



**ESWATINI CANE GROWERS ASSOCIATION**

**ANNUAL REPORT FOR YEAR  
ENDED 31 MARCH 2020**

*'Cane for Growth'*

# OUR VALUES



**INTEGRITY**



**BEST AND SOLE INTEREST OF ECGA**



**POSITIVE INFLUENCE AND ENGAGEMENT**



**MAXIMIZING VALUE FROM RESOURCES**



**CONTINUOUS IMPROVEMENT**



**DRIVE FOR RESULTS**



**OUR VISION**

Grower sustainability and development through optimum and equitable value from a stick of cane.



**OUR MISSION**

Providing strong support, proactive advocacy, positive influence, accurate information and best practice skills to enable sugarcane business progress and sustainability.



**OUR STRATEGIC OBJECTIVES**

1. To Build and Sustain Institutional Capacity through Attraction, Development and Retention of People with Appropriate Skills.
2. To Promote and Support Realisation of True Value of Sugarcane through Positive Influence on and Constructive Engagement with Stakeholders.
3. To Promote and Support Sustainability through adopting suitable financing model, anticipating and proactively adapting to changes in the sugarcane business environment.
4. To Promote and Support Sustainability through adopting suitable financing model, anticipating and proactively adapting to changes in the sugarcane business environment.
5. To Align the ECGA to Good Corporate Governance, Management Practices and Corporate Citizenship

**OUR ORGANIZATIONAL VALUES**



1. Integrity
2. Best and sole interest of ECGA.
3. Positive influence and engagement.
4. Maximizing value from resources.
5. Continuous improvement.
6. Drive for Results.





Mr. S. Geldenhuys

I am pleased to present the Eswatini Cane Growers Association (ECGA) Annual Report for the year ended 31 March 2020. The year saw the sucrose price improving while production went down. On average the sucrose price was E3 763/ tonne, about 16% up year on year. Grower (ECGA) total sucrose volume was 8% down year on year. The net effect was a 7% increase in grower revenue, year on year.

The year opened with an average 15% electricity tariff increase and closed with the imposition of 1.05% tariff increase for the incoming year. With electricity taking a continuously increasing proportion of input costs any increase is a concern. However, the 1.03% is somewhat of a relief considering recent history. ECGA has made strong representation to the Regulator and Utility to review the punitive access charge. Meanwhile growers need to improve the efficiency of power usage while simultaneously increasing yield. On top of efficiencies growers need to think about alternative and renewable sources of energy. The introduction of VAT on electricity underscores the need for good record keeping so that growers are able to claim the tax back.

The services of the Utility and other experts in promoting understanding of the electricity tariff structure and billing system were harnessed in the reporting year. The initiative will continue in the following year.

There were other challenges in the course of the year. The land and water problems at Vuvulane Irrigated Farms (VIF) continued to simmer. The ECGA, through the Mhlume Planters' Group engaged with key stakeholders in search of amicable resolution of the apparent conflict. The Association holds the view that a solution should be anchored on the pillars of security of tenure on quota land, adjustment of farm sizes to address present day business environment and formation of a sustainable institution to manage the shared water infrastructure. Continued dialogue shall hopefully yield the desired results for all concerned. At grassroots level work continued especially in improving water management. The exercise was in progress at the end of the year.

On a sad note, like everybody else, the ECGA was adversely affected by the Covid-19 pandemic. The ECGA and the industry responded promptly to support growers through awareness creation, information sharing, training, Covid-19 Protocol development and material support towards procuring necessary protective equipment. Agriculture as a whole was declared an essential service hence allowed to operate throughout the various stages of the lockdowns. That welcome gesture has minimised business disruptions for growers. However, growers are still required to be responsible towards their employees, family and businesses. They are expected to follow Government and World Health Organization guidelines at all times.

Covid-19 affects growers in other not so obvious ways. For instance, the need for social distancing and sanitation impose additional transport costs. Precautionary measures might increase labour costs or reduce productivity. Delays in input supplies are to be expected hence forward planning is essential. Lockdown regulations have made physical meetings in large numbers impossible. Consequently, the usual interactions with members will be affected. This is an opportunity for growers to embrace technology out of necessity. Virtual (online) meetings and electronic communication are fast becoming the norm. There is also a possibility of input price escalations to reflect difficulty of procuring inputs and services. Growers are persuaded to anticipate these changes. From a governance standpoint the Annual General Meeting (AGM) agreed that Committee members would, with effect from 2018, serve for 3-year terms as opposed to the historical one year. This was to enable continuity.

In conclusion, I wish to once again, implore ECGA members (the growers) to continue working together with the Executive Committee (ExCo) and the Office as we tackle further challenges and harness opportunities in our business environment. We all hope that the Covid-19 pandemic will sooner than later reach a manageable phase. I wish you safety, good health and fruitful farming in the coming year.





## Chapter 2

# ABOUT ESWATINI CANE GROWERS ASSOCIATION (ECGA)

### 2.1 LEGAL STATUS

The Eswatini Cane Growers Association (ECGA) is a member owned, funded and driven non-governmental organisation (NGO) and not for profit (NFP) entity established through statute (Cane Growers Act No. 12 of 1967 as amended, with retrospective effect to October 1963). The ECGA is a body corporate with capacity to sue and be sued. In addition to the Act the entity is guided by a comprehensive constitution that spells out the authority, specific objectives and functions of the Association.

The main purpose of the ECGA is to **represent, advocate** and **support collective** interests of cane growers, of Eswatini, through promoting, protecting and fostering their collective interests, sustainability and progress. The Act mandates the Minister of Agriculture to impose an annual levy on all growers upon the recommendation of the ECGA. The operations of the ECGA are funded mostly by the levy which is charged per ton of sugar (specifically sucrose) supplied to and accepted by the Miller.

The ECGA and the Eswatini Sugar Millers Association (ESMA) are equal partners in the Eswatini Sugar Association (ESA).

Membership of the ECGA is voluntary and open to any person (or entity) that is a holder, in his/her/its own name, of a permit or quota to grow sugarcane. Notwithstanding the generality of the membership the Constitution excludes from membership a grower who either;

- i. is a member of any other national Association of sugar cane growers in Eswatini;
- ii. is also a sugar miller in Eswatini; and or
- iii. is a person in whom any sugar miller in Eswatini is directly or indirectly interested?

The Executive Committee (ExCo) reserves the right to make exceptions to the exclusions.

## 2.2 ECGA GOVERNANCE STRUCTURES

### The Executive Committee

The Association has an Executive Committee consisting of members of the Association where all planters appoint four (4) members. Tibiyo Taka Ngwane also appoints 3 members, one for each planters group. The ExCo has powers to manage the business and affairs of the association. From a governance standpoint, the Annual General Meeting (AGM) agreed that Committee members would, with effect from 2018, serve for 3-year terms as opposed to the historical one year. This was to enable continuity. The Executive committee stands as follows;

Member	Group
Mr. S Geldenhuys	Big Bend – Chairman
Mr. P Malandvula	Simunye – Vice Chairman
Dr. SV Nkambule	CEO – Secretary
Dr. A.T. Dlamini	Tibiyo
Mr. B. James	Mhlume
Mr. V. Madume	Big Bend
Mr. M. Hlatjwako	Simunye
Mr. B. Hlophe	Simunye (alternate)
Mr. M. Jele	Mhlume
Mr. M. Mabuza	Big Bend
Mr. O. Mabuza	Mhlume
Ms. S.M. Magagula	Tibiyo
Mr. M. Mndzebele	Simunye
Mr. A.T. Ngcobo	Tibiyo
Mr. S. Nkambule	Simunye
Mr. T. M. Nkambule	Big Bend
Mr E. J. Nxumalo	Mhlume (alternate)
Mr. G.C. White	Mhlume

### Planters Groups

The Association is divided into three (3) Planters Groups (PG's) namely the Mhlume PG, Simunye PG and Big Bend PG. Each group consist of those members of the association who supply sugar cane to the 3 different mills. The main responsibility of Planters groups is to deal with any matter which is domestic to its group. The three planters' group members are as follows:



### BIG BEND PLANTERS GROUP COMMITTEE

Name	Position
Mr S. Geldenhuys	Chairman
Mr M Mabuza	Vice Chairman
Mr V. Madume	Member
Ms T. Gina	Member
Mr. L. Msibi	Member
Mr. M. Ngcamphalala	Member
Mr T M Nkambule	Member
Mr. GF Scheepers	Member

### MHLUME PLANTERS GROUP COMMITTEE

Name	Position
Mr. G.C. White	Chairman
Mr. B. James	Vice Chairman
Mr. M. Jele	Member
Mr. O. Mabuza	Member
Mr. G. Masilela	Member
Mr. E. Ndzimandze	Member
Mr. E.J Nxumalo	Member
Mr. N. Nxumalo	Member

### SIMUNYE PLANTERS GROUP COMMITTEE

Name	Position
Mr. P. M. Malandvula	Chairman
Mr M. Hlatjwako	Vice - Chairman
Mr. B. Hlophe	Member
Mr. J. Khumalo	Member
Mr. S. Mahlalela	Member
Mr. M. Mndzebele	Member
Mr. S. Nkambule	Member
Mr. N. Zwane	Member



**ECQA**  
**ORGANIZATIONAL  
STRUCTURE**



**Chairman**  
Mr. S. Geldenhuys



**Vice Chairperson**  
Mr. P.M. Malandvula



**Chief Executive Officer**  
Dr. S.V. Nkambule



**Grower Support Manager**  
Ms Z.F. Dlamini- Ndlovu



**Finance and Admin Officer**  
Ms. D. Zulu



**Secretary**  
Ms. N. Skosana



**Cleaner/Messenger**  
Ms. N. Nkambule



### 3.1 THE CANE GROWING YEAR 2019/20

#### 3.1.1 Climatic Conditions Relevant to Cane Growth

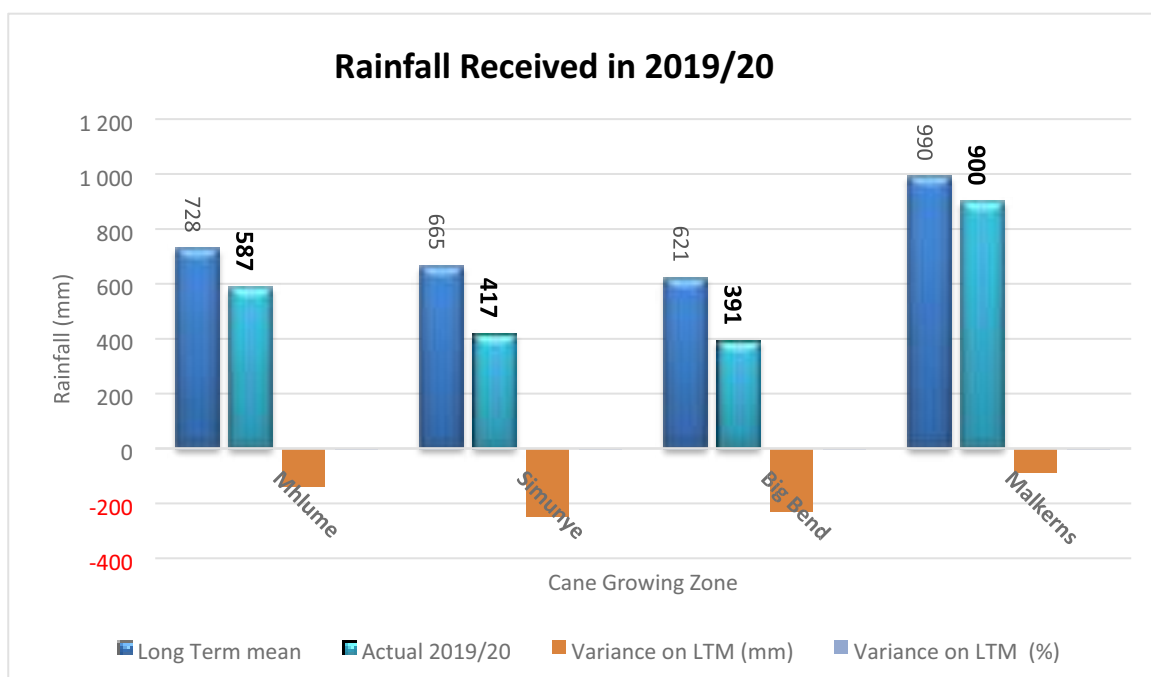
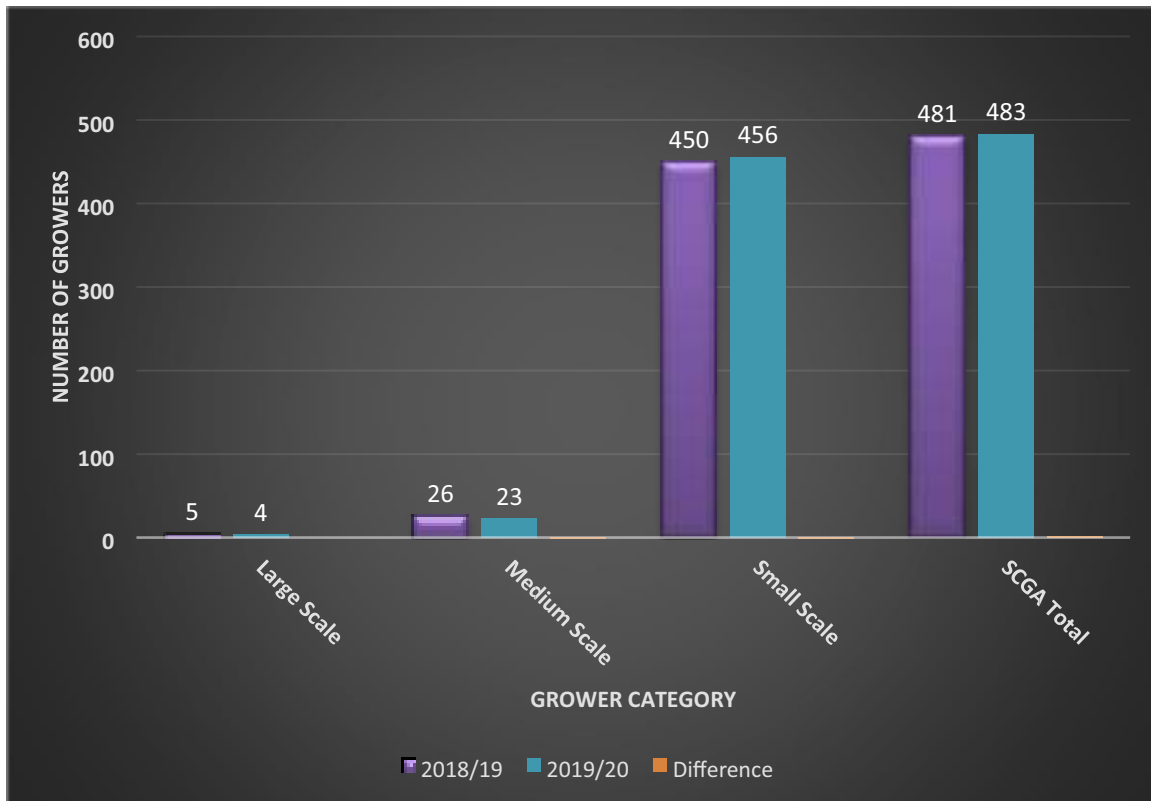


Figure 1: Rainfall Patterns over the Year 2019/20 (Source: SSA IDB 2020)

All zones received below average (LTM) rainfall implying increased irrigation water demand and by extension electricity usage.

#### 3.1.2 Membership

Figure 2 below shows the trend in the numbers (by category) of active ECGA members in 2019/20 compared to previous (2018/19) year.



**Figure 2: Number of ECGA Members in 2019/20 by Farm Category (Excludes MCPs)-Nisela reclassified to MSG)**

During the year 483 ECGA members delivered cane to the mills reflecting a net increase of two growers (-1 LSG, -3 MSGs and +6 SSGs). Table 5 below shows details of the changes by Planters’ Group.

**Table 1: Number of Active ECGA Members 2019/20 vs 2018/19**

Planters’ Group	*ECGA Quota Holders	ECGA Deliveries In 2018/19	ECGA Deliveries in 2019/20	Net Gain/ (Loss)
Big Bend	168	140	139	-1
Mhlume	335	310	313	+3
Simunye	35	31	31	0
<b>ECGA TOTAL</b>	<b>538</b>	<b>481</b>	<b>483</b>	<b>+2</b>

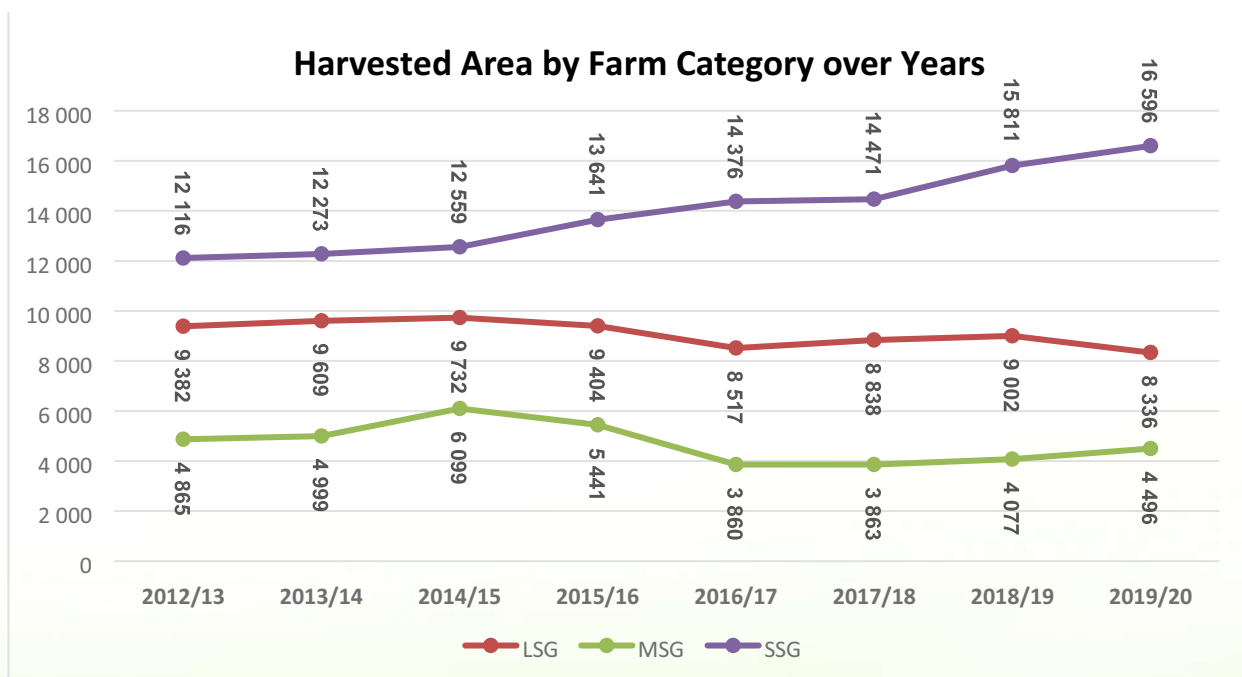
*\*Excludes mill owned growing entities.*



**Table 2: Number of Active Farmers by Category in 2019/20**

Planters' Group	LSG	MSG	SSG	TOTAL
Mhlume	1	2	310	313
Simunye	1	9	21	31
Big Bend	2	12	125	139
<b>TOTAL</b>	<b>4</b>	<b>23</b>	<b>456</b>	<b>483</b>

Figure 3 shows the changes in the area composition of the industry over the past 7 years.



**Figure 3: Changes in the area composition of the industry over the past 7 years.**

The area under large scale (LSG) and medium scale growers (MSG) has been declining since about 2015/16. Following the devastating drought of 2015/16 some large scale and medium scale growers reduced area under cane either



in favour of other agricultural enterprises or fallow. Some LSG were reclassified as MSG while some MSGs were downgraded to small scale grower (SSG) category

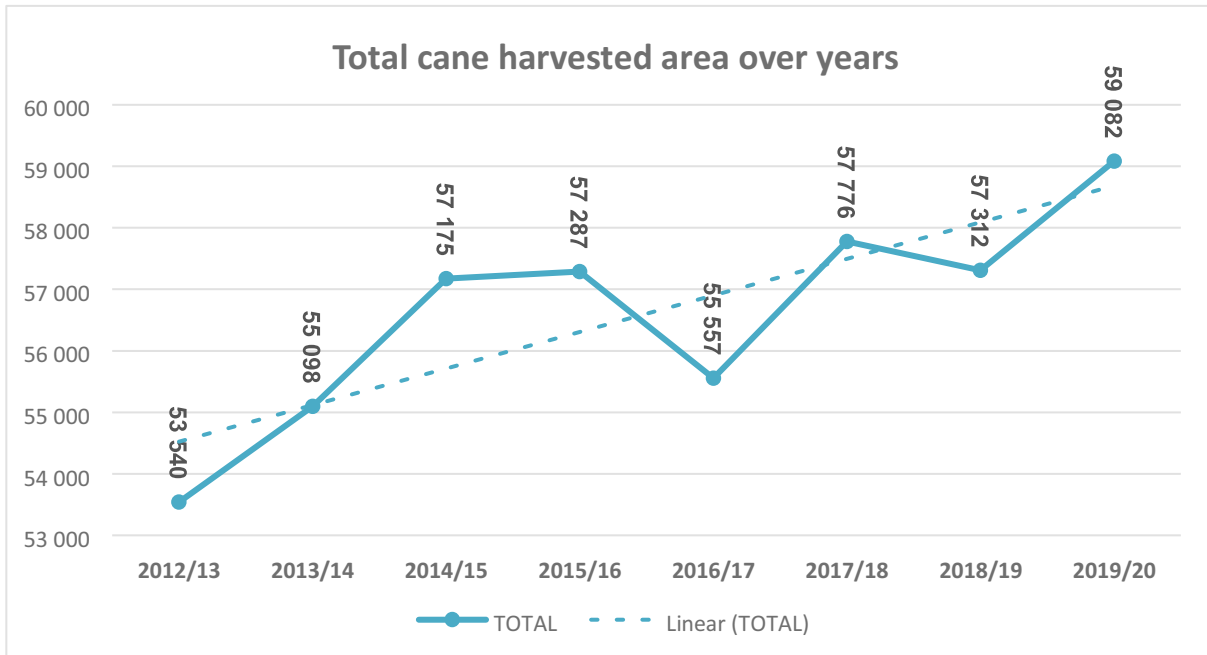


Figure4: Total Cane Area Harvested over the years

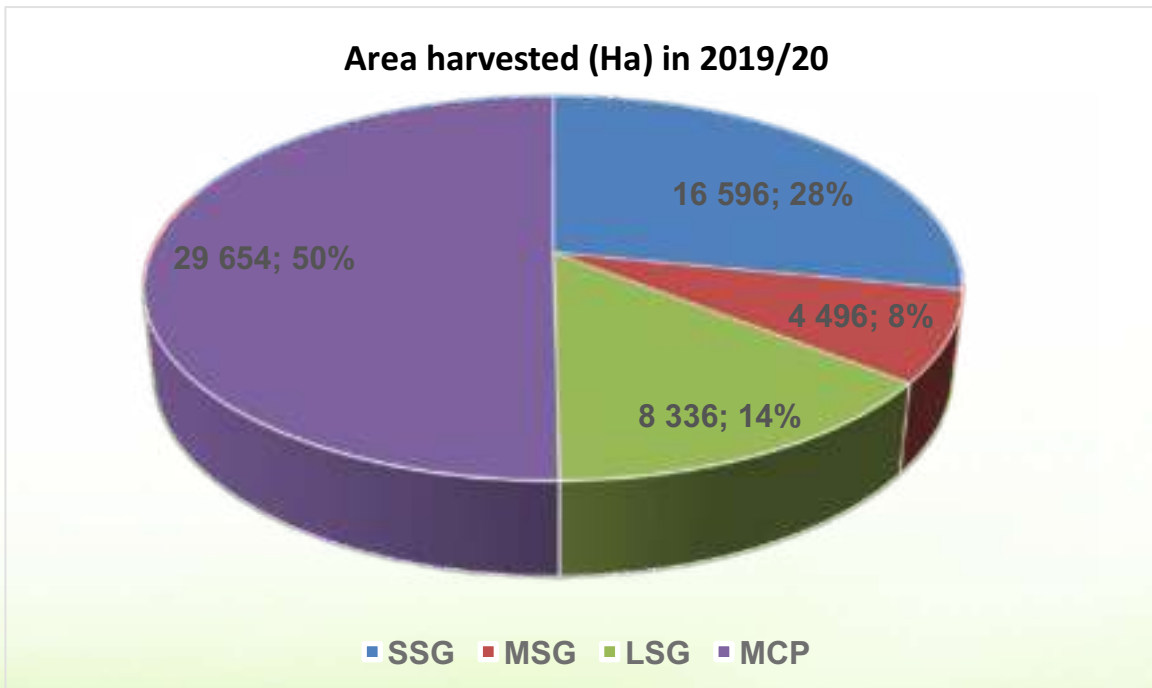


Figure 5: Cane area harvested (Hectares and Percentage) by farm category in 2019/20

### 3.2 STRATEGIC PLANNING

A three (3) year Rolling Strategic Plan was on its second year. The vision, mission, objectives and organisational values reflected in this document are taken from the Plan.

A strategic review covering the previous cycle (past 2 years) was carried out in the course of the year. By close of the year the appointment of a consultant to facilitate a new 5-year strategy was underway.

### 3.3 PERFORMANCE AGAINST STRATEGIC PLAN

This part of the report is structured in alignment with the strategic objectives in the Strategic Plan that became effective on 1 April 2018.

**Objective 1: To Build and Sustain Institutional Capacity through Attraction, Development and Retention of People with Appropriate Skills**

#### Skills Development

- Grower feedback meetings were held as scheduled in April 2019, August 2019, November 2019 and February 2020. The normal updates on the industry were given to members. In addition, the following special presentations were made by different invited vendors.

**Table 3: Awareness and/or Skills Development Presentations to ECGA Members**

Title	Presenter (Organization)	Date
Sustainability shared value strategy	ESA	April 2019
Handling & disposal of used chemical containers	ESA & ECGA	August 2019
Sugarcane Industry Funding Strategy	ESA	November 2019
Electricity tariff structure & billing	Eswatini Electricity Company (EEC)	February 2020

- On the 26th March 2020 ECGA partnered with Swaziland (Eswatini) Business Coalition on Health and AIDS (SWABCHA) in conducting training of PG Committee members and Extension Officers on Covid-19 with the view that these would train other growers.
- Furthermore, since then information has been aggressively transmitted to those on email and social media to assist growers protect themselves, their employees and their businesses.

### ***Strengthening office capacity***

- The Grower Support Manager (GSM) was recruited and resumed duties in July 2019. Her appointment has enhanced interaction with growers at farm level.
- One intern from Limkokwing University of Creative Technology was in the office for a period of 3 months ending April 2019. She was an Accounts and Marketing major assisting with finance and newsletter production.
- Four interns from the University of Arkansas (USA) arrived on 15 May 2019 for a period of 2 months ending 13 June 2019. The interns were helping with projects on (i) *Relative Sucrose Payment System*, (ii) *Economical distances from sugarcane fields to mill* and (iii) *study of sugarcane industry structures around the world*.



**(L to R) Sophie, Alex, Hunter, Mr Motsa (Dalcrue Farm Manager), Samuel and Justice (Extension Officer) at Dalcrue Farm, Matsapha.**

**Objective 2: To Promote and Support Realisation of True Value of Sugarcane through Positive Influence on and Constructive Engagement with Stakeholders.**

***Promoting of grower understanding of division of proceeds and cane payment system.***

- This had been done in February 2019 and is planned for repeat in the coming year. Each quarterly feedback meeting includes a section on sucrose price trends leading to the final payment in July of each year. The understanding of Division of Proceeds (DoP) is good but there is need to repeat clarity how growers are paid for molasses.

***Grower revenue diversification strategy***

- The document was approved by ExCo in March 2019. Some engagements took place in the course of reporting year. There has been limited progress due to other dependencies. This remains work in progress into the next year.

***Influencing power tariff rates and structure***

- Public consultation meetings on proposed tariff increase were held in January 2020. ECGA made written submissions that were presumably considered in arriving at the two-year tariff increases approved by Eswatini Energy Regulatory Authority. In addition to written submission a handful of cane growers were successfully mobilised to attend and participate in the hearings.
- Some growers continued to explore and experiment with solar energy to peak load and/or supplement power from the grid.

**Objective 3: To Promote and Support Sustainability through adopting suitable financing model, anticipating and proactively adapting to changes in the sugarcane business environment.**

***Financing model***

- The ECGA, as part of ESA, approved a new industry financing strategy that will reduce the cost of borrowing for the industry hence enhance sucrose price for growers.
- The identification of a suitable financing model specifically for ECGA is a challenge for the Association. Progress hinges on developments and progress at industry level. This remains work in progress into the next year.
- Grower levy was gazetted in time for new milling season set to start in April 2020.

### ***ECGA Communication guidelines***

- The approved guidelines were implemented in the course of the year as and when appropriate. The partial lockdown due to Covid-19 pandemic fast-tracked the migration to digital communication. E-mails, WhatsApp and SMSs became very useful in communicating information. It is anticipated that in the course of the next year virtual meetings will be prioritized over physical meetings. Adaptation measures were being rolled out at the end of the reporting year.

**Objective 4: To Promote and Support Sustainability through adopting a suitable financing model, anticipating and proactively adapting to changes in the sugarcane business environment.**

### ***Grower procurement strategy***

- There were inconclusive engagements on the subject but there was no reportable progress. Once again other dependencies determine the speed with which this can be achieved. Currently there are different models being used depending on the location of growers.

### ***Extension Service Level Agreement (SLA)***

- ECGA participated in the review of the SLA. It was mutually agreed that SLA with Miller Out-grower Departments be extended. ECGA is currently positioning itself for a revised role in the monitoring of the SLA.

### ***Grower Engagement***

- The quarterly PG feedback meetings were held as planned in April 2019, July 2019, November 2019 and February 2020. In addition, digital communication was upscaled especially with the Covid-19 pandemic restricting movement.
- The Grower Support Manager (GSM) was focussed on engagement with growers and the impact was noticeable. By the close of the year a situational analysis was near finalisation. ECGA was able to respond to growers' needs such as disposal of used chemical containers and electricity billing. There was increased visibility in dealing with the Vuvulane Irrigated Farms (VIF) issues especially irrigation water management systems.

**Objective 5: To Align the ECGA to Good Corporate Governance, Management Practices and Corporate Citizenship.**

***Adjustment to Covid-19***

- Like everybody else ECGA did not anticipate the Covid-19 pandemic, hence was called upon to quickly adapt its services. ECGA quickly prepared a response strategy that included online meetings with industry players, training of grower trainers, social distancing in office, preparing Covid-19 Protocol for growers, training material (online and hard copies), frequent and timely updates (mostly daily online dispatches) as well as awareness creation among growers and assisting growers with protective equipment. At close of the year the strategy was being implemented and will spill into the new year.
- ECGA was also part of the industry team that presented E1.3million donation to the Government Covid-19 Resource Mobilization Team.

***Interactive Grower Database***

- The long desired interactive grower database was developed and was being populated by the end of the year. It is anticipated that in the course of the next year the office will have at its disposal grower details including location (map), farm size, shareholder details and contacts.

***Alignment of ECGA Budget to Grower Levy and Strategic Plan***

- The ECGA was successful in achieving this alignment. The Strategic Plan approved in March 2018, Budget approved in September 2019 and Levy gazetted on 24 January 2020, all in time for year start on 1 April 2020.





Annual General Meeting 2019 @ Mhlume Country Club



Feedback Meetings @ Mhlume and Big Bend

Simunye Feedback Meeting with EEC officer presenting on the electricity tariffs as this greatly affect Cane Growers



Vuvulane Water Working  
Committee Meetings



Empty Container Disposal

### 3.4 OPERATIONAL PERFORMANCE REPORT

#### 3.4.1 Executive Committee Meetings

A total of four (4) scheduled ExCo meetings were held during the year. The table below shows the record of attendance by members.

*Table 4: Attendance of SCGA ExCo Statutory Meetings*

Members	May '19(S)	July '19	Sept ,19	Jan '20	Mar. '20	Remarks
Madume	-	-	+	+	+	
Dlamini, AT	-	+	-	-	+	
Geldenhuis, S	+C	+C	+C	+C	+C	
Hlatjwako, M	+	+	+	+	+	
James, B.	+	+	+	+	+	
Jele, M.	+	+	+	+	+	
Mabuza, M	+	+	+	+	+	
Mabuza, O	+	+	+	+	+	
Magagula, SM	+	+	+	+	+	
Malandvula, PM	+	+	+	+	+	
Mndzebele, M	+	+	+	+	+	
Ngcobo, AT	+	+	+	-	+	
Nkambule, S	+	+	+	+	+	
Nkambule, TM	+	+	+	+	+	
Nxumalo, EJ	+	+	+	+	+	Alternate
White, GC	+	+	+	+	+	
Hlophe B	+	-	+	+	-	Alternate
Nkambule, SV	+R	+	+	+	+	
Dlamini, Zinhle		+R	+R	+R	+R	
<b>Observers</b>						
Ndlovu, JD	na			+	-	
Shongwe, T	na			-	+	

+ = present, - = apology, +C = chairing, +R = recording, na = not applicable

ExCo meetings were quorate and well attended demonstrating a high level of commitment by members.



### 3.4.2 Annual General Meeting (AGM)

The ECGA Annual General Meeting (AGM) was held on 11 September 2019 at Mhlume Country Club. A total of 333 members participated in the meeting.

Key decisions taken, by consensus, include the following;

- i. Approval of Budget 2019/20
- ii. Recommendation of a levy adjustment to E6.61 per ton sucrose, for gazette by the Minister of Agriculture.
- iii. Noted that Office bearers elected in 2018 would continue until AGM in 2021
- iv. Approval of 2019/20 Audited Financial Statements
- v. Approval of Kobla Quashie as Auditors for 2019/20 and estimated audit costs.

Figure 6 below shows a trend in attendance by members at Annual General Meetings for the past three (3) years. The past two AGMS have seen an overall stable increase in attendance of 10% compared to the 2017/2018 meeting.

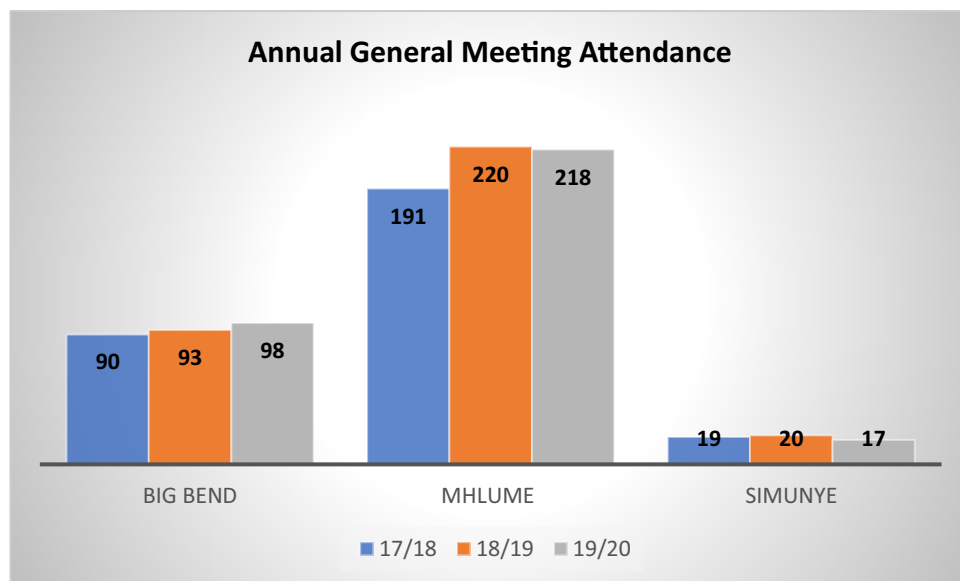


Figure 6: Trend in attendance for AGM's

### 3.4.3 Relationship Building, Networking and Information Sharing

- During the year ECGA was represented at the World Association of Beet and Cane Growers (WABCG) Council in Rebeirao Preto in Brazil (April/May 2019) and ISO/WABCG in London (November 2019).
- ECGA maintained membership of the Southern African Development Community



- (SADC) water sector, World Association of Beet and Cane Growers (WABCG), International Sugar Organization (ISO) and Institute of Directors in Southern Africa (IoDSA), membership remained active.
- ECGA also had interactions with the South African Farmer Development Association (SAFDA) who visited Eswatini on 2 occasions.
- Lessons learned during the above engagements were shared with other growers through reports and presentations during grower feedback meetings.

### 3.5 GROWER PERFORMANCE

#### 3.5.1 Sucrose production by farm category

The figures 7(a) and 7(b) below show the contribution of independent growers (ECGA Members), to total sucrose production, year on year.

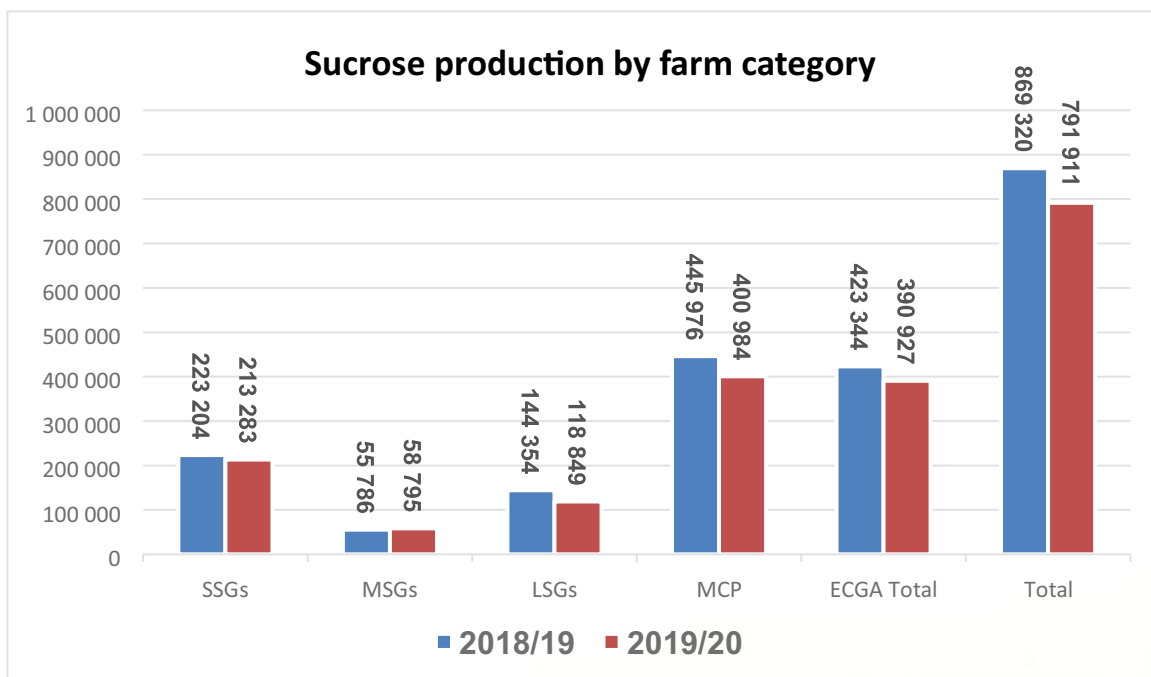
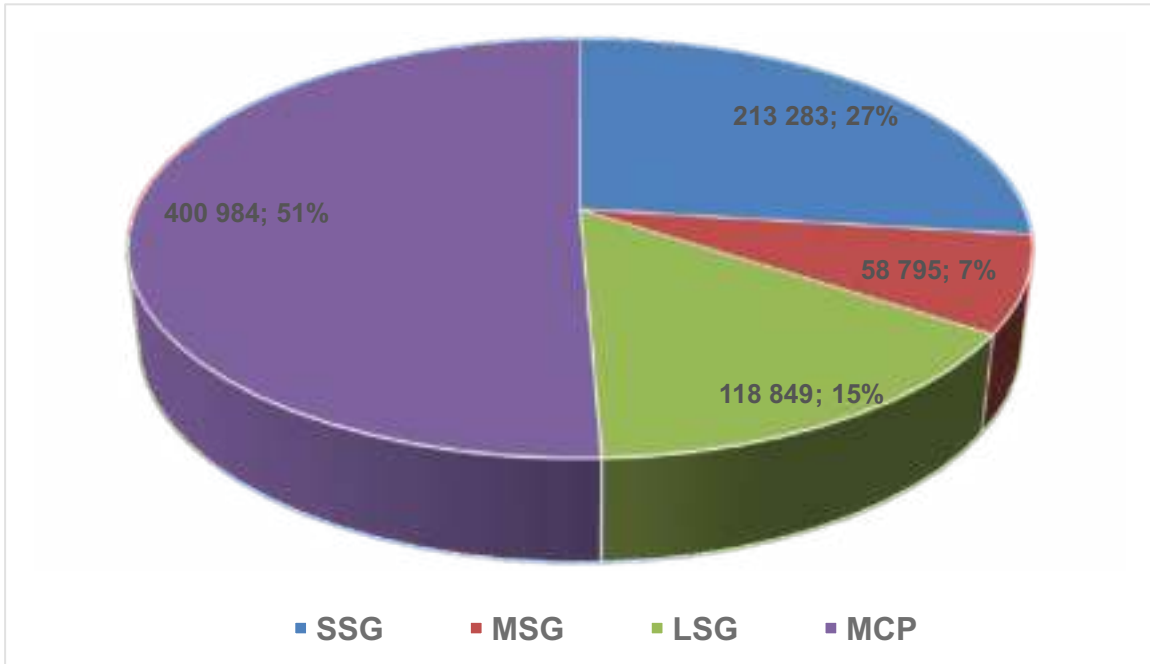
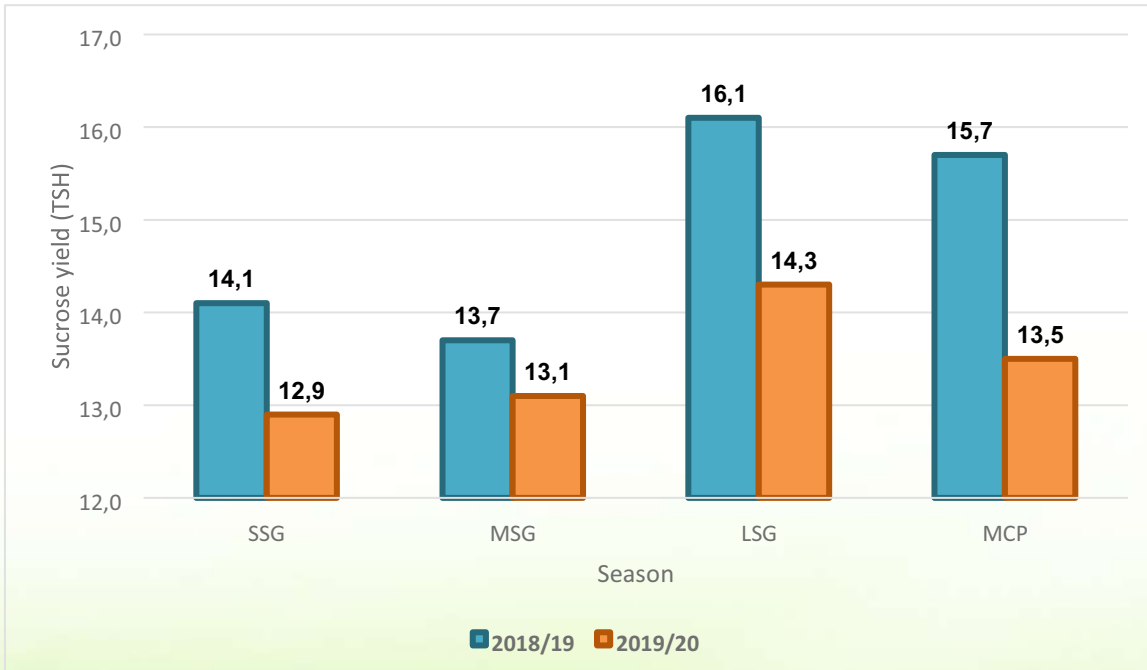


Figure 7(a) Sucrose Production Trends



**Figure 7(b) Sucrose production by Farm category in 2019/20**

The total sucrose production by ECGA members was about 8% up year on year and constituted about 49% of total production on 50% of total commercially harvested area. LSG sucrose production was 18% down year on year driven by area reduction.



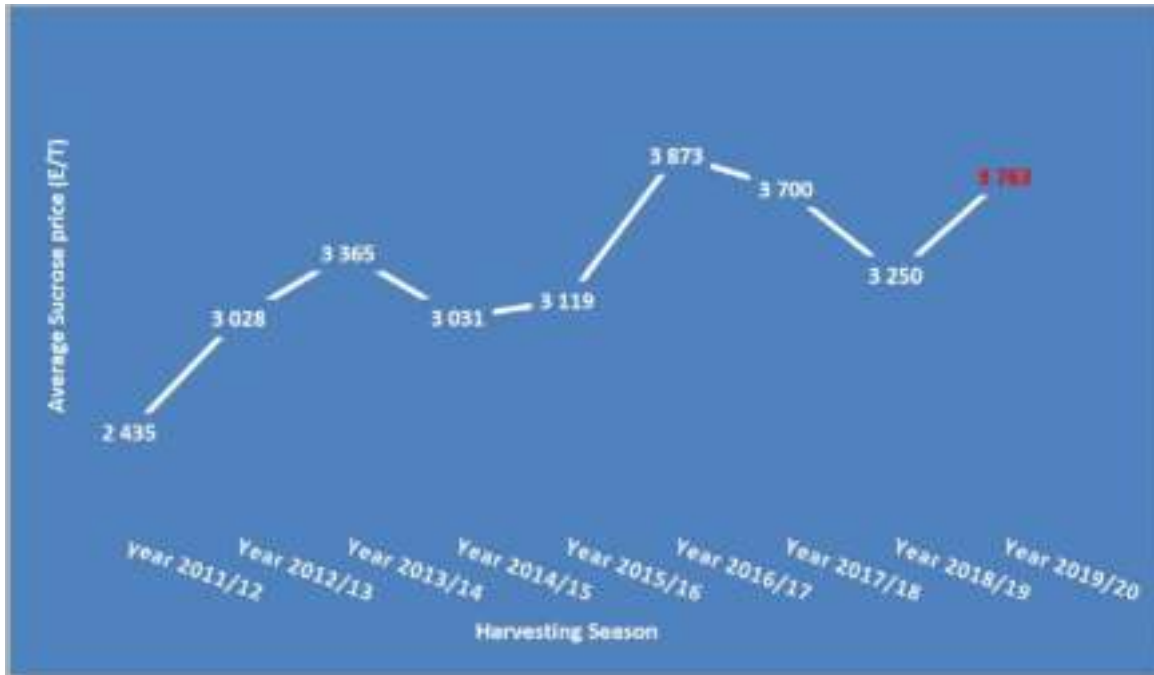
**Fig.7(c) Sucrose yield trends by grower category**

All ECGA members show significant decreases in sucrose yields year on year. The drop in yield is attributable to physiological younger crop.

### 3.5.2 Value Creation by Members of ECGA (Independent Growers)

#### 3.5.2.1 Grower Sucrose Price Trends to 2017/18

Figure 8 below shows the trend in the sucrose price over the past 8 years.

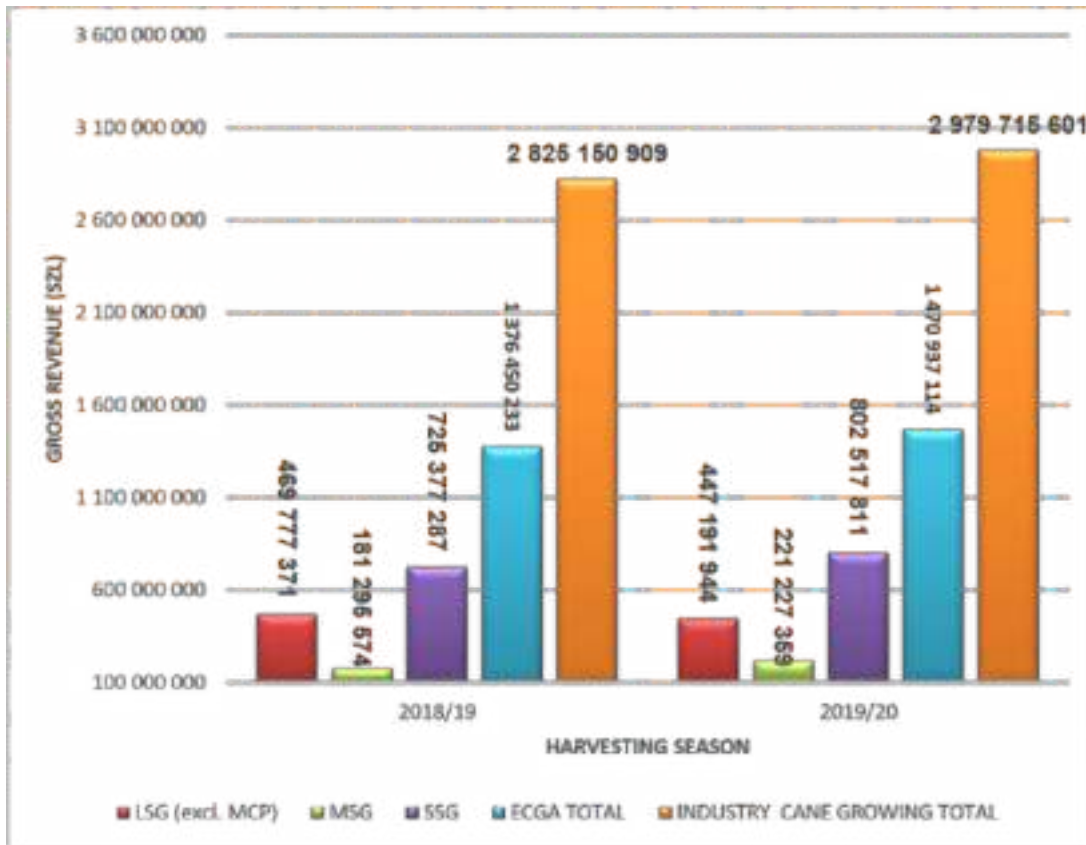


**Figure 8: Sucrose Price Trends over the Past Eight Years**

The sucrose price was approximately 16% up, year on year. The price increase was driven by market macro- and micro-economic factors most beyond the control of the grower. This leaves the farmer with volume (yield) increase as the only option within his/her control. Most unfortunately, the sucrose production was about 8% down year on year.

#### 3.5.2.2 Value (Wealth) Creation by Independent Growers in 2017/18

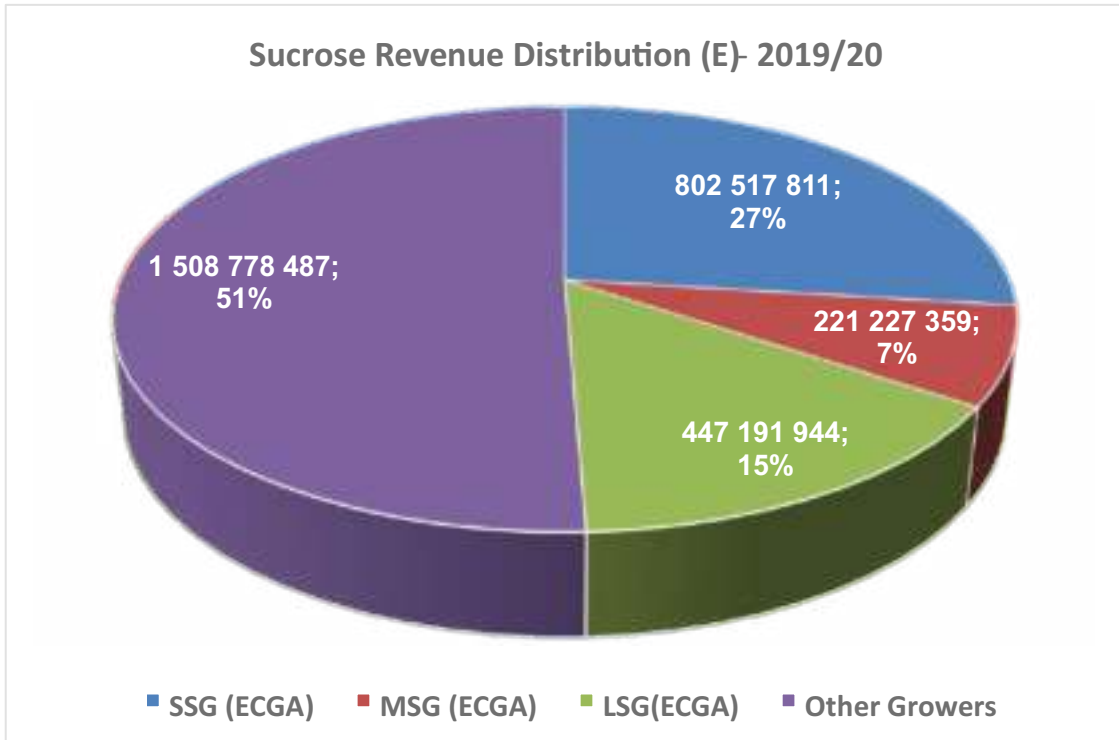
Figures 9 and 10 show the nominal monetary value created by ECGA members (independent growers).



**Figure 9: Value (Gross Revenue) Creation (Gross Revenue) by Grower Category in Local Currency (SZL)**

Industry sucrose revenue increased by about 5% year on year, balancing lower volume and higher price. This indicates that the price increase had bigger impact than volume decrease. For ECGA members, gross sucrose revenue was up 7% year on year driven by price. Much against trend LSG show a 5% revenue decline. This was mainly due to reclassification of one LSG to MSG (Big Bend PG) following reduction in area under cane. This change reduced LSG area by about 7%.

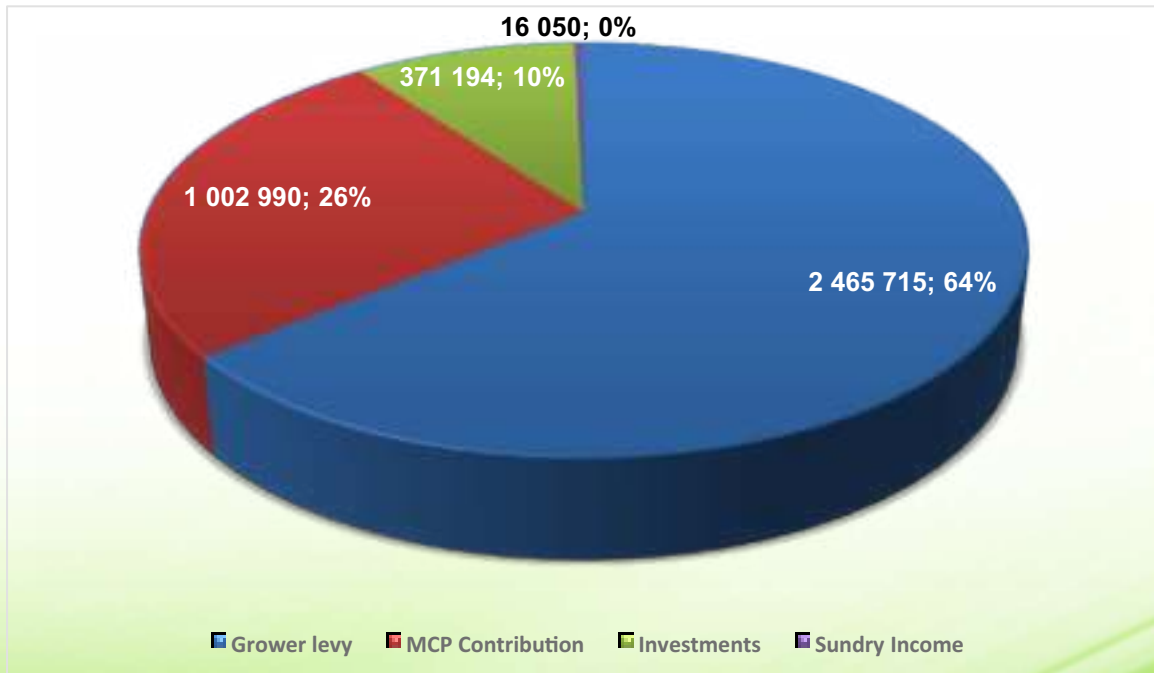




**Figure 10: Value (Gross Revenue) Distribution by Farm Category in 2019/20**

**3.6 FINANCIAL MANAGEMENT**

Sources of revenue for the ECGA office, in 2019/20, are summarised in Figure 11.



**Figure 11: ECGA Sources of Revenue (2018/19)**



The revenue split shows heavy reliance on grower levies and MCP contributions. The Association is alive to the sustainability risk associated with the limited revenue sources. Investigations of alternative sources have been made but no material headway is reportable to date. The efforts will continue in future years.

Expenditure was audited externally and the statements are attached herewith.

### **3.7 FUTURE OUTLOOK**

#### **3.7.1 Future sucrose production and delivery by ECGA Members**

The future outlook of cane growing business is at close of year clouded by the uncertainties brought about by the Covid-19 pandemic. At the close of the year many countries around the world were on lockdown. Preliminary estimates are that the pandemic will reach its peak later in 2020 (September/October) before starting to level off and eventually decline. The heaviest impact is expected in the next year (2020/21) but the effects will be felt over at least the next 3 years.

##### **3.7.1.1 Short Term (1-year)**

The combined 2018/19-year climatic conditions favour a slightly larger crop in the 2020/21 season. Moderate increase in ECGA harvested area is expected following the continuation of developments in Lower Usuthu Small Holder Irrigation Project (LUSIP) after a slowdown during the drought. Some, but not all, of the land taken out of cane in 2016/17 is likely to be replanted. The current forecast is for a crop about 8% larger than that realised in 2019/20.

The lockdowns in effect by end of the reporting year are expected to affect production mainly through delayed input supplies, loss in productivity due to employee sickness and restricted physical movement. There is a likelihood of slight increases in input prices resulting from cross-border restrictions. From necessity, the pandemic will most likely fast-track the adoption of virtual communication and management. Extra production costs will be a consequence of need for social distancing and isolation.

The Eswatini Sugar Association (ESA) has provided a detailed forecast of the market conditions and it will not be repeated here except to mention that it is likely to remain on slippery slopes over the next year. The main factor is expected to be the Covid-19 and coincidental low petroleum price.

Preliminary estimates are that the global consumption of sugar could drop hence downward pressure on world price. Another prominent factor will be the declined petroleum prices. This trend is likely to attract an ethanol mix in favour of sugar further pushing the price down. It is very unlikely that the weaker local currency will adequately make up for the anticipated decline in world price.

The major activity within ECGA will be the development of a new 5-year strategic plan. The plan is expected to be ready for implementation starting with the 2021/22 budget that is scheduled for approval in September 2020.

### **3.7.1.2 Medium Term (up to 5 years)**

The impact of Covid-19 and the consequences summarised above will spill into this period. The new strategic plan could reshape the fundamentals of the ECGA but the details are unknown at the time of reporting.

It is not anticipated that the recent magnitude of drought will recur in the medium term hence yields are expected to remain constant. Combined with increase in area the current forecast is for a modest volume increase by 2021/22 compared to 2019/20. Such volume increase will likely result in price dilution for existing growers unless segregated and unsegregated quotas are revisited.

### **3.7.1.3 Long Term (Over 5 Years)**

This is the most difficult period to call. The climate change phenomenon is increasingly becoming a reality with increased frequency of extreme weather conditions. The likelihood of severe droughts and/or floods is high over this period. On the other hand, there is hope that water storage plans will come to fruition and thus will mitigate some of the adverse effects of climate change.

The expansion of area under cane will likely continue into this period with the above mentioned consequences. Growers will, out of customer demand, be compelled to adapt to greater sustainability demands. Cost and production efficiencies will be eminent in order for the cane growing business to survive. Those who will be slow to adapt to future demands are likely to fall by the wayside or be forced to switch to other alternative land uses.

## CONTACTS

**Tel: (268) 2404 3561 Fax: (268) 2404 4061**

**Facebook: [facebook.com/ECGA](https://www.facebook.com/ECGA) or Type Eswatini Cane Growers Association**

**E-mail: [info@ecga.co.sz](mailto:info@ecga.co.sz)**

**Website: [www.ecga.co.sz](http://www.ecga.co.sz)**





# **ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020





## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### General Information

<b>Country of incorporation and domicile</b>	Eswatini
<b>Nature of business and principal activities</b>	To advocate, represent and support collective interests of cane growers of Eswatini.
<b>Registered office</b>	2nd Floor Nkhoffojeni Building Cnr Msakato & Dzelwe Street. H100
<b>Postal address</b>	P.O Box 273 Mbabane Eswatini H100
<b>Bankers</b>	Nedbank (Swaziland) Limited
<b>Auditors</b>	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini Chartered Accountants (SD)
<b>Secretary</b>	Dr S V Nkambule
<b>Business address</b>	2nd Floor Nkhoffojeni Building Cnr Msakato & Dzelwe Street H100
<b>Executive Committee</b>	Mr S Geldenhuis - Big Bend Planters' Group (Chairman) Mr M Mabuza - Big Bend Planters' Group (Member) Mr T Nkambule - Big Bend Planters' Group (Member) Mr V Madume - Big Bend Planters' Group (Member) Mr P Molandvula - Simunye Planters' Group (Vice Chairman) Mr M Mndzebele - Simunye Planters' Group (Member) Mr S Nkambule - Simunye Planters' Group (Member) Mr M Hlatjwako - Simunye Planters' Group (Member) Mr G White - Mhlume Planters' Group (Member) Mr B James - Mhlume Planters' Group (Member) Mr O Mabuza - Mhlume Planters' Group (Member) Mr M Jele - Mhlume Planters' Group (Member) Dr A T Dlamini - Tibiyo Taka Ngwane (Member) Mrs S M Magogula - Tibiyo Taka Ngwane (Member) Mr A T Ngcobo - Tibiyo Taka Ngwane (Member)



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## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Executive Committees' Responsibilities and Approval

The executive committee are required in terms of the Cane Growers' Act No.12 of 1967 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Association's accounting policies and include amounts based on judgement and estimates made by management. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Association's accounting policies and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Association and place considerable importance on maintaining a strong control environment. To enable the executive committee to meet these responsibilities, the executive committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The executive committee members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The executive committee has reviewed the Association's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the Association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Association's financial statements. The financial statements have been examined by the Association's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the executive committee on 10 July 2020 and were signed on its behalf by:

Mr S Geldenhuys

Dr S V Nkambule

**KOBLA QUASHIE  
AND ASSOCIATES**  
CHARTERED ACCOUNTANTS (SD)



Maliya House, Lot 137, Esser Street  
P.O. Box 710, Manzini M200, Swaziland  
Tel: (+268) 2505-4974  
Fax: (+268) 2505-4540  
E-mail: info@koblaquashie.co.sz  
Website: www.koblaquashie.com

## Independent Auditors' Report

To the Eswatini Cane Growers Association

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Eswatini Cane Growers Association, which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting policy described in note 1 of the financial statements.

#### 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 institution in accordance with International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Eswatini and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Association's own accounting policies to satisfy the financial information needs of the Association's members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Responsibilities of the Executive Committee and those charged with Governance for the Financial Statements

The executive committee are responsible for the preparation and fair presentation of the financial statements in accordance with the Association's accounting policies, and for such internal control as the executive committee determine are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud and error. In preparing the annual financial statements, the executive committee are responsible for assessing the institution'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 and the executive committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

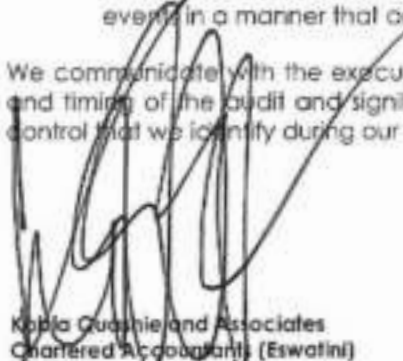
### Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud and 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 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 annual financial statements.

As part of an audit in accordance with ISAs, 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 and 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 on 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 company 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 the executive committee 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.

A large, stylized handwritten signature in black ink, written over the text of the firm's name.

Kobla Guashie and Associates  
Chartered Accountants (Eswatini)  
Manzini  
Per: Daniel Bediako

20 July 2020



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Executive Committees' Report

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The executive committee submit their report for the year ended 31 March 2020.

#### 1. Review of activities

##### Main business and operations

The Association advocates, represents and supports the collective interests of cane growers of Eswatini, and operates principally in Eswatini. The Association continued to charge levies in terms of Section 4 of the Cane Growers Act of 1967, as amended, on sugar cane growers in Eswatini.

The operating results and state of affairs of the Association are fully set out in the attached financial statements and do not in our opinion require any further comment.

#### 2. Events after the reporting period

The executive committee is not aware of any matter or circumstance arising since the end of the financial year.

#### 3. Executive Committee

The Executive committee of the Association during the year and to the date of this report are as follows:



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Executive Committees' Report

Name	
Dr S V Nkambule	Executive Director
Mr S Geldenhuys	Big Bend Planters' Group (Chairman)
Mr M Mabuzo	Big Bend Planters' Group (Member)
Mr T Nkambule	Big Bend Planters' Group (Member)
Mr V Madume	Big Bend Planters' Group (Member)
Mr P Malandvula	Simunye Planters' Group (Vice Chairman)
Mr M Mndzebele	Simunye Planters' Group (Member)
Mr S Nkambule	Simunye Planters' Group (Member)
Mr M Hlatjwako	Simunye Planters' Group (Member)
Mr G White	Mhlume Planters' Group (Member)
Mr B James	Mhlume Planters' Group (Member)
Mr O Mabuzo	Mhlume Planters' Group (Member)
Mr M Jele	Mhlume Planters' Group (Member)
Mrs S M Magagula	Tibiyo Taka Ngwane (Member)
Dr A T Dlamini	Tibiyo Taka Ngwane (Member)
Mr A T Ngcobo	Tibiyo Taka Ngwane (Member)

#### 4. Secretary

The secretary of the Association is Dr S V Nkambule of:

Business address

2nd Floor  
Nkhoffojeni Building Cnr Msakato & Dzeliwe Street,  
Mbabane  
H100

Postal address

P.O. Box 273  
Mbabane  
H100

#### 5. Auditors

Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Statement of Financial Position

Figures in Emalangeni	Note(s)	2020	2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	23 443	19 261
<b>Current Assets</b>			
Loans and receivables	3	5 367 995	4 976 393
Current tax asset	4	67 304	66 704
Accounts and other receivables	5	97 256	58 871
Cash and cash equivalents	6	71 627	72 342
		<b>5 604 182</b>	<b>5 174 310</b>
<b>Total Assets</b>		<b>5 627 625</b>	<b>5 193 571</b>
<b>Reserves and Liabilities</b>			
<b>Equity</b>			
Training grant	7	14 061	24 061
General reserves	8	2 169 206	2 071 436
Accumulated funds		3 108 432	2 815 123
		<b>5 291 699</b>	<b>4 910 620</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	335 926	282 951
<b>Total Equity and Liabilities</b>		<b>5 627 625</b>	<b>5 193 571</b>



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2020	2019
Revenue		3 467 916	3 040 638
Operating expenses		(3 431 857)	(2 807 707)
<b>Operating surplus (deficit)</b>		<b>36 059</b>	<b>232 931</b>
Finance income		381 812	343 856
<b>Surplus (deficit) before taxation</b>		<b>417 871</b>	<b>576 787</b>
Taxation		(26 792)	(27 392)
<b>Surplus (deficit) for the year</b>		<b>391 079</b>	<b>549 395</b>
<b>Total comprehensive surplus (deficit)</b>		<b>391 079</b>	<b>549 395</b>

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Statement of Changes in Equity

Figures in Emalangeni	Training Grant	General Reserve	Accumulated funds	Total equity
<b>Balance at 01 April 2018</b>	<b>24 061</b>	<b>1 934 087</b>	<b>2 410 507</b>	<b>4 368 655</b>
Changes in equity				
Total comprehensive surplus for the year			549 395	549 395
Transfer to general reserve		137 349	(137 349)	
Other adjustments			(7 430)	(7 430)
<b>Total changes</b>		<b>137 349</b>	<b>404 616</b>	<b>541 965</b>
<b>Balance at 01 April 2019</b>	<b>24 061</b>	<b>2 071 436</b>	<b>2 815 123</b>	<b>4 910 620</b>
Changes in equity				
Total comprehensive surplus for the year			391 079	391 079
Utilised during the year	(10 000)			(10 000)
Transfer to general reserve		97 770	(97 770)	
<b>Total changes</b>	<b>(10 000)</b>	<b>97 770</b>	<b>293 309</b>	<b>381 079</b>
<b>Balance at 31 March 2020</b>	<b>14 061</b>	<b>2 169 206</b>	<b>3 108 432</b>	<b>5 291 699</b>
Note(s)	7	8		



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Statement of Cash Flows

Figures in Emalangeni	Note(s)	2020	2019
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	58 827	120 304
Interest income		381 812	343 856
Tax paid	4	(27 392)	(19 117)
<b>Net cash from operating activities</b>		<b>413 247</b>	<b>445 043</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(12 360)	(5 557)
Additions of investments		(391 602)	(602 903)
<b>Net cash from investing activities</b>		<b>(403 962)</b>	<b>(608 460)</b>
<b>Cash flows from financing activities</b>			
Decrease in training grant	7	(10 000)	-
<b>Total cash movement for the year</b>		<b>(715)</b>	<b>(163 417)</b>
Cash at the beginning of the year		72 342	235 759
<b>Total cash at end of the year</b>	6	<b>71 627</b>	<b>72 342</b>



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Accounting Policies

#### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Association's accounting policies. The financial statements have been prepared on the historical cost convention, and incorporate the principal accounting policies set out below. They are presented in Eswatini Emalangeni.

The preparation of financial statements in conformity with the Association's accounting policies requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Association; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Rate
Office Furniture	33%
Computer Equipment	33%
Motor Vehicle	20%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.2 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when the association becomes a party to the contractual provisions of the instruments.

The association classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at settlement date.

##### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

##### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.3 Tax

##### Current tax assets and liabilities

The Association is exempt from taxation except for the net income arising from activities which are outside the core business in terms of Section 12 (1) (a) (vi) of the Income Tax Order.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

#### 1.4 Impairment of assets

The Association assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Association estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Accounting Policies

#### 1.4 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.5 Revenue recognition

##### Levies

Levies are recognised when it is probable that the economic benefits associated with the transaction will flow to the Association and the amount of levies can be reliably measured.

##### Grant income

Grants from the government are recognised at their fair value as deferred income where there is a reasonable assurance that the grant will be received and the association will comply with all attached conditions. Government grants relating to project costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

##### Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Association reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

#### 1.6 Related parties

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and other operating decisions.

#### 1.7 Financial risk management

The Association's activities expose it to credit risk and liquidity risk.

##### Credit risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposure to outstanding receivables. The Association's cash and cash equivalents are placed with high credit quality financial institutions. Accordingly the Association has no significant concentration of credit risk.

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Association remains confident that the available cash resources and overdraft facilities will be sufficient to meet its funding requirement.



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Accounting Policies

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#### 1.8 Comparative figures

Where necessary the previous year's figures have been reclassified to facilitate a proper comparison.

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

Figures in Emalangeni 2020      2019

#### 2. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	389 172	[389 172]	-	389 172	[389 172]	-
Furniture and fittings	194 073	[183 843]	10 230	194 072	[182 483]	11 589
Computer equipment	395 352	[382 139]	13 213	382 993	[375 321]	7 672
<b>Total</b>	<b>978 597</b>	<b>(955 154)</b>	<b>23 443</b>	<b>966 237</b>	<b>(946 976)</b>	<b>19 261</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	11 589	-	(1 359)	10 230
Computer equipment	7 672	12 360	(6 819)	13 213
	<b>19 261</b>	<b>12 360</b>	<b>(8 178)</b>	<b>23 443</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	18 700	-	(7 111)	11 589
Computer equipment	3 581	5 557	(1 466)	7 672
	<b>22 281</b>	<b>5 557</b>	<b>(8 577)</b>	<b>19 261</b>

#### 3. Loans and receivables

Eswatini Sugar Association	5 367 995	4 976 393
<b>Eswatini Sugar Association</b>		
Opening Balance	4 976 393	4 373 490
Additions	1 300 000	800 000
Interest received	381 602	342 903
Payment received	(1 290 000)	(540 000)
	<b>5 367 995</b>	<b>4 976 393</b>

The investment earns interest at prime rate less 3% per annum

#### Current assets

Loans and receivables	5 367 995	4 976 393
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## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

Figures in Emalangeni	2020	2019
<b>4. Tax</b>		
Balance at beginning of the year	66 704	74 979
Current tax for the year recognised in profit or loss	(26 792)	(27 392)
Balance at end of the year	(67 304)	(66 704)
	<b>(27 392)</b>	<b>(19 117)</b>
<b>5. Accounts and other receivables</b>		
Other debtors	12 550	13 450
Prepayments	84 706	45 421
	<b>97 256</b>	<b>58 871</b>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash in hand	2 400	264
Nedbank current account	35 603	38 664
Nedbank call account	33 624	33 414
	<b>71 627</b>	<b>72 342</b>
<b>7. Training grant</b>		
Utilised amount carried forward	24 061	24 061
Utilised during the year	(10 000)	-
	<b>14 061</b>	<b>24 061</b>
<b>Grant</b>		
Utilised amount carried forward	14 061	24 061
This is a grant received from Eswatini Sugar Association for training farmers on better farming methods. The grant is still being utilised.		
<b>8. General reserve</b>		
Balance as at 31 March 2019	2 071 436	1 934 087
Transfer to general reserves	97 770	137 349
	<b>2 169 206</b>	<b>2 071 436</b>

It is the Association's policy to transfer 25% of its surplus after taxation to a general reserve

## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Notes to the Financial Statements

Figures in Emalangeni	2020	2019
<b>9. Trade and other payables</b>		
Other payables	10 414	38 230
Provision for audit fees	38 705	68 495
Provision for leave pay	46 084	27 490
Provision for bonus pay	240 723	148 736
	<b>335 926</b>	<b>282 951</b>

### 10. Cash generated from operations

Profit before taxation	417 871	576 787
<b>Adjustments for:</b>		
Depreciation	8 178	8 577
Interest received	(381 812)	(343 856)
<b>Changes in working capital:</b>		
Accounts and other receivables	(38 385)	(29 944)
Trade and other payables	52 975	(91 260)
	<b>58 827</b>	<b>120 304</b>

### 11. Related parties

#### Related party transactions

Executive Committee	141 191	95 815
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Eswatini Cane Growers Association has a 50% representation on the Eswatini Sugar Association Council. The Remaining 50% representation is by Eswatini Millers Association. As at year end Eswatini Cane Growers association has an investment in Eswatini Sugar Association amounting to E5 367 995 (2019: E4 976 393).



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2020	2019
<b>Revenue</b>			
Levies		2 475 332	2 157 754
Miller-Cum-Planter		992 584	882 884
		<b>3 467 916</b>	<b>3 040 638</b>
<b>Other income</b>			
Interest received		381 812	343 856
<b>Operating expenses</b>			
Advertising		13 227	8 119
Auditors fees		50 000	73 564
Bank charges		14 204	14 817
Meetings		105 325	100 520
Executive committee expenses		141 191	95 816
Cleaning		1 892	1 212
Consulting fees		45 900	-
Depreciation		8 178	8 577
Electricity		33 787	24 500
Salaries and wages		2 088 975	1 711 645
Insurance and licences		63 283	59 915
Entertainment		9 621	11 035
Legal expenses		-	6 000
Accounting fees		34 200	3 300
Motor vehicle expenses		265 484	128 360
Printing and stationery		91 771	104 156
Rent and office facilities		208 631	199 487
Repairs and maintenance		5 243	12 041
Subscriptions		148 119	142 011
Telephone and postage		38 448	52 211
Travel and subsistence expenses		64 378	50 421
		<b>3 431 857</b>	<b>2 807 707</b>
<b>Surplus (deficit) before taxation</b>		<b>417 871</b>	<b>576 787</b>
Taxation		26 792	27 392
<b>Surplus (deficit) for the year</b>		<b>391 079</b>	<b>549 395</b>

The following supplementary information does not form part of the financial statements and is unaudited:



## Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2020

### Tax Computation

Net income per income statement	E 417 871
<b>Non-deductable/(Non taxable) items</b>	
Levies	(3 487 916)
Interest Received	(381 360)
Operating Expenses	3 431 405
	<u>(417 871)</u>
<b>Allowable Deductions</b>	
Interest Received	381 380
Insurance	(63 283)
Repairs and maintenance	(5 243)
10% Effective Executive Director's salary	(131 208)
10% Office admin staff salary	(64 759)
10% Printing and stationary	(9 177)
10% Telephone	(3 845)
10% Audit Fees	(5 000)
10% Bank Charges	(1 420)
	<u>97 425</u>
<b>Taxable income</b>	<u>97 425</u>
<b>Tax thereon @ 27.5%</b>	26 792
	-
<b>Tax liability</b>	
	E
Amount owing/(prepaid) at the beginning of year	-
Amount prepaid at the beginning of the year	<u>(65 704)</u>
<b>Tax owing/(prepaid) for the current year</b>	
<b>Normal tax</b>	
Per calculation	26 792
1st provisional payment	(19 854)
2nd provisional payment	(7 538)
	<u>(500)</u>
<b>Amount owing/(prepaid) at the end of year</b>	<u>(67 304)</u>

The supplementary information presented does not form part of the financial statements and is unaudited

**Eswatini Cane Growers Association**

Financial Statements for the year ended 31 March 2020

**Supplementary Information****1. Audit fees**

Kobla Quashie and Associates	50 000
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**2. Rent paid**

Tibiyo Properties	208 631
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**3. Insurance**

Eswatini Insurance brokers	63 283
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The supplementary information presented does not form part of the financial statements and is unaudited