

Sugar Research Institute of Fiji

Financial statements for the year ended

31 December 2011

Sugar Research Institute of Fiji

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Sugar Research Institute of Fiji

Board report

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Sugar Research Institute of Fiji (the "Institute") as at 31 December 2011 and the related statement of comprehensive income and statement of cash flows for the year ended on that date and report as follows:

Board members

The Board members in office during the year end at the date of this report are:

Dr John Morrison - Chairman

Sundresh Chetty

Viliame Gucake

Dr. Krishnamurthi

Suresh Patel

Mangaiya Reddy

Seru Vularika

State of affairs

In the opinion of the Board the accompanying statement of financial position gives a true and fair view of the state of affairs of the Institute as at 31 December 2011 and the accompanying statement of comprehensive income and statement of cash flows give a true and fair view of the results and cash flows of the Institute for the year then ended.

Results

The surplus for the year was \$Nil (2010: \$Nil) after accounting for income tax benefit of \$49,560 (income tax expense 2010: \$49,560).

Principal activity

The functions of the Institute are outlined under the Sugar Research Institute of Fiji Act No 14 of 2005, which includes promoting by means of research and investigation, the technical advancement, efficiency and productivity of the sugar industry, and to provide its functions, powers, administration and finance and for related matters.

Current assets

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

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

Sugar Research Institute of Fiji

Board report (continued)

Receivables

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

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

Related party transactions

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

Other circumstances

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

Unusual circumstances


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

Events subsequent to balance date

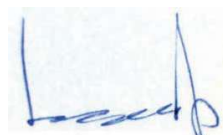
There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board members, to affect significantly the operations of the Institute, the results of those operations or the state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

Dated at Lautoka this 22nd day of September 2012 .

Signed in accordance with a resolution of the Board.



Chairman



Board member



Honourable Commodore Josaia Voreqe Bainimarama
Minister responsible for the Sugar Industry
PO Box 2212
Government Buildings
Suva

Dear Minister,

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD MEMBERS OF SUGAR RESEARCH INSTITUTE OF FIJI

We have audited the accompanying financial statements of Sugar Research Institute of Fiji ("the Institute"), which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 17.

Directors' and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis of Qualification

VAT payable

The financial statements currently show an amount of VAT payable to the Fiji Government of \$287,899. The VAT status of the Institute is currently being determined with FIRCA and it is not presently known what the outcome of this will be. The impact on the amount recorded in the financial statements is currently incapable of determination, and accordingly, we are not able to determine what adjustments, if any, might be necessary to the amounts recorded in the financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD MEMBERS OF SUGAR RESEARCH INSTITUTE OF FIJI (continued)**

Qualified Opinion

In our opinion, except for the effect, if any, of the matter referred to in the qualification paragraph above, the financial statements give a true and fair view of the financial position of Sugar Research Institute of Fiji as at 31 December 2011 and of its financial performance, its changes in operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effect, if any, of the qualifications stated above:

- i) proper books of account have been kept by the Institute, so far as it appears from our examination of those books;
- ii) the financial statements are in agreement with the books of account; and
- iii) to the best of our information and according to the explanations given to us the financial statements give the information required by the Sugar Research Institute of Fiji Act, 2005 in the manner so required.

**22 September 2012
Nadi, Fiji Islands**

A handwritten signature in black ink, appearing to be 'KPMG', is written over the printed name of the firm.

**KPMG
Chartered Accountants**

Sugar Research Institute of Fiji
Statement of comprehensive income
For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Contributions and grants	5	899,948	2,831,840
Estate income		825,001	755,201
Other income	6	<u>966,375</u>	<u>27,110</u>
Total income		2,691,324	3,614,151
Cost of operations		(1,474,265)	(1,405,524)
Administrative expenses		<u>(1,261,810)</u>	<u>(2,154,706)</u>
Surplus from operations	7	(44,751)	53,921
Finance expense	8	<u>(4,809)</u>	<u>(4,361)</u>
Surplus before tax		(49,560)	49,560
Income tax benefit/(expense)	9	<u>49,560</u>	<u>(49,560)</u>
Surplus after income tax		<u>-</u>	<u>-</u>
Other comprehensive income net of income tax		-	-
Total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 8 to 17 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of financial position
As at 31 December 2011


	Note	2011 \$	2010 \$
Assets			
Non-current assets			
Property, plant and equipment	10	<u>3,270,397</u>	<u>3,003,668</u>
Total non-current assets		<u><u>3,270,397</u></u>	<u><u>3,003,668</u></u>
Current assets			
Cash and cash equivalents	11	1,691,827	727,629
Inventories		1,311	-
Receivables and prepayments	12	13,292	48,467
Receivable from related parties	16(b)	<u>5,495,366</u>	<u>4,295,366</u>
Total current assets		<u><u>7,201,796</u></u>	<u><u>5,071,462</u></u>
Total assets		<u><u>10,472,193</u></u>	<u><u>8,075,130</u></u>
Current liabilities			
Deferred income	13	6,435,861	3,736,273
Payable to related parties	16(c)	3,595,739	4,022,442
Employee benefits	14	36,831	33,060
Trade and other payables	15	403,762	233,795
Provision for income tax	9	<u>-</u>	<u>49,560</u>
Total current liabilities		<u><u>10,472,193</u></u>	<u><u>8,075,130</u></u>
Total liabilities		<u><u>10,472,193</u></u>	<u><u>8,075,130</u></u>

Signed on behalf of the board

Chairman



Board Member



The notes on pages 8 to 17 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of cash flows
For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Operating activities			
Receipts from stakeholders and donors		2,726,087	2,440,856
Payment to suppliers and employees		<u>(2,707,020)</u>	<u>(1,977,332)</u>
Cash flows (used in)/ from operating activities		<u>19,067</u>	<u>463,524</u>
Investing activities			
Proceeds from sale of property, plant and equipment		-	22,391
Acquisition of property, plant and equipment		<u>(554,869)</u>	<u>(1,539,020)</u>
Cash flows used in investing activities		<u>(554,869)</u>	<u>(1,516,629)</u>
Financing activities			
Grant income from stakeholders		<u>1,500,000</u>	<u>1,006,694</u>
Cash flows used in financing activities		<u>1,500,000</u>	<u>1,006,694</u>
Net decrease in cash and cash equivalents		964,198	(46,411)
Cash and cash equivalents at the beginning of the year		<u>727,629</u>	<u>774,040</u>
Cash and cash equivalents at 31 December	11	<u>1,691,827</u>	<u>727,629</u>

The notes on pages 8 to 17 are an integral part of these financial statements.

Sugar Research Institute of Fiji

Notes to the financial statements

For the year ended 31 December 2011

1. Reporting entity

Sugar Research Institute of Fiji (the "Institute") is a body corporate domiciled in Fiji, established under the Sugar Research Institute of Fiji Act 2005. The address of the Institute's registered office is Drasa, Lautoka, Fiji.

The functions of the Institute are outlined under Sugar Research Institute of Fiji Act No 14 of 2005, which includes promoting by means of research and investigation, the technical advancement, efficiency and productivity of the sugar industry, and to provide its functions, powers, administration and finance and for related matters.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Board on 22nd September 2012

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where stated.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars which is the Institute's functional currency.

(d) Use of estimates and judgments

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

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statement.

(a) Foreign currency transactions

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

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(a) Foreign currency transactions (continued)

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

(b) Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of plant and equipment (calculated as a difference between net proceeds from disposal and carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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

Depreciation

Items of property, plant and equipment are depreciated in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Institute will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Computers	5 years
Fixtures and fittings	10 years
Motor vehicles	6.67 years
Plant and Equipment	6.67 - 10 years

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

Sugar Research Institute of Fiji

Notes to the financial statements

For the year ended 31 December 2011

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial assets

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

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

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

The Institute classifies non-derivative financial assets into loans and receivables.

Loans and receivables

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

Loans and receivables comprise receivables from related party, other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and cash on hand.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date the Institute becomes a party to the contractual provisions of the instrument.

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

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

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

The Institute has the following non-derivative financial liabilities: trade and other payables and payable to related party.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(e) Impairment

(i) Non-derivative financial assets

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

Financial assets measured at amortised cost

The Institute considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at a specific asset level.

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

(ii) Non-financial assets

At each reporting date non financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

(f) Trade payables and other payables

Trade and other payables are non-interest-bearing and are stated at cost.

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

(g) Revenue

Grant income

An unconditional government grant related to an asset is recognised in profit or loss as other income when the grant becomes receivable.

Grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Institute will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Institute for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(h) Employee benefits

Superannuation

Obligations for contributions to the Fiji National Provident Fund (FNPF) are recognised as an expense in the profit or loss when they are incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in the profit or loss as the related service is provided.

(i) Finance expenses

Finance expense comprise bank charges.

Income

(j) tax

The Institute is not subject to income tax.

Financial risk

4. management

The financial statements do not disclose information relating to the nature and extent of risks arising from financial instruments to which the Institute is exposed at year end, since credit risk, liquidity risk and market fluctuations are not material to the Institute.

5. Contributions and grants

Contributions from stakeholders and grants that compensate the Institute for revenue and capital expenditure are recognised from deferred income as follows:

	2011	2010
	\$	\$
African Caribbean and Pacific Group of States (ACP)	12,942	-
Contribution from the Fiji Government	258,812	682,892
European Union	71,435	870,895
Fiji Sugar Corporation (FSC)	249,318	642,270
Sugar Cane Growers	247,801	635,783
Mauritius Sugar Research Institute (MISRI)	59,640	-
	<u>899,948</u>	<u>2,831,840</u>

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

6. Other income

Included in other income is \$953,885 which relates to reversal of 2010 payable to FSC with respect to NIR charges. These charges are no longer payable by the Institute.

7. Surplus from operations	2011		2010
	\$		\$
(a) Surplus from operations has been arrived at after including the following items:			
Auditors remuneration - audit	7,200	#	7,200
- other services	8,878	#	4,861
Board fees	35,875		36,750
Depreciation	288,140		255,177
FSC costs	562,102		1,392,913
Gain on sale of property, plant and equipment	-	#	22,391
Insurance	37,326		46,355
Legal fees	3,742		10,786
	<u> </u>		<u> </u>
(b) Personnel expenses			
Fiji National Provident Fund contributions	48,489		50,054
Training and Productivity Authority of Fiji	4,647		4,897
Key management compensation - short term benefits	143,449		143,449
Wages and salaries	325,277		345,933
	<u> </u>		<u> </u>
	<u>521,862</u>		<u>544,333</u>
8. Finance expense			
Bank charges	4,809		4,361
	<u> </u>		<u> </u>

9. Income tax benefit / (expense)

In 2012 the Fiji Revenue and Customs Authority confirmed that the entity is not subject to income tax hence the 2010 income tax expense was reversed in 2011.

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

	2011 \$	2010 \$
11. Cash and cash equivalents		
Cash at bank	1,691,504	727,344
Cash on hand	323	285
Cash and cash equivalents in the statement of cash flows	<u>1,691,827</u>	<u>727,629</u>
12. Receivables and prepayments		
Receivable from European Union	-	42,131
Other receivables	12,992	2,767
Prepayments	300	3,569
	<u>13,292</u>	<u>48,467</u>
13. Deferred income		
Balance at the beginning of the year	3,736,273	3,052,836
Funds received or receivable during the period	3,599,536	3,515,277
Utilised during the period	(899,948)	(2,831,840)
Balance at 31 December	<u>6,435,861</u>	<u>3,736,273</u>
This is comprised as follows:		
Contribution from stakeholders	4,218,463	2,445,577
European Union grant	1,219,262	1,290,696
African Caribbean and Pacific Group of States (ACP)	873,006	-
Mauritius Sugar Research Institute (MISRI)	125,130	-
	<u>6,435,861</u>	<u>3,736,273</u>
14. Employee benefits		
Balance at 1 January	33,060	35,108
Net movement during the year	3,771	(2,048)
Balance at 31 December	<u>36,831</u>	<u>33,060</u>
15. Trade and other payables		
Trade payables	67,334	26,287
Other payables	48,529	28,540
VAT payable	287,899	178,968
	<u>403,762</u>	<u>233,795</u>

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

16. Related parties

Related parties of the Institute include key stakeholders in the Fiji Sugar Industry, namely, the Government of Fiji, Fiji Sugar Corporation, South Pacific Fertilizers Limited, Sugar Cane Growers Fund and Sugar Cane Growers Council.

Transactions with these parties and outstanding balances at year end are disclosed below.

(a) Board members

The following are the Board members of the Institute during the financial year:

Dr John Morrison - Chairman

Sundresh Chetty

Viliame Gucake

Dr. Krishnamurthi

Suresh

Patel

Mangaiya Reddy

Seru Vularika

Board members emoluments and board expenses are disclosed under Note 7.

	2011	2010
	\$	\$
(b) Amounts receivable from related parties		
Fiji Sugar Corporation	4,145,366	3,395,366
Sugar Cane Growers	1,350,000	900,000
	<u>5,495,366</u>	<u>4,295,366</u>
(c) Amounts payable to related parties		
Fiji Sugar Corporation	3,595,739	4,022,442
	<u>3,595,739</u>	<u>4,022,442</u>
(d) Transactions with related parties		
<u>Revenue</u>		
Grant income - Fiji Sugar Corporation	249,318	642,270
Grant income - Fiji Government	258,812	682,892
Grant income - Sugar Cane Growers	247,801	635,783
Grant received from African Caribbean and Pacific Group of States (ACP)	12,942	-
Grant received from Mauritius Sugar Research Institute (MISRI)	59,640	-
Estate income - Fiji Sugar Corporation	825,001	755,201
	<u>1,653,514</u>	<u>2,716,146</u>
<u>Expenses</u>		
Fiji Sugar Corporation costs	562,102	1,392,913
	<u>562,102</u>	<u>1,392,913</u>

**Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011**

10. Property, plant and equipment

	Land & Building	Fixtures & fittings	Plant & equipment	Motor vehicles	Computers	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 January 2010	-	33,665	551,947	991,179 #	238,037 #	356,725	2,171,553
Acquisitions	-	10,267	157,404	75,556	5,120	1,290,673	1,539,020
Disposals	-	-	-	(15,000)	-	-	(15,000)
Balance as at 31 December 2010	-	43,932	709,351	1,051,735 #	243,157 #	1,647,398	3,695,573
Acquisitions	-	-	137,848	-	-	417,021	554,869
Disposals	-	-	-	-	-	-	-
Transferred during the year	1,449,244	-	-	-	-	(1,449,244)	-
Balance as at 31 December 2011	1,449,244	43,932	847,199	1,051,735	243,157	615,175	4,250,442
Depreciation							
Balance at 1 January 2010	-	2,743	77,300	308,095	63,590	-	451,728
Depreciation charge	-	3,452	52,694	150,400	48,631	-	255,177
Disposals	-	-	-	(15,000)	-	-	(15,000)
Balance at 31 December 2010	-	6,195	129,994	443,495	112,221	-	691,905
Depreciation charge	21,916	4,394	70,779	142,422	48,629	-	288,140
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2011	21,916	10,589	200,773	585,917	160,850 #	-	980,045
Carrying amount							
At 1 January 2010	-	30,922	474,647	683,084	174,447	356,725	1,719,825
At 31 December 2010	-	37,737	579,357	608,240	130,936	1,647,398	3,003,668
At 31 December 2011	1,427,328	33,343	646,426	465,818	82,307	615,175	3,270,397

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2011

16. Related parties (continued)

(e) Key management personnel

Key management personnel include the chief executive officer and finance and administration manager of the Institute.

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

Key management compensation is disclosed under Note 7(b).

17. Capital commitments and contingencies

Capital commitments and contingent liabilities as at 31 December 2011 amounted to \$Nil (2010: \$Nil).

18. Events subsequent to balance date

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



Disclaimer

The additional financial information presented on pages 19 to 21 is in accordance with the books and records of Sugar Research Institute of Fiji (the "Institute") which have been subjected to the auditing procedures applied in our statutory audit of the Institute for the year ended 31 December 2011. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any person (other than the Institute) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

22 September 2012
Nadi, Fiji Islands

KPMG
Chartered Accountants

Sugar Research Institute of Fiji
Statement of Operations
For the year ended 31 December 2011

	2011	2010
	\$	\$
Income		
Contribution from the Fiji Government	258,812	682,892
Fiji Sugar Corporation (FSC) contribution	249,318	642,270
Grant received from European Union	71,435	870,895
Grant received from African Caribbean and Pacific Group of States (ACP)	12,942	-
Grant received from Mauritius Sugar Research Institute (MISRI)	59,640	-
Sugar Cane Growers contribution	247,801	635,783
Estate income	825,001	755,201
Gain on sale of property, plant and equipment	-	22,391
Sundry income	966,375	4,719
Total income	<u>2,691,324</u>	<u>3,614,151</u>
Less cost of operations		
Bank charges	4,809	4,361
Depreciation	288,140	255,177
Electricity	13,704	798
EU Cost	10,285	68,277
General supplies	2,937	3,322
Communication expenses	11,004	10,227
Material costs	94,138	103,237
Miscellaneous expenses	-	-
Motor vehicle running expenses	177,194	185,531
Overhead expenses	820	3,056
Other running costs	-	-
Postage	21	59
RAF costs	9,626	17,438
Rent	3,300	7,475
Repairs and maintenances	24,498	40,015
Subcontract expenses	544,919	472,836
Travel	10,065	9,932
Wages and salaries	283,614	228,144
Total cost of operations	<u>1,479,074</u>	<u>1,409,885</u>
Balance carried forward	1,479,074	1,409,885

The above detailed statement of operations is to be read in conjunction with the disclaimer report set out on page 18.

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Balance brought forward	1,479,074	1,409,885
Administrative expenses		
Accommodation and meals	29,008	25,751
Auditors remuneration - audit	7,200	7,200
- other services	8,878	4,861
ACP Cost	11,127	
Board fees	35,875	36,750
Board allowances	-	-
Business licenses	-	216
CEO Donation	1,250	200
CEO Security	4,680	4,410
Consultancies	41,092	7,508
Electricity	13,681	4,048
Fees- Science Audit Committee	1,650	1,000
Fiji National Provident Fund contributions	48,489	50,054
FSC costs	562,102	1,392,913
General expenses	2,249	1,314
Hire of services	16,263	17,204
ICT consumables	4,979	7,193
ICT license	14,879	8,586
Communication expenses	17,740	16,368
Industrial relations expense	410	-
Insurance	37,326	46,355
Legal fees	3,742	10,786
Medical expense	18,032	14,958
Media and publication	4,950	7,619
MISRI Cost	54,794	
Freight	28,831	15,178
Rent	28,793	27,490
Repairs and maintenance	5,780	16,667
Stationery	6,724	7,067
Subscriptions	3,485	8,466
Training	2,451	-
Balance carried forward	1,016,460	1,740,162

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Balance brought forward	1,016,460	1,740,162
Training and Productivity Authority of Fiji	4,647	4,897
Travel	41,341	31,566
Tuition fees	3,808	-
VAT penalty	-	102,528
Visa permit	1,080	1,902
Water	9,362	12,413
Wages and salaries	185,112	261,238
Total administrative expense	1,261,810	2,154,706
Total expenditure	2,740,884	3,564,591
(Deficit) /Surplus for the year	(49,560)	49,560

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