



9.0 FINANCIAL REPORT

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DIRECTOR'S
REPORT

AUDITOR'S
REPORT

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STATEMENTS &
NOTES

Sugar Research Institute of Fiji

Financial Statements

For the year ended 31 December 2018

Sugar Research Institute of Fiji

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Sugar Research Institute of Fiji

Directors' Report

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 2018 and the related statement of profit or loss and 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:

Professor Rajesh Chandra - Chairman (re-appointed 2 March 2018)

Dr K.S Shanmugha Sundaram (term expired on 1 March 2018)

Mr Daniel Elisha (term expired on 1 March 2018)

Mr Sundresh Chetty (term expired on 1 March 2018)

Mr Graham Clark

Ms Reshmi Kumari

Dr Sanjay Anand

Mr Raj Sharma (appointed on 12 June 2018)

Mr Ashween Nischal Ram (appointed on 18 June 2018)

Professor Ravendra Naidu (appointed on 13 March 2018)

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 2018 and the accompanying statement of profit or loss and other 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.

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.

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.

Sugar Research Institute of Fiji

Directors' Report (continued)

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.

Going concern

The Institute's ability to continue to operate on a going concern basis is dependent on it receiving ongoing financial support from the Government, Stakeholders in the Sugar Industry and other Donor Agencies. The Board Members consider the application of the going concern principle to be appropriate in the preparation of these financial statements as the Institute will continue to receive ongoing support from the Government and the Stakeholders in the Sugar Industry, which will enable the Institute to meet its funding requirements for operations and to meet its obligations as and when they fall due. The Institute receives funds from the Government, Fiji Sugar Corporation, and Growers through Fiji Sugar Corporation.

Further, the Institute has a positive working capital of \$6,477,683 after excluding deferred income of \$12,458,893 (2017: \$7,114,808 after excluding deferred income of \$11,144,379).

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Institute be unable to continue as a going

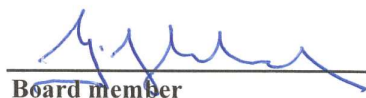
Events subsequent to balance date

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 15th day of July 2019.

Signed in accordance with a resolution of the Board.


Chairman


Board member



Independent Auditors' Report

To the Board Members of Sugar Research Institute of Fiji

Report on the Audit of the Financial Statements

Opinion

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 2018, the statements of profit or loss and other comprehensive income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 19.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with International Ethics Standards Board for the Accountants Code of Ethics for professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements 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

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on 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.



Independent Auditors' Report

To the Board Members of Sugar Research Institute of Fiji (Continued)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Institute'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 management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditors' Report

To the Board Members of Sugar Research Institute of Fiji (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's 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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Institute 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.

We communicate with those charged 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 identify during our audit.

Report on Other Legal and Regulatory Requirements

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

In our opinion:

- i). proper books of account have been kept by the Institute, 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 knowledge and according to the information and 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.

15th July, 2019
Nadi, Fiji


KPMG
Chartered Accountants

Sugar Research Institute of Fiji
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Contributions and grants	3	3,457,237	2,347,161
Estate income		174,951	245,496
Other income	4	<u>137,411</u>	<u>6,709</u>
Total income		3,769,599	2,599,366
Cost of operations	5	(2,624,869)	(1,394,434)
Administrative expenses	6 (a)	<u>(1,161,750)</u>	<u>(1,244,297)</u>
Deficit from operations		(17,020)	(39,365)
Finance income	7	17,739	39,365
Finance expense		(719)	-
Deficit before tax		-	-
Income tax benefit		<u>-</u>	<u>-</u>
Balance at the beginning of the year		-	-
Deficit for the year		<u>-</u>	<u>-</u>

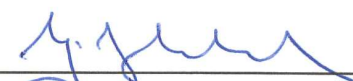
The notes on pages 9 to 20 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of financial position
As at 31 December 2018

	Note	2018	2017
Assets		\$	\$
Current assets			
Cash and cash equivalents	11	1,339,941	2,240,430
Receivable and prepayments	12	204,710	77,098
Receivable from related parties	16 (b)	7,345,857	7,167,499
Total current assets		<u>8,890,508</u>	<u>9,485,027</u>
Non-current assets			
Property, plant and equipment	9	5,979,253	4,027,118
Intangible assets	10	1,957	2,453
Total non-current assets		<u>5,981,210</u>	<u>4,029,571</u>
Total assets		<u>14,871,718</u>	<u>13,514,598</u>
Liabilities			
Current liabilities			
Deferred income	13	12,458,893	11,144,379
Employee benefits	14	32,165	18,716
Trade and other payables	15	114,975	85,818
Payable to related parties	16 (c)	2,265,685	2,265,685
Total current liabilities		<u>14,871,718</u>	<u>13,514,598</u>
Total liabilities		<u>14,871,718</u>	<u>13,514,598</u>

Signed on behalf of the board


Chairman


Board Member

The notes on pages 9 to 20 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of cash flows
For the year ended 31 December 2018

	Note	2018	2017
		\$	\$
Operating activities			
Receipts from stakeholders and donors		4,772,793	1,916,203
Payment to suppliers and employees		(3,379,672)	(2,341,717)
Interest received		17,739	32,756
Net cash from / (used in) operating activities		<u>1,410,860</u>	<u>(392,758)</u>
Investing activities			
Acquisition of property, plant and equipment	9	(2,341,158)	(359,845)
Payment for intangible assets	10	-	(2,453)
Proceeds from sale of property, plant and equipment		29,809	-
Net cash used in investing activities		<u>(2,311,349)</u>	<u>(362,298)</u>
Net decrease in cash and cash equivalents		(900,489)	(755,056)
Cash and cash equivalents at the beginning of the year		<u>2,240,430</u>	<u>2,995,486</u>
Cash and cash equivalents at the end of the year	11	<u><u>1,339,941</u></u>	<u><u>2,240,430</u></u>

The notes on pages 9 to 20 are an integral part of these financial statements.

Sugar Research Institute of Fiji

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

1. General Information

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 and accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities ("IFRS for SMEs") as adopted by the International Accounting Standards Board (IASB).

These financial statements are the first financial statements for the Institute to be prepared in accordance with IFRS for SMEs, previously the financial statement was prepared in accordance with IFRS.

An explanation on the transition to IFRS for SMEs and the impact of the previously reported numbers is provided in Note 18.

The financial statements were authorised for issue by the Board on 15th July, 2019.

(b) Going Concern

The Institute's ability to continue to operate on a going concern basis is dependent on it receiving ongoing financial support from the Government, Stakeholders in the Sugar Industry and other Donor Agencies. The Board Members consider the application of the going concern principle to be appropriate in the preparation of these financial statements as the Institute will continue to receive ongoing support from the Government and the Stakeholders in the Sugar Industry, which will enable the Institute to meet its funding requirements for operations and to meet its obligations as and when they fall due. The Institute receives funds from the Government, Fiji Sugar Corporation, and Growers through Fiji Sugar Corporation.

Further, the Institute has a positive working capital of \$6,477,683 after excluding deferred income of \$12,458,893 (2017: \$7,114,808 after excluding deferred income of \$11,144,379)

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Institute be unable to continue as a going concern.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis and do not take into account changing money values or except where stated, current valuations of non-current assets.

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

2. Basis of preparation and accounting policies (continued)

(d) Functional and presentation currency

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

(e) 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.

(f) 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. 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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Institute and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the costs of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land and building	80 years
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 and forming part of the Financial Statements
For the year ended 31 December 2018

2. Basis of preparation and accounting policies (continued)

(g) Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Institute have a finite useful life and are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful life for the current and comparative years is as follows:

Software	5 years
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(h) Cash and cash equivalents

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

(i) Receivables

Receivables are stated at cost less allowances for doubtful debts. The collectability of debt is assessed at balance date and specific allowance is made for any impairment. Bad debts are written off in the period they are identified. Receivables comprise receivables from related party, staff advances and deposits.

(j) Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

(k) Impairment

The carrying amount of assets are reviewed at each balance date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each balance date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating amount exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if more has been charged in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(l) Contributions and grants

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. It is then recognised in the profit or loss as grant income on a systematic basis as the Institute recognises expenses by achieving the relevant conditions of the grant.

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

2. Basis of preparation and accounting policies (continued)

(l) Contributions and grants (continued)

Grants that relate to the acquisition of an asset are recognised in profit or loss as the asset is depreciated or amortised. The Institute chooses to present grant income on a gross method that is, recognising entire grant income and then offsetting against expenses.

(m) Employee benefits

Superannuation

Obligations for contributions to a defined contribution plan are recognised as an expense in profit or loss when they are due.

Employee entitlements

Liability for annual leave is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date.

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.

A liability is recognised for the amount to be paid under short-term benefit if the Institute has a present or constructive obligation to pay this amount as a result of past services provided by the employee and the obligations can be measured reliably.

(n) Receivable from related parties

The amounts receivable from related parties are recognised when there is a contractual receivable or a right to receive.

(o) Comparative figures

When necessary, comparative figures have been adjusted to conform to changes in current year presentation.

3. Contributions and grants

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

	2018	2017
	\$	\$
Contribution from the Fiji Government	594,366	544,795
European Union	1,674,139	712,776
Fiji Sugar Corporation (FSC)	594,366	544,795
Sugar Cane Growers	594,366	544,795
	<u>3,457,237</u>	<u>2,347,161</u>

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

	2018	2017
	\$	\$
4. Other income		
Gain on sale of fixed assets	29,809	-
Outsource income	107,322	-
Others	280	6,709
	<u>137,411</u>	<u>6,709</u>
5. Cost of operations		
Advertising	1,511	1,468
Amortisation	496	27
Bank charges	5,451	5,205
Consultancy fees	21,015	-
Depreciation	389,023	306,026
Electricity	47,568	39,777
EU Cost	1,316,042	454,146
Communication expenses	26,188	31,607
Material costs	37,484	24,422
Motor vehicle running expenses	107,194	156,357
Repairs and maintenances	108,607	8,729
Subcontract expenses	203,295	75,822
Travel	-	400
Wages and salaries (refer note 6(b))	360,995	290,448
Total cost of operations	<u>2,624,869</u>	<u>1,394,434</u>
6. Expenses		
(a) Administrative expenses		
Auditors remuneration	9,500	9,500
Accounting fees	35,060	40,627
Accommodation and meals	8,534	2,163
Annual leave expense	13,449	7,554
Board allowance	14,959	10,926
Cleaning and Landscaping	10,444	-
Office security	52,465	48,526
Office supplies	21,774	-
Director's fees	78,935	79,109
Fiji National Provident Fund contributions	105,028	96,437
Freight	56,942	35,648
Fringe benefit tax	6,531	13,174
General expenses	13,011	142,141
Hire of services	-	4,503
ICT consumables	-	4,561
Balance carried forward	<u>426,632</u>	<u>494,869</u>

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

6. Expenses (continued)	2018	2017
	\$	\$
(a) Administrative expenses (continued)		
Balance carried forward	426,632	494,869
Insurance	46,443	60,241
Legal fees	183	750
Land rent	12,419	-
Loss on disposal	-	19,276
Medical expense	6,086	546
Media and publication	17,753	2,335
Other expenses	10,603	4,579
Postage	623	897
Repair and maintenance	39,867	2,119
Rent expense	16,372	63,241
Staff expenses	12,736	-
Stationery	5,155	998
Training and Productivity Authority of Fiji	8,773	8,821
Travel	7,026	-
Utilities	9,587	4,641
Wages and salaries (refer note 6(b))	541,492	580,984
	<u>1,161,750</u>	<u>1,244,297</u>
(b) Personnel expenses		
Fiji National Provident Fund contributions	105,028	96,437
Training and Productivity Authority of Fiji	8,773	8,821
Key management compensation - short term benefits	99,326	99,687
Wages and salaries	803,161	771,745
	<u>1,016,288</u>	<u>976,690</u>
7. Finance income		
Interest received	<u>17,739</u>	<u>39,365</u>

8. Income tax benefit

In 2012 the Fiji Revenue and Customs Services confirmed that the entity is not subject to income tax.

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

9. Property, plant and equipment

	Land and building	Fixtures and fittings	Plant and equipment	Motor vehicles	Computers	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 January 2017	2,877,822	130,939	2,002,944	1,203,909	357,634	-	6,573,248
Acquisitions	-	9,181	226,689	116,752	7,223	-	359,845
Transferred during the year	(20,835)	-	-	-	-	-	(20,835)
Balance at 1 January 2018	<u>2,856,987</u>	<u>140,120</u>	<u>2,229,633</u>	<u>1,320,661</u>	<u>364,857</u>	<u>-</u>	<u>6,912,258</u>
Acquisitions	-	22,199	703,545	317,459	63,040	1,234,915	2,341,158
Disposal	-	-	-	(53,633)	-	-	(53,633)
Balance as at 31 December 2018	<u>2,856,987</u>	<u>162,319</u>	<u>2,933,178</u>	<u>1,584,487</u>	<u>427,897</u>	<u>1,234,915</u>	<u>9,199,783</u>
Depreciation							
Balance at 1 January 2017	165,378	40,530	975,233	1,114,152	285,380	-	2,580,673
Depreciation charge	32,223	11,452	211,855	28,310	22,186	-	306,026
Disposal	(1,559)	-	-	-	-	-	(1,559)
Balance at 1 January 2018	<u>196,042</u>	<u>51,982</u>	<u>1,187,088</u>	<u>1,142,462</u>	<u>307,566</u>	<u>-</u>	<u>2,885,140</u>
Depreciation charge	31,875	13,706	236,003	76,768	30,671	-	389,023
Disposal	-	-	-	(53,633)	-	-	(53,633)
Balance at 31 December 2018	<u>227,917</u>	<u>65,688</u>	<u>1,423,091</u>	<u>1,165,597</u>	<u>338,237</u>	<u>-</u>	<u>3,220,530</u>
Carrying amount							
At 1 January 2017	<u>2,712,444</u>	<u>90,409</u>	<u>1,027,711</u>	<u>89,757</u>	<u>72,254</u>	<u>-</u>	<u>3,992,575</u>
At 1 January 2018	<u>2,660,945</u>	<u>88,138</u>	<u>1,042,545</u>	<u>178,199</u>	<u>57,291</u>	<u>-</u>	<u>4,027,118</u>
At 31 December 2018	<u>2,629,070</u>	<u>96,631</u>	<u>1,510,087</u>	<u>418,890</u>	<u>89,660</u>	<u>1,234,915</u>	<u>5,979,253</u>

Sugar Research Institute of Fiji
Notes to and forming part of the Financial Statements
For the year ended 31 December 2018

10. Intangibles

	Software	Total
Cost	\$	\$
Balance at 1 January 2017	-	-
Acquisition	2,480	2,480
Balance at 1 January 2018	2,480	2,480
Acquisition	-	-
Balance at 31 December 2018	2,480	2,480
Accumulated amortisation		
Balance at 1 January 2017	-	-
Amortisation	27	27
Balance at 1 January 2018	27	27
Amortisation	496	496
Balance at 31 December 2018	523	523
Carrying amounts		
At 1 January 2018	2,453	2,453
At 31 December 2018	1,957	1,957
	2018	2017
11. Cash and cash equivalents	\$	\$
Cash at bank	1,339,889	2,240,420
Cash on hand	52	10
Cash and cash equivalents in the statement of cash flows	1,339,941	2,240,430
12. Receivables and prepayments		
Trade receivables	14,046	-
Staff advances	1,327	24,458
Deposits	4,506	2,750
VAT receivable	178,222	43,281
Interest receivable	6,609	6,609
	204,710	77,098

Staff advances are recovered through payroll deductions.

13. Deferred income

The Institute's deferred income comprises of cash received or receivable from the stakeholders and donor agencies. Each grant received or receivable has its specific conditions that the Institute needs to comply with. The movement in deferred income is as follows:

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13. Deferred income (continued)	2018	2017
	\$	\$
Balance at the beginning of the year	11,144,379	10,393,323
Funds received or receivable during the period	5,101,854	3,400,418
Utilised during the period	(3,787,340)	(2,649,362)
Balance at 31 December	<u>12,458,893</u>	<u>11,144,379</u>
This is comprised as follows:		
Fiji Government	67,732	145,471
Fiji Sugar Corporation (FSC)	6,399,043	6,297,062
Sugar Cane Growers	2,700,000	2,700,000
European Union grant	2,834,061	1,869,154
Estate income	248,515	130,834
Insurance income	1,759	1,858
Other income	207,783	-
	<u>12,458,893</u>	<u>11,144,379</u>
14. Employee benefits		
Balance at 1 January	18,716	11,162
Provision created / utilised during the year	13,449	7,554
Balance at 31 December	<u>32,165</u>	<u>18,716</u>
15. Trade and other payables		
Trade payables	42,010	25,200
Other payables	72,965	60,618
	<u>114,975</u>	<u>85,818</u>

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:

Professor Rajesh Chandra - Chairman (re-appointed 2 March 2018)

Dr K.S Shanmugha Sundaram (term expired on 1 March 2018)

Mr Daniel Elisha (term expired on 1 March 2018)

Mr Sundresh Chetty (term expired on 1 March 2018)

Mr Graham Clark

Ms Reshmi Kumari

Dr Sanjay Anand

Mr Raj Sharma (appointed on 12 June 2018)

Mr Ashween Nischal Ram (appointed on 18 June 2018)

Professor Ravendra Naidu (appointed on 13 March 2018)

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16. Related parties (continued)	2018	2017
	\$	\$
(b) Amounts receivable from related parties		
Fiji Sugar Corporation - grant income	6,424,999	6,267,499
- other income	20,858	-
Sugar Cane Growers	2,700,000	2,700,000
Allowance for uncollectability - Sugar Cane Growers	(1,800,000)	(1,800,000)
	<u>7,345,857</u>	<u>7,167,499</u>
 <u>Reconciliation of Allowance for Uncollectability</u>		
Balance at the beginning of the year	1,800,000	1,800,000
Provision created during the year	-	-
Balance at the end of the year	<u>1,800,000</u>	<u>1,800,000</u>

Receivables from related parties are interest free and receivable as and when required.

	2018	2017
	\$	\$
(c) Amounts payable to related parties		
Fiji Sugar Corporation	<u>2,265,685</u>	<u>2,265,685</u>
	<u>2,265,685</u>	<u>2,265,685</u>

(d) Outstanding debts owed from Fiji Sugar Corporation Limited

Net receivable from Fiji Sugar Corporation Limited ("FSC") amounts to \$4,159,314 as at 31 December 2018. Subsequent to year end on 26 February 2019, a Deed of Payment was signed between the Institute and FSC. FSC agreed and acknowledged that it owed a sum amounting to \$4,009,314 as at 31 October 2018 to the Institute which was FSC's contribution towards SRIF's operations as per Section 11(2) of the Sugar Research Institute of Fiji Act 2005.

The amount stipulated in the agreement is \$4,009,314 which is the amount as at 31 October 2018. The net receivable amount as at 31 December 2018 is \$4,159,314 and is reconciled as follows:

	\$
Balance at 31 December 2017	4,001,814
Contributions during the year	900,000
Payments made in 2018	<u>(742,500)</u>
Balance at 31 December 2018	<u>4,159,314</u>

The payment terms were agreed as follow:

- (i) The amount of \$250,000 will be paid by FSC in 2019, with 2 equal instalments of \$125,000 each payable on 30 August and 31 December respectively;
- (ii) The remaining balance of \$3,759,314 will be payable by FSC over the next 4 years (2020 - 2023) in 8 equal instalments of \$469,914 payable on 30 August and 31 December each year;
- (iii) the repayments will be at zero interest.

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16. Related parties (continued)

(e) Transactions with related parties	2018	2017
<u>Deferred income</u>	\$	\$
Grant income - Fiji Sugar Corporation	681,193	825,688
Grant income - Fiji Government	825,688	1,238,532
Grant income - Sugar Cane Growers	825,688	825,688
Estate income - Fiji Sugar Corporation	292,633	225,993
	<u>2,625,202</u>	<u>3,115,901</u>

(f) 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 6(b).

17. Capital commitments and contingencies

Capital commitments and contingent liabilities as at 31 December 2018 amounted to \$Nil (2017:

18. Explanation of transition to IFRS for SMEs

As stated in Note 2(a), these are the Institute's first financial statements prepared in accordance with IFRS for SMEs. In prior years, the Institute prepared its financial statements under IFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of an opening IFRS statement of financial position at 1 January 2017 (the Institute's date of transition).

In preparing its opening IFRS for SME statement of financial position, there were no adjustments required by the Institute to the previously reported amounts in the financial statements in accordance with International Financial Reporting Standard (IFRS).

(a) Adjustments to statement of financial position as at 1 January 2017

There were no differences between the statement of financial position presented under IFRS for SMEs and the statement of financial position previously reported under IFRS.

(b) Adjustments to statement of cash flows for 2017

There were no differences between the statement of cash flows presented under IFRS for SMEs and the statement of cash flows previously reported under IFRS.

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19. 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.