ANNUAL REPORT

FOR THE YEAR ENDED MARCH

2024

ECGA

ESWATINI CANE GROWERS ASSOCIATION

Cane for Growth

ECGA

ESWATINI CANE GROWERS ASSOCIATION

ANNUAL REPORT FOR THE YEAR ENDED MARCH 2024

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

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Cane for Growth

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 also 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 (as amended) 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).

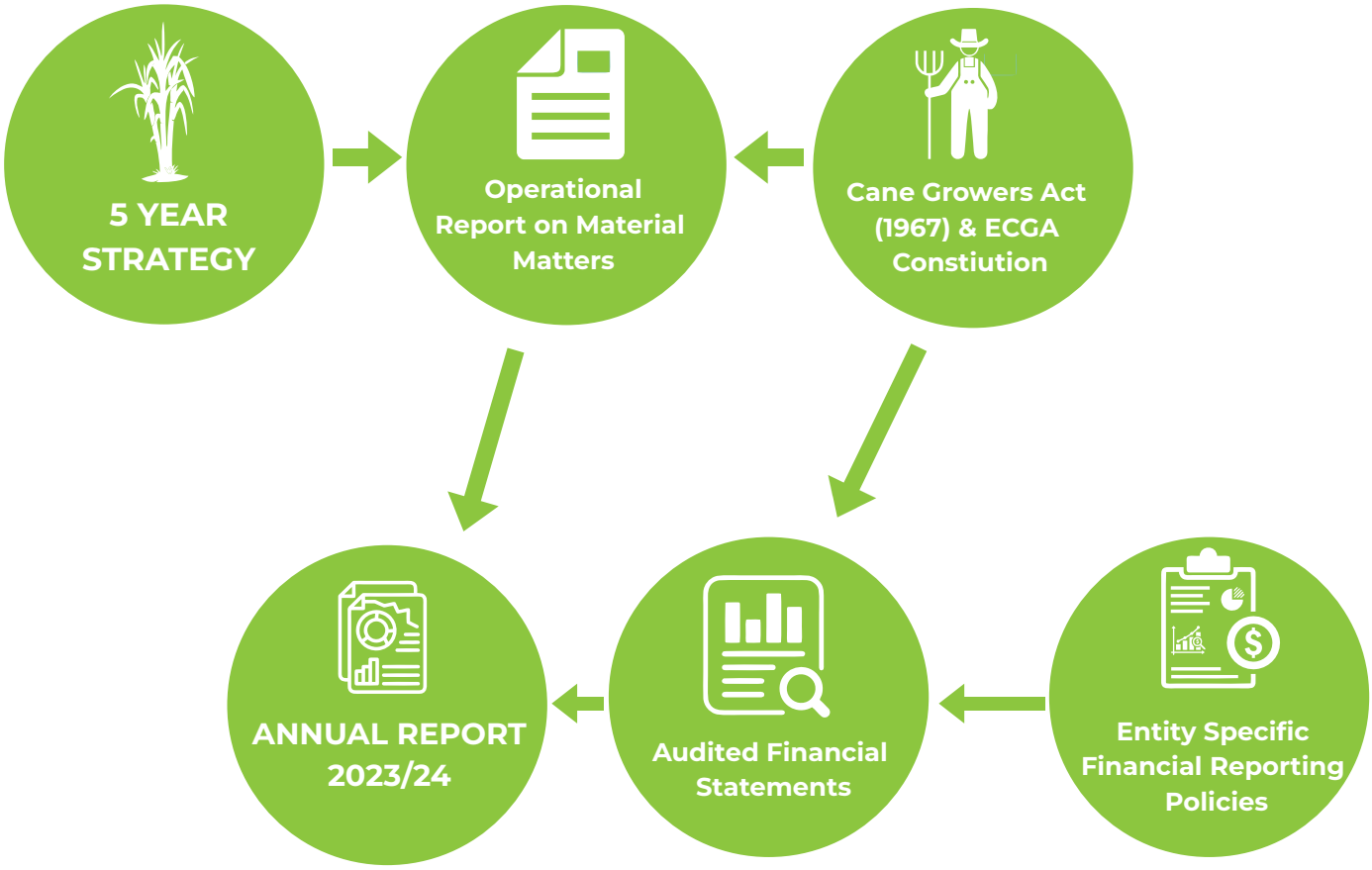
Any use of MCP data is included only to give context to the status of growers in the industry. This limitation to growers not owned by Millers does result in slight differences in the statistics herein and those reported by other sugarcane industry players. Furthermore, the impact of matters reported 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 and molasses, 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 sugar 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 an 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.



1.5 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 and assumes no liability for use of such estimates/forecasts.

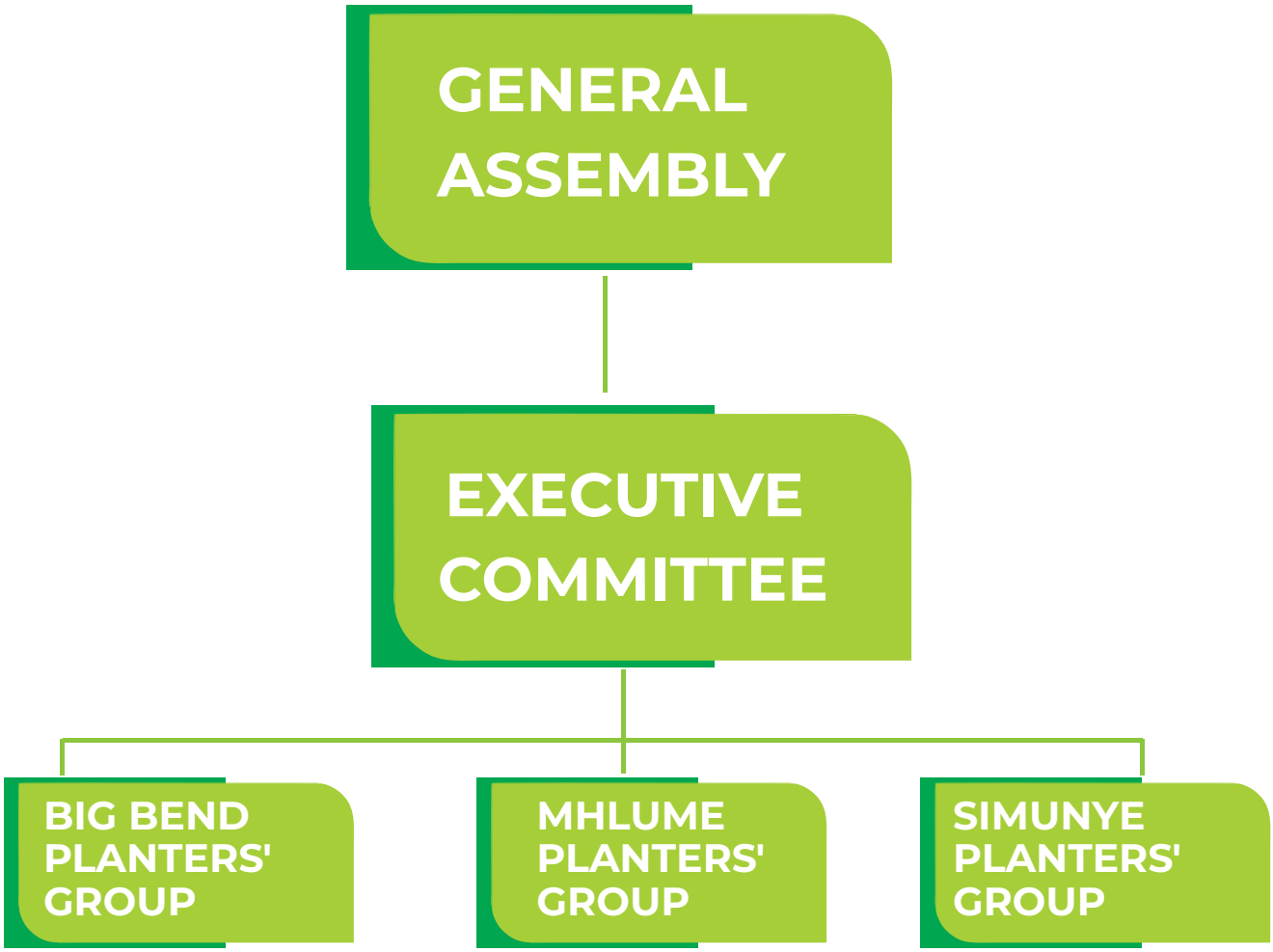
1.6 RESPONSIBILITY

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

2 ORGANIZATIONAL STRUCTURE AND CONTEXT

2.1 GOVERNANCE STRUCTURE

2.1.1 GOVERNANCE COMMITTEES



2.1.2 EXECUTIVE COMMITTEE MEMBERSHIP AS AT 31 MARCH 2024

S. Geldenhuys (Chairman from Big Bend)

Dr. S.V. Nkambule (CEO & Secretary)

P.M.E. Malandvula (Vice Chairman from Simunye)

Big Bend Reps
1. Ms. Trusty Gina
2. Mr. T.M. Nkambule
3. Mr. M. Mabuza
4. Mr. S. Geldenhuys
5. Mr. L. Msibi (Alternate)

Mhlume Reps
1. Mr. B. James
2. Mr. C. Shabangu
3. Mr. M. Jele
4. Mr. O. Mabuza
5. Mr. E.J. Nxumalo (Alternate)

Simunye Reps
1. Mr. P.M.E. Malandvula
2. Mr. R. Dlamini
3. Ms. A. Zikalala
4. Mr. M. Mndzebele
5. Mr. B. Hlophe (alternate)

Tibiyo Reps
1. Dr. A.T. Dlamini
2. Ms. S.M. Magagula
3. Mr. A.T. Ngcobo
4. Ms. S. Mndzebele (alternate)

1.3 PLANTERS' GROUP(PG) COMMITTEES AS AT 31 MARCH 2024

BIG BEND PG

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

SIMUNYE PG

1. Mr. P.M.E. Malandvula - Chairman
2. Mr. R - Dlamini - Vice Chairman
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

ORGANIZATIONAL STRUCTURE

CHAIRMAN
Mr. S. Geldenhuys

VICE-CHAIRMAN
Mr. P.M.E Malandvula

CHIEF EXECUTIVE OFFICER
Dr. S.V. Nkambule

GRADUATE IN TRAINING
Ms. N. Mabuza

FINANCE AND ADMINISTRATION OFFICER
Ms. Gina-Langwenya

SECRETARY RECEPTIONIST
Ms. N.L. Skosana

CLEANER/ MESSENGER
Ms. N. Nkambule

ECGA
ESWATINI CANE GROWERS ASSOCIATION

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

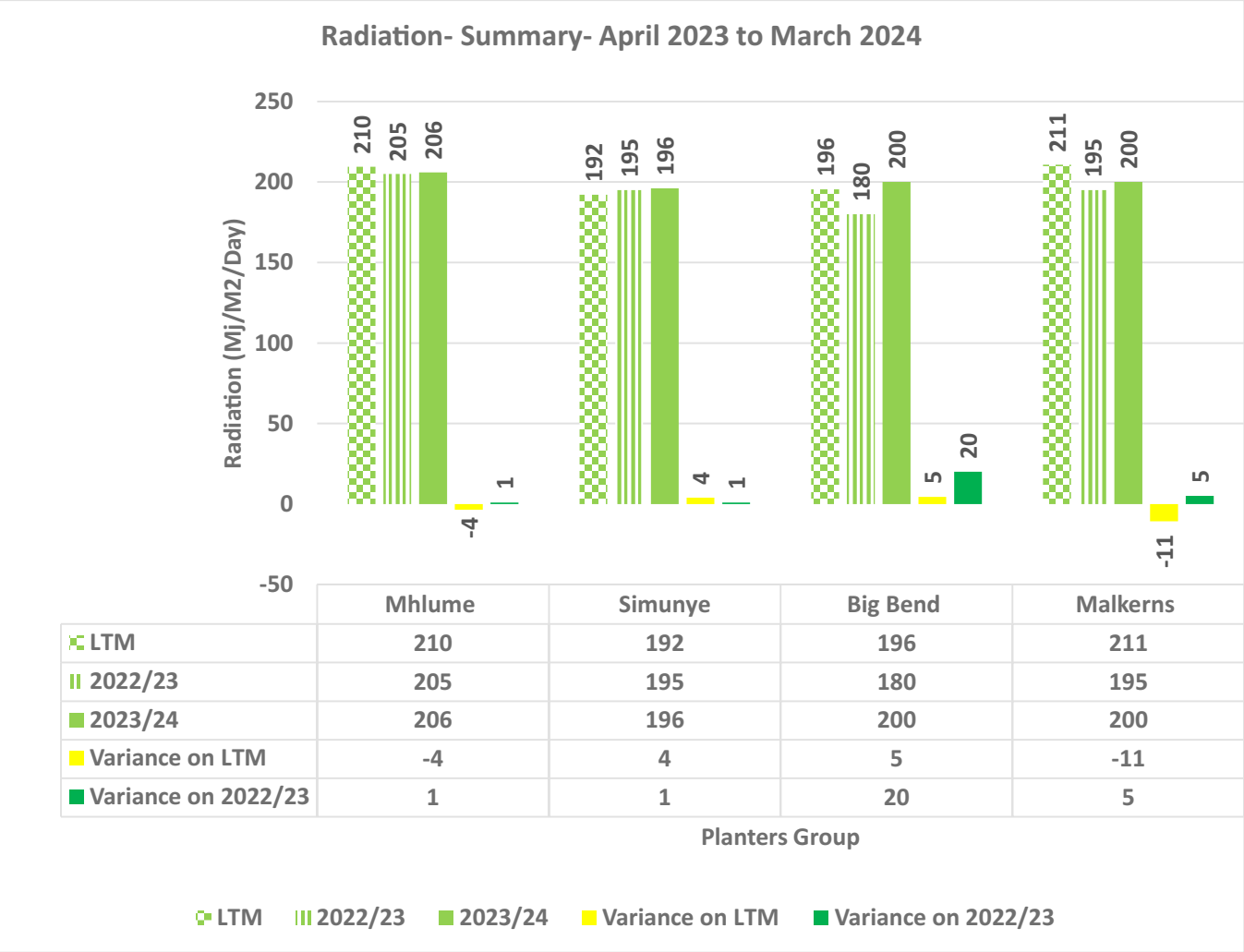
3.1 External Environment

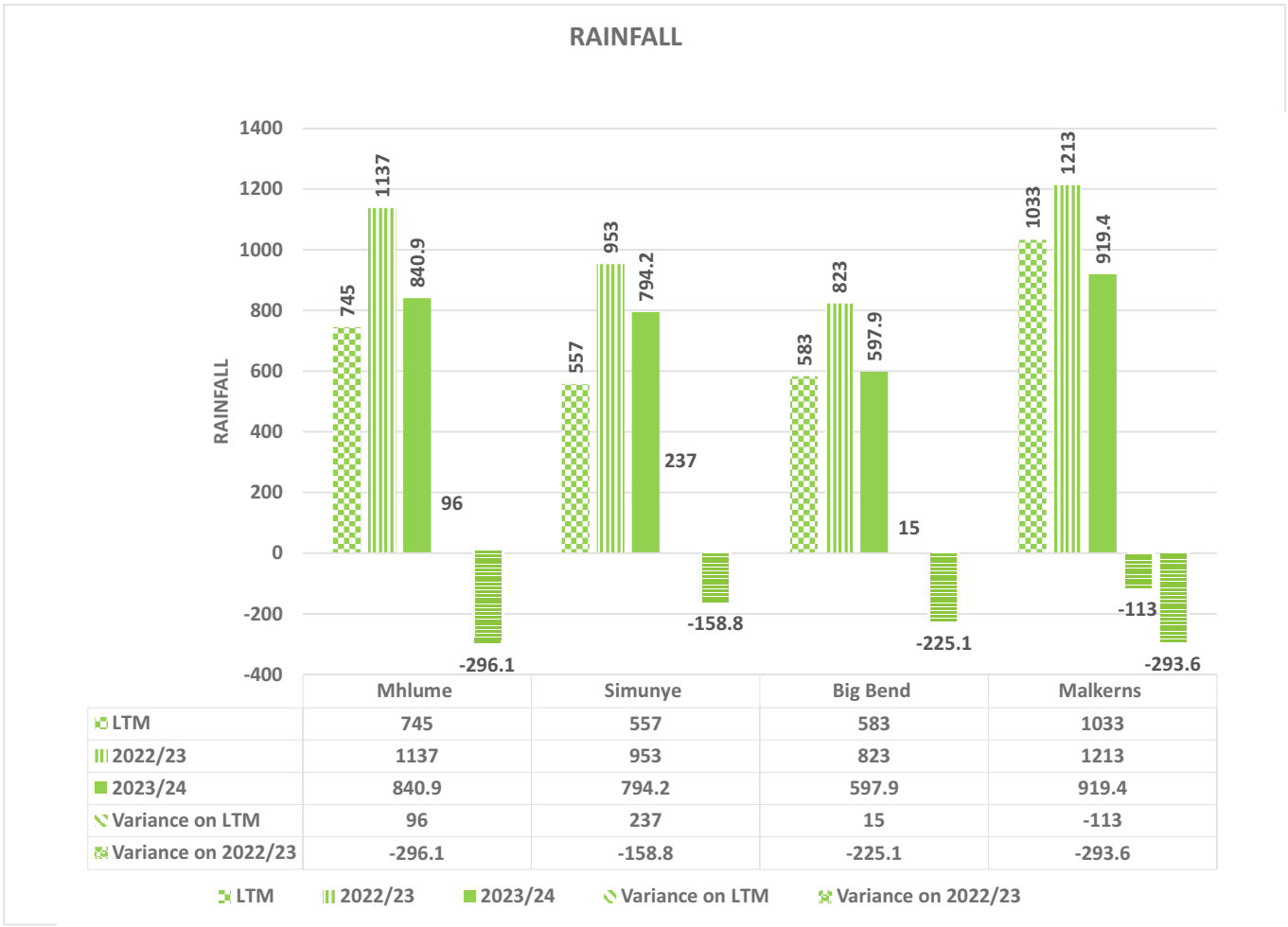
3.1.1 Climatic factors

The growing of sugar cane, like all biological processes, is dependent on factors such as land, radiation and water availability. Sugarcane production in Eswatini is almost entirely (one farm rain fed) dependent on irrigation, which is heavily impacted by water availability and radiation.

3.1.1.1 Radiation

The figures below show the radiation quantum over the growing period spanning from 1 April 2023 to 31 March 2024.





The rainfall was below previous wet year. It is not anticipated that this had any detrimental effect since it was still above long term mean. This was building up on a previously wet year as well. The rainfall distribution did cause harvesting challenges especially when it came during the winter months.

3.2 RESOURCE SECURITY

3.2.1 WATER

Over the course of the year, there were several initiatives in the Water Sector. Government continued with consultations towards the legislated water tariffs. There was still no conclusion at close of the year. By the end of the year the National Water Authority (NWA) and River Basin Authorities (RBAs) had been constituted following delays the previous year.

3.2.2 ENERGY

Energy is vital to sugarcane irrigation, hence, was kept on our line of sight.

3.2.2.1 ELECTRICITY

Electricity increased by an average 10.14% effective 1 April 2023 while another average 8.02% was approved in advance to be effective 1 April 2024. The Utility is expected to apply for new tariff adjustments in November 2024. ECGA and the growers are anxiously watching that space.

The concern about rolling load shedding 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 30 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 funded to study feasibility and sustainability of solar energy was almost complete by end of the year. Final Reports are expected early in 2024/25 financial year.

3.2.2.2 DIESEL

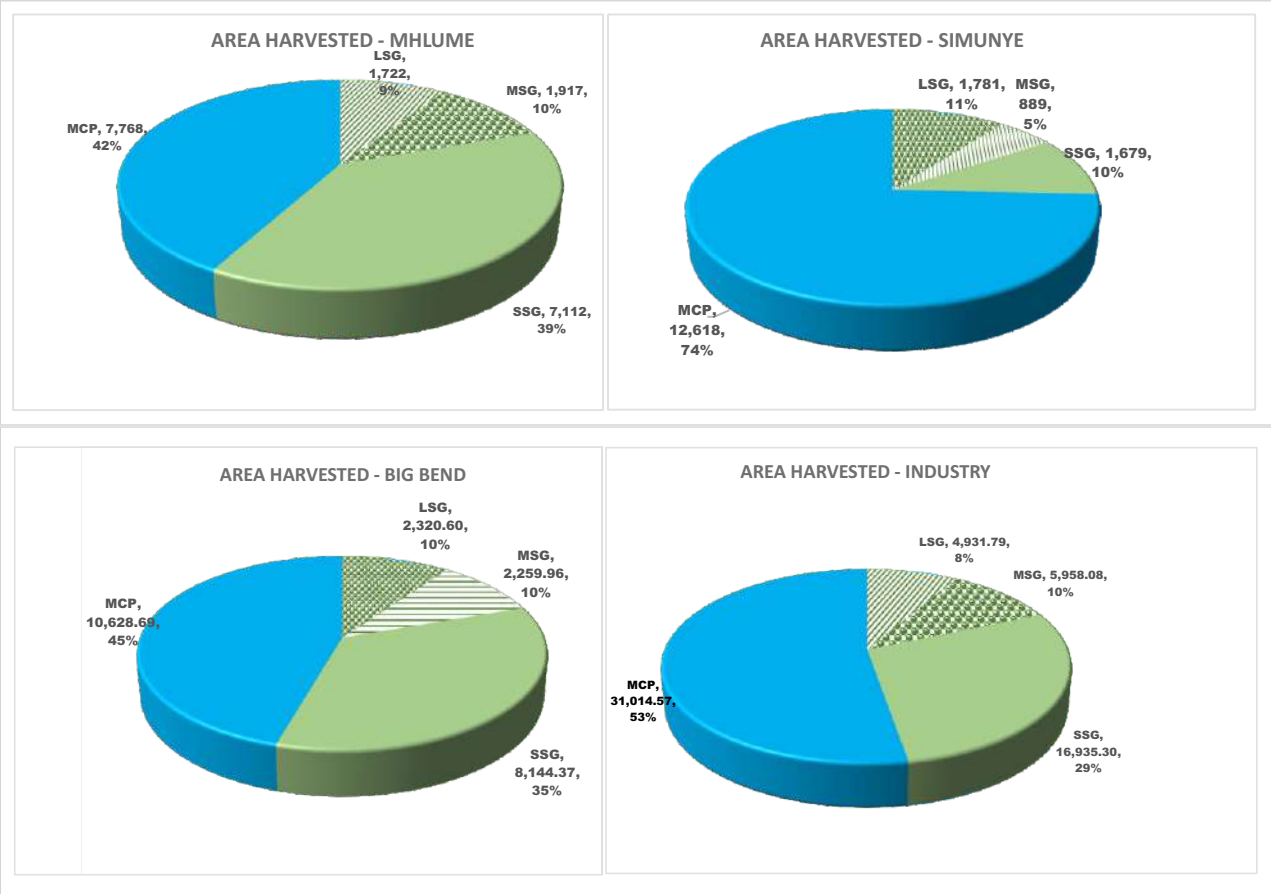
The price of diesel was practically flat during the year (only 1% up). There is no sign that the pre-Russia/Ukraine conflict prices will be realised in the foreseeable future. It is a source of some comfort that the escalations of the recent past were not experienced this year.

3.2.3 FERTILIZER AND AGROCHEMICALS

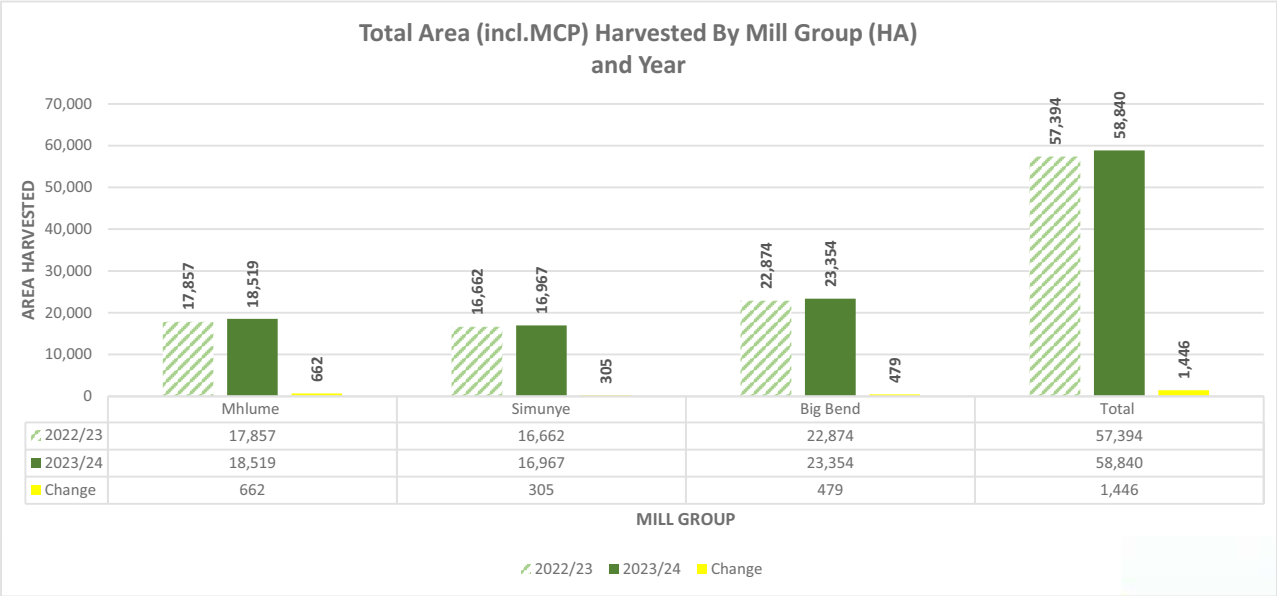
The price of fertilizer and agrochemicals reached a peak during the 2022/23 year and started levelling since. Once again, pre-Covid-19 prices have not been realised and not likely to be in the ensuing year.

3.2.4 LAND AND INFRASTRUCTURE

3.2.4.1 LAND AREA HARVESTED

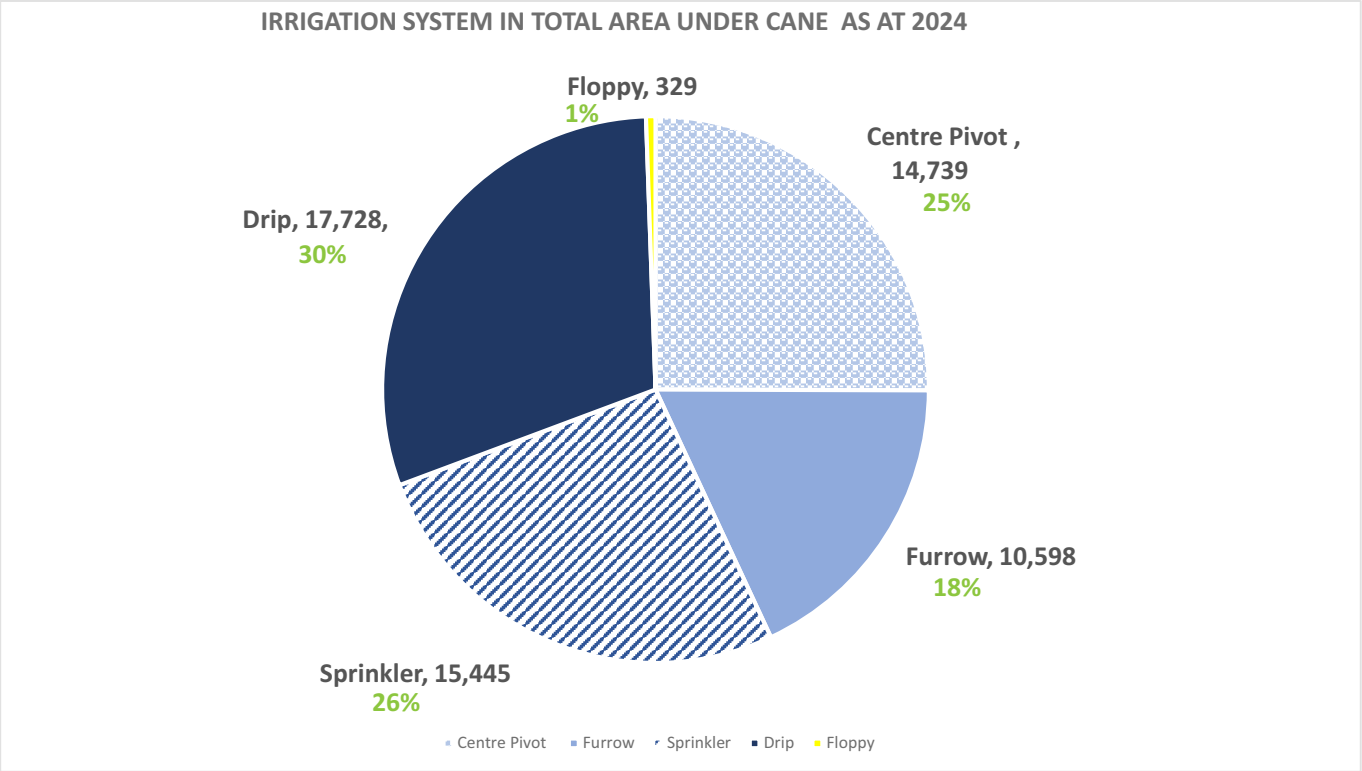


There was a significant shift in land under cane in favour of MCP resulting from transfer of Tibiyo Quota to Ubombo MCP



The 1 446-Ha increase in total area harvested reflects reversal of larger forced carryover in previous year and some new fields .

3.2.4.2 SUGARCANE IRRIGATION SYSTEM DISPOSITION– AS AT 2023/24



Over the years new systems such as subsurface drip and centre pivot have replaced traditional systems such as flood and sprinkler. This transition means higher water efficiency but increased electricity demand.

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

3.3 POLICY AND LEGISLATIVE DEVELOPMENTS

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

3.3.1 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.

3.2 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.

3.3 INCOME TAX BILL, AMENDMENTS TO THE INCOME TAX ORDER 1975

Indications are that the amendments will come into effect in July 2024. Growers should keep an eye for circulars from Eswatini Revenue Services (ERS). There are anticipated changes in income tax, capital gains and withholding taxes among others.

4 CHAIRMAN'S REMARKS

The industry entered 2023/24 optimistic of yields and modest about price. The opposite happened. The production dropped significantly while price went up by an incredible 25%. The net effect was an improved margins on average, a plight worth of celebration. Preliminary forecasts are that the good sucrose price will continue into 2024/25 meaning those growers who will produce will thrive.

Recent grower cost survey show that overall production costs escalated by 24% from 2021/22 to 2022/23. Data for 2023/24 is not yet available but price is not anticipated to be reversed significantly because of ongoing events in the Middle-East and Russia/Ukraine

The crop decline against initial estimates continue to be depressing, posing a challenge to growers to do better in crop estimating. It could also indicate that history is no longer a good reference owing to factors such as climate change and pests/disease diversity. Initial estimates are that the 2024/25 crop and sucrose price will be better than reporting year.

5 REMARKS BY CEO

The reporting year was characterised by more positives compared to the difficulties of the previous 2-years. The Association largely operated normally without adverse restrictions seen in the recent past. Most scheduled meetings were held successfully. There were fewer extreme weather events.

Grower yields were the lowest in the past 4 to 5 years and show a consistent decline in that period. The causes are, in our opinion, not fully understood posing a challenge to researchers to intensify studies and Extension to get closer to growers. The Annual General Meeting was hosted successfully. A previously unexpected 25% increase in sucrose price more than compensated for the disappointing yields which was a welcome relief.

The ECGA 5-year strategy entered its 4th year of implementation. Despite financial resource limitations, a number of actions were implemented. The advisory panel continued to provide valuable support. This was also busy year in the sucrose payment, energy and water sectors; and growers actively participated in consultations regarding proceeds beneficiation, 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. At the end of the year the CTCN study was winding up with Reports expected by the first half of 2024/25.

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.

Cane for Growth

6 BUSINESS MODELS

6.1 ASSOCIATION BUSINESS MODEL

	Financial Capital	Human Capital	Intellectual Capital	Social/ Relationship Capital
Capital Input	• Levies from Growers (E3,082,027) • MCP Contributi	• Lean & Efficient Staff Complement (2 Contract and 3 permanent employees)	• ECGA Constitution • Communicable Diseases Protocol • ECGA Policies & Procedures	• Members (538) • Millers (3) • Suppliers • ESA • Communities • Government
	ons (E1,287 ,636) • Interest on invested Funds (E547 570) • Miscellane ous (E1 7023)		• Institute of Directors of Africa (IoDSA) Membership • ECGA Risk Register	• Banks • Relevant Regulators (ACC, ECC, EEA ESERA, ERS etc) • International Organizations • Business Eswatini
Activities	• Sourcing of funds • Payments	Staff & Members ➢ 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 was internally reviewed in the course of 2023/24.
A Risk Register was formally approved by ExCo in the course of the year

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 continued to be paid for bagasse • Special purpose vehicle study draft Report presented to ExCo. Final Report in preparation at close of the year • Strategy aligned budget presented to AGM in September 2023.
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), up to year ended March 2023 by ESA. • Expert Advisory Panel in place, being used and added value throughout the year, especially in the course of industry studies • 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 • Three growers were trained on being Board Members.
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 efforts in earlier years likely to have reflect in tax law amendments.
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 finished her programme on 31 March 2024. •
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 2023. A new Risk Register was approved by ExCo in the course of the year • Constitution Review Exercise document submitted to attorneys in the course of the year an exercise anticipated to be concluded early in ensuing year.

7.4.2 Financial Administration

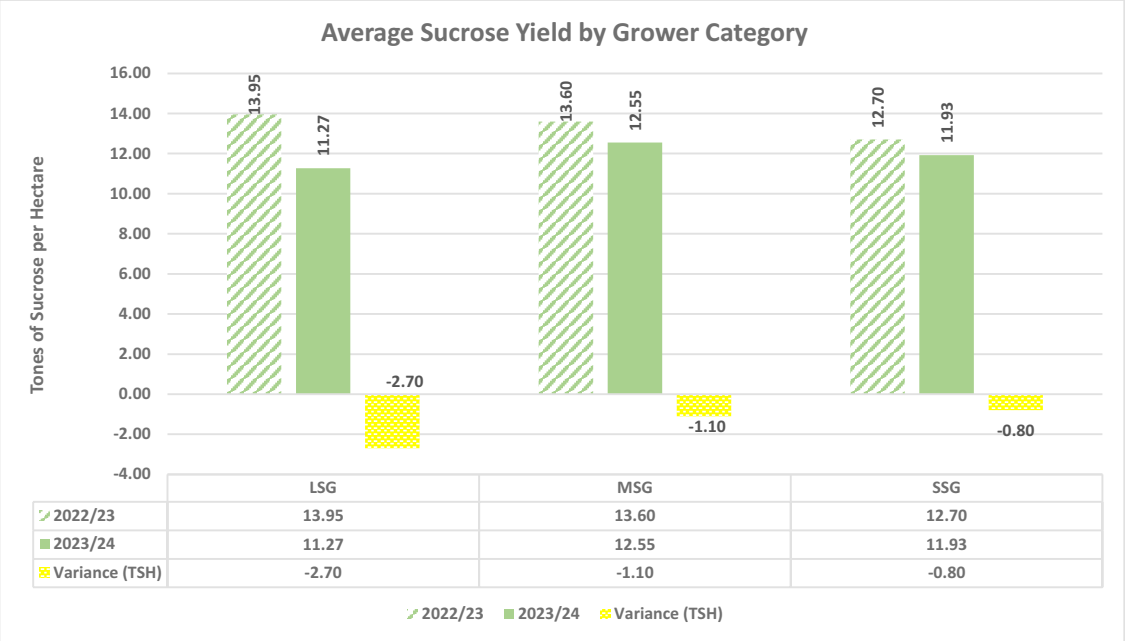
The ECGA finances continued to be challenged by the lower-than-expected yields. Once again this called for more stringent fiscal discipline. In the end, expenditure was within the overall budget. It is also pleasing to note that ECGA, once again, achieved an unqualified audit opinion.

8 GROWER PERFORMANCE OVERVIEW

8.1 ACTIVE GROWERS (EXCLUDING MCP)

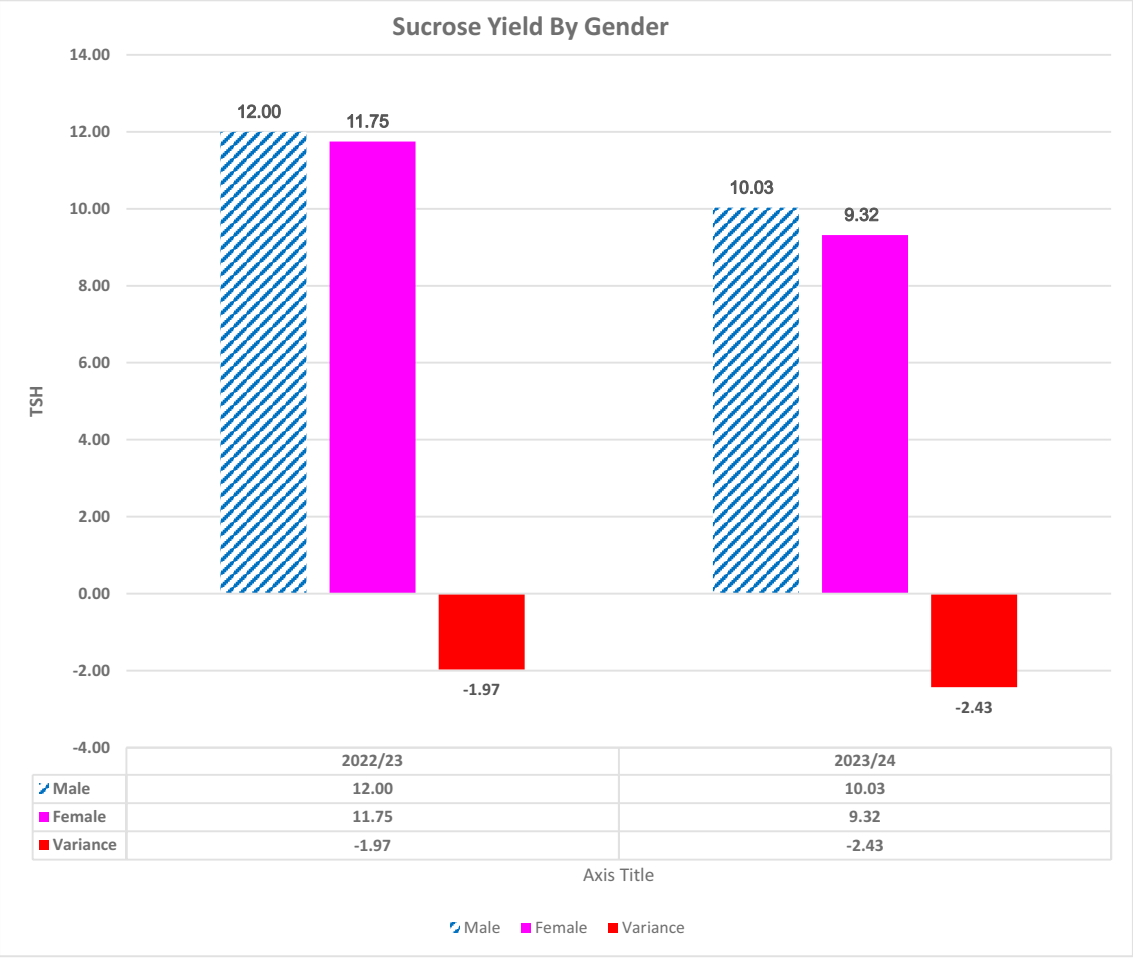
These changes are net of new entrants and exits. Reasons for increase in numbers included previous year carryover and new entrants, especially from the Big Bend Mill Group. Most changes occurred at Mhlume, where the numerous VIF farmers dominate.

8.2 SUCROSE YIELDS



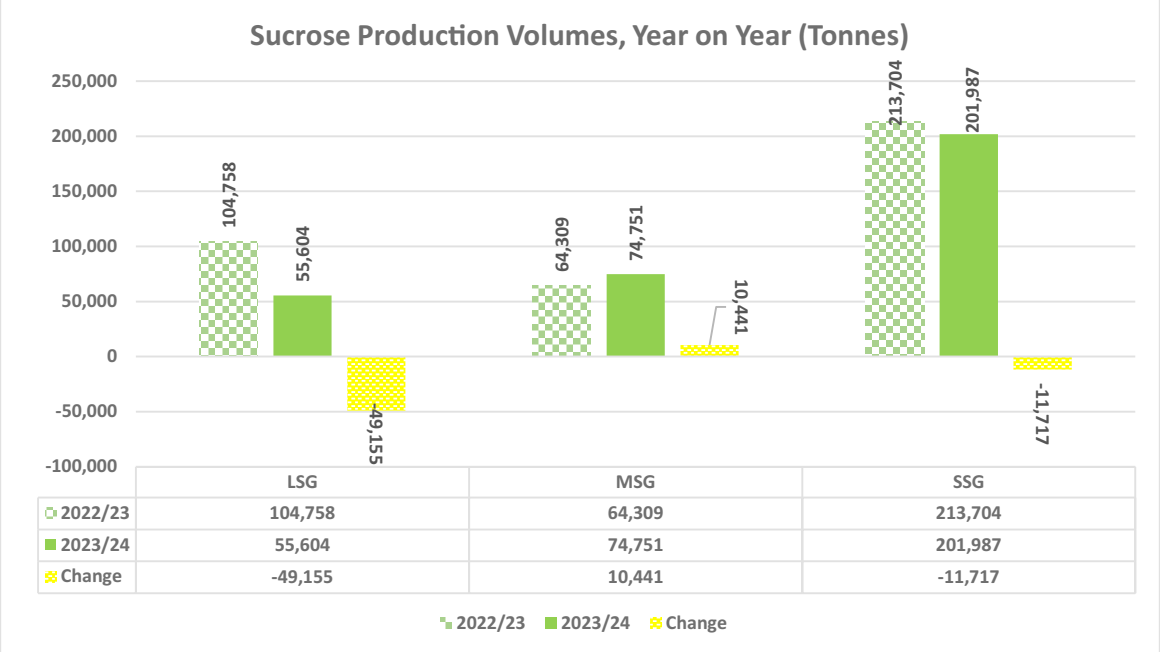
	LSG	MSG	SSG
2022/23	13.95	13.60	12.70
2023/24	11.27	12.55	11.93
Variance (TSH)	-2.70	-1.10	-0.80

All grower categories, achieved yields, year on year. The whole industry experienced poor yields due to climatic factors, crop age and possibly growing incidents of pests in general and yellow leaf aphid, in particular.



Once again male dominated entities achieved better yield than those dominated by females. No explanation is readily available for this change compared to 2020/21 and 2021/22.

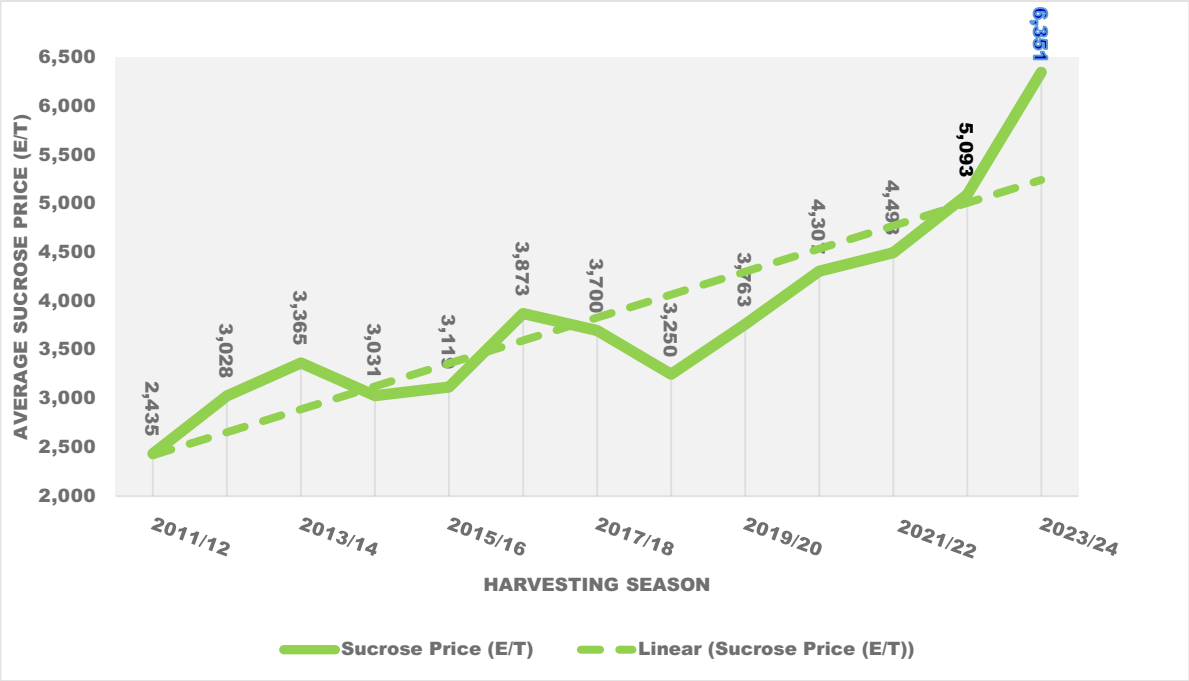
8.3 SUCROSE PRODUCTION VOLUMES BY GROWER CATEGORY



Growers' sucrose yield decreased by about 5%, in line with overall poorer yields across industry. Factors include pests, diseases and growing conditions depending on zone.

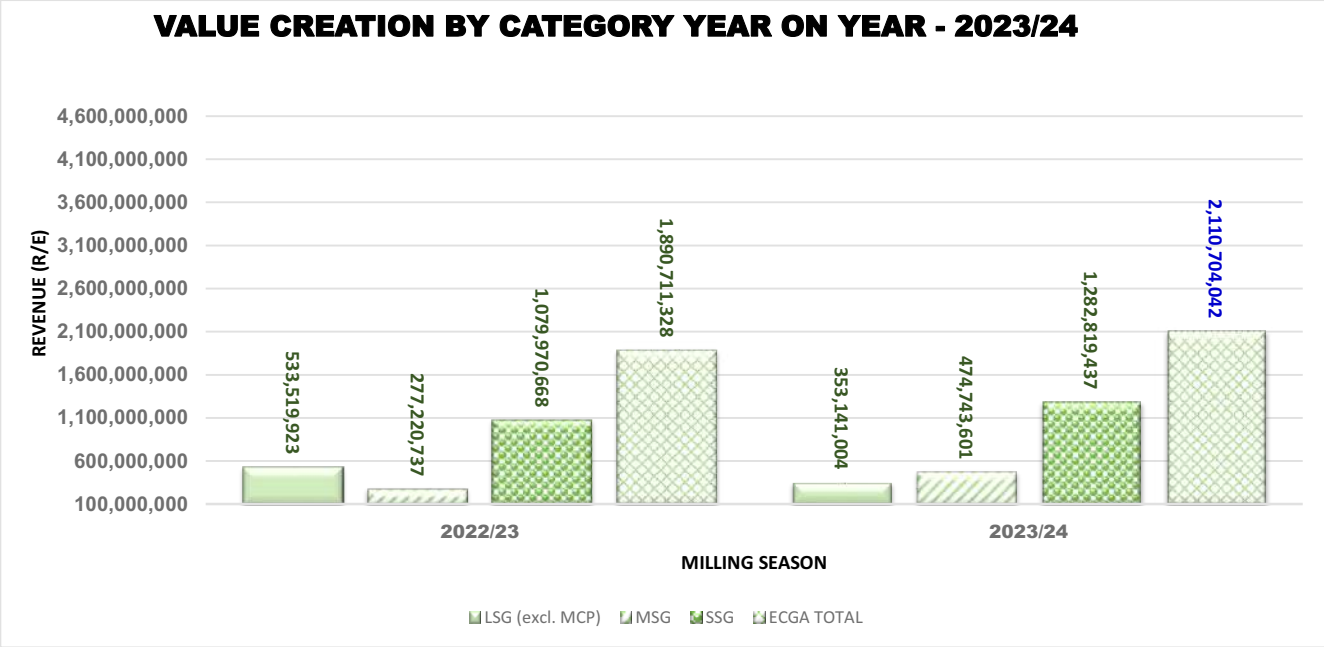
8.4 GROWER REVENUE CONTRIBUTION TO ESWATINI ECONOMY

8.4.1 SUCROSE PRICE TREND



The sucrose price increased by an incredible 25% saving growers from a severe economic pain that would have resulted from dismal yields. Preliminary indications are that the price will be significantly higher in the ensuing year.

8.4.2 REVENUE (WEALTH) CREATION



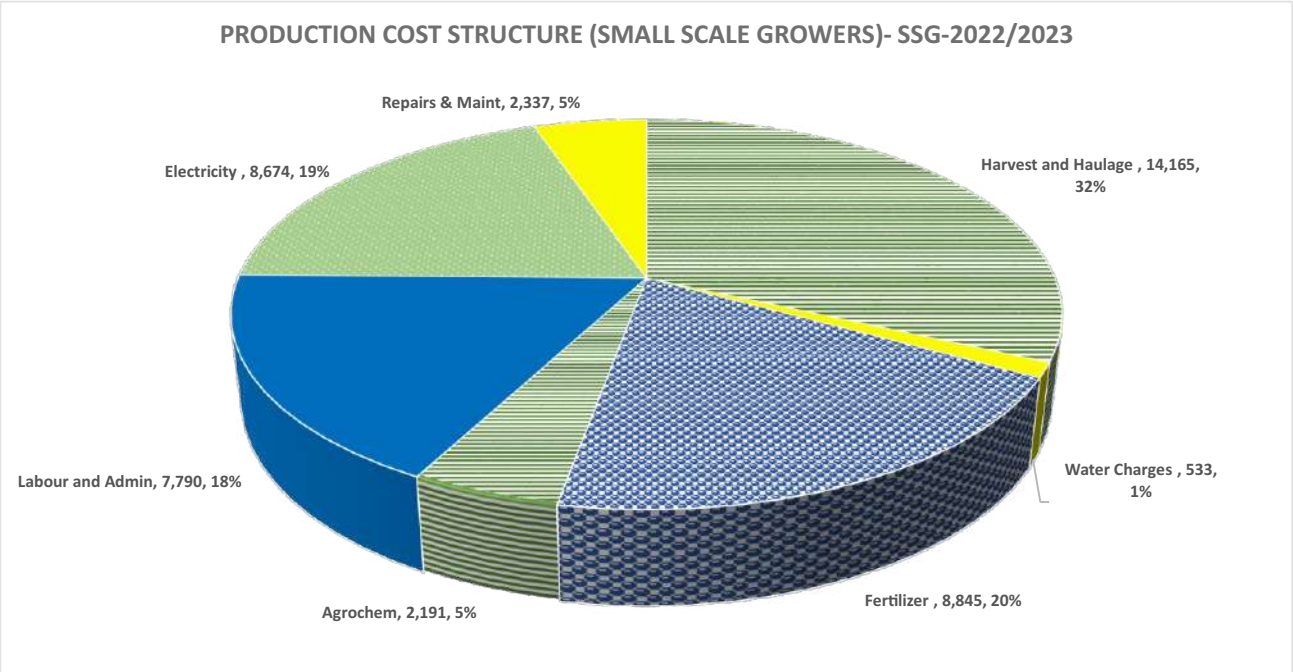
Despite overall decline in yield grower (ECGA) sucrose revenue were up 12% thanks to 25% increase in price.

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

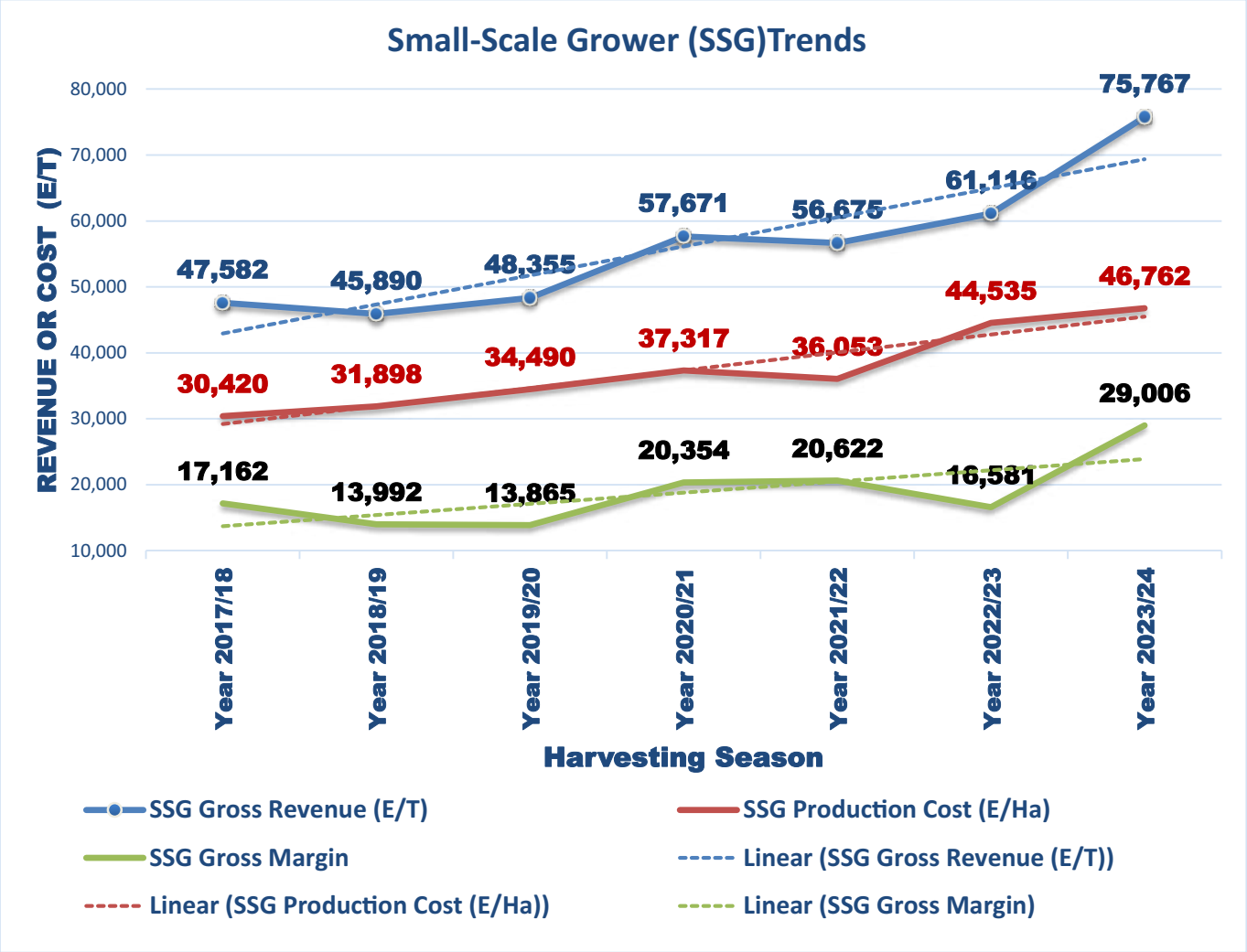
This section seeks to give crude estimate of small-scale grower health. Actual growing costs were derived from the Grower Business Sector Analysis done by ESA for year ended 31 March 2023. More recent data is not available. Projections for reporting period are estimates based on the following assumptions:

· Grower costs for 2023/24 (estimated by increasing 2022/23 by CPI)
· Actual average sucrose price for 2022/23
· Actual SSG sucrose production for 2023/24

Because of the use of estimated cost, caution must be exercised in using the 2023/24 margins, as they are only projections.



Harvesting and haulage, closely followed by fertilizers are biggest cost drivers. The impact of Covid-19 and Russia/Ukraine conflict on fertilizer has clearly emerged.



If the above assumptions (on production costs escalations) hold, the margins for small-scale growers (excluding VIF) 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 price.

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	• The year was characterised by low activity in the health sphere emanating from financial difficulties faced by TLC • Consultation with members were not interrupted • There were industrial actions that affected one of our larger growers. This was ongoing at the end of the year.
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. However, the Grower Business Sector Analysis (GBSA) has revealed the extend of this factor on fertilizer prices. • 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 stood at 3 members • Three ExCo members trained on Being a Director Part 1

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 continued with extended internship programme • ECGA continued with physical internships with 3 University of Arkansas students hosted in May/June 2023 • 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 • FAO attended a 3-day training on Conducting Fair Appeals organized by Business Eswatini in August 2023 • FAO and the GIT attended a 3-day virtual training on Women in Governance Series by The Institute of Directors South Africa in July 2023 • Three growers attended a virtual training on Being a Director Part one by Institute of Directors South Africa: Mhlume PG-Norman Khoza Simunye PG-Veronica Dlamini Big Bend-Nonhlanhla Tsabedze • A contribution of 30k towards skills development (Grower Competition) • 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. • Special purpose vehicle (SPV) and Salary Review studies were in progress at end of the year. • Low yields and carryover cane continued 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	✓ This area was quieter due to fewer weather extremities and less availability of TLC

RISK	POTENTIAL IMPACT	REMARKS
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)

The current ECGA strategy ends in March 2026. The process of preparing a new one will resume in 2024/25, starting with piloting budget for AGM approval in August/September 2024. The Special purpose vehicle (SPV) study will be finalised in the next year and intention is to start approved direction in 2025/26

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. 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 Utility is expected to apply for new 2-year tariff adjustments to be effected on 1 April 2025 and 1 April 2026.

The impacts of the Ukraine/Russia war are expected to continue in the 2024/25 crop in the form of previous fertilizer, agrochemicals, petroleum price escalations being sustained. Early and preliminary estimates indicate that the 2024/25 sucrose price will be flat or marginally higher compared to 2023/24. 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 be concluded during the 2024/25 period and be completed during this period.
An approved large quota transfer from ECGA to MCP took effect in the year 2023/24, hence levy revenue loss (about E200 000 per annum) may be realised unless mitigatory efforts succeed.

ECGA

ECGA

ESWATINI CANE GROWERS ASSOCIATION

FINANCIAL STATEMENTS

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 (ES)
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 R Dlamini - 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)

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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 2025 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 26 June 2024 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@koblaquashie.co.sz
Website: www.koblaquashie.com

INDEPENDENT AUDITORS' REPORT

To the Eswatini Cane Growers Association Executive Committee

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 2024, 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 Association as at 31 March 2024, 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 Association 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 Directors 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 from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee are responsible for assessing the Association'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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association 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
Registered Auditor: Daniel Bediako

26 June 2024

EXECUTIVE COMMITTEES' REPORT

The Executive Committee submit their report for the year ended 31 March 2024.

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. Dividends

No dividends were declared or paid to association's members during the year.

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

6. Executive Committee

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

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 Richman Dlamini	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)

STATEMENT OF FINANCIAL POSITION

Figures in Emalangeni	Note(s)	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	2	215 822	287 027
Current Assets			
Investment	3	6 584 125	5 936 955
Trade and other receivables	4	36 269	23 421
Cash and cash equivalents	5	118 359	142 348
		6 738 753	**6 102 724**
Total Assets		**6 954 575**	**6 389 751**
Reserves and Liabilities			
Equity			
Training grant	6	-	14 061
General reserves	8	2 583 746	2 459 737
Accumulated funds		3 968 796	3 599 933
		6 552 542	**6 073 731**
Liabilities			
Current Liabilities			
Current tax payable		36 827	6 822
Trade and other payables	9	365 206	309 198
		402 033	**316 020**
Total Equity and Liabilities		**6 954 575**	**6 389 751**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Emalangeni	Note(s)	2024	2023
Revenue		4 369 663	4 247 375
Other income		17 023	4 545
Operating expenses		(4 391 004)	(3 999 612)
Operating surplus (deficit)		**(4 318)**	**252 308**
Finance income		547 570	344 835
Surplus (deficit) before taxation		**543 252**	**597 143**
Taxation		(50 380)	(10 370)
Surplus for the year		**492 872**	**586 773**
Total comprehensive surplus		**492 872**	**586 773**

STATEMENT OF CHANGES IN EQUITY

Figures in Emalangeni	Training Grant	Revaluation Reserves	General Reserves	Accumulated Funds	Total equity
Balance at 1 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 1 April 2023	**14,061**	**64,636**	**2,395,101**	**3,599,933**	**6,073,731**
Changes in equity					
Total comprehensive surplus for the year				492,872	492,872
Training grant utilised during the year	(14,061)				(14,061)
Transfer to general reserve			124,009	(124,009)	
Total changes	(14,061)		124,009	368,863	478,811
Balance at 31 March 2024		**64,636**	**2,519,110**	**3,968,796**	**6,552,542**
Note(s)	6	7	8		

STATEMENT OF CASH FLOWS

Figures in Emalangeni	Note(s)	2024	2023
Cash flows from operating activities			
Cash generated from operations	11	145 965	337 995
Interest income		547 570	344 835
Tax paid	10	(20 375)	(1 652)
Net cash from operating activities		**673 160**	**681 178**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(35 918)	(14 522)
Sale of property, plant and equipment		-	4 545
Movements in investments		(647 170)	(594 660)
Net cash from investing activities		**(683 088)**	**(604 637)**
Cash flows from financing activities			
Training grant utilised during the year	6	(14 061)	-
Total cash movement for the year		**(23 989)**	**76 541**
Cash at the beginning of the year		142 348	65 807
Total cash at end of the year	5	**118 359**	**142 348**

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.

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.

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.

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 Training Grant

Training grants is recognised when there is reasonable assurance that:

- the Association will comply with the conditions attaching to them; and
- the grants will be received.

Training grants are kept in the reserves over the periods necessary to match them with the related costs that they are intended to compensate.

1.6 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. 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.

1.7 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.

1.8 Financial risk management

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

Credit risk

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.

1.8 Financial risk management (continued)

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 requirements.

1.9 General Reserves

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

NOTES TO THE FINANCIAL STATEMENTS

Figures in Emalangeni	2024	2023

2. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	329 403	(252 873)	76 530	329 403	(186 993)	142 410
Furniture and fittings	108 449	(28 016)	80 433	108 449	(17 171)	91 278
Computer equipment	132 631	(73 772)	58 859	96 713	(43 374)	53 339
Total	**570 483**	**(354 661)**	**215 822**	**534 565**	**(247 538)**	**287 027**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Motor vehicles	142 410	-	(65 880)	76 530
Furniture and fittings	91 278	-	(10 845)	80 433
Computer equipment	53 339	35 918	(30 398)	58 859
	287 027	**35 918**	**(107 123)**	**215 822**

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**

3. Investment

Eswatini Sugar Association	6 584 125	5 936 955
Description		
Opening balance	5 936 955	5 342 295
Additions	1 500 000	1 300 000
Interest received	547 570	344 660
Payment received	(1 400 400)	(1 050 000)
	6 584 125	**5 936 955**

Investment terms are as follows

Retained value: The value shall be equivalent to the value of funds as so determined by the ECGA at any given time.

Interest rate: The investment earns interest at prime lending rate less 3% per annum.

Duration: The investment contract has no set expiry date but amount investment are repayment on demand on an overnight basis.

Figures in Emalangeni	2024	2023
3. Investment (continued)		
Current assets		
Investment	6 584 125	5 936 955
4. Trade and other receivables		
Trade receivables	21 363	-
Other receivables	14 906	23 421
	36 269	**23 421**
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash in hand	1 154	2 000
Nedbank current account	106 033	129 499
Nedbank call account	11 172	10 849
	118 359	**142 348**
6. Training grant		
Grant		
Eswatini Sugar Association	-	14 061

This is a grant received from Eswatini Sugar Association for training farmers on better farming methods. The grant has been utilized in fully as at year end.

7. 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**

8. General reserve

Balance at beginning of the year	2 395 101	2 248 419
Transfer to general reserves	124 009	146 682
	2 519 110	**2 395 101**

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

Figures in Emalangeni	2024	2023
9. Trade and other payables		
Other payables	92 946	42 876
Provision for audit fees	57 000	57 000
Provision for leave pay	27 995	49 984
Provision for bonus pay	187 265	159 338
	365 206	**309 198**
10. Tax		
Balance at beginning of the year	(6 822)	1 896
Current tax for the year recognised in profit or loss	(50 380)	(10 370)
Balance at end of the year	36 827	6 822
	(20 375)	**(1 652)**
11. Cash generated from operations		
Profit before taxation	543 252	597 143
Adjustments for:		
Depreciation	107 123	105 461
Interest received	(547 570)	(344 835)
Profit on sale of assets	-	(4 545)
Changes in working capital:		
Trade and other receivables	(12 848)	(13 388)
Trade and other payables	56 008	(1 841)
	145 965	**337 995**

12. Related parties

Related party transactions

Executive Committee	201 863	146 790
Eswatini Sugar Association	30 000	-

Eswatini Cane Growers Association has a 50% representation on the Eswatini Sugar Association. 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 E6 584 125(2023: E5 936 955).

The Association made a contribution to the Eswatini Sugar Association, towards the annual sugarcane growers competition which is a skills development program for the farmers.

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Emalangeni	Note(s)	2024	2023
Revenue			
Levies		3 082 027	3 005 079
Miller-Cum-Planter		1 287 636	1 242 296
		4 369 663	**4 247 375**
Other income			
Interest received		547 570	344 835
Sundry income		17 023	-
Gains on disposal of assets		-	4 545
		564 593	**349 380**
Operating expenses			
Accounting fees		1 000	2 600
Advertising		46 877	32 529
Auditors fees		57 000	57 000
Bank charges		21 062	17 038
Cleaning		3 888	619
Consulting fees		269 856	110 029
Courier & Postage		850	1 459
Depreciation		107 123	105 461
Electricity		33 478	29 326
Entertainment		13 516	2 878
Executive committee expenses		201 863	146 790
Insurance and licences		74 022	88 265
Legal expenses		15 465	-
Meetings		148 786	152 718
Motor vehicle expenses		212 385	213 554
Printing and stationery		84 758	59 276
Rent and office facilities		253 592	241 516
Repairs and maintenance		21 165	11 774
Salaries and wages		2 373 355	2 335 180
Growers welfare		30 923	33 101
Subscriptions		218 581	196 087
Telephone and postage		65 710	74 431
Travel and subsistence expenses		135 749	87 981
		4 391 004	**3 999 612**
Surplus (deficit) before taxation		**543 252**	**597 143**
Taxation		50 380	10 370
Surplus for the year		**492 872**	**586 773**

TAX COMPUTATION

	E
Net income per income statement	543 252
Non-deductable/(Non taxable) items	
Levies	(4 369 663)
Interest Received	(547 570)
Sundry income	(17 023)
Operating Expenses	4 391 004
	(543 252)
Allowable Deductions	
Interest Received	547 570
Sundry income	17 023
Insurance	(74 022)
Repairs and maintenance	(21 165)
11% Effective Executive Director's salary	(141 364)
11% Office admin staff salary	(119 705)
11% Printing and stationary	(9 323)
11% Telephone	(7 228)
11% Audit Fees	(6 270)
11% Bank Charges	(2 317)
	183 199
Taxable income	**183 199**
Tax thereon @ 27.5%	**50 380**
Tax liability	
	E
Amount prepaid at the beginning of the year	6 822
Tax owing/(prepaid) for the current year	
Normal tax	
Per calculation	50 380
1st provisional payment	(5 828)
2nd provisional payment	(5 828)
Other payments	(8 719)
	30 005
Amount owing/(prepaid) at the end of year	**36 827**

SUPPLEMANTARY INFORMATION

1. Audit fees

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

2. Legal fees

Henwood & Company	15 465

3. Rent paid

Tibiyo Properties	253 592

4. Insurance

Eswatini Insurance brokers	74 022

ECGA
ESWATINI CANE GROWERS ASSOCIATION

ANNUAL REPORT

FOR THE YEAR ENDED MARCH

2024

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