Sugar Research Institute of Fiji

Financial Statements

For the year ended 31 December 2017

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 2017 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)
Professor Paras Nath (resigned on 7 December 2017)
Mr Daniel Elisha (term expired on 1 March 2018)
Mr Abdul Khan (resigned on 18 July 2017)
Mr Sundresh Chetty (term expired on 1 March 2018)
Mr Manasa Tagicakibau (resigned on 18 July 2017)
Mr Graham Clark (appointed 18 July 2017)
Ms Reshmi Kumari (appointed 18 July 2017)
Dr Sanjay Anand (appointed on 7 December 2017)
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 2017 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.

Sugar Research Institute of Fiji

Directors' 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 Doner 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 $7,114,808 after excluding deferred income of $11,144,379 (2016: $6,400,748 after excluding deferred income of $10,393,323).

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 11th day of March 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 2017, 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 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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.

Emphasis of Matter – comparative information

We draw attention to Note 20 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2016 has been restated. Our opinion is not modified in respect of this matter.

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, 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.

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.

Sharvek.

KPMG

11 March 2019

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 2017

	Note	2017	*** Restated* 2016
		$	$
Contributions and grants	5	2,347,161	3,586,226
Estate income		245,496	111,705
Other income	6	6,709	5,794
Total income		2,599,366	3,703,725
Cost of operations	7	(1,394,434)	(1,375,798)
Administrative expenses	8 (a)	(1,244,297)	(2,365,264)
Deficit from operations		(39,365)	(37,337)
Finance income	9	39,365	37,337
Deficit before tax		-	-
Income tax benefit		-	-
Balance at the beginning of the year		-	-
Deficit for the year		-	-

**** Refer Note 20***

The notes on pages 9 to 26 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of financial position
As at 31 December 2017

	Note	2017	** *Restated* 2016
Assets		$	$
Current assets			
Cash and cash equivalents	13	2,240,430	2,995,486
Receivable and prepayments	14	77,098	78,770
Receivable from related parties	18 (b)	7,167,499	5,724,999
Total current assets		9,485,027	8,799,255
Non-current assets			
Property, plant and equipment	11	4,027,118	3,992,575
Intangible assets	12	2,453	-
Total non-current assets		4,029,571	3,992,575
Total assets		13,514,598	12,791,830
Liabilities			
Current liabilities			
Deferred income	15	11,144,379	10,393,323
Employee benefits	16	18,716	11,162
Trade and other payables	17	85,818	121,660
Payable to related parties	18 (c)	2,265,685	2,265,685
Total current liabilities		13,514,598	12,791,830
Total liabilities		13,514,598	12,791,830

Signed on behalf of the board

Chairman

Board Member

** *Refer Note 20*

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The notes on pages 9 to 26 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Statement of cash flows
For the year ended 31 December 2017

	Note	2017	2016
		$	$
Operating activities			
Receipts from stakeholders and donors		1,566,514	1,252,535
Payment to suppliers and employees		(2,342,888)	(2,416,834)
Interest received		32,756	37,337
Net cash used in operating activities		(743,618)	(1,126,962)
Investing activities			
Acquisition of property, plant and equipment	11	(359,845)	(278,447)
Payment for intangible assets	12	(2,480)	-
Received from related parties		350,887	400,000
Net cash (used in) / from investing activities		(11,438)	121,553
Net decrease in cash and cash equivalents		(755,056)	(1,005,409)
Cash and cash equivalents at the beginning of the year		2,995,486	4,000,895
Cash and cash equivalents at the end of the year	13	2,240,430	2,995,486

The notes on pages 9 to 26 are an integral part of these financial statements.

Sugar Research Institute of Fiji
Notes to the Financial Statements
For the year ended 31 December 2017

1. Reporting entity

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

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

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board on 11 March 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 Doner 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 $7,114,808 after excluding deferred income of $11,144,379 (2016: $6,400,748 after excluding deferred income of $10,393,323).

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. 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:

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation (continued)

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.

(c) 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

(d) Financial instruments

(i) Non-derivative financial assets

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

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

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

3. Significant accounting policies (continued)

(d) Financial instruments (continued)

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

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

Receivables comprise receivables from related party, staff advances 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.

(e) Impairment

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

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restricting 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.

3. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets

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

(f) 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.

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.

(g) 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.

(h) Receivable from related parties

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

3. Significant accounting policies (continued)

(i) 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 impaired 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 (expect 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 leasee - 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 expenses 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)

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:

	2017	**2016**
	$	**$**
Cash at bank	2,240,420	2,995,476
Staff advance and deposits	27,208	24,858
VAT receivable	43,281	53,912
Interest receivable	6,609	-
Receivable from related parties (see Note 18 (b))	7,167,499	5,724,999
	9,485,017	8,799,245

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

	2017	**2016**
	$	**$**
Current - within 1 year	1,442,500	900,000
Between 1 and 4 years	3,600,000	2,700,000
Between 4 and 5 years	-	900,000
Greater than 5 years	2,124,999	1,224,999
	7,167,499	5,724,999

4. Financial risk management (continued)

(i) Credit risk (continued)

Cash at bank

The cash at bank is held with Westpac Corporation Limited which is a reputable bank and has a strong credit rating.

Staff advance and deposits

Management believes that the amounts from staff advance and deposits are collectable.

Interest receivable

Interest receivable is from Westpac Corporation Limited which is a reputable bank and has a strong credit rating.

Receivable from related parties

Management believes that the amounts past due by more than 1 year is still collectable 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 and Growers 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:

	2017	**2016**
	$	**$**
Payable to related parties	2,265,685	2,265,685
Trade and other payables	85,818	121,660
	2,351,503	2,387,345

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

(iii) 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 expenditure are recognised from deferred income as follows:

	2017	** *Restated* 2016
	$	$
Contribution from the Fiji Government	544,795	1,033,888
European Union	712,776	484,562
Fiji Sugar Corporation (FSC)	544,795	1,033,888
Sugar Cane Growers	544,795	1,033,888
	2,347,161	3,586,226

6. Other income

	2017	2016
	$	$
Sundry income	6,709	5,794
	6,709	5,794

7. Cost of operations

	2017	2016
Advertising	1,468	4,168
Amortisation	27	-
Bank charges	5,205	3,039
Consultancy fees	-	13,419
Depreciation	306,026	305,188
Electricity	39,777	44,150
EU Cost	454,146	232,200
Communication expenses	31,607	27,297
Material costs	24,422	129,551
Motor vehicle running expenses	156,357	198,100
Repairs and maintenances	8,729	18,531
Subcontract expenses	75,822	48,972
Travel	400	27,782
Wages and salaries	290,448	323,401
Total cost of operations	1,394,434	1,375,798

8. Expenses

(a) Administrative expenses

	2017	** *Restated* 2016
	$	$
Auditors remuneration	9,500	9,000
Accounting fees	40,627	10,675
Accommodation and meals	2,163	12,101
ACP cost	-	26,234
Balance carried forward	**52,290**	**58,010**

8. Expenses (continued)

(a) Administrative expenses (continued)	**2017** **$**	***** Restated*** **2016** **$**
Balance brought forward	**52,290**	**58,010**
Annual leave expense	7,554	-
Board allowance	10,926	-
Office security	48,526	8,210
Director's fees	79,109	-
Doubtful debts	-	825,688
Fiji National Provident Fund contributions	96,437	116,546
Freight	35,648	32,212
Fringe benefit tax	13,174	10,989
General expenses	142,141	225,416
Hire of services	4,503	79,957
ICT consumables	4,561	16,335
Insurance	60,241	42,940
Legal fees	750	10,000
Loss on disposal	19,276	-
Medical expense	546	-
Media and publication	2,335	-
Other expenses	4,579	71,297
Postage	897	-
Repair and maintenance	2,119	1,220
Rent expense	63,241	-
Staff expenses	-	9,200
Stationery	998	2,797
Training and Productivity Authority of Fiji	8,821	9,136
Travel	-	18,343
Tuition fees	-	10,325
Uniforms	-	7,166
Utilities	4,641	3,213
Value added tax receivable written off		159,462
Wages and salaries (refer note 7(b))	580,984	646,802
	1,244,297	2,365,264

***** Refer Note 20***

8. Expenses (continued)

	2017	2016
(b) Personnel expenses	**$**	**$**
Fiji National Provident Fund contributions	96,437	116,546
Training and Productivity Authority of Fiji	8,821	9,136
Key management compensation - short term benefits	99,687	87,432
Wages and salaries	771,745	882,771
Other staff related costs	-	16,366
	976,690	1,112,251

9. Finance income

Interest received	39,365	37,337

10. Income tax benefit

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

11. 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 2016	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
Acquisitions	-	9,181	226,689	116,752	7,223	-	359,845
Disposal	(20,835)	-	-	-	-	-	(20,835)
Balance as at 31 December 2017	2,856,987	140,120	2,229,633	1,320,661	364,857	-	6,912,258
							-
Depreciation							-
Balance at 1 January 2016	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	-	2,580,673
Depreciation charge	32,223	11,452	211,855	28,310	22,186	-	306,026
Disposal	(1,559)	-	-	-	-	-	(1,559)
Balance at 31 December 2017	196,042	51,982	1,187,088	1,142,462	307,566	-	2,885,140
Carrying amount							
At 1 January 2016	2,675,977	15,771	1,105,617	134,527	64,702	22,722	4,019,316
At 31 December 2016	2,691,609	90,409	1,027,711	89,757	72,254	-	3,992,575
At 31 December 2017	2,660,945	88,138	1,042,545	178,199	57,291	-	4,027,118

Sugar Research Institute of Fiji
Notes to the Financial Statements
For the year ended 31 December 2017

12. Intangibles

	Software	Total
	$	$
Cost		
Balance at 1 January 2016	-	-
Acquisition	-	-
Balance at 1 January 2017	-	-
Acquisition	2,480	2,480
Balance at 31 December 2017	2,480	2,480
Accumulated amortisation		
Balance at 1 January 2016	-	-
Amortisation	-	-
Balance at 1 January 2017	-	-
Amortisation	27	27
Balance at 31 December 2017	27	27
Carrying amounts		
At 1 January 2016	-	-
At 31 December 2016	-	-
At 31 December 2017	2,453	2,453

13. Cash and cash equivalents

	2017	2016
	$	$
Cash at bank	2,240,420	2,995,476
Cash on hand	10	10
Cash and cash equivalents in the statement of cash flows	2,240,430	2,995,486

14. Receivables and prepayments

	2017	*** Restated* 2016
	$	$
Staff advances	24,458	22,108
Deposits	2,750	2,750
VAT receivable	43,281	53,912
Interest receivable	6,609	-
	77,098	78,770

Staff advances are recovered through payroll deductions.

***** Refer Note 20***

Sugar Research Institute of Fiji
Notes to the Financial Statements
For the year ended 31 December 2017

15. 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:

	2017	*** Restated* 2016
	$	$
Balance at the beginning of the year	10,393,323	10,448,540
Funds received or receivable during the period	3,400,418	2,903,911
Utilised during the period	(2,649,362)	(2,959,128)
Balance at 31 December	11,144,379	10,393,323
This is comprised as follows:		
Fiji Government	145,471	122,991
Fiji Sugar Corporation (FSC)	6,297,062	5,940,830
Sugar Cane Growers	2,700,000	1,800,000
European Union grant	1,869,154	2,388,832
Estate income	130,834	140,670
Insurance income	1,858	-
	11,144,379	10,393,323

	2017	2016
16. Employee benefits	$	$
Balance at 1 January	11,162	45,933
Provision created / utilised during the year	7,554	(34,771)
Balance at 31 December	18,716	11,162
17. Trade and other payables		
Trade payables	25,200	39,293
Other payables	60,618	82,367
	85,818	121,660

18. 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.

***** Refer Note 20***

18. Related parties (continued)

(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)
Professor Paras Nath (resigned on 7 December 2017)
Mr Daniel Elisha (term expired on 1 March 2018)
Mr Abdul Khan (resigned on 18 July 2017)
Mr Sundresh Chetty (term expired on 1 March 2018)
Mr Manasa Tagicakibau (resigned on 18 July 2017)
Mr Graham Clark (appointed 18 July 2017)
Ms Reshmi Kumari (appointed 18 July 2017)
Dr Sanjay Anand (appointed on 7 December 2017)
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)

		2017	2016
(b)	**Amounts receivable from related parties**	**$**	**$**
	Fiji Sugar Corporation	6,267,499	5,724,999
	Sugar Cane Growers	2,700,000	1,800,000
	Allowance for uncollectability - Sugar Cane Growers	(1,800,000)	(1,800,000)
		7,167,499	5,724,999
	Reconciliation of Allowance for Uncollectability		
	Balance at the beginning of the month	1,800,000	900,000
	Provision created during the year	-	900,000
	Balance at the end of the year	1,800,000	1,800,000

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

		2017	2016
		$	**$**
(c)	**Amounts payable to related parties**		
	Fiji Sugar Corporation	2,265,685	2,265,685
		2,265,685	2,265,685

(d) Outstanding debts owed from Fiji Sugar Corporation Limited

Net receivable from Fiji Sugar Corporation Limited ("FSC") amounts to $4,001,814 as at 31 December 2017. 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 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.

18. Related parties (continued)

(d) Outstanding debts owed from Fiji Sugar Corporation Limited (continued)

The amount stipulated in the agreement is $4,009,314 which is the amount as at 31 October 2018 and is reconciled as follow:

	$
Balance at 31 December 2017	4,001,814
Contributions during the year till October 2018	750,000
Payments made in 2018	(742,500)
Balance at 31 October 2018	4,009,314

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 each payable half yearly on 30 August and 31 December each year; and

(iii) the repayments will be at zero interest.

(e) Transactions with related parties

	2017	2016
Deferred income	$	$
Grant income - Fiji Sugar Corporation	825,688	825,688
Grant income - Fiji Government	1,238,532	825,688
Grant income - Sugar Cane Growers	825,688	825,688
Estate income - Fiji Sugar Corporation	225,993	252,375
	3,115,901	2,729,439
Impairment Loss		
Sugar Cane Growers	-	825,688

(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 8(b).

19. Capital commitments and contingencies

Capital commitments and contingent liabilities as at 31 December 2017 amounted to $Nil (2016: $Nil).

20. Correction of errors

During the year, the Company discovered that VAT receivable had been erroneously overstated in its financial statements for the year ended 31 December 2016. As a consequence, VAT receivable balance and deferred income balances were overstated by $159,462. The error has been corrected by restating each of the financial statement line items for prior periods. The following tables summarise the impacts on the financial statements:

Statement of financial position

	Impact of correction of error		
	As previously reported	**Adjustments**	**As restated**
31 December 2016	**$**	**$**	**$**
Current assets			
Receivables and prepayments	238,232	(159,462)	78,770
Others	8,720,485	-	8,720,485
	8,958,717	(159,462)	8,799,255
Non-current assets	3,992,575	-	3,992,575
Total assets	12,951,292	(159,462)	12,791,830
Current liabilities			
Deferred income	10,552,785	(159,462)	10,393,323
Others	2,398,507	-	2,398,507
	12,951,292	(159,462)	12,791,830
Total Liabilities	12,951,292	(159,462)	12,791,830

20. Correction of errors (continued)

Statement of profit or loss and other comprehensive income

	Impact of correction of error		
	As previously reported	**Adjustments**	**As restated**
31 December 2016	**$**	**$**	**$**
Contributions and grants	3,426,764	159,462	3,586,226
Administrative expenses	(2,205,802)	(159,462)	(2,365,264)
	1,220,962	-	1,220,962

Note: There are no adjustments made to statement of cash flows for the year ended 31 December 2016.

21. 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.