SUGAR CANE GROWERS FUND

ANNUAL REPORT 2019

Parliamentary Paper No. 49 of 2020

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SUGAR CANE GROWERS FUND

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Our Ref:RS/ ss

13 August 2020

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

Dear Honorable Prime Minister

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

Enclosed is copy of the Annual Report for the Sugar Cane Growers Fund and its Subsidiary, South Pacific Fertilizers Pte Limited for the year ended 31 December 2019.

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

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

Yours faithfully

…………………………………………

Uday Sen
CHAIRMAN

Corporate Statement

Vision

Will ensure efficient and dependable financial services to our customers. As the premier service provider to cane farmers, we will take its best people, best practices and best products to new dimensions and expanded opportunities.

Mission

To provide efficient, affordable and sustainable financial services to meet the diverse needs of our customers and contribute to the development of the economy and in particular the Sugar Industry.

Values

Exercise sound management, prudent lending and investment policies that:

- Maintain integrity and objectivity;
- Put our customers first. In doing so, we will provide efficient quality service and at the same time maintain accountable, effective and transparent corporate practices;
- Good corporate citizens and act in the best interest of Fiji; and
- Provide opportunities for all our employees to develop their full potential in a sage and cooperative working environment.

Chairman's Report

Introduction

In 2018-2019 the Fund continued with its core activities, which is to provide loans within the sugar cane farming sector of the economy. Our subsidiary, South Pacific Fertilizer Pte [SPF] also continued with its core activities of importing bulk fertilizer, blending, packing and distributing to local market.

The Fund has seen a marked increase in its activities with significant increase in Grower liaison and vast changes in the Governance Framework of the Institution.

During the 2018 – 2019 financial year, two of the board members Chairman Mr. Ariff Ali and Director Mr. Pradeep Lal retired. Fund also entered into arrangements with Datec [Fiji] for supply of a full new IT System capable of handling farming type loan portfolios.

The process of transformation during the last financial year has led us to reinforce our commitment to stakeholders and in particular, sugar cane growers. We seek to maintain our position in the industry and remain committed to creating sustainable value for our stakeholders and the local communities where we operate.

There are many activities undertaken in the year. Allow us to start with the performance results.

Results

SCGF and its subsidiary, South Pacific Fertilizers Pte Limited (SPFL), had satisfactory results recording a group net profit before taxes of $7.67m (2018 $8.67m). The SPFL profit before tax for 2019 was $6.47m compared to $6.32 million in 2018.

During the 2018 – 2019 financial year all entities for all receiving Government Grants it became mandatory to pay taxes on the Grant. This had a significant effect on the tax status of SPFL.

The net profit after tax for the SPFL for 2019 was $5.131 million compared to $6.179 million in 2018.

The reduction in SPFL profit after tax as compared to 2018 was mainly due to the requirement for the institution to pay tax on Government Grants.

In case of SCGF, the Board has taken conservative approach to ensure any extended effect of COVID-19 on our book can be reasonably dealt with. In this regard, an additional provision of $0.600m was booked for 2018-2019 period.

In the year, the Fund approved 2322 loan applications valued $8.279m and settled 2256 applications lending a total of $7.625m.

On the arrears management, the SCGF has taken all reasonable and prudent steps to review, rehabilitate, restructure accounts by giving another chance or in the extreme cases, exercised enforcement means for debt recovery. The Board also took reasonable steps to write off loans where all avenues had been exhausted. The overall past dues reduced from 36 per cent 19 per cent in the year and management continues to execute necessary plans.

We improved our governance, audit and policy environment that included board reporting, various returns, reports and analysis. We continued to implement internal and external audit programs, ensuring that emerging issues got dealt with as and when they arose.

Key Achievements

In addition to the above results; SCGF signed up an agreement with Indian ICT Company, Sesame Software Pvt Ltd, which had been selected after comprehensive, thorough and independent assessment to provide Core Business solution. They have co -partnered with local supplier Datec Fiji Ltd. This new ICT system is expected to be rolled out mid of 2020. This system will bring all existing financial operations of the SCGF online. This includes or existing loan book and our entire new lending.

Our people are our most important driver of success and growth. We have mutually concluded the Collective Agreement with Fiji Bank & Finance Sector Employees Union in the year which had been pending for over10 years.

Outlook

Moving forward, we will continue to sharpen our focus on ensuring continuous and sustainable growth. We are committed to support the industry and will continue with our core functions. We are also exploring other innovative opportunities for product and services for the growers not only support the Government agenda for the industry but to also ensure sustainability of SCGF and the growers.

Acknowledgement

I thank the Government, in particular the Honourable Prime Minister Mr. Josaia Voreqe Bainimarama and Minister for Sugar Industry, Permanent Secretary for the Ministry of Sugar Industry, Ministry of Economy, Ministry of Agriculture, Ministry of Lands & Mineral Resources, iTaukei Land Trust Board, Sugar Cane Growers Council, Sugar Industry Tribunal, Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji, South Pacific Fertilizers Pte Limited, the trading Banks, my fellow Directors of SCGF and SPFL Board for valued contributions and continued support during the year.

I acknowledge the valuable contribution of our growers who are equally important for the success of the industry and SCGF. We will continue to provide even better services and deepen our relationship.

I also thank the Chief Executive Officer, Management team and the Staff for the tremendous activities during the year.

……………………………………..

Uday Sen
Chairman of Board of Directors

Chief Executive Officer's Report

The year has been full of activities as we progressed in building the platform. The financial performance has been impressive, though short compared to 2018 due to prudent measures.

We continued to deliver products and services that would meet the needs of our growers and we deepened our relationship with direct access to the growers through meetings, interactive session, social media, and getting their feedbacks positively.

We rolled out many initiatives in the year and to name a few: (1*) Back to School Promotion*: loan given to the farmers to meet school needs, (2*) Pre Harvesting Promotion*: loan for the cane harvesting and readiness, (3) *Fiji National Provident Fund (FNPF) Approved Lender* – where a FNPF member is able to withdraw part of the funds to buy a sugar cane farm. This initiative is a paradigm shift not only for the industry; but also for all Fijians, who intend to buy properties specially sugar cane farm or look at retirement plans with a farm. Some of the growers have also used the FNPF sum to reduce and or clear the loans in full.

In October, we launched (4) *Back to Farm program*, where a grower who had difficulty in managing the loan and the farm, was given "another chance" with interest waivers either to clear the loan in full or resume farming with seed funding of $2,000. Quite a number of farmers enquired and as of 31st December 2019, 5 growers amounting to $35,702.77 were approved "Back to Farm" package.

We relaunched the cane planting scheme (5) *Cane Development Revolving Fund (CDRF),* a government funding; managed by SCGF. Under this program, loan is given to the growers at zero percent interest rate for cane planting, repayable over 5 years with first year being the grace period. As of 31st December 2019, 55 applications amounting to $88,768.77 were approved. Another of the Government initiative is the New Farmer Assistance program where SCGF facilitates the payment.

In addition, (6) we signed *Memorandum of Understanding (MOU*) to strengthen and deepened relationship for lease administration, renewals and payments with TLTB. In the year, TLTB granted 50 year leases to growers in Nawaicoba, Nadi and most of them were funded by SCGF. This is one of the first 50 year leases issued and the idea was mooted by Hon.Prime Minister and Permanent Secretary, Mr. Karan, which was accepted by landowners and TLTB. We appreciated the support of everyone in this project.

We also signed a MOU with Fiji Revenue & Customs Services for information sharing in perfection of security documents under the new Personal Property Act (2017). We are pleased to advise that SCGF successfully completed loading of security document under Personal Property Act (PPSA) 2017. This PPSA platform improves the credit access and collateralization with no major cost to the growers. We also joined with Vodafone's M- PAiSA platform and rolled out in December 2019, which has another choice for funds transfer for the growers.

We upgraded our Ba office in the year, giving comfort to the growers for the services and our presence. Other upgrades included our Security and Filing room.

In addition, to the collective Agreement conclusion with Fiji Bank & Finance Sector Employees Union, we have implemented Performance Management Systems and appointed dedicated Human Resource Officer looking at the HR functions. We continued recognise our people with incentive for study programs, Employee of the Month, various awards and Team Bonding activities, etc. SCGF also fostered gender balance initiatives, women empowerment and appointed a female Manager Information Technology, an internal incumbent who has over 12 years of experience and holds post graduate qualification.

We continued to pay insurance premium on behalf of the growers for the Bundled Insurance package facilitated by Fiji Care Insurance Limited. In the year we paid $0.892m premium against claims pay-out of $0.502m.

On the Community and Environment program; SCGF took an initiative of planting trees, 200 coconut seedlings with assistance of Ministry of Agriculture was distributed among the farmers and staff for planting. Through our staff social club, we initiated "CANE (Care All Nationals Equally) drive, charity work which contributes to the needs of the vulnerable part communities. With the support of some of the corporates, individuals and the staff of SCGF, we distributed over100 grocery packs and a wheelchair to a needy farmer in the year.

We will continue to focus on the core functions of providing loans and advance to growers for cane production however, with change of economic conditions, we will be looking at other sustainable programs for growth.

We are totally committed in supporting the state and industry aspiration. Finally, I must thank the Hon. Prime Minister, Permanent Secretary Mr. Yogesh Karan, our outing going chairman Mr. Ariff Ali and director Mr. Pradeep Lal, the Chairman Mr. Uday Sen and directors, Management and Staff, all stakeholders and growers for all the support and input in the operation of SCGF. We look forward for the same in the future.

Thank you.

Raj Sharma
Chief Executive Officer

About SCGF

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

Functions

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

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

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

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

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

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

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

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

Corporate Governance

SCGF aims to build sustainable value for stakeholders and in particular for the sugar cane growers and other industry players. In carrying out its responsibilities and powers as set in the Act, the Board all time recognizes its overriding responsibility to act honestly, fairly, diligently and in accordance with the law. It is also the responsibility of the Board to take an active role in discussions and promote sound corporate governance best practices.

The governance of SCGF maps out a pathway of transparency, accountability and oversight of the institution by the Board, embedded through Mission, Vision, Corporate and Strategic Objectives. The Board in addition, provides strategic guidance and advices to Management ensuring the sound management and good governance are maintained.

The Board comprised of six members and were appointed for period of two years. Chairman Mr. Ariff Ali and Board Member Mr. Pradeep Lal were appointed on 19 January 2017 and on expiry of the term, they opted for non-renewal due to other pressing responsibilities.

The other four members appointed on 09 January 2019 are: Mr. Sundresh Chetty, Mr. Uday Sen, Professor Anand Chand and Mr. Tevita Madigibuli, Mr. Sen is now the chairman, appointed on 19th January 2020 for two years.

<u>Table 1: Board Attendance</u>

Board Meetings and Attendance for the reporting period of 11 February 2019 to 05 December 2019.

Board Members	No. of Meetings	
	Held	**Attended**
Mr. Ariff Ali	6	5
Mr. Pradeep Lal	6	3
Mr. Uday Sen	6	6
Mr. Anand Chand	6	6
Mr. Sundresh Chetty	6	6
Mr. Tevita Madigibuli	6	6

Board Directors

From right – Mr. Tevita Madigibuli (Board Director), Mr. Uday Sen (Board Chairman), Dr. Anand Chand (Board Director), Mr. Sundresh Chetty (Board Director).

Out Going Board Directors

Mr. Ariff Ali
(Out Going Chairman)

Mr. Pradeep Lal
(Out Going Board Director)

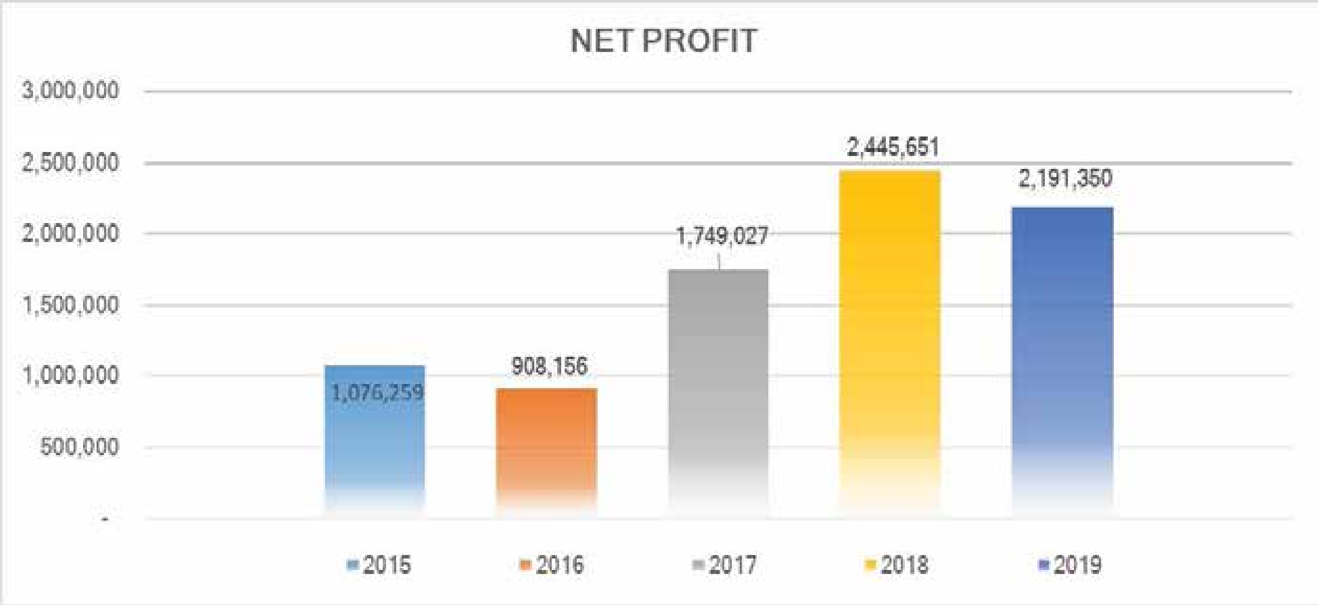
SCGF Management Team

Sitting Right – Ms Sheetal Shalini (Manager Information Technology), Mr. Raj Sharma (Chief Executive Officer).
Back from right – Mr. Vimal Dutt (General Manager Operations & Lending), Mr. Francis Pesamino (Manager Finance & Administration).

FINANCE & ADMINISTRATION

OVERVIEW

The reporting year 2019 was another successful trading year for SCGF (table below shows the income and expenditure for previous years) whereby the group made a net profit after taxes of $6,326,619 (SCGF = $2,191,350) for the year ended 31 December 2019. Maximising revenue from investments is also a goal for the Fund so that maximum benefits are passed to the farmers. As a result, SCGF has continued the insurance premium for all active growers. This benefit is expected to end in June 2020.



The table below shows in detail the financial results from 2015 to 2019.

Table 2: Financial Performance

SCGF FINANCIAL PERFORMANCE ANALYSIS 2015 - 2019					
Details	2015	2016	2017	2018	2019
Revenue	$	$	$	$	$
Interest Income	2,049,498	2,086,287	2,271,182	2,675,240	2,690,803
Other Operating Income	233,753	245,641	1,160,029	1,464,147	1,985,630
	2,283,251	2,331,928	3,431,211	4,139,387	4,676,433
Administrative and Other operating expenses	1,206,992	1,423,772	1,682,184	1,693,736	2,485,083
Net Profit after tax	**1,076,259**	**908,156**	**1,749,027**	**2,445,651**	**2,191,350**

Revenue recognition

Interest income is derived from loans (Priority & Specialised) to growers, industry related parties – FSC and terms deposits of the Group and is recognised on an accrual basis. For financial assets measured at amortised cost, the effective interest rate method is used to measure the interest income recognised in the statement of Profit or Loss and other comprehensive income. For financial assets measured at fair value, interest income is recognised on an accrual basis, either daily or on a yield to maturity basis.

Dividends – South Pacific Fertilizers Pte Ltd

During the year dividend of $996,600 was received from the SPFL as dividend. This included dividend for FY 2018 and FY 2019.

Administrative Expenses

These expenses consist of the following items such as audit fees and services, depreciation, directors' fees and insurance, growers' insurance, provision for impairment – loans and staff costs.

In July 2017, SCGF introduced a Micro Insurance Bundle product for active cane farmers through Fiji Care Insurance Ltd. Annual insurance premium is $52 per active grower and key benefits covered include Life and Funeral, Personal Accident and Fire. This commitment by the Fund was done for 3 years. In 2018, Sugar Cane Growers Council contributed $10,000 towards the premium for the year while United Nations Capital Development Fund (Pacific Financial Inclusion Program) contributed a grant of $103,136 towards the planning and operational costs for the Sugar cane farmers' insurance awareness campaign.

It is also noted that Chairman (Mr. Ariff Ali) and Director (Mr. Pradeep Lal) have opted not to receive board fees and allowances. Board fees for Director (Mr. Sundress Chetty) are paid directly to his employer – SCGC.

IFRS 16 Implementation – Leases (SCGF Office Rentals)

IFRS 16 'Leases' is applicable for annual reporting periods beginning on or after 1 January 2019. Previously, leases in which substantially all the risks and rewards of ownership were retained by the lessor were classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and Fund's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019 was 7.19%.

The lease liability recognised as at 1 January 2019 was $445,236 and $347,307 for the Group and Fund respectively as set out below. The associated right-of-use assets have been recognised at an equivalent amount (note 29(a)), and accordingly there was no adjustment required to retained earnings as at 1 January 2019. Leased assets previously classified as finance leases under IAS 17 and included within property, plant and equipment have been reclassified to right-of-use assets at their carrying amount as at 1 January 2019. In applying IFRS 16 for the first time, the Group and Fund have used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of right-of-use assets as at 1 January 2019
- single discount rate is applied to a portfolio of leases with reasonably similar characteristics
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group and Fund have also elected not to reassess whether a contract is, or contains a lease at the date of initial application. There was no impact on the Group and Fund's retained earnings on adoption of IFRS 16 as at 1 January 2019.

IFRS 9 Implementation & Provisions

The adoption of IFRS 9 has resulted in changes to accounting policies for recognition, classification and measurement of financial assets and financial liabilities and their respective impairments. The table below explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors.

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2018
	($)	($)	($)	($)	($)
Opening ECL	1,874,293	497,790	3,129,086	5,501,169	5,792,068
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(91,670)	232,691	-	141,021	134,726
Transfer from Stage 1 to Stage 3	(4,603)	-	47,214	42,611	(85,614)
Transfer from Stage 2 to Stage 1	64,476	(303,143)	-	(238,667)	(207,080)
Transfer from Stage 2 to Stage 3	-	(116,183)	156,937	40,754	166,476
Transfer from Stage 3 to Stage 2	-	-	-	-	(7,634)
Transfer from Stage 3 to Stage 1	389,027	-	(834,100)	(445,073)	(623,366)
New financial assets originated or purchased	692,954	304,800	962,285	1,960,039	1,287,593
Financial assets derecognised during the period	455,349	78,465	230,601	764,415	2,095
Changes in PDs/LGDs/EADs/others	(1,360,430)	(460,811)	(362,626)	(2,183,867)	(958,095)
Total net P&L charge during the period	**145,103**	**(264,181)**	**200,311**	**81,233**	**(290,899)**
Movements without P&L Impact					
Financial assets written off during the period	(78,128)	(5,418)	(1,557,310)	(1,640,856)	-
Closing ECL	$1,941,268	$228,191	$1,772,087	$3,941,546	$5,501,169

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 $1,640,856 during the year.
- Other significant movements were due to new loans originated during the year.

Credit Risk – Loans 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 entrails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. SCGF measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

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

1. **Performing** – Customers have a low risk of default and a strong capacity to meet contractual cash flows;
2. **Underperforming** – Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principle repayments are 4 quarters past due; and

3. **Default** – Interest and/or principle are 8 quarters past due and there is no reasonable expectation of recovery.

Table 3: Summary of Loans and Investments

INSTITUTION	AMOUNT ($)
SCGF - Loans to Growers (CDRF inclusive)	23,299,543
Loans to FSC	6,916,693
SPFL Equity Shares	13,401,405
Investments	20,284,055
Total	**63,901,696**

The Fund is dedicated to continue its operations and performance in a similar manner to further enhance it services and bring in more opportunities to the sugar cane growers of Fiji.

SCGF Finance & Administration Team

Sitting – Mr. Ravneel Singh (Filing Clerk & Driver)
Back from right – Mr. Francis Pesamino (Manager Finance & Administration), Mr. Shalvin Narayan (Payment Clerk), Mr. Deepak Singh (Finance Administration Officer)

LENDING ACTIVITIES

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

Table 4: SCGF Products

Type of Loans	Portfolio
Priority Loans	Maximum lending of $5,000 for Farm Development and Planting for Sugar Cane, Repair of Farm Equipment, House Repairs, Education Expenses, Wedding , Drainage, Roading, Weedicides, Borehole Drilling, Medical and Purchase of Working Bullocks and Horses, etc.
Specialised Lending	Maximum lending of $75,000 for the Purchase of Cane Farms, Farm Machinery, Cane Trucks, Construction of Farm House, Refinance from other banks and for other purposes provided in the Act. Loans in excess of $75,000 is referred to the Board.
Loans to Tenants for New Leases	Loans to enable growers to acquire New Leases from the iTaukei Land Trust Board, Department of Lands and other Landowners.
Cane Development Revolving Fund	Maximum lending of $5,000 for Farm Development and Planting for Sugar Cane granted at zero percent interest rate, repayable over 5 years, with first year being grace period

The table below provides the breakdown of loans disbursed to cane growers as at 31 December 2019.

Table 5: Disbursement & Approval

The table below provides the breakdown of loans approved with partially disbursed and fully undrawn to cane growers as at 31 December 2019.

Loan Type	Jan – Dec 2019			
	Disbursement		Approved	
	Value	Count	Value	Count
Priority	1,202	$1,697,372.81	1,162	$2,698,866.39
CDRF	45	$ 34,680.80	57	$138,295.13
Specialised	1,568	$5,797,622.91	1,160	$5,580,794.58
Total	**2,815**	**$7,529,676.52**	**2,379**	**$8,417,956.10**

Loans Cumulative to 2019

Table 6: Accumulative Details

Particulars	Priority Loans	Specialised Loans	New Leases	Refinance
No. of Application	4,606	9,265	4,685	701
Value	$43,599,823	$57,878,696	$21,702,509	$8,250,652

Table 7: Arrears Report

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

The total arrears trends in the period has been as follows:

	Mar	Jun	Oct	Dec
No. of Default Grower	4,913	4,265	3,930	2,850
Total Arrears	$ 6,488,849.18	$ 4,593,232.99	$ 4,068,862	$ 3,221,008
Total Loan-Default	$ 10,697,401.70	$ 7,959,665.08	$ 6,679,558	$ 5,266,465
Total Portfolio	$ 29,319,259.84	$ 29,051,089.11	$27,395,382	$27,545,977
% Balance Arrears	36%	27%	24%	19%

District Offices

SCGF has offices in Lautoka, Labasa, Seaqaqa, Rakiraki, Tavua, Ba and Nadi to provide services to sugar cane growers. Growers from the Sigatoka districts are provided services by the Nadi staff once a week from the Sugar Cane Growers Council office, in Sigatoka. Loans applications are received at the district offices, the approvals and payments are processed at the Head Office.

During the year, the Fund approved loans under Priority Loans to the value of $2,698,866.39 and loans under Specialised Lending to the value of $5,580,794.58.

Table 8: Applications Received at District office

District	Application Count	Value of Loans Paid
Lautoka	404	$1,339,360.38
Nadi	318	$1,243,175.37

District	Application Count	Value of Loans Paid
Sigatoka	142	$ 440,538.20
Ba	320	$1,218,018.89
Tavua	218	$ 703,076.17
Labasa	443	$1,455,165.75
Seaqaqa	179	$ 749,992.92
Rakiraki	298	$1,130,333.29
Total	**2,322**	**$8,279,660.97**

SCGF Lending Team

Head Office Team

District Office Team

Cane Development Revolving Fund

The Board of Management of the Sugar Cane Growers Fund agreed to provide $3million 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 Pte Limited and the Sugar Research Institute of Fiji signed a Memorandum of Agreement to support the initiative taken by the Fiji Sugar Corporation Limited.

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

Under the Cane planting grant scheme, loan of $1,500 per hectare is granted to a limit of $5,000 where 50 percent of the approved funds is released on acceptance of the offer and balance of the 50 percent after verification and inspection jointly carried out by SCGF and FSC upon successful germination. However, those who have been in default in repayment, 5% interest rate is applied.

Table 9: Accumulative CDRF

CDRF Loan	Count	Value
Applications Paid	53	$46,556.37

New Farmer Assistance Program

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

SCGF facilitates the disbursement of the funding on the request of the Ministry of Sugar Industry after duly approved by Honourable Minister of Sugar Industry.

SCGF is also responsible for the post funding inspection and verification and such reports are presented to the Ministry of Sugar Industry with appropriate recommendations and conclusions.

Total of 74 Growers were assisted in year 2019 for full payment of TLTB premium cost with total value of $376,633.22.

Micro Insurance Bundled Product

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

• Death	-	$3,000.00
• Fire	-	$3,000.00
• Personal Accident	-	$3,000.00
• Funeral	-	$1,000.00
TOTAL	-	**$10,000.00**

SCGF had agreed to pay the insurance scheme premiums of $52 per farmer per year for three years at no cost to the growers. Cane growers below the age of 65 years are covered for death, personal injury, funeral costs and house fire. For farmers above the age of 65 years, this new initiative provides a cover for their house while their next of kin is covered for death, personal injury and funeral costs. A review of the Scheme with other insurance products is in progress that includes age coverage and the premium payments by growers.

Table 10: Growers Assisted

	No of Growers	2017/2018	No of Growers	2018/2019	Total
Funeral		$ 79,000		$113,000	$192,000
Term Life	79	$ 231,000	119	$369,000	$600,000
Fire	12	$ 36,000	6	$ 18,000	$ 54,000
Permanent Disability		Nil	1	$ 3,000	$ 3,000
Claims Paid Up to 31/12/19	91	$ 346,00	126	$ 503,000	$849,000
Premium paid by SCGF		$ 603,512		$ 892,528	$1,496,040

Total Growers	2017	37
Total Growers	2018/2019	180
Total Growers Assisted	31/12/2019	217
Total Payout	2017	$ 136,000
Total Payout	31/12/2019	$ 713,000
Total Claims Paid to Growers		**$ 849,000**
Total Premium Paid to Fiji Care		**$1,496,040**

HUMAN RESOURCE MANAGEMENT

SCGF has a total of 29 permanents and 1 temporary staff for 2019. 23 Staffs are members of Fiji Bank & Finance Sector Employees Union.

Staff and Social Club

Staff and Management are also member of Staff and Social Club. The Club also provides charitable services to the needy and under privileged citizens under the banner of Care All National Equally [CANE].

The Human Resource Management with appointment of Human Resource Officer ensured that effective HR function and activities were executed including the following but not limited to:

- Implementation of the policy environment with Human Resource policy;
- Fiji Bank & Finance Sector Employees Union agreement signing/ registration;
- Reward and Recognition by on-the-spot awards, monthly performance awards and year end award which was awarded to Mr. Sarvesh Prasad Vidya Sagar; and

- Performance Management appraisal implementation – 01st January 2019 – 31st December 2019.

Sitting from right – Ms Prithi Ram (Human Resource Officer)**,** Ms. Litiana Baleiwai (Executive Assistant).
Back from right – Mr. Vimal Dutt (General Manager Operations & Lending), Mr. Raj Sharma (Chief Executive Officer).

Staff Training

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

- Internal Training (Internal Resource at the Premises);
- In-House Training (External Resource at the Premises); and
- External Training (External Resource and Off Premises).

Table 11: Staff Training as at 31 December 2019

No.	Particulars	No. of Trainings Attended
1	Internal Training (Internal Resource at the Premises)	4
2	In-House Training (External Resource at the Premises)	10
3	External Training (External Resource and Off Premises)	10

The Training Plan allows to strengthen those skills that each staff needs to improve and support the strategic and industry objectives. This Plan is not limited to the external and internal programs but plans that would build the leaders as we are on the journey of transformation. By providing the necessary training, this creates an overall knowledge for staff who can take over roles for one another as needed, work on teams or work independently.

INFORMATION TECHNOLOGY

The reporting period had been an existing and busy year for the Information Technology Department. The year started with 2nd round of Core Business Solution demonstration from various bidders. The solution providers were invited to demonstrate applications such as, integrated Loan Management, Mobile Application, Internet Service Platform and financial systems. The Department also implemented suggestions from external audit findings and implemented requirements of the approved Information Technology Policy. The Department has also worked closely with Lending and Finance Department to automate some of the manual processes to reduce duplication of work as well as improved on generation of monthly reports.

In August, SCGF signed up agreement for provision of cloud services agreement with Vodafone. The platform has enabled SCGF to move its current infrastructure, applications and files to the cloud infrastructure. We have been able to successfully migrate our data, users and applications to the cloud servers. The change of platform has been one of the successfully achieved milestone for the year 2019 for the department as well as the organization.

The agreement for Core Business Solution was signed in mid-September with Datec and Sesame Software Solutions Pvt. Ltd. Then third round of consultation was held with the solution providers to finalize the business requirements in order to document the Business Requirements Documentation (BRD). These required lot of input from the people across to ensure that all our business processes are covered.

The Department had been also busy in assessing the developers for the Website after thorough evaluation and presentation, tender for Website Development was awarded to Oceanic Communication of Suva, with signing of the engagement letter in mid – November 2019. The website will enable us to enhance our corporate image and reach across globe. At end of October, SCGF signed agreement with Vodafone's M-PAiSA pay bill services. The platform has enable growers to receive loan funds, insurance payout, and repayment of SCGF loan and purchase of farming equipment from various hardware shops.

Right – Ms Salanieta Nalotawa (IT Assistant), Mr. Prashneel Prasad (Business Analyst/ Project Officer), Ms Sheetal Shalini (Manager Information Technology).

Audit Implementation Programs

In the year management ensured that audit programs are effectively managed and handled and the details of the audit implementation are as follows:

Table 12: Internal Audit – Lending Function

Particulars	Issues	Implemented	Pending
Lending Functions	6	5	1
Site Visits	5	5	Nil
IFRS	Not applicable		
Arrears Management	Reports in progress		
Total	**11**	**10**	**1**

Marketing & Awareness

We continue to build our marketing and awareness with grower visitations, press releases, radio interview including the social media platform to reach the growers and public. The details are as follows:

Table 13: Facebook Update

SCGF Facebook	Jan-Dec 2019
Positive Comments	1,213
Negative Comments	2
Likes	10,307
Followers	1,552
Total Views	1,553
Total Share	671
Enquiries and Issues	1
Solved	1
Work In Progress	0

Table 14: Media Release 2019

SCGF Media	Jan-Dec 2019
Fiji Sun	23
Fiji Times	12
Fiji Village	2
FBC News	9
Islands Business	1
Radio Commercial	16

Financial Statements for the Year Ending 31 December 2019

Sugar Cane Growers Fund and Subsidiary

Financial Statements

31 December 2019

Sugar Cane Growers Fund and Subsidiary
Financial Statements – 31 December 2019

Contents

Sugar Cane Growers Fund and Subsidiary
Board Report
For the year ended 31 December 2019

In accordance with a resolution of the board, the board members herewith submit the financial statements of Sugar Cane Growers Fund ("the Fund") and the consolidated financial statements of the Group (being the Fund and Subsidiary, South Pacific Fertilizers Pte Limited) for the year ended 31 December 2019 and report as follows:

Board members

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

- Mr Uday Sen – continuing member and appointed as Chairman on 19/01/2020
- Mr Faizul Ariff Ali – Chairman up to 18/01/2020; opted for non-renewal
- Mr Sundresh Chetty – continuing member
- Dr Anand Chand – continuing member
- Mr Tevita Madigibuli – continuing member
- Mr Pradeep Lal – member up to 18/01/2020; opted for non-renewal

Principal activity

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

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

Trading results

The net profit after income tax of the Group for the year was $6,326,619 (2018: net profit of $8,534,324) after income tax expense of $1,342,908 (2018: $136,734).

The net profit of the Fund for the year amounted to $2,191,350 (2018: $2,445,651) after income tax expense of $nil (2018: $nil).

Current assets

The board took reasonable steps before the financial statements were made out to ascertain that the current assets of the Group and the Fund were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of the business. At the date of this report, the board members are not aware of any circumstances which would render the values attributable to the current assets in the Group's and Fund's consolidated financial statements misleading.

Non-Current Assets

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

Sugar Cane Growers Fund and Subsidiary
Board Report (continued)
For the year ended 31 December 2019

Bad and doubtful debts

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

Events subsequent to balance date

The coronavirus disease (COVID-19) outbreak has developed rapidly in 2020, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

There is considerable uncertainty around the possible duration of and the resulting depth of impact that may come subsequently from the disruption caused. There will be a negative impact on income and operating results for the 2020 year, and cash flows of the Fund and its subsidiary are likely to reduce in the short term.

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

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

Apart from the matter specifically referred to above and note 17, no charge on the assets of the Group and the Fund has arisen since the end of the financial period to the date of this report to secure the liabilities of any other person. No contingent liability has arisen since the end of the financial period to the date of this report. No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months from the date of this report which, in the opinion of the board, will or may affect the ability of the Group and the Fund to meet its obligations when they fall due.

Basis of accounting

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

Other circumstances

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

Unusual/ significant transactions

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

Sugar Cane Growers Fund and Subsidiary
Board Report (continued)
For the year ended 31 December 2019

Board members benefits

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

Related parties transaction

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

Signed in accordance with a resolution of the board this 20th day of May 2020.

For and on behalf of the Board.

Chairman

Board member

Sugar Cane Growers Fund and Subsidiary
Statement by Board Members
For the year ended 31 December 2019

In the opinion of the board members:

(a) the accompanying statements of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Group and the Fund for the year ended 31 December 2019;

(b) the accompanying balance sheets is drawn up so as to give a true and fair view of the state of the Group's and the Fund's affairs as at 31 December 2019;

(c) the accompanying statements of changes in equity for the year ended 31 December 2019 is drawn up so as to give a true and fair view of the movement in shareholders' and members' funds;

(d) the accompanying statements of cash flows is drawn up so as to give a true and fair view of the cash flows of the Group and the Fund for the year ended 31 December 2019;

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

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

For and on behalf of the Board members by authority of a resolution of the Board, this 20th day of May 2020.

Chairman

Board member

Independent Auditor's Report

To the Members of Sugar Cane Growers Fund

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sugar Cane Growers Fund (the 'Fund') and the consolidated financial statements of the Fund and its subsidiary (together the 'Group'). The financial statements comprise the balance sheets of the Fund and the Group as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and the Group as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Independence

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

Responsibilities of Board Members and Management for the Consolidated Financial Statements

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

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

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

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pwc

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

pwc

Report on Other Legal and Regulatory Requirements

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

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

Restriction on Distribution or Use

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

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants

Wiliki Takiveikata
Partner

20 May 2020

Lautoka, Fiji

Sugar Cane Growers Fund and Subsidiary
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Revenue	28	31,320,982	30,706,393	-	-
Cost of goods sold		(21,907,589)	(21,738,718)	-	-
Gross profit		9,413,393	8,967,675	-	-
Finance income	5	2,690,803	2,626,505	2,690,803	2,675,240
Other operating income	6	1,674,052	1,706,101	1,985,630	1,464,147
		13,778,248	13,300,281	4,676,433	4,139,387
Administrative and other operating expenses	7	(5,454,337)	(4,330,470)	(2,460,112)	(1,693,736)
Profit from operations		8,323,911	8,969,811	2,216,321	2,445,651
Finance costs – net		(654,384)	(298,753)	(24,971)	-
Profit before income tax		7,669,527	8,671,058	2,191,350	2,445,651
Income tax expense	9(a)	(1,342,908)	(136,734)	-	-
Net profit for the year		6,326,619	8,534,324	2,191,350	2,445,651
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		$6,326,619	$8,534,324	$2,191,350	$2,445,651
Total comprehensive income attributable to:					
Owners of the parent		5,844,223	7,953,472	2,191,350	2,445,651
Non-controlling interest		482,396	580,852	-	-
		$6,326,619	$8,534,324	$2,191,350	$2,445,651

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

Sugar Cane Growers Fund and Subsidiary
Balance Sheets
As at 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Assets					
Cash and cash equivalents	10	20,478,306	13,251,047	6,807,568	6,077,047
Investment at fair value through profit or loss	11	6,969,742	6,307,219	6,969,742	6,307,219
Investments at amortised cost	12	13,314,313	11,314,313	13,314,313	11,314,313
Trade and other receivables	13	26,628,248	24,045,187	703,090	148,237
Loans to growers	14	23,299,543	25,817,728	23,299,543	25,817,728
Inventories	15	17,243,867	18,637,820	-	-
Prepayments	16	14,032	3,181,994	14,032	5,257
Advances to industry related parties	17	6,916,693	6,609,111	6,916,693	6,609,111
Property, plant and equipment	18	3,763,449	4,365,523	354,534	248,781
Right of use asset	29	350,626	-	255,029	-
Deferred tax asset	9(c)	1,141,269	1,086,420	-	-
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Total assets		$120,120,088	$114,616,362	$72,035,949	$69,929,098
Liabilities					
Trade and other payables	20	5,162,878	4,992,357	4,013,382	3,998,965
Employee benefits	21	188,455	156,492	127,920	95,957
Borrowings	22	5,859,896	5,235,477	-	-
Lease liabilities	29	360,909	-	263,686	-
Deferred grant income	23	16,465,154	17,242,564	402,510	797,075
Current tax liability	9(b)	93,259	1,223,154	-	-
Total liabilities		$28,130,551	$28,850,044	$4,807,498	$4,891,997
Equity					
Funds employed / Retained earnings		88,398,861	82,554,638	67,228,451	65,037,101
Non-controlling interest	24	3,590,676	3,211,680	-	-
Total equity		$91,989,537	$85,766,318	$67,228,451	$65,037,101
Total equity and liabilities		$120,120,088	$114,616,362	$72,035,949	$69,929,098

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

Signed on behalf of the Board.

....
Chairman

....
Board Member

Sugar Cane Growers Fund and Subsidiary
Statements of Changes in Equity
For the year ended 31 December 2019

Group	**Funds employed / retained earnings attributable to the: Owners**	**Non-controlling Interest**	**Total**
	$	**$**	**$**
Balance at 1 January 2018	74,601,166	2,640,228	77,241,394
Comprehensive income			
Profit for the year	7,953,472	580,852	8,534,324
Other comprehensive income	-	-	-
Total comprehensive income	7,953,472	580,852	8,534,324
Transactions with owners			
Dividends Paid	-	(9,400)	(9,400)
Total transactions with owners	-	(9,400)	(9,400)
Balance at 31 December 2018	$82,554,638	$3,211,680	$85,766,318
Comprehensive income			
Profit for the year	5,844,223	482,396	6,326,619
Other comprehensive income	-	-	-
Total comprehensive income	5,844,223	482,396	6,326,619
Transactions with owners			
Dividends Paid	-	(103,400)	(103,400)
Total transactions with owners	-	(103,400)	(103,400)
Balance at 31 December 2019	$88,398,861	$3,590,676	$91,989,537

Fund	**Funds Employed**
	$
Balance at 1 January 2018	62,591,450
Comprehensive income	
Profit for the year	2,445,651
Other comprehensive income	-
Total comprehensive income	2,445,651
Balance at 31 December 2018	$65,037,101
Comprehensive income	
Profit for the year	2,191,350
Other comprehensive income	-
Total comprehensive income	2,191,350
Balance at 31 December 2019	$67,228,451

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

Sugar Cane Growers Fund and Subsidiary
Statements of Cash Flows
For the year ended 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Operating activities					
Receipts from customers / growers		13,303,245	15,355,139	103,513	33,279
Donation / grant for cane growers insurance scheme		-	113,136	-	113,136
Receipt of Government subsidy for fertilizer and weedicide		15,793,327	19,929,553	-	-
Receipt of application fees		24,237	22,641	24,237	22,641
Insurance claims proceeds		23,486	5,827	-	-
Interest received		1,826,862	2,441,054	1,826,862	2,489,789
Interest lease liability		(29,965)		(24,971)	
Payments to suppliers and employees		(24,463,462)	(31,320,020)	(2,596,932)	(1,864,497)
Loans repaid by growers		11,342,952	6,912,217	11,342,952	6,912,217
Loans to growers		(8,279,661)	(9,129,159)	(8,279,661)	(9,129,159)
Net cash from / (used in) operating activities		9,541,021	4,330,388	2,396,000	(1,422,594)
Investing activities					
Payments for property, plant and equipment		(415,899)	(853,655)	(233,615)	(39,397)
Payments for investment in Unit Trust of Fiji		-	(1,000,000)	-	(1,000,000)
Payments for held-to-maturity investments		(2,000,000)	(500,000)	(2,000,000)	(500,000)
Advance to South Pacific Fertilizers Pte Limited		-	-	-	(3,677,728)
Proceeds from sale of property, plant and equipment		34,707	25,010	-	-
Dividends received from Unit Trust of Fiji		198,757	156,935	198,757	156,935
Dividends (Paid) / Received		(47,000)	(56,400)	453,000	543,600
Loan repayment - South Pacific Fertilizers Pte Limited		-	-	-	3,677,728
Loan repayment - Fiji Sugar Corporation Limited		-	1,844,525	-	1,844,525
Payment of principal portion of lease liability		(84,327)	-	(83,621)	-
Net cash (used in) / from investing activities		(2,313,762)	(383,585)	(1,665,479)	1,005,663
Net increase / (decrease) in cash and cash equivalents		7,227,259	3,946,803	730,521	(416,931)
Cash and cash equivalents at the beginning of the year	10	13,251,047	9,304,244	6,077,047	6,493,978
Cash and cash equivalents at the end of the year	10	$20,478,306	$13,251,047	$6,807,568	$6,077,047

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019

Note 1. Statement of Accounting Policies

Note 1.1 General Information

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

The consolidated financial statements of the Fund as at and for the year ended 31 December 2019 comprise the Fund and its subsidiary, South Pacific Fertilizers Pte Limited (together referred to as the "Group").

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

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

The Group's financial statements were authorised for issue by the Board on 20th May... 2020.

(a) Basis of preparation

These consolidated financial statements of the Group and separate financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the Fiji Institute of Accountants, the provisions of the Fiji Companies Act 2015 and the provisions of the Sugar Cane Growers Fund Act, 1984. The financial statements comply with IFRS that were issued and effective at the time of preparing these statements.

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

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

(i) New and amended standards adopted by the Group

IFRS 16 'Leases'

IFRS 16 'Leases' is applicable for annual reporting periods beginning on or after 1 January 2019.

Previously, leases in which substantially all the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Leases of property, plant and equipment where the Group had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, were included in borrowings in the statement of financial position. The property, plant and equipment acquired under finance leases was depreciated over the shorter of the useful life of the asset and the lease term.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 1. Statement of Accounting Policies (continued)

(a) Basis of Preparation (continued)

(i) New and amended standards adopted by the Group (continued)

IFRS 16 'Leases' (continued)

From 1 January 2019, all leases are now accounted for in accordance with the policy set out in Note 2(o). In accordance with the transition provisions of IFRS 16, the Group and Fund elected to apply the simplified approach to adopting the new rules retrospectively with the cumulative effect of initially applying the standard recognised as at 1 January 2019. Comparatives for the year ended 31 December 2018 have not been restated.

On adoption the Group and Fund have recognised lease liabilities in respect of leases previously classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and Fund's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019 was 7.19%.

The lease liability recognised as at 1 January 2019 was $445,236 and $347,307 for the Group and Fund respectively as set out below. The associated right-of-use assets have been recognised at an equivalent amount (note 29(a)), and accordingly there was no adjustment required to retained earnings as at 1 January 2019.

Leased assets previously classified as finance leases under IAS 17 and included within property, plant and equipment have been reclassified to right-of-use assets at their carrying amount as at 1 January 2019.

In applying IFRS 16 for the first time, the Group and Fund have used the following practical expedients permitted by the standard:
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases
- excluding initial direct costs for the measurement of right-of-use assets as at 1 January 2019
- single discount rate is applied to a portfolio of leases with reasonably similar characteristics
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group and Fund have also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Reconciliation for the differences between operating lease commitments disclosed as at 31 December 2018 and lease liabilities recognised at date of initial application at 1 January 2019 is as follows:

Group

	$
Operating lease commitments disclosed as at 31 December 2018	-
Leases recognised at 1 January 2019 discounted at the incremental borrowing rate	445,236
Lease liabilities recognised as at 1 January 2019	$445,236

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 1. Statement of Accounting Policies (continued)

(a) Basis of Preparation (continued)

(i) New and amended standards adopted by the Group (continued)

IFRS 16 'Leases' (continued)

Fund

	$
Operating lease commitments disclosed as at 31 December 2018	-
Leases recognised at 1 January 2019 discounted at the incremental borrowing rate	347,307
Lease liabilities recognised as at 1 January 2019	$347,307

The following table summarises the impact of adopting IFRS 16 on the Group and Fund's statement of financial positions.

Line items that were not affected by the changes have not been included:

Group

Statement of financial position (extract)	**31 December 2018**	**IFRS 16**	**1 January 2019**
	$	$	$
Assets			
Right-of use-asset (note 29(a))	-	445,236	445,236
Liabilities			
Lease liabilities (note 29(b))	-	445,236	445,236

Fund

Statement of financial position (extract)	**31 December 2018**	**IFRS 16**	**1 January 2019**
	$	$	$
Assets			
Right-of use-asset (note 29(f))	-	347,307	347,307
Liabilities			
Lease liabilities (note 29(g))	-	347,307	347,307

There was no impact on the Group and Fund's retained earnings on adoption of IFRS 16 as at 1 January 2019.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 1. Statement of Accounting Policies (continued)

Note 1.1 General Information (continued)

(a) Basis of preparation (continued)

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. The Group is yet to assess the impact of these standards and intends to adopt the standards no later than the accounting period in which the standards become effective.

Topic	Key Requirements	Effective Date
Amendments to IAS 1 and IAS 8 on the definition of material	These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates, and errors', and consequential amendments to other IFRSs: i) Use a consistent definition of materiality throughout the IFRSs and the Conceptual Framework for Financial Reporting; ii) Clarify the explanation of the definition of material; and iii) Incorporate some of the guidance in IAS 1 about immaterial information.	Annual periods beginning on or after 1 January 2020
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: i) increasing the prominence of stewardship in the objective of financial reporting ii) reinstating prudence as a component of neutrality iii) defining a reporting entity, which may be a legal entity, or a portion of an entity iv) revising the definitions of an asset and a liability v) removing the probability threshold for recognition and adding guidance on derecognition vi) adding guidance on different measurement basis, and vii) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	Annual periods beginning on or after 1 January 2020

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 1. Statement of Accounting Policies (continued)

Note 1.1 General Information (continued)

(b) Basis of consolidation

(i) Subsidiary

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

(ii) Transactions eliminated on consolidation

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

(iii) Non-controlling interests

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

Note 2. Summary of significant accounting policies

This note sets out the significant accounting policies adopted in the preparation of these financial statements.

(a) Financial assets and liabilities

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

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

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

(a) Financial assets and liabilities (continued)

Measurement methods (continued)

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 Group commits to purchase or sell the asset.

At initial recognition, 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 4.2.2, 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.

Financial assets

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement category:
- Amortised cost
- Fair value through profit or loss

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

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

Classification and subsequent measurement of debt instruments depend on:
(i) the 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 4.2.2. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(a) Financial assets and liabilities (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

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

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

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether 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 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 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.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, 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 Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

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

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(a) Financial assets and liabilities (continued)

Financial assets (continued)

(i) Classification and subsequent measurement *(continued)*

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 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 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.

Note 4.2.2 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

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

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

If the terms are substantially different, the 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 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 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).

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(a) Financial assets and liabilities (applicable from 1 January 2018) (continued)

Financial assets (continued)

(iv) De-recognition other than on a modification

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

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 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 Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because 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 Group retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

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

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

(ii) De-recognition

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

The exchange between the 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(c) Property, plant and equipment

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

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

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

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

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

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

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

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

(d) Impairment

(i) Financial assets

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(d) Impairment (continued)

(i) Financial assets (continued)

Loans and receivables measured at amortised cost

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

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

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

(ii) Non-financial assets

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

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

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

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

(e) Investments

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

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

(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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(g) 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.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 15 - 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. A trade receivable without a significant financing component is initially measured at the transaction price. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 2(d)(i).

(i) 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.

(j) 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.

(k) Current and deferred income tax

(i) The Fund

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

(ii) Subsidiary

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

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019(continued)

Note 2. Summary of significant accounting policies (continued)

(l) Employee benefits

(i) Employee leave entitlements

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

(ii) Pension obligations

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

(m) Provisions

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

(n) Revenue recognition

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

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

(i) Sale of goods

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

(ii) Government grants and deferred grant income

Subsidies from the Government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the entity will comply with all conditions attached to the grants. Government grants relating to unsold fertilizer and weedicide are deferred and recognised in profit or loss when the related products are sold.

(iii) Interest income

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

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019(continued)

Note 2. Summary of significant accounting policies (continued)

(o) Leases

Policy applicable from 1 January 2019

As a lessee

Right-of-use assets and lease liabilities arising from lease contracts are initially measured on a present value basis. Lease liabilities include the present value of all fixed payments (less any lease incentives receivable), variable lease payments that are based on an index or rate, any amounts expected to be paid under residual value guarantees, the exercise price of any purchase options that are reasonably certain to be exercised and any payments for terminating a lease if the lease term reflects the exercise of that termination option. The lease payments are discounted using the discount rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short term leases of 12 months or less and leases of low value assets are recognised as an expense on a straight line basis. Variable lease payments that are not based on an index or rate are recognised as an expense as incurred.

Right-of-use assets are initially measured at cost, comprising the amount on initial recognition of the lease liability plus any lease payments made before commencement of the lease, any initial direct costs and the estimated costs of any restoration required upon completion of the lease contract. Right-of-use assets are subsequently measured at cost less depreciation and any impairment. Right-of-use assets are depreciated on a straight line basis over the shorter of the term of the lease and the asset's useful life, unless there is a purchase option which is reasonably certain of being exercised, in which case the asset will be depreciated over its useful life. The remaining term of lease over which right-of-use assets are depreciated (including extension options) are as follows:

Office space	1 to 4 years
Leasehold land	42 years

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019(continued)

Note 2. Summary of significant accounting policies (continued)

(o) Leases (continued)

Policy applicable from 1 January 2019 (continued)

As a lessor (continued)

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application. Under IFRS 16, the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. The Group does not have any sub-lease contracts.

Policy applicable up to 1 January 2019

As a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(p) Value Added Tax (VAT)

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

(q) Statutory liabilities

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

(r) Borrowings

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

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

Note 3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

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 note 4.2.2.3, 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); and
- Outlook of the Sugar Industry in Fiji - harvesting & transportation cost, age of farmers, availability of man-power, and impact of climate change, including natural disasters.

Detailed information about the judgements and estimates made by the Group in the above areas are set out in note 4.2.2.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management

Financial risk factors

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

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

Note 4.1 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.

(i) *Foreign exchange risk*

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

(ii) *Price risk*

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

(iii) *Cash flow and fair value interest rate risk*

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

Note 4.2 Credit risk

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 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 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 Group assigns quality indicators to its credit exposures to determine the asset quality profile.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

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

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Maximum exposure to credit risk				
Cash at bank	20,477,056	13,249,797	6,806,618	6,076,097
Loans to growers	23,299,543	25,817,728	23,299,543	25,817,728
Trade receivables	24,645,111	22,554,061	-	-
Other receivables	1,983,137	1,491,126	703,090	148,237
Advances to industry related parties	6,916,693	6,609,111	6,916,693	6,609,111
	$77,321,540	$69,721,823	$37,725,944	$38,651,173

Note 4.2.1 Credit risk measurement

(i) Loans 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:

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Current	23,026,237	23,894,195	23,026,237	23,894,195
Past due 1 year	1,054,304	1,995,517	1,054,304	1,995,517
Past due 2 years	679,377	1,690,378	679,377	1,690,378
Past due 3 years and over	2,481,171	3,738,807	2,481,171	3,738,807
	$27,241,089	$31,318,897	$27,241,089	$31,318,897

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2.1 Credit risk measurement (continued)

(i) Loans to growers (continued)

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

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Provision for impairment				
At 1 January	5,501,169	2,538,344	5,501,169	2,538,344
IFRS 9 transition impact for assessed provisions	-	3,253,724	-	3,253,724
Provision during the year (IFRS 9)	81,233	48,610	81,233	48,610
Write-offs (note 4.2.4)	(1,640,856)	-	(1,640,856)	-
Reversal of provision	-	(339,509)	-	(339,509)
At 31 December	$3,941,546	$5,501,169	$3,941,546	$5,501,169

(ii) Trade receivables

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

Credit Risk Grading – Loans to Growers

The Fund 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.2 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 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 note 4.2.2.1 for a description of how 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 note 4.2.2.2 for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 4.2.2.3 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. Note 4.2.2.4 includes an explanation of how 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

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

Note 4.2.2.1 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
  - 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.2.2 Definition of default and credit-impaired assets

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

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

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

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

The criteria above have been applied to all financial instruments held by the 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.

Note 4.2.2.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the 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 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 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 to note 4.2.2.4 for an explanation of forward- looking information and its inclusion in ECL calculations.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.2 Expected Credit Loss Management (continued)

Note 4.2.2.4 Forward-looking information incorporated in the ECL models

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 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.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2019 and 31 December 2018 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		2018	2019	2020	2021	2022
GDP Growth (%)	Base	3.40%	3.30%	3.30%	3.30%	3.30%
	Upside	3.50%	3.40%	3.30%	3.30%	3.30%
	Downside	2.60%	2.50%	2.40%	2.40%	2.40%
Change in Unemployment (% total lab force) (%)	Base	0.0%	0.0%	0.0%	0.0%	0.0%
	Upside	(0.5%)	(0.5%)	(0.5%)	(0.5%)	(0.5%)
	Downside	0.5%	0.5%	0.5%	0.5%	0.5%

The weightings assigned to each economic scenario at 31 December 2018 were as follows:

Scenario	Base	Upside	Downside
Weight	60.00%	10.00%	30.00%

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.2 Expected Credit Loss Management (continued)

Note 4.2.2.4 Forward-looking information incorporated in the ECL models (continued)

Sensitivity Analysis

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

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

	[-20%] ($)	[+10%] ($)
GDP Growth Rate	199,528	(79,366)

Change in Scenario weighting	(52,240)

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

Note 4.2.3 Credit Risk Exposure

Note 4.2.3.1 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 Group's maximum exposure to credit risk on these assets.

	2019				2018
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**	**Total**
	($)	**($)**	**($)**	**($)**	**($)**
Credit grade					
Performing	21,910,925	-	-	21,910,925	22,904,915
Under-performing	-	476,587	-	476,587	1,148,101
Default	-	-	2,258,394	2,258,394	4,743,660
Gross carrying amount [1]	21,910,925	476,587	2,258,394	24,645,906	28,796,676
Loss allowance	(1,941,268)	(228,191)	(1,772,087)	(3,941,546)	(5,501,169)
Carrying amount [1]	**$19,969,657**	**$248,396**	**$486,307**	**$20,704,360**	**$ 23,295,507**

[1] Excludes Cane Development Revolving Fund and Accrued interest.

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 4.2.2 'Expected credit loss measurement'.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.3 Credit Risk Exposure (continued)

Note 4.2.3.2 Collateral and other credit enhancements

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 Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

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

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

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

The 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 Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that 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	1,708,090	1,435,600	272,490	3,398,436
• Priority	550,304	336,487	213,817	-
Total credit-impaired assets	**$2,258,394**	**$1,772,087**	**$486,307**	**$3,398,436**

Note 4.2.4 Loss allowance

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

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.4 Loss allowance (continued)

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

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2018
	($)	($)	($)	($)	($)
Opening ECL	**1,874,293**	**497,790**	**3,129,086**	**5,501,169**	**5,792,068**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(91,670)	232,691	-	141,021	134,726
Transfer from Stage 1 to Stage 3	(4,603)	-	47,214	42,611	(85,614)
Transfer from Stage 2 to Stage 1	64,476	(303,143)	-	(238,667)	(207,080)
Transfer from Stage 2 to Stage 3	-	(116,183)	156,937	40,754	166,476
Transfer from Stage 3 to Stage 2	-	-	-	-	(7,634)
Transfer from Stage 3 to Stage 1	389,027	-	(834,100)	(445,073)	(623,366)
New financial assets originated or purchased	692,954	304,800	962,285	1,960,039	1,287,593
Financial assets derecognised during the period	455,349	78,465	230,601	764,415	2,095
Changes in PDs/LGDs/EADs/others	(1,360,430)	(460,811)	(362,626)	(2,183,867)	(958,095)
Total net P&L charge during the period	**145,103**	**(264,181)**	**200,311**	**81,233**	**(290,899)**
Movements without P&L Impact					
Financial assets written off during the period	(78,128)	(5,418)	(1,557,310)	(1,640,856)	-
Closing ECL	**$1,941,268**	**$228,191**	**$1,772,087**	**$3,941,546**	**$5,501,169**

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 $1,640,856 during the year.
- Other significant movements were due to new loans originated during the year.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.2 Credit risk (continued)

Note 4.2.4 Loss allowance (continued)

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

Gross Balances	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2018
	($)	($)	($)	($)	($)
Opening Gross Balance	**22,904,916**	**1,148,101**	**4,743,659**	**28,796,676**	**26,488,968**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(386,900)	386,900	-	-	-
Transfer from Stage 1 to Stage 3	(71,647)	-	71,647	-	-
Transfer from Stage 2 to Stage 1	912,099	(912,099)	-	-	-
Transfer from Stage 2 to Stage 3	-	(182,151)	182,151	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	1,559,277	-	(1,559,277)	-	-
New financial assets originated or purchased	12,085,011	2,179,350	3,277,498	17,541,859	15,949,969
Financial assets derecognised during the period	2,193,028	100,830	360,460	2,654,318	8,416
Changes in PDs/LGDs/EADs/others	(17,284,858)	(2,244,345)	(4,817,745)	(24,346,948)	(13,650,677)
Total Movement in Gross Values during the period	**(993,990)**	**(671,515)**	**(2,485,266)**	**(4,150,771)**	**2,307,708**
Closing Gross Balances	**$21,910,926**	**$476,586**	**$2,258,393**	**$24,645,905**	**$28,796,676**

Note 4.2.5 Write-off policy

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 Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

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 2019 was $1,640,856 (2018: $nil). 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019(continued)

Note 4. Financial Risk Management (continued)

Financial risk factors (continued)

Note 4.3 Liquidity risk

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

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

Group	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2019				
Trade payables	116,414	-	-	-
Other payables	1,265,982	-	-	-
Borrowings, including benefit of nil rate of interest on government loan	-	243,000	729,000	8,750,100

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2018				
Trade payables	214,547	-	-	-
Other payables	1,080,412	-	-	-
Borrowings, including benefit of nil rate of interest on government loan	-	-	243,000	9,479,100

Fund	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2019				
Other payables	232,900	-	-	-

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
As 31 December 2018				
Other payables	301,567	-	-	-

Note 4.4 Capital risk management

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

The subsidiary's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the 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.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 5. Finance income

	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Interest – Priority loans	218,066	285,875	218,066	285,875
– Specialised loans	1,256,574	1,312,954	1,256,574	1,312,954
– Term deposits	682,967	549,584	682,967	549,584
– Government bonds	114,243	95,124	114,243	95,124
– South Pacific Fertilizers Pte Limited	-	-	-	48,735
– Fiji Sugar Corporation Limited	418,953	382,968	418,953	382,968
	$2,690,803	$2,626,505	$2,690,803	$ 2,675,240

Note 6. Other operating income

	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Application fees	24,237	22,641	24,237	22,641
Bad debts recovered	170	1,255	170	1,255
Board Allowance	31,486	5,495	31,486	5,495
Dividends – South Pacific Fertilizers Pte Limited (refer noted (c))	-	-	996,600	90,600
Dividend income – Unit Trust of Fiji	198,757	156,935	198,757	156,935
Donation for growers' insurance contributions (refer note 7(ii))	-	113,136	-	113,136
Gain on disposal of property, plant and equipment	35,348	25,010	541	-
Gain on remeasurements of investments to fair value	662,523	1,047,563	662,523	1,047,563
Grant income – benefit of nil rate of interest on government loan (refer to (a))	624,419	298,753	-	-
Insurance proceeds (refer to (b))	23,486	5,827	-	-
Sundry income	73,626	29,486	71,316	26,522
	$1,674,052	$1,706,101	$1,985,630	$1,464,147

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

Grant income of $624,419 (2018: $298,753) representing the amortised portion of deferred grant income relating to the benefit of the nil rate of interest on government loan received by the subsidiary (note 22) was recognised and included in other income.

(b) **Insurance proceeds**

In 2019, the subsidiary received an amount of $25,600 (inclusive of vat of $2,114) (2018: $6,351 (inclusive of vat of $524)from its insurance broker (Marsh Limited) as settlement under its Material Damage policy for water damage to 500 bags of rice sustained during shipment.

(c) **Dividends – South Pacific Fertilizers Pte Ltd**

During the year dividend of $453,000 was received from the subsidiary as final dividend for the financial year 2018. An interim dividend of $600,000 was approved by the subsidiary for the financial year ended 31 December 2019.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 7. Administrative and other operating expenses

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

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Auditor's remuneration – audit	25,250	24,500	12,750	11,250
– other services	5,500	11,500	5,500	3,500
Accounting and other assurance services	31,519	63,111	31,519	63,111
Depreciation - property, plant & equipment	1,018,073	978,704	127,862	102,047
- Right-of-use depreciation	94,610	-	92,278	-
Directors fees (refer (i))	46,246	35,481	33,336	22,895
Insurance for growers (refer (ii))	593,070	603,512	593,070	603,512
Reversal of expected credit loss allowance	-	(315,397)	-	(315,397)
Staff costs (refer note 8)	1,923,295	1,223,489	1,152,876	814,781

(i) Mr Ariff Ali (Board member) and Mr Pradeep Lal (Board member) have opted not to receive board fees and allowances. Board fee and allowances for Mr Sundresh Chetty (Board member) are paid directly to his employer.

(ii) In July 2017, the Fund introduced a Micro Insurance Bundled Product for active cane farmers through Fiji Care Insurance Limited. Annual insurance premium is $52 per active grower and key benefits covered include Life & Funeral, Personal Accident, and Fire. The premium was paid by the Fund and it has committed in principal to the Cane Farmer Micro-Insurance Scheme for the next 3 years. In 2018, Sugar Cane Growers Council contributed $10,000 towards the premium for the year while the United Nations Capital Development Fund contributed a grant of $103,136 towards the planning and operational costs for the Sugar Cane Farmers Insurance Awareness Campaign initiated to promote and raise awareness about the product amongst member growers.

Note 8. Staff costs

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Wages and salaries – administrative expense	1,069,101	819,490	813,873	596,068
Fiji National Provident Fund contributions	157,660	130,084	94,481	70,711
Key management compensation – short term benefits	337,174	249,972	207,700	129,933
Fiji National University levy	16,149	12,229	9,750	6,355
Other staff costs	27,072	11,714	27,072	11,714
	1,607,156	1,223,489	1,152,876	814,781
Wages and salaries – cost of sales	316,139	297,271	-	-
	$1,923,295	$1,520,760	$1,152,876	$814,781

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 9. Income tax

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

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Current tax	1,335,626	1,223,154	-	-
Deferred tax	7,282	(1,086,420)	-	-
	$1,342,908	$136,734	$-	$-

(b) The prima facie tax payable on the operating profit differs from the income tax expense in the financial statements and is reconciled as follows:

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Operating profit before income tax	$7,669,527	$8,671,058	$2,191,350	$2,445,651
Prima facie tax payable at 20%	1,533,905	1,734,212	438,270	489,130
Tax effect of non-deductible expenses				
- Exempt income	(238,950)	(471,010)	(438,270)	(489,130)
- Fiji National Provident Fund contribution	-	5,936		-
- Fringe benefit tax	-	770		-
- Other non-deductible expenses	7,282	20	-	-
Adjustment in respect of current income tax of previous year	40,671	-	-	-
Tax effect of tax losses (brought) / not brought to account		(46,774)	-	-
Deferred tax on temporary differences brought to account (note (c))	-	(1,086,420)	-	-
Income tax expense	1,342,908	136,734	-	-
Current tax liability – 1 January	1,223,154	-	-	-
Deferred tax on temporary differences brought to account (note (c))	-	1,086,420	-	-
Income tax paid	(2,472,803)	-	-	-
Current tax liability – 31 December	$93,259	$1,223,154	$-	$-

(c) **Deferred tax asset recognised**

Following clarification from the tax authority on the treatment of the subsidiary's government grant subsidy for income tax purposes, it was confirmed that the grant will be subject to income tax, including the past years' income tax returns. The subsidiary determined its exposure following the clarification from the tax authority to be nil due to the availability of income tax losses.

In 2018, carried forward tax losses of $233,869 for the subsidiary were utilised against taxable profit. In addition unrecognised temporary differences have been brought to account as it is now probable that sufficient taxable profits will be available against which the benefit of temporary differences can be utilised. As a consequence, a deferred tax asset of $1,086,420 was recognised for these temporary differences in 2018.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 9. Income tax (continued)

(c) **Deferred tax asset recognised** (continued

	Group	
	Property, plant & equipment	**Total**
	$	**$**
At 1 January 2018	$1,086,420	$1,086,420
Charged to statement of comprehensive income	54,849	54,849
At 31 December 2019	$1,141,269	$1,141,269

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

Note 10. Cash and cash equivalents

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

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Cash on hand	1,250	1,250	950	950
Cash at bank – operating	17,230.301	10,115,387	3,559,863	2,941,687
Cash at bank - Cane Development Revolving Fund (refer note 20 (a))	2,839,244	2,337,335	2,839,244	2,337,335
Vodafone – Mpaisa	5,000		5,000	
Cash at Bank – New Cane Farmer Assistance Grant (refer note 23(b))	402,511	797,075	402,511	797,075
Cash and cash equivalents	$20,478,306	$13,251,047	$6,807,568	$6,077,047

Note 11. Investment at fair value through profit or loss

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Units at fair value (refer to (a))	$6,969,742	$6,307,219	$6,969,742	$6,307,219

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 11. Investment at fair value through profit or loss (continued)

Reconciliation of investment in Unit Trust of Fiji				
At 1 January	6,307,219	4,259,663	6,307,219	4,259,663
Additions	-	1,000,000	-	1,000,000
Gain on remeasurement to fair value	662,523	1,047,556	662,523	1,047,556
Withdrawal of investment	-	-	-	-
At 31 December	$6,969,742	$6,307,219	$6,969,742	$6,307,219

(a) Details of investment in Unit Trust of Fiji

	Units held (unit)	Fair value per unit $	Extended value $
Investment	2,650,092	2.63	$6,969,742

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

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

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

Note 12. Investments – at amortised cost

	Group		Fund	
	2019 $	2018 $	2019 $	2018 $
Term Deposits				
Bank of Baroda	-	1,000,000	-	1,000,000
Bank of the South Pacific Limited	2,000,000	-	2,000,000	-
Credit Corporation	1,000,000	-	1,000,000	-
Home Finance Limited	-	2,000,000	-	2,000,000
Kontiki Finance Limited	3,000,000	3,000,000	3,000,000	3,000,000
Merchant Finance Limited	5,500,000	3,500,000	5,500,000	3,500,000
	$11,500,000	$9,500,000	$11,500,000	$9,500,000
Bonds				
Government Infrastructure Bond	1,000,000	1,000,000	1,000,000	1,000,000
Government Green Bond	861,000	861,000	861,000	861,000
	1,861,000	1,861,000	1,861,000	1,861,000
Less: Loss allowance (IFRS 9)	(46,687)	(46,687)	(46,867)	(46,687)
	$13,314,313	$11,314,313	$13,314,313	$11,314,313

(a) The interest rates on term deposits in 2019 range from 4.54% to 5.70% (2018: 4.25% to 6.75%)with terms ranging from 12 months to 24 months. (2018: 12 months to 24 months)

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

Sugar Cane Growers Fund and Subsidiary
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31 December, 2019

Note 13. Trade and other receivables

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Trade receivables	24,645,111	22,554,061	-	-
Other receivables	1,983,137	1,491,126	703,090	148,237
	$26,628,248	$24,045,187	$703,090	$148,237

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 $22,577,832 (2018: $20,778,491) at year end. An agreement has been reached between the subsidiary and FSC for transfer of a property from FSC to the subsidiary as settlement of old dues. The value of this transfer as stated in the signed sale and purchase agreement dated 17 October 2019 was $14,502,450 while the balance of $8,075,382 will be settled in accordance with payment plan provided by FSC.

Note 14. Loans to growers

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Secured loans to growers	24,645,906	28,796,676	24,645,906	28,796,676
Cane Development Revolving Fund	811,755	1,283,900	811,755	1,283,900
	25,457,661	30,080,576	25,457,661	30,080,576
Accrued interest	1,783,428	1,238,321	1,783,428	1,238,321
	27,241,089	31,318,897	27,241,089	31,318,897
Less: Loss allowance (IFRS 9)	(3,941,546)	(5,501,169)	(3,941,546)	(5,501,169)
	$23,299,543	$25,817,728	$23,299,543	$25,817,728

Note 15. Inventories

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

	Group	
	2019	2018
	$	$
Raw materials	6,903,056	7,449,495
Packing materials	611,829	446,103
Finished goods	1,583,653	2,027,206
Weedicide	5,446,597	7,951,984
	14,545,135	17,874,788
Goods in transit	2,698,732	763,032
	$17,243,867	$18,637,820

Note 16. Prepayments

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Prepayments – inventory	-	3,176,737	-	-
Prepayments – others	14,032	5,257	14,032	5,257
	$14,032	$3,181,994	$14,032	$5,257

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 17. Advances to industry related entities

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Receivable from Fiji Sugar Corporation Limited	7,011,839	6,704,257	7,011,839	6,704,257
Less: Loss allowance (IFRS 9)	(95,146)	(95,146)	(95,146)	(95,146)
	$6,916,693	$6,609,111	$6,916,693	$6,609,111

Amounts receivable from Fiji Sugar Corporation Limited (FSC) is secured via government guarantee. Interest is charged at the rate of 7% (2018: 5.5%). On 22 February 2019, a new loan agreement was made between the Fund and FSC whereby the outstanding principal balance of the loan was payable on or before 31 December 2023 or a later date if agreed for extension, with twice yearly repayments of $785,585. Interest rate on the loan is 6% per annum; with penalty interest rate of 7% on any future default interest payment and/or if the payments are not in accordance with the agreed schedule.

Subsequent to year end, the Fund entered into an agreement with FSC to reduce the debt owing to the Fund by FSC by the transfer of a property (known as Certificate of Title No. 38694) owned by FSC to the Fund, free from all security interests. The 'offset amount' is agreed at $5.5 million (excluding VAT) which is equivalent to the market value of the property as determined by a registered valuer.

Note 18. Property, plant and equipment

Group

	Land and buildings	Plant and equipment	Furniture and fittings	Office equipment	Motor vehicles	Work in progress	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2018	11,538,694	5,007,685	390,376	334,290	1,750,848	-	19,021,893
Additions	588,289	153,197	18,714	20,684	72,772	-	853,656
Disposals	-	-	-	-	(45,682)	-	(45,682)
At 31 December 2018	$12,126,983	$5,160,882	$409,090	$354,974	$1,777,938	-	$19,829,867
Addition	31,643	77,613	219	43,595	134,928	127,901	415,899
Disposals	-	(590,274)	(66,787)	(267,147)	(63,869)	-	(988,077)
At 31 December 2019	$12,158,626	$4,648,221	$342,522	$131,422	$1,848,997	$127,901	$19,257,689
Accumulated depreciation							
At 1 January 2018	(8,508,033)	(4,010,990)	(343,047)	(320,801)	(1,348,450)	-	(14,531,321)
Depreciation	(543,223)	(266,141)	(5,625)	(9,675)	(154,041)	-	(978,705)
Disposals	-	-	-	-	45,682	-	45,682
At 31 December 2018	$(9,051,256)	$(4,277,131)	$(348,672)	$(330,476)	$(1,456,809)	$-	$(15,464,344)
Depreciation	(582,647)	(247,994)	(5,824)	(29,054)	(152,554)	-	(1,018,073)
Disposals	-	590,374	66,787	267,147	63,869	-	988,177
At 31 December 2019	$(9,633,903)	$(3,934,751)	$(287,709)	$(92,383)	$(1,545,494)	$-	$(15,494,240)

Sugar Cane Growers Fund and Subsidiary
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31 December 2019 (continued)

Note 18. Property, plant and equipment (continued)

Group (continued)

Carrying amount							
At 31 December 2018	$3,075,727	$883,751	$60,418	$24,498	$321,129	$-	$4,365,523
At 31 December 2019	$2,524,723	$713,470	$54,813	$39,039	$303,503	$127,901	$3,763,449

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

Fund

	Furniture and fittings $	Office equipment $	Motor vehicles $	Work in progress $	Total $
Cost					
At 1 January 2018	152,389	334,290	348,000	-	834,679
Additions	18,714	20,684	-	-	39,398
Disposals	-	-	-	-	-
At 31 December 2018	$171,103	$354,974	$348,000	-	$874,077
Addition	219	43,595	61,900	127,907	233,615
Disposals	(65,577)	(267,147)	-	-	(332,724)
At 31 December 2019	$105,745	$131,422	$409,900	$127,907	$774,968
Accumulated depreciation					
At 1 January 2018	(138,648)	(320,801)	(63,799)	-	(523,248)
Depreciation	(5,373)	(9,675)	(87,000)	-	(102,048)
Disposals	-	-	-	-	-
At 31 December 2018	$(144,021)	$(330,476)	$(150,799)	-	$(625,296)
Depreciation	(5,503)	(29,054)	(93,305)	-	(127,862)
Disposals	65,577	267,147	-	-	332,724
At 31 December 2019	$(83,947)	$(92,383)	$(244,104)	$-	$(420,434)
Carrying amount					
At 31 December 2018	$27,082	$24,498	$197,201	-	$248,781
At 31 December 2019	$21,798	$39,039	$165,796	$127,901	$354,534

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 19. Investment in subsidiary

	Fund	
	2019	2018
	$	$
South Pacific Fertilizers Pte Limited (SPFL)		
Investment	14,951,296	14,951,296
Less: provision for impairment	(1,549,891)	(1,549,891)
At 31 December	$13,401,405	$13,401,405

SPFL is a Company domiciled in Fiji. The Fund's interest in SPFL is 90.6% with the remaining 9.4% owned by Sugar Cane Growers Council. The principal business activity of SPFL during the year was importing bulk fertilizer, blending, packing and distributing to local markets.

Note 20. Trade and other payables

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Trade payables	116,414	214,547	-	-
Other payables	1,265,982	1,080,412	232,900	301,567
Payable – Cane Development Revolving Fund (refer (a))	3,780,482	3,697,398	3,780,482	3,697,398
	$5,162,878	$4,992,357	$4,013,382	$3,998,965

(a) In 2011, the Government advanced $6 million to the Fund to set up a Cane Development Revolving Fund. The Fund is only the facilitator to process applications and make payments, while FSC identifies the growers and completes the application form.

Note 21. Employee benefits

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
At 1 January	156,492	111,488	95,957	67,130
Movement during the year	31,963	45,004	31,963	28,827
At 31 December	$188,455	$156,492	$127,920	$95,957

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019(continued)

Note 22. Borrowings

	Group 2019 $	Group 2018 $
Current	55,855	-
Non-Current	5,804,041	5,235,477
	$5,859,896	$5,235,477

This represents a loan to the subsidiary by Government of Fiji of $9,722,100 that was appropriated for in the 2015 National budget. The loan is repayable by semi-annual instalments of $243,000 commencing from 1 September 2020 for a term of 25 years, and no interest will be charged on the loan. A deferred grant income of $3,862,204 representing the benefit of the nil rate of interest was recognised separately, and is measured as the difference between the present value of all future cash repayments over the term of the loan discounted using the prevailing market rate of interest for a similar instrument (which is determined at 5.1%), 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 2019 was $3,862,204 (2018: $4,486,623). Interest expense determined at the estimated market rate of interest of 5.1% (2018: 5.89%) is also recognised in the statement of profit or loss and other comprehensive income over the term of the loan. Grant income and interest expense recognised in the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2019 amounted to $624,419 (2018: $298,753).

Note 23. Deferred grant income

	Group 2019 $	Group 2018 $	Fund 2019 $	Fund 2018 $
Benefit of nil rate of interest on Government loan (note 22)	3,862,204	4,486,623	-	-
Government fertilizer price subsidy (note 28(b))	7,244,244	6,908,598	-	-
Government weedicide price subsidy (note 28(c))	4,956,196	5,050,268	-	-
New cane farmers assistance grant (refer (a))	402,510	797,075	402,510	797,075
	$16,465,154	$17,242,564	$402,510	$797,075

(a) The purpose of the grant is to assist new farmers who do not qualify for loans with the Fund. The Fund will administer the grant to acquire land lease, and carry out identified farm activities, and will be accountable for the disbursement of these funds to farmers.

In 2019, loan advances of $413,072 were paid out of the grant funds to growers, and interest of $18,508 was credited to the cane farmer assistance grant bank account. In the prior year, an amount of $82,569 was paid out of the grant funds to Fiji Revenue and Customs Services for VAT on grant, and $132,802 of grant funds was used to acquire new land leases from iTaukei Land Trust Board for new farmers. Interest of $12,446 was credited to the cane farmer assistance grant bank account in prior year.

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 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 Balance Sheet:

	2019 $	2018 $
Current assets	57,383,368	52,885,507
Current liabilities	(14,371,547)	(14,516,586)
Current net assets	**43,011,821**	**38,368,921**
Non-current assets	4,645,781	5,203,162
Non-current liabilities	(9,458,913)	(9,405,268)
Non-current – net assets	**(4,813,132)**	**(4,202,106)**
Net assets	**$38,198,689**	**$34,166,815**
Accumulated NCI	**$3,590,676**	**$3,211,680**

Summarised Statement of Profit or Loss and Other Comprehensive Income:

	2019 $	2018 $
Revenue	31,320,982	30,706,393
Gross profit for the period	**9,413,393**	**8,967,675**
Net profit for the year	5,131,869	6,179,273
Total comprehensive income	**5,131,869**	**6,179,273**
Profit allocated to NCI	482,396	580,852

Summarised Statement of Cash Flows:

	2019 $	2018 $
Cash flows used in operating activities	7,145,021	5,752,982
Cash flows used in investing activities	(147,577)	(789,248)
Cash flows from financing activities	(500,000)	(600,000)
Net increase in cash and cash equivalents	**$6,497,444**	**$4,363,734**

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 25. Related parties

(a) **Board members**

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

- Mr Uday Sen
- Mr Faizul Ariff Ali
- Mr Sundresh Chetty
- Dr Anand Chand
- Mr Tevita Madigibuli
- Mr Pradeep Lal

Directors' fees are disclosed under note 7.

(b) **Key management personnel**

Key management includes the Chief Executive Officer, General Manager – Lending and Operations of the Fund and the General Manager 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 8.

(c) **Identity of 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.

(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	
	2019	2018	2019	2018
	$	$	$	$
Loans to Fiji Sugar Corporation Limited (FSC)				
At 1 January	6,609,111	8,567,653	6,609,111	8,567,653
Interest earned	418,953	388,717	418,953	388,717
Loan restructure fee	33,506	-	33,506	-
Loan repayment (principal and interest)	(144,877)	(2,252,113)	(144,877)	(2,252,113)
Loss allowance - IFRS 9	(11,383)	(95,146)	(11,383)	(95,146)
At 31 December	$6,905,310	$6,609,111	$6,905,310	$6,609,111

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 25. Related parties (continued)

(d) **Transactions with related parties** (continued)

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Loans to South Pacific Fertilizers Pte Limited (SPFL)				
At 1 January	-	-	-	-
Loans advanced	-	-	-	3,677,729
Interest earned	-	-	-	48,735
Loan repayment (principal and interest)	-	-	-	(3,726,464)
At 31 December	$-	$-	$-	$-

This was a working capital facility provided to SPFL. The loan was secured and interest is charged at the rate of nil% (2018: 5%) per annum.

Security:

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

	Group	
	2019	2018
	$	$
Sale to Sugar Cane Growers Council	2,976,687	2,067,499
Sale to Fiji Sugar Corporation Limited	-	11,070,057

Note 26. Contingent liabilities

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

Note 27. Capital commitments

	Group		Fund	
	2019	2018	2019	2018
	$	$	$	$
Capital expenditure commitments – budgeted but not contracted	$620,000	-	-	-

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 28. Subsidiary revenue

	Group	
	2019	2018
	$	$
Grant income - Government fertilizer subsidy	13,291,523	12,708,096
Grant income - Government weedicide subsidy	2,884,649	2,526,381
Fertilizer Sale	10,748,402	10,976,110
Weedicide Sale	2,452,611	2,724,236
Rice Sale	1,267,583	1,252,670
Other Sales	676,214	518,900
	$31,320,982	$30,706,393

(a) The subsidiary recognises revenue from sale of fertilizers, weedicides and rice. Sale of fertilizers are mainly to Fiji Sugar Corporation Limited at $20.00(vep) (2018: $20.00 (vep)) per 50kg bag for distribution to sugarcane farmers.

(b) **Grant income – Government fertilizer price subsidy**
In 2019, the subsidiary received a government subsidy of $15.62 million (2018: $15.40 million) inclusive of VAT towards fertilizer price for 2019-2020 and 2018-2019. An amount of $13,291,523 (2018: $12,708,096) was recognised and included in revenue and represents the total subsidy at $25.59 (vep) per 50kg bag of fertilizer sold in 2019 (2018: $25.59 (vep) per 50kg bag of fertilizer sold in 2018). The Cabinet in April 2009 approved that fertilizer price of sugar blends to increase from $19.50 (vep) per 50kg bag to $45.59 (vep) per 50kg bag. Since 2009, a sugarcane farmer paid $31.50 (vep) per 50kg bag of fertilizer while the Government of Fiji contributed $14.09 (vep) per 50kg bag as fertilizer subsidy. In the 2017/2018 Fiji Budget, the Government of Fiji allocated $15.4 million as subsidy for fertilizer. Under the new allocation, a sugarcane farmer pays $20.00 (vep) per 50kg bag of fertilizer while the Government of Fiji contributes $25.59 (vep) per 50kg bag as fertilizer subsidy. The subsidy balance of $7,244,244 (2018: $6,908,598) is recognised as deferred income and represents the total subsidy at $25.59 (vep) per 50kg bag of fertilizer that has yet to be sold as at 31 December 2019.

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

In 2019, the subsidiary received a government subsidy of $1.0 million (2018: $6.3 million) inclusive of VAT towards weedicide price for 2019-2020 and 2018-2019. An amount of $2,884,649 (2018: $2,526,381) was recognised and included in revenue and represents the total subsidised weedicide sold in 2019 through the Sugar Cane Growers Council. Under the subsidy allocation, the Government of Fiji and farmers are required to pay the following:

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

2018 -2019	Diuron (vep)	Amine (vep)	Glyphosate (vep)	Valpar (vep)	Glyphosate – Long Fallo (vep)
Government of Fiji	$10.79/kg	$3.80/litre	$3.09/litre	$14.11/kg	$3.09/litre
Farmers	$8.83/kg	$3.10/litre	$2.52/litre	$11.55/kg	$2.52/litre

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 28. Subsidiary revenue (continued)

(d) **Grant income – Government weedicide price subsidy** (continued)

The balance of $4,956,196 (2018: $5,050,268) is recognised as deferred income and represents the total subsidy at subsidised price per kg or litre of weedicides that has yet to be sold as at 31 December 2019.

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

Note 29. Right-of-use assets and lease liabilities

Group

(a) Right-of-use asset

The Group has accounted for its lease contracts in accordance with IFRS 16 with effect from 1 January 2019. Note 1(a)(i) includes details of the accounting impact as at date of initial adoption.

In the previous year the Group only recognised leased assets and lease liabilities in relation to lease contracts that were classified as finance leases under IAS 17.

Information about leases for which the Group is a lessee is presented below. The statement of financial position shows the following amounts relating to right-of-use assets:

	Leasehold land ($)	**Office Space ($)**	**Total ($)**
Balance as at 1 Jan 2019	97,929	347,307	445,236
Depreciation charge for the period	(2,332)	(92,278)	(94,610)
Total right-of-use at 31 December 2019	$95,597	$255,029	$350,626

(b) Lease liabilities

Lease liabilities included in the statement of financial position at 31 December 2019

Amounts recognised in the statement of financial position

	2019 $	2018 $
Current	99,001	-
Non- current	261,908	-
Total lease liability at 31 December 2019	$360,909	$-

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 29. Right-of-use assets and lease liabilities (continued)

Group (continued)

(c) Amounts recognised in profit or loss

The statement of profit or loss shows the following amounts relating to leases.

	2019	2018
	$	$
Depreciation charge on right-of-use assets	94,610	-
Interest expense (included in finance cost)	29,965	-

(d) Amounts recognised in statement of cash flows – financing

	2019	2018
	$	$
Principal element of lease payments	(84,327)	-
Interest element of lease payments	(29,965)	-
Total cash outflow of leases	$(114,292)	$-

(e) Maturity analysis – contractual undiscounted cash flows

	2019	2018
	$	$
Less than one year	114,293	-
One to five years	209,873	-
More than five years	68,724	-
Total undiscounted lease liabilities at 31 December 2019	$392,890	$-

Fund

(f) Right-of-use assets

Information about leases for which the Fund is a lessee is presented below. The statement of financial position shows the following amounts relating to right-of-use assets:

	Office Space ($)	**Total ($)**
Balance at date of adoption -1 January 2019	347,307	347,307
Depreciation charge for the period	(92,278)	(92,278)
Total right-of-use at 31 December 2019	$255,029	$255,029

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 29. Right-of-use assets and lease liabilities (continued)

Fund (continued)

(g) Lease liabilities

Lease liabilities included in the statement of financial position at 31 December 2019

(i) Amounts recognised in the statement of financial position

	2019	2018
	$	$
Current	93,301	-
Non- current	170,385	-
Total right-of-use at 31 December 2019	$263,686	$-

(ii) Amounts recognised in profit or loss

The statement of profit or loss shows the following amounts relating to leases.	2019	2018
	$	$
Depreciation charge of right-of-use assets	92,278	-
Interest expense (included in finance cost)	24,971	-

(h) Amounts recognised in statement of cash flows – financing

	2019	2018
	$	$
Principal element of lease payments	(83,621)	-
Interest element of lease payments	(24,971)	-
Total cash outflow of leases	$(108,593)	$-

(i) Maturity analysis – contractual undiscounted cash flows

	2019	2018
	$	$
Less than one year	108,593	-
One to five years	187,073	-
More than five years	-	-
Total undiscounted lease liabilities at 31 December 2019	$295,666	$-

Note 30. Events subsequent to balance date

The coronavirus disease (COVID-19) outbreak has developed rapidly in 2020, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

There is considerable uncertainty around the possible duration of and the resulting depth of impact that may come subsequently from the disruption caused. There will be a negative impact on income and operating results for the 2020 year, and cash flows of the Fund and its subsidiary are likely to reduce in the short term.

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

Sugar Cane Growers Fund and Subsidiary
Notes to and Forming Part of the Financial Statements
31 December 2019 (continued)

Note 30. Events subsequent to balance date (continued)

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

Apart from the matter specifically referred to above and in note 17, no charge on the assets of the Group and the Fund has arisen since the end of the financial period to the date of this report to secure the liabilities of any other person. No contingent liability has arisen since the end of the financial period to the date of this report. No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months from the date of this report which, in the opinion of the board, will or may affect the ability of the Group and the Fund to meet its obligations when they fall due.

2019 Highlights

MOU Signing with TLTB

Opening of the renovated Ba Office

Sugar Industry Grower Consultation

Sports and Social Club [Cane Drive]

FNPF - Approved Lender –SCGF

Re-Launched of the CDRF

Staff OHS Training

Celebrations with Growers

ICT MOU signing with Vodafone

Back to School Promotion

Pocket Meeting with Growers

Notes

Notes

Notes