Sugar Research Institute of Fiji

Financial Statements

For the year ended

31 December 2009

Sugar Research Institute of Fiji

Contents

Sugar Research Institute of Fiji

Board report

The Board members present their report together with the financial statements of the Institute for the year ended 31 December 2009 and the auditor's report thereon.

Board members

The Board members in office 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 2009 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.

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.

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 25th day of September 2010.

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,

Report of the independent auditor for Sugar Research Institute of Fiji

Scope

We have audited the financial statements of Sugar Research Institute of Fiji for the financial year ended 31 December 2009, consisting of the statement of financial position, statement of comprehensive income, statement of cash flows and accompanying notes, set out on pages 3 to 19. The Board members are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to you.

Our audit has been conducted in accordance with Section 12 of the Sugar Research Institute Act 2005 and Fiji Standards on Auditing, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with International Financial Reporting Standards so as to present a view which is consistent with our understanding of the Institute's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute for the year ended 31 December 2009 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

25 September 2010
Nadi, Fiji Islands

KPMG
Chartered Accountants

Sugar Research Institute of Fiji
Statement of comprehensive income
For the year ended 31 December 2009

	Note	2009 $	2008 $
Contributions and grants	5	1,872,481	1,544,081
Estate income		1,203,413	1,122,490
Other income		14,246	6,355
Total income		3,090,140	2,672,926
Cost of operations		(2,226,955)	(1,437,441)
Administrative expenses		(859,347)	(1,233,470)
Surplus from operations	6	3,838	2,015
Finance expense	7	(3,838)	(2,015)
Surplus before tax		-	-
Income tax expense		-	-
Surplus after income tax		-	-
Other comprehensive income net of income tax		-	-
Total comprehensive surplus for the year		-	-

The above statement of comprehensive income is to be read in conjunction with notes to the financial statements set out on pages 6 to 19.

Sugar Research Institute of Fiji
Statement of financial position
As at 31 December 2009

	Note	2009 $	2008 $
Assets			
Non-current assets			
Property, plant and equipment	8	1,719,825	831,816
Total non-current assets		1,719,825	831,816
Current assets			
Cash and cash equivalents	9	774,040	2,105,699
Inventories	10	-	1,953
Receivables and prepayments	11	14,126	134,655
Receivable from related parties	15(b)	3,502,060	2,802,060
Total current assets		4,290,226	5,044,367
Total assets		6,010,051	5,876,183
Current liabilities			
Deferred income	12	3,052,836	3,064,783
Payable to related parties	15(c)	2,455,415	2,174,457
Employee benefits	13	35,108	49,538
Trade and other payables	14	466,692	587,405
Total current liabilities		6,010,051	5,876,183
Total liabilities		6,010,051	5,876,183

Signed on behalf of the board

Chairman

Board Member

The above statement of financial position is to be read in conjunction with notes to the financial statements set out on pages 6 to 19.

Sugar Research Institute of Fiji
Statement of cash flows
For the year ended 31 December 2009

	Note	2009 $	2008 $
Operating activities			
Receipts from stakeholders and donors		3,902,062	3,452,800
Payment to suppliers and employees		(3,977,535)	(1,994,541)
Cash flows (used in) from operating activities		(75,473)	1,458,259
Investing activities			
Proceeds from sale of property, plant and equipment		10,300	1,380
Acquisition of property, plant and equipment		(1,066,487)	(278,471)
Cash flows used in investing activities		(1,056,187)	(277,091)
Financing activities			
Repayment of related party advance		(200,000)	(200,000)
Cash flows used in financing activities		(200,000)	(200,000)
Net increase in cash and cash equivalents		(1,331,659)	981,168
Cash and cash equivalents at the beginning of the year		2,105,699	1,124,531
Cash and cash equivalents at 31 December	9	774,040	2,105,699
Material non cash investing activities	16		

The above statement of cash flows is to be read in conjunction with notes to the financial statements set out on pages 6 to 19.

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

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 Avenue, 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) adopted by International Accounting Standards Board.

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where stated. The accounting policies have been consistently applied by the Institute and are consistent with those used in the previous period.

(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 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Note 5 - Contributions and grants
(ii) Note 8 - Property, plant and equipment
(iii) Note 12 - Deferred income
(iv) Note 13 - Employee benefits
(v) Note 14 - Trade payables and other payables

3. Significant accounting policies

The principal accounting policies adopted by the Institute are stated to assist in a general understanding of the financial statements. These policies have been consistently applied except where otherwise indicated.

(a) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(b) 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 translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on translation are recognised in profit or loss.

(c) Property, plant and equipment

<u>Recognition and measurement</u>

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

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

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Subsequent expenditure

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 benefits embodied within the part will flow to the Institute and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives 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.

(d) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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. Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the profit or loss.

(ii) Non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss.

3. Significant accounting policies (continued)

(d) Impairment (continued)

(ii) Non-financial assets (continue)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation of amortisation, if no impairment loss had been recognised.

(e) Inventories

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

(f) Financial instruments

Non derivative financial instrument

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Financial instruments are recognised when the Institute becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Institute's contractual rights to the cash flows from the financial assets expire or if the Institute transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Institute's obligations specified in the contract expire or are discharged or cancelled.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)
Non derivative financial instrument (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand for the purposes of the statement of cash flows.

Receivables and other assets
Receivables and other assets are measured at initial recognition at fair value. Subsequently, appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into. The Institute's financial liabilities include trade and other payables. All financial liabilities, except for derivatives, are recognised initially at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

(g) Trade payables and other payables
Trade and other payables are non-interest-bearing and are stated at cost. A provision is recognised in the statement of financial position when the Institute has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(h) Revenue
Grant income
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 attaching to it. Grants that compensate the Institute for expenses incurred are recognised as revenue in the profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Institute for the cost of an asset are recognised in the profit or loss as other operating income on a systematic basis over the useful life of the asset.

3. Significant accounting policies (continued)

(i) 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.

(j) Finance expenses

Finance expense comprise bank charges.

(k) Comparative information

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

4. Financial risk management

Overview

The Institute has exposure to the following risks:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Operational risk

This note presents information about the Institute's exposure to each of the above risks, the Institute's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board members have overall responsibility for the establishment and oversight of the Institute's risk management framework.The Board is responsible for developing and monitoring the Institute's risk management policies. The Institute's risk management policies are established to identify and analyse the risks faced by the Institute, 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 Institute's activities. The Sugar Research Institute of Fiji, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4. Financial risk management policies (continued)

The Board oversees how management monitors compliance with the Institute's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Institute.

(i) Credit risk

Credit risk is the risk of financial loss to the Institute if a stakeholder to a financial instrument fails to meet its contractual obligations, and arises principally from the Institute's receivables from industry related entities.

Trade and other receivables

The Institute's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the demographics of the Institute's stakeholders, including the default risk of the industry as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

The Institute establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk is as follows:

	2009	**2008**
	$	**$**
Cash and cash equivalents	774,040	2,105,699
Other receivables	297	119,975
Receivables from related parties	3,502,060	2,802,060
	4,276,397	5,027,734

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

4. Financial risk management policies (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute'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 Institute's reputation.

	2009 $ Less than 1 year	2009 $ More than 1 year	2008 $ Less than 1 year	2008 $ More than 1 year
Financial assets				
Cash and cash equivalents	774,040	-	2,105,699	-
Receivables	297	-	119,975	-
Receivable from related parties	3,502,060		2,802,060	
	4,276,397	-	5,027,734	-
Financial liabilities				
Payable to related parties	2,455,415	-	2,174,457	-
Employee benefits	35,108	-	49,538	-
Trade and other payables	466,692	-	587,405	-
	2,957,215	-	2,811,400	-

(iii) Market risk

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

Fair value interest risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest risk to achieve stable and sustainable net interest earnings in the long term. In managing the risk, the Institute seeks to achieve a balance between reducing risk to earnings and market value from adverse interest rate movements, and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes.

4. Financial risk management policies (continued)

(iv) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Institute's processes, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise
from all the Institute's operations.

The Institute's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Institute's reputation with overall cost effectivness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standard for the management of operational risks in the following areas:

- requirements for apprporiate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and montoring of transactions
- compliance with regulatory and other legal requirements
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

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:

	2009	**2008**
	$	**$**
AusAid	75,390	38,589
Contribution from the Fiji Government	501,004	315,434
European Union	421,833	600,773
Fiji Sugar Corporation (FSC)	441,851	315,434
Sugar Cane Growers Council	432,403	273,851
	1,872,481	1,544,081

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

6. Surplus from operations

(a) Surplus from operations has been arrived at after including the following items:

	2009	**2008**
	$	**$**
Auditors remuneration - audit	8,500	8,500
- other services	4,172	6,275
Board allowances	832	1,450
Board fees	31,480	52,619
Depreciation	178,478	119,909
FSC costs	208,134	573,513
Gain on sale of property, plant and equipment	10,300	194
Insurance	57,064	42,700
Legal fees	11,311	29,784
Professional fees	-	67,458
Travel	61,990	54,205

(b) Personnel expenses

Fiji National Provident Fund contributions	58,111	59,628
Training and Productivity Authority of Fiji	6,206	6,061
Key management compensation - short term benefits	145,913	188,541
Wages and salaries	468,464	396,665
	678,694	650,895

The average number of employees for the year ended 31 December 2009 was 31 (2008: 31)

7. Finance expense

Bank charges	3,838	2,015

8. Property, plant and equipment

	Fixtures & fittings	Plant & equipment	Motor vehicles	Computers	Work in progress	Total
	$	$	$	$	$	$
Cost						
Balance at 1 January 2009	5,227	115,727	722,319	139,926	125,867	1,109,066
Acquisitions	28,438	440,220	268,860	98,111	230,858	1,066,487
Disposals	-	(4,000)	-	-	-	(4,000)
Balance at 31 December 2009	33,665	551,947	991,179	238,037	356,725	2,171,553
Depreciation						
Balance at 1 January 2009	649	60,520	185,988	30,093	-	277,250
Depreciation charge	2,094	20,780	122,107	33,497	-	178,478
Disposals	-	(4,000)	-	-	-	(4,000)
Balance at 31 December 2009	2,743	77,300	308,095	63,590	-	451,728
Carrying amount						
At 31 December 2008	4,578	55,207	536,331	109,833	125,867	831,816
At 31 December 2009	30,922	474,647	683,084	174,447	356,725	1,719,825

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

	2009	2008
	$	$
9. Cash and cash equivalents		
Cash at bank	773,838	2,105,611
Cash on hand	202	88
Cash and cash equivalents in the statement of cash flows	774,040	2,105,699
10. Inventories		
Inventories- glassware, chemicals and tools	-	1,953
11. Receivables and prepayments		
Receivable from AusAid	-	119,400
Other receivables	297	575
Prepayments	13,829	14,680
	14,126	134,655
12. Deferred income		
Balance at the beginning of the year	3,064,783	1,027,481
Funds received or receivable during the period	1,860,534	3,581,383
Utilised during the period	(1,872,481)	(1,544,081)
Balance at 31 December	3,052,836	3,064,783
This is comprised as follows:		
Contribution from stakeholders	2,336,241	1,838,883
AusAid grant	-	87,472
European Union grant	716,595	1,138,428
	3,052,836	3,064,783
13. Employee benefits		
Accrued annual leave	35,108	49,538

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

	2009	2008
	$	$
14. Trade and other payables		
Trade payables	73,847	37,614
Other payables	104,952	110,196
VAT payable	287,893	439,595
	466,692	587,405

15. 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 were Board members of the Institute until 30 September 2009:

Philip Atherton - Chairman
Dr. Krishnamurthi
Jain Kumar
Dr John Morrison
Suresh Patel
Apisai Ucuboi
Seru Vularika

The following are the current Board members of the Institute:

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 6.

	2009	2008
	$	$
(b) Amounts receivable from related parties		
Fiji Sugar Corporation	2,795,366	2,095,366
Sugar Cane Growers Council	706,694	706,694
	3,502,060	2,802,060

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2009

15. Related parties (continued)

	2009	2008
	$	**$**
(c) Amounts payable to related parties		
Fiji Sugar Corporation	2,455,415	1,974,457
Sugar Cane Growers Fund	-	200,000
	2,455,415	2,174,457
(d) Transactions with related parties		
Revenue		
Grant income - Fiji Sugar Corporation	441,851	315,434
Grant income - Fiji Government	501,004	315,434
Grant income - Sugar Cane Growers Council	432,403	273,851
Estate income - Fiji Sugar Corporation	1,203,413	1,122,490
	2,578,671	2,027,209
Expenses		
Fiji Sugar Corporation costs	208,134	573,513

(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 6(b).

	2009	2008
16. Non cash investing activities	**$**	**$**
Motor vehicles received in kind from European Union	-	243,000

17. Capital commitments and contingencies

Capital commitments and contingent liabilities as at 31 December 2009 amounted to $Nil (2008: $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 21 to 23 is in accordance with the books and records of Sugar Research Institute of Fiji which have been subjected to the auditing procedures applied in our statutory audit of the Institute for the year ended 31 December 2009. 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.

KPMG

25 September 2010
Nadi, Fiji Islands

KPMG
Chartered Accountants

Sugar Research Institute of Fiji

Statement of Operations

For the year ended 31 December 2009

	2009	2008
	$	$
Income		
Contribution from the Fiji Government	501,004	315,434
Fiji Sugar Corporation (FSC) contribution	441,851	315,434
Grant received from AusAid	75,390	38,589
Grant received from European Union	421,833	600,773
Sugar Cane Growers Council contribution	432,403	273,851
Estate income	1,203,413	1,122,490
Gain on sale of property, plant and equipment	10,300	194
Sundry income	3,946	6,161
Total income	3,090,140	2,672,926
Less cost of operations		
Bank charges	3,838	2,015
Depreciation	178,478	119,909
Electricity	1,534	1,034
EU Cost	536,964	-
General supplies	6,395	12,994
Comunication expenses	19,729	7,843
Material costs	224,469	86,737
Meal allowance	-	1,556
Miscellaneous expenses	245	4,816
Motor vehicle running expenses	205,691	148,799
Other maintenance costs	-	3,655
Overhead expenses	520	12,842
Other running costs	284	2,186
Postage	277	1,117
Rent	16,100	10,627
Repairs and maintenances	35,257	80,877
Subcontract expenses	567,020	507,369
Travel	9,429	1,501
Wages and salaries	424,563	433,579
Total cost of operations	2,230,793	1,439,456
Balance carried forward	2,230,793	1,439,456

The above detailed statement of operations is to be read in conjunction with the disclaimer report set out on page 20.

Sugar Research Institute of Fiji
Statement of Operations
For the year ended 31 December 2009

	2009	2008
	$	$
Balance brought forward	2,230,793	1,439,456
Administrative expenses		
Accommodation and meals	31,965	23,045
Auditors remuneration - audit	8,500	8,500
- other services	4,172	6,275
Board fees	31,480	52,619
Board allowances	832	1,450
Business licenses	310	-
Electricity	3,271	3,000
Fees- Science Audit Committee	2,000	28,778
Fiji National Provident Fund contributions	58,111	59,628
FSC costs	208,134	573,513
General expenses	12,552	4,233
Hire of services	23,498	6,159
ICT consumables	5,404	5,113
ICT license	8,345	745
Communication expenses	18,277	17,341
Insurance	57,064	42,700
Legal fees	11,311	29,784
Medical expense	8,055	1,160
Media and publication	572	13,224
Freight	10,267	933
Professional fees	-	67,458
Rent	29,603	30,845
Repairs and maintenance	34,304	15,463
Stationery	9,678	8,846
Subscriptions	2,842	9,705
Subsistence allowance	-	2,139
Training	1,340	2,455
Balance carried forward	581,887	1,015,111

The above detailed statement of operations is to be read in conjunction with the disclaimer report set out on page 20.

Sugar Research Institute of Fiji
Statement of Operations
For the year ended 31 December 2009

	2009	2008
	$	$
Balance brought forward	581,887	1,015,111
Training and Productivity Authority of Fiji	6,206	6,061
Travel	61,990	54,205
Tuition fees	4,838	-
Visa permit	1,145	141
Water	13,467	6,325
Wages and salaries	189,814	151,627
Total administrative expense	859,347	1,233,470
Total expenditure	3,090,140	2,672,926
Surplus for the year	-	-

The above detailed statement of operations is to be read in conjunction with the disclaimer report set out on page 20.