



# SUGAR CANE GROWERS FUND

# 2021 ANNUAL REPORT

## SUGAR CANE GROWERS FUND



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09 Feb 2024

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

Dear Sir

### **RE: ANNUAL REPORT**

#### **SUGAR CANE GROWERS FUND & SOUTH PACIFIC FERTILIZERS LTD**

Enclosed is copy of the Annual Report for the Sugar Cane Growers Fund and its Subsidiary, South Pacific Pte Limited for the year ended 31 December 2021.

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

.....  
**Ahemad Bhamji**  
**CHAIRMAN**

## Corporate Statement

### SUGAR CANE GROWERS FUND



### Values

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

- **Growth** - for all stakeholders of SCGF;
- **Responsible** - in all our dealings across;
- **Resilient** - be there in good times and bad times;
- **Opportunity** - for all stakeholders but prudently;
- **Willingness** - listen, help with compassion;
- **Empathy** - for all stakeholders;
- **Responsive** - with dedication and commitment;
- **Sustainable** - for its longevity;
- **Innovations** - think inside and outside of the box; and
- **Integrity** - highest level of integrity and honesty.

### Vision

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

### Mission

We exist to:

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

**Financially Empowering the Sugar Industry**

### About SCGF

**Sugar Cane Growers Fund [SCGF]** is a defined lending institution established by Act. No. 9 of 1984 enacted by the Parliament of Fiji on 26 July 1984. Its core business is to provide loans to registered sugar cane growers. SCGF also has a subsidiary company namely the South Pacific Fertilizers Limited (SPFL) which is primarily engaged in the sale and distribution of fertilizer and weedicides.

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## A YEAR DOMINATED BY COVID-19



*“The 2021 financial year was overshadowed by the continuous global health pandemic, COVID-19.”*

The major focus for 2021 was to effectively manage SCGF funds, capitalize on opportunities, create innovative solutions and mitigate risks to ensure the Fund remained sustainable. SCGF was part of the essential service provider for the financial needs of the growers.

With thousands of people being unemployed by the economic impact brought on by the pandemic, the Fund’s assistance to Sugar Cane farmers continued throughout the year along with continuous Government support. The health and safety protocols that were enforced required our systems and processes to undergo continuous transformation so that we could offer our service in a safe space. Our growers were restless but our teams worked tirelessly to deliver, knowing that behind our growers were countless individuals and families, who were equally reliant on the financial relief. A total of 2009 loan applications with a total value of circa \$8.57 million were rolled out in 2021. Our digital platforms were upgraded to offer our growers, a safer physical distancing solution to access our services. Several enhancements were made

on the digital platform including the *mySCGF App*, *mySCGF Online Portal* and *SMS Alert Services* and the *website (scgf.com.fj)*. Other engagement channels such as emails and social media were popular and were managed through resource planning and staff movements. Despite all odds, the resilience of our growers, stakeholders and our own people shone through, providing a glimmer of hope that the pandemic will not outlast us.

Despite these challenges and adapting innovative businesses models both to protect employees and to continue serving our grower, it created opportunities for innovations. Apparently resulted with historic surplus of \$3.056m and first ever Fiji Business Excellence Award achievement.



# 2021 AT A GLANCE

**Total Assets**

**\$75.5 M**

**(2020: \$73.6m)**

**Net Increase in Net Assets**

**\$1.9 M**

**(2020: \$1.2m)**

**Loan Portfolio**

**\$25.2 M**

**(2020: \$25.5m)**

**Interest Income**

**\$1.5 M**

**(2020: \$1.4m)**

**Approvals**

**\$8.6 M**

**(2020: \$9.9m)**

**Payment**

**\$6.6 M**

**(2020: \$7.9m)**

**Investment Portfolio**

**\$21.3 M**

**(2020: \$22.9m)**

**Investment Income**

**\$1.2 M**

**(2020: \$0.2m)**

**Net Profit**

**\$3.1m**

**(2020: \$1.7m)**

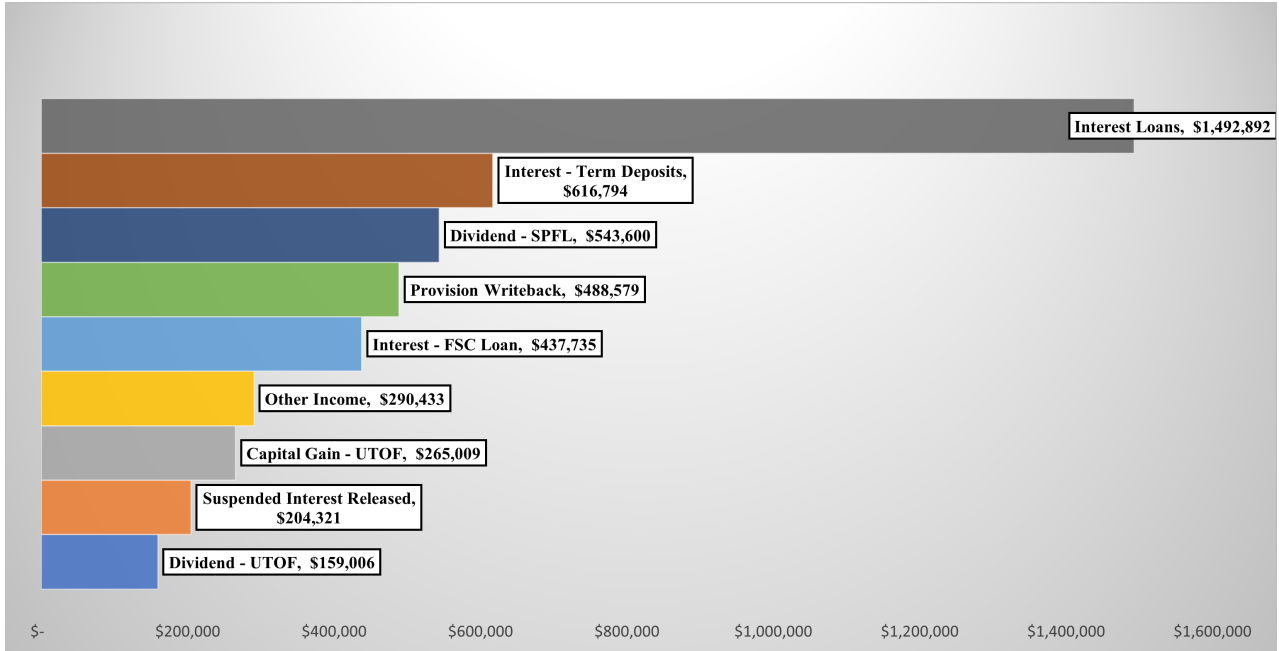
**Total Revenue**

**\$4.6 M**

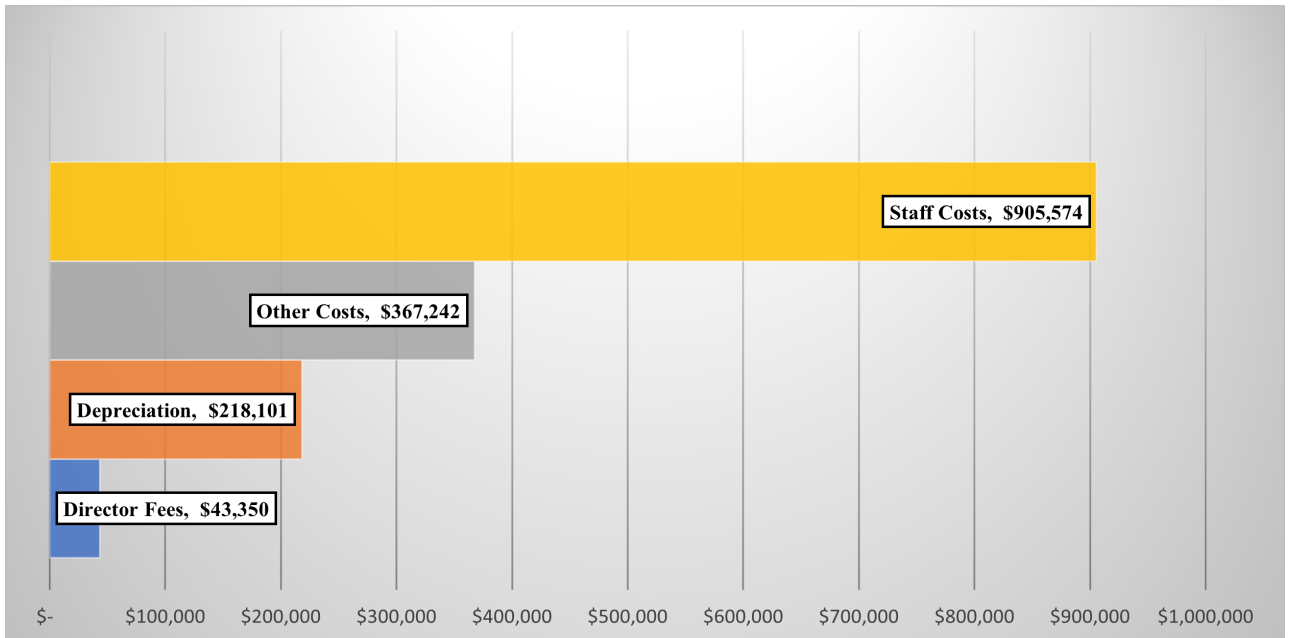
**(2020: \$3.7m)**

# SCGF HIGHLIGHTS

## Income Breakdown

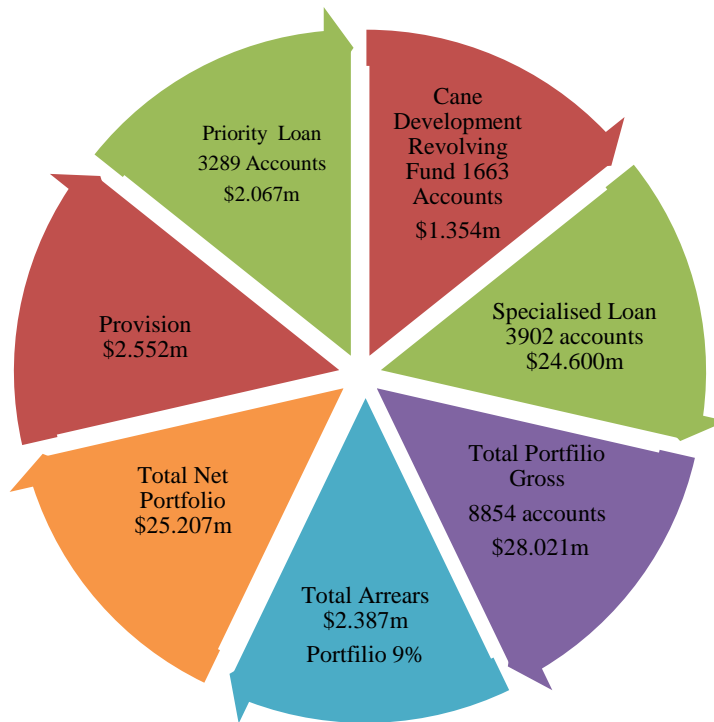


## Expenditure Breakdown

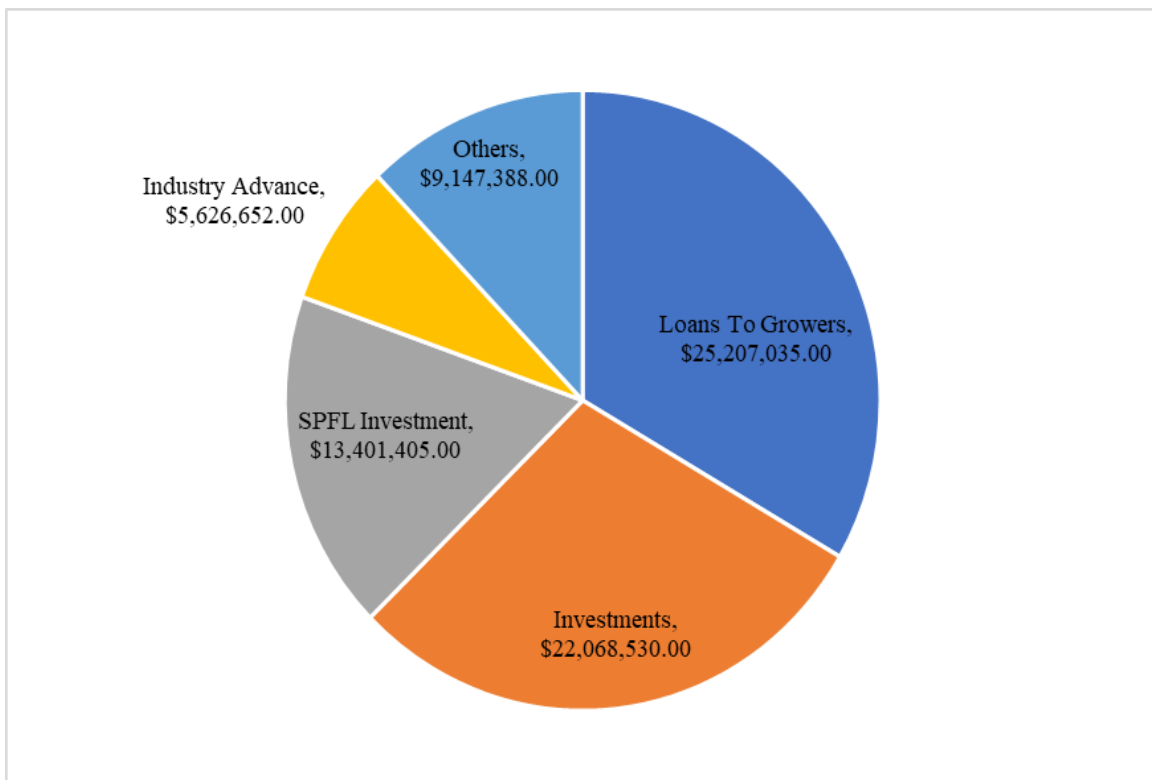




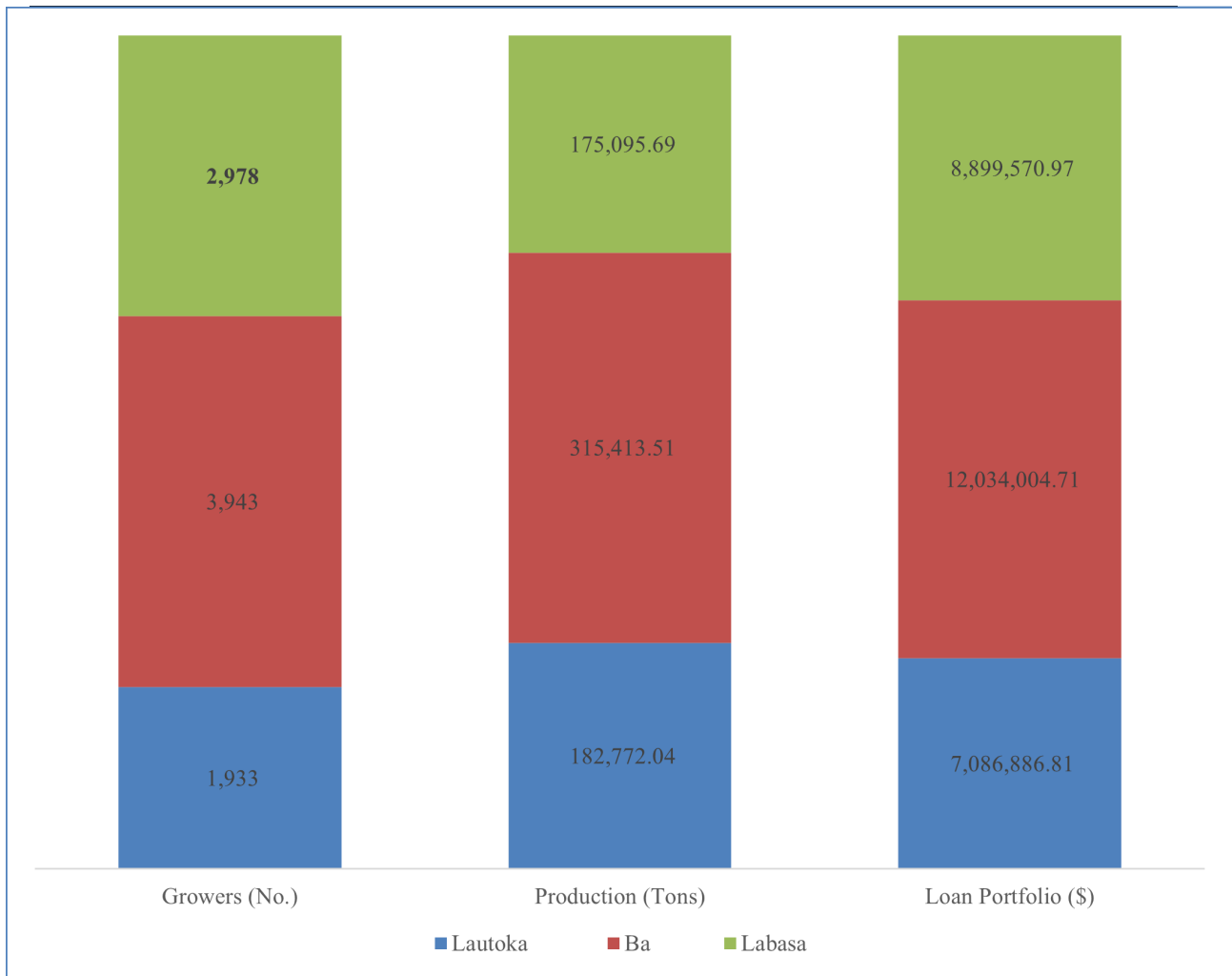
## Lending Portfolio



## Assets



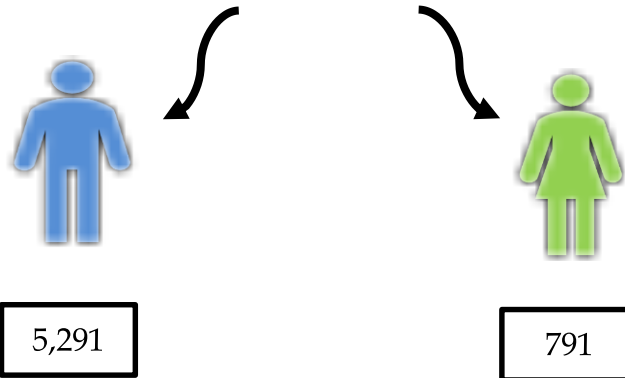
### SCGF Growers by Mill, By Production & By Loan Portfolio (2021)



### Growers Number Loan Balances by Age

Age	18-27		28-37		38-47		48-57		58-67		68-77		78-87		88-97		98-107		Total	
Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance	Count	Loan Balance
<100 or 0	19	\$494.77	35	\$1,031.20	98	\$3,124.46	180	\$5,358.71	271	\$9,164.89	202	\$6,891.23	87	\$3,217.28	10	\$378.59			902	\$29,661.13
100-5100	30	\$48,781.34	136	\$272,430.44	458	\$930,785.43	880	\$1,559,738.18	1081	\$1,981,581.41	573	\$977,167.29	264	\$464,109.17	37	\$54,298.34	5	\$12,021.08	3464	\$6,300,912.68
5100-10100	4	\$26,216.57	49	\$355,425.31	150	\$1,100,279.35	281	\$2,005,044.53	261	\$1,877,378.69	115	\$839,023.36	42	\$308,943.63	12	\$85,532.66	2	\$17,448.76	916	\$6,615,292.86
10100-15100	2	\$23,272.43	16	\$204,638.53	74	\$882,624.12	114	\$1,385,093.04	103	\$1,244,353.31	38	\$463,718.47	9	\$105,812.67					356	\$4,309,512.57
15100-20100	1	\$18,658.73	14	\$246,544.20	41	\$714,172.26	62	\$1,079,562.35	51	\$884,404.42	11	\$183,806.42	4	\$63,539.65	1	\$18,714.95			185	\$3,209,402.98
20100-25100	2	\$42,762.88	11	\$246,260.94	17	\$392,908.76	33	\$730,491.53	27	\$606,160.25	12	\$270,326.82	2	\$42,458.67	1	\$20,210.71			105	\$2,351,580.56
25100-30100	1	\$26,012.79	2	\$56,094.08	16	\$430,989.61	18	\$485,737.40	26	\$708,900.98	1	\$25,659.28	1	\$28,621.06	1	\$26,218.62			66	\$1,788,233.82
30100-35100			1	\$32,555.44	10	\$320,939.25	15	\$486,419.30	7	\$231,419.44	3	\$95,949.23							36	\$1,167,282.66
35100-40100			5	\$185,901.35	6	\$226,678.84	7	\$258,137.47	4	\$147,784.59	3	\$115,083.88							25	\$933,586.13
40100-45100					2	\$80,247.97	2	\$84,082.97	4	\$165,438.43	1	\$40,481.51	1	\$41,995.61					10	\$412,246.49
45100-50100							4	\$185,257.88	2	\$92,411.38									6	\$277,669.26
50100-55100			1	\$51,007.73	1	\$52,587.13	3	\$157,043.11	1	\$50,687.53									6	\$311,325.50
55100-60100					1	\$56,373.68			1	\$56,590.46									2	\$112,964.14
60100-65100									1	\$60,607.15									1	\$60,607.15
65100-70100					1	\$68,120.28													1	\$68,120.28
70100-75100							1	\$72,064.28											1	\$72,064.28
Grand Total	59	\$186,199.51	270	\$1,651,889.22	875	\$5,259,831.14	1,600	\$8,494,030.75	1,840	\$8,116,882.93	959	\$3,018,107.49	410	\$1,058,697.74	62	\$205,353.87	7	\$29,469.84	6,082	\$28,020,462.49

### Total Growers by Gender - 31 December 2021



## CHAIRMAN'S REPORT



Challenges relating to COVID-19 shaped all aspects of SCGF's operations in the past year. The Board is extremely aware that COVID-19 has impacted our growers, their families and communities at large. No business was spared and we were no exception. SCGF has stepped up and shown the critical role it can play in the Sugar Industry in supporting Fiji's transition towards a post COVID-19 era.

We have been at the forefront of helping our key stakeholders faced with the difficulties that they face and we continue to positively contribute towards national efforts in recovery and future growth. Our staff have stepped up to provide their utmost care, passion and commitment to ensure support was provided to those growers that came forward for various assistance.

### Results 2021

The key results for financial year ended 31 December 2021 included a group profit of \$5.65m (2020: \$6.81m) which comprised of SCGF's net profit \$3.06m (2020: \$1.72m) and South Pacific Fertilizers Limited's (SPFL net profit of \$2.59m (2020: \$5.09). The Chief Executive Officer's report discusses the performance in detail, including the added benefits provided indirectly by Government. Long term debt issue of FSC to South Pacific Fertilizers Limited continues to be a challenge. This debt relates to FSC

collecting funds on behalf of South Pacific Fertilizers Limited and not remitting the same to SPFL. This shareholder matter is being followed by the SPFL Board.

The Board has been focused on making necessary adjustments to our operations and business strategies to ensure that SCGF continues to achieve its purpose. The Board has been mindful of the challenging needs of growers and are reviewing the role that SCGF should play in providing protection following unforeseen events. In particular, the loan trends have indicated the growing reliance on financial inclusion and stability, to provide immediate relief following unplanned events. Cyclones and floods are now almost a certainty for every new cyclone season. The most appropriate way of providing for the needs of the sugar cane growers following events of this nature must be the subject of a national conversation. Another ongoing challenge for the Board is to consider the best measures we can put forward to balance our long-term objectives with volatile situations that growers will face as a result of ever-increasing costs. The Fijian economy has been under significant stress this year and the Board has maintained a focus on consequences for the investment performance of the SCGF. At the backdrop of all these, we have formulated a Five-Year Strategic Plan with core priority to support the growers and the industry but at the same time forward looking inclusive transformation.

### Fulfilling the needs of our Growers.

In the past year, we introduced a new robust loans management and financial system. This enabled our services to be more flexible during Covid-19 restrictions and lockdowns. The timing of this strategic investment was well planned and SCGF is reaping the rewards of this investment through online processing, work-from-home capabilities, new website and app integration and forward-looking business

processes which reduced the processing time and increased productivity while simultaneously improving the integrity of data. Grower account details are accessible and available online or through a phone call. Information kits and support services for loan products and financial planning can also be accessed remotely, thereby empowering growers to make informed decisions. Our contact officers, staff and management team would assist any member who may require clarification, assistance or advice. All SCGF services are now available remotely. The pandemic has forced us to limit face to face interactions as much as possible. Your decision to utilize online platforms is a major step towards our common goal of stamping out the COVID-19 virus from our midst. On the investment side of our activities, the Board is deeply aware that our strategies must be reflected in our bottom line and in-turn passed to our growers. We are focused on governance and risk management that supports the implementation of investment strategies consistent with SCGF’s objectives.

**Our team and commitment**

As an institution we have pursued the delivery of our services with excellence, creativity and passion, as well as a longstanding commitment to our growers, stakeholders, the economy and society at large. We will endeavor to continuously improve our processes to achieve excellence and this was reflected in SCGF winning the “Achievement Level” at the Fiji Business Excellence Awards. It is the Board’s firm commitment and determination that the Fund must listen and understand our growers, engage in more dialogue and partnerships and to pursue new initiatives in order to improve service delivery. We will continue to encourage a culture that reinforces the importance of

risk management and focuses on personal accountability. A culture where every single employee is proud of his or her role and contribution towards the SCGF vision.

**Way Forward**

The pandemic and impact of Russia-Ukraine war has forced a rethink of what we have been doing and ways gear up to face the challenges of a future economy.

Sugar Industry is itself faced with several challenges which includes effects of climate change, ageing farmers, uncertainty of lease renewals, rising prices of fertilizer damage to farm infrastructure due to flooding and the natural rural urban drift. The Russia-Ukraine war has had a significant impact on availability and prices of raw materials for fertilizer is this is expected to continue to have an ongoing impact on Fertilizer prices.

Risk Management, Digitalization and Sustainability with inclusive transformation are the key drivers to managing these challenges. SCGF continues to work with all stakeholders in an effort to manage these challenges. The Board recognises the tireless contribution of SCGF team and continually supports ongoing training and participation in Industry forums. This keeps staff fully aware of the Sugar Industry aspirations and helps them better deliver to our farmers.



.....

**Uday Sen**  
**Chairman of the Board of Members**

## CHIEF EXECUTIVE OFFICER'S REPORT



The year proved our true dynamic of the resilience and commitment to excel despite the unprecedented COVID-19- global pandemic, impacts of Tropical Cyclones Yasa, Ana , flooding that created very challenging conditions in the industry Our business continuity plans were put to the test with peak of the pandemic, lock downs, self-isolations, decontamination and stand down periods.

We are proud to say that we have faced the storm and emerged stronger, continuing to pursue operational excellence as we strive towards our vision. The achievement of the Business Excellence Award, improvements in the policy environment, operational excellences, near completion of the Information Technology project and deepening the Grower Relationships were some of the major qualitative achievements.

Our *excellent* financial performance in 2021 is the direct result of our concerted efforts and commitment to deliver value with a net surplus \$3.06m . This has come about with combination of loan and investment interest, fees and charges, the dividend, write back of the investment. The major contributing factor has been prudent reversal of provisions after rehabilitation and close examination of impaired portfolio which is reduced after stringent measures were taken. We had seen that numbers of growers had started producing cane after the enforcement actions were taken.

In the year we approved 2009 (2020- 2601) applications, valued \$8.567m (2020- \$9.870m), This is 14 percent or \$1.303m less compared to previous year. The payment numbers were 2948- \$6.527m, compared to 2020- 2215 \$7.999m. The

reason for less approval or payments were due to- (1) impact of COVID 19 whereby bus services were restrictive, that affected travel of growers, (2) May 2021 at the request of the Government and Sugar Cane Growers Council, repayments were waived in allowing growers to prepare for harvest and (3) for North Division, the loans were prudently approved in light of decline in production after TC Yasa.

With the ongoing pandemic, we continued to work as part of essential services and this was made possible through advanced technological platform. We remained strongly committed and focused to ensure the health, safety and wellbeing of our people remained paramount. We ensured to provide transport for the staffs who would travel by public transport and continued to implement extensive safety and hygiene measures in line with the governmental regulations by adopting remote working and physical distancing. We made sure that team momentum remained high, so the team bonding activities were held, after the COVID 19 restrictions were relaxed. We ensured that no one losses employment or salary cuts. The training and development continued where required. We are grateful for persistent spirit of the team through the year who pushed through these challenging times to uphold the values.

In addition, as responsible organization, we recognize importance of giving back to community and where possible with the staff social club conducted number of engagements.

In the year, after industry stakeholder concurrence, Board approved the 5-year Strategic Plan, focused to core business- lending to the cane growers in supporting of the industry aspiration. However, it was also agreed to gradually embark on a new journey of inclusive transformation for

sustainability with strong visionary thoughts for banking. In this regard Board also supported the feasibility study by Asian Development Bank which was approved by relevant Government agency.

Strategic alliance with international partners has been one of the milestones for the year as we are always looking for opportunities to grow and diversify our business portfolio. In the year, we had signed an agreement for a pilot project with Business Link Pacific. This would allow funding for our cane growers in Viti Levu supplementing with ginger farming.

Sustainability is at the very heart of our operations and towards end of year, we engaged with Government Ministries and University (FNU) for climate changes and Green Productivity Initiatives.

As we move into a “new normal” there is much uncertainty lies ahead with outbreak of the war between Ukraine and Russia expected to have significant impact not only on the operations or sugar industry but on everyone’s lives. We all need to prepare ourselves and look outside of the conventional approaches in all dimensions.

All these achievements have been made only possible with support and contributions of line Minister- Hon Prime Minister and Minister for Sugar Industry, Permanent & Secretary Mr Karan and his team, Board Chairman and Board Members, our subsidiary SPFL, sugar industry stakeholders, other government agencies, business partners and of course our valued cane growers, who are the pillars of SCGF.

We must acknowledge inconceivable support of Management and Staff too and their family for our success.

Thank you everyone



**Raj Sharma**  
**Chief Executive Officer**

## Why Longest Serving Employee Staying With Sugar Fund.

*It is the constant hard work, determination and contribution from all sugar cane farmers that encouraged the Sugar Cane Growers Fund (SCGF) Fund longest serving employee to stay on the job.*



Sugar Cane Growers Fund loans officer for Tavua and Rakiraki, Parmin Kumar with his wife, Sunita Mala after receiving his 24 years of service award on March 28, 2022.

It is the constant hard work, determination and contribution from all sugar cane farmers that encouraged the Sugar Cane Growers Fund (SCGF) Fund longest serving employee to stay on the job. Parmin Kumar, the loans officer for Tavua and Rakiraki, is also a sugarcane farmer. He was acknowledged by the fund for his dedicated and distinguished service to the organisation for the last 24 years during the staff awards night in Lautoka on Monday. The 49-year-old from Tavua has been the sole breadwinner for his family since he began work at the fund on March 15, 1997. He was a 25-year-old lad at the time and began working there as a clerical assistant based at the Tavua District Office. It was his first ever job. “Initially when we started, the board had agreed to have our operations start at district level and seven district officers were established to provide loan services to the growers and I was one of the

pioneers to start at the Tavua District Office and since then I have seen the SCGF grow,” he said. “When we started we only had a limited number of purposes for giving loans to the farmers, but over the years the SCGF board revised the policies and have taken on board the suggestions from the growers and other stakeholders and necessary changes were made to have other purposes included.” He said being involved in what he enjoyed doing as a sugar cane farmer went well with his work. Mr Kumar said he inherited his sugar cane farm from his late father. “I am also a sugar cane grower in Tavua and it has always been exciting for me to be in the sugar industry where I already have sufficient experience because our forefathers have been attached to sugar cane farming as well,” he said.



## OUR OPERATIONS

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

### SCGF Products

Loan Type	Portfolio
Priority Loans	Maximum lending of \$5,000 for Farm Development and Planting for sugar cane, Repair of Farm Equipment, House Repairs, Education Expenses, Wedding, Drainage, Roothing, Weedicides, Borehole Drilling, Medical and Purchase of Working Bullocks and Horses, etc.
Specialized Lending	Maximum lending of \$75,000 per grower for the Purchase of Cane Farms, Farm Machinery, cane Trucks, Construction of Farm House, Refinance from other banks and for other purposes provided in the Act. Loans in excess of \$75,000 is referred to the board.
Cane Development Revolving Fund (CDRF)	Maximum lending of \$5,000 under the Government funded program for Farm Development and Planting for Sugar Cane granted at zero percent interest rate, repayable over 5 years, with first year being grace period .

### Lending Portfolio

The Lending Portfolio by Districts and by Products are provided below.

#### Priority Loan as of 31<sup>st</sup> December 2021

District	Total Grower Count	Total Portfolio
Lautoka	247	\$224,210.15
Nadi	123	\$100,117.38
Sigatoka	63	\$35,795.89
Ba	574	\$208,341.79
Tavua	299	\$140,075.08
Labasa	1,155	\$759,782.81
Seaqaqa	394	\$373,289.05
RakiRaki	434	\$224,889.27
<b>Total</b>	<b>3,289</b>	<b>\$2,066,501.42</b>

### Cane Development Revolving Fund as of 31<sup>st</sup> December 2021

District	Total Grower Count	Total Portfolio
Lautoka	200	\$155,089.09
Nadi	175	\$134,367.53
Sigatoka	67	\$44,808.88
Ba	218	\$119,617.95
Tavua	197	\$96,097.55
Labasa	270	\$266,737.15
Seaqaqa	116	\$248,440.21
RakiRaki	420	\$288,683.74
<b>Total</b>	<b>1,663</b>	<b>\$1,353,842.10</b>

### Specialised Loan as of 31<sup>st</sup> December 2021

District	Total Grower Count	Total Portfolio
Lautoka	402	\$2,720,440.69
Nadi	475	\$2,682,919.36
Sigatoka	181	\$989,137.84
Ba	1045	\$6,328,945.34
Tavua	365	\$2,073,698.39
Labasa	848	\$5,261,714.99
Seaqaqa	195	\$1,989,606.76
RakiRaki	391	\$2,553,655.60
<b>Total</b>	<b>3902</b>	<b>\$24,600,118.97</b>

### Total number of Accounts by Mill and Portfolio as of 31<sup>st</sup> December 2021

Mill	No of Growers	No of Accounts	Total Portfolio	% Portfolio Market Share
Lautoka	1497	1933	\$7,086,886.81	25%
Rarawai	2889	3943	\$12,034,004.71	43%
Labasa	1697	2978	\$8,899,570.97	32%
<b>Total</b>	<b>6083</b>	<b>8854</b>	<b>\$28,020,462.49</b>	<b>100%</b>

### Approvals & Disbursement

The table below provides the breakdown of loans disbursed to cane growers as at 31<sup>st</sup> December 2021. Loans are for purposes such as farm purchase, machinery repair and purchase, farm house repair and construction, deposit towards the mechanical harvester, payment of land rentals arrears, refinancing, sundry loans such as wedding and medical, subsistence farming and others.

**Priority Loan**

During the year, SCGF has approved Priority Loans to the value of \$80,150.00

**Cane Development Revolving Fund (CDRF)**

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

The Industry Stakeholders - which included Fiji Sugar Corporation Limited (FSC), Sugar Cane Growers Fund (SCGF), Sugar Cane Growers Council (SCGC), Sugar Industry Tribunal (SIT), South Pacific Fertilizers Pte Limited (SPFL) and Sugar Research Institute of Fiji (SRIF) signed a Memorandum of Agreement to support the initiative taken by Fiji Sugar Corporation Limited (FSC) and Ministry of Sugar Industry. Loan provided through Revolving Fund is interest free and is repayable over five-year period. Recovery would commence from the second year and deductions shall take place from the delivery payments. Sugar Cane Growers Fund is responsible for the assessment of loan applications and release of loan funds which was done in two stages. Verification and inspection are carried out jointly with FSC and disbursement is done upon full germination of cane. Under this CDRF loan scheme, a grower can borrow up to \$5,000 where cost of the usage is \$1500 per hectare. For the release of the funds, 50 percent of the approved fund is released upon acceptance of the loan offer letter and balance of the 50 percent after verification and inspection by SCGF and FSC on the successful germination. However, those growers who have been in default in repayment, a 5 per cent interest rate is applied on the loan.

Accumulative Cane Development

CDRF Loan	Count	Value
Application Paid	613	\$495,872.40

**Tropical Cyclone (TC) Yasa Rehabilitation loan**

Tropical Cyclone (TC) Yasa and Tropical Cyclone (TC) Anna caused devastating impact to our farming community especially in the Northern Division causing massive structural damage to crop, dwelling and roads. Seaqqa and Labasa districts being worst impacted therefore, TC Yasa loan was developed to provide instant relief to affected cane farmers through Priority and Specialised loan assistance. Our officers were based at various locations to process loan applications in batch and provided instant loan approval without any fees and charges.

District	Count	Value
Labasa	464	\$407,550.00
Seaqqa	125	\$123,750.00
Total	589	\$531,300.00

## Approval & Disbursement

During the year, SCGF has approved loans under Priority Loans to the value of \$80,150.00, CDRF Loans to the value of \$601,222.06 and loans under Specialized Lending to the net value of \$8,567,404.77. Our Priority loans also consisted of TC Yasa loan.

The table below provides the breakdown of loans approved with partially disbursed and fully undrawn to cane growers as at 31st December 2021.

### Loan Approval

Net Loans	No.	Total Value
Ba	514	\$2,221,099.65
Labasa	469	\$1,776,970.18
Lautoka	180	\$ 725,019.15
Nadi	187	\$ 855,775.76
Rakiraki	224	\$ 907,310.71
Seaqaqa	172	\$ 1,059,347.98
Sigatoka	81	\$ 268,276.82
Tavua	181	\$ 753,607.52
<b>Total</b>	<b>2009</b>	<b>\$8,567,407.77</b>

### Loans Disbursement

Type of Loan	Approval		Disbursement	
	Number	Value	Number	Value
Priority/TC Yasa	88	\$80,150.00	269	\$379,153.16
CDRF	326	\$601,222.06	613	\$495,872.40
Specialised Loan	1617	\$7,886,035.71	2066	\$5,652,385.49
<b>Total</b>	<b>2031</b>	<b>\$8,567,407.77</b>	<b>2948</b>	<b>\$6,527,411.05</b>

### Arrears Trends

The tables below provide the arrears movement of growers at macro levels. The growers have been consulted, given chances, the repayments leakage verified and implemented with FSC, where required followed up with letters and visitation. In the worst case, SCGF had to exercise the enforcement means for debt recovery. The growers have been consulted, given chances, the repayments leakage verified and implemented with FSC, where required followed up with letters and visitation. In the worst case, SCGF had to exercise the enforcement means for debt recovery. The total arrears trends in the period (after main cane payment) has been as follows:

Details	January	March	June	September	December
No. of Default Grower	4370	4545	4350	3492	3030
Total arrears (m)	\$2.198	\$2.187	\$2.107	\$2.048	\$2.387

Details	January	March	June	September	December
Total Loan Default (m)	\$4.160	\$4.174	\$4.254	\$4.226	\$3.089
Total Portfolio (m)	\$27.897	\$28.118	\$29.205	\$29.897	\$28.020
<b>% Balance Arrears</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>	<b>11%</b>

### New Farmer Assistance Program (NFA)

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

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

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

### Securities Outstanding

Details	Number
New Leases in process with TLTB [New Lease Cost Loans]	81
Lease with Lands Department [Lease renewals]	14
Security Documents with titles and Deeds office	114
Documents released to stakeholders/Solicitors	5
<b>Total</b>	<b>214</b>

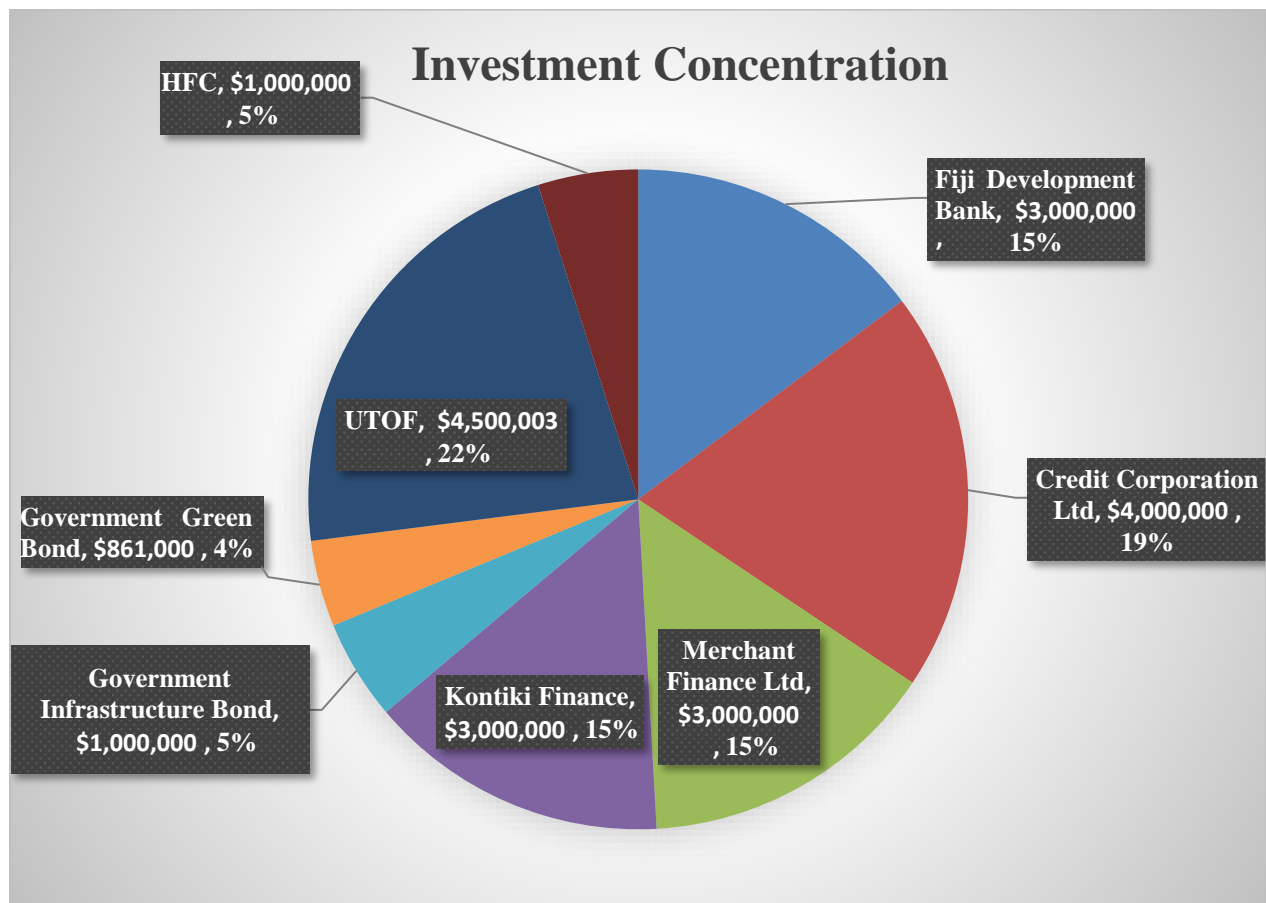
### Business Link Pacific (BLP) Finance Facility

BLP is a New Zealand Government (MFAT) funded private sector development initiative delivered by DT-Global. It includes countries like Solomon Islands, Cook Islands, Samoa, PNG, Fiji, Tonga, Kiribati. BLP works in partnership with select financial institutions, chambers of commerce and the private sector. It manages a large business advisory service providers network to improve accessibility and quality of business services available in local markets. BLP provides and facilitates access to finance and advisory services for SMEs, including subsidies, grants and finance facilitation services. In December 2021, the SCGF Board approved the engagement of BLP finance facility for SCGF customers. This will help them diversify into other cash crops such as ginger which will supplement the sugar cane farming.

## OUR INVESTMENTS

SCGF was no exception to the unprecedented challenges from 2020 to 2021 due to the COVID-19 pandemic. The health pandemic and the requisite containment measures resulted in major human and economic losses worldwide. In the domestic environment, weakening aggregate demand brought a decline in many industries. Reduced loan uptake and increases in operational costs continued to

exert pressure on the SCGF's profitability. Despite these challenges, we managed to sustain these pressures, maintain financial performance and continued to grow. The investment financial market experienced unprecedented volatility given the raging effects of the pandemic. Despite these concerns, the Funds' investments returned positive returns of an average of 4.15% for 2021



### Treasury

Our treasury function acts as the custodian of cash and cash equivalents ensuring adequate liquidity is available to meet our financial obligations. These include loan

processing, operating expenses, investment payments and contingent liability. Liquidity in the system stood at \$7.81 million against \$4.35 million in 2020. The

increase is attributed to the adverse effects of Covid-19 on the Economy.

### **Government Securities**

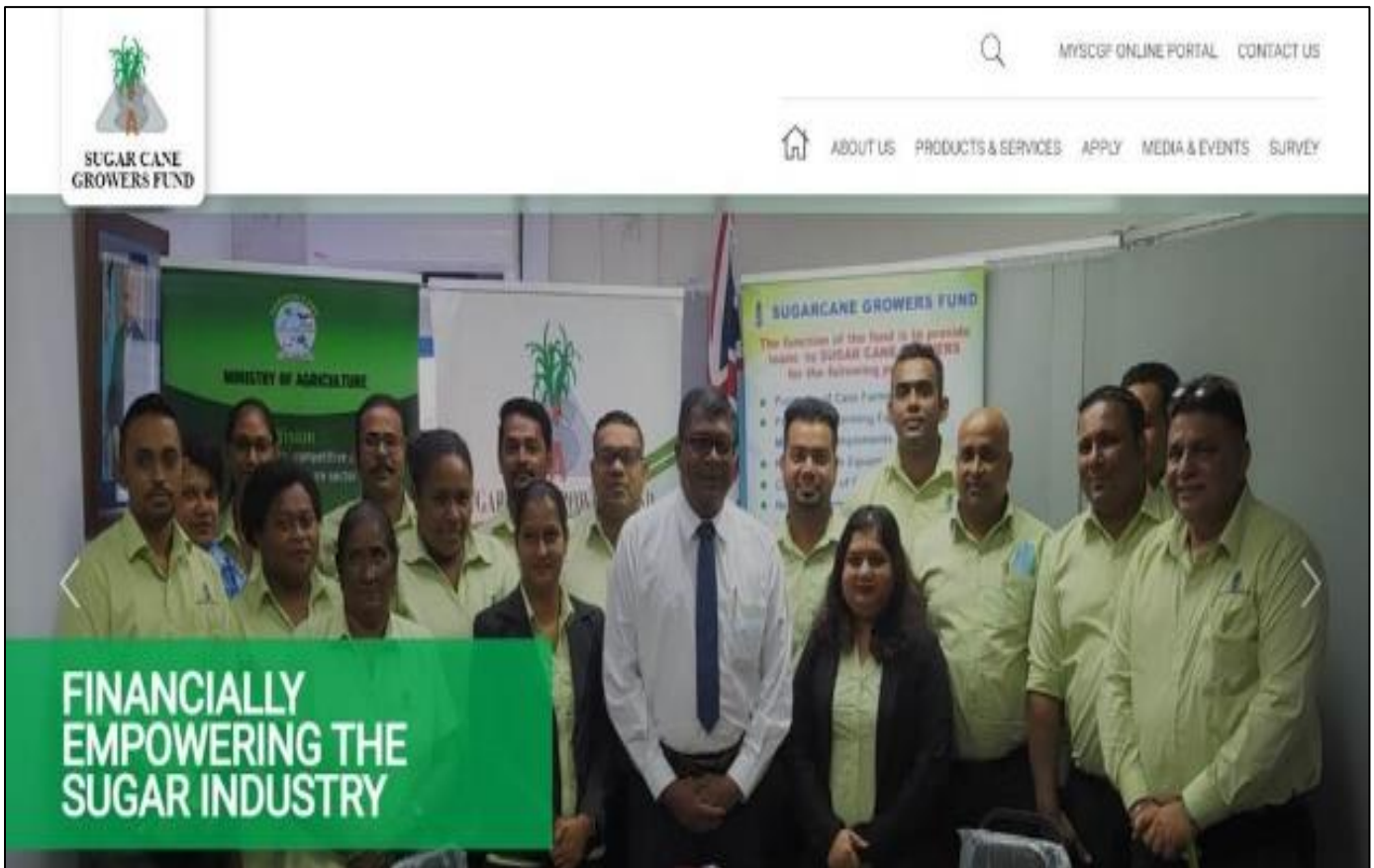
Bonds are most commonly traded as Government securities. Bonds can be a significant part of any institutions investment profile particularly when it comes to long-term investments. More specifically, Government bonds are a key strategy to diversify investment portfolios and to reduce risk. The tenure of government bonds ranges from 5 to 40 years. Such maturity terms are accommodative to the long investment strategy of SCGF which provides long term earnings. Investing in Government bonds provides guaranteed returns and are less risky than other assets. There are market related risks associated with government bonds, but holding the bonds until maturity can nullify these risks. The bonds issuer pays fixed interest rates on bonds and by remaining invested in government bonds until maturity, investors can derive maximum yield. The bonds portfolio is largely stable and perform well when other

asset classes are under pressure. The Government bonds portfolio stands at \$1.86 million with plans to increase this going forward.

### **Term Deposits**

The local term deposits decreased from \$15 million last year to \$14 million this financial year. The decrease was due to financial institutions not wanting deposits due to the low business activity and job losses as a result of the Covid-19 pandemic.

## ENABLING OUR IT SERVICES



The year had been very challenging for the Information Technology (IT) department as during Covid 19, the IT has played very important role in all dimension of the business. The department played a major role in second phase of implementation of Core Business Solution, management of systems security, data and infrastructure in providing various support to enable work from home during time of pandemic.

### **Role of IT during work from home**

The Covid 19 pandemic caused by coronavirus has impacted everyone around the world. Lockdowns, social distancing and isolation has been added to the life style of billions of people. Traditionally office related work, meetings, attending classes was only acceptable face to face. Online meetings were very limited as everyone felt comfortable being physically present. The outbreak changed this practice and mindset to virtual system. Many organizations introduced work from home to continue running the business and we were no exception. SCGF staff managed to successfully operate from various remote locations with the backdrop of the current advanced IT environment setup. SCGF'S new Core Business Solution-Len decider, BeaconPro system and Vodafone's cloud platform played a major role. The concept of cloud computing plays a great role in the set- up of Information Technology environment is today's modern era. Today organizations relay on systems/services such as web applications, mobile applications, websites, e-commerce application/sites, cloud computing, ERP systems, integrated systems to carry out their business. Hence at SCGF, we are working on various digital platforms to reach to the customers as well as enabling remote working during pandemic.



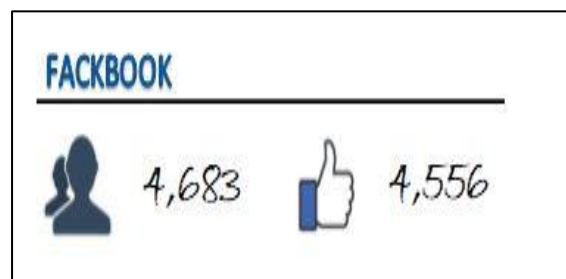
### Core Business Solution

After 4 months of parallel run with various functionality testing by the subject matter experts the department managed to cut- over to a robust and modern web-based lending solution. The system covers the current business processes in place as well as accommodating any new business requirement. The system has reduced paper usage and has enabled SCGF to move a step closer to Green ICT.



### Website

SCGF collaborated with Oceanic communication and launched its first website <https://scgf.com.fj/>. The website provides SCGF’s online presence 24/7 where information can be accessed anytime, anywhere. The website also adds credibility and professionalism to SCGF.



## **IT, Data, Communication Infrastructure, Risk, Security and Audit Management**

In order to secure the IT systems and protect the network from attack SCGF engaged its system providers to conduct tests such as penetration and scalability testing. This would ensure that the systems are checked for exploitable vulnerabilities and measure software's capability to scale up or scale out in terms of any of its non-functional capability. SCGF also upgraded its anti-virus program to provide protection against virus attacks and carried out Disaster Recovery (DR) tests to ensure that SCGF can recover all data, restore business critical applications and continue operations in the event of a serious interruption to operations.

### **Data Maintenance and Management**

SCGF ensures accuracy of data through continuous improvement by collecting updated data from its customers and district officers and ensuring same is updated in the Core lending system. Data cleansing exercise is carried out to ensure we keep up with updated records and all fields in the system is utilized. A project team was formed where the team worked on updating Growers personal information, working on cases where loan term has expired, verifying the security packets with the data in the system and updating growers postal address.

### **Business Intelligence**

With the new system in place detailed personal and loan information of customers are collected for analysis and provides guidance in decision making process. The department continuously makes changes to the various reports to implement an advanced Management Information Reporting system with interactive dashboards & reports.

### **Continuous Improvement and Innovation**

SCGF ensures continues improvement by analyzing the performance measurement for different areas. Some of the areas are:

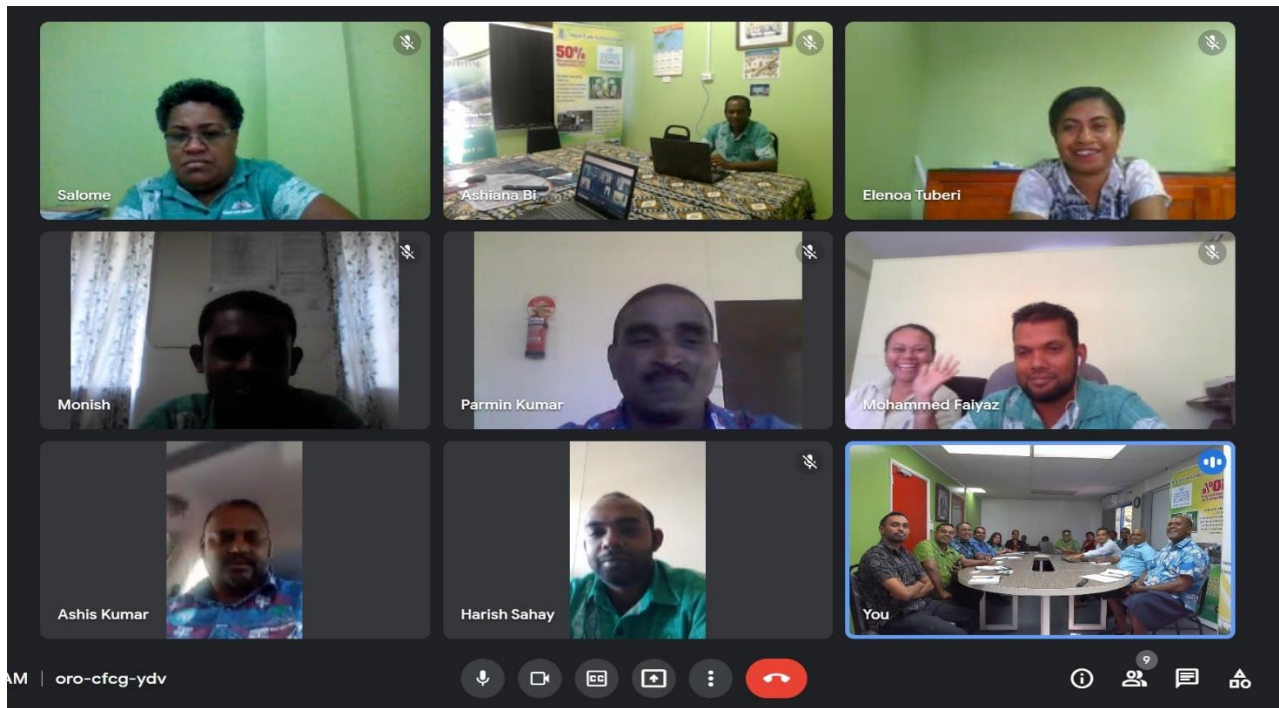
- Process Improvement - Different manual process is automated or system-based processes are streamlined.
- Analysing lending data- different categorizes of data analysis is done to identify areas that needs to be improved.
- Using technology to reach to customers- implementation of mobile app (*mySCGF*) and online portal (*mySCGF*), integrating SMS to notify customers regularly on status of loan application, disbursement.
- Training Staff – sharing knowledge regarding the IT systems by engaging user's functionality testing.

### **Social Media**

SCGF connects with its customers, service providers, stakeholders and general public through its Facebook page. The page is regularly updated with press release, events, success story of cane farmers and product information. SCGF is working on engaging with the world with other social media platforms such as LinkedIn, Twitter, and Wikipedia as well as re-marketing its You Tube channel.

## WORK FROM HOME

With the COVID-19 pandemic requiring staff to work from home, the Fund's IT systems and infrastructure capabilities were tested to deliver. Staff were able to conduct almost all services remotely from their home. Even the end of financial year 2021, some of the year-end processing was successfully completed remotely. This showed the capability and stability of the IT Infrastructure, reflecting how the Fund had grown digitally.



## MANAGING OUR RISKS

### Prudential Supervision

The Fund continued to work with the Sugar Industry Stakeholders including other regulatory institutions like the Ministry of Economy, Ministry of Agriculture and the Reserve Bank of Fiji (RBF) where necessary to ensure the operations are prudently supervised and objectives are in line Governments National Development Plans. SCGF also continued to collaborate with the Financial Intelligence Unit in accordance with the regulatory guidelines and policy advisories. As part of the stakeholder consultation, the Fund also participated in the review of the Anti-Money Laundering & Personal Property Security Regulations (PPSR) supervision policies enforced by RBF. The revised prudential standards will be incorporated into the Fund's policies once finalized and issued by the RBF.

### Compliance Management

The Fund's compliance management framework provides the mandate for compliance to legislations, prudential guidelines and supervision statements as stipulated in the SCGF Act. in Although there were disruptions to the performance of the Fund's functions due to the COVID-19, the oversight role was carried out as follows:

- i. Analysis and Reporting on the annual declaration of interest by Board, Management and Staff.;
- ii. Improved Governance and Board Reporting
- iii. Monitoring and Reporting of cash transactions reports and suspicious transactions reports to the financial intelligence unit for further investigation and analysis;
- iv. Regular reports to management on financial transactions and coordination of due diligence mechanisms for assurance and in line with the know your customer requirements established under the Financial Transaction Reporting (FTR) guidelines;
- v. Joint effort compliance check on the Fund's digital platform used to on-board growers as part of its digital strategy
- vi. Facilitated the FY2021 risk review assessment for compliance and operational risks; and
- vii. Review of compliance elements for the subsidiary governance of SPFL.
- viii.

### Risk Management

The challenges brought on by the COVID-19 pandemic led to identifying and monitoring of new and emerging risks in the ever-changing operating environment. The level of complexity and uncertainty of the changing scenarios required frequent review of the Fund's top risks, continuous oversight of operational risks and risk assessments on projects and other initiatives

undertaken by the Fund. The Fund embarked on an independent review of our risks to provide added assurance to the Board that the risk universe is adequately scanned and mitigation plans were established; as a result of the COVID-19 pandemic. The exercise is expected to identify areas of improvement in risk management. Business Continuity Planning (BCP) was critical in the successful delivery of the Fund's operations in the COVID-19 environment, especially during the second wave of the pandemic. Relevant protocols for COVID-19 operations were established including the facilitation of a fully-fledged work from home policy framework and BCP test scenarios in 2021. This allowed the Fund to manage its key functions remotely, and meet stakeholder expectations. A lockdown plan was also developed outlining the Fund's response to certain indicators pertaining to COVID-19 inclusive of a nationwide lockdown. The plan served as a guide for managing system readiness and the continual delivery of critical services to our members.

## **Policy & Governance**

SCGF continued to revise policies and strengthen governance mechanisms to ensure alignment to the organization's corporate values, culture and strategic themes during the year. Regular assessments were conducted on the Fund's governance mechanisms, reporting as well as the Board's oversight of the operations. A notable contribution was made the assessment of the Fund's governance position during the pandemic scenario and operating environment. The assessment noted that the Board governance status was strong, with continuous oversight over the organization's functions. The Fund ensured that issues raised by growers, employees and stakeholders on its operations and policies were managed promptly and satisfactorily within the stipulated turnaround time.. Quarterly Reports were also provided to the Ministry of Sugar Industry in accordance with the relevant requirements.

The evolving risks stemming from the COVID-19 pandemic required internal audit agility to deliver key objectives. The key areas of focus for Internal Audit (IA) during the financial year were as follows:

- Core Business - Loans;
- Procurement & Fixed Assets;

Due to the COVID 19, the full cycle of the audit was not completed. Data analytics enabled real-time monitoring and a wider net of compliance checks as opposed to conventional methods of sample selection. Our challenges varied from working with available resources, reassignment of staff to other services, delays in provision of internal audit requests and keeping up with the pace on the implementation of various projects. Dedicated and collapsible audit teams were assigned to various projects, leveraging on specialized staff competencies and technology, communication platforms and the continuous monitoring of audit projects was key to achieving objectives and meeting challenges. The Fund plans to strengthen the monitoring of operations by enhancing IA exception reports and cyclical reporting. Opportunities exist on working closely with the risk management function to provide combined assurances on certain Fund projects.

Audit Status	Count
Audit Planned (AWP)	4
Completed	2
In Progress	1
Investigations unplanned	0

## Fraud Management

SCGF has a zero tolerance on fraud and unethical behaviors. Awareness is done to ensure all stakeholders are thoroughly involved. Investigations related to fraud are from reports received through the complaints management system, whistleblower and anonymous tips. In 2021 there were no fraud related information received and investigated for SCGF.



*Board meeting held on 26 August 2021. Management with Lautoka based Board Members present in person. Connected via video call are Suva based Chairman and 2 other Board Members.*

## OUR GOVERNANCE

### SCGF Board

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

### Board Compositions

Mr Uday Sen was reappointed Chairman on 18<sup>th</sup> January 2021. The other Board members are Mr Tevita Madigibuli, Mr Sundresh Chetty and Professor Anand Chand. In June, Mr Sunil Chaudhary was appointed. He is the current General Manager Operations for Sugar Cane Growers Council (SCGC) .

### Board Meeting Attendance

Board Members	No. of Meetings	
	Held	Attended
Mr. Uday Sen	5	5
Mr. Anand Chand	5	5
Mr. Sundresh Chetty	5	5
Mr. Tevita Madigibuli	5	5
Mr. Sunil Chaudhary	3	3

### Credit Sub Committee

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

### Board Fees

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

## BOARD OF MANAGEMENT



### **Mr Uday Sen - Chairman**

Mr. Uday Sen is Managing Director, City Cars & Equipment. He holds a Bachelor of Arts Degree majoring in Accounting and Information Systems from USP; a Post-Graduate Diploma in Banking from USP; a Post-Graduate Diploma in Accounting from USP and a Master of Commerce Degree in Accounting from USP. He is a Member of Fiji Chartered Accountants, a fellow member of CPA Australia and a fellow of CIMA (Chartered Institute of Management Accountants). He has worked at executive level in corporate sector for over 10 years.

He has previously served on Government's Ministry of Multi Ethnic Affairs Scholarship committee, been a Director on Fiji Hardwood Corporation Limited board and has been on the Council of the Fiji National University. He has previously been the President of CPA Australia Fiji Branch and has also previously been the President of Fiji Institute of Accountants. He is a Board Member of Government's entity Agro marketing Authority of Fiji. He was appointed as the Board Member on 9th January 2019 and as Chairman on 19th January 2020.



### **Professor Anand Chand**

Dr. Anand Chand is a Professor at University of the South Pacific -Professor and Head of School of Management and Public Administration in the Faculty of Business and Economics. He holds a PhD (University of Cardiff, Wales, and UK) and has been with the USP since 1982. His academic specializations includes the following areas; PhD Degree (University of Wales (UK), MA Degree (Manchester University (UK), Diploma in Business Studies (University of Canterbury (NZ), MA Degree (The University of the South Pacific (Fiji), Postgraduate Diploma (The University of the South Pacific(Fiji), Bachelors of Arts Degree (University of Tasmania

(Australia), Certificate in Introduction to Technology-Enabled Learning (Athabasca University, Canada/Commonwealth of Learning Centre. He was appointed as Board Member on 9th January 2019.





### **Mr. Tevita Madigibuli**

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



### **Mr Sundresh Chetty**

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



### **Mr. Sunil Chaudhary**

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

## EXECUTIVE MANAGEMENT



**Mr Raj Sharma | Chief Executive Officer**

He has over 33 years working experience in the five Financial and Non-Financial Institutions. He holds Masters in Commerce (Banking & Finance), Post Graduate Diploma in Banking & Finance and Bachelor of Arts Degree. He is member of various professional bodies. He also holds the position as Board Chairman of Fiji Coconut Millers Pte Ltd, Fiji Rice Limited, Food Processors Fiji Limited and Foundation for the Education of the needy Children-NGO/FENC).



**Mr Sagar Dayal | Manager Lending & Operations**

He has 18 years of cane farming lending experience. He holds Bachelor's Degree in Management & Public Administration, Human Resource Management & Employment Relations. He also has a Post Graduate Diploma in Management & Public Administration from USP. Currently he is pursuing Master's thesis, based on sugar Industry. He has various certificate qualifications and also had been part time tutor with USP.



**Ms Sheetal Shalini | Manager Information & Technology**

She has over 14 years' experience in the information Technology Profession. She holds a Bachelors of Information Technology degree specializing in Software Engineering, Post Graduate Diploma in IT and Masters in IT from the University of Fiji (UniFiji). She is also a recipient of Reuben James Summerlin scholarship enrolled in Chartered Digital Finance Practitioners (CDFP) Certification offered through the Digital Frontiers Institute (DFI). Her area of interest includes Application analysis and design, database development, process improvement and data analysis.



**Mr Francis Pesamino | Manager Finance & Administration / Board Secretary**

He has over 14 years working experience in the Accounting and Auditing profession. He holds Bachelors of Commerce Degree majoring in Accounting and Economics and a Post Graduate Professional Diploma in Accounting from the University of the South Pacific (USP). He is a full chartered accountant member of the Fiji Institute of Accountants (FIA). His other areas of interest include strategic planning and budgeting, continuous business process improvements, financial analysis, professional development and mentoring.

## OUR PEOPLE



SCGF upholds business culture, attracts and retains employees, provide them with invaluable knowledge while offering the astute ability to perform at their best potential. During the peak of COVID 19, policies and strategies were implemented to mitigate risks in order to cushion the impact on our staff and services to growers. Digitalization has played significant role by allowing staffs to work from home, deployed to other work stations to ensure that services to growers were not affected or stopped. There was no pay cut nor any lay off. In fact, Fund employed 11 temporary staff under the “Stronger Together Job Support Scheme”

SCGF has a total of 29 permanents, 1 one-year contract and 2 temporary staff for 2021.

<b>Permanent</b>	29
One-year Contract	1
Temporary	2
Temporary [3months Under Govt Support Scheme]	3
<b>Total</b>	<b>35</b>

### Gender

<b>Male</b>	20
<b>Female</b>	15

### **“STRONGER TOGETHER” JOB SUPPORT SCHEME (JSS)**

The Government in addition to direct COVID-19 unemployment assistance, has announced “Stronger Together Jobs Support Scheme, where it incentivizes employers to create employment for out-of-work Fijians. Sugar Cane Growers Fund is an approved Employer under the scheme.

SCGF under the scheme recruit eleven [11] Project Officers based at Head Office and Labasa Office for 2021.

### Staff Training

SCGF continued with staff training and development. In-House training (External Resource at the Premises) ceased for 2021, due to COVID-19 restrictions and protocols but other approaches were considered during this period, such as webinars and on-line training for staff to ensure their smooth understanding of work, skill development, and preparedness to perform efficiently.

The training and development activities as at 31<sup>st</sup> December 2021:

No.	Particulars	No. of Trainings Attended
1	Internal Training (Internal Resource at the Premises)	12
2	On Job Training (Internal Resource at the Premises)	14
3	External Training (External Resource and Off Premises, through Webinars/On-line	17

### On Job Training

SCGF had an opportunity to focus more on job training/ rotation for 2021. A total of (14) on-job training had taken place enabling to have multi skilled and multi-talented workforce

### Fiji Business Excellence Award

Fund participated in the first ever 22nd Fiji Business Excellence Awards (FBEA) organised by the Fiji National University’s (FNU) National Training and Productivity Centre which was held at the Grand Pacific Hotel in Suva.

11 organizations were recognized at the 22nd Fiji Business Excellence Awards night and Fund was awarded the “Achievement Level”. The win had dedicated to the cane growers of Fiji. This has come about with about with guidance and oversight of the Board, commitment of Management and Staff. Management will continue to look at ways to improve and bring up the excellence in operations. Digitalization has played significant role specially during the peak of COVID 19. There are ongoing changes to policies and processes in streamlining along with the new ICT system

Fiji’s Business Excellence Framework has enabled the Fund to focus on strategy-driven performance, bringing a cultural change thus achieving customer satisfaction and enhancing workforce engagement,

### **Staff Vaccination Update**

100% of staff are vaccinated and now progressing to the 3<sup>rd</sup> (booster) vaccination.

### **Performance Management**

Despite all these constrains of [Global pandemic, two cyclones, Harold and Yasa] SCGF managed to payout Performance Appraisal for 2020 to all staff.

### **Key Achievements:**

- Reward and Recognition through on-the-spot awards, monthly performance awards and Employee of the Year End Award which was awarded to Rajneel Roushal Kuma;
- Prashneel Pavindra Prasad [Business Analyst/Project Officer] achieved IBSA Certified White Belt Lean Six Sigma Certification with Six Sigma Academy Pte Ltd South Pacific's Voice for Quality. The training was conducted virtually by the Department of Fiji Awards, National Training and Productivity Centre, Fiji National University. The entire course was sponsored by Asian Productivity Organization [APO];
- Sheetal Shalini [Information Technology Manager] completed her post graduate Diploma in Information Technology and also selected to be member of University of Fiji's [Advisory Board- School of Science & Technology]. The Board assistS in developing, reviewing and modifying academic programs for the university.
- Salome Naivaro [Loans Officer Lautoka] attended Training of Trainers Program organized by Reserve Bank of Fiji in partnership with Pacific Financial Inclusion Program and ANZ. The training basically focused on Financial Literacy component, ideal for organizations to have certified trainers that can do follow-up training with the farmers when required.
- Twelve [12] staffs enrolled into the online 'Digital Literacy' Micro-credential organized by APTC and all of them successfully passed.

### **Staff and Social Club**

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

The activities of 2021 wereas follows:

- Breast Cancer awareness programs.
- Blood Drive.
- Food Pack distributions.
- Newborns at Lautoka Hospital Assisted.



Sugar Cane Growers Fund chief executive, Raj Sharma (fifth left) receives their award with his staff members from the First Lady Filomena Katonivere (fourth left) during the 22nd Fiji Business Excellence Award's at the Grand Pacific Hotel in Suva on December 10, 2021. Photo: Leon Lord

# Historic win for Sugar Cane Growers Fund

LAISEANA NASIGA  
SUVA

**S**ugar Cane Growers Fund chief executive, Raj Sharma, and his team have created history for the fund by winning the Achievement in Business Excellence in the 22nd Fiji Business Excellence Awards the past week.

And what's more, this award was achieved in their first entry towards this excellence journey and is one of the first ever prestigious awards for the fund.

Mr Sharma has dedicated this win to all the cane growers and his staff members.

"This is one of the historic moments for SCGF and will remain a legacy," he said.

"It certainly recognises the work done. It is one of those things that SCGF put in place to transform with or without participation to get new direction and this Fiji Business Excellence Award has been imputed.

"Lot of work has been done across the organisation with growers first and top priority to serve them. It puts SCGF on a very high platform and inspires us to do better. The award means a lot and very valuable not only for us as it is first ever, it also means a lot for a growers.

"To be honest some of them wish to see the award. As a humble institution, we will circulate the award to all our districts for a week."

Mr Sharma said this award has inspired them to do better and aim for better recognition and growth.

Mr Sharma said this award demonstrated the willingness to change or transform and that only comes with right vision for the best of the people and the country.

"We have to think outside the box for the sustainability and it is no exception to the industry and the growers – look at diversifying," he said.

He attributed the commitment from the management and staff towards this achievement.

### How it all began

Mr Sharma highlighted their journey began in the past four five years where they

*"This is one of the historic moments for SCGF and will remain a legacy. It certainly recognises the work done. It is one of those things that SCGF put in place to transform with or without participation to get new direction and this Fiji Business Excellence Award has been imputed."*

**Raj Sharma**  
Sugar Cane Growers Fund chief executive

shifted focus on stronger governance and board reporting and audit and compliance.

And in the past three years, they looked at new policies, documentation, new ICT system, new products and services.

The fund as deepened their customer relationship and engagement from the CEO level to the growers.

The set out clear strategic plan, introduced latest digitalisation, women empowerment and also introduced rewards and recognition to our people and contributions to the community.

### Future plans

Mr Sharma revealed their plans for early January where they are looking at launching their new website.

This will be followed by new product initiatives and staff awards.

And later in that month, they plan to launch the new my SCGF App, a new SME Grant/ Loan product and set the new Risk Management platform for the Fund.

"There are very exciting but challenging times ahead," he said.

Feedback: laiseana.nasiga@fijisun.com.



Sugar Cane Growers Fund chief executive, Raj Sharma (fifth left) receives their award from the First Lady Filomena Katonivere. Photo: Leon Lord

## CORPORATE CALENDER

### JANUARY

- 7th – SCGF Website becomes Live.
- 10th – Family of Cyclone Casualty receives \$2000 under Micro Insurance Scheme in Labasa.
- 20th – SCGF meets UNDP’s for crop insurance.



From left: Sham Shivneel Chand, Roop Lata, Loans Officer Operations Sugar Cane Growers Fund Labasa Sagar Dayal and Ashiana Shazna during the cheque handover to assist the bereaved family on January 6, 2021. Photo: Laisa Lui

### FEBRUARY

- 2nd – CEO meets with farmers of Wailailai flats, Ba.



### MARCH

- 1st – SCGF held it Strategic Planning with staffs and Board Directors
- 11th – CEO visits sugar cane farmers in Rakiraki and Tavua.
- 16th – SCGF employs 6 employees under the “Stronger Together” Jobs Support Scheme





**APRIL**

1st - SCGF signs a 5-year extension of Employee Investment Scheme with Unit Trust of Fiji.

**MAY**

14th – Back to School Promotion Draw facilitated by Police Constable

17th SCGF Sports & Social Club donates basic items to mothers at Lautoka Hospital.



Sugar Cane Growers Fund staff members Elenoa Tuberi (left) with Anald Sharma and Prashneel Prasad prepare to hand over the baby necessity items at the Lautoka Hospital lockdown entrance checkpoint. Picture: BALJEET SINGH

**JULY**

15<sup>th</sup> – MySCGF app

31st – staff fully vaccinated



**SEPTEMBER**

28th – SCGF signs up with Digicel for myCash Wallet disbursement for farmers.



**OCTOBER**

8th - Pre-Harvesting Loan Promotional Draw was done at our Head Office in the presence of Police Constable

16th - SCGF host Sugar Stakeholder Heads and their Rep's for the meeting with Mr. Jim Pierce and his team from of SPC to discuss possible production of organic sugar.

22nd – SCGF host Pinktober awareness in Seaqaqa.

27th- 28th - SCGF host Pinktober awareness in Labasa



**NOVEMBER**

19th - SCGF have officially launched two products and honors done by Director Operations Ministry of Sugar Mr. Sanjay Kumar



**DECEMBER**

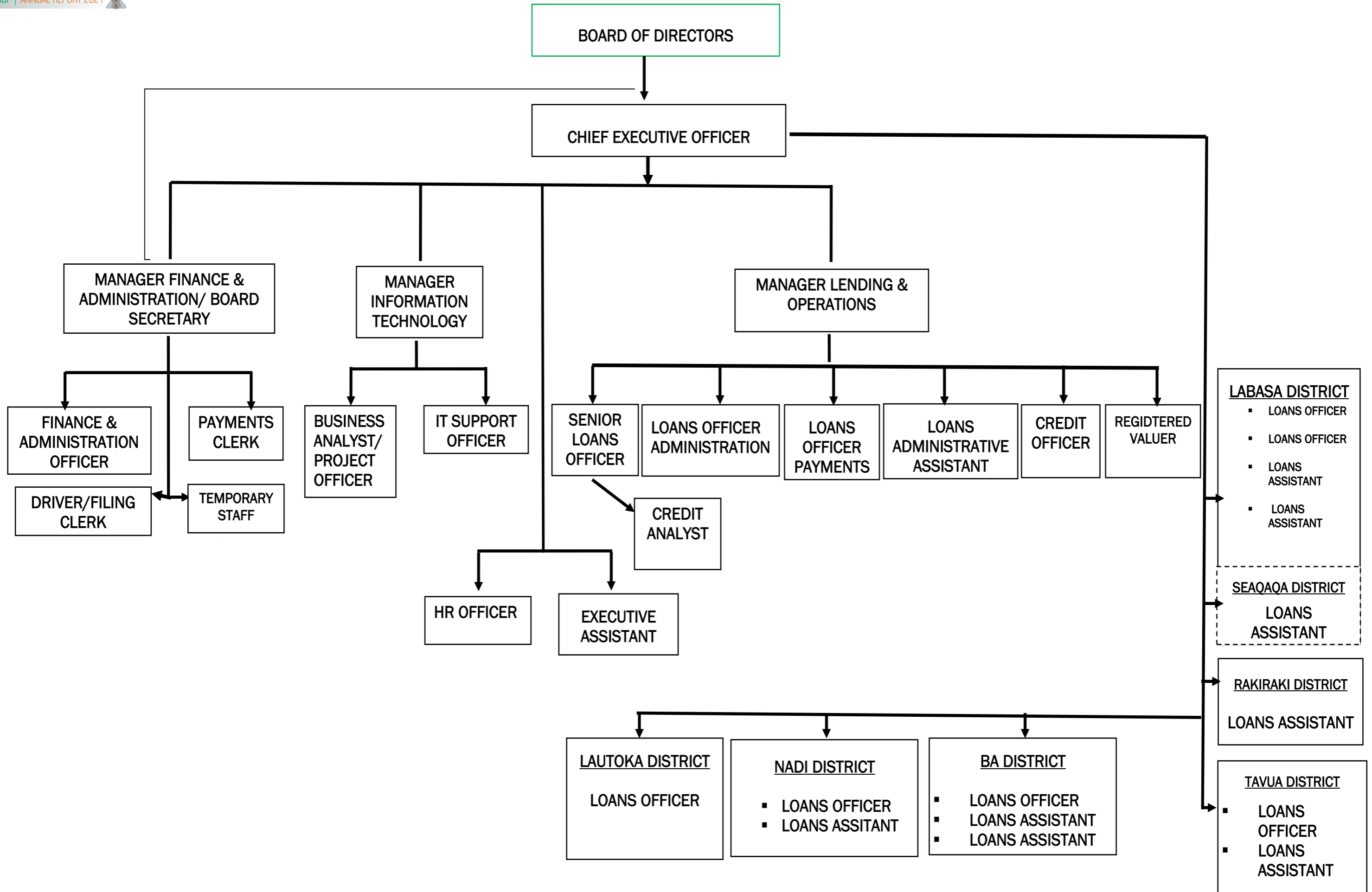
10th – SCGF gets recognition in FBEA awards

17th – SCGF settles its first Vehicle Loan grower Mrs. Parmit Kaushal of Waiqele, Labasa.

20th – SCGF launches its Back to School Promotion.



# ORGANISATION STRUCTURE



## **SUBSIDIARY - SOUTH PACIFIC FERTILIZER LIMITED**

### **31 DECEMBER 2021**

#### **Established**

Fertilizer Company was established in 1983 and began its commercial operations from 1991.

#### **Core Business**

The principal activity of the company is to import bulk raw materials, blend, pack and distribute it to the sugar cane growers and the non-sugar sector.

The company also imports and sells:

- Straight fertilizers
- Other NPK fertilizers
- Weedicides
- Rice

#### **Human Resource**

SPF believes on capacity building for its workers. Workers are sent to attend appropriate trainings or workshops which relate to their line of work. This is done in consultation with the HR and the CEO.

SPF is an equal opportunity employer.

#### **Current Challenges faced by SPFL**

- Spike in Raw Material prices
- Strengthening of US dollar against the FJD
- Russia - Ukraine conflict
- Chinese Export ban on N & P based fertilizers
- COVID 19 pandemic
- Remoteness from key market

#### **Going Forward**

Going forward the company aims:

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

## Pictures



*Photo 1: Source of N*



*Photo 2: Source of N & P*



*Photo 3: Source of K*



*Photo 4: Source of P*



*Photo 5: Blended Fertilizer for Storage*



*Photo 6: Loading of Fertilizer for Delivery*



# **Sugar Cane Growers Fund and Its Subsidiary**

Financial Statements

**For the Year Ended 31 December 2021**



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY  
 CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2021**

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**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY  
BOARD REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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In accordance with a resolution of the Board, the Board members herewith submit the statement of financial position of Sugar Cane Growers Fund ("Fund") and its subsidiary (collectively "the Group") as at 31 December 2021, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

**Board members**

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

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

**Principal activity**

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

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

**Results**

The net profit after income tax of the Group for the year was \$5,617,578 (2020: \$6,806,990) after income tax expense of \$766,562 (2020: \$1,446,551).

The net profit of the Fund for the year amounted to \$3,056,524 (2020: \$1,719,927) after income tax expense of \$Nil (2020: \$Nil).

**Current assets**

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

**Non-current assets**

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY  
BOARD REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Bad and doubtful debts**

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

**Events subsequent to balance date**

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

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) (No. 2) Regulations 2023, commencing from financial year ending 31 December 2023 (tax year 2023), the Group will be subject to corporate income tax at the rate of 25%. Accordingly, the current corporate income tax rate of 20% will increase to 25% from financial year ending 31 December 2023.

**(ii) Undertaking from the Government of Fiji**

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

**(iii) Proposal of new refinancing legacy debt**

On 13 June 2022, the Group wrote to FSC proposing refinancing the legacy debt over a term of 10 years at an interest rate of 3.5%. FSC will be required to provide sufficient land security as mortgage for the refinance. FSC representative on 20 June 2022 agreed to the terms of settlement. Agreement to debt and mortgage documents are with FSC for signing at the date of this report as the Company seek to obtain fourth debenture over FSC's assets. FSC has subsequently paid \$2.4 million of this legacy debt.

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

**Significant event during the year**

**Fertiliser cost**

The cost of procuring fertiliser significantly increased during the year by two to three-fold arising from global pressures such as; surge in global demand for fertiliser, international sanctions/political instabilities in key fertiliser producing countries and export ban being imposed by China to encourage stock piling within. In addition, COVID-19 pandemic has caused significant disruption in shipping routes inflating cartage cost by three-fold. All this has resulted in increased cost of sales being recorded at year end.

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

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

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

Board members and management believe the Fund and the Group have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY  
BOARD REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

They have a reasonable expectation that the Fund and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Basis of accounting**

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

All related party transactions have been adequately recorded in the books of the Fund and the Group.

**Other circumstances**

As at the date of this report :

- (i) no charge on the assets of the Fund and the Group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Fund and the Group could become liable; and
- (iii) no contingent liabilities or other liabilities of the Fund and the Group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Board members, will or may substantially affect the ability of the Fund and the Group to meet its obligations as and when they fall due.

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


**Unusual transactions**

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


**Board members benefits**

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

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



Chairman



Board Member

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY  
STATEMENT BY BOARD MEMBERS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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In the opinion of the board Members:

- (a) the accompanying statements of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Fund and the Group for the year ended 31 December 2021.
- (b) the accompanying balance sheets is drawn up so as to give a true and fair view of the state of the Fund's and the Group's affairs as at 31 December 2021.
- (c) the accompanying statements of changes in equity for the year ended 31 December 2021 is drawn up so as to give a true and fair view of the movement in shareholders' and members' funds.
- (d) the accompanying statements of cash flows is drawn up so as to give a true and fair view of the cash flows of the Fund and the Group for the year ended 31 December 2021.
- (e) at the date of this statement, there are reasonable grounds to believe that the Group and the Fund will be able to pay its debts as and when they fall due.
- (f) all related party transactions have been adequately recorded in the books of the Fund and the Group.

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

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Board Member



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working world**

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## Independent Auditor's Report

To the members of Sugar Cane Growers Fund

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

### Opinion

We have audited the financial statements of Sugar Cane Growers Fund ("the Fund") and its subsidiary (collectively, "the Group") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and the Group as at 31 December 2021, and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and the Group in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

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

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

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

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

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

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

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



## Independent Auditor's Report (continued)

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's and the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the management and Board Members use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's and the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund and the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the Fund and the Group's financial information of the entities or business activities within the Fund and the Group to express an opinion on the Fund and the Group's financial statements. We are responsible for the direction, supervision and performance of the Fund and the Group audit. We remain solely responsible for our audit opinion.

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

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




Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

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

- i) proper books of account have been kept by the Fund and the Group, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and
- ii) to the best of our information and according to the information and explanations given to us the financial statements give the information required by the Sugar Cane Growers Fund Act 1984, in the manner so required.

  
Ernst & Young  
Chartered Accountants

  
Shaneel Nandan  
Partner  
Nadi, Fiji  
14 February 2024



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Group		Fund	
		2021 \$	2020 \$	2021 \$	2020 \$
Revenue	27	33,357,195	32,780,893	-	-
Cost of goods sold		(26,270,067)	(22,763,418)	-	-
<b>Gross profit</b>		<b>7,087,128</b>	<b>10,017,475</b>	-	-
Finance income	4	2,661,664	2,780,953	2,661,664	2,780,953
Other operating income	5	1,865,718	575,549	1,950,948	947,479
		11,614,510	13,373,977	4,612,612	3,728,432
Administrative and other Operating expenses	6	(4,927,696)	(4,789,157)	(1,539,776)	(1,984,515)
<b>Profit from operations</b>		<b>6,686,814</b>	<b>8,584,820</b>	<b>3,072,836</b>	<b>1,743,917</b>
Finance costs - net		(302,674)	(331,279)	(16,312)	(23,990)
<b>Profit before income tax</b>		<b>6,384,140</b>	<b>8,253,541</b>	<b>3,056,524</b>	<b>1,719,927</b>
Income tax expense	8(a)	(766,562)	(1,446,551)	-	-
<b>Net profit for the year</b>		<b>5,617,578</b>	<b>6,806,990</b>	<b>3,056,524</b>	<b>1,719,927</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>5,617,578</b>	<b>6,806,990</b>	<b>3,056,524</b>	<b>1,719,927</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		5,325,740	6,260,675	3,056,524	1,719,927
Non-controlling interest		291,838	546,315	-	-
		<b>5,617,578</b>	<b>6,806,990</b>	<b>3,056,524</b>	<b>1,719,927</b>

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	Group		Fund	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	9	19,518,520	20,716,513	7,805,703	4,348,308
Investments at fair value through profit or loss	10	6,254,217	5,989,208	6,254,217	5,989,208
Investments at amortised cost	11	15,814,313	16,814,313	15,814,313	16,814,313
Trade and other receivables	12	32,217,765	29,119,666	622,192	825,580
Loans to growers	13	25,207,035	25,450,681	25,207,035	25,450,681
Inventories	14	20,115,646	15,773,779	-	-
Prepayments	15	1,002	4,133	1,002	4,133
Advances to industry related parties	16	5,626,652	5,948,471	5,626,652	5,948,471
Property, plant and equipment	17	2,528,546	3,205,871	92,918	551,866
Intangible assets	18	499,624	272	499,624	-
Right of use asset	28 (a)	214,876	352,214	123,943	258,949
Deferred tax asset	8 (c)	1,436,735	1,222,353	-	-
Investment in subsidiary	19	-	-	13,401,405	13,401,405
Income tax receivable	8 (b)	38,696	-	-	-
<b>Total assets</b>		<b>129,473,627</b>	<b>124,597,474</b>	<b>75,449,004</b>	<b>73,592,914</b>
<b>Liabilities</b>					
Trade and other payables	20	4,969,545	6,008,483	2,787,547	3,769,295
Employee benefits	21	205,966	174,157	120,066	114,774
Borrowings	22	5,847,120	5,802,899	-	-
Lease liabilities	28 (b)	224,897	356,066	129,195	259,585
Deferred grant income	23	13,540,072	12,949,484	3,772	97,360
Current tax liability	8 (b)	-	181,536	-	-
<b>Total liabilities</b>		<b>24,787,600</b>	<b>25,472,625</b>	<b>3,040,580</b>	<b>4,241,014</b>
<b>Equity</b>					
Funds employed / retained earnings		100,388,798	95,063,058	72,408,424	69,351,900
Non-controlling interest	24	4,297,229	4,061,791	-	-
<b>Total equity</b>		<b>104,686,027</b>	<b>99,124,849</b>	<b>72,408,424</b>	<b>69,351,900</b>
<b>Total equity and liabilities</b>		<b>129,473,627</b>	<b>124,597,474</b>	<b>75,449,004</b>	<b>73,592,914</b>

Signed on behalf of the Board.



Chairman



Board Member

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Group	Owners	Non- controlling Interest	Total
	\$	\$	\$
<b>Balance at 1 January 2020</b>	<b>88,802,383</b>	<b>3,590,676</b>	<b>92,393,059</b>
<i>Comprehensive income</i>			
Profit for the year	6,260,675	546,315	6,806,990
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>6,260,675</b>	<b>546,315</b>	<b>6,806,990</b>
<i>Transactions with owners</i>			
Dividends paid	-	(75,200)	(75,200)
<b>Total transactions with owners</b>	<b>-</b>	<b>(75,200)</b>	<b>(75,200)</b>
<b>Balance at 31 December 2020</b>	<b>95,063,058</b>	<b>4,061,791</b>	<b>99,124,849</b>
<i>Comprehensive income</i>			
Profit for the year	5,325,740	291,838	5,617,578
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>5,325,740</b>	<b>291,838</b>	<b>5,617,578</b>
<i>Transactions with owners</i>			
Dividends paid	-	(56,400)	(56,400)
<b>Total transactions with owners</b>	<b>-</b>	<b>(56,400)</b>	<b>(56,400)</b>
<b>Balance at 31 December 2021</b>	<b>100,388,798</b>	<b>4,297,229</b>	<b>104,686,027</b>
<b>Fund</b>		<b>2021</b>	<b>2020</b>
		\$	\$
Balance at 1 January		69,351,900	67,631,973
<i>Comprehensive income</i>			
Profit for the year		3,056,524	1,719,927
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>3,056,524</b>	<b>1,719,927</b>
<b>Balance at 31 December</b>		<b>72,408,424</b>	<b>69,351,900</b>

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Group		Fund	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Operating activities</b>					
Receipts from customers / growers		18,231,540	11,293,008	1,440,405	704,107
Receipt of Government subsidy for fertilizer and weedicide		14,569,782	16,990,486	-	-
Receipt of lending fees		232,886	21,588	232,886	21,588
Insurance claims proceeds		176,178	10,131	-	-
Interest received		2,473,049	1,625,592	2,754,490	1,927,923
Interest lease liability		(21,233)	(28,948)	(16,312)	(23,990)
Payments to suppliers and employees		(36,402,190)	(26,577,761)	(2,388,546)	(2,303,747)
Loans repaid by growers		13,630,445	8,884,717	13,630,445	8,884,717
Loans to growers		(14,147,496)	(8,904,332)	(14,147,496)	(8,904,332)
Net cash (used in)/from operating activities		(1,257,039)	3,314,481	1,505,872	306,266
<b>Investing activities</b>					
Payments for property, plant and equipment		(747,748)	(426,260)	(142,049)	(319,103)
Receipts/(payments) for held-to-maturity investments		1,000,000	(3,500,000)	1,000,000	(3,500,000)
Proceeds from sale of property, plant and equipment		100	49,033	100	8,882
Dividends received from Unit Trust of Fiji		159,006	198,757	159,006	198,757
Dividends (paid) / received		(75,200)	-	724,800	-
Loan repayment - Fiji Sugar Corporation Limited		321,819	968,218	321,819	968,218
Repayment of Government borrowings		(485,999)	(243,000)	-	-
Payment of principal portion of lease liability		(112,932)	(123,022)	(112,153)	(122,280)
Net cash (used in)/from investing activities		59,046	(3,076,274)	1,951,523	(2,765,526)
Net increase / (decrease) in cash and cash equivalents		(1,197,993)	238,207	3,457,395	(2,459,260)
Cash and cash equivalents at the beginning of the year		20,716,513	20,478,306	4,348,308	6,807,568
Cash and cash equivalents at the end of the year	9	19,518,520	20,716,513	7,805,703	4,348,308

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

## SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Corporate information

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

The consolidated financial statements of the Fund as at and for the year ended 31 December 2021 comprise the Fund and its subsidiary, South Pacific Fertilizers Pte Limited (together referred to as the "Group").

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

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

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board on 14 day of February, 2024.

#### 2.1 Basis of preparation

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

##### Statement of compliance

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

##### Presentation of financial statements

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

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2021. The Fund consolidates a subsidiary when it controls it. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.2 Basis of consolidation (continued)**

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

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

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

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

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

**2.3 Summary of significant accounting policies**

**a) Government grants**

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

**b) Current income tax**

*(i) The Fund*

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

*(ii) Subsidiary*

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

**Deferred tax**

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

**b) Current income tax (continued)**

*(ii) Subsidiary (continued)*

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

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

**Sales tax**

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

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

**c) Foreign currency translation**

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

*i) Transactions and balances*

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

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

**d) Property, plant and equipment**

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

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

	<u>Rate</u>
▶ Buildings	5%
▶ Furniture and fittings	5% - 20%
▶ Motor vehicles	25%
▶ Office equipment	25%
▶ Plant and equipment	10% - 25%





**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

**e) Leases (continued)**

*ii) Lease liabilities (continued)*

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

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

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

**Group as a lessor**

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

**f) Borrowing costs**

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

**g) Intangible assets**

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

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

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

**Measurement methods**

*Amortised cost and effective interest rate*

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

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

*Measurement methods (continued)*

*Amortised cost and effective interest rate (continued)*

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

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

*Interest income*

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

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

*Initial recognition and measurement*

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

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

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

***Financial assets***

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

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

- ▶ Amortised cost
- ▶ Fair value through profit or loss

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

***Debt instruments***

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

Classification and subsequent measurement of debt instruments depend on:

- (i) the Fund's and the Group's business model for managing the asset
- (ii) the cash flow characteristics of the asset.

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

▶ ***Amortised cost***

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

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

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

▶ ***Fair value through profit or loss***

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

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

*Financial assets (continued)*

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

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

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

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

*Equity instruments*

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

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

*Financial assets (continued)*

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

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

*(ii) Impairment*

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

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

*(iii) Modification of loans*

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

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

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

*Financial assets (continued)*

**(iv) De-recognition other than on a modification**

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

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

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

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

*Financial liabilities*

**(i) Classification and subsequent measurement**

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

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

**(ii) De-recognition**

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

**i) Inventories**

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

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

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

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

**j) Impairment of non-financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

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

**k) Cash and cash equivalents**

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

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

**l) Provisions**

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

**m) Employee benefits**

*Employee entitlements*

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

*Pension obligations*

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

*Other employee benefits*

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

**n) Investments**

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

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

**o) Revenue recognition**

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

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

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

*(i) Sale of goods*

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

*(ii) Government grants and deferred grant income*

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

*(iii) Interest income*

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



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.3 Summary of significant accounting policies (continued)**

**p) Share capital**

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**q) Value Added Tax (VAT)**

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

**r) Statutory liabilities**

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

**2.4 Standards issued but not yet effective**

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

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

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

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

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

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2.4 Standards issued but not yet effective (continued)**

**Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

**3. Significant accounting judgements, estimates and assumptions**

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

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

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

**Judgements**

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

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

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

**Estimates and assumptions**

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

*(a) Impairment of non-financial assets*

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Estimates and assumptions (continued)**

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

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

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

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

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

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

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

*(c) Fair value measurement of financial assets*

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

*(d) Leases - Estimating the incremental borrowing rate*

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

*(e) Going concern*

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Group		Fund	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>4. Finance income</b>				
Interest - Priority loans	106,526	169,690	106,526	169,690
- Specialised loans	1,386,366	1,226,900	1,386,366	1,226,900
- Term deposits	616,794	831,302	616,794	831,302
- Government bonds	114,243	114,243	114,243	114,243
- Fiji Sugar Corporation Limited	437,735	438,818	437,735	438,818
	<u>2,661,664</u>	<u>2,780,953</u>	<u>2,661,664</u>	<u>2,780,953</u>
<b>5. Other operating income</b>				
Lending fees	232,886	21,588	232,886	21,588
Bad debts recovered	900	-	900	-
Board allowance	28,328	46,771	28,328	46,771
Dividends - South Pacific Fertilizers Pte Limited (refer Note (a))	-	-	543,600	724,800
Dividend income - Unit Trust of Fiji	159,006	198,757	159,006	198,757
Gain on disposal of property, plant and equipment	100	46,253	100	6,102
Gain/(loss) on remeasurements of investments to fair value	265,009	(980,534)	265,009	(980,534)
Grant income - benefit of nil rate of interest on government loan (refer to (b))	281,441	302,331	-	-
Insurance proceeds	176,178	10,131	-	-
Net-off loan provision write back	488,579	477,543	488,579	477,543
Suspended interest released	204,321	21,436	204,321	21,436
Sundry income	28,970	431,273	28,219	431,016
	<u>1,865,718</u>	<u>575,549</u>	<u>1,950,948</u>	<u>947,479</u>

**(a) Dividends - South Pacific Fertilizers Pte Ltd**

During the year dividend of \$600,000 was approved by the subsidiary of which \$543,600 related to the Fund's share of dividends for the financial year ended 31 December 2021.

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

Grant income of \$281,441 (2020: \$302,331) representing the amortised portion of deferred grant income relating to the benefit of the nil rate of interest on government loan received by the subsidiary ([Note 23](#)) was recognised and included in other income.

**6. Administrative and other operating expenses**

	\$	\$	\$	\$
Auditor's remuneration - audit	24,000	24,000	11,500	11,500
- other services	8,239	38,138	3,500	3,500
Accounting and other assurance services	6,821	45,018	6,821	60,018
Depreciation - property, plant & equipment	924,454	980,513	101,373	118,991
- Right-of-use	119,101	116,591	116,769	114,259
Directors fees	69,563	53,860	43,350	37,400
Insurance for growers (refer (i))	-	307,598	-	307,598
Staff costs (refer <a href="#">Note 7</a> )	1,345,399	1,353,343	905,574	951,550
Others	2,430,119	1,870,096	350,889	379,699
	<u>4,927,696</u>	<u>4,789,157</u>	<u>1,539,776</u>	<u>1,984,515</u>

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Administrative and other operating expenses (continued)**

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

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.

	Group		Fund	
	2021	2020	2021	2020
<b>7. Staff costs</b>	\$	\$	\$	\$
Wages and salaries - administrative expense	629,922	633,548	517,039	553,565
Fiji National Provident Fund contributions	98,756	92,791	49,844	50,089
Key management compensation- short term benefits	557,405	605,909	286,200	330,259
Fiji National University levy	15,273	10,792	8,448	7,334
Staff bonus	28,408	-	28,408	-
Other staff costs	15,635	10,303	15,635	10,303
	<u>1,345,399</u>	<u>1,353,343</u>	<u>905,574</u>	<u>951,550</u>
Wages and salaries - cost of sales	342,173	311,012	-	-
	<u>1,687,572</u>	<u>1,664,355</u>	<u>905,574</u>	<u>951,550</u>

**8. Income tax**

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

	\$	\$	\$	\$
Current tax	772,033	1,446,348	-	-
Deferred tax	(5,471)	203	-	-
	<u>766,562</u>	<u>1,446,551</u>	<u>-</u>	<u>-</u>

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

	\$	\$	\$	\$
Operating profit before income tax	6,384,141	8,253,540	3,056,524	1,719,927
Prima facie tax payable at 20%	1,276,828	1,650,708	611,305	343,985
Tax effect of non-deductible expenses:				
- exempt income	(502,585)	(199,025)	(611,305)	(343,985)
- adjustment in respect of current income tax of previous year	(2,210)	(5,335)	-	-
- other non-deductible expenses	(5,471)	203	-	-
Income tax expense	<u>766,562</u>	<u>1,446,551</u>	<u>-</u>	<u>-</u>
Current tax liability - 1 January	181,536	93,259	-	-
Income tax paid	(986,794)	(1,358,274)	-	-
Current tax liability - 31 December	<u>(38,696)</u>	<u>181,536</u>	<u>-</u>	<u>-</u>

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. Income tax (continued)**

	Group		Fund	
	2021	2020	2021	2020
(c) Deferred tax assets	\$	\$	\$	\$
<i>Deferred tax at 31 December relates to the following:</i>				
Accelerated depreciation for tax purpose	1,290,559	1,202,117	-	-
Allowance for expected credit losses	8,360	8,360	-	-
Provisions for employee entitlements	17,170	11,876	-	-
Provision for inventory in transit	120,646	-	-	-
Net deferred tax assets	<u>1,436,735</u>	<u>1,222,353</u>	-	-
<i>Reflected in the statement of financial position as follows:</i>				
Deferred tax assets, net	<u>1,436,735</u>	<u>1,222,353</u>	-	-

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

9. Cash and cash equivalents	\$	\$	\$	\$
Cash on hand	1,300	1,300	950	950
Cash at bank – operating	18,390,407	18,100,227	6,677,940	1,732,372
Cash at bank - CDRF	1,119,341	2,512,626	1,119,341	2,512,626
Vodafone – Mpaisa	3,800	5,000	3,800	5,000
Cash at Bank – New Cane Farmer Assistance Grant	3,672	97,360	3,672	97,360
	<u>19,518,520</u>	<u>20,716,513</u>	<u>7,805,703</u>	<u>4,348,308</u>

**10. Investment at fair value through profit or loss**

	\$	\$	\$	\$
Units at fair value (refer to note below)	<u>6,254,217</u>	<u>5,989,208</u>	<u>6,254,217</u>	<u>5,989,208</u>

**Reconciliation of investment in Unit Trust of Fiji**

At 1 January	5,989,208	6,969,742	5,989,208	6,969,742
Gain(loss) on remeasurement of investment to fair value	265,009	(980,534)	265,009	(980,534)
At 31 December	<u>6,254,217</u>	<u>5,989,208</u>	<u>6,254,217</u>	<u>5,989,208</u>

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

	Units held (unit)	Fair value per unit \$	Extended value \$
Investment	2,650,092	2.36	6,254,217

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Group		Fund	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>11. Investments—at amortised cost</b>				
<i>Term deposits</i>				
Credit Corporation	4,000,000	4,000,000	4,000,000	4,000,000
Fiji Development Bank	3,000,000	3,000,000	3,000,000	3,000,000
Home Finance Limited	1,000,000	-	1,000,000	-
Kontiki Finance Limited	3,000,000	4,000,000	3,000,000	4,000,000
Merchant Finance Limited	3,000,000	4,000,000	3,000,000	4,000,000
	<u>14,000,000</u>	<u>15,000,000</u>	<u>14,000,000</u>	<u>15,000,000</u>
<i>Bonds</i>				
Government Infrastructure Bond	1,000,000	1,000,000	1,000,000	1,000,000
Government Green Bond	861,000	861,000	861,000	861,000
	<u>1,861,000</u>	<u>1,861,000</u>	<u>1,861,000</u>	<u>1,861,000</u>
Less: Loss allowance (ECL)	(46,687)	(46,687)	(46,687)	(46,687)
	<u>15,814,313</u>	<u>16,814,313</u>	<u>15,814,313</u>	<u>16,814,313</u>

(a) The interest rates on term deposits in 2021 range from 1.35% to 6% (2020: 3.3% to 6%) with terms ranging from 12 months to 36 months. (2020: 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.

	\$	\$	\$	\$
<b>12. Trade and other receivables</b>				
Trade receivables	30,575,756	27,082,889	-	-
Other receivables	1,642,009	2,036,777	622,192	825,580
	<u>32,217,765</u>	<u>29,119,666</u>	<u>622,192</u>	<u>825,580</u>

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. Trade receivables from Fiji Sugar Corporation Limited ("FSC") amount to \$25,589,602 (2020: \$25,203,977) at year end.

As at 31 December 2021, the subsidiary has trade receivables of \$30,575,756 (2020: \$27,082,889) which is net of an allowance for expected credit losses of \$41,800 (2020: \$41,800).

	2021	2020
	\$	\$
As at 1 January	41,800	-
Provision for expected credit losses*	-	41,800
As at 31 December	<u>41,800</u>	<u>41,800</u>

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

	\$	\$	\$	\$
<b>13. Loans to growers</b>				
Secured loans to growers	26,474,996	24,693,908	26,474,996	24,693,908
Cane Development Revolving Fund	1,355,135	897,547	1,355,135	897,547
	<u>27,830,131</u>	<u>25,591,455</u>	<u>27,830,131</u>	<u>25,591,455</u>
Accrued interest	(70,638)	3,238,768	(70,638)	3,238,768
	<u>27,759,493</u>	<u>28,830,223</u>	<u>27,759,493</u>	<u>28,830,223</u>
Less: Loss allowance (ECL)	(2,552,458)	(3,379,542)	(2,552,458)	(3,379,542)
	<u>25,207,035</u>	<u>25,450,681</u>	<u>25,207,035</u>	<u>25,450,681</u>

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Group		Fund	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>14. Inventories</b>				
Raw materials	4,208,945	4,179,834	-	-
Packing materials	796,413	343,744	-	-
Finished goods	1,905,518	2,045,447	-	-
Weedicide	2,613,804	2,840,614	-	-
	<u>9,524,680</u>	<u>9,409,639</u>	-	-
Goods in transit	11,194,199	6,364,140	-	-
Provision for inventory in transit	(603,233)	-	-	-
	<u>20,115,646</u>	<u>15,773,779</u>	-	-

Inventories valued at \$74,482 (2020:\$214,569) was expensed during the year as it got spoilt during Tropical Cyclone.

<b>15. Prepayments</b>	\$	\$	\$	\$
Prepayments – others	<u>1,002</u>	<u>4,133</u>	<u>1,002</u>	<u>4,133</u>
<b>16. Advances to industry related entities</b>	\$	\$	\$	\$
Receivable from Fiji Sugar Corporation Limited	5,721,804	6,043,623	5,721,804	6,043,623
Less: Loss allowance (ECL)	(95,152)	(95,152)	(95,152)	(95,152)
	<u>5,626,652</u>	<u>5,948,471</u>	<u>5,626,652</u>	<u>5,948,471</u>

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

**17. Property, plant and equipment**

Group	Plant, office equipment and furniture & fittings				Work in progress	Total
	Land and buildings	Motor vehicles	Motor vehicles	Motor vehicles		
<i>Cost or valuation</i>	\$	\$	\$	\$	\$	
At 1 January 2020	12,158,626	5,119,437	1,848,997	127,901	19,254,961	
Additions	-	26,610	138,642	261,008	426,260	
Disposals	-	(80,307)	(140,085)	-	(220,392)	
Reclassification*	-	(10,176)	-	-	(10,176)	
At 31 December 2020	<u>12,158,626</u>	<u>5,055,564</u>	<u>1,847,554</u>	<u>388,909</u>	<u>19,450,653</u>	
Additions	458,378	96,635	82,020	110,715	747,748	
Disposals	(458,378)	(1,422)	-	-	(459,800)	
Reclassification*	-	-	-	(499,624)	(499,624)	
At 31 December 2021	<u>12,158,626</u>	<u>5,150,777</u>	<u>1,929,574</u>	<u>-</u>	<u>19,238,977</u>	

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



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
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**17. Property, plant and equipment (continued)**

Group	Land and	Plant, office	Motor vehicles	Work in	Total
	buildings	equipment and furniture & fittings		progress	
<i>Depreciation and impairment</i>	\$	\$	\$	\$	\$
At 1 January 2020	(9,633,903)	(4,312,660)	(1,545,494)	-	(15,492,057)
Depreciation charge	(553,180)	(253,916)	(173,417)	-	(980,513)
Disposals	-	78,985	138,627	-	217,612
Reclassification*	-	10,176	-	-	10,176
At 31 December 2020	(10,187,083)	(4,477,415)	(1,580,284)	-	(16,244,782)
Depreciation charge	(555,214)	(206,279)	(162,961)	-	(924,454)
Disposals	458,378	427	-	-	458,805
At 31 December 2021	(10,283,919)	(4,683,267)	(1,743,245)	-	(16,710,431)
<b>Net book value:</b>					
At 31 December 2021	1,874,707	467,510	186,329	-	2,528,546
At 31 December 2020	1,971,543	578,149	267,270	388,909	3,205,871
Fund	Furniture and fittings	Office Equipment	Motor Vehicle	Work in progress	Total
<i>Cost or valuation</i>	\$	\$	\$	\$	\$
At 1 January 2020	105,745	131,422	409,900	127,901	774,968
Additions	3,900	6,195	48,000	261,008	319,103
Disposals	(4,554)	(11,805)	(14,000)	-	(30,359)
Reclassification*	-	(10,176)	-	-	(10,176)
At 31 December 2020	105,091	115,636	443,900	388,909	1,053,536
Additions	7,283	24,051	-	110,715	142,049
Reclassification*	-	-	-	(499,624)	(499,624)
At 31 December 2021	112,374	139,687	443,900	-	695,961
<b>Depreciation and impairment</b>					
At 1 January 2020	(83,947)	(92,383)	(244,104)	-	(420,434)
Depreciation charge	(5,030)	(18,444)	(95,517)	-	(118,991)
Disposals	3,545	11,492	12,542	-	27,579
Reclassification*	-	10,176	-	-	10,176
At 31 December 2020	(85,432)	(89,159)	(327,079)	-	(501,670)
Depreciation charge	(4,809)	(21,235)	(75,329)	-	(101,373)
Reclassification*	-	-	-	-	-
At 31 December 2021	(90,241)	(110,394)	(402,408)	-	(603,043)
<b>Net book value:</b>					
At 31 December 2021	22,133	29,293	41,492	-	92,918
At 31 December 2020	19,659	26,477	116,821	388,909	551,866

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



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
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**22. Borrowings (continued)**

The loan from Government of Fiji amounting to \$9,722,100 was appropriated for in the 2015 National Budget. The loan is repayable by semi-annually instalments of \$243,000 commencing from 1 September 2020 for a term of 25 years, and no interest will be charged on the loan. A deferred grant income of \$3,145,979 representing the benefit of the nil rate of interest was recognised separately, and is measured as the difference between the present value of all future cash repayments over the term of the loan discounted using the prevailing market rate of interest for similar instrument (which was determined at 4.85%), 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 2021 was \$3,145,979 (2020: \$3,676,200). Interest expense is determined at the estimated market interest rate of 4.85% (2020: 5.21%) is also recognised in the statement of profit or loss and other comprehensive income over the term of the loan. Grant income and interest expense is recognised in the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2021 amounted to \$281,441 (2020: \$302,331).

	Group		Fund	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>23. Deferred grant income</b>				
Benefit of nil rate of interest on Government loan	3,145,979	3,676,200	-	-
Government fertilizer price subsidy	10,131,854	7,047,415	-	-
Government weedicide price subsidy	258,467	2,128,509	-	-
New cane farmers assistance grant	3,772	97,360	3,772	97,360
	<u>13,540,072</u>	<u>12,949,484</u>	<u>3,772</u>	<u>97,360</u>

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

In 2021, loan advances of \$82,083 were paid out of the grant funds to growers, and interest of \$3,562 was credited to the cane farmer assistance grant bank account. An amount of \$7,934 was paid out of the grant funds to Fiji Revenue and Customs Services for VAT on grant.

**24. Non-controlling interest**

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

	2021	2020
	\$	\$
<b>Summarised Statement of Financial Position</b>		
Current assets	63,967,636	60,436,070
Current liabilities	(13,612,803)	(12,077,725)
<b>Current net assets</b>	<u>50,354,833</u>	<u>48,358,345</u>
Non-current assets	4,001,719	3,969,622
Non-current liabilities	(8,641,350)	(9,117,420)
<b>Non-current - net assets</b>	<u>(4,639,631)</u>	<u>(5,147,798)</u>
<b>Net assets</b>	<u>45,715,202</u>	<u>43,210,547</u>
<b>Accumulated NCI</b>	<u>4,297,229</u>	<u>4,061,791</u>

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
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24. Non-controlling interest (continued)	2021	2020
<i>Summarised Statement of Profit or Loss and Other Comprehensive Income:</i>	<b>\$</b>	<b>\$</b>
Revenue	33,357,195	32,780,893
Gross profit for the year	7,087,128	10,017,475
Net profit for the year	3,104,655	5,811,863
Total comprehensive income	3,104,655	5,811,863
Profit allocated to NCI	291,838	546,315
<i>Summarised Statement of Cash Flows:</i>	<b>\$</b>	<b>\$</b>
Cash flows used in operating activities	(2,762,911)	3,008,215
Cash flows used in investing activities	(605,698)	(67,006)
Cash flows used in financing activities	(1,286,779)	(243,742)
Net cash and cash equivalents attributing to (decrease)/increase in cash flows	<u>(4,655,388)</u>	<u>2,697,467</u>

**25. Related parties**

**(a) Board members**

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

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

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

**(b) Key management personnel**

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

**(c) Related parties**

South Pacific Fertilizers Pte Limited is a subsidiary of the Fund. Majority shares in South Pacific Fertilizers Pte Limited are owned by the Fund, with non-controlling interests held by the Sugar Cane Growers Council. Other related parties of the Fund include key stakeholders in the Fiji Sugar Industry, namely, the Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji and Sugar Cane Growers Council, Sugar Industry Tribunal and Ministry of Sugar.

**(d) Transactions with related parties**

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**25. Related Parties (continued)**

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

	Group		Fund	
	2021	2020	2021	2020
<i>Loans to Fiji Sugar Corporation Limited</i>	\$	\$	\$	\$
At 1 January	5,948,471	6,916,693	5,948,471	6,916,693
Interest earned	437,735	438,818	437,735	438,818
Loan restructure fee	-	19,253	-	19,253
Loan repayment (principal and interest)	(759,554)	(1,426,293)	(759,554)	(1,426,293)
At 31 December	<u>5,626,652</u>	<u>5,948,471</u>	<u>5,626,652</u>	<u>5,948,471</u>
			Group	
			2021	2020
			\$	\$
Sale to Sugar Cane Growers Council			<u>3,212,390</u>	<u>3,188,934</u>

**26. Commitments and contingencies**

**(a) Contingent liabilities**

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

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

	Group		Fund	
	2021	2020	2021	2020
<b>(b) Capital commitments</b>	\$	\$	\$	\$
Capital expenditure commitments		930,000	-	-

**27. Subsidiary revenue**

	2021	2020
	\$	\$
Grant income - Government fertilizer subsidy	13,049,339	13,802,913
Grant income - Government weedicide subsidy	1,520,443	3,187,573
Grant income - Government Tropical Cyclone Yasa weedicide	694,792	-
Grant income - Government Tropical Cyclone Yasa fertiliser	1,431,936	-
Fertilizer sales	10,738,063	11,151,438
Weedicide sales	3,672,499	2,689,320
Rice sales	1,368,839	1,426,085
Other sales	881,284	523,564
	<u>33,357,195</u>	<u>32,780,893</u>

**(a) Grant income - Government fertilizer price subsidy**

In 2021, the Company received government subsidy of \$19.08m (2020: \$16.08m) inclusive of VAT towards fertilizer price for 2021-2022 and 2020-2021 Annual Budget. An amount of \$13,049,339 (2020: \$13,802,913) was recognised and included in revenue and represents the total subsidy at \$25.59 (2020: \$25.59) (vep) per 50kg bag of fertilizer sold. The Cabinet in 2009 approved the fertilizer price of sugar blends to increase from \$19.50 (vep) to \$45.59 (vep) per 50kg bag. Since 2009, a sugarcane farmer paid \$31.50 (vep) while the Government of Fiji contributed \$14.09 (vep) per 50kg bag of fertilizer subsidy. Under the new allocation, a sugarcane farmer pays \$20.00 (vep) while the Government of Fiji contributes \$25.59 (vep) per 50kg bag as fertilizer subsidy. The subsidy balance of \$10,131,854 (2020: 7,047,415) 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 2021.

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**27. Subsidiary revenue (continued)**

**(b) Grant income - Government weedicide price subsidy**

In 2021, the Company received a government subsidy of \$0.47m (2020: \$0.54m) inclusive of VAT towards weedicide price for 2021-2022 and 2020-2021 respectively. An amount of \$1,520,443 (2020: \$3,187,573) was recognised and included in revenue and represents the total subsidised weedicide sold in 2021 through the Sugar Cane Growers Council. Under the subsidy allocation, the Government of Fiji and farmers are required to pay as follows:

2021-2022	Diuron	Amine	Glyphosate*	Valpar	Glyphosate - Long Fallo
	(VEP)	(VEP)	(VEP)	(VEP)	(VEP)
Government of Fiji	\$3.75/kg	\$1.52/litre	-	\$5.22/kg	-
Farmers	\$14.99/kg	\$6.08/litre	-	\$20.86/kg	-

2020-2021	Diuron	Amine	Glyphosate	Valpar	Glyphosate - Long Fallo
	(vep)	(vep)	(vep)	(vep)	(vep)
Government of Fiji	\$10.49/kg	\$4.15/litre	\$2.88/litre	\$14.14/kg	\$5.95/litre
Farmers	\$8.58/kg	\$3.40/litre	\$2.36/litre	\$11.57/kg	\$4.87/litre

\*Glyphosate was banned from August 2021, hence there is no price allocated to this.

The balance of \$258,467 (2020: \$2,128,509) is recognised as deferred income and represents the total subsidy at subsidised price per kg or litre of weedicides that is yet to be sold as at 31 December 2021.

**28. Right-of-use assets and lease liabilities**

	Group		Fund	
	2021	2020	2021	2020
<b>(a) Right-of-use asset</b>	\$	\$	\$	\$
Balance at 1 January	352,214	350,626	258,949	255,029
Additions during the year	14,961	118,179	14,961	118,179
Remeasurements during the year	(33,198)	-	(33,198)	-
Depreciation charge for the year	(119,101)	(116,591)	(116,769)	(114,259)
Balance at 31 December	214,876	352,214	123,943	258,949

**(b) Lease liabilities**

*Lease liabilities included in the statement of financial position at 31 December 2021.*

	\$	\$	\$	\$
Balance at 1 January	356,066	360,909	259,585	263,686
Additions during the year	14,961	118,179	14,961	118,179
Accretion of interest	21,233	28,948	16,312	23,990
Remeasurements during the year	(28,400)	-	(28,400)	-
Payment	(138,963)	(151,970)	(133,263)	(146,270)
As at 31 December	224,897	356,066	129,195	259,585

**This comprise of:**

Current	84,092	156,416	83,273	155,637
Non-current	140,805	199,650	45,922	103,948
	224,897	356,066	129,195	259,585

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**29. Financial risk management**

**Financial risk factors**

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

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

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

**(a) Market risk**

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

**(i) Interest rate risk**

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

**(ii) Foreign currency risk**

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

**(b) Credit risk**

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

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

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

	Group		Fund	
	2021	2020	2021	2020
Maximum exposure to credit risk	\$	\$	\$	\$
Cash at bank	19,517,220	20,715,213	7,804,753	4,347,358
Loans to growers	25,207,035	25,450,681	25,207,035	25,450,681
Trade receivables	30,575,756	27,082,889	-	-
Other receivables	1,642,009	2,036,777	622,192	825,580
Advances to industry related parties	5,626,652	5,948,471	5,626,652	5,948,471
	<u>82,568,672</u>	<u>81,234,031</u>	<u>39,260,632</u>	<u>36,572,090</u>

**(i) Credit risk measurement**

***Loan to growers***

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

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

	\$	\$	\$	\$
Current	24,143,223	19,900,130	24,143,223	19,900,130
Past due 1 year	1,228,839	6,218,168	1,228,839	6,218,168
Past due 2 years	363,322	892,846	363,322	892,846
Past due 3 years and over	2,024,109	1,819,079	2,024,109	1,819,079
	<u>27,759,493</u>	<u>28,830,223</u>	<u>27,759,493</u>	<u>28,830,223</u>

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

Provision for impairment	\$	\$	\$	\$
At 1 January	3,379,542	3,941,546	3,379,542	3,941,546
Provision during the year (IFRS 9)	973,329	-	973,329	-
Write-offs	(1,800,413)	(562,004)	(1,800,413)	(562,004)
	<u>2,552,458</u>	<u>3,379,542</u>	<u>2,552,458</u>	<u>3,379,542</u>



**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

**(i) Credit risk measurement (continued)**

***Trade receivables***

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

***Credit risk grading - Loans to growers***

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

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

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

**(ii) Expected credit loss management**

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

**(ii) Expected credit loss management (continued)**

The following diagram summarises the impairment requirements under IFRS 9.

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

**Significant Increase in Credit Risk (SICR)**

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

**Qualitative Criteria**

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

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

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

**Definition of default and credit-impaired assets**

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

**Quantitative criteria**

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

**Qualitative criteria**

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

**(ii) Expected credit loss management (continued)**

***Qualitative criteria (continued)***

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

***Measuring ECL - Explanation of inputs, assumptions and estimation techniques***

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

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

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

**Forward-looking information incorporated in the ECL models**

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

**(ii) Expected credit loss management (continued)**

**(iii) Credit risk exposure**

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

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

	2021			2020	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
<b>Credit grade</b>					
Standard	23,398,387	-	-	23,398,387	22,667,102
Special Mention	-	986,131	-	986,131	81,435
Sub Standard	-	169,753	-	169,753	29,983
Doubtful	-	-	1,266,320	1,266,320	651,893
Loss	-	-	654,405	654,405	1,263,495
Gross carrying amount *	23,398,387	1,155,884	1,920,725	26,474,996	24,693,908
Loss allowance	(1,455,126)	(89,177)	(1,008,155)	(2,552,458)	(3,379,542)
<b>Carrying amount *</b>	<b>21,943,261</b>	<b>1,066,707</b>	<b>912,570</b>	<b>23,922,538</b>	<b>21,314,366</b>

\* Excludes Cane Development Revolving Fund and Accrued interest.

**b) Collateral and other credit enhancements**

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

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

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

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**29. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

**(ii) Expected credit loss management (continued)**

**(iii) Credit risk exposure (continued)**

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	\$	\$	\$	\$
<b>Credit-impaired assets</b>				
Loans to individuals:				
Specialised	1,570,513	702,934	867,579	2,735,060
Priority	350,212	305,221	44,991	-
<b>Total credit-impaired assets</b>	<b>1,920,725</b>	<b>1,008,155</b>	<b>912,570</b>	<b>2,735,060</b>

**c) Loss allowance**

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

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

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

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

**d) Write-off policy**

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

The Fund and the Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2021 was \$1,800,413 (2020: \$305,979). The Fund and the Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**29. Financial risk management objectives and policies (continued)**

**c) Liquidity risk**

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

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

<b>Group</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>At 31 December 2021</b>					
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	696,069	-	-	-	696,069
Other payables	1,683,063	-	-	-	1,683,063
Borrowings	-	486,000	1,944,000	6,563,099	8,993,099
Lease liabilities	-	88,973	68,722	67,202	224,897
	<u>2,379,132</u>	<u>574,973</u>	<u>2,012,722</u>	<u>6,630,301</u>	<u>11,597,128</u>
<b>At 31 December 2020</b>					
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	340,381	-	-	-	340,381
Other payables	2,183,146	-	-	-	2,183,146
Borrowings	-	486,000	1,944,000	7,049,100	9,479,100
Lease liabilities	-	138,963	134,739	82,364	356,066
	<u>2,523,527</u>	<u>624,963</u>	<u>2,078,739</u>	<u>7,131,464</u>	<u>12,358,693</u>
<b>Fund</b>					
	<b>On demand</b>	<b>1 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>At 31 December 2021</b>					
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other payables	226,259	-	-	-	226,259
Lease liabilities	-	83,273	45,922	-	129,195
	<u>226,259</u>	<u>83,273</u>	<u>45,922</u>	<u>-</u>	<u>355,454</u>
<b>At 31 December 2020</b>					
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other payables	284,597	-	-	-	284,597
Lease liabilities	-	133,663	111,539	14,383	259,585
	<u>284,597</u>	<u>133,663</u>	<u>111,539</u>	<u>14,383</u>	<u>544,182</u>

**30. Capital management**

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**30. Capital management (continued)**

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

**31. Events subsequent to balance date**

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

In accordance with Income Tax (Rates of Tax and Levies) (Amendment) (No. 2) Regulations 2023, commencing from financial year ending 31 December 2023 (tax year 2023), the Group will be subject to corporate income tax at the rate of 25%. Accordingly, the current corporate income tax rate of 20% will increase to 25% from financial year ending 31 December 2023.

**(ii) Undertaking from the Government of Fiji**

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

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

**32. Significant event during the year**

**Fertiliser cost**

The cost of procuring fertiliser significantly increased during the year by two to three-fold arising from global pressures such as; surge in global demand for fertiliser, international sanctions/political instabilities in key fertiliser producing countries and export ban being imposed by China to encourage stock piling within. In addition, COVID-19 pandemic has caused significant disruption in shipping routes inflating cartage cost by three-fold. All this has resulted in increased cost of sales being recorded at year end.

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

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

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

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

**SUGAR CANE GROWERS FUND AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**34. Segment information**

**Industry segment**

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

**Geographical segment**

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

**35. Principal business activity**

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

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

**36. Fund details**

**Registered Office**

2 floor  
Sugar Cane Growers Council Building  
75 Drasa Avenue  
Lautoka

**Number of Employees**

As at balance date, the Fund employed a total of 35 employees (2020: 30 employees).