

SUGAR CANE GROWERS FUND

A collage of four images related to sugar cane farming. The top-left image shows a lush green field of sugar cane under a blue sky. The top-right image shows a yellow harvester working in a field, with a truck loaded with harvested cane nearby. The bottom-right image shows a large industrial mill or refinery with smokestacks and buildings. The bottom-left image shows a close-up of a person working with cane stalks.

**ANNUAL REPORT
FOR THE YEAR ENDING
2014**

SUGAR CANE GROWERS FUND



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Our Ref:

05 January 2017

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

Dear Honorable Prime Minister

Enclosed herewith is a copy of the Annual Report and the Audited Accounts for the Sugar Cane Growers Fund and the consolidated Financial Statements of the Group (the Group being the Fund and its Subsidiary – South Pacific Fertilizers Limited) for the year ended 31 December 2014, in accordance with Section 16 of the Act.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Viliame Gucake', is written over a faint, light blue circular stamp or watermark.

VILIAME GUCAKE
CHAIRMAN - SCGF

BACKGROUND

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

MEMBERS OF THE BOARD

CHAIRMAN

Mr. Manasa Vaniqui, the Permanent Secretary for Sugar was appointed as the new Chairman of the Board of Management of the Sugar Cane Growers Fund in accordance with the provision of section 7(b) of the Act effective 14 October 2013.

MEMBERS

1. Mr. Sundresh Chetty was appointed as the Chief Executive Officer of the Sugar Cane Growers Council with effect from 08 July 2013. His appointment is in accordance with section 7(d) of the Act as the Chief Executive Officer of the Sugar Cane Growers Council.
2. Mr. Viliame Gucake the Director Sugar was reappointed with effect from 07 March 2012. His appointment is in accordance with section 7 (1) b of the Act as a person appointed by the Minister.

FUNCTIONS

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

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

planting, growing, harvesting and transportation of Sugar Cane;

- (c) The carrying out of work which the Board considers necessary or desirable to rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters;
- (d) The carrying out of work which the Board considers necessary or desirable to establish sugar cane farms and to construct buildings and other installations on those farms;
- (e) The carrying out of work which the Board considers necessary or desirable for crop diversification;
- (f) The making of provision to such extent as the Board considers necessary, for the personal family needs of Growers during periods of financial distress or hardship;
- (g) To enable cane growers to participate in commercial ventures which, in the opinion of the Board, are intended to benefit the cane growing industry.

ASSISTANCE TO CANE GROWERS

Under section 17(1) of the Act, a loan to a cane grower is a first charge on all cane proceeds due to him provided the loan is for those purposes only, set out in paragraph (a), (b), (c) and (f) of subsection 1 of section 4 of the Act and the loan does not exceed \$5,000-00. Repayment of advances by the Fiji Sugar Corporation Limited, or other payments of whatsoever nature made to the cane growers or on his behalf, Sugar Cane Growers Council Levy and Land Rent under the Master Award take precedence.

LOANS TO GROWERS

Presently the Fund has the following loan facilities available for Cane farmers:-

1. **PRIORITY LOANS** limited upto \$5,000 for Farm Development and Planting of Sugar Cane, Purchase and Repair of Farm Equipments, House Repairs, Educational

Expenses, Wedding Expenses, Drainage, Road Repairs, Weedicides, Borehole Drilling, Medical Expenses, Funeral Expenses and Purchase of Working Bullocks and Horses, etc.

2. **SPECIALISED LENDING** – Loans of up to \$50,000 for the Purchase of Farms, Farm Machinery, Cane Trucks, Construction of Farm House and for other purposes provided in the Act.
3. **LOANS TO TENANTS FOR NEW LEASES** – Loans to assist growers to obtain New Leases from the iTaukei Land Trust Board, Department of Lands and other Landowners.
4. **REFINANCE OF SUGAR CANE GROWERS LOAN** – Loans to Refinance Sugar Cane Growers loans with Commercial Banks and other Lenders. Loans are approved only for the purposes provided in the Sugar Cane Growers Fund Act.

DETAILS OF LOANS

Priority Loans

Application Approved	26,802
Applications Paid	26,458
Value of Loans Approved	\$35,624,144
Value of Loans Paid Out	\$30,142,782

Specialized Lending

Application Approved	3,263
Applications Paid	4,681
Value of Loans Approved	\$25,031,813
Value of Loans Paid Out	\$32,975,291

New Leases

Application Approved	3,685
Applications Paid	3,662
Value of Loans Approved	\$20,920,698
Value of Loans Paid Out	\$18,424,463

Refinance

Application Approved	659
Applications Paid	632
Value of Loans Approved	\$6,994,639
Value of Loans Paid Out	\$6,685,425

DISTRICT OFFICES

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

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

During the year the Fund approved loans under Priority Loans to the value of \$1,999,971. Loans under Specialized Lending to the value of \$5,389,894. Loans for Cane Development Revolving Fund to the value of \$240,979.

The Labasa District Office received - 777, Rakiraki - 387, Tavua - 259, Ba - 821, Nadi - 371 and Lautoka - 348 applications respectively.

LOAN TO SOUTH PACIFIC FERTILIZERS LIMITED

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

The Government/Cabinet made the following decision as Way Forward for the SPFL.

- (a) that the Fertilizer price increase of \$26.09 per bag (from \$19.50 to \$45.59 per bag) be effective from 2009, for which additional \$12 per bag (from \$19.50 to \$31.50) is to be met by the growers and the balance of \$14.09 per bag (from \$31.50 to \$45.59 per bag) to be met by the Government;
- (b) that the SPFL be restructured as follows:
 - i. its loans (\$14.7m) in the Sugar Cane Growers Fund (SCGF) be converted to equity;
 - ii. the Fiji Sugar Corporation (FSC) divests from SPFL and its shares be transferred to the other shareholders.

- iii. that consequential amendments be made to the Sugar Cane Growers Fund Act to allow for the SCGF to make investments in the SPFL and
- (c) that the SCGF be asked to provide necessary financing needs of the SPFL and
- (d) that in view of the SCGF acquiring majority shares (90%), the chairmanship of the SPFL be held by the representative of the SCGF, and that the Fiji Sugar Corporation have a nominee Director on the SPFL Board appointed by SCGF.

In 2014 the Company borrowed \$22,984,924 for procurement of Raw Materials and \$1,823,384 towards Roof Upgrade damaged by Cyclone Evan in 2012. Total loan outstanding as at 31 December 2014 was \$13,410,830.

CANE DEVELOPMENT REVOLVING FUND

The Board of Management of the Sugar Cane Growers Fund agreed to provide \$3 million towards establishment of a Cane Development Revolving Fund initiated by the Fiji Sugar Corporation Limited with the \$6 million the Government allocated in the 2011 Budget for Sugar Cane Planting.

The Industry Stakeholders – the Fiji Sugar Corporation Limited, Sugar Cane Growers Fund, Sugar Cane Growers Council, the Sugar Industry Tribunal, South Pacific Fertilizers Limited and the Sugar Research Institute of Fiji signed a Memorandum of Agreement to support the initiative taken by the Fiji Sugar Corporation Limited.

Money from the Revolving Fund is an interest free loan repayable over four years. Recovery would commence from the second year and deductions shall take place from the delivery payments.

The Sugar Cane Growers Fund is responsible for the assessment of loan applications and release of loan funds.

Application Approved	5,716
Applications Paid	4,182
Value of Loans Approved	\$10,949,630
Value of Loans Paid	\$8,531,764

Following approval by Government, a sum of \$2.3 million have been converted to grant to assist growers affected by Cyclone in December 2012.

SPECIAL CANE PAYMENT

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

The loan was to be repaid from sugar proceeds of the 2011 and 2012 season. \$4.2 million out of \$8.4 million remains unpaid.

The Government through the Ministry of Sugar will pay interest.

SUMMARY OF LOANS AND INVESTMENTS

Loans to Growers	\$22,119,320
South Pacific Fertilizers Ltd. Shares	\$13,401,405
South Pacific Fertilizers Ltd. Loan	\$13,410,830
Fiji Sugar Corporation Limited	\$ 4,201,198

FUND'S BANKERS

Bank of Baroda is the Fund's Bankers.

STAFF

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

BOARD MEETINGS

The Board of Management held three meetings during the year.

ACKNOWLEDGEMENT

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

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

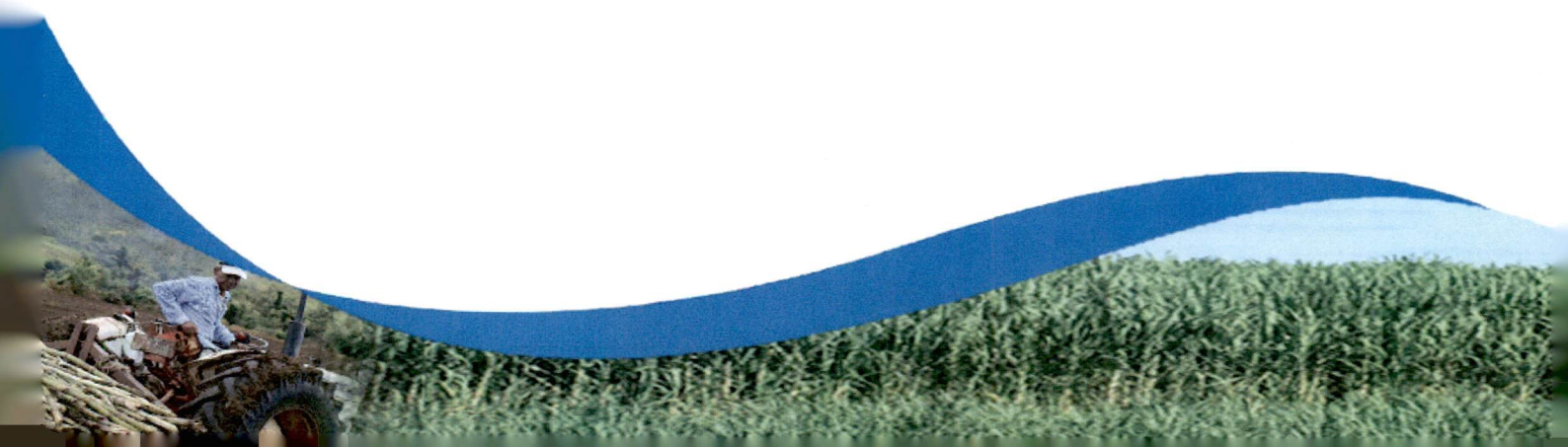


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CHAIRMAN

Sugar Cane Growers Fund and its Subsidiary

Financial Statements

For the year ended 31 December 2014



Sugar Cane Growers Fund and its Subsidiary

Contents

Board report	2 - 3
Statement by Board Members	4
Independent auditor's report	5 - 6
Statements of profit or loss and other comprehensive income	7
Statements of changes in equity	8
Statements of financial position	9
Statements of cash flow	10
Notes to the financial statements	11 - 33



Sugar Cane Growers Fund and its Subsidiary

Board report

The Board presents their report together with the financial statements of Sugar Cane Growers Fund ("the Fund") and the consolidated financial statements of the Group (being the Fund and its Subsidiary, South Pacific Fertilizer Limited) for the year ended 31 December 2014 and the auditor's report thereon.

Board Members

The names of Board Members in office at any time during the year and up to the date of this report were as follows:

Mr Viliame Gucake (appointed as Chairman on 18 November 2015)

Mr Sundresh Chetty

Mr Manasa Vuqini - Chairman (appointed on 14 October 2013, deceased 1 January 2015)

Mr Parmesh Chand - Chairman (appointed on 6 March 2015, resigned on 18 November 2015)

State of affairs

In the opinion of the Board, the accompanying statements of financial position give a true and fair view of the state of affairs of the Group and the Fund as at 31 December 2014 and the accompanying statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow give a true and fair view of the results, changes in equity and cash flows of the Group and the Fund for the year then ended.

Trading results

The profit of the Group was \$6,363,966 (2013: loss of \$229,705) after accounting for income tax expense of \$Nil (2013: \$Nil).

The profit of the Fund for the year amounted to \$1,374,308 (2013: \$606,774) after accounting for income tax expense of \$Nil (2013: \$Nil).

Principal activity

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

The principal activity of the Subsidiary during the year was importing, blending, packing and distributing fertilizer mainly to sugarcane farmers.

Current assets

The Board took reasonable steps before the financial statements were made out to ascertain that the current assets of the Group and the Fund were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Board are not aware of any circumstances which would render the values attributable to the current assets in the consolidated financial statements to be misleading.

Sugar Cane Growers Fund and its Subsidiary

Board report (continued)

Receivables

The Board took reasonable steps before the financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the Board are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded and disclosed in the financial statements.

Events subsequent to balance date

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

Other circumstances

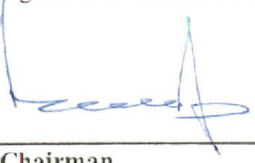
At the date of this report, the Board are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the accounts to be misleading.

Unusual circumstances

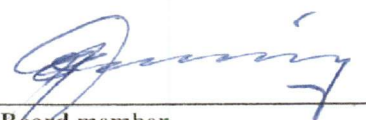
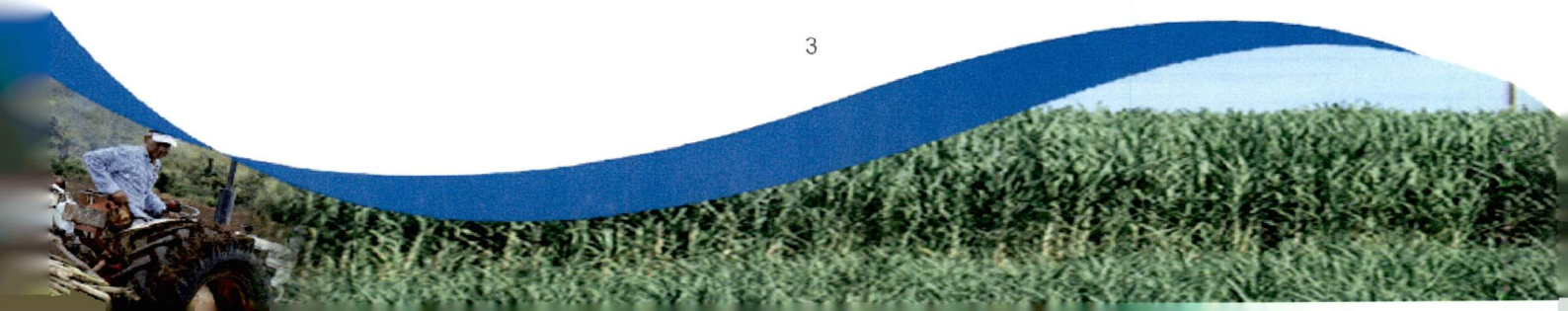
The results of the Group's and the Fund's operations during the financial year have not in the opinion of the Board been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Dated at Lantana this 23 day of November 2016.

Signed in accordance with a resolution of the Board.



Chairman


Board member

Sugar Cane Growers Fund and its Subsidiary Statement by Board Members

In the opinion of the Board Members of Sugar Cane Growers Fund:

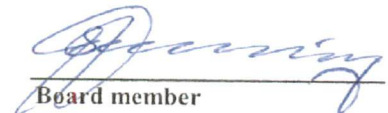
- (a) the accompanying statements of profit or loss and other comprehensive income of the Group and the Fund are drawn up so as to give a true and fair view of the results of the Group and the Fund for the year ended 31 December 2014;
- (b) the accompanying statements of changes in equity are drawn up so as to give a true and fair view of the changes in equity of the Group and the Fund for the year ended 31 December 2014;
- (c) the accompanying statements of financial position of the Group and the Fund are drawn up so as to give a true and fair view of the state of affairs of the Group and the Fund as at 31 December 2014;
- (d) the accompanying statements of cash flows of the Group and the Fund are drawn up so as to give a true and fair view of the cash flows of the Group and the Fund for the year ended 31 December 2014;
- (e) at the date of this statement there are reasonable grounds to believe the Group and the Fund will be able to pay their debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Group and the Fund.

Dated at Lantoka this 23 day of November 2016.

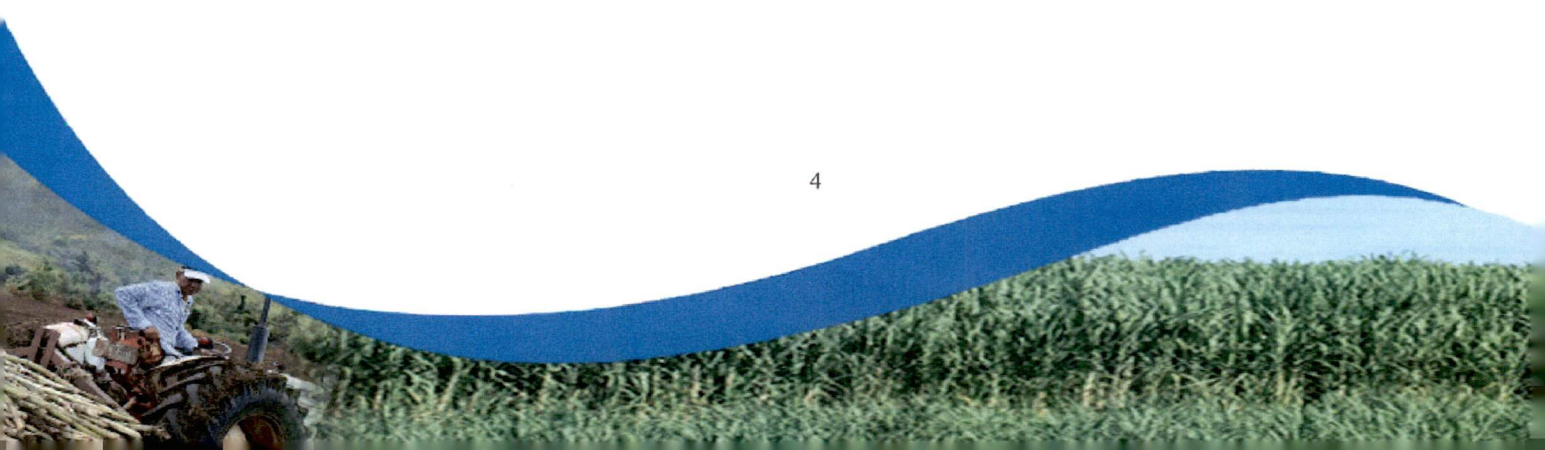
Signed in accordance with a resolution of the Board members.



Chairman



Board member



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY

Report on the Fund and Consolidated Financial Statements

We have audited the accompanying financial statements of Sugar Cane Growers Fund (the "Fund") and the consolidated financial statements of the Fund and its subsidiary (the "Group"), which comprise statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes 1 to 26, comprising a summary of significant accounting policies and other explanatory information.

Directors' and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate and consolidated financial statements give a true and fair view, in all material respects, of the financial position of Sugar Cane Growers Fund and the Group as at 31 December 2014, and their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards so far as concerns the Board Members of the Fund.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY (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 purposes of our audit.

In our opinion:

- 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 explanations given to us the financial statements give the information required by the Sugar Cane Growers Fund Act 1984, in the manner so required.

23 November 2016

Nadi, Fiji Islands

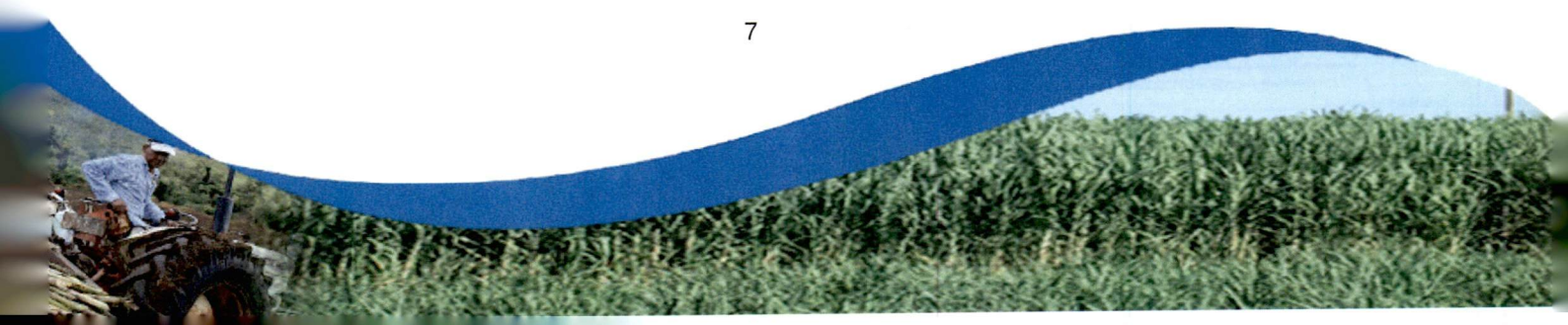


KPMG
Chartered Accountants

Sugar Cane Growers Fund and its Subsidiary
Statements of profit or loss and other comprehensive income
For the year ended 31 December 2014

	Note	Group 2014 \$	2013 \$	Fund 2014 \$	2013 \$
Revenue					
Sales		19,916,331	20,184,523	-	-
Cost of sales		(19,259,850)	(23,112,586)	-	-
Gross profit / (loss)		656,481	(2,928,063)	-	-
Interest income	5	1,680,879	1,635,982	2,310,506	2,021,874
Other operating income	6	7,563,914	4,854,504	166,345	71,554
		9,901,274	3,562,423	2,476,851	2,093,428
Administrative and other operating expenses	7	(3,537,308)	(3,792,128)	(1,102,543)	(1,486,654)
Operating profit / (loss) before income tax		6,363,966	(229,705)	1,374,308	606,774
Income tax expense	9 (a)	-	-	-	-
Profit / (loss) for the year		6,363,966	(229,705)	1,374,308	606,774
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income / (loss) for the year		<u>6,363,966</u>	<u>(229,705)</u>	<u>1,374,308</u>	<u>606,774</u>
Total comprehensive income / (loss) attributable to:					
- Owners		5,894,938	(20,990)	1,374,308	606,774
- Minority interest		469,028	(208,715)	-	-
		<u>6,363,966</u>	<u>(229,705)</u>	<u>1,374,308</u>	<u>606,774</u>

The notes on pages 11 to 33 are an integral part of these financial statements.

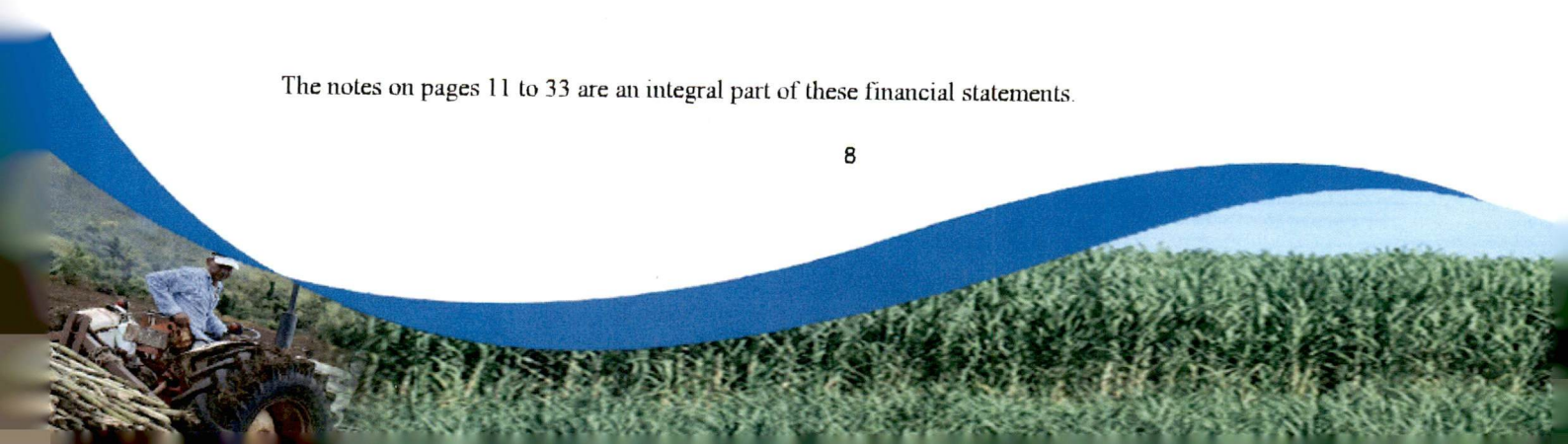


Sugar Cane Growers Fund and its Subsidiary
Statements of changes in equity
For the year ended 31 December 2014

	Funds employed / retained earnings attributable to the:		
	Owners	Minority interest	Total
	\$	\$	\$
Group			
Balance at 1 January 2013	60,130,702	1,520,518	61,651,220
Loss for the year	(20,990)	(208,715)	(229,705)
Other comprehensive income, net of tax	-	-	-
Balance at 31 December 2013	<u>60,109,712</u>	<u>1,311,803</u>	<u>61,421,515</u>
Balance at 1 January 2014	60,109,712	1,311,803	61,421,515
Profit for the year	5,894,938	469,028	6,363,966
Other comprehensive income, net of tax	-	-	-
Balance at 31 December 2014	<u>66,004,650</u>	<u>1,780,831</u>	<u>67,785,481</u>

	Funds employed
	\$
Fund	
Balance at 1 January 2013	60,296,980
Profit for the year	606,774
Balance at 31 December 2013	<u>60,903,754</u>
Profit for the year	1,374,308
Balance at 31 December 2014	<u>62,278,062</u>

The notes on pages 11 to 33 are an integral part of these financial statements.



Sugar Cane Growers Fund and its Subsidiary
Statements of financial position
For the year ended 31 December 2014

	Note	Group 2014 \$	2013 \$	Fund 2014 \$	2013 \$
Assets					
Cash and cash equivalents	10	6,584,011	8,940,004	6,414,955	8,678,166
Other investments	11	1,534,030	1,480,073	1,532,375	1,478,418
Held to maturity investments	12	4,000,000	2,000,000	4,000,000	2,000,000
Trade and other receivables	13	9,148,123	7,732,217	102,493	86,077
Loans to growers	14	22,119,320	22,480,699	22,119,320	22,480,699
Inventories	15	14,623,260	12,703,496	-	-
Prepayments	16	4,098,775	2,207,255	10,322	10,171
Advances to industry related parties	17	4,814,597	5,119,891	18,562,962	16,624,800
Property, plant and equipment	18	5,431,670	4,358,507	55,594	124,366
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		<u>72,353,786</u>	<u>67,022,142</u>	<u>66,199,426</u>	<u>64,884,102</u>
Liabilities					
Trade and other payables	20	4,502,311	5,538,651	3,855,370	3,918,372
Employee benefits	21	65,994	61,976	65,994	61,976
Total liabilities		<u>4,568,305</u>	<u>5,600,627</u>	<u>3,921,364</u>	<u>3,980,348</u>
Equity					
Funds employed / Retained earnings		66,004,650	60,109,712	62,278,062	60,903,754
Minority interest	23	1,780,831	1,311,803	-	-
Total equity		<u>67,785,481</u>	<u>61,421,515</u>	<u>62,278,062</u>	<u>60,903,754</u>
Total equity and liabilities		<u>72,353,786</u>	<u>67,022,142</u>	<u>66,199,426</u>	<u>64,884,102</u>

Signed in accordance with a resolution of the Board.

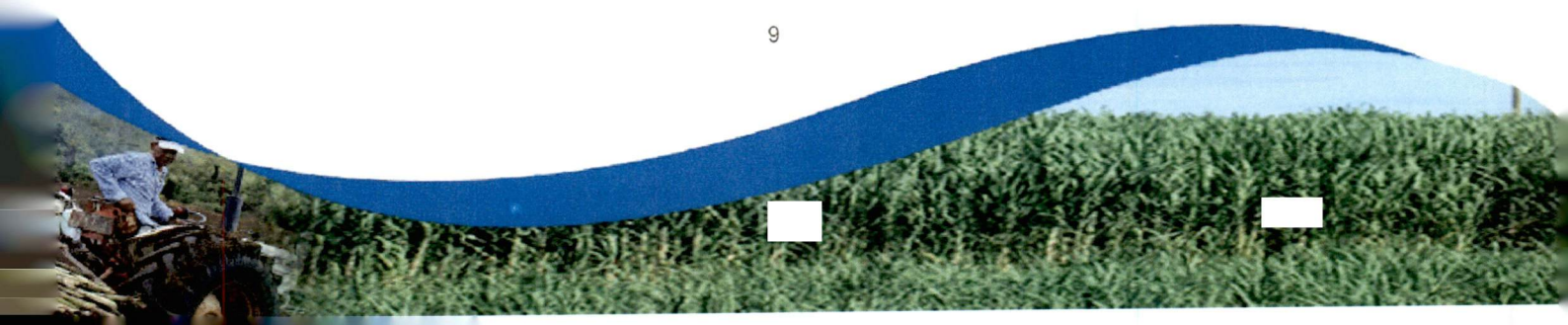


Chairman



Board Member

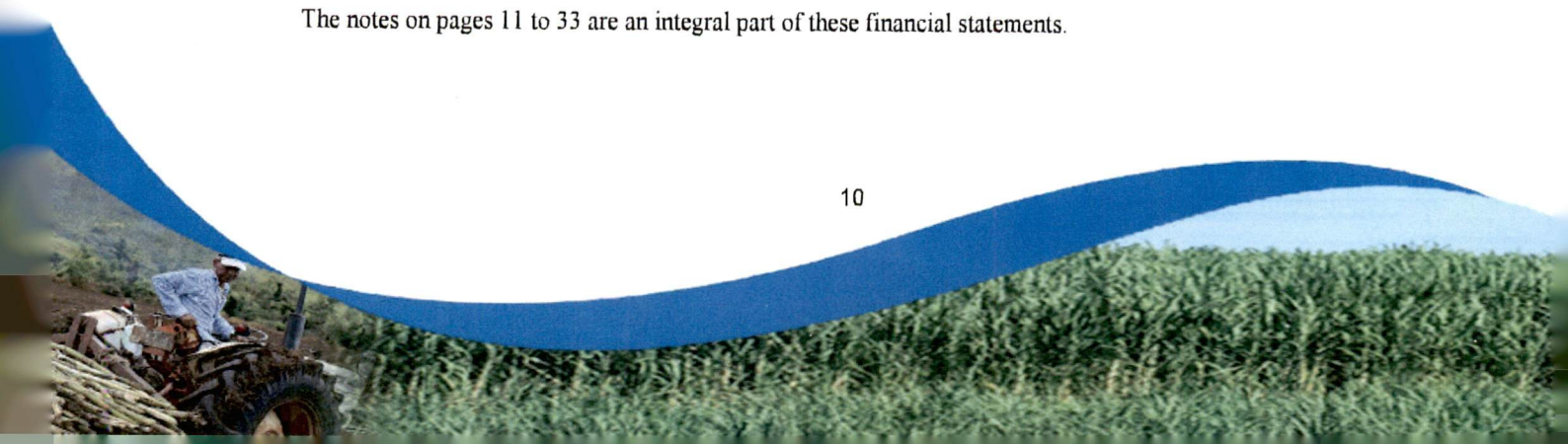
The notes on pages 11 to 33 are an integral part of these financial statements.



Sugar Cane Growers Fund and its Subsidiary
Statements of cash flow
For the year ended 31 December 2014

	Note	Group 2014 \$	2013 \$	Fund 2014 \$	2013 \$
Operating activities					
Receipts from customers		17,552,905	15,564,290	10,734	-
Cash paid to suppliers and employees	(25,107,004)	(26,024,670)	(26,024,670)	(1,072,824)	(950,678)
Receipt of insurance claims		1,434,783	435,124	-	-
Loans to growers	(8,327,731)	(9,279,425)	(9,279,425)	(8,327,731)	(9,279,425)
Loans repaid by growers		8,796,429	8,987,278	8,796,429	8,987,278
Application fees received		27,004	24,935	27,004	24,935
Interest received		1,862,439	2,044,813	2,385,747	2,267,003
Receipt of Government Grants		5,000,000	4,347,826	-	-
Cash flows from / (used in) operating activities		<u>1,238,825</u>	<u>(3,899,829)</u>	<u>1,819,359</u>	<u>1,049,113</u>
Investing activities					
Dividend received		62,590	24,820	62,590	24,820
Acquisition of property, plant and equipment	(1,703,495)	(1,237,024)	(1,237,024)	(8,022)	(46,947)
Proceeds from disposal of property, plant and equipment		46,087	-	-	-
Loan repaid by Sugar Cane Growers Council		-	76,000	-	76,000
Loan repaid by South Pacific Fertilizers Limited		-	-	22,671,171	16,793,315
Loan to South Pacific Fertilizers Limited		-	-	(24,808,309)	(23,076,242)
Loan repaid by The Fiji Sugar Corporation Limited		-	(4,000,000)	-	(4,000,000)
Investment in term deposits	(2,000,000)	-	4,000,000	-	4,000,000
Purchase of shares from Unit Trust of Fiji		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
		-	(1,500,000)	-	(1,500,000)
Cash flows used in investing activities		<u>(3,594,818)</u>	<u>(4,636,204)</u>	<u>(4,082,570)</u>	<u>(9,729,054)</u>
Net decrease in cash and cash equivalents		(2,355,993)	(8,536,033)	(2,263,211)	(8,679,941)
Cash and cash equivalents at 1 January		<u>8,940,004</u>	<u>17,476,037</u>	<u>8,678,166</u>	<u>17,358,107</u>
Cash and cash equivalents at 31 December	10	<u><u>6,584,011</u></u>	<u><u>8,940,004</u></u>	<u><u>6,414,955</u></u>	<u><u>8,678,166</u></u>

The notes on pages 11 to 33 are an integral part of these financial statements.



Sugar Cane Growers Fund and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2014

1. Reporting entity

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

The consolidated financial statements of the Fund as at and for the year ended 31 December 2014 comprise the Fund and its subsidiary, South Pacific Fertilizers Limited (together referred to as the "Group").

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

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

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS), the provisions of the Fiji Companies Act, 1983 and the provisions of the Sugar Cane Growers Fund Act, 1984.

The financial statements were authorised for issue by the Board on _____.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for other investments which are recorded at fair value. The statement of financial position has been prepared on a liquidity basis as it reflects the nature of Fund's operations.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the Group's functional currency, rounded to the nearest dollar.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

2. Basis of preparation (continued)

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 3(d) and Note 4(i) - Impairment of loans to growers
- Note 3(g) and Note 18 - Impairment of property, plant and equipment
- Note 3(g) and Note 19 - Impairment of investment in subsidiary

(e) New standards and interpretations not yet adopted

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements.

None of these are expected to have a significant effect on the financial statements of the company and the group.

3. Significant accounting policies

The accounting policies have been applied consistently to all periods presented in the financial statements, and have been applied consistently by the Group entities.

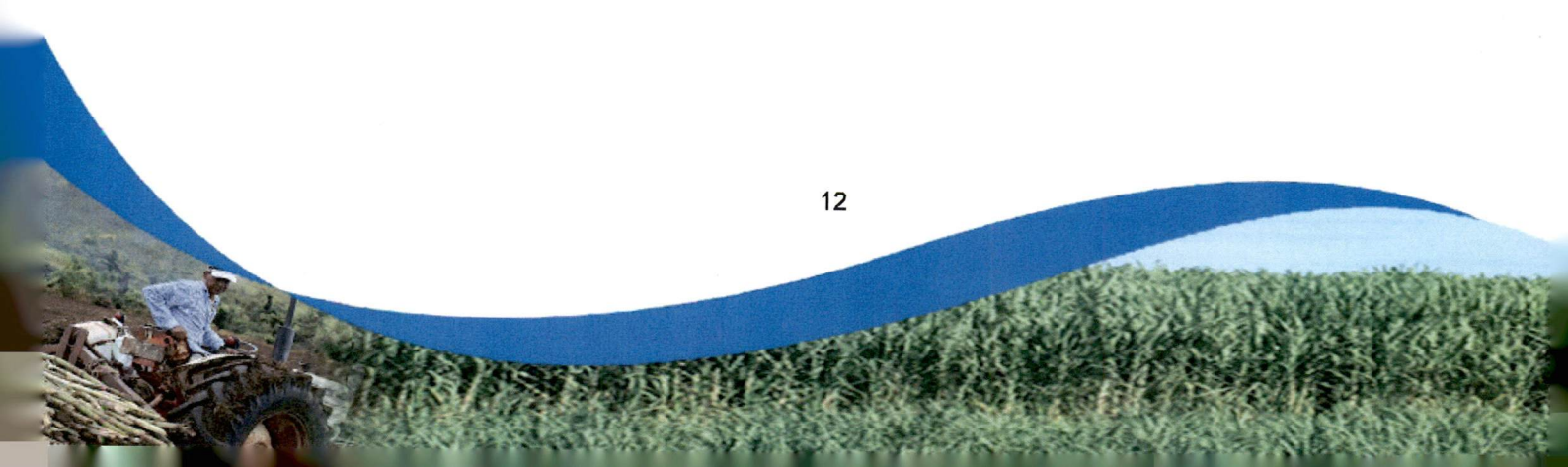
(a) Basis of consolidation

Subsidiary

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

Transactions eliminated on consolidation

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



Sugar Cane Growers Fund and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2014

3. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the exchange rate at that date. The foreign currency gains or losses on re-translation are recognised in profit or loss.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Freehold land is not depreciated.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	20 years
Furniture and fittings	5 - 15 years
Motor vehicles	4 years
Office equipment	4 years
Plant and equipment	4 - 10 years

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

(d) Loans to growers

Measurement

Loans to growers are measured at amortised cost less impairment losses.

Allowance for uncollectibility

A specific allowance for uncollectibility is brought to account where it is assessed that a particular loan is non-performing and the value of related security is insufficient to cover the loan outstanding. The determination of the amount of the provision is based on many factors including credit evaluation of the borrowers, value of security and collateral held, current economic conditions and past loss experience. Additions to the allowance for uncollectibility are charged to profit or loss for the current year.

Bad debts written off / recovered

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

(e) Financial instruments

(i) Non-derivative financial assets

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

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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

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

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

Loans and receivables

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

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

Cash and cash equivalents

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

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

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

Held to maturity financial assets

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

Held to maturity investments comprises of investments in term deposits.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(ii) Non-derivative financial liabilities

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise of trade and other payables.

(f) Inventories

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

(g) Impairment

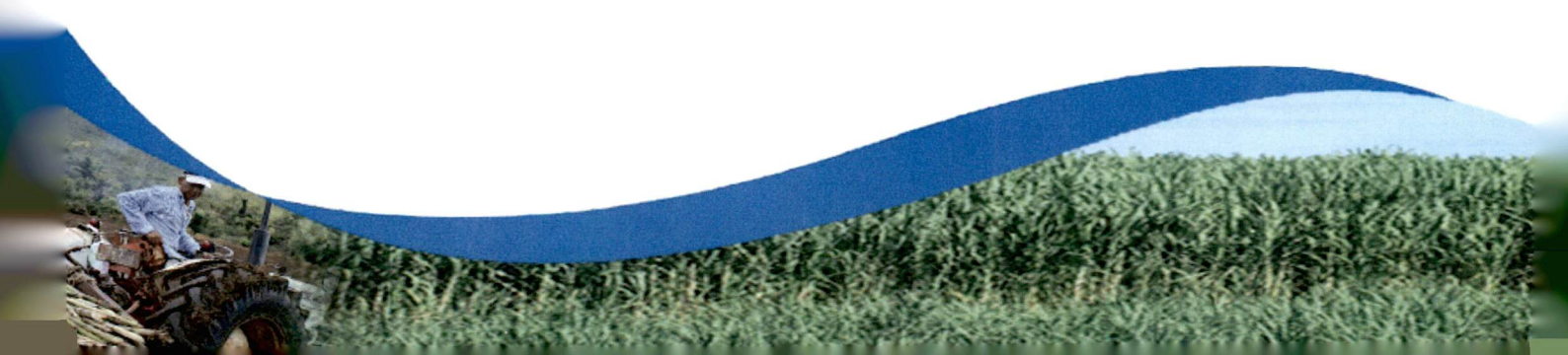
(i) Non-derivative financial assets

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

Loans and receivables

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.



Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(g) Impairment (continued)

Financial assets at fair value through profit or loss

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(h) Employee benefits

(i) Defined contribution plan / superannuation

Contributions are paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Liabilities for non-accumulating and accumulating leave are measured at the rates paid or payable.

(i) Trade payables

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

(j) Revenue recognition

(i) Interest income

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

Revenue from other operating activities are recognised in profit or loss on an accrual basis.

(ii) Sale of goods

A sale is recognised when products leave the warehouse for delivery to the customer. Sales are shown net of returns and trade allowances.

(iii) Government subsidy

Subsidy from the industry and the Government are recognised at their fair value where there is a reasonable assurance that the subsidy will be received and the entity will comply with all attached conditions.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(k) 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

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

4. Financial risk management

Overview

The Group has exposure to the following risks:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

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

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a grower or customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from growers, trade and other receivables, cash at bank and loan advances to industry related entities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the end of the reporting date was as follows:

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank	6,583,591	8,939,584	6,414,735	8,677,946
Loans to growers	22,119,320	22,480,699	22,119,320	22,480,699
Trade receivables	7,601,717	7,619,871	-	-
Other receivables	1,546,406	112,346	102,493	86,077
Advances to industry related parties	4,814,597	5,119,891	18,562,962	16,624,800
	<u>42,665,631</u>	<u>44,272,391</u>	<u>47,199,510</u>	<u>47,869,522</u>

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

4. Financial risk management (continued)

(i) Credit risk (continued)

Loan to growers

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

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

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

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

	Fund	
	2014	2013
	\$	\$
Not impaired	15,003,912	15,772,177
Past due 1 year	4,572,836	4,012,670
Past due 2 years	1,349,755	1,573,276
Past due 3 years	3,343,432	3,273,191
	<u>24,269,935</u>	<u>24,631,314</u>

The movement in the allowance for impairment in respect to loans to growers during the year was as follows:

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Allowance for uncollectibility</u>				
Balance at 1 January	2,150,615	1,804,266	2,150,615	1,804,266
Provision created during the year	-	346,349	-	346,349
Balance at 31 December	<u>2,150,615</u>	<u>2,150,615</u>	<u>2,150,615</u>	<u>2,150,615</u>

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.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

4. Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

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

	Group	
	2014	2013
	\$	\$
Up to 3 months	1,602,819	5,504,262
3 to 6 months	6,009,228	2,125,939
	<u>7,612,047</u>	<u>7,630,201</u>

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

	Group	
	2014	2013
	\$	\$
<u>Allowance for uncollectibility</u>		
Balance at 1 January	10,330	5,876
Reversals / write offs made during the year	-	(5,876)
Additional allowances made during the year	-	10,330
Balance at 31 December	<u>10,330</u>	<u>10,330</u>

(ii) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

		Contractual cash flows		
31 December 2014		Carrying amount	Less than 6 months	6 months to 1 year
		\$	\$	\$
Group				
<u>Financial liabilities</u>				
Trade payables		183,482	91,741	91,741
Other payables		625,540	312,770	312,770
		<u>809,022</u>	<u>404,511</u>	<u>404,511</u>
Fund				
<u>Financial liabilities</u>				
Other payables		162,081	81,041	81,040

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

4. Financial risk management (continued)

(ii) Liquidity risk (continued)

31 December 2013	Contractual cash flows		
	Carrying amount	Less than 6 months	6 months to 1 year
Group	\$	\$	\$
<u>Financial liabilities</u>			
Trade payables	90,540	45,270	45,270
Other payables	1,754,822	877,411	877,411
	<u>1,845,362</u>	<u>922,681</u>	<u>922,681</u>
Fund			
<u>Financial liabilities</u>			
Other payables	<u>225,083</u>	<u>112,542</u>	<u>112,541</u>

(iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The following section summarises the Group's approach to managing these risks:

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, AUD and NZD. The Group's exposure to foreign exchange risk is not significant.

(b) Price risk

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

(c) Interest rate risk

The Group has interest bearing assets and liabilities however, these are substantially independent of changes in market interest rates as the interest rates are fixed.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
5. Interest income				
Interest on priority loans	206,392	109,402	206,392	109,402
Interest on specialised loans	1,246,219	1,160,405	1,246,219	1,160,405
Interest on term deposits	81,226	192,368	81,226	192,368
Interest on South Pacific Fertilizers Limited loans	-	-	629,627	385,892
Interest on Sugar Cane Growers Council loan	-	2,280	-	2,280
Interest on Fiji Sugar Corporation Limited loan	147,042	143,357	147,042	143,357
Interest on Cane Development Revolving Fund	-	28,170	-	28,170
	1,680,879	1,635,982	2,310,506	2,021,874
6. Other operating income				
Application fees	27,004	24,935	27,004	24,935
Bad debts recovered	293	1,673	293	1,673
Dividend income - Unit Trust of Fiji	62,590	24,820	62,590	24,820
Gain on disposal of property, plant and equipment	46,087	-	-	-
Gain on remeasurement of investments to fair value	53,957	-	53,957	-
Government subsidy (Refer to (a))	5,000,000	4,347,826	-	-
Insurance proceeds (Refer to (b))	2,350,173	434,783	-	-
Sundry income	23,810	20,467	22,501	20,126
	7,563,914	4,854,504	166,345	71,554

(a) Government subsidy

The Subsidiary, South Pacific Fertilizers Limited, obtained and recognised as income, for the year ended 31 December 2014, a government subsidy of \$5,000,000 (2013: \$4,347,826).

(b) Insurance proceeds

The subsidiary, South Pacific Fertilizers Limited, received an amount of \$1,650,000 (inclusive of VAT of \$215,217) during the year and \$1,052,699 (inclusive of VAT of \$137,309) after year end from its insurer (New India Assurance) as full settlement of insurance claim for loss and damage at its premises arising out of Cyclone Evan which occurred on 17 December 2012.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

7. Administrative and other operating expenses

Included in administrative and other operating expenses are the following items:

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
Allowance for uncollectibility				
- loans to growers	-	346,349	-	346,349
- trade receivables	-	10,330	-	-
Auditor's remuneration - Fund audit	8,900	8,400	8,900	8,400
- Subsidiary audit (PWC)	10,500	10,000	-	-
- other services	11,100	11,100	5,250	5,250
Bank charges	7,316	6,898	3,819	3,409
Board members allowance	3,000	1,125	3,000	1,125
Board members expenses	266	317	266	317
Depreciation	202,458	206,570	76,794	90,246
Distribution expenses	1,331,823	1,124,374	-	-
Insurance	159,978	129,002	50,386	44,133
Legal fees	10,304	19,067	9,188	10,569
Loss on remeasurement of investments to fair value	-	21,582	-	21,582
Personnel expenses (refer Note 8)	951,798	984,073	658,078	649,491
Professional fees	33,375	119,621	2,506	2,389

8. Personnel expenses

Wages and salaries - cost of sales	250,763	252,787	-	-
Wages and salaries - administrative expense	625,135	636,714	504,577	516,783
Fiji National Provident Fund contributions	88,359	81,811	50,616	49,662
Key management compensation - short term benefits	211,420	238,943	81,127	65,000
Training and Productivity Authority of Fiji levy	11,061	14,723	5,935	6,164
Other staff costs	15,823	11,882	15,823	11,882
	1,202,561	1,236,860	658,078	649,491

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

9. Income tax expense

- (a) The amount of income tax expense attributable to operating profit / (loss) as shown in the statement of profit or loss and other comprehensive income differs from the prima facie income tax expense attributable to operating profit / (loss). The differences are reconciled as follows:

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
Profit / (loss) before tax	6,363,966	(229,705)	1,374,308	606,774
Prima facie income tax expense / (benefit) on operating profit at 20% (2013: 20%)	1,272,793	(45,941)	274,862	121,355
<u>Tax effect of:</u>				
- exempt income	(1,274,862)	(990,920)	(274,862)	(121,355)
- tax losses (brought) / not brought to account	(13,738)	1,035,139	-	-
- tax effect of timing differences not brought to account	11,809	(1,493)	-	-
- non-deductible expenses	3,997	3,215	-	-
	(1)	-	-	-

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

Deferred tax assets are not recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is not probable. The subsidiary did not recognise deferred income tax assets of \$3,213,710 (2013: \$3,914,064) attributable to tax losses of \$16,068,548 (2013: \$19,570,319) that can be carried forward against future taxable income.

10. Cash and cash equivalents

Cash on hand	420	420	220	220
Cash at bank	6,583,591	8,939,584	6,414,735	8,677,946
Cash and cash equivalents	6,584,011	8,940,004	6,414,955	8,678,166

11. Other investments

Unit Trust of Fiji

Units at fair value (refer Note 11(a))	1,534,030	1,480,073	1,532,375	1,478,418
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Reconciliation of investment in Unit Trust of Fiji

Balance at 1 January	1,480,073	1,655	1,478,418	-
Shares acquired during the year	-	1,500,000	-	1,500,000
Gain / (loss) on remeasurement of investment to fair value	53,957	(21,582)	53,957	(21,582)
Balance at 31 December	1,534,030	1,480,073	1,532,375	1,478,418

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

11. Other investments (continued)

a) Breakdown of investment in Unit Trust of Fiji

	Units held (unit)	Fair value per unit \$	Extended value \$
Subsidiary	1,217	1.36	1,655
Fund	1,079,137	1.42	1,532,375
Group	<u>1,080,354</u>		<u>1,534,030</u>

The Group measures the fair value of the above investment using Level 1 of the fair value hierarchy. Under Level 1 the fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities.

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
12. Held to maturity investments				
Bank of Baroda	2,000,000	-	2,000,000	-
Merchant Finance Limited	1,000,000	1,000,000	1,000,000	1,000,000
Home Finance Limited	1,000,000	1,000,000	1,000,000	1,000,000
	<u>4,000,000</u>	<u>2,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>

The term deposits have an average interest rate of 3.0% (2013: 3.3%) and an average maturity of 365 days (2013: 365 days).

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
13. Trade and other receivables				
Trade receivables	7,612,047	7,630,201	-	-
Allowance for uncollectibility	(10,330)	(10,330)	-	-
	<u>7,601,717</u>	<u>7,619,871</u>	<u>-</u>	<u>-</u>
Other receivables	1,546,406	112,346	102,493	86,077
	<u>9,148,123</u>	<u>7,732,217</u>	<u>102,493</u>	<u>86,077</u>

14. Loans to growers

Secured loans to growers	20,581,994	19,880,046	20,581,994	19,880,046
Allowance for uncollectibility	(2,150,615)	(2,150,615)	(2,150,615)	(2,150,615)
	<u>18,431,379</u>	<u>17,729,431</u>	<u>18,431,379</u>	<u>17,729,431</u>
Cane Development Revolving Fund	3,687,941	4,751,268	3,687,941	4,751,268
	<u>22,119,320</u>	<u>22,480,699</u>	<u>22,119,320</u>	<u>22,480,699</u>

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
15. Inventories				
Raw materials	5,123,108	6,141,544	-	-
Packaging materials	365,023	291,745	-	-
Finished goods	2,183,343	1,517,085	-	-
Weedicide	2,544,590	899,255	-	-
Goods in transit	4,407,196	3,853,867	-	-
	<u>14,623,260</u>	<u>12,703,496</u>	<u>-</u>	<u>-</u>
16. Prepayments				
Prepayments - inventory	4,088,453	2,197,084	-	-
Prepayments - others	10,322	10,171	10,322	10,171
	<u>4,098,775</u>	<u>2,207,255</u>	<u>10,322</u>	<u>10,171</u>
17. Advances to industry related entities				
(i) Receivable from Fiji Sugar Corporation Limited	4,814,597	5,119,891	4,814,597	5,119,891
(ii) Receivable from South Pacific Fertilizers Limited	-	-	13,748,365	11,504,909
	<u>4,814,597</u>	<u>5,119,891</u>	<u>18,562,962</u>	<u>16,624,800</u>

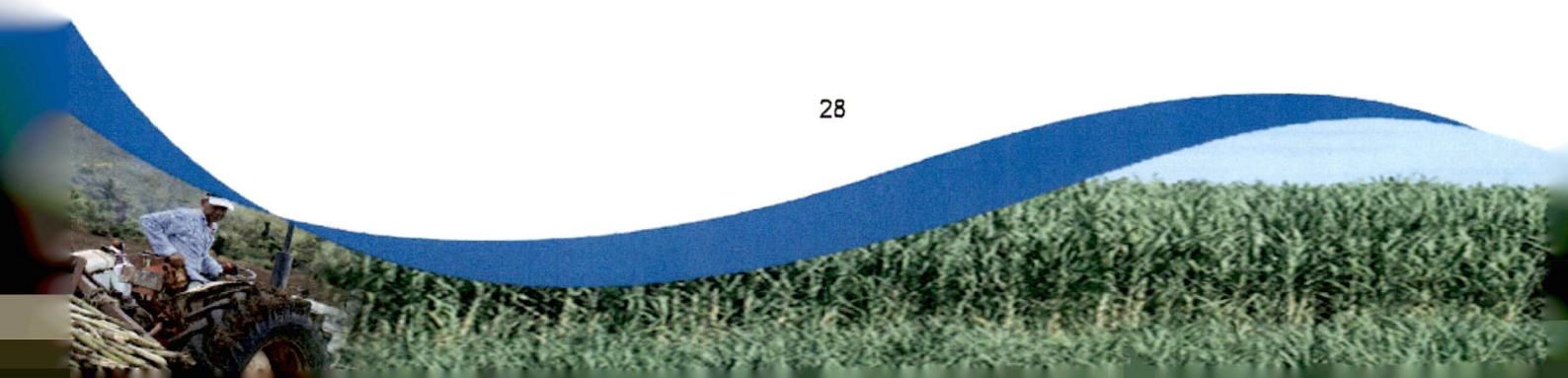
(i) Receivable from Fiji Sugar Corporation Limited (FSC)

Amount receivable from FSC is unsecured. Interest is charged at the rate of 4% (2013: 4%). Loan repayments will be recovered from sugar proceeds from the 2015 season. Interest on this loan will be borne by the government.

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

Amount receivable from SPFL is secured and interest is charged at the rate of 5% (2013: 5%) per annum. Amount receivable from SPFL is secured as follows:

- First registered mortgage debenture over all assets and undertakings including uncalled and unpaid capital of the Company.
- First registered mortgage over certificate of title no. 25872 on freehold property situated at Veitari, Lautoka.



Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

18. Property, plant and equipment

Group	Land and buildings	Plant and equipment	Furniture and fittings	Office equipment	Motor Vehicles	Work in progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2013	7,507,718	4,979,112	366,651	260,400	1,462,826	-	14,576,707
Acquisitions during the year	-	-	5,939	41,008	-	1,190,077	1,237,024
Transfers	-	18,448	8,261	-	53,043	(88,467)	(8,715)
Disposals	-	-	(65)	-	-	-	(65)
Balance at 31 December 2013	7,507,718	4,997,560	380,786	301,408	1,515,869	1,101,610	15,804,951
Acquisitions during the year	-	-	-	8,022	-	1,695,473	1,703,495
Transfers	2,216,190	-	9,084	-	-	(2,225,274)	-
Disposals	-	-	(12,872)	-	-	-	(12,872)
Balance at 31 December 2014	9,723,908	4,997,560	376,998	309,430	1,515,869	571,809	17,495,574
Depreciation							
Balance at 1 January 2013	6,882,795	2,684,886	313,865	225,588	728,343	-	10,835,477
Depreciation charge for the year	78,655	237,997	10,987	20,264	271,844	-	619,747
Disposals	-	-	(65)	-	-	-	(65)
Transfers	(767)	(7,948)	-	-	-	-	(8,715)
Balance at 31 December 2013	6,960,683	2,914,935	324,787	245,852	1,000,187	-	11,446,444
Depreciation charge for the year	39,686	290,580	10,771	23,732	265,563	-	630,332
Disposals	-	-	-	-	-	-	-
Transfers	-	-	(12,872)	-	-	-	(12,872)
Balance at 31 December 2014	7,000,369	3,205,515	322,686	269,584	1,265,750	-	12,063,904
Carrying amount							
At 31 December 2013	547,035	2,082,625	55,999	55,556	515,682	1,101,610	4,358,507
At 31 December 2014	2,723,539	1,792,045	54,312	39,846	250,119	571,809	5,431,670

Out of the total depreciation of \$630,332 (2013: \$619,747), \$427,874 (2013: \$413,177) has been allocated to cost of sales and \$202,458 (2013: \$206,570) has been allocated to administrative and other operating expenses.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

18. Property, plant and equipment (continued)

Fund	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
Cost				
Balance at 1 January 2013	146,692	260,400	320,540	727,632
Acquisitions during the year	5,939	41,008	-	46,947
Disposal	(65)	-	-	(65)
Balance at 31 December 2013	152,566	301,408	320,540	774,514
Acquisitions during the year	-	8,022	-	8,022
Disposal	(12,872)	-	-	(12,872)
Balance at 31 December 2014	139,694	309,430	320,540	769,664
Depreciation				
Balance at 1 January 2013	130,400	225,588	203,979	559,967
Depreciation for the year	3,947	20,264	66,035	90,246
Disposal	(65)	-	-	(65)
Balance at 31 December 2013	134,282	245,852	270,014	650,148
Depreciation for the year	3,902	23,732	49,160	76,794
Disposal	(12,872)	-	-	(12,872)
Balance at 31 December 2014	125,312	269,584	319,174	714,070
Carrying amount				
At 31 December 2013	18,284	55,556	50,526	124,366
At 31 December 2014	14,382	39,846	1,366	55,594

	Fund	
	2014	2013
	\$	\$
19. Investment in subsidiary		
<u>South Pacific Fertilizers Limited (SPFL)</u>		
Balance as at 1 January	14,951,296	14,951,296
Less provision for impairment	(1,549,891)	(1,549,891)
Balance as at 31 December	13,401,405	13,401,405

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

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

As at 31 December 2014, the net assets of SPFL were \$18,945,017 (2013: \$13,955,359). The Fund's interest in this amounted to \$17,164,185 (2013: \$12,643,555).

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
20. Trade and other payables				
Trade payables	183,482	90,540	-	-
Other payables	625,540	1,754,822	162,081	225,083
Payable - Cane Development Revolving Fund	3,693,289	3,693,289	3,693,289	3,693,289
	<u>4,502,311</u>	<u>5,538,651</u>	<u>3,855,370</u>	<u>3,918,372</u>

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

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
21. Employee benefits				
Balance at 1 January	61,976	56,663	61,976	56,663
Net movement during the year	4,018	5,313	4,018	5,313
Balance at 31 December	<u>65,994</u>	<u>61,976</u>	<u>65,994</u>	<u>61,976</u>

22. Related parties

(a) Members of the Board of management

The names of Board members in office during the year were as follows:

Mr Viliame Gucake (appointed as Chairman on 18 November 2015)

Mr Sundresh Chetty

Mr Manasa Vaniqi - Chairman (appointed on 14 October 2013, deceased 1 January 2015)

Mr Parmesh Chand (appointed on 6 March 2015, resigned on 18 November 2015)

Board members expenses are disclosed under Note 7.

(b) Key management personnel

Key management personnel includes the Chief Executive Officer of the Fund and the General Manager and Chairman of the subsidiary.

Key management compensation is disclosed under Note 8.

Transactions with key management are on terms that are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

22. Related parties (continued)

(c) Identity of related parties

South Pacific Fertilizers Limited is a subsidiary of the Fund.

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

(d) Transactions with related parties

During the year, the Group and the Fund entered into various transactions with related parties which were on normal commercial terms and conditions. The aggregate value of major transactions with related parties during the year are as follows:

	Group		Fund	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Fiji Sugar Corporation Limited (FSC)</u>				
Advance to FSC	-	(4,000,000)	-	(4,000,000)
Interest received from FSC	147,042	143,357	147,042	143,357
Repayment by FSC	152,337	4,218,049	152,337	4,218,049
<u>Government of Fiji</u>				
Repayment of advances or interest on behalf of FSC	300,000	301,000	300,000	301,000
<u>South Pacific Fertilizers Limited (SPFL)</u>				
Additional advances to SPFL	-	-	(24,808,309)	(23,076,242)
Repayment by SPFL	-	-	23,194,479	17,015,505
Interest received from SPFL	-	-	629,627	385,892
<u>Sugar Cane Growers Council (SCGC)</u>				
Sale of weedisides	1,714,639	1,883,376	-	-
Repayment by SCGC	-	78,280	-	78,280
Interest received from SCGC	-	2,280	-	2,280

Sugar Cane Growers Fund and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2014

23. Minority interests

The following table summarises the information relating to South Pacific Fertilizers Limited that has non-controlling interests (NCI):

	2014	2013
	\$	\$
NCI percentage	9.4%	9.4%
Current assets	27,926,399	22,808,558
Non-current assets	5,377,731	4,235,796
Current liabilities	(11,943,693)	(11,923,087)
Non-current liabilities	(2,415,420)	(1,165,908)
Net assets	18,945,017	13,955,359
Net assets attributable to NCI	1,780,831	1,311,804
Sales	19,916,331	20,184,523
Gross profit / (loss)	656,481	(2,928,063)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	4,989,658	(836,479)
Profit / (loss) allocated to NCI	469,028	(78,629)
OCI allocated to NCI	-	-
Net cash used in operating activities	(349,281)	(5,111,865)
Net cash used in investing activities	(1,649,386)	(1,190,077)
Net cash from financing activities	1,905,885	6,445,850
Net (decrease) / increase in cash and cash equivalents	(92,782)	143,908

24. Capital commitments and contingencies

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

25. Capital risk management

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

26. Events subsequent to balance date

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