ECGA

"Cane For Growth"

ESWATINI CANE GROWERS ASSOCIATION (ECGA)

ANNUAL REPORT FORYEAR ENDED 31 MARCH 2023

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"Cane For Growth"

1 VISION

"TO ENSURE A PROFITABLE, DIVERSIFIED AND SUSTAINABLE CANE GROWER"

2 OBJECTIVES

- To manage costs and diversify revenue base to ensure sustained grower support
- To develop, build and increase grower capacity i.e., skills, knowledge, and experience for industry sustainability
- To improve internal and external stakeholder relations for constructive engagements and positive results
- To attract, develop, recognise, reward, and retain best talent
- To implement best practices to ensure improved efficiencies

3 CULTURE

Service driven

United

Goal oriented

Adaptable

Reliable

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LIST OF ABBREVIATIONS

ACC	Anti-corruption Commission
AGM	Annual General Meeting
BE	Business Eswatini
CEO	Chief Executive Officer
DWA	Department of Water Affairs
EBH	Eswatini Business Health
ECC	Eswatini Competition Commission
ECGA	Eswatini Cane Growers Association
EEA	Eswatini Environment Authority
EEC	Eswatini Electricity Company
ERS	Eswatini Revenue Service
ET	Evapotranspiration
ESERA	Eswatini Energy Regulatory Authority
ESA	Eswatini Sugar Association
ExCo	Executive Committee
GIT	Graduate-in-Training
Ha	Hectare
IRC	Independent Review Committee
ISO	International Sugar Organization
GSM	Grower Support Manager
LAB	Labour Advisory Board
LTM	Long Term Mean
LSG	Large Scale Grower
MCP	Miller-Cum-Planter
MEC	Marketing Executive Committee
MSG	Medium Scale Grower
PG	Planters' Group
PPE	Personal Protective Equipment
SACU	Southern African Customs Union
SPV	Special Purpose Vehicle
SSG	Small Scale Grower
TLC	The Luke Commission
TSH	Tonnes Sucrose per Hectare
VIF	Vuvulane Irrigated Farms
WABCG	World Association of Beet and Cane Growers
YoY	Year on Year

1. ABOUT THIS REPORT

1.1 REPORTING BOUNDARY

This report covers the operations of the Eswatini Cane Growers Association (ECGA) Executive Committee (ExCo) and Office. Elements of higher-level member performance are covered to the extent that it reflects a collective status of members. Individual member performance, status and projection are not part of the Report. The Report is organised around the ECGA Strategic Plan for the period 1 April 2021 to 31 March 2026.

The role of the ECGA is anchored around cane grower representation, advocacy, and support. The service provided by ECGA is limited to general matters that affect cane growers as a collective. Technical and processing support to individual cane growers is outside the scope of this report. The Report covers collective grower production statistics which, in strict terms, is outside the primary scope of the Association.

The definition of the cane grower is based on the Cane Growers Act of 1967 wherein a grower definition confines itself to all entities or persons legally growing sugarcane in Eswatini with explicit exclusion of cane growing areas owned by the Miller (hereafter referred to as Miller-Cum-Planter, MCP). Any use of MCP data is included only to give context to the status of growers in the industry. This limitation to growers not owned by Millers does result in slight differences in the statistics herein and those reported by other sugarcane industry players. Furthermore, the impact of matters reported here may affect other role players differently, hence slight differences and emphasis do not necessarily constitute contradiction but rather differences in scope and perspective.

1.2 ECGA KEY STAKEHOLDERS

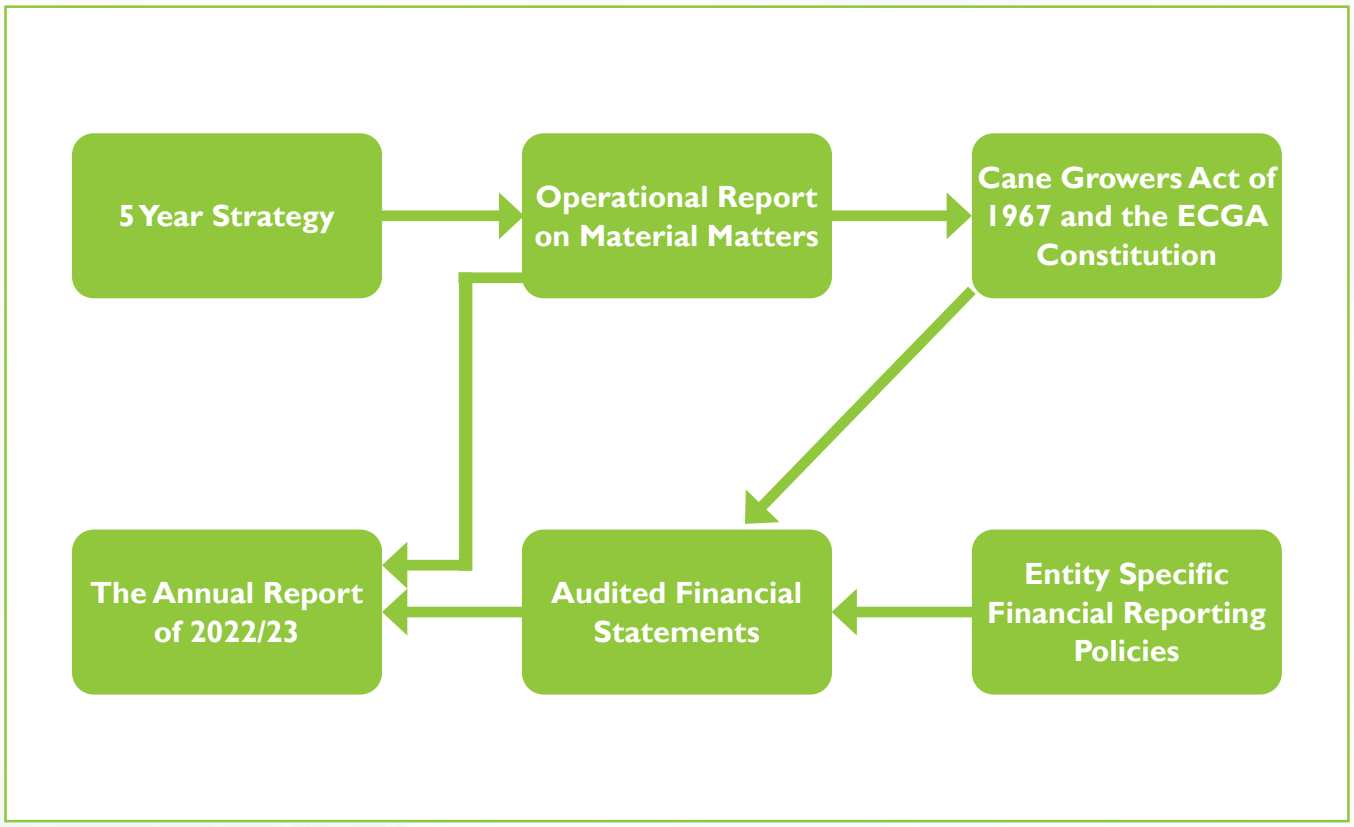
Stakeholder	Reason for interaction
Member cane growers	These are the first and primary stakeholders as shareholders and financiers of the Association. They are the ultimate authority to which the Office and Executive Committee account. They are also the primary customers for our service offering.
Employees	Employees are the second stakeholder as they implement the strategy and plans. Their alignment to the strategy and vision is crucial.
Eswatini Sugar Association (ESA)	ECGA is the other half of ESA. ESA provides services to Milers and Growers by way of regulating the industry, marketing sugar, cane quality assessment, cane husbandry extension service, etc.
Millers	The 3 millers are the primary partners for ECGA in policy formulation, extension services to growers and they provide cane processing service.
Government	The ECGA falls under the Ministry of Agriculture which is responsible for endorsing/gazetting the levy on recommendation of growers' Annual General Meeting (AGM). The Ministry also serves as the entry point to other wings of Government and local/external stakeholders.
Customers	Customers' influence is handled through the ESA. Sometimes quality/compliance assessments do extend to direct interaction with growers. Millers are interchangeably customers (cane delivery/supply) and suppliers (processing and extension services).

Product and Service Providers (suppliers)	These provide goods and services required for the Office operations. Suppliers to growers are at times engaged as part of advocacy and representation role of the Association.
Public and Civil Society	Most of the small-scale cane growers are operating on land availed by traditional authorities hence, ECGA occasionally has to engage with such authorities on matters that affect growers as a collective.
Media	The media is recognised as a crucial medium through which ECGA communicates with members, civil society, and the public.
Organised business	The nature of cane growing renders the Office and members as businesspeople and employers. ECGA represents their members in organised business structures (currently Business Eswatini). Individual members also hold separate membership with employer organizations of their choices.
International players in sugarcane and beet growing	ECGA maintains membership and networks with international growers of feedstock for sugarcane production. This enables benchmarking and experience sharing. Currently, ECGA is an active member of the World Association of Beet and Sugar Cane Associations (WABCG) and active participant in International Sugar Organization (ISO) events.
Regulatory institutions	The growing of sugarcane is fully dependent on the use of land, water, petroleum products, fertilizer, pesticides, electricity, etc. The environment forms the base for cane production. The Association keeps close engagement with public and quasi-public institutions that regulate the use of these resources (EEC, EEA, ESERA, ERS, etc).

1.3 MATERIALITY

The report is limited to issues that are relevant to the business of growing, harvesting, haulage of sugarcane and participation in revenue sharing. Other parts of the sugarcane value chain are covered by other and more relevant role players. In compiling the report, judgment by ECGA internal personnel have been used to determine the materiality, and otherwise, of issues. This materiality is informed by our regular and broad-based engagement with all key stakeholders in the country and abroad. The emphasis herein reflects the grower's perspective as a subset of the industry.

1.4 THE REPORT FRAMEWORK



1.5 FUTURISTIC FORECASTS

In the document, there are futuristic statements. These are based on circumstantial observations of current trends and some assumptions. If any of the assumptions do not hold, things may be drastically different. The Association gives no guarantee in this regard.

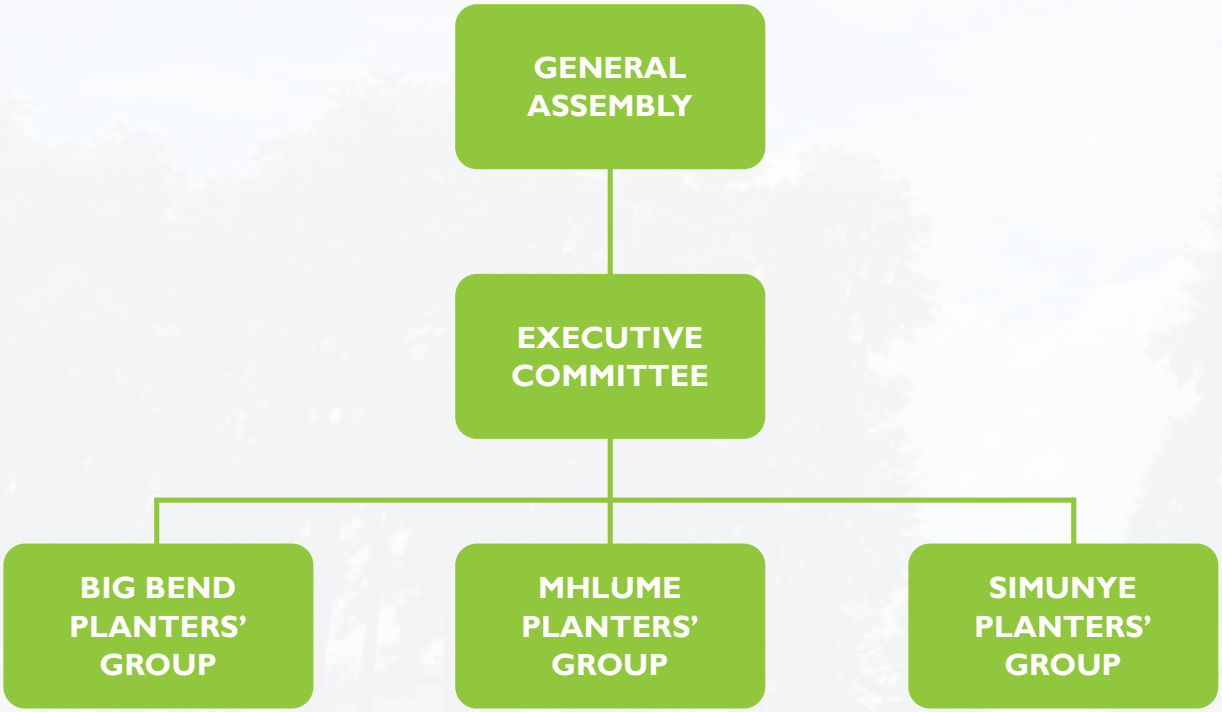
1.6 RESPONSIBILITY

The ultimate responsibility for the Report lies with the ECGA Executive Committee (ExCo) upon approval/adoption.

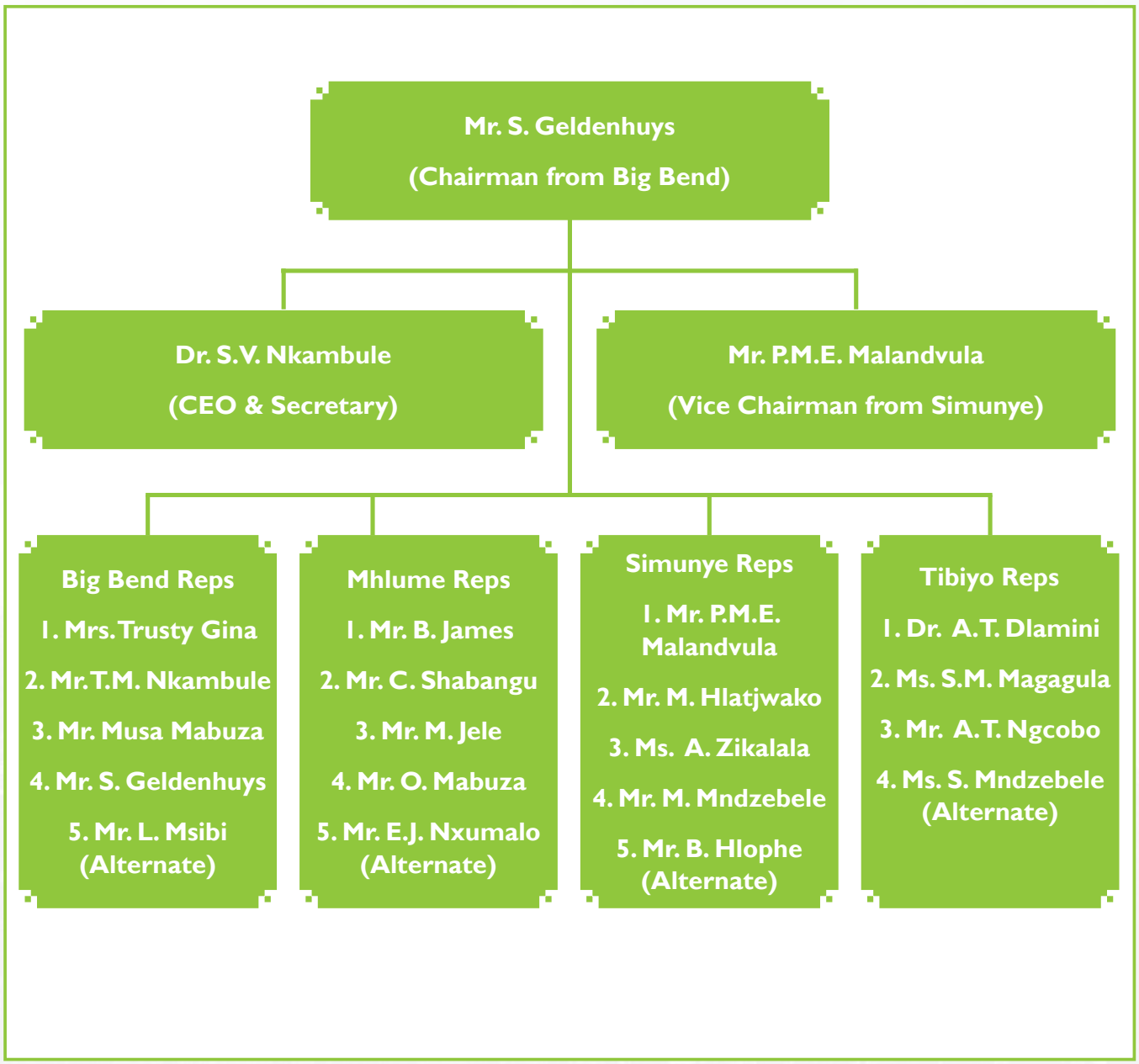
2. ORGANIZATIONAL STRUCTURE AND CONTEXT

2.1 GOVERNANCE STRUCTURE

2.1.1 GOVERNANCE COMMITTEES



2.1.2 EXECUTIVE COMMITTEE MEMBERSHIP AS AT 31 MARCH 2023



2.1.3 PLANTERS' GROUP(PG) COMMITTEES

BIG BEND PG

1. Mr. S. Geldenhuys - Chairman
2. Mr. T.M. Nkambule - Vice Chairman
3. Mrs. T. Gina - Member
4. Mr. M. Mabuza - Member
5. Mr. L. Msibi - Member
6. Ms. N. Simelane - Member

ECGA

SIMUNYE PG

1. Mr. P.M.E. Malandvula - Chairman
2. Mr. M. Hlatjwako - Member
3. Mr. J. Khumalo - Member
4. Mr. S. Mahlalela - Member
5. Mr. S. Mabila - Member
6. Mr. M. Mndzebele - Member
7. Ms. A. Zikalala - Member
8. Mr. B. Hlophe - Member

MHLUME PG

1. Mr. B. James - Chairman
2. Mr. C. Shabangu - Vice Chairman
3. Mr. E. Ndzimandze - Member
4. Mr. O. Mabuza - Member
5. Mr. E.J. Nxumalo - Member
6. Mr. M. Jele - Member
7. Mr. N. Nxumalo - Member
8. Mr. G. Masilela - Member

2.2 MANAGEMENT STRUCTURE AS AT 31 MARCH 2023

Mr. S. Geldenhuys-
Chairman

Dr. S.V. Nkambule

Chief Executive Officer

Mr. P.M.E. Malandvula

Vice Chairman

Graduate in Trainig

Ms. N. Mabuza

Finance and Admin
Officer

Ms. S. Langwenya

Secretary

Ms. N. Skosana

Cleaner/Messenger

Ms. N. Nkambule

2.3 ECGA SERVICE OFFERING

The Association is service oriented as a primary/direct product

Service	Specific Activities	Forum	Beneficiaries
1. Advocacy	Meetings, workshops & other formal and informal engagements Public hearings	• Government (MoA, MNRE, ERS, etc.) • Regulatory Entities (ESERA, DWA, EEA) • Utility Entities (EEC) • Media	• Member Growers • Sugarcane Industry
2. Representation	Meetings, workshops & other formal and informal engagements Public hearings	• ESA Committees (Council, MEC, etc.) • Business Eswatini (BE) • International Organizations (ISO, WABCG, etc.) • Relevant Government Boards/ Committees (LAB, Wages Councils) • Other public Consultative Forums	• Member growers • Employees • Industry
3. Grower Support	Obtaining and circulating relevant information	• Quarterly feedback meetings • General Meetings • Periodical communiques: Website, social media, newsletters, Annual Reports, etc.	• Member growers • Sugarcane Industry
	Promoting and fostering production of sugarcane	• Government • Media	• Member growers • Sugarcane industry
	Facilitating member decision making and participation	• ExCo Meetings • General Meetings • Quarterly Feedback Meetings	• Grower members • Sugarcane industry
	Fundraising: levies, grants, donations, etc.	• Ministry of Agriculture: Facilitate gazetting of levies • Banks: Borrowing and Investments • ESA: Retentions • International and local donors	• ECGA Office • Executive Committee • Member growers
	Institute investigations of interest to member growers		

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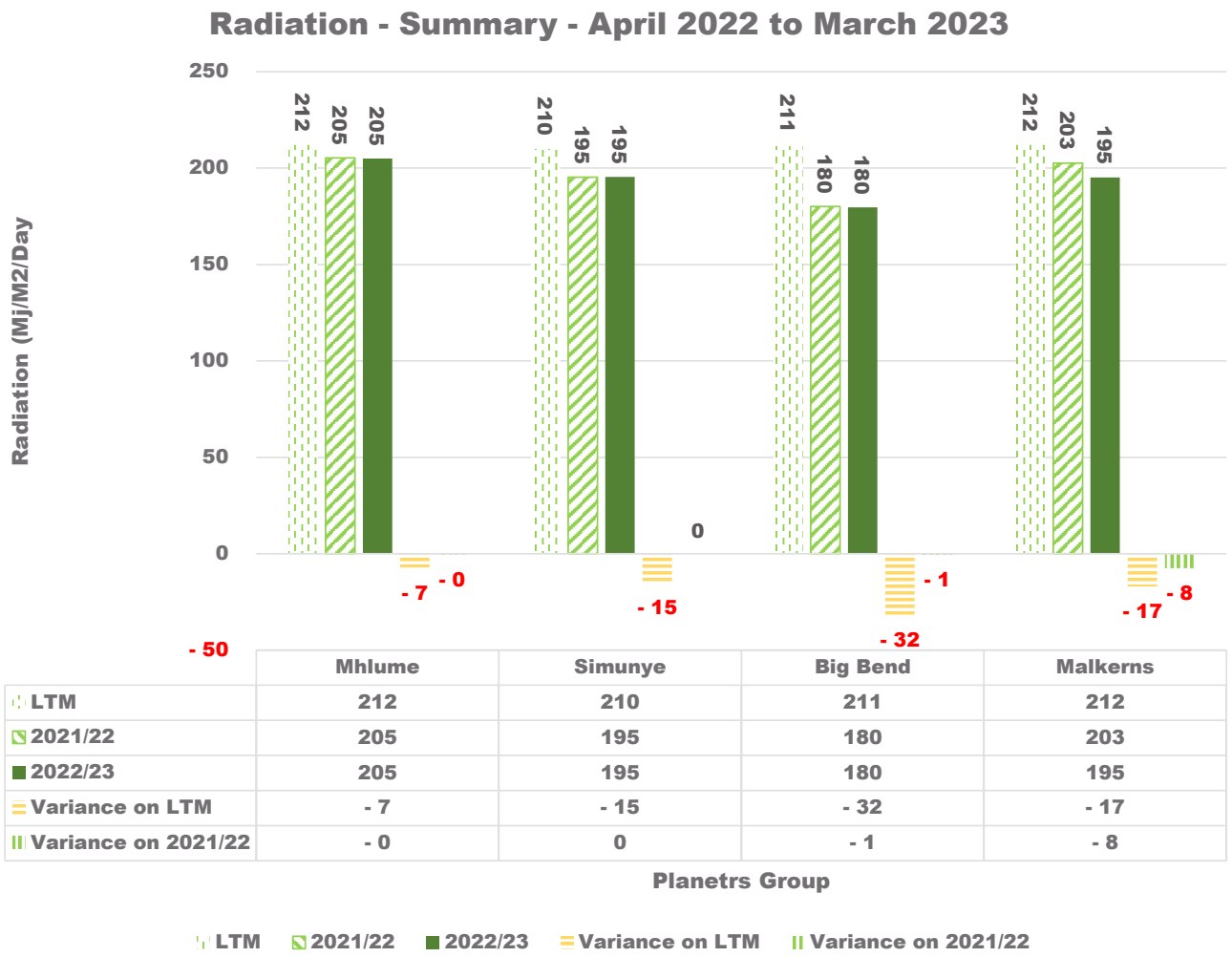
3. OPERATION ENVIRONMENT

3.1 External Environment

3.1.1 Climatic factors

The growing of sugar cane, like all biological processes, is dependent on factors such as radiation and water availability. This is particularly true for Eswatini as the industry is entirely dependent on irrigation.

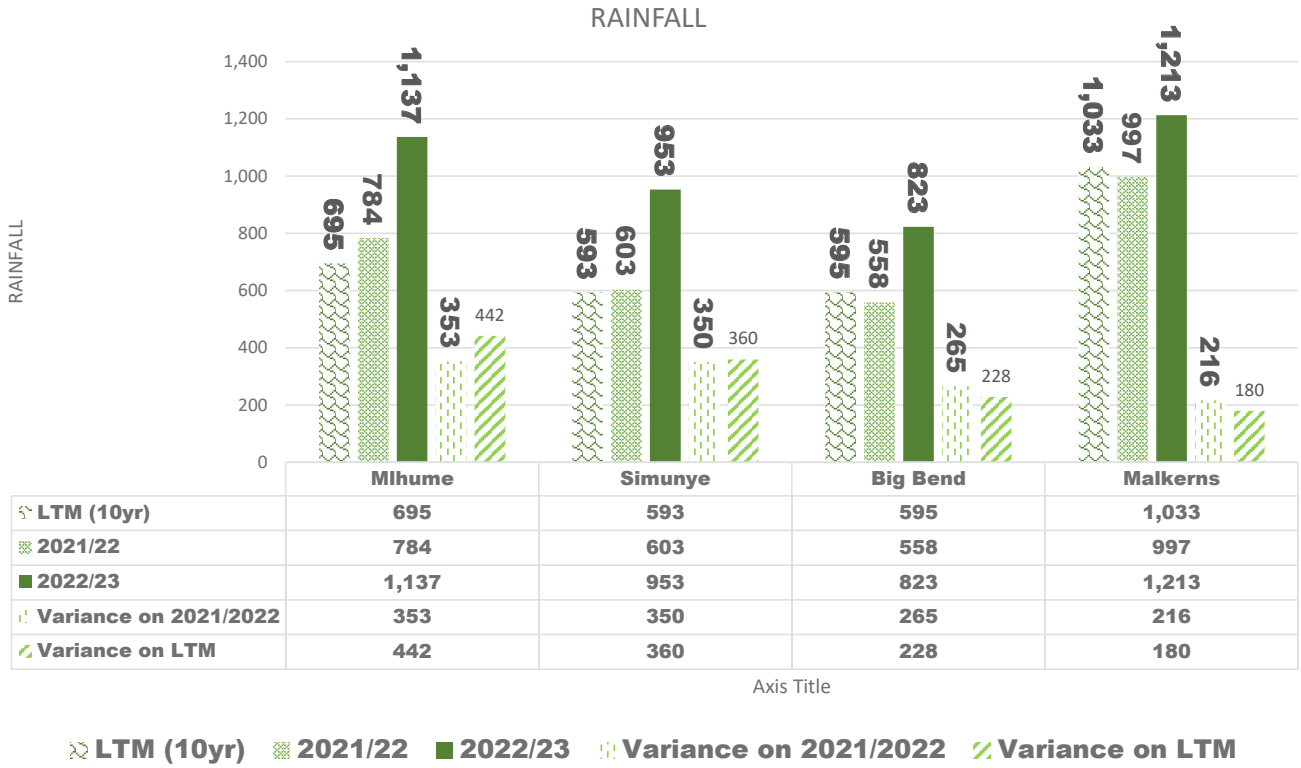
3.1.1.1 Radiation



The figures below show the radiation quantum over the growing period spanning from 1 April 2022 to 31 March 2023.

Simunye and Big Bend received the same radiation as the year before, but both were lower than long-term mean (LTM). In the other 2 zones, radiation was lower than both LTM and the previous year. The trend is consistent with the higher rainfall compared to both LTM and the previous year.

3.1.1.2 Rainfall



	Mlhume	Simunye	Big Bend	Malkerns
LTM (10yr)	695	593	595	1,033
2021/22	784	603	558	997
2022/23	1,137	953	823	1,213
Variance on 2021/2022	353	350	265	216
Variance on LTM	442	360	228	180

The rainfall, being above long term mean (LTM) (45% to 60% up, depending on Zone) and the previous growing season (between 22 and 58% up, year on year), means water supply/security was adequate. This was building up on a previously wet year as well. The flip side is that harvesting, and haulage were severely hampered, hence extending the harvesting season to the low quality and inefficient rainy summer months of December to February.

3.2 RESOURCE SECURITY

3.2.1 WATER

Over the course of the year, there were several initiatives in the Water Sector. The Government continued with consultations towards the legislated water tariffs. There was no conclusion at close of the year. Another development was the expiry of terms for the National Water Authority (NWA) and River Basin Authorities (RBAs). At the end of year, the process of appointment of new structures was a subject of litigation, hence it is uncertain when these will be put in place.

3.2.2 ENERGY

Energy is vital to sugarcane irrigation, hence, was kept in our line of sight. Petroleum products increased in price while an average 10.14% increase in electricity tariff was approved for implementation, effective 1 April 2023.

3.2.2.1 ELECTRICITY

The Eswatini Electricity Company (EEC) applied for a 21.31% increase for the years 2023/24 and 2024/25 and the Eswatini Energy Regulatory Authority (ESERA) conducted public hearings, in which ECGA participated actively. Ultimately, ESERA awarded an average 10.14% effective 1 April 2023, to be followed by 8.02%, effective 1 April 2024. The award of a lower tariff is a partial relief. Nevertheless, the tariff increase will still have a significant impact on the electricity segment of the sugarcane production costs that is currently estimated at about 25%.

The concern about rolling loadshedding in neighbouring South Africa, where Eswatini sources most of her power, continues to worry sugarcane growers. ECGA, in association with other stakeholders, is actively promoting alternative energy, as a cost cutting measure. At the time of writing, about 26 growers had installed solar plants in an effort to reduce their power units consumption risk and cost. The depreciation of the Lilangeni has slightly increased the payback period of solar energy from less than 5-years to about 6 to 7-years by some estimates. Farmers are putting their hopes on the pending implementation of power wheeling and net-metering guidelines to improve the viability of such projects.

The CTCN funds to study feasibility and sustainability of solar energy has resumed and is expected to be concluded at the end of the ensuing year.

3.2.2.2 DIESEL

The price of diesel opened at E18.60 per litre and escalated to E25/litre in October 2022, before retreating to E21.60/litre (16% up year on year). There is no sign that the pre-Russia/Ukraine conflict prices will be realised in the foreseeable future. It is a source of some comfort that the escalations have not continued in the momentum that seemed eminent at the beginning of the year.

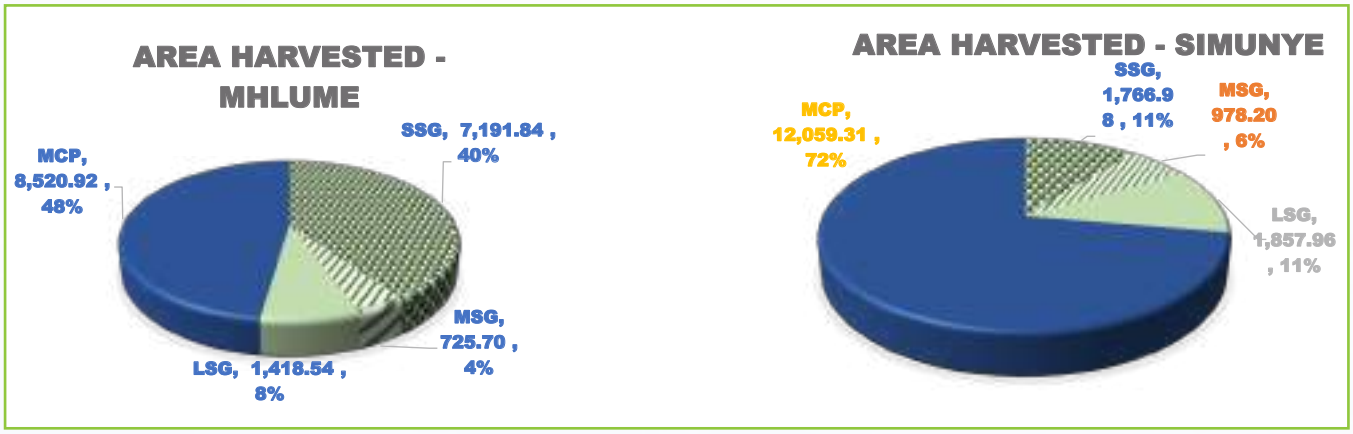
Diesel shortages seen in the previous year were not as common this year, apart from a few short-lived logistical challenges.

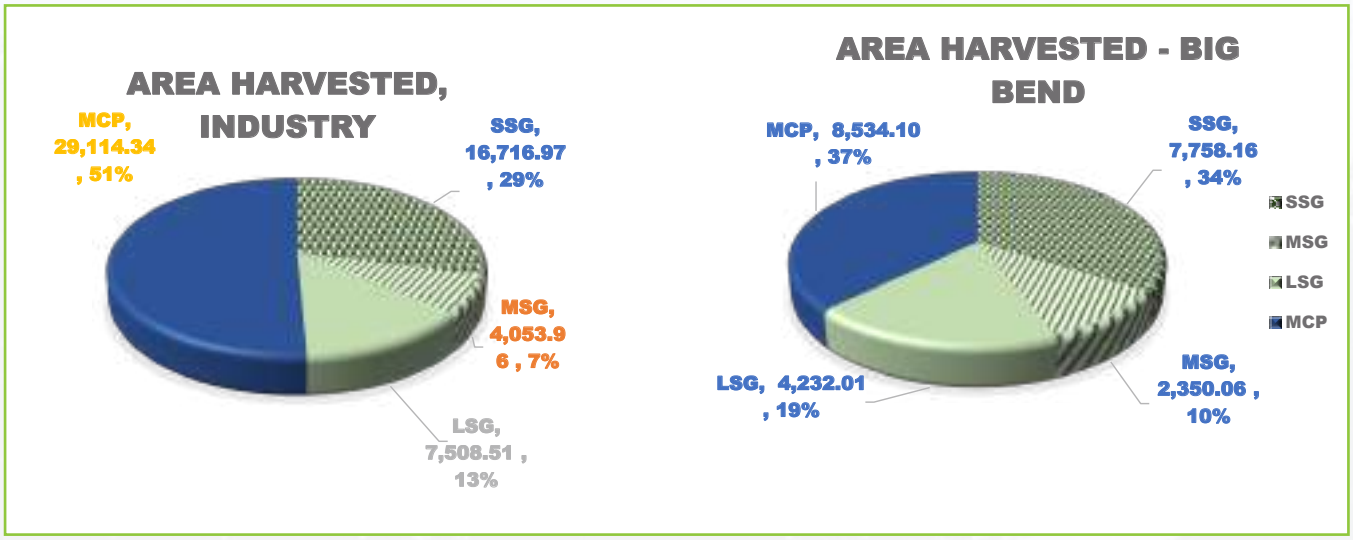
3.2.3 FERTILIZER AND AGROCHEMICALS

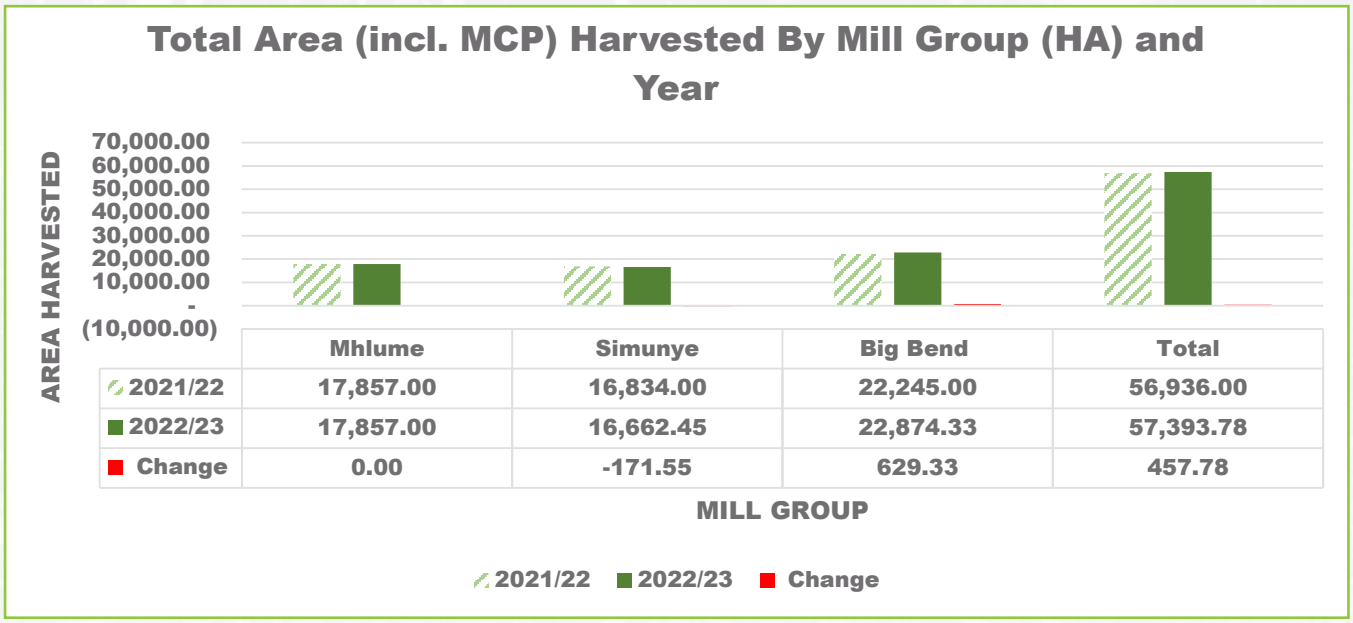
The price of fertilizer and agrochemicals reached a peak during the year and started levelling with signs of downward trend by end of the year. Once again, pre-Covid-19 prices have not been realised and not likely to be in the ensuing year.

3.2.4 LAND AND INFRASTRUCTURE

3.2.4.1 LAND AREA HARVESTED



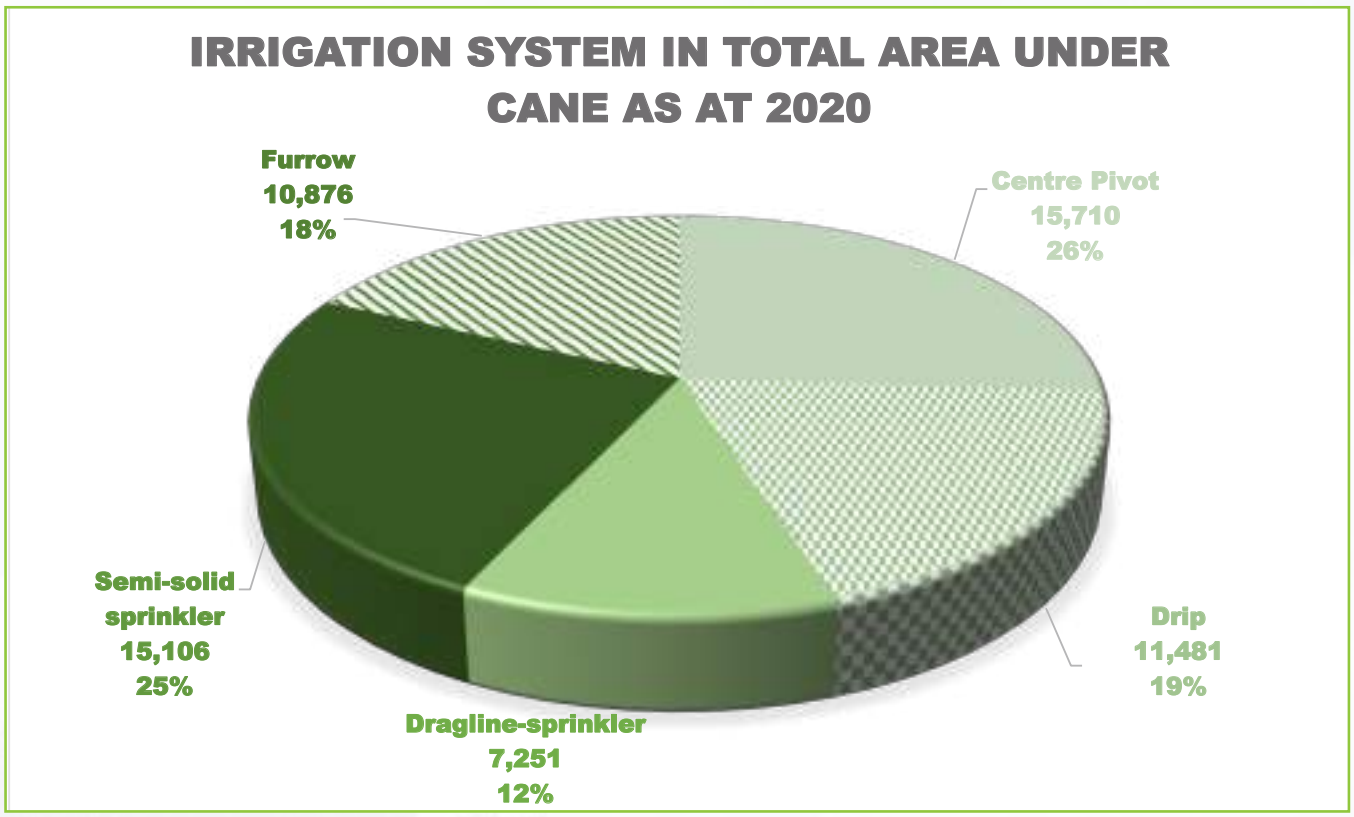




	Mhlume	Simunye	Big Bend	Total
2021/22	17,857.00	16,834.00	22,245.00	56,936.00
2022/23	17,857.00	16,662.45	22,874.33	57,393.78
Change	0.00	-171.55	629.33	457.78

There was a net 458 increase in total area harvested, reflecting reversal of larger forced carryover in previous year.

3.2.4.2 SUGARCANE IRRIGATION SYSTEM DSIPOSITION – AS AT 2020



3.3 COVID-19 AND OTHER DISASTERS

The pandemic reached its peak during the 2021/22 season. On 29 March 2022, the Government announced a major relaxation of restrictions since March 2020 when the state of emergency was declared. Therefore, the Reporting Year was near normal in this regard.

The major impact of the pandemic on sugarcane growing was the carryover input scarcity and price escalations, especially of fertilizer, agrochemicals, and diesel. From the beginning of the pandemic, agriculture was given priority hence, it was not affected to the same extent as other businesses. The Office continued to encourage growers to observe all Covid-19 protocols, including using electronic means such as emails, WhatsApp, website, and newsletters to limit movement and exposure.

During the reporting year, there were several weather-related disasters. The most pronounced was Cyclone Freddy that damaged road infrastructure and caused significant cane lodging, in March 2023.

3.4 POLICY AND LEGISATIVE DEVELOPMENTS

A few policies and draft legislations were being piloted in the year. A few are highlighted below.

3.4.1 FARM DWELLERS BILL 2019

The official position is that the Bill is purposed to strengthen the rights of farm owners and farm dwellers which would be a good thing. It might be too early to tell what the final Act will look like. However, there are proposed clauses that appear like they might adversely affect our members, especially those farming

on title deed land. ECGA has, directly and through partnership with Business Eswatini, actively articulated the interests of growers as part of the business fraternity. Growers have been sensitized on the possible implications if the Bill were to pass as is.

3.5 DRAFT EMPLOYMENT BILL 2017

The Bill was still in progress at the end of the year. As part of the business fraternity, ECGA is monitoring it with keen interest. Most interventions have been championed through Business Eswatini.

3.6 Income Tax Bill, amendments to the Income Tax Order 1975

The Bill was passed into law during the year hence, it is currently being implemented. The muted reduction of corporate tax seems positive for growers but has not been implemented at time of writing. One adverse development has been the introduction of VAT on electricity, effective September 2022. Growers who are registered for VAT can claim the VAT through the reverse charge mechanism of 2014. The system has been presented by Eswatini Revenue Services to growers. The problem may remain for those growers who are not registered for VAT.

An announcement was made of intention to reduce corporate tax from 27.5% to 25%. Further developments are awaited with keen interest.

3.7 TAX AMNESTIES

In the course of the year, an additional opportunity was availed for taxpayers to normalise their tax affairs through concessionary arrangements. Growers had, over the years, informally and formally appealed for such and it is appreciated that favourable responses finally came through. ECGA is grateful to both Government and the Eswatini Revenue Services (ERS) for creating such an enabling environment.

4. CHAIRMAN'S REMARKS

We entered the year 2022/23 wishing for a better year than the depressing 2021/22. Most of the optimistic anticipation did materialise. Crop volume and yields improvements year on year were realised and covid-19 infections reduced significantly. Although performance was poorer than long term mean (LTM), there was improvement year on year making 2022/23 a year of some recovery.

The above is not meant to suggest that cane growing life has returned to normal. The industry still has distance to travel towards recovery. The Russia/Ukraine conflict is still dragging with its debilitating effects. Consequently, fertilizer, agrochemicals and diesel prices still hover above pre-Covid-19 and pre-conflict levels. The Vuvulane Irrigated Farms (VIF) issues remain a conundrum. ECGA continued with previously adopted strategy to assist the farmers with properly scheduling their irrigation. Results still show that there is water to be saved through this exercise. The plan to solicit more growers who can volunteer for the assistance has been slow in being realised due to other factors such as inclement weather. We intend to put pace on this initiative in the ensuing year.

The crop decline against initial estimates was disappointing, posing a challenge to growers to do better in crop estimating. Initial estimates are that the 2023/24 crop and sucrose price will be better in the ensuing year (2023/24). On top of this the sucrose price is expected to increase significantly in the ensuing year. I take this opportunity to wish growers a better farming and business year ahead, taking advantage of the positive trends of the reporting year.

5. REMARKS BY CEO

The reporting year was characterised by more positives compared to the difficulties in the previous year. The Association largely returned to some semblance of normality. There were fewer and less stringent pandemic restrictions, input supplies improved, although input prices stayed high. Most scheduled meetings were held successfully, except one round of PG feedback meetings affected by cyclonic storms towards the end of the year.

Although lower than estimates, grower yields were overall better year on year, except small scale growers who suffered from marginal yield declines. The Annual General Meeting was hosted successfully. Major advances were made in bringing healthcare to members through the support of Eswatini Business Health (EBH) and The Luke Commission (TLC). ECGA representatives were able to attend international meetings after limitations in the previous 2 years.

The ECGA 5 year strategy entered its 3rd year of implementation. Despite financial resource limitations, a number of actions were implemented. The advisory panel continued to provide valuable support. This was a busy year in the energy and water sectors; and growers actively participated in consultations regarding electricity tariff increase, water tariff, water institutions formulation, etc..

In September 2022, Value Added Tax (VAT) was introduced on commercial users of electricity. For VAT registered growers, Eswatini Revenue Services gave assurance that the charge was recoverable. It is for this reason that members are encouraged to register for VAT. Most unfortunately, an electricity tariff increase averaging 10.14%, effective 1 April 2023 was approved. This will be followed by an 8.02% escalation, effective 1 April 2024. However, these are much lower than the 21.31%, for 2 consecutive years, initially sought by the Utility. The above trends confirm the ECGA strategy to aggressively pursue alternative energy as a mitigation against tariff escalations. ECGA was visible in the energy sector throughout the year. It is pleasing to report that towards the end of the year, ECGA received the news that financial support had been extended to the industry following the application, jointly by ESA and ECGA, to CTCN the previous year. The funds will be used to conduct a study on the feasibility of solar energy for sugarcane irrigation.

There were Government initiatives to introduce water levies in accordance with the Water Act of 2003. Furthermore, there were engagements by Government to facilitate elections of new members of statutory water institutions in the country. Due to certain challenges, the process was successfully challenged in court. This leaves the country without interim structures on the critical resources for sugarcane farming. It is anticipated that the matter will be resolved over the ensuing year.

Lastly, we are pleased to note that the external audit was unqualified and there were no significant adverse findings in the management letter. We give credit to the Finance and Administration Office and the ECGA Office team for upholding transparency and accountability in accordance with credible fiscal standards.

This Report expands on all the issues summarised above.

6. BUSINESS MODELS

For the purpose of this section, we separate the Association from growers. The reason being the performance by member growers as a collective is not reported anywhere. Larger and better capacitated growers do compile their own annual Reports while the smaller units do not always do so.

6.1 ASSOCIATION BUSINESS MODEL

	Financial Capital	Human Capital	Intellectual Capital	Social/ Relationship Capital
Capital Input	Levies from Growers (E3-million) MCP Contributions (E1.24-million) Interest on invested Funds (E344 835) Miscellaneous (E4 545)	Lean & Efficient Staff Complement (2 Contract and 3 permanent employees)	• ECGA Constitution • Communicable Diseases Protocol • ECGA Policies & Procedures • Institute of Directors of Africa (IoDSA) Membership • ECGA Risk Register	• Members (538) • Millers (3) • Suppliers • ESA • Communities • Government • Banks • Relevant Regulators (ACC, ECC, EEA ESERA, ERS etc) • International Organizations • Business Eswatini
Activities	Sourcing of funds Payments	• Staff & Members • 1- recruitment • Policy awareness (all staff) • Strategy awareness (all staff and Planters' Groups)	• - Information collection & dissemination • - Lobbying (Energy, Tax and Water) • - Negotiations (Energy, Sucrose pricing, Bagasse beneficiation)	Stakeholder engagement (Growers, Banks, suppliers) • MCPs • Government Ministries • Parastatals • Employer Federations
Output		• 4 feedback meetings • Annual General Meeting (AGM)		Sustainable cane growing businesses
Outcome	Sugarcane growing (538 quota holders, 483 active growers & 469 growers delivered cane)	• Informed staff & growers • Sustained grower participation	Profitable cane growers	Positive stakeholder relations

7. ECGA STRATEGY AND RISK REGISTER

The Association formulated a strategy for period from 1 April 2021 to 31 March 2026 which is due for review in the course of 2023/24.

A Risk Register was being finalised at the end of the reporting year, expected to be formally approved by ExCo in April 2023

7.1 VISION

"TO ENSURE A PROFITABLE, DIVERSIFIED AND SUSTAINABLE CANE GROWER"

7.2 STRATEGIC OBJECTIVES

1. **To manage costs and diversify revenue base to ensure sustained grower support**
2. **To develop, build and increase grower capacity i.e., skills, knowledge, and experience for industry sustainability**
3. **To improve internal and external stakeholder relations for constructive engagements and positive results**
4. **To attract, develop, recognise, reward, and retain best talent**
5. **To implement best practices to ensure improved efficiencies**

7.3 ORGANIZATIONAL CULTURE

Service driven

United

Goal oriented

Adaptable

Reliable

7.4 FOCUS AREAS, SUCCESS MEASURES AND PERFORMANCE

7.4.1 ASSOCIATION PERFORMANCE OVERVIEW

AREA	SUCCESS INDICATORS	PROGRESS
1. Diversified grower revenue	• Diversified grower revenue streams • Investment & credit fund for growers • Strategy & operational budget every year • Research & development funds sourced • SPV in place and functional	• Growers being paid for bagasse • Concept study on SPV done and possible grower fund structures to be done and presented to AGM in course of the 2023/24 year. • Strategy aligned budget presented to AGM in September 2022.
2. Grower empowerment	• Increase in number of profitable growers • Expert advisory panel in place and making difference to growers • Improved ECGA visibility • Succession plan approved & implemented	• Grower profitability trends analysed based on Grower Business Sector Analysis (BSA), by ESA, subject to update later in ensuing year if 2022/23 data becomes available by then. • Expert Advisory Panel in place, being used and added value throughout the year • Some degree of visibility through social media, website, newsletters and print media articles
	• Grower development exit strategy • Grower leadership & management development module implemented • Improved tax compliance • Sustainability sessions resulting in improved practices	• Grower development exit strategy discussions at early stages • Another Tax amnesty period opened by Government during the reporting period and some growers made use of it • ECGA full participation in industry sustainability initiatives • Two growers were trained on being Board Members. More will be trained in 2023/24. • Grassroot grower participation on public forums was made possible through relationships with entities such as ESERA, ERS, EEC.
3. Stakeholder relations	• Stakeholder engagement plan • Grower supplier forums in place • MoUs/MoAs signed for research on commercial feasibilities • Successful lobby on identified key issues	• Engagement plan in place and used • ECGA facilitated engagement between VIF growers, Eswatini Bank and Farm Chemicals. ECGA was, through formal engagements, instrumental in bringing about tax amnesty windows. • For the first time in years, ESERA hosted two public hearings in sugarcane growing zones, and growers' participation somewhat improved.

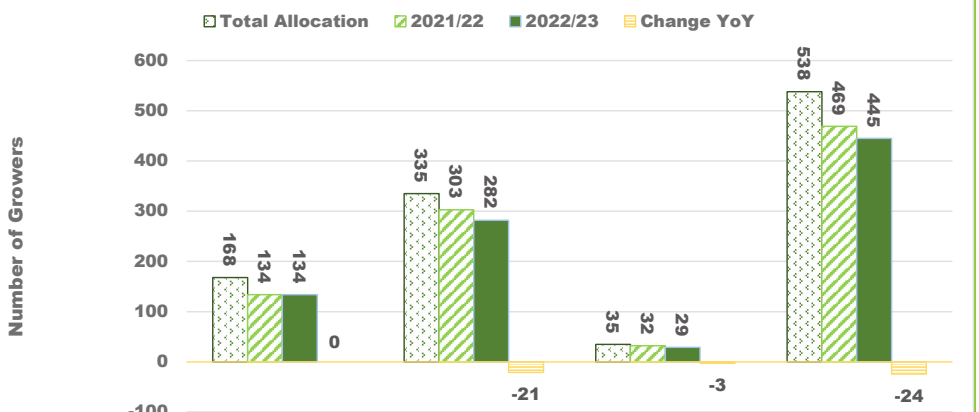
4. Employee capacity building	• Skills audit in place with development plans • Succession plan in place & approved • Performance-based recognition and reward in place • Job roles aligned to strategy • Employee wellness needs identified and plan in place to close gaps	• A two-year Graduate-in-Training (GIT) candidate recruited started on 1 April 2022. • GIT completed Junior Certificate Course in Sugarcane Husbandry • The Secretary/Receptionist attended a 3-day first-aid course
5. Internal efficiencies and Innovation	• Revised delegation of authority • Risk register & mitigation plan in place • Reviewed Constitution approved • Policies and procedures reviewed and approved • Disaster recovery management plan implemented	• Delegation of Authority updated in 2020/21. • A new Risk Register was submitted to ExCo in March 2023 and will be finalised at a workshop to be held in the ensuing year. • Constitution Review Exercise resumed in March 2022 continued and draft presented to ExCo in March 2023. Subsequent stages will follow in ensuing year. • Association files migrated to cloud storage in course of 2022/23

7.4.2 Financial Administration

The ECGA finances continued to be challenged by the lower-than-expected yields. This called for more stringent fiscal discipline. In the end, expenditure was within the overall budget. It is also pleasing to note that ECGA, once again, achieved an unqualified audit opinion.

8. GROWER PERFORMANCE OVERVIEW

8.1 Active Growers (Excluding MCP)

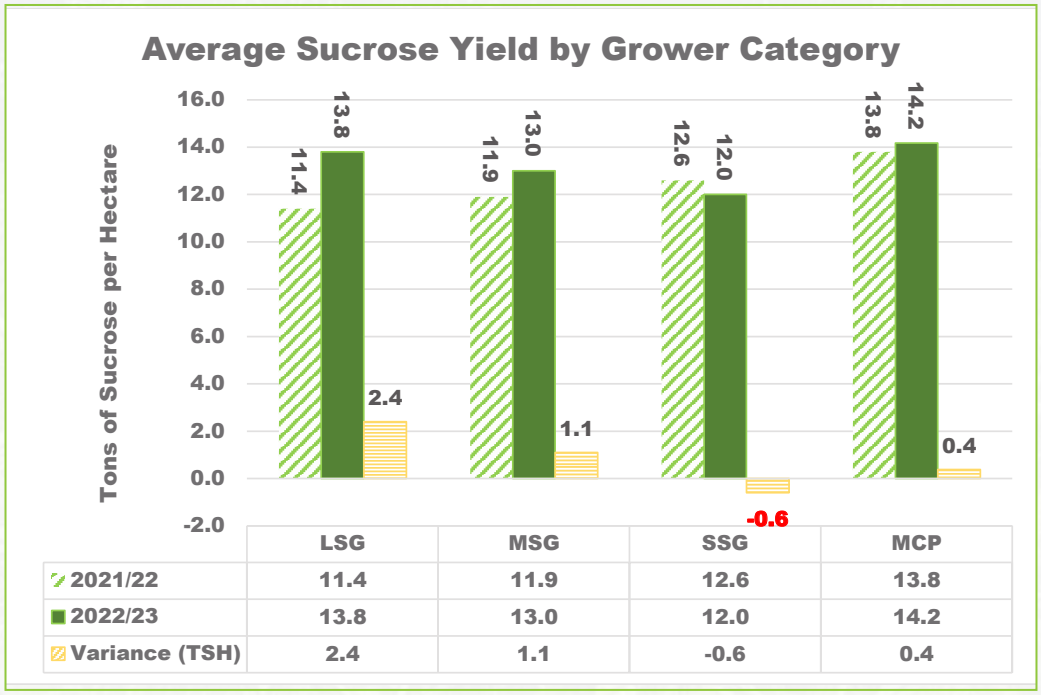


	Big Bend	Mhlume	Simunye	ECGA Total
Total Allocation	168	335	35	538
2021/22	134	303	32	469
2022/23	134	282	29	445
Change YoY	0	-21	-3	-24

Planter's Group

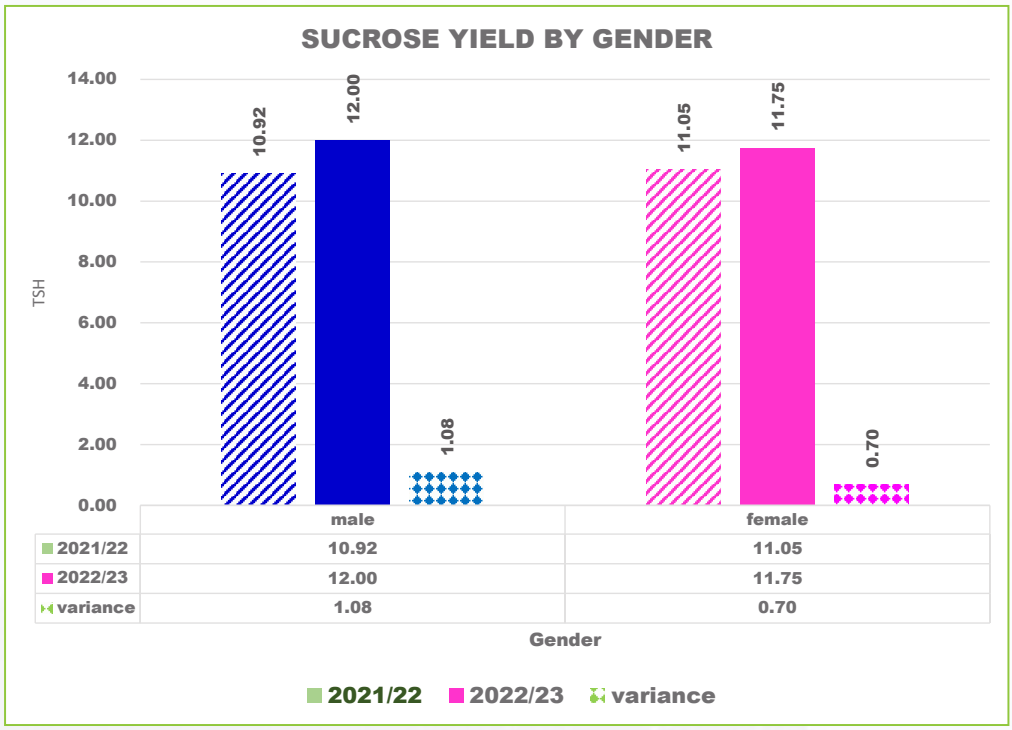
These changes are the net of new entrants and exits. Reasons for drop in numbers included forced carryover, autumn plough-outs, fallow, and possible changes to other crops. Most changes occurred at Mhlume, where the numerous VIF farmers dominate.

8.2 Sucrose yields



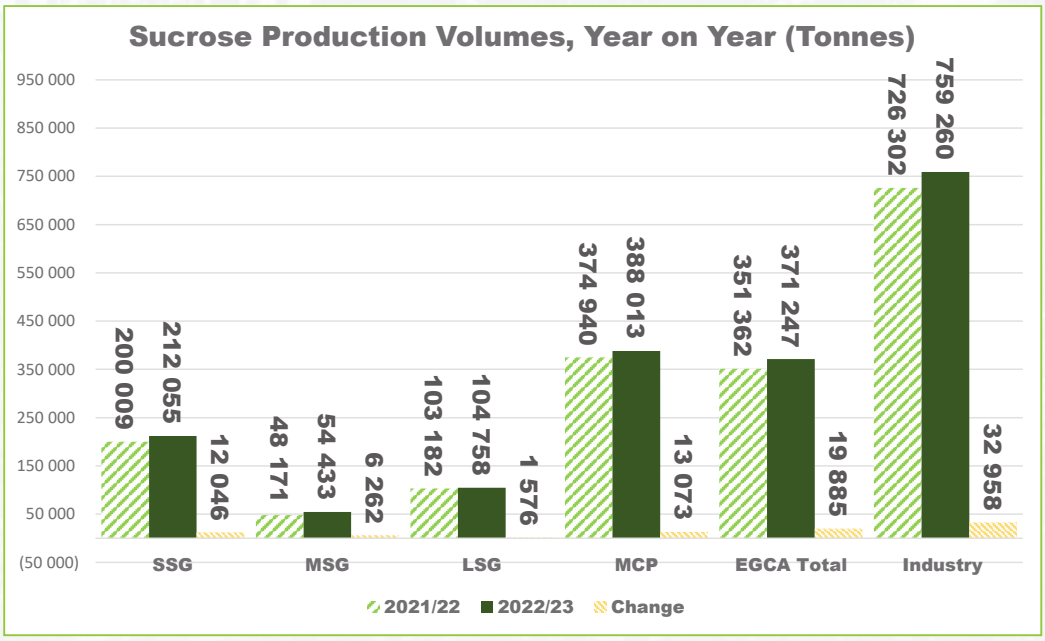
	LSG	MSG	SSG	MCP
2021/22	11.4	11.9	12.6	13.8
2022/23	13.8	13.0	12.0	14.2
Variance (TSH)	2.4	1.1	-0.6	0.4

All grower categories, except SSG, achieved better yield, year on year. Although marginal, the decline (0.6%) in SSG yield is concerning and needs monitoring.



The yields were up across the board year on year, due to slightly more favourable weather conditions and carryover cane. Male dominated entities achieved better yield than those dominated by females, reversing trends of the previous two seasons. The reversal is attributed to greater improvement by males and not poorer performance by female dominated entities.

8.3 Sucrose Production Volumes by Grower Category

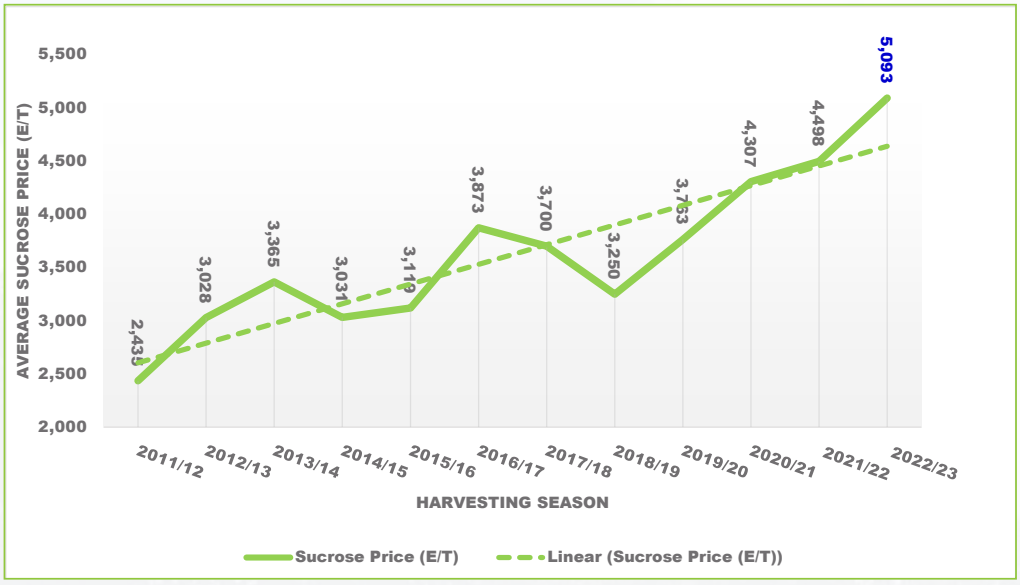


Growers' sucrose yield increased by about 6%, attributable to due to overall higher yield and increased harvest area. The industry volume increased by about 5%, attributable to higher yield and larger harvest area. Although SSG yields were down, an increase in harvested area resulted in net increase in volume for the category.

Growers produced 49%of the total sucrose from 49% of the land, which correlates well in terms of performance/efficiency.

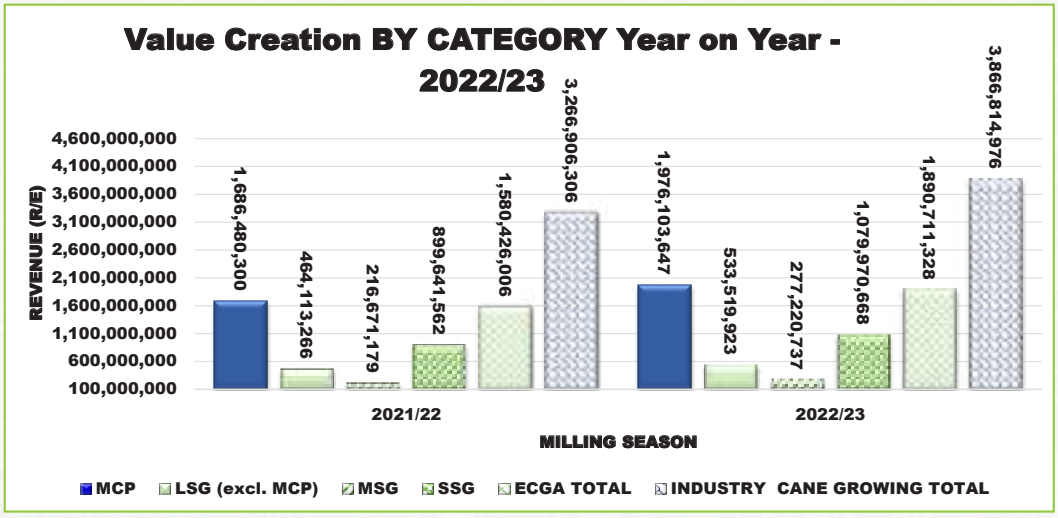
8.4 GROWER REVENUE CONTRIBUTION TO ESWATINI ECONOMY

8.4.1 SUCROSE PRICE TREND

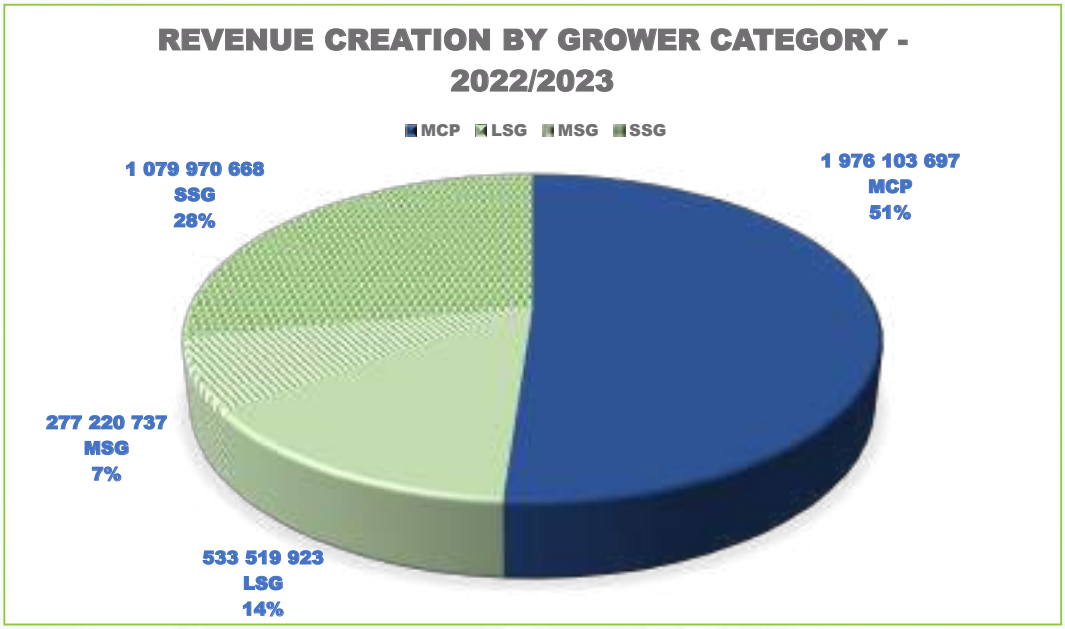


The price was up by 4.4%, year on year, credit to high local (SACU) and export prices. Preliminary indications are that the price will be significantly higher in the ensuing year.

8.4.2 REVENUE (WEALTH) CREATION



Both grower and industry sucrose revenues were up, year on year (up 20% and 18%, respectively), driven by both volume and price.



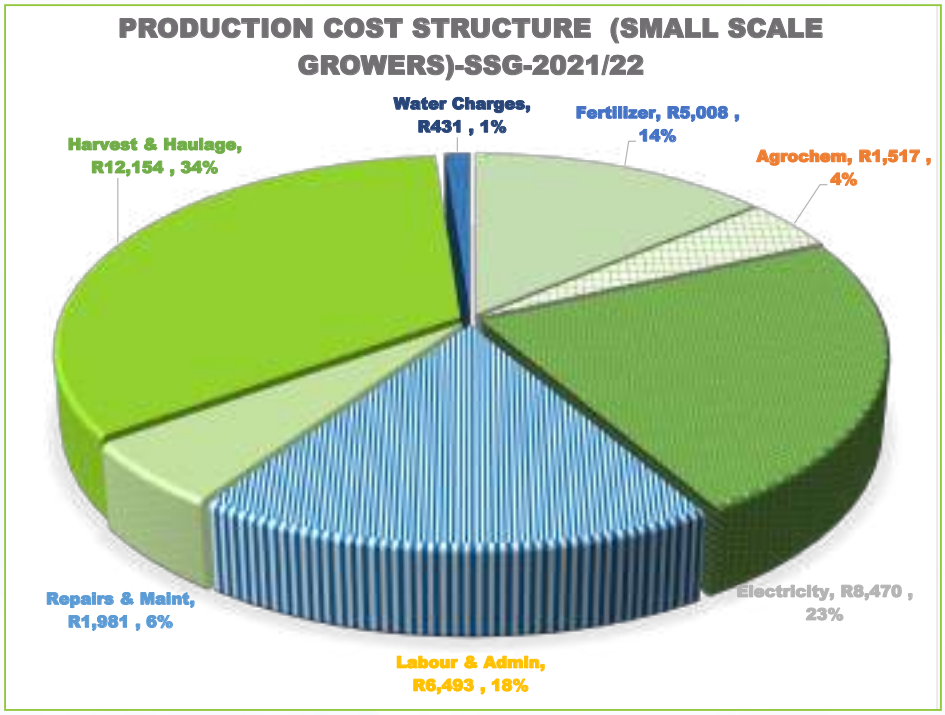
The revenue generation is an identical mirror of the sucrose production.

8.4.3 ESTIMATED SMALL SCALE GROWER MARGINS (CRUDE PROJECTION FOR 2023/24)

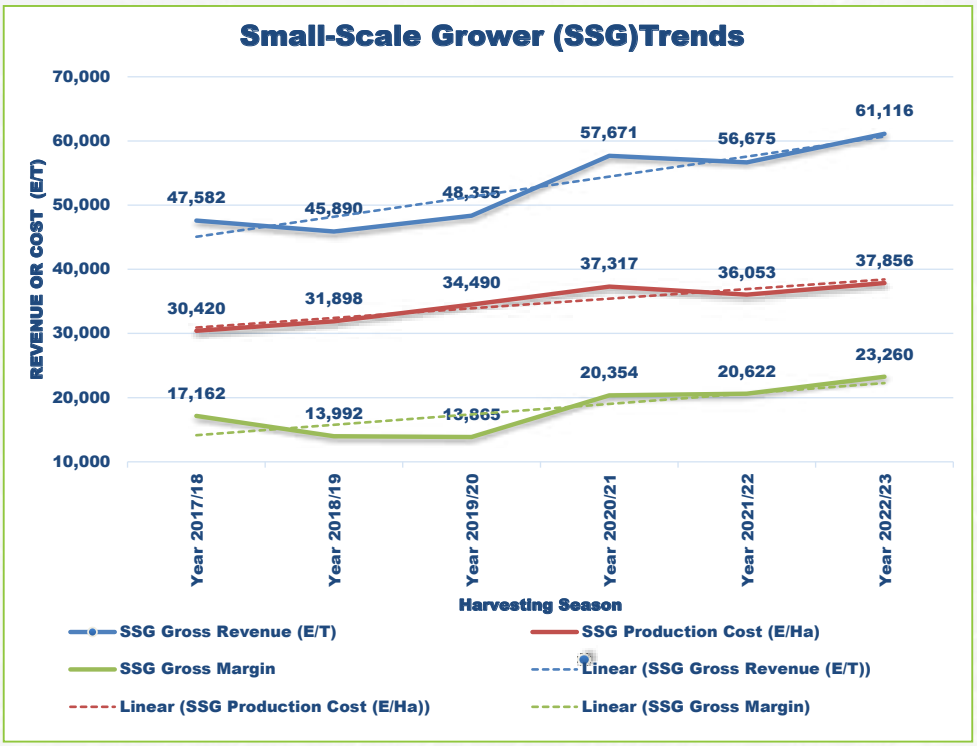
This section seeks to give crude estimate of small-scale grower health. Actual growing costs were derived from the Grower Business Sector Analysis done by ESA for year ended 31 March 2022. More recent data is not available. Projections for reporting period are estimates based on the following assumptions:

- **Grower costs for 2022/23 (estimated by increasing 2022/23 by CPI)**
- Actual average sucrose price for 2022/23
- Actual SSG sucrose production for 2022/23

Because of the use of estimated cost, caution must be exercised in using the 2022/23 margins, as they are only projections.



Harvesting and haulage, closely followed by electricity, are biggest cost drivers. These are followed by Labour and administration and fertilizer at third and fourth place, respectively. Fertilizer increased, from 11% the previous year, to 14% reflecting price escalations following Covid-19 and Russia/Ukraine conflict. Interesting to note is that the harvesting and haulage portion remained constant despite gazetted diesel price increases. We offer no explanation for that trend currently. The slight decline in electricity cost can be attributed to excessive rains during the year.



Projection based on inflationary adjustment of production costs

If the above assumptions (on production costs escalations) hold, the margins for small growers (excluding VIF) might have increased by about 13%, driven by sucrose price (13.2%) increases. There remains a possibility that the above inflation costs may be expressed in the reporting year, in which case, the price may be a more significant factor compared to cost.

9. RISK AND SUSTAINABILITY

During the strategy formulation process, several risks facing the Association and its members were identified in consultation with growers.

9.1 GROWERS RISK

RISK	POTENTIAL IMPACT	REMARKS/MITIGATION ACTIONS
1. COVID-19 AND OTHER PANDEMICS, LACK OF HEALTHCARE AND DISASTERS	• Loss of life • Increased costs due to social distancing • Inability to consult with members on regular basis • Poor labour productivity • Infrastructure damage	• During the year, ECGA organised 8 vaccination & health screening sessions, by The Luke Commission (TLC), covering Phumlamcashi (Big Bend PG), Vuvulane (Mhlume PG), Hlane (Simunye PG), Ngoni (Big Bend PG), Malkerns (Simunye PG), Sihhoye (Mhlume PG), attending to a total of 3 012. The value of services provided is estimated at about E E1 807 200 • The Covid-19 Protocol for growers prepared by ECGA was still in use. • Continuous awareness creation through publications and "ping" messages from the office. • Storms caused damage to roads and bridges and cancellation of February 2023 round of meetings as well as cane lodging
2. RUSSIA/UKRAINE AND OTHER CONFLICTS	Input price escalations and shortages	• Continuous engagement with suppliers to forecast possible developments and feedback to growers • Fertilizer and diesel prices started going down towards end of year. • Monitoring and awareness creation of trends and possible mitigation measures e.g., soil/ leaf testing and proper timing of fertilizer applications.
3. GROWER SINGLE SOURCE OF REVENUE	Exposure to temporary price variation and erratic yields	• Payment for bagasse continued based on Independent Review Committee (IRC) **determinations** • ECGA remained an integral part of sugar and molasses allocation through ESA.

4. EXPREME WEATHER PATTERNS (CLIMATE CHANGE)	• Unpredictable yields and poor estimating • Loss of sucrose value • Emergence of previously unimportant pests and diseases • Extended milling seasons, field damage and unplanned carryovers • Threats to Energy and water security	• Original crop estimates were not corrected until very late resulting in sugar shortages and exposure to low value markets on assumption of stock availability. • Accurate and frequent monitoring of estimates emphasized during grower feedback meetings • Awareness of trends and impacts raised during feedback meetings and through Extension Services. • ECGA continued to participate in Private/Public Sectoral platforms. • Of the requested 21.31% tariff increase, ESERA awarded 10.14% increase effective 1 April 2023. • Growers actively participated in public consultations, 2 of which were held at cane growing zones.
5. LEADERSHIP SUCCESSION & SKILLS GAP	Brain drain and depletion of capacity	• Succession planning strengthened through involvement of younger growers in Executive Committee (ExCo) as alternates • Technical Advisory Panel grew to 3 members • Two ExCo members trained on Being a Director

9.2 KEY ASSOCIATION RISKS

RISK	POTENTIAL IMPACT	REMARKS
1. LIMITED HUMAN RESOURCE CAPACITY	• Limited presence in key stakeholder forums • Limited skills base/ diversity and low segregation of duties • Brain drain and turnover of key personnel	• The strategy embraces modest growth in office capacity • ECGA started extended internship programme • ECGA resumed physical internships after interruption by Covid-19 • Advisory Panel continued to provide much desired skills especially in non-core skills e.g., milling, marketing and general management of sugarcane business. • Strategy driven annual budget developed and read for implementation in ensuing year • ECGA continued to leverage membership of BE, EBH, ESA and WABCG

2. LACK OF FINANCES	• Heavy reliance on grower levies • Limited staff & vacancies • Inability to implement strategy • Limited logistical facilities e.g., vehicles and office space	• Members and Government were supportive in approving and gazetting levy adjustments. • Economic circumstances did not support sufficient levy adjustment to implement strategy hence some actions were deferred or cancelled. • A preliminary SPV concept note was developed, and budget approved for detailed study to start in 2023/24. • Low yields and carryover cane put strain on the envisaged budget. • Miller-cum-planter (MCP) financial support continued to be instrumental in the sustainability of the Office.
3. NATURAL DISASTERS & PANDEMICS	• Loss of human life • Reduced worker productivity	• ECGA ramped up staff and grower welfare through: • Upgraded EBH Subscription • Medical screenings by The Luke Commission through Eswatini Business Health (EBH), • On-site Vaccination with support from EBH and The Luke Commission
4. LAND DIVERSION TO OTHER CROPS & LEVY INCOME THROUGH QUOTA TRANSFER TO MCP	• Reduced membership • Reduced grower contribution (Levy income)	• Investigation of revenue diversification within cane value chain • Investigation of alternative grower funding strategy • Soliciting funding for alternative forms of energy • Continuous advocacy on key areas such as energy, taxation, and water

10. IMMEDIATE FUTURE OUTLOOK (1-YEAR)

As stated earlier, the weather conditions and carryover in the past year favoured an improved crop volume driven by both areas harvested and anticipated higher yield. The 2022/23 year ended on the wet side, hence harvesting was extended deeper into the wet summer season leading to lower-than-expected sucrose production.

The construction of Mpakeni Dam on the Ngwavuma River is expected to continue in this period. Water tariff discussions that started two years ago will continue and possibly lead to implementation. Hopefully, legal disputes will be resolved and open way for the elections and appointment of full-term National Water Authority (NWA) and River Basin Authorities (RBAs). The 2023/24 will also mark the last year of zero increase on electricity tariffs through implementation of an average 10.14% tariff increase effective 1 April 2023. A further 8.02% will be implemented, effective 1 April 2024.

The impacts of the Ukraine/Russia war are expected to be more pronounced in the 2023/24 crop in the form of fertilizer, agrochemicals, petroleum price escalations and sporadic shortages observed in the reporting year. Early and preliminary estimates indicate that the sucrose price will increase by about 9% compared to 2022/23. No reliable estimate for input price increase is being made but it is anticipated that it will be equal to or slightly above the reporting year. Yield optimization will assume even greater importance and urgency.

The SPV study is anticipated to start during the period and be completed during this period. The new ECGA Risk Register shall be finalised and implemented during the period. The current Strategy will be reviewed in the 2023/24.

An approved large quota transfer from ECGA to MCP is anticipated to take effect in the year 2023/24, hence levy revenue loss (about E200 000 per annum) may not be realised unless mitigatory efforts succeed.

Eswatini Cane Growers Association

Financial statements
for the year ended 31 March 2023

General Information

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	To advocate, represent and support collective interests of the cane growers of Eswatini
Registered office	2nd Floor Nkhotfojeni Building Cnr Msakato & Dzeliwe Street. H100
Postal address	P.O Box 273 Mbabane Eswatini H100
Bankers	Nedbank (Eswatini) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini Chartered Accountants (SD)
Secretary	Dr S V Nkambule
Business address	2nd Floor Nkhotfojeni 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) Ms T Gina - Big Bend Planters' Group (Member) Mr P Malandvula - Simunye Planters' Group (Vice Chairman) Mr M Mndzebele - Simunye Planters' Group (Member) Ms Alexina Zikalala- Simunye Planters' Group (Member) Mr M Hlatjwako - Simunye Planters' Group (Member) Mr C Shabangu - 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)

Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

Contents

The reports and statements set out below comprise the financial statements presented to the Members of Eswatini Cane Growers Association:

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Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 16
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Detailed Statement of Financial Performance	20
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Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

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 2024 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 19, which have been prepared on the going concern basis, were approved by the executive committee on 28 June 2023 and were signed on its behalf by:

Mr S Geldenhuys

Dr S V Nkambule

KOBLA QUASHIE
AND ASSOCIATES
CHARTERED ACCOUNTANTS (SD)

Mallya House, Lot 137, Esser Street
P.O. Box 710, Manzini M200, Eswatini
Tel: (+268) 2505-4974
Fax: (+268) 2505-4540
E-mail: info@kq.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 2023, 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 2023, 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 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.

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

28 June 2023

Executive Committees' Report

The executive committee submit their report for the year ended 31 March 2023.

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 P Malandvula	Simunye Planters' Group (Vice Chairman)
Mr M Mabuza	Big Bend Planters' Group (Member)
Mr T Nkambule	Big Bend Planters' Group (Member)
Ms T Gina	Big Bend Planters' Group (Member)
Mr M Mndzebele	Simunye Planters' Group (Member)
Mr M Hlatjwako	Simunye Planters' Group (Member)
Ms Alexina Zikalala	Simunye Planters' Group (Member)
Mr B James	Mhlume Planters' Group (Member)
Mr O Mabuza	Mhlume Planters' Group (Member)
Mr M Jele	Mhlume Planters' Group (Member)
Mr C Shabangu	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)

4. Secretary

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

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 2023

Statement of Financial Position

Figures in Emalangeni	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	287 027	377 966
Current Assets			
Loans and receivables	3	5 936 955	5 342 295
Current tax asset	4	-	1 896
Accounts and other receivables	5	23 421	10 033
Cash and cash equivalents	6	142 348	65 807
		6 102 724	**5 420 031**
Total Assets		**6 389 751**	**5 797 997**
Reserves and Liabilities			
Equity			
Training grant	7	14 061	14 061
General reserves	9	2 459 737	2 313 055
Accumulated funds		3 599 933	3 159 842
		6 073 731	**5 486 958**
Liabilities			
Current Liabilities			
Current tax payable		6 822	-
Trade and other payables	10	309 198	311 039
		316 020	**311 039**
Total Equity and Liabilities		**6 389 751**	**5 797 997**

Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2023	2022
Revenue		4 247 375	3 846 883
Other income		4 545	9 465
Operating expenses		(3 999 612)	(3 869 444)
Operating surplus (deficit)		**252 308**	**(13 096)**
Finance income		344 835	233 209
Surplus (deficit) before taxation		**597 143**	**220 113**
Taxation		(10 370)	-
Surplus for the year		**586 773**	**220 113**
Total comprehensive surplus		**586 773**	**220 113**

Statement of Changes in Equity

Figures in Emalangeni	Training Grant	Revaluation reserve	General Reserves	Accumulated funds	Total equity
Balance at 01 April 2021	**14 061**		**2 193 391**	**2 994 757**	**5 202 209**
Changes in equity					
Total comprehensive surplus for the year		64 636		220 113	284 749
Transfer to general reserve			55 028	(55 028)	
Total changes		64 636	55 028	165 085	284 749
Balance at 01 April 2022	**14 061**	**64 636**	**2 248 419**	**3 159 842**	**5 486 958**
Changes in equity					
Total comprehensive surplus for the year				586 773	586 773
Transfer to general reserve			146 682	(146 682)	
Total changes			146 682	440 091	586 773
Balance at 31 March 2023	**14 061**	**64 636**	**2 395 101**	**3 599 933**	**6 073 731**
Note(s)	7	8	9		

Statement of Cash Flows

Figures in Emalangeni	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	11	337 995	151 403
Interest income		344 835	233 209
Tax paid	4	(1 652)	-
Net cash from operating activities		**681 178**	**384 612**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(14 522)	(19 555)
Sale of property, plant and equipment	2	4 545	4 500
Additions of investments		(594 660)	(443 186)
Net cash from investing activities		**(604 637)**	**(458 241)**
Total cash movement for the year		**76 541**	**(73 629)**
Cash at the beginning of the year		65 807	139 436
Total cash at end of the year	6	**142 348**	**65 807**

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 is carried at cost less accumulated depreciation and any impairment losses except for office furniture and computer equipment which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset 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.

Accounting Policies

1.1 Property, plant and equipment (continued)

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.

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.

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 grand will be received and the association will comply with all attached conditions. Governement grants relating to project costs are deferred and recognised in the income statement over the period necessary to match them with the cists 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 furure 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 riks

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

Credit risk arises from cash and cash equivalents with banks and finacial 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 Asssociation 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	2023	2022

2. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	329 403	(186 993)	142 410	329 403	(121 112)	208 291
Furniture and fittings	108 449	(17 171)	91 278	108 449	(6 326)	102 123
Computer equipment	96 713	(43 374)	53 339	82 192	(14 640)	67 552
Total	**534 565**	**(247 538)**	**287 027**	**520 044**	**(142 078)**	**377 966**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Motor vehicles	208 291	-	(65 881)	142 410
Furniture and fittings	102 123	-	(10 845)	91 278
Computer equipment	67 552	14 522	(28 735)	53 339
	377 966	**14 522**	**(105 461)**	**287 027**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Revaluations	Depreciation	Total
Motor vehicles	274 172	-	-	(65 881)	208 291
Furniture and fittings	46 845	2 299	59 305	(6 326)	102 123
Computer equipment	59 604	17 256	5 332	(14 640)	67 552
	380 621	**19 555**	**64 637**	**(86 847)**	**377 966**

3. Loans and receivables

Eswatini Sugar Association	5 936 955	5 342 295
Heading		
Opening Balance	5 342 295	4 899 109
Additions	1 300 000	1 750 000
Interest received	344 660	233 186
Payment received	(1 050 000)	(1 540 000)
	5 936 955	**5 342 295**

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

Current assets		
Loans and receivables	5 936 955	5 342 295

Notes to the Financial Statements

Figures in Emalangeni	2023	2022

4. Tax

Balance at beginning of the year	1 896	1 896
Current tax for the year recognised in profit or loss	(10 370)	-
Balance at end of the year	6 822	(1 896)
	(1 652)	**-**

5. Accounts and other receivables

Other debtors	23 421	10 033

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash in hand	2 000	84
Nedbank current account	129 499	55 050
Nedbank call account	10 849	10 673
	142 348	**65 807**

7. Training grant

Grant		
Unutilised 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. Revaluation reserve

The Association engaged Eswatini Auctioneers (Pty) Ltd to perform a revaluation of all fixed assets the revaluation led to a gain in asset value in the following assets. The valuation took place during the year ended 31 March 2022. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Furniture and fittings	59 305	59 305
Computer equipment	5 331	5 331
	64 636	**64 636**

9. General reserve

Balance at beginning of the year	2 248 419	2 193 391
Transfer to general reserves	146 682	55 028
	2 395 101	**2 248 419**

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

Notes to the Financial Statements

Figures in Emalangeni	2023	2022

10. Trade and other payables

Other payables	42 876	73 029
Provision for audit fees	57 000	41 705
Provision for leave pay	49 984	15 442
Provision for bonus pay	159 338	180 863
	309 198	**311 039**

11. Cash generated from operations

Profit before taxation	597 143	220 113
Adjustments for:		
Depreciation	105 461	86 846
Profit on sale of assets	(4 545)	(4 500)
Interest received	(344 835)	(233 209)
Changes in working capital:		
Accounts and other receivables	(13 388)	86 290
Trade and other payables	(1 841)	(4 137)
	337 995	**151 403**

12. Related parties

Related party transactions

Executive Committee	146 790	115 451

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 936 955(2022: E5 342 295).

Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2023	2022
Revenue			
Levies		3 005 079	2 698 210
Miller-Cum-Planter		1 242 296	1 148 673
		4 247 375	**3 846 883**
Other income			
Sundry income		-	4 965
Interest received		344 835	233 209
Gains on disposal of assets		4 545	4 500
		349 380	**242 674**
Operating expenses			
Accounting fees		2 600	-
Advertising		32 529	886
Auditors fees		57 000	52 000
Bad debts written off		-	53 552
Bank charges		17 038	15 181
Cleaning		619	2 582
Consulting fees		110 029	67 290
Courier & Postage		1 459	375
Depreciation		105 461	86 846
Electricity		29 326	27 450
Entertainment		2 878	6 835
Executive committee expenses		146 790	115 451
Insurance and licences		88 265	83 145
Meetings		152 718	126 615
Motor vehicle expenses		213 554	261 323
Printing and stationery		59 276	34 165
Rent and office facilities		241 516	230 015
Repairs and maintenance		11 774	6 842
Salaries and wages		2 335 180	2 314 867
Growers welfare		33 101	-
Subscriptions		196 087	270 161
Telephone and postage		74 431	93 568
Travel and subsistence expenses		87 981	20 295
		3 999 612	**3 869 444**
Surplus (deficit) before taxation		**597 143**	**220 113**
Taxation		10 370	-
Surplus for the year		**586 773**	**220 113**

Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

Tax Computation

	E
Net income per income statement	597 143
Non-deductable/(Non taxable) items	
Levies	(4 247 375)
Interest Received	(344 835)
Operating Expenses	3 999 612
Gains on disposal	(4 545)
	(597 143)
Allowable Deductions	
Interest Received	344 835
Insurance	(88 265)
Repairs and maintenance	(11 774)
8% Effective Executive Director's salary	(139 146)
8% Office admin staff salary	(46 642)
8% Printing and stationary	(4 742)
8% Telephone	(5 954)
8% Audit Fees	(4 560)
8% Bank Charges	(1 363)
	42 389
Taxable income for 2023	**42 389**
Assessed loss brought forward	(4 679)
Taxable income	**37 710**
Tax thereon @ 27.5%	**10 370**
	-

Tax liability

	E
Amount owing/(prepaid) at the beginning of year	-
Amount prepaid at the beginning of the year	(1 896)
Tax owing/(prepaid) for the current year	
Normal tax	
Per calculation	10 370
1st provisional payment	(826)
2nd provisional payment	(826)
	8 718
Amount owing/(prepaid) at the end of year	**6 822**

Eswatini Cane Growers Association

Financial Statements for the year ended 31 March 2023

Supplementary Information

1. Audit fees

Kobla Quashie and Associates - Audit	55 000
Kobla Quashie and Associates - Tax	2 000
	57 000

2. Rent paid

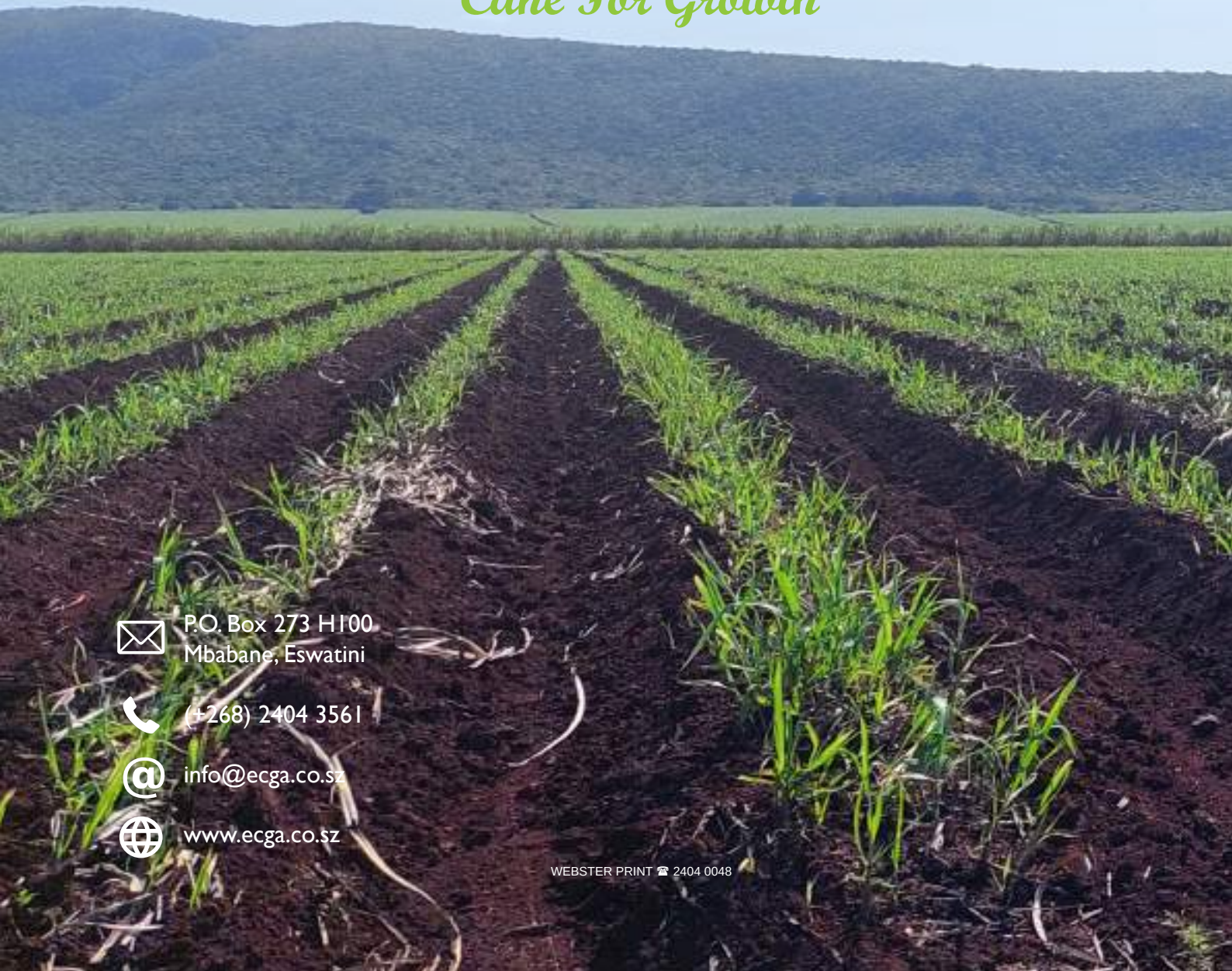
Tibiyo Properties	241 516

3. Insurance

Eswatini Insurance brokers	88 265

ECGA

"Cane For Growth"



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