FINANCIAL REPORT

Sugar Research Institute of Fiji

Financial Statements

For the year ended 31 December 2016

Sugar Research Institute of Fiji

Contents

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 2016 and the related statement of profit or loss and other comprehensive income and statement of cash flows for the year ended on that date and report as follows:

Directors
The Directors in office during the year end and 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)
Professor Paras Nath (resigned on 7 December 2017)
Mr Daniel Elisha (term expired on 1 March 2018)
Mr Abdul Khan (term expired on 1 March 2018)
Mr Sundresh Chetty (term expired on 1 March 2018)
Mr Manasa Tagicakibau (resigned on 18 July 2017)
Mr Graham Clark (appointed on 18 July 2017)
Ms Reshmi Kumari (appointed on 18 July 2017)
Dr Sanjay Anand (appointed on 7 December 2017)
Professor Ravendra Naidu (appointed on 13 March 2018)
Mr Raj Sharma (appointed on 12 June 2018)
Mr Ashween Nischal Ram (appointed on 18 June 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 2016 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 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.

Sugar Research Institute of Fiji
Director's report (continued)

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.

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 $6,560,210 after excluding deferred income of $10,552,785 (2015: $6,429,224 after excluding deferred income of $10,448,540).

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.

Events subsequent to balance date
There is a draft Sugar Industry Bill before the parliament that is proposing major changes in the functioning of Sugar Research Institute of Fiji and until this bill is passed, the Board cannot give assurance about the future of Sugar Research Institute of Fiji in its present form.

Apart from the above, 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 __________ day of ____________________ 2018 .

Signed in accordance with a resolution of the Board.

Chairman | **Board member**

KPMG

Independent Auditors' Report

To the Board Members of Sugar Research Institute of Fiji

Report on the Audit of the Financial Statements

Qualified 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 2016, 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 17.

In our opinion, except for the effect on the financial statements of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The financial statements currently show an amount of Value Added tax (VAT) receivable from Fiji Revenue and Customs Services of $213,374. There is lack of proper reconciliation and/or supporting documents to substantiate this amount. We are therefore unable to ascertain the completeness, existence and accuracy of VAT receivable balance. The impact on the amount recorded in the financial statements is 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.

We conducted our audit in accordance with 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 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.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, 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.

Report on the Audit of the Financial Statements (continued)

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.
- 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 we identify during our audit.

KPMG

Independent Auditors' Report

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

Report on Other Legal and Regulatory Requirements

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

KPMG.

KPMG

26 September, 2018

Nadi, Fiji

Sharvek Naidu

Partner

Sugar Research Institute of Fiji
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 $	2015 $
Contributions and grants	5	3,426,764	3,743,559
Estate income		111,705	224,413
Other income		5,794	2,537
Total income		3,544,263	3,970,509
Cost of operations	6	(1,375,798)	(1,678,857)
Administrative expenses	7 (a)	(2,205,802)	(2,330,957)
Deficit from operations		(37,337)	(39,305)
Finance income		37,337	39,305
Deficit before tax		-	-
Income tax benefit	8	-	-
Balance at the beginning of the year			-
Deficit for the year		-	-

The notes on pages 10 to 22 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of financial position
For the year ended 31 December 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	10	2,995,486	4,000,895
Receivables and prepayments	11	238,232	157,104
Receivable from related parties	15 (b)	5,724,999	5,224,999
Total current assets		8,958,717	9,382,998
Non-current assets			
Property, plant and equipment	9	3,992,575	4,019,316
Total non-current assets		3,992,575	4,019,316
Total assets		12,951,292	13,402,314
Liabilities			
Current liabilities			
Deferred income	12	10,552,785	10,448,540
Payable to related parties	15 (c)	2,265,685	2,260,537
Employee benefits	13	11,162	45,933
Trade and other payables	14	121,660	647,304
Total current liabilities		12,951,292	13,402,314
Total liabilities		12,951,292	13,402,314

Signed on behalf of the Board

Chairman

Board Member

The notes on pages 10 to 22 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of cash flows
For the year ended 31 December 2016

	Note	2016 $	2015 $
Operating Activities			
Receipts from stakeholders and donors		1,252,535	4,335,523
Payment to suppliers and employees		(2,416,834)	(3,631,442)
Interest received		37,337	39,305
Cash flows (used in) / from operating activities		(1,126,962)	743,386
Investing Activities			
Acquisition of property, plant and equipment	9	(278,447)	(116,598)
Received from related parties		400,000	700,000
Cash flows from investing sctivities		121,553	583,402
Net (decrease) / increase in cash and cash equivalents		(1,005,409)	1,326,788
Cash and cash equivalents at the beginning of the year		4,000,895	2,674,107
Cash and cash equivalents at end of the year	10	2,995,486	4,000,895

The notes on pages 10 to 22 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2016

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 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) as adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 26 September 2018.

(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 $6,560,210 after excluding deferred income of $10,552,785 (2015: $6,429,224 after excluding deferred income of $10,448,540).

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.

(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.

2. Basis of preparation (continued)

(e) 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.

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and 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

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

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

(c) Financial instruments

(i) Non-derivative financial assets
The Institute initially recognises receivables on the date that they originate. 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.

Receivables
Receivables are non-derivative 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 receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise receivables from related party, staff loans and deposits.

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

(ii) Non-derivative financial liabilities
Financial liabilities are initially recognised on the trade date when 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. Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method.

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

3. Significant accounting policies (continued)

(d) 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.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Institute on terms that the Institute would not consider otherwise, indications that a debtor or issuer will entre bankruptcy or the disappearance of an active market for a security because of financial difficulties.

(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.

(e) Contributions and grant

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.

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 than offsetting against expenses.

(f) 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 obligation can be measured reliably.

3. Significant accounting policies (continued)

(g) Receivable from related parties

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

(h) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted, however, the Institute has not early adopted the following new standards in preparing these financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard partly replaces IAS 39 and introduces requirements for classifying and measuring financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard will provide a single source of requirements for accounting for all contracts with customers (except for some specific exceptions, such as lease contracts, insurance contracts and financial instruments) and will replace all current accounting pronouncements on revenue. New revenue disclosures are also introduced.

IFRS 16 *Leases*

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 *Revenue from Contracts with Customers* is applied at or before the date of initial application of IFRS 16. The standard removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low-value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice i.e. lessors continue to classify leases as finance and operating lease.

The Institute has not performed a preliminary assessment of the potential impact of adoption of the above standards on these financial statements.

4. Financial risk management

Overview

The Institute has exposure to the following financial risks:

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

4. Financial risk management (continued)

Overview (continued)

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.

The Institute's overall risk management programme focuses on having sufficient liquidity to achieve the Institute's objectives. Risk management is carried out by the Directors. Directors identify, evaluate and monitor financial risks in close cooperation with management. The Institute operates in the Sugar Industry for the research and development of the Sugar Industry. Consequently, regardless of the impact of the risks below, the risks are largely managed by the Ministry of Sugar. However, Directors exercise due care in dealing with these risks so as to minimise their impact on the Institute.

(i) Credit risk

Credit risk is the risk of financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Institute's cash at bank, trade and other receivables, and receivable from related parties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	$	$
Cash at bank	2,995,476	4,000,885
Staff loan and deposits	24,858	23,408
VAT receivable	213,374	-
Receivable from related parties (see Note 15(b))	5,724,999	5,224,999
	8,958,707	9,249,292

The aging of receivable from related parties at the reporting date that were not impaired was as follows:

	2016	2015
	$	$
Current - within 1 year	900,000	900,000
Between 1 and 4 years	2,700,000	2,700,000
Between 4 and 5 years	900,000	900,000
Greater than 5 years	1,224,999	724,999
	5,724,999	5,224,999

4. Financial risk management (continued)

(i) Credit risk (continued)

The above receivable is from Fiji Sugar Corporation. Management believes that the amounts past due by more than 1 year is still collectible in full as in the case of default the Institute would be able to call upon the Ministry of Sugar to provide directive to FSC to pay the outstanding balance.

(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.

The following are the contractual maturities of financial liabilities of the Institute:

	2016	2015
	$	$
Payable to related parties	2,265,685	2,260,537
Trade and other payables	121,660	105,981
VAT payable	-	541,323
	2,387,345	2,907,841

The above are payable within a year and largely dependent on cash inflows from donor agencies in meeting the financial commitments.

Market risk

The Institute's exposure to market risk is not material .

5. Contributions and grants

Contributions from stakeholders and grants that compensate the Institute for revenue and capital

	2016	2015
	$	$
Contribution from the Fiji Government	980,734	1,097,645
European Union	484,562	450,624
Fiji Sugar Corporation (FSC)	980,734	1,097,645
Sugar Cane Growers	980,734	1,097,645
	3,426,764	3,743,559

		2016	2015
6.	**Cost of operations**	**$**	**$**
	Advertising	4,168	3,176
	Bank charges	3,039	2,764
	Consultancy fees	13,419	41,209
	Depreciation	305,188	307,033
	Electricity	44,150	39,236
	EU cost	232,200	183,630
	Communication expenses	27,297	20,910
	Material costs	129,551	43,728
	Motor vehicle running expenses	198,100	203,253
	Repair and maintenance	18,531	13,953
	Subcontract expenses	48,972	198,995
	Travel	27,782	183,728
	Wages and salaries (refer note 7(b))	323,401	437,242
		1,375,798	1,678,857

7. Expenses

(a)	**Administrative expenses**		
	Auditors remuneration - audit	9,000	1,241
	- other services	10,675	8,202
	Accommodation and meals	12,101	56,694
	ACP cost	26,234	173,260
	Security for CEO	8,210	444
	Doubtful debts	825,688	782,609
	Fiji National Provident Fund contributions	116,546	95,123
	Freight	32,212	50,005
	Fringe benefit tax	10,989	-
	General expenses	225,416	115,443
	Hire of services	79,957	88,897
	ICT consumables	16,335	13,064
	Insurance	42,940	47,180
	Legal fees	10,000	3,250
	Other expenses	71,297	25,049
	Repair and maintenance	1,220	24,252
	Staff expenses	9,200	6,099
	Stationery	2,797	25,039
	Training and Productivity Authority of Fiji	9,136	9,650
	Travel	18,343	34,951
	Tuition fees	10,325	13,441
	Uniforms	7,166	11,738
	Utilities	3,213	13,364
	Wages and salaries (refer note 7(b))	646,802	731,962
		2,205,802	2,330,957

7. Expenses (continued)

		2016	2015
(b)	**Personnel expenses**	**$**	**$**
	Fiji National Provident Fund contributions	116,546	95,123
	Training and Productivity Authority of Fiji	9,136	9,650
	Key management compensation - short term benefits	87,432	87,432
	Wages and salaries	882,771	1,081,772
	Other staff related costs	16,366	17,837
		1,112,251	1,291,814

8. Income tax

In 2012, the Fiji Revenue and Customs Authority confirmed that the Institute is not subject to income tax.

Sugar Research Institute of Fiji
Notes to the financial statements
For the year ended 31 December 2016

9. Property, plant and equipment

	Land & building	Fixtures & fittings	Plant & equipment	Motor vehicles	Computers	Work in progress	Total
	$	$	$	$	$	$	$
Cost							
Balance at 1 January 2015	2,809,132	43,932	1,825,341	1,203,909	311,445	-	6,193,759
Acquisitions	-	-	74,646	-	19,230	22,722	116,598
Transferred to profit or loss	-	-	(15,556)	-	-		(15,556)
Balance as at 31 December 2015	2,809,132	43,932	1,884,431	1,203,909	330,675	22,722	6,294,801
Acquisitions	45,968	87,007	118,513	-	26,959	-	278,447
Transferred during the year	22,722	-	-	-	-	(22,722)	-
Balance as at 31 December 2016	2,877,822	130,939	2,002,944	1,203,909	357,634	-	6,573,248
Depreciation							
Balance at 1 January 2015	101,790	23,768	597,226	994,893	250,775	-	1,968,452
Depreciation charge	31,365	4,393	181,588	74,489	15,198	-	307,033
Balance at 31 December 2015	133,155	28,161	778,814	1,069,382	265,973	-	2,275,485
Depreciation charge	32,223	12,369	196,419	44,770	19,407	-	305,188
Balance at 31 December 2016	165,378	40,530	975,233	1,114,152	285,380	-	2,580,672
Carrying amount							
At 1 January 2015	2,707,342	20,164	1,228,115	209,016	60,670	-	4,225,307
At 31 December 2015	2,675,977	15,772	1,105,617	134,527	64,702	22,722	4,019,316
At 31 December 2016	2,712,444	90,409	1,027,711	89,757	72,254	-	3,992,575

	2016	2015
10. Cash and cash equivalents	**$**	**$**
Cash at bank	2,995,476	4,000,885
Cash on hand	10	10
	2,995,486	4,000,895

11. Receivables and prepayments		
Staff advances	22,108	20,658
Prepayments	-	133,696
Deposits	2,750	2,750
VAT receivable	213,374	-
	238,232	157,104

Staff advances are recovered through payroll deductions.

12. 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:

	2016	2015
	$	**$**
Balance at the beginning of the year	10,448,540	10,083,526
Funds received or receivable during the period	2,903,911	4,366,973
Utilised during the period	(2,799,666)	(4,001,959)
Balance at end of the year	10,552,785	10,448,540
<u>This is comprised as follows:</u>		
Fiji Government	122,991	1,557,986
Fiji Sugar Corporation (FSC)	6,100,292	1,495,473
Sugar Cane Growers	1,800,000	1,544,613
European Union grant	2,388,832	4,425,346
African Caribbean and Pacific Group of States (ACP)	-	1,162,670
Mauritius Sugar Research Institute (MISRI)	-	81,095
Fiji Sugar Tribunal		181,257
Estate income	140,670	-
	10,552,785	10,448,440

13. Employee benefits		
Balance at 1 January	45,933	45,933
Provision created / utilised during the year	(34,771)	-
Balance at 31 December	11,162	45,933

14. Trade and other payables

	2016	2015
	$	$
Trade payables	39,293	51,806
Other payables	82,367	54,175
VAT payable	-	541,323
	121,660	647,304

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 Directors in office during the year end and 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)
Professor Paras Nath (resigned on 7 December 2017)
Mr Daniel Elisha (term expired on 1 March 2018)
Mr Abdul Khan (term expired on 1 March 2018)
Mr Sundresh Chetty (term expired on 1 March 2018)
Mr Manasa Tagicakibau (resigned on 18 July 2017)
Mr Graham Clark (appointed on 18 July 2017)
Ms Reshmi Kumari (appointed on 18 July 2017)
Dr Sanjay Anand (appointed on 7 December 2017)
Professor Ravendra Naidu (appointed on 13 March 2018)
Mr Raj Sharma (appointed on 12 June 2018)
Mr Ashween Nischal Ram (appointed on 18 June 2018)

	2016	2015
(b) Amounts receivable from related parties	**$**	**$**
Fiji Sugar Corporation	5,724,999	3,424,999
Sugar Cane Growers	1,800,000	2,700,000
Allowance for uncollectability - Sugar Cane Growers	(1,800,000)	(900,000)
	5,724,999	5,224,999
Reconciliation of Allowance for Uncollectability		
Balance at the beginning of the month	900,000	-
Provision created during the year	900,000	900,000
Balance at the end of the year	1,800,000	900,000

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

15. Related parties (continued)

	2016	2015
	$	$
(c) Amounts payable to related parties		
Fiji Sugar Corporation	2,265,685	2,260,537

Payable to related parties are interest free and payable on demand.

(d) Transactions with related parties

	2016	2015
Deferred income		
Grant income - Fiji Sugar Corporation - receivable	825,688	782,609
Grant income - Fiji Government - cash received	825,688	782,609
Grant income - Sugar Cane Growers - receivable	825,688	782,609
Estate income - Fiji Sugar Corporation - cash received	252,375	224,412
	2,729,439	2,572,239
Impairment Loss		
Sugar Cane Growers	825,688	782,609

(e) Key management personnel

Key management personnel include the Chief Executive Officer and Finance and Administration Manager of the Institute. Key management compensation is disclosed in Note 8(b).

16. Capital commitments and contingencies

Capital commitments and contingent liabilities as at 31 December 2016 amounted to $Nil (2015: $Nil).

17. Events subsequent to balance date

There is a draft Sugar Industry Bill before the parliament that is proposing major changes in the functioning of Sugar Research Institute of Fiji and until this bill is passed, the Board cannot give assurance about the future of Sugar Research Institute of Fiji in its present form.

Apart from the above, 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.