11,419)	-	-
New cane farmers assistance grant	499,975	3,731	499,975	3,731
	<u>6,338,587</u>	<u>17,193,363</u>	<u>499,975</u>	<u>3,731</u>

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 leases, and carry out identified farm activities, and will be accountable for the disbursement of these funds to farmers.

In 2023, Government had paid \$500,000 for the new cane farmers assistance grant, this project is expected to end on 31 July 2024.

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:

Summarised Statement of Financial Position	2023 \$	2022 \$
Current assets	67,628,499	77,669,465
Current liabilities	(4,365,918)	(6,298,287)
Current net assets	<u>63,262,581</u>	<u>71,371,178</u>
Non-current assets	4,310,313	4,118,768
Non-current liabilities	(11,494,938)	(23,017,031)
Non-current – net assets	<u>(7,184,625)</u>	<u>(18,898,263)</u>
Net assets	<u>56,077,956</u>	<u>52,472,915</u>
Accumulated NCI	<u>5,271,328</u>	<u>4,932,454</u>
Summarised Statement of Profit or Loss and Other Comprehensive Income:	\$	\$
Revenue	47,567,661	47,393,101
Gross profit for the year	8,112,087	12,104,847
Net profit for the year	4,405,041	7,557,713
Total comprehensive income	4,405,041	7,557,713
Profit allocated to NCI	414,074	710,425

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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	2023	2022
	\$	\$
24. Non-controlling interest continued		
Summarised Statement of Cash Flows:		
Cash flows used in operating activities	(3,696,011)	16,184,419
Cash flows used in investing activities	(498,852)	(825,544)
Cash flows used in financing activities	(486,861)	(485,999)
Net cash and cash equivalents attributing to (decrease)/increase in cash flows	(4,681,724)	14,872,876

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 05/01/2020. Reappointed as Chairman on 19/01/22 to 08/01/24, opted for non-renewal
- Mr Ahemad Bhamji —appointed as Chairman on 11/01/24 to 09/01/26
- Mr Sundresh Chetty —continuing member from 19/11/20 to 18/11/23, opted for non-renewal
- Professor Anand Chand —continuing member and reappointed on 09/01/21 to 08/01/23, opted for non-renewal
- Mr Tevita Madigibull —continuing member and reappointed on 02/05/23 to 01/05/26
- Mr Sunil Chaudhary - appointed as member on 19/07/2021 to 18/07/24
- Mr Pratik Shamal Singh - appointed as member on 11/01/24 to 11/07/27
- Ms Jiu Daunivalu - appointed as member on 02/05/23 to 01/05/26

Directors' fees are disclosed under [Note 6](#).

(b) Key management personnel

Key management includes the Chief Executive Officer, Manager - Lending and Operations, Manager Finance and Administration/Board Secretary and Manager Information Technology of the Fund and the Directors, Chief Executive Officer, Chief Financial Officer, Operations Supervisor and Factory Supervisor 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 the Ministry of Sugar Industry.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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25. Related parties continued

(d) Transactions with related parties

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

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Loans to Fiji Sugar Corporation Limited				
At 1 January	5,005,351	5,626,652	5,005,351	5,626,652
Interest earned	354,840	383,724	354,840	383,724
Loan repayment (principal and interest)	(872,540)	(1,005,025)	(872,540)	(1,005,025)
At 31 December	4,487,651	5,005,351	4,487,651	5,005,351

	Group	
	2023	2022
	\$	\$
Sale to Sugar Cane Growers Council	4,203,096	3,550,937

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 statements (2022: \$nil).

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.

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
(b) Capital commitments				
Capital expenditure commitments	22,765	23,042	-	-

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27. Subsidiary revenue	\$	Fund	\$
Grant income - Government fertilizer subsidy	29,626,571		29,788,818
Grant income - Government weedicide subsidy	863,437		710,187
Grant income - Government Tropical Cyclone Yasa weedicide	-		-
Fertilizer sales	10,252,628		10,173,653
Weedicide sales	4,726,069		4,906,324
Rice sales	988,391		999,808
Other sales	1,110,565		814,311
	<u>47,567,661</u>		<u>47,393,101</u>

(a) Grant income - Government fertilizer price subsidy

In 2023, the Company received government subsidy of \$21.1m (2022: \$35.9m) inclusive of VAT towards fertilizer price for 2023-2024 and 2022-2023 Annual Budget. An amount of \$29,626,571 (2022: \$29,788,818) was recognised and included in revenue and represents the total subsidy at \$60.90 (2022: \$60.90) (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. This was later increased to \$60.90 (vep) per 50kg bag. The subsidy balance of \$3,250,665 (2022: \$14,426,468) is recognised as deferred income and represents the total subsidy at \$60.90 (vep) per 50kg bag of fertilizer that has yet to be sold as at 31 December 2023.

(b) Grant income - Government weedicide price subsidy

In 2023, the Company received a government subsidy of \$1.16m (2022: \$0.55m) inclusive of VAT towards weedicide price for 2023-2024 and 2022-2023 respectively. An amount of \$863,437 (2022: \$710,187) was recognised and included in revenue and represents the total subsidised weedicide sold in 2023 through the Sugar Cane Growers Council. Under the subsidy allocation, the Government of Fiji and farmers are required to pay as follows:

2022 - 2023	Diuron	Amine	Glyphosate*	Valpar	Glyphosate - Long Fallo
	(VEP)	(VEP)	(VEP)	(VEP)	(VEP)
Government of Fiji	\$18.59/kg	\$7.05/litre	-	-	-
Farmers	\$4.65/litre	\$1.76/litre	-	-	-
2021 - 2022	Diuron	Amine	Glyphosate*	Valpar	Glyphosate - Long Fallo
	(VEP)	(VEP)	(VEP)	(VEP)	(VEP)
Government of Fiji	\$4.60/kg	\$1.93/litre	-	-	-
Farmers	\$18.40/kg	\$7.72/litre	-	-	-

Effective from 1 August 2021, the Government subsidy on the above mentioned weedicides have been fixed at 20% while a grower will pay the balance of 80%

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	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
28. Right-of-use assets and lease liabilities				
(a) Right-of-use asset				
Balance at 1 January	100,086	214,876	11,485	123,943
Additions during the year	320,272	-	320,272	-
Remeasurements during the year	84,960	-	84,960	-
Disposals	(831)	-	(831)	-
Adjustments	(632)	-	(632)	-
Depreciation charge for the year	(137,253)	(114,790)	(134,921)	(112,458)
Balance at 31 December	366,602	100,086	280,333	11,485
(b) Lease liabilities	\$	\$	\$	\$
Balance at 1 January	106,638	224,897	11,755	129,195
Additions during the year	320,272	-	320,272	-
Accretion of interest	27,654	13,074	22,815	8,193
Remeasurements during the year	84,960	-	84,960	-
Disposals	(918)	-	(918)	-
Payment	(156,122)	(131,333)	(150,422)	(125,633)
As at 31 December	382,484	106,638	288,462	11,755
This comprise of:				
Current	174,142	12,616	173,237	11,755
Non-current	208,342	94,022	115,225	-
	382,484	106,638	288,462	11,755

29. Financial risk management objectives and policies

Financial risk factors

The following section discusses the Fund's and the Group's 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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(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 and Fund'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.

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.

SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY
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29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

	Group		Fund	
	2023	2022	2023	2022
	\$	\$	\$	\$
Maximum exposure to credit risk				
Cash at bank	27,553,059	31,355,399	5,649,462	4,770,056
Loans to growers	30,740,000	28,239,128	30,740,000	28,239,128
Trade receivables	23,344,183	18,301,758	-	-
Other receivables	2,403,237	950,827	2,097,381	1,391,626
Advances to industry related parties	4,487,651	5,005,351	4,487,651	5,005,351
	<u>88,528,130</u>	<u>83,852,463</u>	<u>42,974,494</u>	<u>39,406,161</u>

(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:

	\$	\$	\$	\$
Current	29,922,783	26,796,677	29,922,783	26,796,677
Past due 1 year	935,601	1,291,945	935,601	1,291,945
Past due 2 years	335,987	352,125	335,987	352,125
Past due 3 years and over	1,266,333	1,962,131	1,266,333	1,962,131
	<u>32,460,704</u>	<u>30,402,878</u>	<u>32,460,704</u>	<u>30,402,878</u>

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

	\$	\$	\$	\$
Provision for Impairment				
At 1 January	2,163,750	2,552,458	2,163,750	2,552,458
Provision during the year (IFRS 9)	(327,002)	(369,353)	(327,002)	(369,353)
Write-offs	(116,044)	(19,355)	(116,044)	(19,355)
	<u>1,720,704</u>	<u>2,163,750</u>	<u>1,720,704</u>	<u>2,163,750</u>

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(i) Credit risk measurement continued

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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

- 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.

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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

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 unlikelihood 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.

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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

Measuring ECL – Explanation of inputs, assumptions and estimation techniques continued

- 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.

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

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

a) Maximum exposure to credit risk – Financial instruments subject to impairment continued

	2023			2022	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Standard	28,103,366	-	-	28,103,366	23,697,193
Special Mention	520,538	-	-	520,538	3,005,966
Sub Standard	-	362,030	-	362,030	-
Doubtful	-	-	930,849	930,849	2,258,394
Loss	-	-	973,205	973,205	-
Gross carrying amount *	28,623,904	362,030	1,904,054	30,889,988	28,961,553
Loss allowance	(1,325,382)	(328,535)	(66,787)	(1,720,704)	(2,163,750)
Carrying amount *	27,298,522	33,495	1,837,267	29,169,284	26,797,803

* 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; and
- 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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

b) Collateral and other credit enhancements continued

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	1,596,783	517,790	590,430	1,872,868
Priority	307,271	227,721	30,120	-
Total credit-impaired assets	1,904,054	745,511	620,550	1,872,868

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 derecognised 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.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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.

29. Financial risk management objectives and policies continued

Financial risk factors continued

(b) Credit risk continued

(ii) Expected credit loss management continued

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 2023 was \$116,044 (2022: \$19,355). 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.

Group	Less than 1 year	Between 1 and 2 years		Between 2 and 5 years		Over 5 years	Total
		2 years	years	years			
At 31 December	\$	\$		\$		\$	\$
Trade payables	1,847,851	-	-	-	-	-	1,847,851
Other payables	887,649	-	-	-	-	-	887,649
Borrowings	-	486,000	1,944,000	5,591,099			8,021,099
Lease liabilities	-	160,140	179,525	182,400			522,065
	2,735,500	646,140	2,123,525	5,773,499			11,278,664
At 31 December 2022	\$	\$		\$		\$	\$
Trade payables	3,564,629	-	-	-	-	-	3,564,629
Other payables	894,254	-	-	-	-	-	894,254
Borrowings	-	486,000	1,944,000	6,077,099			8,507,099
Lease liabilities	-	17,455	22,800	66,383			106,638
	4,458,883	503,455	1,966,800	6,143,482			13,072,620

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29. Financial risk management objectives and policies continued

Financial risk factors continued

(c) Liquidity risk continued

Fund	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
At 31 December 2023	\$	\$	\$	\$	\$
Other payables	886,361	-	-	-	886,361
Lease liabilities	-	154,440	156,725	-	311,165
	886,361	154,440	156,725	-	1,197,526
At 31 December 2022	\$	\$	\$	\$	\$
Other payables	892,124	-	-	-	892,124
Lease liabilities	-	11,755	-	-	11,755
	892,124	11,755	-	-	903,879

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. Significant events during the year

(i) Change in Corporate tax from 20% to 25%

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) (No. 2) Regulations 2023, which commenced this financial year, the Group is subject to the corporate income tax of 25%

(ii) Undertaking from the Government of Fiji

On 27 September 2023, the Group received a written undertaking from the Government that in the event FSC defaults its payment for legacy debt, the Government will, subject always to necessary legislative processes and/or Parliamentary approval, assist FSC.

32. Events subsequent to balance date

No 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 and the results of those operations, or the state of affairs of the Group and the Fund in future financial years.

33. 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.

34. 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 sugar cane 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.

35. 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 34 employees (2022: 35 employees).



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