

Sugar Research Institute of Fiji

Financial Statements

For the Year Ended 31 December 2019



SUGAR RESEARCH INSTITUTE OF FIJI

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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SUGAR RESEARCH INSTITUTE OF FIJI DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019, the related statement of activities and other comprehensive income and statement of cash flows for the year ended on that date and report as follows:

Board Directors

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

- Professor Rajesh Chandra Chairman (Expired February 2020)
- Mr Prakash Chand Chairman (Effective March 2020)
- Dr Sanjay Anand
- Mr Graham Clark
- Ms Reshmi Kumari
- Professor Ravendra Naidu
- Mr Ashween Nischal Ram
- Mr Raj Sharma

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 2019 and the accompanying statement of activities and other comprehensive income and the statement of cash flows give a true and fair view of the results, and cashflows 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.

As at the date of this report, the Director are not aware of any circumstances, which would render the values attributed to current assets in the Institute's financial statements misleading.

Receivables

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

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

Related party transactions

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

SUGAR RESEARCH INSTITUTE OF FIJI Director's REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Director, the results of the operations of the Institute during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Institute in the current financial year, other than those reflected 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 Government of Fiji, 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 incurred negative cash flows from operations of \$474,917 during the year ended 31 December 2019 and positive working capital of \$1,463,530 after reclassification of certain related party receivables to non-current assets.

Accordingly, these financial statements have been prepared on 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 labilities that may be necessary should the necessary should the Institute be unable to continue as a going concern.

Events subsequent to balance date

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

For and on behalf of the Board of Directors in accordance with a resolution of the Directors this 1st day of May 2020.

Board Member

Board Member



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Independent Auditor's Report

To the Board Members of Sugar Research Institute of Fiji

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sugar Research Institute of Fiji ("the Institute"), which comprise the statement of financial position as at 31 December 2019, the statement of activities and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2(b) in the financial statements, which refers to the preparation of the Institute's financial statements on a going concern basis. The Institute incurred negative cash flows from operations of \$474,917 during the year ended 31 December 2019. The Institute has operating expenditure commitments of approximately \$3 million for the financial year ending 31 December 2020 and is most likely to require further funding to meet its working capital requirements and fund its operating activities.

The appropriateness of the going concern assumption on which the financial statements are prepared is critically dependent on Government and the stakeholders support to the Institute, as disclosed in Note 1.2(b), to enable the Institute to continue operations for the foreseeable future.

The events or conditions outlined above indicate that a material uncertainty exists that may cast significant doubt on the Institute's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Institute not continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter: Subsequent Events - Impact of the Coronavirus (COVID-19) Outbreak

We draw attention to Note 12 of the financial statements which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the Directors in the preparation of the financial report. As set out in Note 12, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Institute for the year ended 31 December 2018 was audited by another auditor who expressed an unmodified opinion on that financial report on 15 July 2019.



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Independent Auditor's Report (continued)

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as management determine 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 Institutes' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism 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 the 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 material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 purpose of the audit.

In our opinion

- 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
- to the best of our information 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.

Ernst & Young Chartered Accountants

andan Shaneel Nandan

Partner Lautoka, Fiji 1st May 2020

SUGAR RESEARCH INSTITUTE OF FIJI STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		\$	\$
Contributions and grants	2.1	2,662,462	3,457,237
Estate income		357,299	174,951
Other income	2.2	89,113	137,411
Total income		3,108,874	3,769,599
Cost of operations	2.3	(1,752,999)	(2,624,869)
Administrative expenses	2.4	(1,363,200)	(1,161,750)
Deficit from operations		(7,325)	(17,020)
Finance income	2.6	8,148	17,739
Finance expense		(823)	(719)
Deficit before tax		-	-
Income tax expense			
Balance at the beginning of the year		-	-
Deficit for the year			-

The accompanying notes form an integral part of the statement of activities and other comprehensive income.

SUGAR RESEARCH INSTITUTE OF FIJI STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019	2018
Assets		\$	\$
Current assets			
Cash and cash equivalents	3	421,541	1,339,941
Receivables and prepayments	4	194,352	204,710
Receivables from related parties	10(b)	1,400,688	1,123,853
		2,016,581	2,668,504
Non-current assets			
Property, plant and equipment	5	5,958,082	5,979,253
Intangible assets	6	23,046	1,957
Receivables from related parties	10(b)	6,520,169	6,222,004
		12,501,297	12,203,214
Total assets		14,517,878	14,871,718
Current liabilities			
Deferred income	8	421,541	525,789
Trade and other payables	7	89,813	114,975
Employee benefits	9	41,697	32,165
		553,051	672,929
Non-current liabilities			
Deferred income	8	11,699,142	11,933,104
Payable to related parties	10(c)	2,265,685	2,265,685
,		13,964,827	14,198,789
Total liabilities		14,517,878	14,871,718
Net assets			
Funds employed			
Funds employed		_	_
Total funds employed		·	

Signed on behalf of the Board.

Board Member

The accompanying notes form an integral part of the statement of financial position.

Board Member

SUGAR RESEARCH INSTITUTE OF FIJI STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
Cash flows from Operating Activities			
Receipts from stakeholders and donors		2,174,456	4,772,793
Payments to suppliers and employees		(2,656,698)	(3,379,672)
Interest and bank charges paid		(823)	-
Interest received		8,148	17,739
Net cash (used in) / provided by operating activities		(474,917)	1,410,860
Cash flows used in Investing Activities			
Acquisition of property, plant and equipment		(438,330)	(2,341,158)
Payment of intangible assets		(26,361)	-
Proceeds from disposal of property, plant and equipment		21,208	29,809
Net cash flows (used in) investing activities		(443,483)	(2,311,349)
Net (decrease) in cash and cash equivalents		(918,400)	(900,489)
Cash and cash equivalents at 1 January		1,339,941	2,240,430
Cash and cash equivalent at 31 December	3	421,541	1,339,941

The accompanying notes form an integral part of the statement of cash flows.

1. Reporting entity

The financial statements of Sugar Research Institute of Fiji for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 1st May 2020. 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.

The principal activity of the Institute is described in Note 14.

1.2 Basis of preparation of financial statements

(a) The financial statements of the Institute have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost basis except where stated.

(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 Government of Fiji, 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 incurred negative cash flows from operations of \$474,917 during the year ended 31 December 2019 and positive working capital of \$1,463,530 after reclassification of certain related party receivables to non-current assets.

Accordingly, these financial statements have been prepared on 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 labilities that may be necessary should the necessary should the Institute be unable to continue as a going concern.

1.3 Summary of significant accounting policies

(a) Foreign currency translation

The Institute's financial statements are presented in Fijian dollar, which is also the Institute's functional currency.

Transactions in foreign currencies are initially recorded by the Institute at the functional currency rates prevailing the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the currency rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured.

(b) Revenue recognition

Revenue is recognized to the extend that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured in accordance with realisation principle, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and consumption tax. The following specific criteria must also be met before revenue is recognised:

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.

1.3 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

It is the recognised in the profit or loss as grant income on a systematic basis as the Institute recognises expenses be 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 expense.

Other income

Outsource income and other revenue from operating activities are recognised in profit or loss on an accrual basis.

(c) Income tax

The Institute is exempt from income tax by virtue of Part 7(2) of the Income Tax (Exempt Income) Regulations 2016.

(d) Financing income

Finance income comprises interest received on the term deposits held. Interest income is recognised as it accrues in profit or loss.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

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

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with carrying amount of the property, plant and equipment, and is recognised net within other income/ other operating expenses in profit or loss.

(ii) 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 an 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.

(iii) Depreciation

Depreciation is calculated to write off the costs of the 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 and loss. The estimated useful lives of property, plant and equipment for current and comparative periods as follows:

The depreciation rates for the current and comparative year is as follows:

Asset		Rate
•	Fixtures and fittings	10 years
۲	Plant and equipment	6.67-10 years
۲	Motor vehicles	6.67 years
۲	Land and building	80 years
•	Computers	5 years

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

1.3 Summary of significant accounting policies (continued)

(f) Intangible assets

(i) 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.

(ii) 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

(g) Financial instruments

(i) Non- derivative financial asset

The Institute generally recognises loans and receivable on the date that they are originated. All other financial assets (including assets designed as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Institute becomes a third 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 the ownership of the financial asset are transferred. Any interest in the transferred financial asset 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 offset the amounts and settle on a net basis or to realise the asset and settle the liability simultaneously.

The Institute classifies non- derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets and loans receivable.

Receivables

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

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and cash on hand. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(ii) Non- derivative financial liability

Financial liabilities 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 liability when its contractual obligations are discharged or cancelled or expire.

(ii) Non- derivative financial liability

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

Other financial liabilities comprise of payable and other accruals.

1.3 Summary of significant accounting policies (continued)

(h) Impairment

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

An impairment loss is reversed if more has been charged in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(i) Employee benefits

(i) Superannuation

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

(ii) Employee entitlements

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

(ii) Short-term benefits

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

(j) Receivable from related parties

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

(k) Employee benefits

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables on the statement of financial position.

(I) 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 related grant being credited to deferred income as the liability and released to profit or loss over the expected useful economic life.

(m) Unexpended project funds

Unutilised donor monies at year end used for cash grant which is received for utilization in more than one financial period is treated as unexpended project funds.

(n) Leases

Leases are classified as operating leases. Rental payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

(o) Value Added Tax (VAT)

The Institute complies with VAT under the Second Schedule of the VAT Decree 1991.

(p) Comparative figures

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

		2019	2018
Reve	enue and expenses	\$	\$
2.1	Contributions and grants		
	Contribution from the Fiji Government	713,161	594,3
	European Union	522,979	1,674,1
	Fiji Sugar Corporation (FSC)	713,161	594,3
	Sugar Cane Growers	713,161	594,3
		2,662,462	3,457,2
2.2	Other income	\$	\$
	Gain on sale of fixed assets	21,208	29,8
	Outsource income	65,743	107,3
	Others	2,162	2
		89,113	137,4
2.3	Cost of operations	\$	\$
	Advertising	4,626	1,5
	Amortisation	5,272	4
	Bank charges	3,413	5,4
	Consultancy fees	26,731	21,0
	Depreciation	459,502	389,0
	Electricity	49,641	47,5
	EU cost	102,405	1,316,0
	Communication expenses	37,449	26,1
	Material costs	78,584	37,4
	Motor vehicle running expenses	124,809	107,1
	Repairs and maintenances	138,984	107,1
	Subcontract expenses	264,392	203,2
	Wages and salaries	457,191	360,9
	wages and solaries	1,752,999	2,624,8
24	Administrative expenses	\$	\$
2.4	Audit fees	9,000	9 ,5
	Audit fees Audit fees - EU Project	33,079	35,0
	Accommodation and meals	6,360	8,5
	Annual leave expense	9,532	13,4
	Board allowance	34,508	13,4 14,9
	Cleaning and landscaping	34,508	14,9
			10,4 52,4
	Office security	109,333	
	Office supplies	11,288	21,7
	Director's fees	62,464	78,9
	Fiji National Provident Fund contributions	122,665	105,0
	Freight	24,218	56,9
	Fringe benefit tax	13,547	6,5
	General expenses	42,330	13,0
	ICT consumables	12,627	

2.	Revenue and expenses (continued)	2019	2018
	2.4 Administrative expenses (continued)	\$	\$
	Insurance	53,955	46,443
	Legal fees	1,742	183
	Land rent	7,817	12,419
	Medical expense	6,394	6,086
	Media and publication	9,656	17,753
	Other expenses	-	10,603
	Postage	1,153	623
	Repair and maintenance	6,081	39,867
	Rent expense	35,385	16,372
	Staff expenses	17,381	12,736
	Stationery	5,642	5,155
	Training and Productivity Authority of Fiji	11,854	8,773
	Travel	17,846	7,026
	Utilities	8,078	9,587
	Wages and salaries	685,787	541,492
		1,363,200	1,161,750
	2.5 Personnel expenses	\$	\$
	Fiji National Provident Fund (FNPF) contributions	122,665	105,028
	Training and Productivity Authority of Fiji	11,854	8,773
	Key management compensation - short term benefit	98,980	99,326
	Wages and salaries	1,043,998	803,161
		1,277,497	1,016,288
	2.6 Finance income	\$	\$
	Interest received	8,148	17,739
3.	Cash and cash equivalents	\$	\$
э.	Cash at bank	\$ 421,041	ې 1,339,889
	Cash on hand	500	52
	Cash and cash equivalents in the cash flow statements		
	Cash and Cash equivalents in the Cash now statements	421,541	1,339,941

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial positions amounts:

		\$	\$
	Cash at bank and on hand	421,541	1,339,941
		421,541	1,339,941
4.	Receivables	\$	\$
	Trade receivable	20,322	14,046
	Staff advance	378	1,327
	Deposits	4,506	4,506
	VAT receivable	140,116	178,222
	Interest receivable	6,609	6,609
	Prepayments	5,500	-
	Withholding tax receivable	16,921	
		194,352	204,710

5. Property, plant and equipment

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Cost	Land and Buildings	Fixtures and Fittings	Plant and Equipment	Motor Vehicles	Computers	Work in progress	Total
As at 1 January 2018	2,856,987	140,120	2,229,633	1,320,661	364,857	-	6,912,258
Additions	-	22,199	703,545	317,459	63,040	1,234,915	2,341,158
Disposals	-	-	-	(53,633)	-	-	(53,633)
At 31 December 2018	2,856,987	162,319	2,933,178	1,584,487	427,897	1,234,915	9,199,783
Additions	152,674	18,459	18,308	229,742	19,147	-	438,330
Transfers	1,234,915	-	-	-	-	(1,234,915)	-
Disposals	-	-	-	(96,569)	-	-	(96,569)
At 31 December 2019	4,244,576	180,778	2,951,486	1,717,660	447,044	-	9,541,544
Accumulated depreciation							
As at 1 January 2018	196,042	51,982	1,187,088	1,142,462	307,566	-	2,885,140
Depreciation charge for the	31,875	13,706	236,003	76,768	30,671	-	389,023
Disposals	-	-	-	(53,633)	-	-	(53,633)
At 31 December 2018	227,917	65,688	1,423,091	1,165,597	338,237	-	3,220,530
Depreciation charge for the	32,296	15,630	270,121	108,060	33,394	-	459,501
Disposals	-	-	-	(96,569)	-	-	(96,569)
At 31 December 2019	260,213	81,318	1,693,212	1,177,088	371,631	-	3,583,462
Net book value							
At 31 December 2019	3,984,363	99,460	1,258,274	540,572	75,413	-	5,958,082
At 31 December 2018	2.629.070	96,631	1,510,087	418,890	89,660	1,234,915	5,979,253

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6.	Intangible assets <u>Cost</u> As at 1 January 2018	Software \$ 2,480	Total \$ 2,480
	Additions Disposals	-	-
	At 31 December 2018	2,480	2,480
	Additions	26,361	26,361
	Disposals	<u> </u>	-
	At 31 December 2019	28,841	28,841
	Accumulated depreciation	27	27
	As at 1 January 2018 Amortisation	496	496
	At 31 December 2018	523	523
	Amortisation	5,272	5,272
	At 31 December 2019	5,795	5,795
	Net book value		
	At 31 December 2019	23,046	23,046
	At 31 December 2018	1,957	1,957
		2019	2018
7.	Trade and other payables	\$	\$
	Trade creditors	13,377	42,010
	Payables and accruals	76,436	72,965
		89,813	114,975

8. Deferred income

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

	\$	\$
Balance at the beginning of the year	12,458,893	11,144,379
Funds received or receivable during the period	2,778,811	5,101,854
Utilised during the period	(3,117,021)	(3,787,340)
Balance at 31 December	12,120,683	12,458,893
This is comprised as follows:	\$	\$
Fiji Government	39,031	67,732
Fiji Sugar Corporation (FSC)	7,020,857	6,399,043
Sugar Cane Growers	2,700,000	2,700,000
European Union grant	2,202,291	2,834,061
Estate income	160,895	248,515
Insurance income	-	1,759
Other income	(2,391)	207,783
Total	12,120,683	12,458,893

8.	Deferred income (continued)		
		2019	2018
	Disclosed as:	\$	\$
	Current	421,541	525,789
	Non-current	11,699,142	11,933,104
	Total	12,120,683	12,458,893
9.	Employee benefits	\$	\$
	Balance at 1 January	32,165	18,716
	Provision created / utilised during the year	9,532	13,449
	Balance at 31 December	41,697	32,165

10. 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 names of the Directors at any time during the financial year as follows:

- Professor Rajesh Chandra Chairman (Expired February 2020)
- Mr Prakash Chand Chairman (Effective March 2020)
- Dr Sanjay Anand
- Mr Graham Clark
- Ms Reshmi Kumari
- Professor Ravendra Naidu
- Mr Ashween Nischal Ram
- Mr Raj Sharma

(b)	Amounts receivable from related parties	\$	\$
	Fiji Sugar Corporation - grant income	6,999,999	6,424,999
	- other income	20,858	20,858
	Sugar Cane Growers	2,700,000	2,700,000
	Allowance for uncollectability - Sugar Cane Growers	(1,800,000)	(1,800,000)
		7,920,857	7,345,857
	Disclosed as:	\$	\$
	Current	1,400,688	1,123,853
	Non-current	6,520,169	6,222,004
	Total	7,920,857	7,345,857

10.	Related parties (continued)			
	(b)	Amounts receivable from related parties (continued)	2019	2018
		Reconciliation of Allowance for Uncollectability	\$	\$
		Balance at the beginning of the year	1,800,000	1,800,000
		Provision created during the year		-
		Balance at the end of the year	1,800,000	1,800,000

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

(c)	Amounts payable to related parties	\$	\$
	Fiji Sugar Corporation	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 \$4,734,314 as at 31 December 2019. On 26 February 2019, a Deed of payment was signed between the Institute and FSC. FSC agreed and acknowledged that it owed a sum amounting to \$4,009,314 as at 31 October 2018 to the Institute which was FSC's contribution towards SRIF's operations as per Section 11(2) of the Sugar Research Institute Act 2005.

The amount stipulated in the agreement is \$4,009,314 which is the amount as at 31 October 2018. The net receivable amount as at 31 December 2019 is \$4,734,314 and is reconciled as follows:

	\$
Balance at 31 December 2018	4,159,314
Contributions during the year	900,000
Payments made in 2019	(325,000)
Balance at 31 December 2019	4,734,314

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 payable on 30 August and 31 December each year;
- (iii) the repayments will be at zero interest rate.

(e)	Transactions with related parties	\$	\$
	Deferred income		
	Grant income - Fiji Sugar Corporation	298,165	681,193
	Grant income - Fiji Government	716,287	825,688
	Grant income - Sugar Cane Growers	825,688	825,688
	Estate income- Fiji Sugar Corporation	269,679	292,633
		2,109,819	2,625,202

10. Related parties (continued)

(f) Key management personnel

Key management personnel include the Chief Executive Officer and Finance Administration Manager of the Institute.

Transactions with the 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 2.5.

11. Commitments and contingencies

- (i) Contingent liability \$nil (2018:\$nil)
- (ii) Capital expenditure commitments \$nil (2018:\$nil)
- (iii) Finance lease commitments \$nil (2018:\$nil)
- (iv) Operating lease commitments \$nil (2018:\$nil)

12. Subsequent events

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

13. Segment Information

Industry segment

The Institute operates predominantly in the sugar industry.

Geographical segment

The Institute operates predominantly in Fiji and is therefore one geographical area for reporting purposes.

14. Principal business 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

Number of employees

As at balance date, the Institute employed a total of 82 employees (2018: 69).