SWAZILAND SUGAR ASSOCITION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2015

SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2015

Contents **Page**

COUNCIL MEMBERS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2015

Council Members' responsibility statement for the consolidated and separate financial statements

The Association's Council Members are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Swaziland Sugar Association, comprising the statements of financial position at 31 March 2015, the statements of comprehensive income, changes in reserves and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Swaziland Sugar Act of 1967, as set out on pages 5 to 67. The Council Members are also responsible for the preparation of the Council Members report.

The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The Council Members have made an assessment of the Association and its subsidiaries' ability to continue as going concerns and have no reason to believe the businesses' will not be a going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The consolidated and separate financial statements as set out above were approved by the Council Members on 2 July 2015 and are signed on its behalf by:

N Jackson	Dr M S Matsebula
President	**Chief Executive Officer**

2 July 2015

Independent Auditors' Report

To the Members of Swaziland Sugar Association

We have audited the consolidated and separate financial statements of Swaziland Sugar Association, which comprise the statements of financial position at 31 March 2015, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Council Members' report, as set out on pages 5 to 67.

Council's responsibility for the financial statements

The Association's council members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Swaziland Sugar Act of 1967, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Swaziland Sugar Association at 31 March 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Swaziland Sugar Act of 1967.

KPMG Chartered Accountants (Swaziland)
Auditors

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2015

Council has pleasure in submitting their report together with the consolidated and separate financial statements of the Association for the financial year ended 31 March 2015.

Business activities

The Association, which is established by an Act of Parliament, is involved in the purchasing and selling of sugar and molasses in Swaziland. The function of the Association under the Act is to also regulate the sugar industry.

General review of business operations and results

The state of affairs of the Association at 31 March 2015 and the results of its operations for the year then ended, are fully set out in these financial statements.

Results of operations

The Group recorded revenue of E4,11 billion (2014: E4,55 billion). The decrease in revenue is mainly attributable to unfavourable selling prices in the EU market and the strengthening of the Lilangeni against export currencies though the sales volume was higher than the previous year. The cost of sales decreased from E4,15 billion to E4,04 billion in line with decreased distributable proceeds. Profits that are made by the Association are distributed in full to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E26,99 million (2014: E22,06 million). The increase is mainly as a result of changes in sales terms. In the current year, the Group was responsible for majority of the shipment costs.

Net financing costs, including foreign gains and losses, decreased from a loss E318,78 million in 2014 to profit of E16,64 million. This is primarily a result of a lower volatility of the Lilangeni against export currencies during the year, coupled with effective hedging activities. Foreign exchange gains of E129,05 million were realised compared to foreign exchange losses of E206,18 million in the previous year. Interest paid also decreased marginally from E112,62 million to E112,43 million.

Net cash flow hedges realised and transferred to profit or loss relate to foreign exchange gains that were recognised in equity in the previous financial year. SSA's policy is to apply hedge accounting in respect of the hedged items outstanding at year end and this gain or loss is released to profit or loss as the underlying sale transactions occur. At the end of the financial year, there were fewer outstanding forward exchange contracts compared to the previous year.

Consolidated statement of financial position

The carrying value of property, plant and equipment decreased from E169,77 million to E163,61 million in line with the depreciation charge for the year.

Inventories decreased from E664,83 million to E618,74 million as a result of lower closing stock of sugar earmarked for the export market, valued at lower net realisable value expected from the EU market. Selling prices are expected to decrease significantly in the EU market in the following year. Trade receivables increased by E10,38 million when compared with the previous year mainly as a result of a sale that occurred towards the end of the financial year. Trade payables increased by E107,12 million as a result of an increase in the amount available for distribution.

Events subsequent to year end

No events occurred after the reporting date that would require adjustment to or additional disclosure in these financial statements.

Subsidiaries and jointly controlled company

The Association has the following subsidiary companies:

Swaziland Sugar Assets Limited	100%
Sugar Assets (Mhlume) Limited	100%
Sugar Holding Company Limited	100%
Commodity Marketing Company Limited	100%
Sugar Assets (Simunye) Limited	100%

The Association is involved in the following jointly controlled company:

Sociedade Terminal de Açucar De Maputo Lemitada	25%

Council

Council is the highest governing body of the Association. Council comprises an equal number of representatives from the Swaziland Millers Association and the Swaziland Cane Growers Association. The Chairperson is an independent non-executive member. Council members in office at the reporting date were as follows:

Mr T Dlamini	Chairman
Mr N Jackson	President
Mr G White	Vice President
Mr A T Dlamini	
Mr E Ndzimandze	
Mr B James	
Mr E Nxumalo	
Mr S Potts	
Mr J Blumberg	
Mr J M Sithebe	
Mr G Scheepers	
Mr S Geldenhuys	
Mr T Nkhambule	
Mr M Maziya	
Mr M Mndzebele	
Mr P Myeni	
Ms S M Magagula	
Mr G Williams	
Mr O Magwenzi	
Mr P Malandula	
Mr J Matimba	
Mr M Mabuza	

Marketing Executive Committee

The Marketing Executive Committee ("MEC") is a sub-committee of Council and is responsible for the marketing of sugar and molasses. The committee is chaired by an independent non-executive member. MEC members in office at the reporting date were as follows:

Mr T Dlamini	Chairman
Mr N Jackson	President
Mr G White	Vice President
Mr E Nxumalo	
Mr O Magwenzi	
Mr P Malandula	
Mr A T Dlamini	
Mr T Nkhambule	
Mr G Scheepers	
Mr S Geldenhuys	
Mr N Jackson	
Mr J M Sithebe	
Mr J Blumberg	
Mr M Maziya	
Mr S Potts	
Mr G Williams	
Mr M Mndzebele	
Mr DS Dlamini	

Finance Committee

The Finance Committee is a sub-committee of Council and is responsible for overseeing the financial management of the Association. The committee is chaired by an executive member and its members at the reporting date were as follows:

Dr M Matsebula	Chairman
Mr S Potts	
Mr J Blumberg	
Mr I Schei	
Ms S M Magagula	

Alternates

Mr D Dhliwayo	(Alternate to Mr S Potts)
Mr L Ndzimandze	(Alternate to Mr J Blumberg)

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of Council. The Committee is responsible for overseeing the overall risks of the Association and ensuring that adequate controls are in place to mitigate identified risks. The committee is chaired by an independent non-executive member. Members of the Audit and Risk Committee at the reporting date were as follows:

Mr B Mhlongo	Chairman
Mr S Potts	
Mr J Blumberg	
Mr I Schei	
Mr A Ngcobo	

Alternates

Mr D Dhliwayo	(Alternate to Mr S Potts)
Mr L Ndzimandze	(Alternate to Mr J Blumberg)

Secretary
Mr B Nyamane

Business address	*Postal address*
Cnr Msakato & Dzeliwe Street	P O Box 445
Mbabane	Mbabane

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Revenue	6	**4 107 737 432**	4 546 940 980	**4 107 737 432**	4 546 940 980
Cost of sales		**(4 040 177 609)**	(4 147 163 359)	**(4 055 838 016)**	(4 162 288 801)
Gross profit		**67 559 823**	399 477 621	**51 899 416**	384 652 179
Other income		**3 830 340**	689 478	**3 830 340**	689 478
Distribution costs		**(26 988 744)**	(22 064 839)	**(26 976 210)**	(22 064 838)
Administrative expenses		**(60 031 467)**	(59 441 959)	**(58 878 665)**	(58 341 615)
Operating (loss)/profit before financing costs	7	**(15 630 048)**	318 960 301	**(30 125 119)**	304 935 204
Finance income		**155 148 907**	30 185 597	**168 897 115**	44 292 299
Finance expense		**(138 510 000)**	(348 964 964)	**(138 510 000)**	(348 964 964)
Net financing income / (costs)	8	**16 638 907**	(318 779 367)	**30 387 115**	(304 672 665)
Share of (loss)/profit jointly controlled entity (net of tax)		**(746 863)**	81 605	**-**	-
Profit before tax		**261 996**	262 539	**261 996**	262 539
Income tax expense	9	**(261 996)**	(262 539)	**(261 996)**	(262 539)
Profit for the year		**-**	-	**-**	-
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Unrealised cash flow hedges	25	**1 395 883**	22 210 304	**1 395 883**	22 210 304
Total comprehensive income for the year		**1 395 883**	22 210 304	**1 395 883**	22 210 304

Profit for the year is attributable to members of the Association

Total comprehensive income of the group is attributed to the members of the Association.

SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
at 31 March 2015

		Group		Association	
	Notes	**2015**	2014	**2015**	2014
		E	E	**E**	E
ASSETS					
Non-current assets					
Property, plant and equipment	10	**163 608 273**	169 768 714	**14 825 942**	14 041 118
Unsecured loans receivable	11	**29 609**	133 891	**29 609**	133 891
Investment in subsidiaries	12	**-**	-	**500**	500
Jointly controlled entity	12	**25 525 534**	22 787 440	**27 373 009**	23 888 052
Total non-current assets		**189 163 416**	192 690 045	**42 229 060**	38 063 561
Current assets					
Loans to subsidiaries	15	**-**	-	**148 484 691**	155 429 954
Current portion of loan to jointly controlled entity	12	**-**	32 831	**-**	32 831
Unsecured loans receivable	11	**96 323**	79 607	**96 323**	79 607
Inventories	13	**618 736 948**	664 827 914	**618 736 948**	664 827 914
Trade and other receivables	14	**388 297 773**	377 922 048	**388 297 773**	377 922 048
Other financial assets	25	**1 395 883**	22 210 304	**1 395 883**	22 210 304
Cash and cash equivalents	19.3	**54 343 660**	72 870 572	**54 343 660**	72 870 572
Total current assets		**1 062 870 587**	1 137 943 276	**1 211 355 278**	1 293 373 230
Total assets		**1 252 034 003**	1 330 633 321	**1 253 584 338**	1 331 436 791
RESERVES AND LIABILITIES					
Non-distributable reserve	16	**13 022**	13 022	**13 022**	13 022
Cash flow hedge reserve	25	**1 395 883**	22 210 304	**1 395 883**	22 210 304
Total reserves and liabilities		**1 408 905**	22 223 326	**1 408 905**	22 223 326
Non-current liabilities					
Long term liabilities	17	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Current liabilities					
Bank overdraft	19.3	**824 186 909**	988 479 231	**824 186 909**	988 479 231
Trade and other payables	18	**176 302 472**	69 929 200	**177 852 807**	70 732 670
Taxation	19.2	**135 717**	1 564	**135 717**	1 564
Total current liabilities		**1 000 625 098**	1 058 409 995	**1 002 175 433**	1 059 213 465
Total liabilities		**1 251 371 961**	1 308 409 995	**1 252 175 433**	1 309 213 465
Total reserves and liabilities		**1 252 034 003**	1 330 633 321	**1 253 584 338**	1 331 436 791

SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2015

		Group		Association	
	Notes	**2015**	2014	**2015**	2014
		E	E	**E**	E
Cash flows from operating activities					
Cash generated from operations	19.1	**136 641 360**	29 393 844	**114 572 249**	7 086 856
Interest received		**155 148 907**	30 185 597	**168 897 115**	44 292 299
Interest paid		**(138 510 000)**	(348 964 964)	**(138 510 000)**	(348 964 964)
Taxation paid	19.2	**(127 843)**	(400 171)	**(127 843)**	(400 171)
Net cash flows from operating activities		**153 152 424**	(289 785 694)	**144 831 521**	(297 985 980)
Cash flows from investing activities					
Increase in investment in jointly controlled entity		**(3 484 957)**	(4 429 062)	**(3 484 957)**	(4 437 430)
Acquisition of property, plant and equipment		**(4 056 603)**	(3 068 428)	**(2 680 965)**	(2 771 821)
Decrease in loan due from jointly controlled entity		**32 831**	975 050	**32 831**	975 050
Proceeds from the sale of property, plant and equipment		**34 149**	41 300	**34 149**	41 300
Net cash flows from investing activities		**(7 474 580)**	(6 481 140)	**(6 098 942)**	(6 192 901)
Cash flows from financing activities					
Decrease in unsecured loans receivable		**87 566**	79 608	**87 566**	79 607
Unsecured fixed term loan received		**-**	250 000 000	**-**	250 000 000
Repayment of long term liabilities		**-**	(250 000 000)	**-**	(250 000 000)
Loans to subsidiary companies repaid		**-**	-	**6 945 265**	7 912 048
Net cash flows from financing activities		**87 566**	79 608	**7 032 831**	7 991 655
Net increase/(decrease) in cash and cash equivalents		**145 765 410**	(296 187 226)	**145 765 410**	(296 187 226)
Cash and cash equivalents at the beginning of the year		**(915 608 659)**	(619 421 433)	**(915 608 659)**	(619 421 433)
Cash and cash equivalents at the end of the year	19.3	**(769 843 249)**	(915 608 659)	**(769 843 249)**	(915 608 659)

SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2015

	Non-distributable reserve E	Hedging reserve E	Total E
Group and Association 2015			
Balance at beginning of year	**13 022**	**22 210 304**	**22 223 326**
Cash flow hedges realised and reclassified to profit or loss	**-**	**(22 210 304)**	**(22 210 304)**
Unrealised cash flow hedge recognised in other comprehensive income (1)	**-**	**1 395 883**	**1 395 883**
Balance at end of year	**13 022**	**1 395 883**	**1 408 905**
Group and Association 2014			
Balance at beginning of year	13 022	3 615 522	3 628 544
Cash flow hedges realised and reclassified to profit or loss	-	(3 615 522)	(3 615 522)
Unrealised cash flow hedge recognised in other comprehensive income (1)	-	22 210 304	22 210 304
Balance at end of year	13 022	22 210 304	22 223 326

(1) This amount also represents total comprehensive income for the period

1. Reporting entity

Swaziland Sugar Association is an Association domiciled in Swaziland. The address of the Association's registered office is: Corner of Msakato & Dzeliwe Streets, P O Box 445, Mbabane H100, Swaziland. The consolidated and separate financial statements of the Association as at and for the year ended 31 March 2015 cover the activities of the Association and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The Group is primarily involved in purchasing and selling sugar and molasses in Swaziland. Amounts realised from the sale of sugar and molasses stocks are distributed to growers and millers.

2. Basis of preparation

a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), and the requirements of the Swaziland Sugar Act. Except as described in note 2 (e), the principal accounting policies are consistent with those of the previous year and have been applied consistently by the Group.

b) Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair value are discussed further below.

c) Functional and presentation currency

The consolidated and separate financial statements are presented in Swaziland Lilangeni, which is the Association's functional currency and the Group's presentation currency. All financial information presented in Swaziland Lilangeni have been rounded to the nearest one.

d) Use of estimates and judgements

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements
Information about judgements made in applying accounting policies that have a significant effect on amounts recognised in the consolidated and separate financial statements are included in the following notes:

- note 6 : revenue recognition
- note 12 : classification of joint arrangements (refer also section 2(e)(ii) below)
- note 20 : lease classification

2. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties
In particular, information about significant areas of estimation uncertainties that have a significant risk in resulting in a material adjustment in the next year ending 31 March 2016 are included in the following notes:

- note 28 : provisions and contingencies
- notes 11, 14, 15, 17, 18, 25 : valuation of financial instruments
- note 13 : valuation of sugar and molasses stocks
- note 10 : useful lives and residual values

Measurement of fair value
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The group financial director, in consultation with the group finance manager, determines the fair values used. As part of the process for determining the fair values, input data is obtained from the banks (foreign exchange rates) and where necessary reference is made to prices quoted in contracts entered into by the Group.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs other than quoted prices included in level 1 that are observable for the asset of liability, either directly (ie as prices) or indirectly (ie derived from prices)

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level inputs that is significant to the entire measurement. The Association and Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Basis of preparation (continued)

e) Change in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated and separate financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2014.

a. IAS 32 Offsetting Financial Assets and Financial Liabilities

b. IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The nature and effects of the changes are explained below.

i) Offsetting of financial assets and financial liabilities

As a result of the amendments to IAS 32, clarification has been obtained on which items are allowed to be offset. This has had no current effect on the financial statements.

ii) Recoverable amount disclosure for non-financial assets

As a result of the amendment to IAS 36, when a non-financial asset shows indications of impairment, the recoverable amount is required to be disclosed.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Association. The Association controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated.

The Group financial statements incorporate the assets, liabilities and results of the operations of the Association and the following subsidiaries:

	2015 *Control*	**2014** *Control*
■ Swaziland Sugar Assets Limited	100%	100%
■ Sugar Assets (Mhlume) Limited	100%	100%
■ Sugar Holding Company Limited	100%	100%
■ Commodity Marketing Company Limited	100%	100%
■ Sugar Assets (Simunye) Limited	100%	100%

Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of total recognised gains and losses of the joint venture on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in the joint venture, the Group's carrying amount is reduced to nil and recognition of future losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. The following is the joint venture of the Association:

	2015 *Share*	**2014** *Share*
Sociedade Terminal De Açucar De Maputo Limatada ("STAM")	25%	25%

3. Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Emalangeni at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated to Emalangeni at foreign exchange rates ruling at the date the fair value was determined. These foreign currency exchange differences are also recognised in profit or loss.

3.3 Financial instruments

Financial assets include cash and cash equivalents, trade and other receivables, forward exchange contract assets, loans to subsidiaries and unsecured loans receivable.

Financial liabilities include bank overdrafts, long-term liabilities and trade and other payables. All financial liabilities are recognised initially at fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, any directly attributable transaction costs.

Unless otherwise stated, the carrying values of these financial assets and financial liabilities approximate their fair value, due to their short term nature.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

i) Non-derivative financial assets

A financial asset is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

The Group initially recognises loans and receivables on the date they are originated. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Held to maturity financial assets are initially recognised at fair value plus any directly attributable transaction costs.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts and call loans that are payable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition non-derivative financial assets are measured as described below.

Held-to-maturity

If the Group has the positive intent and ability to hold debt security to maturity, then they are classified as held to maturity. Subsequent to initial recognition held to maturity investments are measured at amortised cost using the effective interest method, less impairment losses.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as a held for trading or is designated as such upon initial recognition. Financial assets are recognised initially at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit and loss are measured at fair value and changes therein are recognised in profit or loss.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method less any impairment losses.

Loans and receivables comprise unsecured loans receivable, loans to subsidiaries, cash and cash equivalents and trade and other receivables.

ii) Non-derivative financial liabilities

The Group initially recognises a financial liability when it becomes party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: long term liabilities, bank overdrafts, and trade and other payables.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

iii) Derivative financial instruments (continued)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability of a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

3. Significant accounting policies (continued)

3.4 Impairment

i) Non-derivative financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3. Significant accounting policies (continued)

3.5 Employee benefits

i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iii) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Significant accounting policies (continued)

3.6 Income tax

The income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities is a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Inventories

Inventories of sugar and molasses on hand at the year-end are valued at the amounts distributable to the growers and millers in accordance with the final estimate. The final estimate which represents the amounts to be paid by the Association to growers and millers is considered to be the lower of cost and net realisable value and, is determined as the estimated selling price in the ordinary course of business, less estimated volume rebates, discounts, and point of sale costs.

Management's determination of the final estimate is based on the most reliable evidence available at reporting date.

Other stocks are valued at the lower of cost and net realisable value, on a first in - first out basis.

3. Significant accounting policies (continued)

3.8 Investments

Investments are shown at cost less impairment losses in the Association's separate financial statements, and comprise investments in subsidiaries and jointly controlled entities.

3.9 Leases

i) Leased assets

Leases of plant and equipment under which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are recognised in the statement of financial position by recording an asset and liability equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease. Capitalised leased assets are depreciated in accordance with the depreciation policy noted below, with the depreciation period being the lower of the estimated useful life of the asset or the lease term where appropriate. Lease liabilities are reduced by repayments of principal, whilst the finance charge component of the lease payment is charged directly to profit or loss.

ii) Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight line basis over the term of lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease payments made.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

3.10 Finance income and expense

Finance income comprises interest income on funds invested and foreign currency gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

All interest and other costs other than those noted under the capitalisation of borrowing costs accounting policy below, incurred in connection with borrowings, are expensed as incurred as part of finance expense.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

3.11 Revenue

i) Sugar and molasses sales

Revenue from the sale of sugar and molasses is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of strategic rebates, export rebates and discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods. No revenue is recognised if there is significant continuing management involvement with the goods.

ii) Export sales

Export sales proceeds are translated at the rate ruling when the risk and rewards have passed to the buyer. The difference between the actual rates of exchange at transaction date and the rate at which the Association has obtained advances in foreign currencies for those sales or, where applicable, the rates of exchange actually realised after taking account of forward exchange contracts, is recognised in profit or loss as a foreign currency gain or loss.

3.12 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

3. Significant accounting policies (continued)

3.12 Property, plant and equipment (continued)

ii) Depreciation

Freehold land is not depreciated. Improvements to leasehold property are capitalised and depreciated over the period of the lease. Depreciation is calculated on a reducing balance and on a straight line basis at the rate considered appropriate to reduce the carrying value of their useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Buildings	25
Motor vehicles	5
Plant, machinery and equipment	10
Furniture and fittings	10
Computer equipment	3
Sugar assets	
Bulk store	
Bulk store building	40
Bulk store equipment	20 - 40
Conditioning silo	
Conditioning building	40
Conditioning equipment	10 - 40
Molasses storage	
Molasses tanks	40
Molasses equipment	10 - 35
Bagging plant equipment	20
Bulk loading equipment	20
Front end loader equipment	15
VHP reclaim equipment	20

iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

3.13 Borrowing costs

Borrowing costs incurred in respect of assets which require more than one year to construct (qualifying assets) are capitalised up to the date that the assets are brought into use, and to the extent that the borrowing costs have been incurred to finance operations, they are expensed as incurred.

3.14 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Swaziland Sugar Association for the year ended 31 March 2015, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2015

- *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19)

Effective for the financial year commencing 1 April 2016

- IFRS 14 *Regulatory Deferral Accounts*
- *Accounting for Acquisitions of Interest in Joint Operations* (Amendment to IFRS 11)
- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38)
- *Agriculture: Bearer Plant* (Amendments to IAS 16 and IAS 41)
- *Equity Method in Separate Financial Statements* (Amendments to IAS 27)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)
- *Disclosure Initiative* (Amendment to IAS 1)
- *Investment Entities: Applying the Consolidation Exemption* (Amendments to IFRS 10, IFRS 12 and IAS 38)

Effective for the financial year commencing 1 April 2017

- IFRS 15 *Revenue from Contracts with Customers*

Effective for the financial year commencing 1 April 2018

- IFRS 9 *Financial Instruments*

* All Standards and Interpretations will be adopted at their effective date, except for those Standards and Interpretations that are not applicable to the entity.

4. New standards and interpretations not yet adopted (continued)

IAS 16 amendment, IAS 19 amendment, IAS 27 amendment, IAS 28 amendment, IAS 38 amendment, IAS 41 amendment, IFRS 10 amendment, IFRS 11 amendment, IFRS 12 amendment, and IFRS 14 are not applicable to the business of the entity and will therefore have no impact on future financial statements.

The impact of the remaining statements on the financial statements has been estimated as follows:

***Disclosure Initiative* (Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 April 2016 and early application is permitted.

IFRS 15 *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely not have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 March 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 April 2017, with early adoption permitted under IFRS.

IFRS 9 *Financial Instruments*

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will not have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 April 2018 with retrospective application, early adoption is permitted.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price obtained from the Association's bankers. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
6. Revenue				
Revenue comprises:				
- Sugar sales	**3 973 537 520**	4 433 027 832	**3 973 537 520**	4 433 027 832
- Molasses sales	**134 199 912**	113 913 148	**134 199 912**	113 913 148
	4 107 737 432	4 546 940 980	**4 107 737 432**	4 546 940 980

Sugar is sold into the South African Customs Union (“SACU”), regional and international markets. Molasses is sold within the SACU market. The percentage analysis of revenue by market is provided in note 23.

7. Operating (loss) / profit before financing

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Operating (loss) / profit before financing costs is arrived at after charging (crediting) the following:				
Income:				
Sugar recoveries	**2 433 828**	352 635	**2 433 828**	352 635
Profit on sale of property, plant and equipment	**-**	3 865	**-**	3 865
Expenses:				
Auditors remuneration				
- Current year	**139 675**	131 150	**139 675**	131 150
- Prior year	**393 601**	390 500	**393 601**	390 500
Council emoluments	**-**	-	**-**	-
Depreciation	**10 163 590**	10 221 635	**1 842 687**	1 681 809
Lease expenses	**996 060**	984 577	**996 060**	984 577
Loss on sale of property, plant and equipment	**19 305**	-	**19 305**	-
Management fees				
- Computer related	**16 605**	149 618	**16 605**	149 618
Payroll costs	**17 558 653**	20 817 076	**17 558 658**	20 817 076

8. Net financing costs

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Included in net finance cost are:				
Unrealised foreign exchange gains	**22 210 304**	3 615 522	**22 210 304**	3 615 522
Realised foreign exchange gains / (losses)	**127 244 094**	(206 183 395)	**127 244 094**	(206 183 395)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
9. Income tax expense				
Tax recognised in profit or loss				
Current year charge	**(261 996)**	(267 283)	**(261 996)**	(267 283)
Prior year over provision	**-**	4 744	**-**	4 744
	(261 996)	(262 539)	**(261 996)**	(262 539)
Tax rate reconciliation				
Profit/(loss) before taxation	**261 996**	262 539	**261 996**	262 539
Tax thereon at 27.5%	**(72 049)**	(72 198)	**(72 049)**	(72 198)
Non-deductible expenses	**(189 947)**	(195 085)	**(189 947)**	(195 085)
Prior year over provision	**-**	4 744	**-**	4 744
	(261 996)	(262 539)	**(261 996)**	(262 539)
10. Property, plant and equipment				
Cost				
Freehold land and buildings	**12 501 862**	12 398 035	**12 501 862**	12 398 035
Leasehold land and buildings	**166 947**	166 947	**166 947**	166 947
Plant, machinery and computer equipment	**15 546 811**	14 531 003	**15 546 811**	14 531 003
Furniture and fittings	**1 742 439**	1 644 003	**1 742 439**	1 644 003
Motor vehicles	**4 356 049**	3 241 041	**3 845 791**	2 730 783
Conditioning silo buildings	**63 380 195**	63 380 195	**-**	-
Sugar store buildings	**89 807 023**	89 807 023	**-**	-
Molasses storage buildings	**1 371 928**	1 371 928	**-**	-
Conditioning silo equipment	**49 263 123**	48 461 259	**-**	-
Sugar store equipment	**53 255 945**	52 682 171	**-**	-
Molasses storage equipment	**22 457 501**	22 457 501	**-**	-
Capital work in progress	**5 170 847**	5 126 390	**5 170 047**	5 125 593
	319 020 670	315 267 499	**38 973 897**	36 596 364
Accumulated depreciation				
Freehold land and buildings	**(10 074 932)**	(9 710 499)	**(10 074 932)**	(9 710 499)
Leasehold land and buildings	**(163 356)**	(161 430)	**(163 356)**	(161 430)
Plant, machinery and computer equipment	**(11 148 230)**	(10 404 069)	**(11 148 230)**	(10 404 069)
Furniture and fittings	**(1 115 641)**	(1 061 505)	**(1 115 641)**	(1 061 505)
Motor vehicles	**(1 986 028)**	(1 523 941)	**(1 645 796)**	(1 217 743)
Conditioning silo buildings	**(22 441 135)**	(20 910 724)	**-**	-
Sugar store buildings	**(30 140 260)**	(27 835 516)	**-**	-
Molasses storage buildings	**(1 371 928)**	(1 371 928)	**-**	-
Conditioning silo equipment	**(36 216 760)**	(34 287 284)	**-**	-
Sugar store equipment	**(28 174 953)**	(26 181 002)	**-**	-
Molasses storage equipment	**(12 579 174)**	(12 050 887)	**-**	-
	(155 412 397)	(145 498 785)	**(24 147 955)**	(22 555 246)

10. Property, plant and equipment (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Carrying amount				
Freehold land and buildings	**2 426 930**	2 687 536	**2 426 930**	2 687 536
Leasehold land and buildings	**3 591**	5 517	**3 591**	5 517
Plant, machinery and computer equipment	**4 398 581**	4 126 934	**4 398 581**	4 126 934
Furniture and fittings	**626 798**	582 498	**626 798**	582 498
Motor vehicles	**2 370 021**	1 717 098	**2 199 995**	1 513 040
Conditioning silo buildings	**40 939 060**	42 469 471	**-**	-
Sugar store buildings	**59 666 763**	61 971 507	**-**	-
Molasses storage buildings	**-**	-	**-**	-
Conditioning silo equipment	**13 046 363**	14 173 975	**-**	-
Sugar store equipment	**25 080 992**	26 501 169	**-**	-
Molasses storage equipment	**9 878 327**	10 406 614	**-**	-
Capital work in progress	**5 170 847**	5 126 390	**5 170 047**	5 125 593
	163 608 273	169 768 714	**14 825 942**	14 041 118

The sugar conditioning plant, molasses storage tanks and sugar warehouse in Big Bend are situated on land owned by Ubombo Sugar Limited and over which a subsidiary of the Association has been granted servitude of right of use for a period of 100 years which commenced on 20 August 1994. Upon termination of the servitude, Ubombo Sugar Limited has the option to purchase the plant at a price equal to the final cost of the plant, or to lease the plant at a rental to be agreed. The sugar conditioning plant, molasses storage tanks and sugar warehouse at Mhlume are situated on land sub-leased from Mhlume (Swaziland) Sugar Company Limited. The sub-lease expired on 8 September 2008 and is in the process of being renewed. The subsidiary of the Association has the right to renew the sub-lease thereafter for a further period of twenty- five years. The warehouse and bagging plant at Simunye is situated on land to be sub-leased from the Royal Swaziland Sugar Corporation Limited. The sub-lease is still to be registered. Depreciation for the year has been charged as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

10. Property, plant and equipment (continued)

Allocation of depreciation

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Direct cost of sales	**919 999**	732 647	**919 999**	732 647
Direct analysis of cane	**191 127**	179 895	**191 127**	179 895
Extension services	**291 126**	246 404	**291 126**	246 404
Administration	**440 433**	522 863	**440 435**	522 863
Operating expense	**8 320 905**	8 539 826	**-**	-
Total	**10 163 590**	10 221 635	**1 842 687**	1 681 809

Reconciliation of the opening and closing carrying amounts

Association

	Opening carrying amount	**Additions**	**Disposals**	**Transfer**	**Deprec-iation**	**Closing carrying amount**
	E	**E**	**E**	**E**	**E**	**E**
Freehold land and buildings	2 687 536	28 004	-	75 824	(364 434)	**2 426 930**
Leasehold land and buildings	5 517	-	-	-	(1 926)	**3 591**
Plant and equipment	4 126 934	151 913	(28 097)	1 047 159	(899 328)	**4 398 581**
Furniture and fittings	582 498	27 011	(2 375)	80 851	(61 187)	**626 798**
Motor vehicles	1 513 040	473 306	(22 982)	752 443	(515 812)	**2 199 995**
Capital work in progress	5 125 593	2 000 731	-	(1 956 277)	-	**5 170 047**
	14 041 118	2 680 965	(53 454)	-	(1 842 687)	**14 825 942**

10. Property, plant and equipment (continued)

	Opening carrying amount E	Additions E	Dispo-sals E	Transfer E	Deprec-iation E	Closing carrying amount E
Group						
Freehold land and buildings	2 687 536	28 004	-	75 825	(364 434)	**2 426 930**
Leasehold land and buildings	5 517	-	-	-	(1 926)	**3 591**
Plant and equipment	4 126 934	151 913	(28 097)	1 047 159	(899 328)	**4 398 581**
Furniture and fittings	582 498	27 011	(2 375)	80 851	(61 187)	**626 798**
Motor vehicles	1 717 100	473 306	(22 982)	752 443	(549 846)	**2 370 021**
Conditioning silo buildings	42 469 471	-			(1 530 411)	**40 939 060**
Sugar store buildings	61 971 507	-			(2 304 744)	**59 666 763**
Conditioning silo equipment	14 173 975	801 864			(1 929 476)	**13 046 363**
Sugar store equipment	26 501 169	-		573 774	(1 993 951)	**25 080 992**
Molasses storage equipment	10 406 614	-			(528 287)	**9 878 327**
Capital work in progress	5 126 393	2 000 731	-	(1 956 277)	-	**5 170 847**
	169 768 714	4 056 603	(53 454)	-	(10 163 590)	**163 608 273**

		Group		Association	
		2015	2014	**2015**	2014
		E	E	**E**	E
11. Unsecured loans receivable	**Interest p.a.**				
The Royal Swaziland Sugar Corporation Limited					
Repayable together with interest in eleven equal annual instalments terminating 30 June 2016	10%	**56 549**	81 028	**56 549**	81 028
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**26 821**	51 203	**26 821**	51 203
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**42 562**	81 267	**42 562**	81 267
Total unsecured loans receivable		**125 932**	213 498	**125 932**	213 498
Less current portion due within one year disclosed as current assets		**(96 323)**	(79 607)	**(96 323)**	(79 607)
Non-current portion		**29 609**	133 891	**29 609**	133 891

Unsecured loans receivable are in respect of amounts receivable from millers. Refer above for terms of repayment.

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
12. Investments				
Shares at cost				
- Swaziland Sugar Assets Limited	**-**	-	**100**	100
- Sugar Assets (Mhlume) Limited	**-**	-	**100**	100
- Sugar Assets (Simunye) Limited	**-**	-	**100**	100
- Sugar Holding Company Limited	**-**	-	**100**	100
- Commodity Marketing Company Limited	**-**	-	**100**	100
			500	500

	Group		Association	
	2015	2014	**2015**	2014
Jointly controlled entity				
Investment in jointly controlled entity				
Opening balance	**22 787 440**	18 269 405	**23 888 052**	19 451 622
Share of (loss)/profit of equity accounted investment	**(746 863)**	81 605	**-**	-
Investment during the year	**3 484 957**	4 436 430	**3 484 957**	4 436 430
	25 525 534	22 787 440	**27 373 009**	23 888 052

The investment relates to shares in Sociedade Terminal De Açucar De Maputo Limitada ("STAM"). Refer to note 27 for analysis of the interest in the jointly controlled entity.

Entity	Principal place of business	Country of incorporation	Ownership 2015 %	Ownership 2014 %
- Swaziland Sugar Assets Limited	Big Bend, Swaziland	Swaziland	**100**	100
- Sugar Assets (Mhlume) Limited	Mhlume, Swaziland	Swaziland	**100**	100
- Sugar Assets (Simunye) Limited	Simunye, Swaziland	Swaziland	**100**	100
- Sugar Holding Company Limited	Dormant	Swaziland	**100**	100
- Commodity Marketing Company Limited	Dormant	Swaziland	**100**	100
Sociedade Terminal De Açucar De Maputo Limitada	Maputo, Mozambique	Mozambique	**25**	25

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
12. Investments in subsidiary companies (continued)				
Long term loan to jointly controlled entity				
Loan to Sociedade Terminal De Açucar De Maputo Limitada ("STAM")				
Opening balance	**-**	1 007 881	**-**	1 007 881
Loan repaid	**-**	(975 050)	**-**	(975 050)
	-	32 831	**-**	32 831
Less current portion of loan	**-**	(32 831)	**-**	(32 831)
	-	-	**-**	-
The repayment of the loan is analysed as follows:				
Within 1 year	**-**	32 831	**-**	32 831
Between 2 – 5 years	**-**	-	**-**	-
More than 5 years	**-**	-	**-**	-
	-	32 831	**-**	32 831

The loan receivable from STAM was to fund the refurbishment of the infrastructure. It does not attract interest and will be repaid at the discretion of the committee members.

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
13. Inventories				
The following inventories were held by the Group:				
Sugar and molasses stocks	**603 308 989**	650 980 504	**603 308 989**	650 980 504
Bags and liners	**15 427 959**	13 847 410	**15 427 959**	13 847 410
	618 736 948	664 827 914	**618 736 948**	664 827 914

There is a negative pledge over inventory. Refer to note 23.

During the year there were no write downs or reversals of any write downs of inventory.

	Group		Association	
14. Trade and other receivables				
Trade receivables	**384 910 320**	257 066 477	**384 910 320**	257 066 477
Other receivables	**3 387 453**	120 855 571	**3 387 453**	120 855 571
	388 297 773	377 922 048	**388 297 773**	377 922 048

There is a negative pledge over trade receivables. The Group's exposure to credit risk; currency risks; and impairment losses related to trade and other receivables is disclosed in note 23.

Other receivables comprise predominantly a VAT refund due from the Swaziland Revenue Authority.

	Group		Association	
15. Loans to subsidiaries				
Loan to Swaziland Sugar Assets Limited	**-**	-	**41 558 215**	43 667 028
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**62 710 208**	65 472 431
Loan to Sugar Assets (Simunye) Limited	**-**	-	**44 216 268**	46 290 495
	-	-	**148 484 691**	155 429 954

The loans attract interest at prime overdraft rate per annum, are unsecured and have no fixed terms of repayment. The repayment of the loans is offset against reconditioning fees charged by the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
16. Non-distributable reserve				
Non distributable reserve	**13 022**	13 022	**13 022**	13 022

The non-distributable reserve is in respect of the debentures that have matured, but not been claimed by the holders.

17. Long term liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 23.

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Fixed loan from Public Service Pensions Fund	**250 000 000**	250 000 000	**250 000 000**	250 000 000

Amounting to E250 million, the loan will be repaid in full on 30 June 2016. Interest is negotiated on a yearly basis and is linked to the prime lending rate. The loan is unsecured.

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Less: current portion transferred to current liabilities	**-**	-	**-**	-
Non-current portion	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Total non-current portion	**250 000 000**	250 000 000	**250 000 000**	250 000 000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

		Current E	Within 2 years E	Within 3 years E	After 3 years E	Total 2015 E
17.	**Long term liabilities (continued)**					
	Debt repayment profile					
	Group - 2015					
	Short term borrowings					
	Bank overdraft	**824 186 909**	**-**	**-**	**-**	**824 186 909**
	Long term liabilities					
	Public Service Pensions Fund	**-**	**250 000 000**	**-**	**-**	**250 000 000**
		824 186 909	**250 000 000**	**-**	**-**	**1 074 186 909**
	Group – 2014					
	Short term borrowings					
	Bank overdraft	988 479 231	-	-	-	988 479 231
	Long term liabilities					
	Public Service Pensions Fund	-	250 000 000	-	-	250 000 000
		988 479 231	250 000 000	-	-	1 238 479 231

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

		Current E	Within 2 years E	Within 3 years E	After 3 years E	Total E
17.	**Long term liabilities (continued)**					
	Debt repayment profile					
	Association - 2015					
	Short term borrowings					
	Bank overdraft	**824 186 909**	**-**	**-**	**-**	**824 186 909**
	Long term liabilities					
	Public Service Pensions Fund	**-**	**250 000 000**	**-**	**-**	**250 000 000**
		824 186 909	**250 000 000**	**-**	**-**	**1 074 186 909**
	Association – 2014					
	Short term borrowings					
	Bank overdraft	988 479 231	-	-	-	988 479 231
	Public Service Pensions Fund	-	250 000 000	-	-	250 000 000
		988 479 231	250 000 000	-	-	1 238 479 231

		Group		Association	
		2015 E	2014 E	**2015 E**	2014 E
18.	**Trade and other payables**				
	Milling companies	**101 901 063**	29 939 813	**102 647 926**	29 939 813
	Other payables and accruals	**74 401 409**	39 989 387	**75 204 881**	40 792 857
		176 302 472	69 929 200	**177 852 807**	70 732 670

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
19. Notes relating to the cash flow statements				
19.1 Cash generated from operations				
Profit for the year before tax	**261 996**	262 539	**261 996**	262 539
Adjustment for non-cash flow items:				
Loss / (profit) on disposal of property, plant and equipment	**19 305**	(3 865)	**19 305**	(3 865)
Depreciation	**10 163 590**	10 221 635	**1 842 685**	1 681 809
Finance income	**(155 148 907)**	(30 185 597)	**(168 897 115)**	(44 292 299)
Finance expenses	**138 510 000**	348 964 964	**138 510 000**	348 964 964
Share of joint venture loss (profit)	**746 863**	(81 605)	**-**	-
	(5 447 153)	329 178 074	**(28 263 129)**	306 613 148
Changes in working capital:				
Increase in inventories	**46 090 966**	(7 686 379)	**46 090 966**	(7 686 379)
Increase in trade and other receivables	**(10 375 725)**	(117 328 110)	**(10 375 725)**	(117 328 110)
Increase in trade and other payables	**106 373 272**	(174 769 738)	**107 120 136**	(174 511 803)
	136 641 360	29 393 844	**114 572 248**	7 086 856
19.2 Taxation paid				
Balance at beginning of year	**(1 564)**	(139 196)	**(1 564)**	(139 196)
Reversal of prior year over provision	**-**	4 744	**-**	4 744
Current year charge	**(261 996)**	(267 283)	**(261 996)**	(267 283)
Balance at end of year	**135 717**	1 564	**135 717**	1 564
Taxation paid	**(127 843)**	(400 171)	**(127 843)**	(400 171)
19.3 Cash and cash equivalents				
Bank balances and cash on hand	**54 343 660**	72 870 572	**54 343 660**	72 870 572
Bank overdrafts	**(824 186 909)**	(988 479 231)	**(824 186 909)**	(988 479 231)
	(769 843 249)	(915 608 659)	**(769 843 249)**	(915 608 659)

The bank overdraft is secured by a negative pledge. The Group’s exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
20. Lease commitments				
Future operating lease rentals of premises not provided for:				
Due within one year	**1 003 049**	1 003 049	**1 003 049**	1 003 049
Two to five years	**-**	1 003 049	**-**	1 003 049
	1 003 049	2 006 098	**1 003 049**	2 006 098

The Association has leased property, which it utilises as offices. The lease period is for three years, renewable. Lease instalments of E83 460 are payable monthly and are subject to an escalation clause of ten percent per annum, effective on the 1 May each year. Refer to note 7 for current year operating lease expense.

	Group		Association	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
21. Foreign currency				
The following balances are (payable)/receivable in foreign currency:				
Payable				
Included in trade payables:				
Sociedade Terminal De Açucar De Maputo Limitada ("STAM")	**(395 510)**	(130 984)	**(395 510)**	(130 984)
ED & Fman	**(44 570)**	-	**(44 570)**	-
Pfeifer and Langen	**-**	(36 204)	**-**	(36 204)
R Markey	**(29 919)**	(20 936)	**(29 919)**	(20 936)
Manica	**(122 156)**	(77 476)	**(122 156)**	(77 476)
	(592 155)	(265 600)	**(592 155)**	(265 600)
Receivables				
Included in trade and other receivables	**1 191 365**	-	**1 191 365**	-
Included in bank balances				
Standard Bank Swaziland Limited	**807 501**	90 428	**807 501**	90 428

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015 (continued)

	Group		Association	
	2015	2014	**2015**	2014
	EURO	EURO	**EURO**	EURO
21. Foreign currency (continued)				
The following balances are (payable)/receivable in foreign currency:				
Included in bank balances				
Standard Bank Swaziland Limited	**102 297**	1 591 174	**102 297**	1 591 174
Nedbank (Swaziland) Limited	**5 223**	864	**5 223**	864
	107 520	1 592 038	**107 520**	1 592 038
Receivable				
Included in trade and other receivables	**10 136 435**	1 989 736	**10 136 435**	1 989 736
Payables				
Included in trade and other payables				
Tate & Lyle	**(5 194)**	-	**(5 194)**	-
Mitra Sugar Limited	**-**	(25 000)	**-**	(25 000)
	(5 194)	(25 000)	**(5 194)**	(25 000)

22. Retirement benefit information

The Group provides retirement benefits for all its permanent employees through a defined contribution fund known as the Swaziland Sugar Association Staff Provident Fund. In terms of the rules of the provident fund the employees contribute 5% - 6% and the employer contributes 11% - 12%. The Group contributed the following amount during the year:

	Group and Association	
	2015	2014
	E	E
Defined contributions	**3 349 250**	3 041 547

23. Financial instruments

Financial risk management

Overview

Financial assets of the Group and Association include cash and cash equivalents, loans receivable, forward exchange contract assets and trade and other receivables. Financial liabilities of the Association and Group include bank overdrafts, long term liabilities and trade and other payables. The Association enters into forward foreign exchange contracts and forward sugar pricing contracts in order to hedge its exposure to currency and pricing risks. The Association and Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Association and Group's exposure to each of the above risks, the Association and Group's objectives, policies and processes for measuring and managing risk, and the Association and Group's management of capital. Further quantitative disclosures are included through these consolidated financial statements.

Council has overall responsibility for the establishment and oversight of the Association and Group's risk management framework. Council has established an Audit Committee, which is responsible for developing and monitoring the Association and Group's risk management policies. The committee reports on a quarterly basis to Council on its activities.

The Association and Group's risk management policies are established to identify and analyse the risks faced by the Association and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association and Group's activities. The Association and Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Association and Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Association and Group. The Audit Committee with the assistance of its internal auditors carries out the role of risk management. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

23. Financial instruments (continued)

Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group and Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group and Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 51 (2014: 40) percent of the Group and Association's revenue is attributable to sales transactions with 30 (2014: 30) customers, within the South African Customs Union ("SACU") market and 49 (2014: 60) percent of the Group and Association's revenue is attributable from sales transactions with 20 (2014: 711) customers, within the regional and to international markets. However, geographically the credit risk is mainly concentrated within the SACU market.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group and Association's standard payment and delivery terms and conditions are offered. The Group and Association's credit terms are cash and where credit terms are extended, security is required. Purchase limits are established for each customer, in line with approved credit terms. These limits are reviewed regularly.

The majority of the Group and Association's customers have been transacting with the Group and Association for over five years, and losses have occurred infrequently. The Group and Association require bank guarantees in respect of trade and other receivables.

The Group and Association provide an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

23. Financial instruments (continued)

Unsecured loans receivable

The Group and Association limit its exposure to credit risk. In the case of the unsecured loans receivable between the Association and the subsidiaries. The loans were advanced from the Association to the subsidiaries in order to finance the construction of the warehouse facilities. The Group utilises the warehouse properties as storage facilities.. Management does not expect any counterparty to fail to meet its obligations. The warehouses are integral to the continued operations of the Group. Loans are receivable as follows:

	Group and Association	
	2015	2014
	E	E
Within one year of reporting date	**96 323**	79 607
More than one year and less than five years from reporting date	**29 609**	133 891
Five years or more from reporting date	**-**	-
	125 932	213 498

The interest rates and terms of repayment of loans receivable are disclosed in note 11 to the financial statements.

Guarantees

The Group and Association's policy is to provide guarantees for loans extended only to its related entities. At 31 March 2015 there were no outstanding loans owed by the subsidiaries.

The Group has acted as a guarantor for the Swaziland Cane Growers Association (SCGA) to Standard Bank Swaziland Limited for an amount of Euro 2 243 218 which action allowed the bank to issue a bank guarantee of an equivalent amount to the European Union (EU) as part of the terms of a grant funding to SCGA.

Any default on the guarantee would be recovered from the amount distributed by the association to the Swaziland Cane Growers Association at the end of each sugar season.

23. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses zero based budgeting to establish its costs and periodically prepares management accounts and cash flow projections, which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. In addition, the Group maintains the following lines of credit:

- E2 109 million (2014: E2 246million) overdraft facility that is secured. Interest would be negotiated.

Market risk

Market risk is the risk of changes in market prices, foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage the exposure within acceptable parameters, while optimising the returns to the industry.

In order to manage market risk, the Group buys and sells derivatives in the ordinary course of business, and as such incurs financial liabilities. All such transactions are carried out within the guidelines set by the Finance Committee and approved by Council. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on sales, foreign currency payments and borrowings that are denominated in a currency other than the Swaziland Lilangeni, which is the Group's functional currency. These are primarily the Euro (€) and U.S. Dollars (USD) and to a lesser extent Pounds Sterling (GBP).

The Group and Association is not exposed to the South African Rand, since the Swaziland Lilangeni is linked to the South African Rand on a 1:1 ratio.

The Group hedges all of its trade receivables denominated in foreign currency, by establishing forward exchange contracts against such sales. Where necessary, forward exchange contracts are rolled over at maturity.

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which hedge accounting is applied are recognised directly in equity. When such hedges are realised they are recognised in other comprehensive income. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of net financing costs. The fair values of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies at 31 March 2015 was E1 395 883 (2014: E22 210 304) recognised in fair value derivatives.

23. Financial instruments (continued)

Forecasted transactions

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and measures them at fair value. The forward exchange contracts and forward exchange currency options at the end of the year were as follows:

	Group		Association	
	2015	2014	**2015**	2014
	EURO	EURO	**EURO**	EURO
Forward exchange cover				
Forward exchange cover with local financial institutions	**36 410 725**	57 228 481	**36 410 725**	57 228 841

	Group		Association	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Forward exchange cover with local financial institutions	**2 376 000**	-	**2 376 000**	-

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investment in STAM, a joint venture based in Maputo, requires that transactions be paid for in foreign currencies. These are undertaken by buying foreign currencies at spot rates.

Interest rate risk

The Group adopts a policy of ensuring its exposure to changes in interest rates on borrowings is on a fixed rate basis, if this is going to be of financial benefit to the Group, otherwise interest rates are maintained as floating rates linked to prime lending rates.

The interest rates and terms of repayment of loans of the Group are disclosed in notes 15 and 17 to the financial statements. Bank overdrafts bear interest at rates linked to the prime overdraft rate as applicable in Swaziland on a floating rate basis.

23. Financial instruments (continued)

Capital management

Council's policy is to maintain a sufficient working capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Council seeks to maintain a balance between the higher returns that might be possible with using long term funding as opposed to short term funding for long term projects. Short term funding is used to finance working capital. Council, for the subsidiary companies, seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year. Neither the Association nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's target is to maintain a current ratio of 1:1. The debt current ratio for the current year is detailed below.

Capital management

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Total current liabilities	**1 001 371 961**	1 058 409 995	**1 002 175 433**	1 059 214 467
Total current assets	**1 062 870 587**	1 137 943 276	**1 211 355 278**	1 293 373 232
Ratio of total liabilities to current assets	**0.94**	0.93	**0.83**	0.82
Cash flow hedge				
Net change in fair value of cash flow hedges transferred from other comprehensive income	**22 210 304**	3 615 522	**22 210 304**	3 615 522
Fair value of cash flow hedges recognised in other comprehensive income	**1 395 883**	22 210 304	**1 395 883**	22 210 304

23. Financial instruments (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Loans and borrowings				
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.				
Non-current liabilities				
Unsecured fixed term loans	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Current liabilities				
Bank overdraft	**824 186 909**	988 479 231	**824 186 909**	988 479 231
	1 074 186 909	1 238 479 231	**1 074 186 909**	1 238 479 231

23. Financial instruments (continued)

Terms and repayment schedule

Group and Association

	Carrying currency	Nominal interest rate	Year of maturity	2015 Face value E	2015 Carrying amount E	2014 Face value E	2014 Carrying amount E
Fixed loan	Lilangeni	Negotiated rates	30 June 2016	**250 000 000**	**250 000 000**	250 000 000	250 000 000
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2015	**824 186 909**	**824 186 909**	988 479 231	988 479 231
Total interest-bearing liabilities				**1 074 186 909**	**1 074 186 909**	1 238 479 231	1 238 479 231

The unsecured bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E1 007 034 721 (2014: E1 115 620 534)

23. Financial instruments (continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		**Association**	
	2015	2014	**2015**	2014
	E	E	**E**	E
Carrying amount				
Loans and receivables	**-**	-	**148 484 692**	155 429 954
Loans to jointly controlled entity	**-**	32 831	**-**	32 831
Trade and other receivables	**388 297 773**	377 922 048	**388 297 773**	377 922 048
Cash and cash equivalents	**54 343 660**	72 870 572	**54 343 660**	72 870 572
Unsecured loans receivables	**125 932**	213 498	**125 932**	213 498
Other forward exchange contracts	**1 395 883**	22 210 304	**1 395 883**	22 210 304
	444 163 248	473 249 253	**592 647 940**	628 679 207
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Southern African Customs Union (“SACU”)	**195 280 386**	221 774 216	**195 280 386**	221 774 216
International	**188 989 951**	40 007 531	**188 989 951**	40 007 531
	384 270 337	261 781 747	**384 270 337**	261 781 747
Trade receivables				
The aging of trade receivables at the reporting date was:				
Gross carrying amount				
Current	**356 542 450**	180 173 089	**356 542 450**	180 173 089
0 – 30 days	**26 172 952**	81 608 658	**26 172 952**	81 608 658
31 – 120 days (past due)	**5 582 371**	-	**5 582 371**	-
	388 297 773	261 781 747	**388 297 773**	261 781 747

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables other than those specifically identified. The allowance includes amounts that have been handed over to our attorneys for collection. The Group requires bank guarantees in respect of trade and other receivables.

23. Financial instruments (continued)

Group - 2015

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	6 months or less E	6 – 12 months E	1 – 2 years E	2 – 5 years E
Non-derivative financial liabilities						
Unsecured bank facility	**824 186 909**	**824 186 909**	**824 186 909**	**-**	**-**	**-**
Trade and other payables	**176 302 472**	**176 302 472**	**176 302 472**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**273 682 534**	**5 807 534**	**267 875 000**	**-**	**-**
	1 250 489 381	**1 274 171 915**	**1 006 296 915**	**267 875 000**	**-**	**-**

The financial liabilities above do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (continued)

Group - 2014

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	6 months or less E	6 – 12 months E	1 – 2 years E	2 – 5 years E
Non-derivative financial liabilities						
Unsecured bank facility	988 479 231	988 479 231	988 479 231	-	-	-
Trade and other payables	69 929 198	69 929 198	69 929 198	-	-	-
Fixed loan	250 000 000	266 750 000	8 375 000	8 375 000	250 000 000	-
	1 308 408 429	1 325 158 429	1 066 783 429	8 375 000	250 000 000	-

The financial liabilities above do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (continued)

Liquidity risk	**Carrying amount E**	**Contractual cash flows E**	**6 months or less E**	**6 – 12 months E**	**1 – 2 years E**
Association – 2015 The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.					
Non-derivative financial liabilities					
Unsecured bank facility	**824 186 909**	**824 186 909**	**824 186 909**	**-**	**-**
Fixed loan	**250 000 000**	**273 682 534**	**5 807 534**	**267 875 000**	**-**
Trade and other payables	**177 049 335**	**177 049 335**	**177 049 335**	**-**	**-**
	1 251 236 244	**1 274 918 778**	**1 007 043 778**	**267 875 000**	**-**
The financial liabilities above do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.					
Association – 2014 The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.					
Non-derivative financial liabilities					
Unsecured bank loans				-	-
Unsecured bank facility	988 479 231	988 479 231	988 479 231	-	-
Fixed loan	250 000 000	266 750 000	8 375 000	8 375 000	250 000 000
Trade and other payables	70 732 670	70 732 670	70 732 670	-	-
	1 309 211 901	1 325 961 901	1 067 586 901	8 375 000	250 000 000

The financial liabilities above do not exceed periods of more than one year. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Group and Association 2015		Group and Association 2014	
	Euro	**USD**	Euro	USD
Trade receivables	**10 136 435**	**1 191 365**	1 989 736	-
Bank balances	**107 520**	**807 501**	1 592 038	90 428
Loans due from jointly controlled entity	**-**	**-**	-	3 123
Trade payables	**-**	**(592 155)**	(25 000)	(266 500)
Gross statement of financial position exposure	**10 243 955**	**1 406 711**	3 556 774	(172 949)
Estimated forecast sales (2015/16)	**99 735 120**	**20 775 206**	149 509 389	7 920 800
Estimated forecast purchases (2015/16)	**-**	**2 772 830**	-	(6 001 080)
Gross exposure	**109 979 075**	**24 954 747**	153 066 163	1 746 771
Forward exchange contracts (2015/14)	**(61 735 120)**	**-**	(57 228 481)	-
Net exposure	**48 243 955**	**24 954 747**	95 837 682	1 746 771

23. Financial instruments (continued)

The following significant exchange rates applied during the year:

	Group and Association Average rates achieved		**Group and Association Closing rates**	
	2015	2014	**2015**	2014
Euro	**14.90**	12.61	**13.12**	14.57
USD	**10.90**	8.71	**12.09**	10.51

Sensitivity analysis

A 10 percent strengthening of the Lilangeni against the Euro and USD at 31 March would have increased export proceeds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015 and 2014.

	Group and Association export proceeds	
	2015	2014
	E	E
USD and EURO (2014:USD and EURO)	**137 463 256**	208 196 000

A 10 percent weakening of the Lilangeni against the Euro and USD at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Group has no exposure to the rand as at 31 March 2015, as the Lilangeni and Rand are linked.

23. Financial instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Fixed rate instruments				
Financial liabilities	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Variable rate instruments				
Financial liabilities	**824 186 909**	988 479 231	**824 186 909**	988 479 231

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the amount available for distribution (profit or loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015 and 2014.

	100 bp increase E	**100 bp decrease E**	**100 bp increase E**	**100 bp decrease E**
31 March 2015				
Variable rate instruments	**8 241 869**	**(8 241 869)**	**8 241 869**	**(8 241 869)**
Cash flow sensitivity (net)	**8 241 869**	**(8 241 869)**	**8 241 869**	**(8 241 869)**
31 March 2014				
Variable rate instruments	9 884 792	(9 884 792)	9 884 792	(9 884 792)
Cash flow sensitivity (net)	9 884 792	(9 884 792)	9 884 792	(9 884 792)

23. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Group			
	2015		2014	
	Carrying amount E	**Fair value E**	Carrying amount E	Fair value E
Assets at fair value				
Forward exchange contracts used on hedging:	**1 395 883**	**1 395 883**	22 210 304	22 210 304
Assets at amortised cost				
Loans receivable	**125 932**	**125 932**	213 498	213 498
Cash and cash equivalents	**54 343 660**	**54 343 660**	72 870 572	72 870 572
Loan due from jointly controlled entity	**-**	**-**	32 831	32 831
Trade and other receivables	**388 297 773**	**388 297 773**	377 922 048	377 922 048
	442 767 365	**442 767 365**	451 038 949	451 038 949
Liabilities at amortised cost				
Trade and other payables	**(176 302 472)**	**(176 302 472)**	(69 929 198)	(69 929 198)
Unsecured fixed loan	**(250 000 000)**	**(250 000 000)**	(250 000 000)	(250 000 000)
Bank overdraft	**(824 186 909)**	**(824 186 909)**	(988 479 231)	(988 479 231)
	(1 250 489 381)	**(1 250 489 381)**	(1 308 408 429)	(1 308 408 429)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Association			
	2015		2014	
	Carrying amount E	**Fair value E**	Carrying amount E	Fair value E
Assets at fair value				
Forward exchange contracts used for hedging:	**1 395 883**	**1 395 883**	22 210 304	22 210 304
Assets at amortised cost*:*				
Loans and receivables	**148 484 691**	**148 484 691**	155 429 954	155 429 954
Loans due from equity-accounted investee	**-**	**-**	32 831	32 831
Trade and other receivables	**-**	**-**	337 922 048	337 922 048
Cash and cash equivalents	**54 343 660**	**54 343 660**	72 870 572	72 870 572
	202 828 351	**202 828 351**	566 255 405	566 255 405
Liabilities at amortised cost				
Unsecured fixed loan	**(250 000 000)**	**(250 000 000)**	(250 000 000)	(250 000 000)
Trade and other payables	**(177 185 052)**	**(177 185 052)**	(70 733 670)	(70 733 670)
Bank overdraft	**(824 186 909)**	**(824 186 909)**	(988 479 231)	(988 479 231)
	(1 251 371 961)	**(1 251 371 961)**	(1 309 212 901)	(1 309 212 901)

23. Financial instruments (continued)

Basis for determining fair values

The basis for determining fair values is detailed in note 5..

Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 E	Level 2 E	Level 3 E
2015			
Forward exchange contract asset	**-**	**1 395 883**	**-**
2014			
Forward exchange contract asset	-	22 210 304	-

23. Financial instruments (continued)

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**112 425 302**	112 620 702	**112 425 302**	112 620 702
Foreign exchange loss	**26 084 698**	236 344 262	**26 084 698**	236 344 262
Finance expenses	**138 510 000**	348 964 964	**138 510 000**	348 964 964
Finance income on financial assets				
Net change in fair value of cash flow hedges transferred from other comprehensive income	**(22 210 304)**	(3 615 522)	**(22 210 304)**	(3 615 522)
Other interest income	**-**	24 729	**-**	24 729
Interest income on loans originated by the Association	**-**	-	**13 764 520**	14 106 703
IAS 39 reclassification from revenue	**155 148 907**	30 160 868	**155 148 907**	30 160 868
Finance income	**132 938 603**	26 570 075	**146 703 123**	40 676 778
Net finance costs	**(5 571 397)**	322 394 889	**(8 193 123)**	308 288 186

The above financial income and expenses include the following in respect of assets (liabilities) not at fair value through profit or loss:

	Group 2015 E	Group 2014 E	Association 2015 E	Association 2014 E
Total interest income on financial assets	**132 938 603**	26 570 075	**146 703 123**	40 676 778
Total interest expense on financial liabilities	**138 510 000**	348 964 964	**138 510 000**	348 964 964

24. Related parties

Identification of related parties:

Related parties comprise subsidiary companies, a joint venture, the millers and the growers. The council and other key portfolios are occupied by representatives from the millers and growers.

The main related party transactions relate to sugar and molasses purchases and sales, property leases, provision of technical and related services and related party loans. All related party transactions and interest arising in respect of related party loans were concluded on a market related and arm's length basis.

24.1 Amounts due by related parties

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
Loans receivable	**125 932**	213 498	**125 932**	213 498
Loan due from equity accounted investee	**-**	32 831	**-**	32 831
Accounts receivable – millers	**641 202**	3 826 504	**641 202**	3 826 504
Loans to subsidiaries	**-**	-	**148 484 692**	155 429 954
	767 134	4 072 833	**149 251 826**	159 502 787

24.2 Amounts due to related parties

Milling creditors (refer to note 18)	**102 647 926**	29 939 813	**102 647 926**	29 939 813

24.3 Related party transactions

Conditioning fee paid	**-**	-	**27 045 729**	26 049 994
Interest on loan to subsidiaries	**-**	-	**13 748 208**	14 106 703
Sugar purchases	**3 475 951 129**	3 682 851 927	**3 475 951 129**	3 682 851 927
Molasses purchases	**69 909 415**	61 262 853	**69 909 415**	61 262 853

Millers and growers receive no remuneration for sitting on the various councils and portfolio committees.

Key management personnel compensation
Key management personnel receive salaries as approved by the remuneration committee. In addition to their salaries, management personnel receive incentive bonuses as determined and approved by the remuneration committee.

Key management only receive short term benefits. Key management do not receive any post-employment benefits, other long term benefits, termination benefits or share based payments.

	Group		Association	
	2015	2014	**2015**	2014
	E	E	**E**	E
25. Other financial assets				
Cash flow hedge reserve				
Balance at the beginning of the year	**22 210 304**	3 615 522	**22 210 304**	3 615 522
Effective portion of changes in fair value of cash flow hedges	**1 395 883**	22 210 304	**1 395 883**	22 210 304
Net change in fair value of cash flow hedges reclassified to profit or loss	**(22 210 304)**	(3 615 522)	**(22 210 304)**	(3 615 522)
Balance at the end of the year	**1 395 883**	22 210 304	**1 395 883**	22 210 304

26. Capital commitments

Approved but not yet contracted for	**1 408 917**	3 598 152	**1 408 917**	3 598 152
Approved and contracted for	**833 066**	857 606	**833 066**	857 606
	2 241 983	4 455 758	**2 241 983**	4 455 758

The proposed capital expenditure will be incurred in the new financial year and will be financed by external borrowings.

27. Equity accounted joint venture

Sociedade Terminal De Açucar De Maputo Limitada ("STAM") is the only joint arrangement in which the Association and Group participate. The arrangement was entered into to faciliate the construction of a Silo Storage facility in Maputo, Mocanbique which are utilised by the partners in the arrangement for storage of sugar destined for the export markets.

STAM is structured as a separate legal entity and the Group has a residual interest in the net assets of STAM. Accordingly the Group classifies its interest in STAM as a joint venture. In accordance with the agreement under which STAM was formed, the Group and the other three investors in the joint venture have agreed to make additional contributions in proportion to their shareholding to finance any working capital or capital requirements. The investors have also agreed to make good, in proportion to their shareholding, any losses should the need arise.

The following table summarises the financial information of STAM as included in its own financial statements.

	Group	
	2015	2014
	E	E
Non-current assets	117 085 001	113 610 581
Current assets	34 390 984	29 148 723
Total assets	151 475 985	142 759 304
Non-current liabilities	116 460 238	91 084 174
Current liabilities	35 015 747	51 675 130
Total liabilities	151 475 985	142 759 304
Revenue	100 887 350	85 837 042
Expenses	103 874 802	(85 510 629)
Profit / (loss) for the year	2 987 455	326 413
Share of (loss) / profit after tax recognised in the statement of comprehensive income	(746 863)	81 605
Ownership	25%	25%

28. Provisions and contingent liabilities

On 31 March 2015, the Group had no contingent liabilities against it.

The Group had made the following provision at year end:

Provision for incentive bonus

	Group		**Association**	
	2015	2014	**2015**	2014
	E	E	**E**	E
Balance at beginning of year	**5 173 410**	5 581 012	**5 173 410**	5 581 012
Provision raised during the year	**1 500 000**	4 987 088	**1 500 000**	4 987 088
Provision utilised during the year	**(5 105 577)**	(5 394 690)	**(5 105 577)**	(5 394 690)
Balance at the end of the year	**1 567 833**	5 173 410	**1 567 833**	5 173 410

Incentive bonus

The incentive bonus is payable to both management and staff based on financial performance of the Group. The bonus is payable once it has been approved by Council and the Remuneration Committee.

29. Guarantees

The banks have issued guarantees on behalf of the Association in respect of:

- Swaziland Customs and Excise – E208 500 (2014: E208 500)

30. Events after the reporting date

There were no events which have occurred between the accounting date and the date of this report which have a material impact on the financial statements.