



ESWATINI CANE GROWERS ASSOCIATION

**ANNUAL REPORT FOR YEAR
ENDED 31 MARCH 2021**

'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

To ensure a profitable, diversified and sustainable cane grower

OUR MISSION

Our purpose is to foster, through leadership, cane grower and employee growth by:



- **Proactive representation, support and advocacy**
- **Empowerment and learning**
- **Modernization of processes and systems**
- **Sustainability (environmental, economic, social, people) practices**
- **Good corporate governance and best practices**

OUR STRATEGIC OBJECTIVES



Strategic Objective One – To manage costs and diversify revenue base to ensure sustained grower support.

The aim of this objective is to ensure a lesser reliance by ECGA on the levy paid by growers for it to fulfill its mandate. This especially given the volatility of markets. ECGA aims to manage costs of doing business while driving higher value add for its members. Revenue increase will assist the Association to continue to deliver on grower support.

Strategic Objective Two – To develop, build and increase grower capacity i.e., skills, knowledge and experience for industry sustainability.

Historically there are projects that have created dependency by growers as opposed to grower independence. ECGA's intention is to develop, build and grow the capacity of the growers so that they become better business entities and owners. Improved corporate governance and compliance is one of the purposes that ECGA is aiming for. Grower increase in skills, knowledge and experience other than cane husbandry will ensure a sustained industry into the future.

OUR STRATEGIC OBJECTIVES_(CONT)

Strategic Objective Three – To improve internal and external stakeholder relations for constructive engagements and positive results.

The industry has key stakeholders who are dependent on each other and their continued teamwork for the betterment of the industry. The purpose of this objective is to build and improve on existing and future relations that will drive constructive engagements that will yield positive results for the benefits of the growers and industry at large as well as the Kingdom of Eswatini. Stakeholders' relations both locally and outside the country will help advance and grow the industry.



Strategic Objective Four – To attract, develop, recognise, reward and retain best talent.

The right and best talent in the right roles brings in higher impact and delivery of the vision, mission and strategic objectives. ECGA needs to be able to attract high calibre of talent that will make a difference to the ability of the Association to deliver on its mandate and deliver to the Association's members. ECGA should be able to retain best talent for its growth. In order to retain and attract top talent, ECGA should also aim to be one of the best Employer not just in the industry but Eswatini. Instituting performance management and rewarding best performance is one of the drivers in this objective.

Strategic Objective Five – To implement best practices to ensure improved efficiencies.

Efficiencies and effectiveness will ensure increased service delivery and improved performance. ECGA needs to have updated processes, procedures, policies and systems to deliver on its mandate. Best practices need to be benchmarked and implemented to “up” the levels of efficiencies at the Office and its interaction with various stakeholders. The Association needs to be able to respond and adapt to the changes in and outside the industry.



OUR ORGANIZATIONAL VALUES

- a) Teamwork (working together as a team)
- b) Excellence and Continuous Improvement (quality, performance, high standards, accountability)
- c) Communication (transparency, openness, visibility)
- d) Respect and Integrity (honesty, truthful, reliable, trust)
- e) Empowerment and Autonomy (working independent, authority to make decision)

CULTURE



- **S** – Service Driven
- **U** – United
- **G** – Goal oriented
- **A** – Adaptable
- **R** – Reliable



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1

CHAIRMAN'S REMARKS

Mr. S. Geldenhuys



I am pleased to present the Eswatini Cane Growers Association (ECGA) Annual Report for the year ended 31 March 2021. The year saw improvement in both sucrose price and production. On average the sucrose price was E4 307/ tonne, about 14% up year on year. Grower (ECGA) total sucrose volume was up 4% year on year. The net effect was a 19% increase in nominal grower gross revenue, year on year, driven by price and volume.

The year opened with an average 0% electricity tariff increase and closed with the imposition of 1.03% tariff increase for the ensuing year (2021/22). 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. On the other hand, 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 pending 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 curtailed by the partial lockdown. The initiative will hopefully continue towards the end of the ensuing year. Still on the grower energy front the Petroleum Act was passed to take effect on 1 February 2021. The Act introduces new licensing requirements that may affect growers. The ECGA, in cooperation with Business Eswatini (BE), are keeping an eye on these developments and will engage with the Energy Regulator and Government, if and when necessary.

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 continued to engage 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 affected by the Covid-19 pandemic. The ECGA and the industry responded promptly to support growers through awareness creation, information sharing, training, written 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 partial lockdowns. That welcome gesture has minimized 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 (WHO) guidelines at all times. More importantly the Association encourage growers to take advantage of vaccines when they become available.

Covid-19 affects growers in other not so obvious ways. For instance, the need for social distancing and sanitation imposes 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 continued to be restricted. This presented an opportunity for growers to embrace technology out of necessity. Virtual (online) meetings and electronic communication became the lifesavers in maintaining some interaction with members. There also remains a possibility that input prices escalated to reflect difficult of procuring inputs and services. Growers are persuaded to anticipate these changes. The annual grower cost surveys will shed light on the magnitude of the escalations. Members are urged to cooperate with the enumerators by giving data to enable accurate determination of this aspect of the pandemic.

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 2020 Annual General Meeting (AGM) was held with limited numbers to comply with partial lockdown restrictions. The Association extends its appreciation to members who signed proxies to make the meeting a success despite the challenging restrictions. The year 2021 is an election year. The pandemic might pose a serious challenge to the exercise. The Office and Executive Committee are closely monitoring developments with the view to devise strategies to hold the meeting differently should such be inevitable.

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.

2.1 Legal Status

The Eswatini Cane Growers Association (ECGA) is a member owned, funded and driven funded non-governmental organization (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 S.V. Nkambule	CEO – Secretary
Dr A.T. Dlamini	Tibiyo
Ms T. Gina	Big Bend (Alternate)
Mr. B. James	Mhlume
Mr. L. Msibi	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
Ms S. Mndzebele	Tibiyo (Alternate)
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 consists of those members of the Association who supply sugar cane to the Mill in question. 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-resigned Sept 2020
Ms T. Gina	Member
Mr. L. Msibi	Member
Mr. M. Ngcamphalala	Member
Mr T. M. Nkambule	Member
Mr. G.F. 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

ECGA 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. S. Gina



Secretary
Ms. N. Skosana



Cleaner/Messenger
Ms. N. Nkambule



3.1 THE CANE GROWING YEAR 2020/21

3.1.1 Climatic Conditions Relevant to Cane Growth

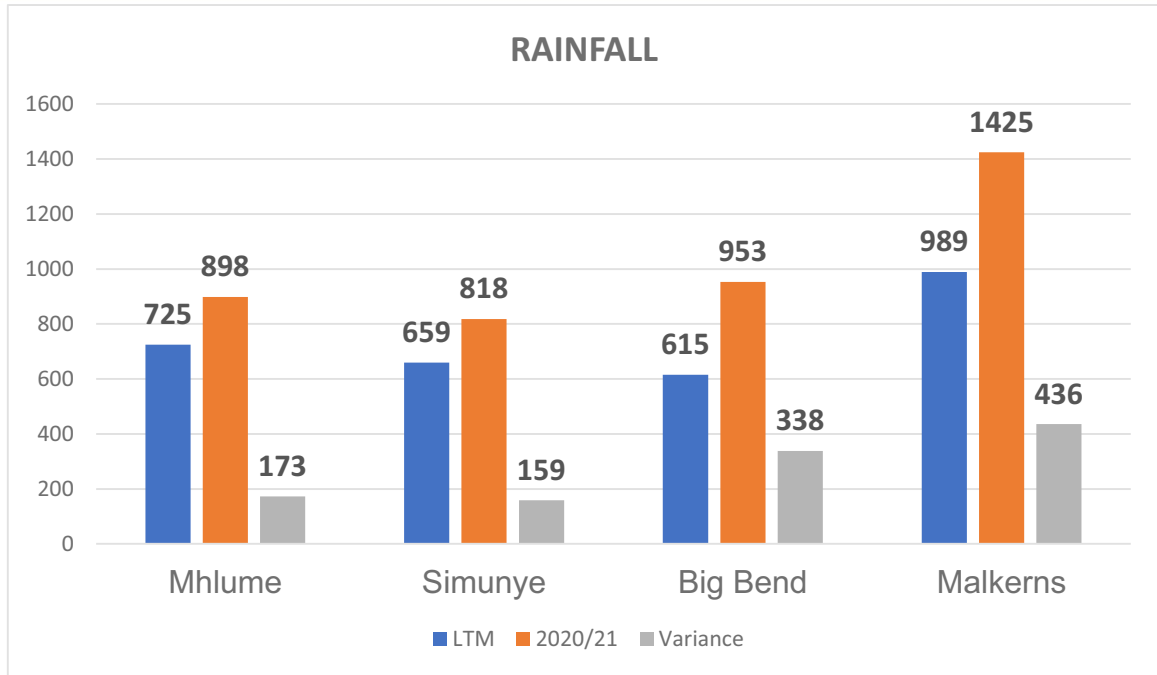


Figure 1a: Rainfall Patterns over the Year 2020/21 (Source: ESA IDB 2021)

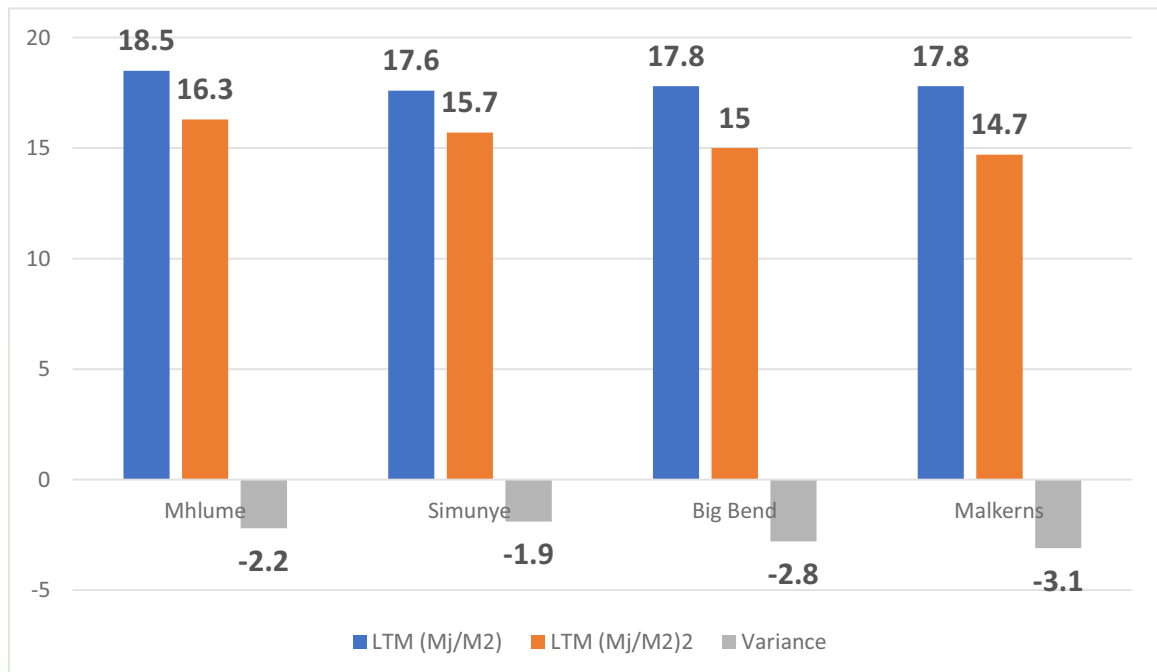


Figure 1b: Radiation Pattern over 2020/21



All zones received above (24% to 55%) average (LTM) rainfall mainly due to the Cyclone towards the end of the year. On the other hand, radiation was lower (-11% to -17%) than average (LTM). Considering that water tends to be the major limiting factor during the summer months (when Cyclone occurred) the likely impact is higher cane yields in the following (2021/22 season) year, all other things being equal.

3.1.2 Membership

Figure 2 below shows the trend in the numbers (by category) of active ECGA members in 2020/21 compared to previous (2019/20) year.

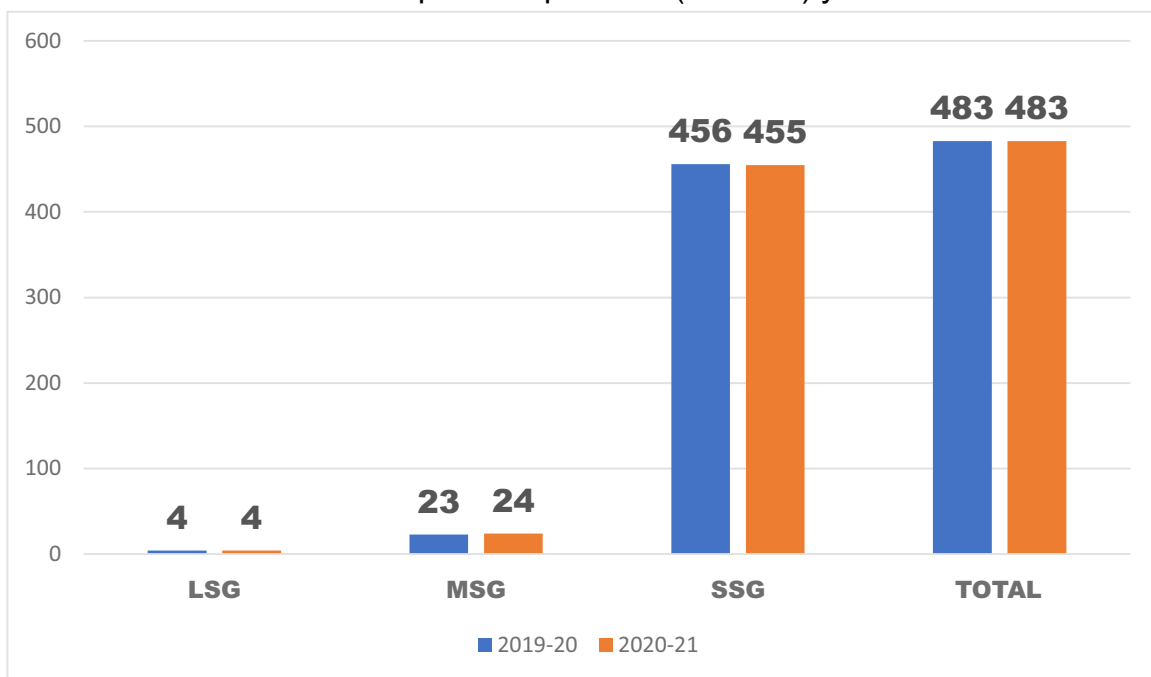


Figure 2: Number of ECGA Members in 2020/21

During the year 483 ECGA members delivered cane to the mills reflecting a zero net change (+1 MSGs and -1 SSGs). Table 5 below shows details of the changes by Planters’ Group.

Table 1: Number of Active ECGA Members 2020/21 vs 2019/20

Planters' Group	*ECGA Quota Holders	ECGA Deliveries in 2019/20	ECGA Deliveries in 2020-21	Net Gain/ (Loss)
Big Bend	168	139	138	-1
Mhlume	335	313	314	+1
Simunye	35	31	31	0
ECGA TOTAL	538	483	483	0

**Excludes Mill owned growing entities.*

Table 2: Number of Active Cane Growers by PG and Farm Size Category in 2020/21

Planters' Group	LSG	MSG	SSG	TOTAL
Mhlume	1	3	310	314
Simunye	1	9	21	31
Big Bend	2	12	124	138
TOTAL	4	24	455	483

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

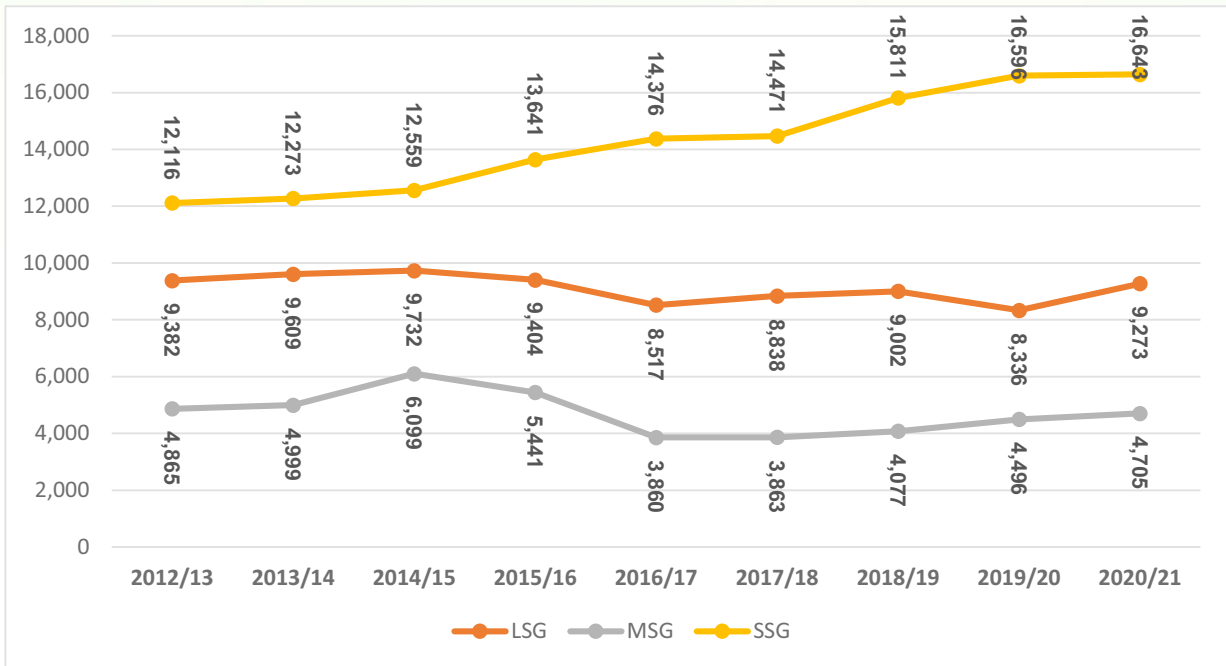


Figure 3: Changes in the area composition of independent growers over the past 8 years.

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.

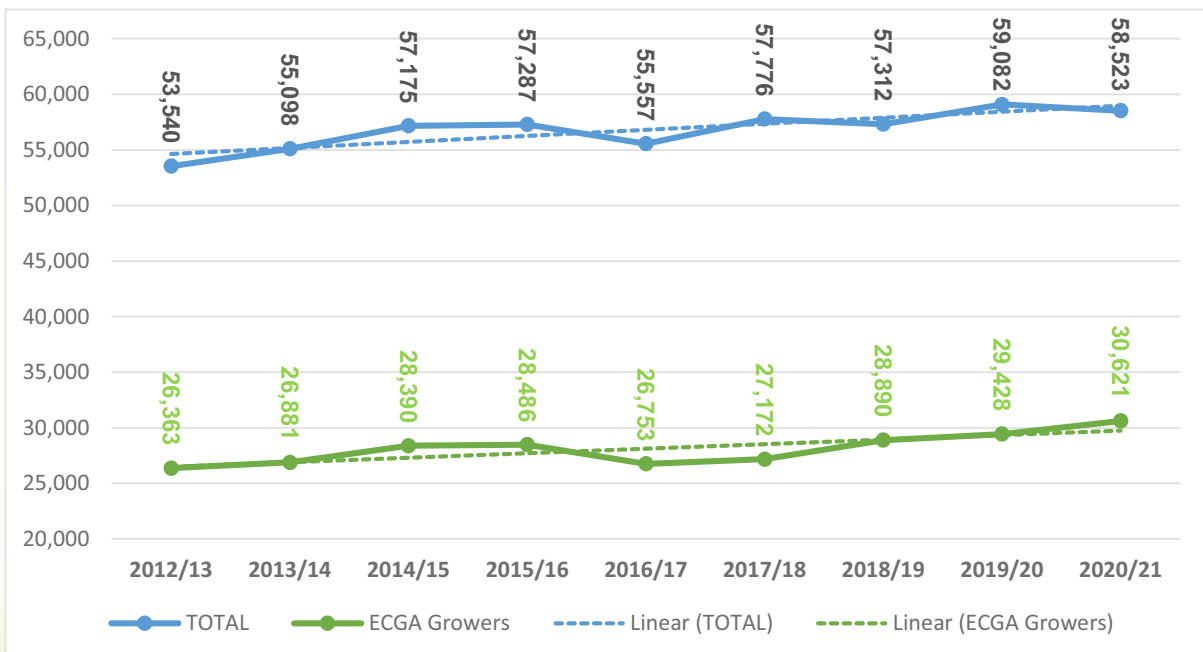


Figure 4: Total Cane Area Harvested over the years (including MCP)

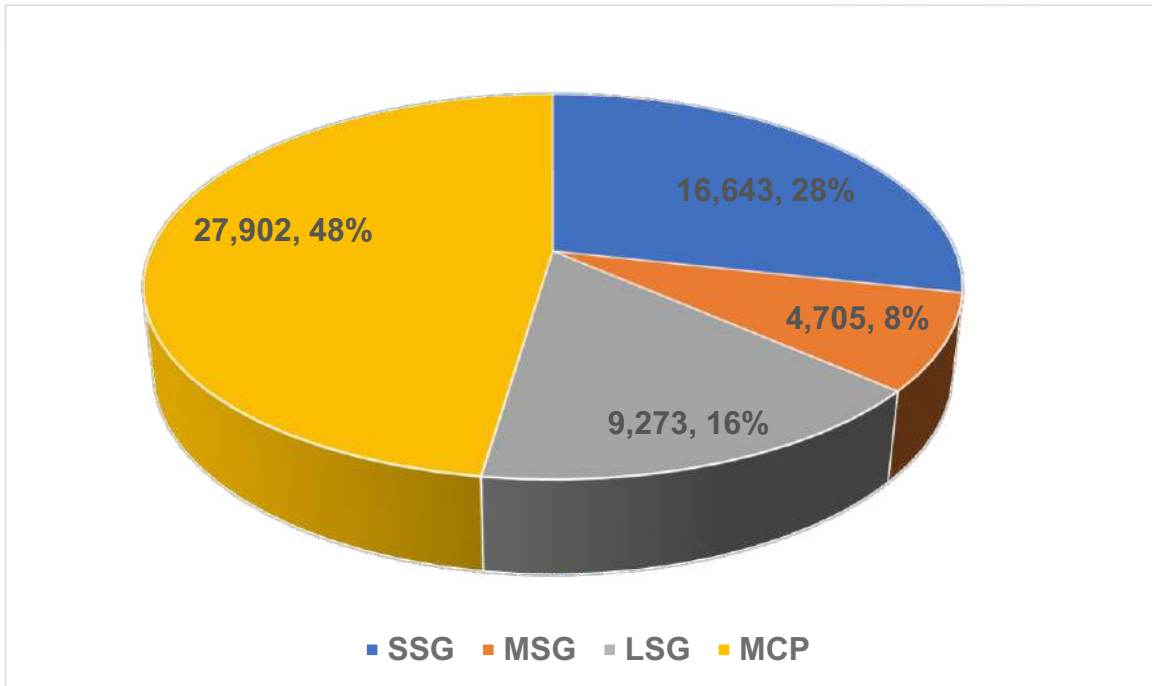


Figure 5: Cane area harvested (Hectares and Percentage) by farm category in 2020/21

3.2 STRATEGIC PLANNING

A three (3) year Rolling Strategic Plan was on its 3rd and last year. In the course of the year ECGA embarked on the development of a new five-year Strategic Plan to be implemented effective 1 April 2021. The vision, mission, objectives and organizational values reflected at the beginning of this document are taken from the new Plan whereas the report is based on the old ones.



Strategic Plan Consultations while Complying with Covid-19 Lockdowns Regulations



Strategic Plan Consultations while Complying with Covid-19 Lockdowns Regulations

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 ending on 31 March 2021 hence the use of outgoing strategic objectives.

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

Skills Development

Due to Covid-19 restrictions Grower feedback meetings were not held during the reporting period.

Skills development was focused on creating awareness about Covid-19. The Office, in collaboration with Eswatini (Swaziland) Business Coalition on HIV and Aids (SWABCHA), conducted awareness training to PG Committee members on 26 March 2020. A Covid 19 practice Protocol (English and Siswati) was prepared and delivered to growers on 1 May 2020.



Participants from Mhlume and Simunye posed for a picture after Covid 19 awareness Training on COVID -19 on 26 March 2020

ECGA procured and distributed about 6000 masks to member growers. These were procured through ECGA funds (±2000), Business Eswatini (1875) and NDMA (2000). Regular update on the pandemic was given through e-mail, SMS, WhatsApp, Facebook and Quarterly newsletters. The office obtained permit, from Government, to operate during the lockdown. Appropriate measures were put in place to manage the pandemic for Office staff and are still being observed at the end of the year. At the time of reporting the office was aware of 2 confirmed cases among staff members.



Face Mask Distribution to growers at KDDP and Vuvulane

Governance Training by ESA -Monitoring

A total of 419 growers were trained before lockdown due to Covid 19. This is 81 below target of 500.

VIF Operational Workshops

In an attempt to assist the VIF growers with their water challenges, a water working group was formed. The group consists of representatives from the following entities; VIF growers, Mhlume Planters Group leadership, ECGA Office, Eswatini Sugar Association Technical services, Extension Office and Mhlume Water. Some of the challenges are caused by poor irrigation scheduling and water management. The team decided on having a pilot project on irrigation scheduling with 5 growers to demonstrate that it is possible so that the other growers can learn from their peers. ESA TS irrigation team and the Extension Officer responsible are leading the project. The ECGA office commends the growers who have volunteered to be part of this project and hope that they will see the benefit both in the short and long term.



VIF Water Operational Workshops

Objective 2: To Promote and Support Realization 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.

Physical engagements were constrained by partial lockdown. Relevant information was transmitted through social media and the quarterly newsletter. All quarterly newsletters were successfully produced and published in the course of the year.

Influencing power tariff rates and structure

- Public consultation meetings on proposed tariff increase were held in January 2020 and December 2020. On both occasions ECGA made verbal and written submissions that were presumably considered in arriving at the two-year tariff increases approved by Eswatini Energy Regulatory Authority.
- Some growers continued to explore and experiment with solar energy to peak load and/or supplement power from the grid.

Grower Revenue Diversification Strategy

The sharing of benefits from the use of bagasse remains on the agenda of the Miller/Grower Forum. However, in the course of the year the parties reached an interim agreement to pay growers amounts determined by an Independent Review Committee (IRC) while further negotiations continued. Consequently, growers received nominal payments for the years 2017/18 and 2018/19. Determinations for the year 2019/20 were still awaited at the end of the year. Negotiations of a more permanent agreement are ongoing.

At the end of the year a panel of experts were concluding a consultancy report on the possibility of a sugarcane anchored agro-business park. The exercise is exploring possibilities of joint investments by the private sector (including millers and growers) and Government to add value to the sugarcane crop thus enhancing value addition for mutual benefit. Growers will be updated of further developments as they unfold.

Objective 3: To ensure equitable, effective and informed participation of Cane Growers in the Industry.

Financing model

- The new industry financing strategy resumed at the beginning of the year in review. The millers and growers agreed to withhold an additional E100-million until final payment in July. That will reduce the cost of borrowing for the industry hence enhance sucrose price for growers and millers.
- 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 2021.

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 planned quarterly PG feedback meetings could not be held due to Covid-19 restrictions. Digital communication was upscaled especially with the Covid-19 pandemic restricting movement.
- The Grower Support Manager (GSM) was focused on engagement with growers and the impact was noticeable. By the close of the year a situational analysis was near finalization. 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 service offering. 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 next year.
- ECGA was also part of the industry team that presented E1.3-million donation to the Government Covid-19 Resource Mobilization Team.

Interactive Grower Database

- The long desired interactive grower database was developed and was 90% populated by the end of the year. The office now has at its disposal grower details including location (map), farm size, shareholder details and contacts. This is work in progress.

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 November 2020 and Levy has been gazetted all in time for year start on 1 April 2021.
- **Document management** – In or about July 2020 ECGA resumed the utilization of a modern document handling system for ExCo meetings, courtesy of ESA.

3.4 OPERATIONAL PERFORMANCE REPORT

3.4.1 Executive Committee Meetings

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

Table 4: Attendance of SCGA ExCo Statutory Meetings

Members	20 July '20	23 Sept. '20	8 Dec. '20	2 Mar. '21	Remarks
Dlamini, AT	+	+	+	+	
Geldenhuys, S	+C	+C	-	+C	
Gina, T. Ms	-	+	+	+	Alternate
Hlatjwako, M	+	+	+	-	
James, B.	+	+	+	+	
Jele, M.	+	+	+	+	
Mabuza, M	+	+	+	+	
Mabuza, O	+	+	+	+	
Madume, V	-	-	-	na	Resigned Sept. '20
Magagula, SM	+	+	-		
Malandvula, PM	+	+	+C	+	
Mndzebele, M		+		+	
Mndzebele, S. Ms	na	+	+	+	Joined Sept. '20
Msibi, L.	na	Na	na	-	Joined Dec, '20
Ngcobo, AT			+	+	
Nkambule, S	+				
Nkambule, TM	+	+	+	+	
Nxumalo, EJ		+	+	+	Alternate
White, GC	+	+	+	+	
Hlophe B	-	-	-	-	Alternate
Nkambule, SV	+	+	+	+	
Dlamini, Zinhle	+R	+R	+R	+R	
Observers					
Dube, K	+		+	+	
Mkhonta, N.	+		+	+	
Mudima, K.			+	-	
Nxumalo, M.	-	+	-	-	

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

All 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 10 November 2020 at Mhlume Country Club. In compliance with the Covid-19 only 49 members participated in the meeting. Other growers gave written proxies to enable quorum.

Key decisions taken, by consensus, include the following;

- i. Approval of Budget 2021/22
- ii. Recommendation of a levy adjustment to E7.67 per ton sucrose, for gazette by the Minister of Agriculture.
- iii. Approval of 2019/20 Audited Financial Statements
- iv. Approval of Kobla Quashie and Associates as Auditors for 2020/21 and estimated audit costs.

3.4.3 Relationship Building, Networking and Information Sharing

During the year ECGA could not travel to external meetings. However, the Association participated in virtual meetings organized by World Association of Beet and Cane Growers (WABCG) and International Sugar Organization (ISO).



Annual General meeting(AGM) in pictures.

3.5 GROWER PERFORMANCE

3.5.1 Sucrose production by farm category

The figures 6(a) and 6(b) below show the contribution of independent growers (ECGA Members), to total sucrose production trends for past 3 years.

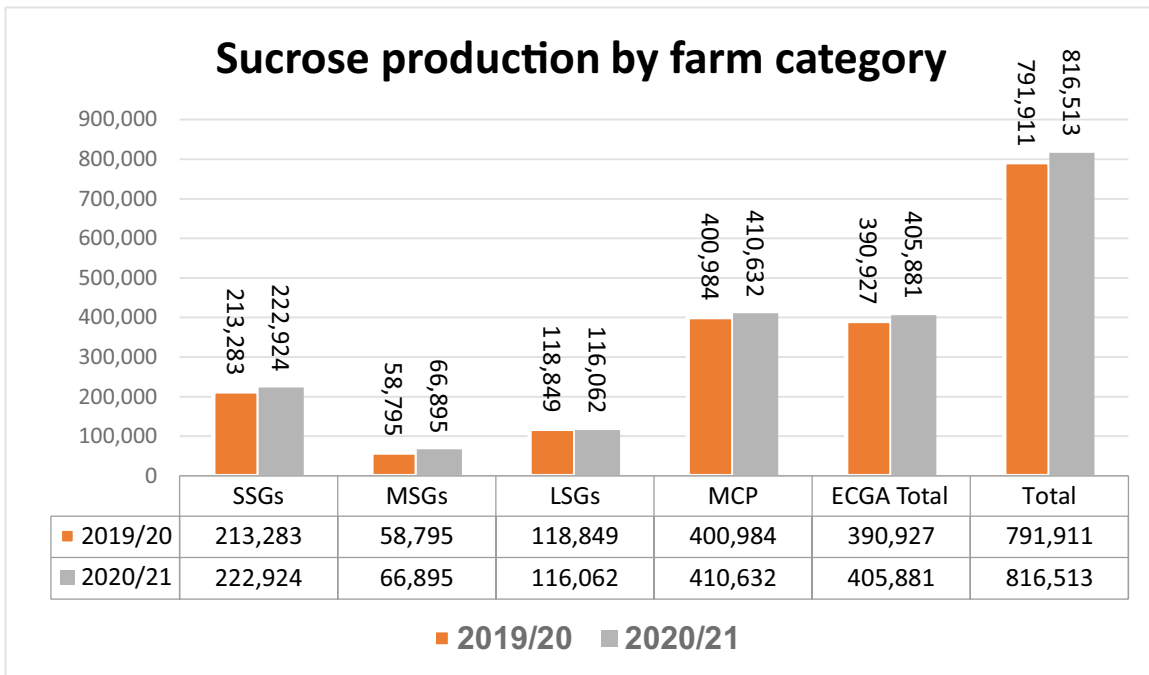


Figure 6(a) Sucrose Production Trends

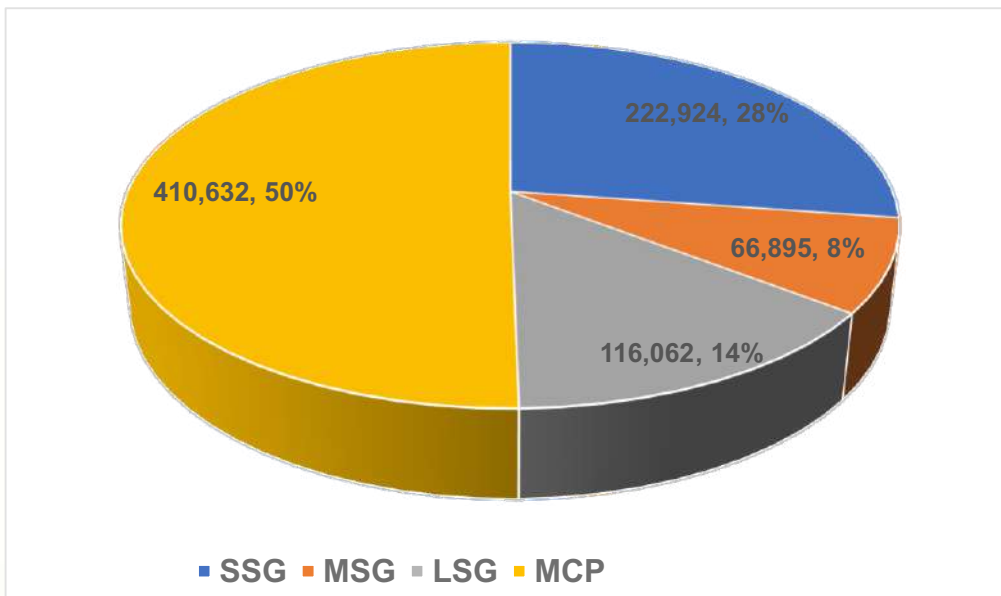


Figure 6(b) Sucrose production by Farm category in 2020/21

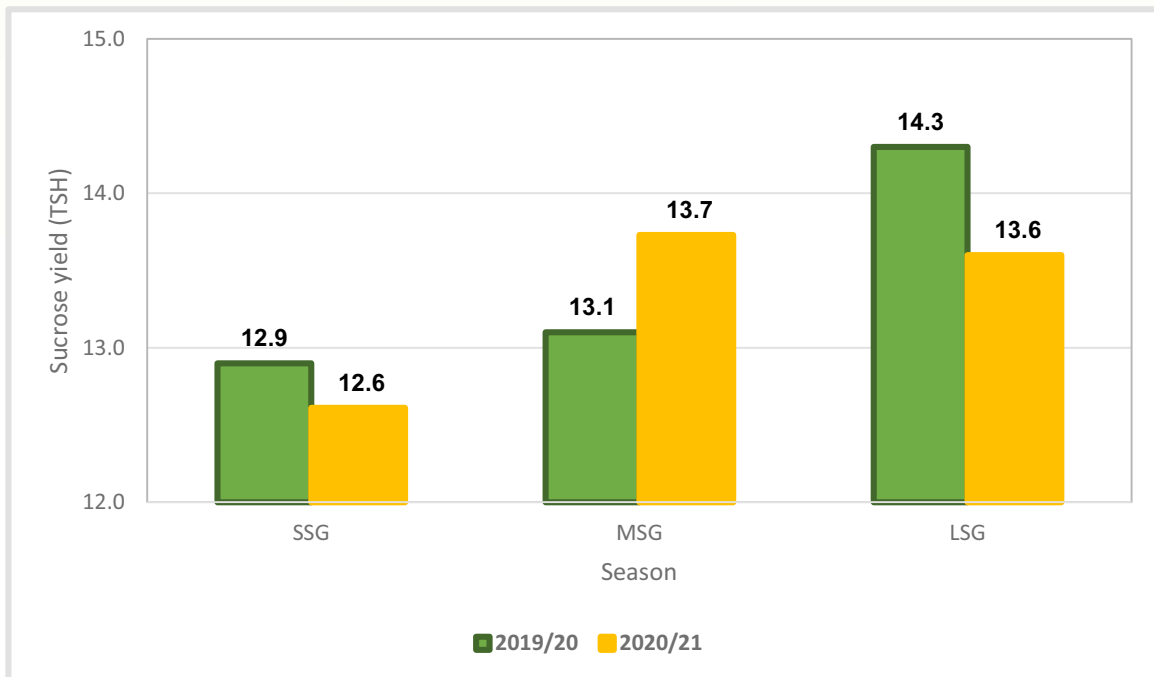


Fig.6(c) Sucrose yield trends by grower category

MSGs show improved yields year on year while SSG and LSGs show declines. The higher (4% up) volumes for SSGs can only be explained in terms of larger area harvested as the yield was significantly lower. Lower (2% down) LSGs volume was due mainly to lower yields. Higher (14% up) MSG volume is a result of both higher yields and larger area harvested. The net effect was a 4% increase in total sucrose production by ECGA members (Figure 7a). ECGA members contributed 50% to total sucrose production.

3.5.2 Value Creation by Members of ECGA (Independent Growers)

3.5.2.1 Grower Sucrose Price Trends to 2020/21

Figure 8 below shows the trend in the sucrose price over the past 10 years.

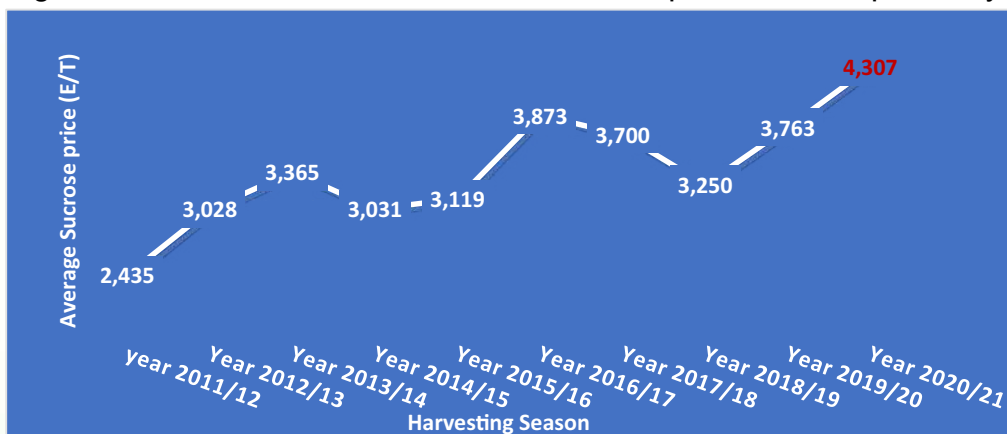


Figure 7: Sucrose Price Trends over the Past Eight Years

The price increase is, as usual, driven by market macro- and micro-economic factors mostly beyond the control of the grower. This leaves the farmer with volume (yield) increase as the only option within his/her control.

3.5.2.2 Value (Wealth) Creation by Independent Growers in 2020/21

Figures 8 and 9 show the nominal monetary value created by ECGA members (independent growers).

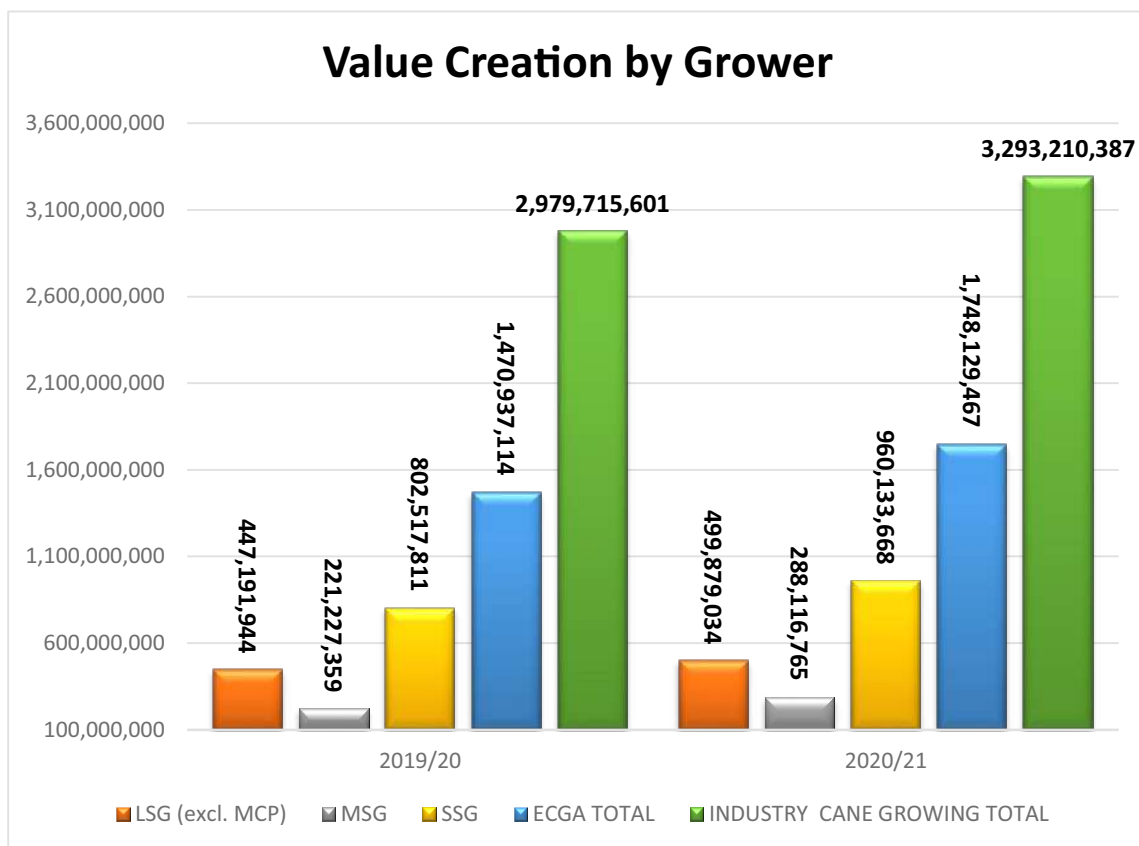


Figure 8: Value (Gross Revenue) Creation (Gross Revenue) by Grower Category in Local Currency (SWZL)

Industry sucrose revenue increased by about 10% year on year driven by both higher price and volume. For ECGA members, gross sucrose revenue was up 19% year on year driven by price and volume. The revenue distribution mirrors the volume distributions.

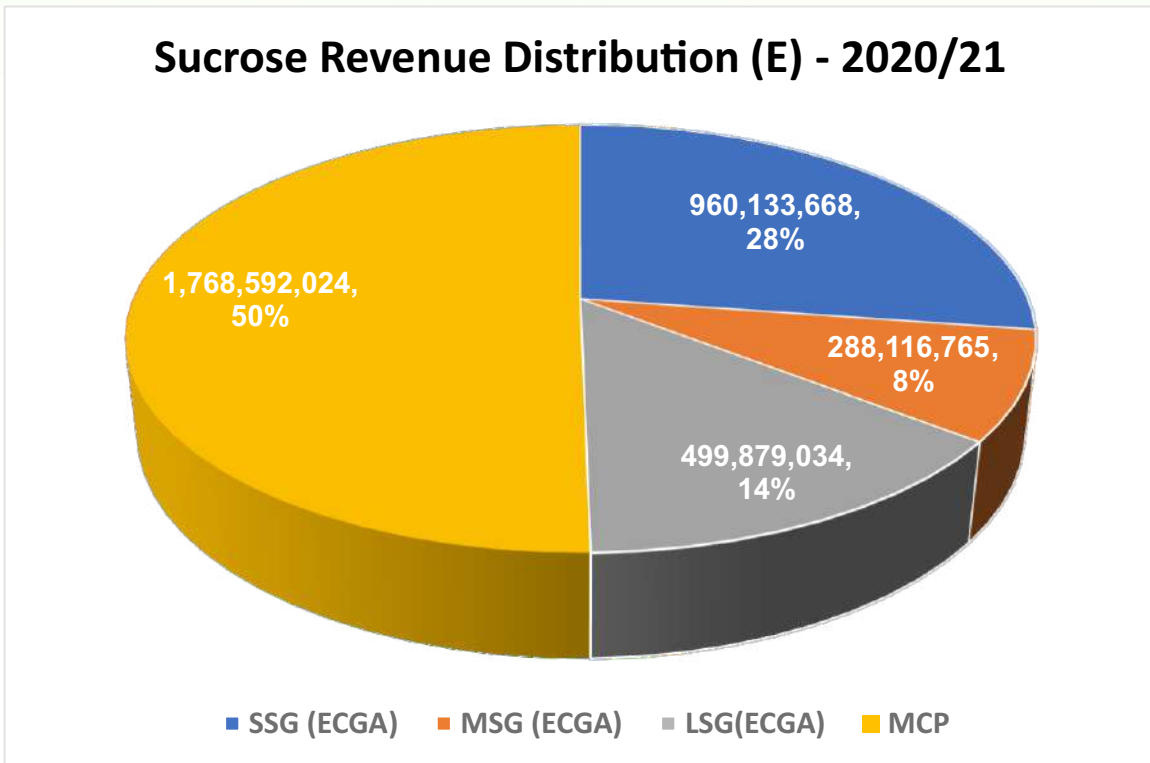


Figure 9: Value (Gross Revenue) Distribution by Farm Category in 2020/21

3.5.3 Grower performance by gender

Figure 10 shows the performance by grower gender. The gender was based on either business ownership or Company/Association leadership across farm size and location. There was not enough reliable production cost data hence averages obtained through ESA surveys were used hence the gross margins assume average production costs. Actual data from industry database (IDB) was used for yield.

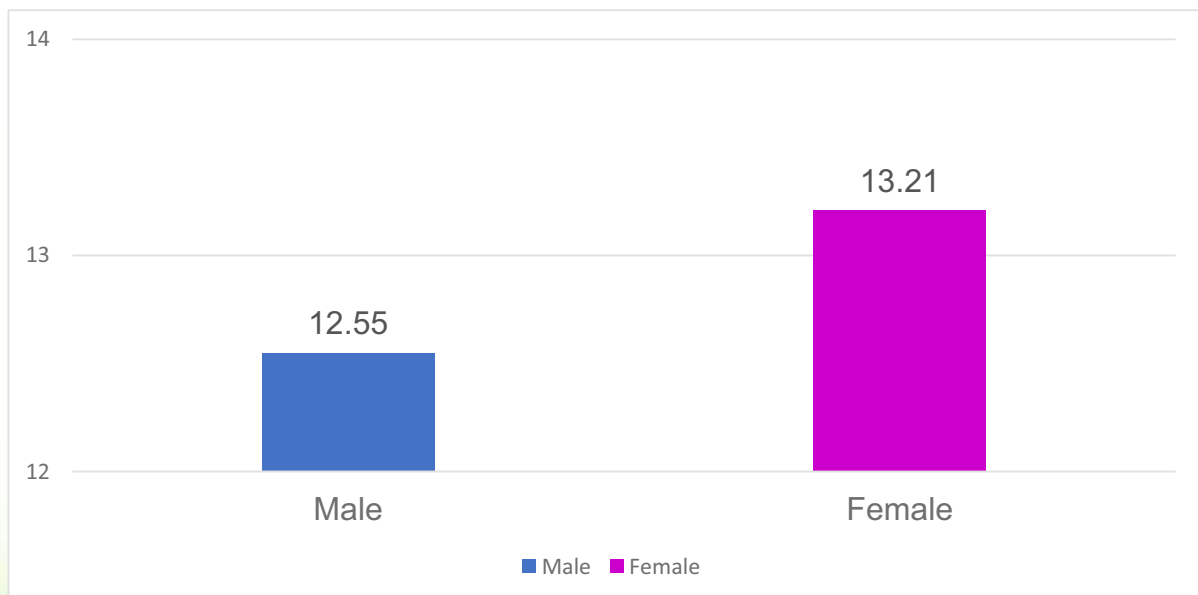


Figure 10 (a) Sucrose Yield (TSH) Performance by Gender

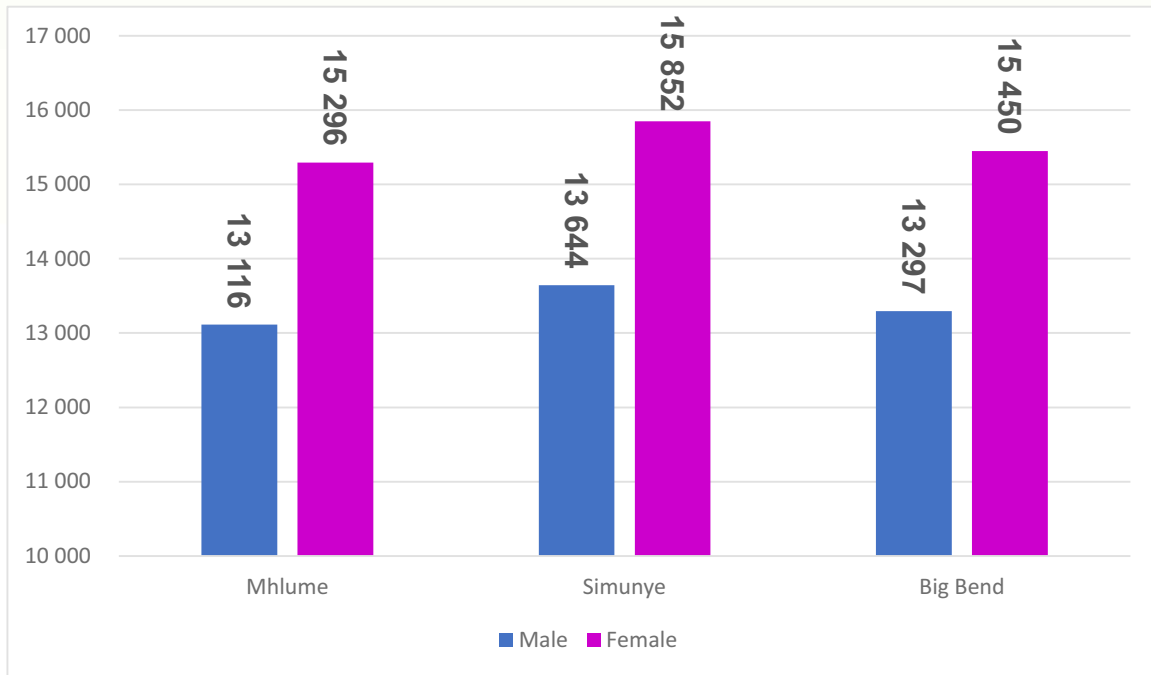


Figure 10(b) Assumed Gross Margin (E/Ha) performance by Gender

Indications are that women headed farms were consistently better performing and the differences were statistically different. The analysis did not investigate reasons for the gender differences. Perhaps that should form basis for future analysis.

3.5.4 Performance by Planters’ Group

Figure 11 compares grower performance by Planters’ Group (PG). Once again actual yields were used but production costs were based on industry averages. Actual sucrose price per PG was used.

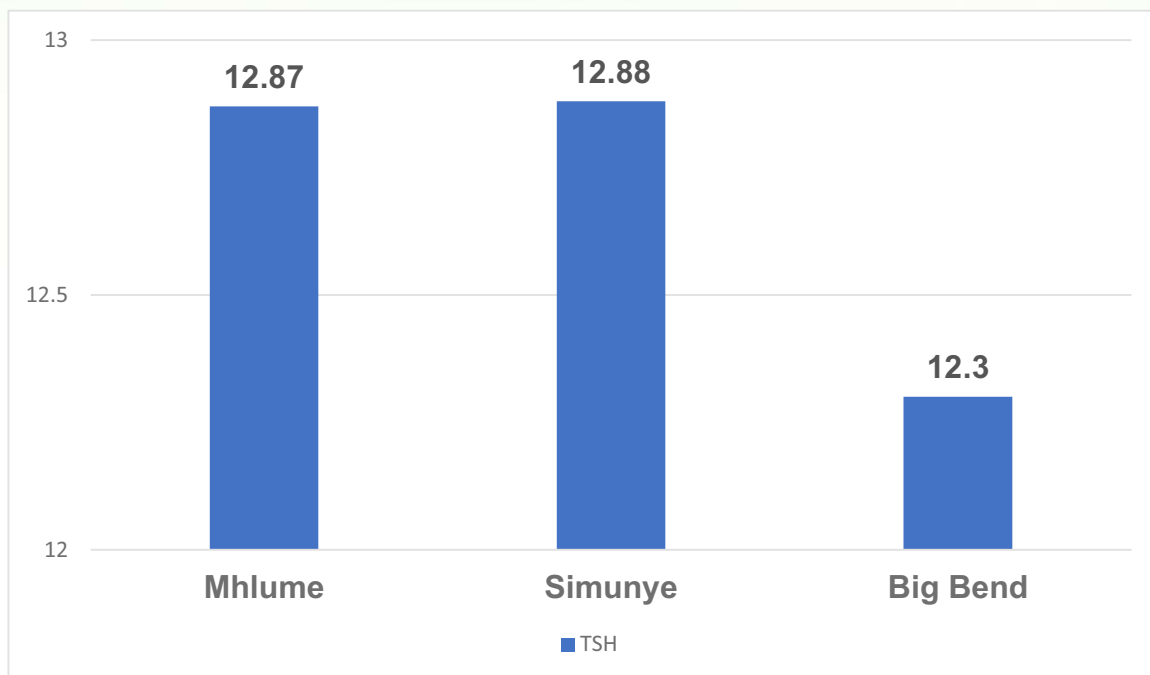


Figure 11(a): Sucrose Yield by Location

Sucrose yield at Mhlume and Simunye was statistically the same. Big Bend PG sucrose yield was statistically lower than the other 2 PGs.

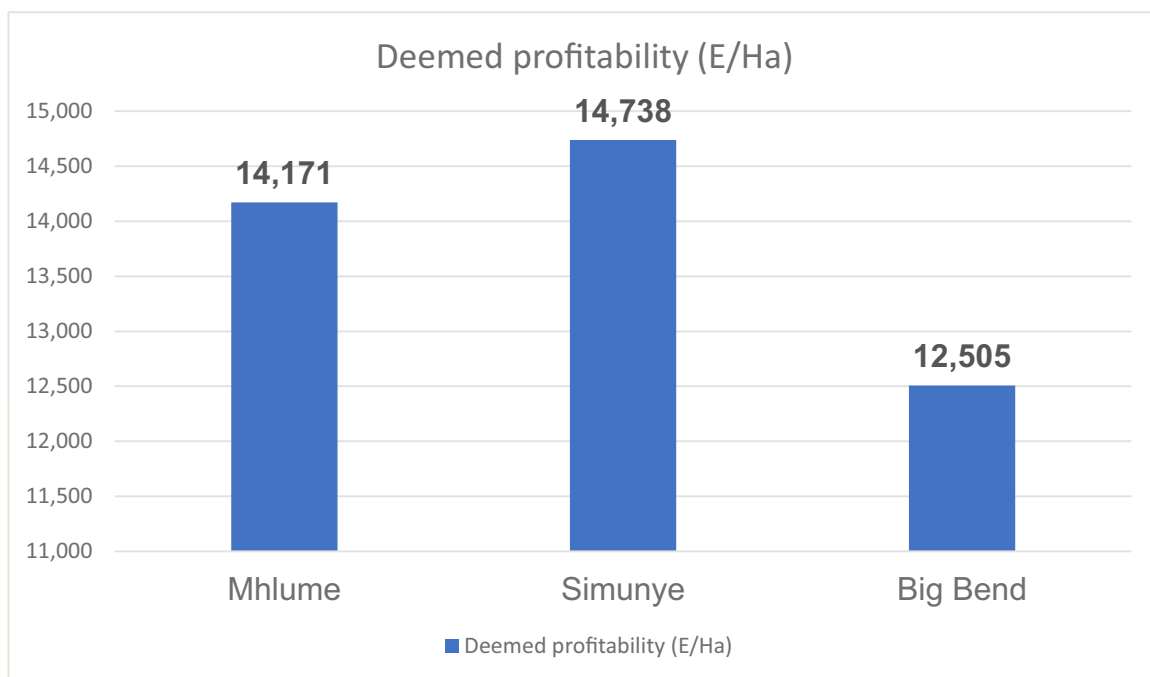


Figure 11(b): Farm Deemed Profitability by Location

The deemed profitability was highest at Simunye followed by Mhlume but the differences between the 2 northern mills were not statistically different. Growers from Big Bend PG had lowest deemed profit and the difference was statistically different from the other 2 PGs. The results are consistent with the lower yield and lower sucrose prices at Big Bend.

3.6 FINANCIAL MANAGEMENT

Sources of revenue for the ECGA office, in 2020/21, are summarized in Figure 12.

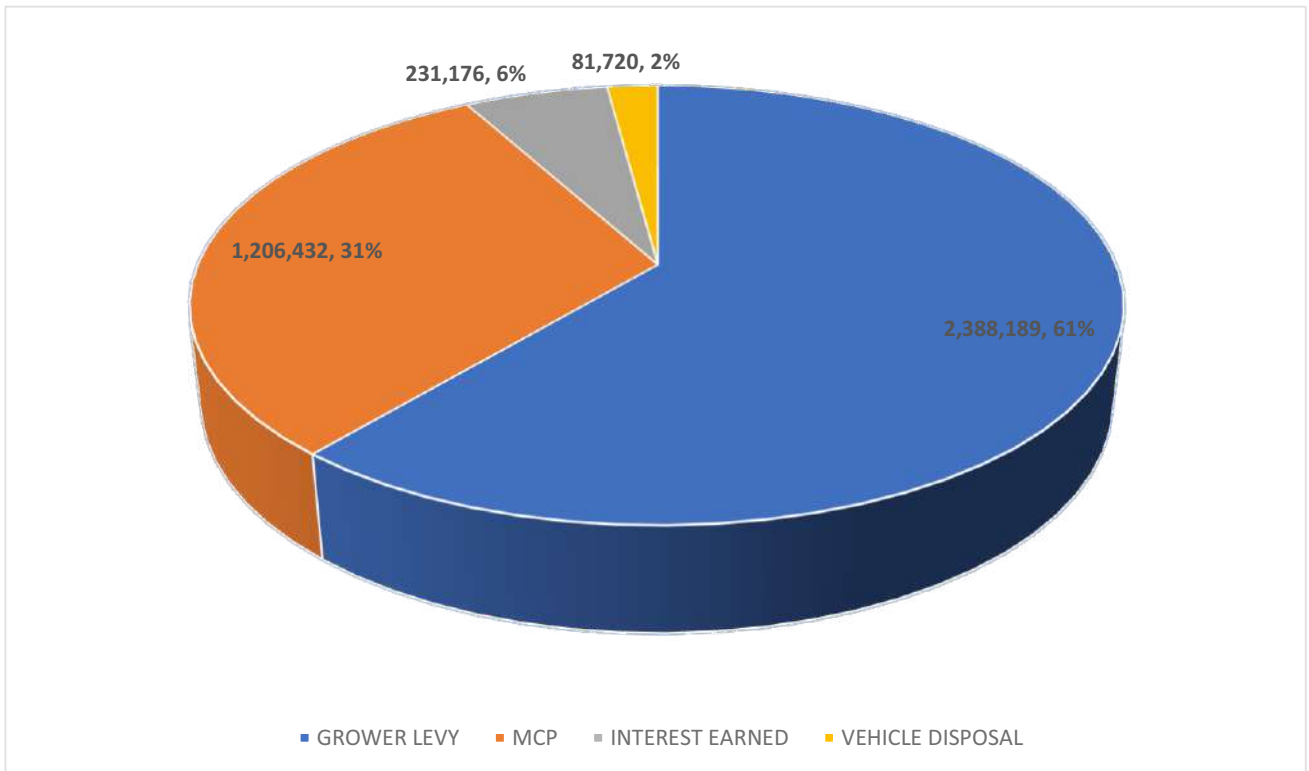


Figure 12: ECGA Sources of Revenue (2020/21)

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 an unqualified audit was achieved. 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, once again, clouded by the uncertainties brought about by the Covid-19 pandemic. At the close of the year many countries around the world were still on lockdown. Judging by experience in 2020 minimal impact is expected on production. Increases are anticipated due to LUSIP II developments coming in stream.

3.7.1.1 Short Term (1-year)

The combined 2020/21-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 lockdowns in effect throughout 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 was 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 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, during this phase will be implementation of the 5-year strategic plan.

3.7.1.2 Medium Term (up to 5 years)

It is not known if the impact of Covid-19 and the consequences summarized above will spill into this period. The new strategic plan that will take effect in April 2021 will reshape the fundamentals of the ECGA. Some of the initiatives being include improved grower participation in the sugarcane value chain and modest growth of the office to cope with increased demand for services by members. The Association leadership succession is another area that we will keep an eye on.

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. Such volume increase will likely result in price dilution for existing growers unless segregated and unsegregated quotas are revisited.

The South African Sugar Master Plan is a consideration for this time horizon. The future of Eswatini sugar in the SACU market should become clearer during this period and most likely spill into the Long-Term period.

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 abovementioned consequences. Growers will, out of customer demand, be compelled to adapt to greater sustainability issues from customers. 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 or Type Eswatini Cane Growers Association

E-mail: info@ecga.co.sz

Website: www.ecga.co.sz



AGM PICTURES

ANNUAL GENERAL MEETING





ECGA

ESWATINI CANE GROWERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

'Cane for Growth'



GENERAL INFORMATION

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	To advocate, represent and support collective interests of cane growers of Eswatini.
Registered office	2nd Floor Nkhofojeni Building Cnr Msakato & Dzeliwe Street. H100
Postal address	P.O Box 273 Mbabane Eswatini H100
Bankers	Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini Chartered Accountants (ES)
Secretary	Dr S V Nkambule
Business address	2nd Floor Nkhofojeni Building Cnr Msakato & Dzeliwe Street H100
Executive Committee	Mr S Geldenhuys - 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 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 Mabuza - Mhlume Planters' Group (Member) Mr M Jele - Mhlume Planters' Group (Member) Dr A T Dlamini - Tibiyo Taka Ngwane (Member) Mrs S M Magagula - Tibiyo Taka Ngwane (Member) Mr A T Ngcobo - Tibiyo Taka Ngwane (Member)

CONTENTS

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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 2022 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 17 June 2021 and were signed on its behalf by:



Mr S Geldenhuys



Dr S V Nkambule

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



Mallya House, Lot 137, Esser Street
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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 2021, 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 2021, 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.

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata

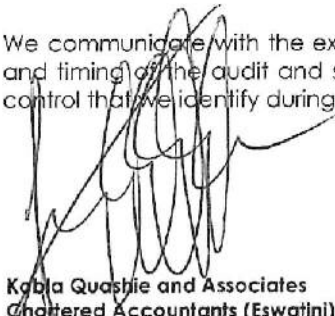
AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 executive committee.
- Conclude on the appropriateness of the executive committees' 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.


Kabla Quashie and Associates
Chartered Accountants (Eswatini)
Manzini
Per: Daniel Bediako

05 July 2021

EXECUTIVE COMMITTEES' REPORT

The executive committee submit their report for the year ended 31 March 2021 .

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:

EXECUTIVE COMMITTEES' REPORT

Name

Dr S V Nkambule	Executive Director
Mr S Geldenhuys	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 Malandvula	Simunye Planter' 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 Jeje	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
Nkhotfojeni 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

STATEMENT OF FINANCIAL POSITION

Figures in Emalangeni	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	380 621	23 443
Current Assets			
Loans and receivables	3	4 899 109	5 367 995
Current tax asset	4	1 896	67 304
Accounts and other receivables	5	96 323	97 256
Cash and cash equivalents	6	139 436	71 627
		5 136 764	5 604 182
Total Assets		5 517 385	5 627 625
Reserves and Liabilities			
Equity			
Training grant	7	14 061	14 061
General reserves	8	2 193 391	2 169 206
Accumulated funds		2 994 757	3 108 432
		5 202 209	5 291 699
Liabilities			
Current Liabilities			
Trade and other payables	9	315 176	335 926
Total Equity and Liabilities		5 517 385	5 627 625

STATEMENT OF COMPREHENSIVE INCOME

Figures in Emalangeni	Note(s)	2021	2020
Revenue		3 749 277	3 467 916
Gains on disposal of assets		81 720	-
Operating expenses		(3 965 435)	(3 431 857)
Operating surplus (deficit)		(134 438)	36 059
Finance income		231 176	381 812
Surplus (deficit) before taxation		96 738	417 871
Taxation		-	(26 792)
Surplus (deficit) for the year		96 738	391 079
Total comprehensive surplus (deficit)		96 738	391 079

STATEMENT OF CHANGES IN EQUITY

Figures in Emalangeni	Training Grant	General Reserve	Accumulated funds	Total equity
Balance at 01 April 2019	24 061	2 071 436	2 815 123	4 910 620
Changes in equity				
Total comprehensive surplus for the year			391 079	391 079
Transfer to general reserve		97 770	(97 770)	
Utilised during the year	(10 000)			(10 000)
Total changes	(10 000)	97 770	293 309	381 079
Balance at 01 April 2020	14 061	2 169 206	3 108 432	5 291 699
Changes in equity				
Total comprehensive surplus for the year			96 738	96 738
Prior year tax adjustment			(186 228)	(186 228)
Transfer to general reserve		24 185	(24 185)	
Total changes		24 185	(113 675)	(89 490)
Balance at 31 March 2021	14 061	2 193 391	2 994 757	5 202 209
Note(s)	7	8		

STATEMENT OF CASH FLOWS

Figures in Emalangeni	Note(s)	2021	2020
Cash flows from operating activities			
Cash used in operations	10	(167 235)	58 827
Interest income		231 176	381 812
Tax paid	4	(120 820)	(27 392)
Net cash from operating activities		(56 879)	413 247
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(425 918)	(12 360)
Sale of property, plant and equipment	2	81 720	-
Additions of investments		468 886	(391 602)
Net cash from investing activities		124 688	(403 962)
Cash flows from financing activities			
Decrease in training grant	7	-	(10 000)
Total cash movement for the year		67 809	(715)
Cash at the beginning of the year		71 627	72 342
Total cash at end of the year	6	139 436	71 627

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 Emalangení.

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	10%
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.

ACCOUNTING POLICIES

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.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

1.8 Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS

Figures in Emalangeni	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Motor vehicles	329 403	(55 231)	274 172	389 172	(389 172)	-
Furniture and fittings	233 173	(186 328)	46 845	194 073	(183 843)	10 230
Computer equipment	452 767	(393 163)	59 604	395 352	(382 139)	13 213
Total	1 015 343	(634 722)	380 621	978 597	(955 154)	23 443

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Motor vehicles	-	329 403	(55 231)	274 172
Furniture and fittings	10 230	39 100	(2 485)	46 845
Computer equipment	13 213	57 415	(11 024)	59 604
	23 443	425 918	(68 740)	380 621

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
	19 261	12 360	(8 178)	23 443

3. Loans and receivables

Eswatini Sugar Association		4 899 109	5 367 995
Heading			
Opening Balance		5 367 995	4 976 393
Additions		1 250 000	1 300 000
Interest received		231 114	381 602
Payment received		(1 950 000)	(1 290 000)
		4 899 109	5 367 995

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

Current assets			
Loans and receivables		4 899 109	5 367 995

NOTES TO THE FINANCIAL STATEMENTS

Figures in Emalangeni	2021	2020
4. Tax		
Balance at beginning of the year	67 304	66 704
Current tax for the year recognised in profit or loss	-	(26 792)
Adjustment in prior year taxation receivable	(186 228)	-
Balance at end of the year	(1 896)	(67 304)
	(120 820)	(27 392)
5. Accounts and other receivables		
Other debtors	11 617	12 550
Prepayments	84 706	84 706
	96 323	97 256
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash in hand	907	2 400
Nedbank current account	104 878	35 603
Nedbank call account	33 651	33 624
	139 436	71 627
7. Training grant		
Utilised amount carried forward	14 061	24 061
Utilised during the year	-	(10 000)
	14 061	14 061
Grant		
Utilised amount carried forward	14 061	14 061
This is a grant received from Eswatini Sugar Association for training farmers on better farming methods. The grant is still being utilised.		
8. General reserve		
Balance as at 31 March 2020	2 169 206	2 071 436
Transfer to general reserves	24 185	97 770
	2 193 391	2 169 206

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

NOTES TO THE FINANCIAL STATEMENTS

Figures in Emalangeni	2021	2020
9. Trade and other payables		
Other payables	19 995	10 414
Provision for audit fees	41 705	38 705
Provision for leave pay	55 913	46 084
Provision for bonus pay	197 563	240 723
	315 176	335 926
10. Cash used in operations		
Profit before taxation	96 738	417 871
Adjustments for:		
Depreciation	68 740	8 178
Profit on sale of assets	(81 720)	-
Interest received	(231 176)	(381 812)
Changes in working capital:		
Accounts and other receivables	933	(38 385)
Trade and other payables	(20 750)	52 975
	(167 235)	58 827
11. Related parties		
Related party transactions		
Executive Committee	76 144	141 191

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 E4 899 109 (2020: E5 367 995).

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Emalangeni	Note(s)	2021	2020
Revenue			
Levies		2 648 158	2 475 332
Miller-Cum-Planter		1 101 119	992 584
		3 749 277	3 467 916
Other income			
Interest received		231 176	381 812
Gains on disposal of assets		81 720	-
		312 896	381 812
Operating expenses			
Advertising		117 177	13 227
Auditors fees		55 000	50 000
Bank charges		14 824	14 204
Meetings		42 403	105 325
Executive committee expenses		76 144	141 191
Cleaning		1 097	1 892
Consulting fees		238 135	45 900
Depreciation		68 740	8 178
Electricity		23 000	33 787
Salaries and wages		2 414 668	2 088 975
Insurance and licences		68 450	63 283
Entertainment		1 134	9 621
Accounting fees		2 750	34 200
Motor vehicle expenses		285 392	265 484
Printing and stationery		41 855	91 771
Rent and office facilities		219 062	208 631
Repairs and maintenance		16 360	5 243
Subscriptions		182 665	148 119
Telephone and postage		96 180	38 448
Travel and subsistence expenses		399	64 378
		3 965 435	3 431 857
Surplus (deficit) before taxation		96 738	417 871
Taxation		-	26 792
Surplus (deficit) for the year		96 738	391 079

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

TAX COMPUTATION

	E
Net income per income statement	96 738
Non-deductable/(Non taxable) items	
Levies	(3 749 277)
Interest Received	(231 176)
Operating Expenses	3 965 435
Gains on disposal	(81 720)
	<u>(96 738)</u>
Allowable Deductions	
Interest Received	231 176
Insurance	(68 450)
Repairs and maintenance	(16 360)
6% Effective Executive Director's salary	(82 210)
6% Office admin staff salary	(62 670)
6% Printing and stationary	(2 511)
6% Telephone	(5 771)
6% Audit Fees	(3 000)
6% Bank Charges	(889)
	<u>(10 685)</u>
Tax loss carried forward	<u>(10 685)</u>
Tax thereon @ 27.5%	-
Tax liability	
	E
Amount owing/(prepaid) at the beginning of year	-
Amount prepaid at the beginning of the year	(67 304)
Adjustment in prior year taxation receivable	186 228
Amount owing/(prepaid) in respect of prior year	<u>118 924</u>
Tax owing/(prepaid) for the current year	
Normal tax	
1st provisional payment	(18 218)
2nd provisional payment	(13 396)
Other payments	(89 206)
	<u>(120 820)</u>
Amount owing/(prepaid) at the end of year	<u>(1 896)</u>

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

SUPPLEMENTARY INFORMATION

1. Audit fees

Kobla Quashie and Associates	50 000
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2. Rent paid

Tibiyo Properties	219 062
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3. Insurance

Eswatini Insurance brokers	68 450
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The supplementary information presented does not form part of the financial statements and is unaudited