THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2017

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COUNCIL MEMBERS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2017

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

The members are responsible for the preparation of the consolidated financial statements which comply with International Financial Reporting Standards (IFRS) and which, in accordance with those standards, fairly present the state of affairs of the association as at the end of the financial year, and the net income and cash flows for that period.

It is the responsibility of the independent auditors to report on the fair presentation of the consolidated financial statements.

The members are ultimately responsible for the internal controls. Management enables the members to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for the association assets. Accounting policies supported by judgements, estimates, and assumptions which comply with IFRS, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the members are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the consolidated financial statements in accordance with IFRS and maintaining accountability for the association's assets and liabilities. Nothing has come to the attention of the members to indicate that any breakdown in the functioning of these controls, resulting in material loss to the association, has occurred during the year and up to the date of this report. The members have a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The consolidated financial statements prepared in accordance with IFRS which appear on pages 6 to 69 were approved by the council members on 06 July 2017 and signed on its behalf by:

T Dlamini	P F Mnisi
Chairman	**Chief Executive Officer**

Independent auditor's report to the member of The Swaziland Sugar Association

To the Shareholders of The Swaziland Sugar Association

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Swaziland Sugar Association (the Association) and its subsidiaries (together the Group) as at 31 March 2017, and its consolidated and separate financial performance and its 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

What we have audited

The Swaziland Sugar Association's consolidated and separate financial statements set out on pages 6 to 69 comprise:

- the consolidated and separate statements of financial position as at 31 March 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies..

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the requirement of the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants. In some instances our internal rules are more stringent than the IFAC Code of Ethics where we believe it is necessary to further protect our independence and consequently the interests of our clients. Locally the Swaziland Institute of Accountants (SIA) has adopted IFAC's Code of Ethics. Where our clients operate in jurisdictions that enforce more stringent auditor independence requirements than required by IFAC, these requirements are followed.

Other information

The members are responsible for the other information. The other information comprises the Council Members Report, as required by the Swaziland Sugar Act of 1967. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the consolidated and separate financial statements

The members are responsible for the preparation and fair presentation of the consolidated and separate 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 members determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the members are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group and/or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Partner: Theo Mason
Chartered Accountant (Swaziland)
Mbabane
Date: 07 September 2017

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2017

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 2017.

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 regulate the sugar industry.

General review of business operations and results

The state of affairs of the Association at 31 March 2017 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 E4,64 billion (2016: E4,57 billion). The increase in revenue is mainly attributable to favourable selling prices and increased sales volume in the SACU market. The cost of sales increased from E4,14 billion to E4,50 billion in line with increased 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 E62 million (2016: E74,61 million). The decrease is mainly as a result of a majority of the sales being on FOB terms as opposed to CIF terms compared with the previous year.

Net financing costs, including foreign gains and losses, decreased from a gain of E278,3 million in 2016 to a loss of E5,04 million. This is primarily a result of high volatility of the Lilangeni against export currencies during the year. Foreign exchange gains of E132,04 million were realised compared to foreign exchange loss of E145,43 million in the previous year. Interest paid also increased from E132,89 million to E137,07 million in line with an increase in distributable proceeds and the prime lending rate. Administration expenses decreased from E79,59 million to E71,28 million as a result of costs incurred for the industry vision review the previous year.

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 E156,06 million to E151,23 million as a result of the depreciation charge and assets disposed during the year.

Inventories decreased from E650,95 million to E533,98 million as a result of lower closing stock quantities, even though the net realisable selling prices were higher in the current year compared to the previous year. Trade receivables decreased by E77,32 million mainly as a result of a sale to Europe made closer to the end of last financial year. Trade payables decreased as a result of a lower amount retained by the millers . Bank overdraft decreased from E699,32 million to E513,25 million in line with the decreased inventory and accounts receivable values.

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2017 (continued)

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 G White	President
Mr N Jackson	Vice President
Mr T Dlamini	Chairman
Dr A T Dlamini	
Mr B James	
Mr S Potts	
Mr L Ndzimandze	
Mr S Geldenhuys	
Mr M Maziya	
Mr M Mndzebele	
Mr P Myeni	
Mr G Williams	Resigned: 31 March 2017
Mr O Magwenzi	
Mr P Malandvula	
Mr M Mabuza	
Mr T Nkambule	
Mr J Blumberg	
Mr M Hlatshwayo	
Mr S Nkambule	
Mr E Nxumalo	
Mrs S Magagula	

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 G White	
Mr O Magwenzi	
Mr P Malandvula	
Dr A T Dlamini	
Mr S Geldenhuys	
Mr N Jackson	
Mr M Maziya	
Mr S Potts	
Mr G Williams	Resigned: 31 March 2017
Mr J Blumberg	

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:

Mr P F Mnisi	Chairman
Mr S Potts	
Mr L Ndzimandze	
Mr J Msibi	
Mr A Ngcobo	

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2017 (continued)

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 L Ndzimandze	
Mr A Ngcobo	
Mr J Msibi	

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 2017

	Notes	Group 2017 E	Group 2016 E	Association 2017 E	Association 2016 E
Revenue	6	**4 635 250 153**	4 573 905 571	**4 635 250 153**	4 573 905 571
Cost of sales		**(4 499 769 448)**	(4 144 654 392)	**(4 515 871 468)**	(4 158 833 778)
Gross profit		**135 480 705**	429 251 179	**119 378 685**	415 071 793
Other income		**4 677 469**	2 186 432	**4 677 469**	2 186 432
Distribution costs		**(61 950 598)**	(74 606 194)	**(61 939 288)**	(74 587 084)
Administrative expenses		**(71 282 000)**	(79 591 256)	**(69 977 533)**	(78 360 035)
Foreign exchange gains /(losses)		**132 035 712**	(145 428 651)	**132 035 712**	(145 428 651)
Operating profit/(loss) before financing costs	7	**138 961 288**	131 811 510	**124 175 045**	118 882 455
Finance income		**-**	17 733	**16 896 113**	14 057 645
Finance expense		**(137 073 755)**	(132 885 078)	**(137 073 755)**	(132 885 078)
Net financing (costs) / income	8	**(137 073 755)**	(132 867 345)	**(120 177 642**	(118 827 433)
Share of profit / (loss) of jointly controlled entity (net of tax)		**2 109 870**	1 110 857	**-**	-
Profit before tax		**3 997 403**	55 022	**3 997 403**	55 022
Income tax expense	9	**(76 117)**	(55 022)	**(76 117)**	(55 022)
Profit for the year		**3 921 286**	-	**3 921 286**	-
Transfer to distributable reserves		**(3 921 286)**	-	**(3 921 286)**	-
		-	-	**-**	-
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Unrealised cash flow hedges	25	**2 260 923**	6 516 589	**2 260 923**	6 516 589
Total comprehensive income for the year		**2 260 923**	6 516 589	**2 260 923**	6 516 589

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.

THE SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
at 31 March 2017

	Notes	Group		Association	
		2017	2016	**2017**	2016
		E	E	**E**	E
ASSETS					
Non-current assets					
Property, plant and equipment	10	**151 231 493**	156 064 508	**8 424 122**	14 420 995
Unsecured loans receivable	11	**-**	-	**-**	-
Investment in subsidiaries	12	**-**	-	**500**	500
Jointly controlled entity	12	**31 848 323**	37 841 288	**39 362 024**	32 815 998
Total non-current assets		**183 079 816**	193 905 796	**47 786 646**	47 237 493
Current assets					
Loans to subsidiaries	15	**-**	-	**142 509 730**	141 345 867
Unsecured loans receivable	11	**-**	29 621	**-**	29 621
Inventories	13	**533 982 558**	650 952 960	**533 982 558**	650 952 960
Trade and other receivables	14	**341 377 612**	418 699 671	**341 377 612**	418 699 671
Other financial assets	25	**2 260 923**	6 516 589	**2 260 923**	6 516 589
Current tax asset	19.2	**173 628**	194 724	**173 628**	194 724
Cash and cash equivalents	19.3	**23 755 414**	19 342 018	**23 755 414**	19 342 018
Total current assets		**901 550 135**	1 095 735 583	**1 044 059 865**	1 237 081 450
Total assets		**1 084 629 951**	1 289 641 379	**1 091 846 511**	1 284 318 943
RESERVES AND LIABILITIES					
Non-distributable reserve	16	**3 934 308**	13 022	**3 934 308**	13 022
Cash flow hedge reserve	25	**2 260 923**	6 516 589	**2 260 923**	6 516 589
Total reserves and liabilities		**6 195 231**	6 529 611	**6 195 231**	6 529 611
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	**513 245 465**	699 321 739	**513 245 465**	699 321 739
Trade and other payables	18	**315 189 255**	333 790 029	**322 405 815**	328 467 593
Total current liabilities		**828 434 720**	1 033 111 768	**835 651 280**	1 027 789 332
Total liabilities		**1 078 434 720**	1 283 111 768	**1 085 651 280**	1 277 789 332
Total reserves and liabilities		**1 084 629 951**	1 289 641 379	**1 091 846 511**	1 284 318 943

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2017

		Group		Association	
	Notes	**2017**	2016	**2017**	2016
		E	E	**E**	E
Cash flows from operating activities					
Cash generated from operations	19.1	**338 460 051**	230 700 203	**313 606 677**	208 699 643
Interest received		**-**	17 733	**16 896 113**	14 057 645
Interest paid		**(137 073 755)**	(132 885 078)	**(137 073 755)**	(132 885 078)
Taxation paid	19.2	**(55 021)**	(385 463)	**(55 021)**	(385 463)
Net cash inflows from operating activities		**201 331 275**	97 447 395	**193 374 014**	89 486 747
Cash flows from investing activities					
Increase in investment in jointly controlled entity		**(6 546 026)**	(5 442 989)	**(6 546 026)**	(5 442 989)
Acquisition of property, plant and equipment		**(11 855 031)**	(2 391 979)	**(2 733 907)**	(1 570 157)
Proceeds from the sale of property, plant and equipment		**7 529 831**	154 790	**7 529 831**	154 790
Net cash outflows from investing activities		**(10 871 226)**	(7 680 178)	**(1 750 102)**	(6 858 356)
Cash flows from financing activities					
Decrease in unsecured loans receivable		**29 621**	96 311	**29 621**	96 311
Loans to subsidiary companies repaid		**-**	-	**(1 163 863)**	7 138 825
Net cash inflows/outflows from financing activities		**29 621**	96 311	**(1 134 242)**	7 235 136
Net increase in cash and cash equivalents		**190 489 670**	89 863 528	**190 489 670**	89 863 528
Cash and cash equivalents at the beginning of the year		**(679 979 721)**	(769 843 249)	**(679 979 721)**	(769 843 249)
Cash and cash equivalents at the end of the year	19.3	**(489 490 051)**	(679 979 721)	**(489 490 051)**	(679 979 721)

STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2017

	Non-distributable reserve E	Hedging reserve E	Total E
Group and Association 2017			
Balance at beginning of year	**13 022**	**6 516 589**	**6 529 611**
Cash flow hedges realised and reclassified to profit or loss	**-**	**(6 516 589)**	**(6 516 589)**
Unrealised cash flow hedge recognised in other comprehensive income (1)	**-**	**2 260 923**	**2 260 923**
Transfer from profit and loss	**3 921 286**	**-**	**3 921 286**
Balance at end of year	**3 934 308**	**2 260 923**	**6 195 231**
Group and Association 2016			
Balance at beginning of year	13 022	1 395 883	1 408 905
Cash flow hedges realised and reclassified to profit or loss	-	(1 395 883)	(1 395 883)
Unrealised cash flow hedge recognised in other comprehensive income (1)	-	6 516 589	6 516 589
Balance at end of year	13 022	6 516 589	6 529 611

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

1. Reporting entity

The 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 2017 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

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 2017 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

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 2016.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Amendments to IAS 1,'Presentation of financial statements' disclosure initiative – In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation. - In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants – In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' - Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[…] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' - Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

2. Basis of preparation (continued)

e) Change in accounting policies

Amendment to IAS 12 – Income taxes - Recognition of deferred tax assets for unrealised losses- Effective date 1 January 2017 - The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

Amendment to IAS 7 – Cash flow statements - Statement of cash flows on disclosure initiative - Effective date 1 January 2017 - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

Amendments to IFRS 2 – 'Share-based payments' Clarifying how to account for certain types of share-based payment transactions - Effective date 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IFRS 15 – Revenue from contracts with customers. Effective date 1 January 2018 - The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

Amendment to IFRS 15 – Revenue from contracts with customers. - Effective date - 1 January 2018 - The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRS 9 – Financial Instruments (2009 &2010)-Financial liabilities, Derecognition of financial instruments, Financial assets and General hedge accounting. - Effective date - 1 January 2018- This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

2. Basis of preparation (continued)

e) Change in accounting policies

International Financial Reporting Standards, interpretations and amendments issued but not effective for 31 March 2017 year-end and the group not early adopted (continued).

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

Amendment to IFRS 9 -'Financial instruments on general hedge accounting. - Effective date - 1 January 2018. The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.
IFRS 16 – Leases, Effective date - 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

2. Basis of preparation (continued)

e) Change in accounting policies

v) International Financial Reporting Standards, interpretations and amendments issued but not effective for 31 March 2017 year-end and the Group not early adopted (continued).

IFRIC 22, 'Foreign currency transactions and advance consideration - Effective date 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

Annual improvements 2014-2016 - Effective date 1 January 2017 - These amendments impact 3 standards:

- IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.

- IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

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

	2017 *Control*	2016 *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:

	2017 *Share*	2016 *Share*
Sociedade Terminal De Açucar De Maputo Limatada ("STAM")	25%	25%

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

3. Significant accounting policies (continued)

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.

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.

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.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

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.

3.4 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.

3. Significant accounting policies (continued)

3.4 Impairment (continued)

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.

3.5 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 The Swaziland Sugar Association for the year ended 31 March 2017, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2016

- *Regulatory Deferral Accounts (IFRS 14)*
- *Accounting for Acquisition of Interest in Joint Venture (Amendments to* IFRS 11*)*
- *Clarification of Acceptable Methods of Depreciation and Amortisation* (IAS16 and 38)
- *Agriculture – Bearer Plants* (IAS 16 and IAS 41 – amendments)
- *Equity method in Separate Financial Statements* (IAS 27)
- *Sales or contribution of Assets between Investor and its Associate or Joint Venture* (IFRS 10 and IAS 28 – amendment)
- *Investment Entities – applying the consolidation exception* (IFRS 10, IFRS 12 and IAS 28)

Effective for the financial year commencing 1 April 2017

- *Disclosure Initiatives (Amendments to* IAS 1*)*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to* IAS 12*)*

Effective for the financial year commencing 1 April 2018

- *Revenue from Contracts with Customers* (IFRS 15)
- *Financial Instruments* (IFRS 9)

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

Effective for the financial year commencing 1 April 2019

- IFRS 16 *Leases*

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

IAS1, IAS 16, IAS 27, IAS 28, IAS 38, IAS 41, IAS 12 IFRS 10, IFRS 11, IFRS 12, and IFRS 14 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations are set out below:

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 have an impact on the Group, which might 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 January 2018 with retrospective application, early adoption 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 might include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.
The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

IFRS 16 *Leases*
IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lesees and lessors. The Group is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

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 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
6. Revenue				
Revenue comprises:				
- Sugar sales	**4 486 751 733**	4 426 774 939	**4 486 751 733**	4 426 774 939
- Molasses sales	**148 498 420**	147 130 632	**148 498 420**	147 130 632
	4 635 250 153	4 573 905 571	**4 635 250 153**	4 573 905 571

Sugar is sold into the Southern 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.

	Group 2017 E	Group 2016 E	Association 2017 E	Association 2016 E
7. Operating profit / (loss) before financing				
Operating profit / (loss) before financing costs is arrived at after charging (crediting) the following:				
Income:				
Sugar recoveries	**-**	2 353 339	**-**	2 353 339
Expenses:				
Auditors remuneration				
- Current year	**107 642**	148 055	**107 642**	148 055
- Prior year	**516 400**	470 429	**516 400**	470 429
Council emoluments	**-**	-	**-**	-
Depreciation	**9 686 735**	9 780 565	**1 729 476**	1 819 925
Lease expenses	**1 071 627**	1 065 784	**1 071 627**	1 065 784
(Profit)/Loss on sale of property, plant and equipment	**(528 526)**	389	**(528 526)**	389
Management fees				
- Computer related	**1 189 259**	1 024 852	**1 189 259**	1 024 852
Payroll costs	**33 981 544**	31 448 347	**33 981 544**	31 448 347

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

8. Net financing costs

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**(137 073 755)**	(132 885 078)	**(137 073 755)**	(132 885 078)
Foreign exchange loss	**-**	(145 428 651)	**-**	(145 428 651)
Finance expenses	**(137 073 755)**	(278 313 729)	**(137 073 755)**	(278 313 729)
Finance income on financial assets				
Other interest income	**-**	17 733	**-**	17 733
Interest income on loans originated by the Association	**-**	-	**16 896 853**	14 039 912
Foreign exchange gain	**132 034 972**	-	**132 034 972**	-
IAS 39 reclassification from revenue	**-**	-	**-**	-
Finance income	**132 034 972**	17 733	**148 931 825**	14 057 645
Net finance costs	**(5 038 783)**	(278 295 996)	**11 858 070**	(264 256 084)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
9. Income tax expense				
Tax recognised in profit or loss				
Current year charge	**(76 117)**	(55 022)	**(76 117)**	(55 022)
	(76 117)	(55 022)	**(76 117)**	(55 022)
Tax rate reconciliation				
Profit/(loss) before taxation	**(76 117)**	55 022	**76 117**	55 022
Tax thereon at 27.5%	**(20 932)**	(15 131)	**(20 932)**	(15 131)
Tax effect of non-deductible expenses	**(55 185)**	(39 891)	**(55 185)**	(39 891)
	(76 117)	(55 022)	**(76 117)**	(55 022)
10. Property, plant and equipment				
Cost				
Freehold land and buildings	**12 455 118**	12 549 892	**12 455 118**	12 549 892
Leasehold land and buildings	**166 947**	166 947	**166 947**	166 947
Plant, machinery and computer equipment	**16 585 116**	15 927 758	**16 585 116**	15 927 758
Furniture and fittings	**1 688 810**	1 729 001	**1 688 810**	1 729 001
Motor vehicles	**5 717 755**	4 432 574	**4 157 497**	3 922 316
Conditioning silo buildings	**63 506 795**	63 506 795	**-**	-
Sugar store buildings	**89 807 023**	89 807 023	**-**	-
Molasses storage buildings	**1 371 928**	1 371 928	**-**	-
Conditioning silo equipment	**49 263 123**	49 263 123	**-**	-
Sugar store equipment	**61 719 839**	53 951 160	**-**	-
Molasses storage equipment	**22 759 948**	22 457 501	**-**	-
Capital work in progress	**20 400**	5 663 511	**19 600**	5 662 704
	325 062 802	320 827 213	**35 073 088**	39 958 618
Accumulated depreciation				
Freehold land and buildings	**(10 741 455)**	(10 442 860)	**(10 741 455)**	(10 442 860)
Leasehold land and buildings	**(165 465)**	(165 281)	**(165 465)**	(165 281)
Plant, machinery and computer equipment	**(12 577 583)**	(11 902 180)	**(12 577 583)**	(11 902 180)
Furniture and fittings	**(1 115 646)**	(1 166 738)	**(1 115 646)**	(1 166 738)
Motor vehicles	**(2 483 790)**	(2 234 829)	**(2 048 817)**	(1 860 564)
Conditioning silo buildings	**(25 521 156)**	(23 971 545)	**-**	-
Sugar store buildings	**(34 733 708)**	(32 445 003)	**-**	-
Molasses storage buildings	**(1 371 928)**	(1 371 928)	**-**	-
Conditioning silo equipment	**(39 772 078)**	(38 081 877)	**-**	-
Sugar store equipment	**(31 870 408)**	(29 948 753)	**-**	-
Molasses storage equipment	**(13 478 092)**	(13 031 711)	**-**	-
	(173 831 309)	(164 762 705)	**(26 648 966)**	(25 537 623)

10. Property, plant and equipment (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
Carrying amount				
Freehold land and buildings	**1 713 663**	2 107 032	**1 713 663**	2 107 032
Leasehold land and buildings	**1 482**	1 666	**1 482**	1 666
Plant, machinery and computer equipment	**4 007 533**	4 025 578	**4 007 533**	4 025 578
Furniture and fittings	**573 164**	562 263	**573 164**	562 263
Motor vehicles	**3 233 965**	2 197 745	**2 108 680**	2 061 752
Conditioning silo buildings	**37 985 639**	39 535 250	**-**	-
Sugar store buildings	**55 073 315**	57 362 020	**-**	-
Molasses storage buildings	**-**	-	**-**	-
Conditioning silo equipment	**9 491 045**	11 181 246	**-**	-
Sugar store equipment	**29 849 431**	24 002 407	**-**	-
Molasses storage equipment	**9 281 856**	9 425 790	**-**	-
Capital work in progress	**20 400**	5 663 511	**19 600**	5 662 704
	151 231 493	156 064 508	**8 424 122**	14 420 995

Included in property, plant and equipment are assets with zero net book values which are still being used by the Group. Summarised details of these assets are as follows:

	2017	2016
	E	E
Cost	**36 834 481**	35 365 525
Accumulated depreciation	**(36 834 481)**	35 365 525
	-	-

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:

10. Property, plant and equipment (continued)

Allocation of depreciation

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
Direct cost of sales	**739 809**	876 360	**739 809**	876 360
Direct analysis of cane	**269 144**	232 472	**269 144**	232 472
Extension services	**305 186**	261 258	**305 186**	261 258
Administration	**415 337**	449 835	**415 337**	449 835
Operating expense	**7 951 259**	7 960 640	**-**	-
Total	**9 680 735**	9 780 565	**1 729 476**	1 819 925

Reconciliation of the opening and closing carrying amounts

Association

	Opening carrying amount	**Additions**	**Disposals**	**Transfer**	**Depreci-ation**	**Closing carrying amount**
	E	**E**	**E**	**E**	**E**	**E**
Freehold land and buildings	2 107 032	-	(28 401)	-	(364 968)	**1 713 663**
Leasehold land and buildings	1 666	-	-	-	(184)	**1 482**
Plant and equipment	4 025 578	11 355	(2 640)	774 717	(801 477)	**4 007 533**
Furniture and fittings	562 263	106 182	(37 135)	-	(58 146)	**573 164**
Motor vehicles	2 061 752	668 460	(116 831)	-	(504 701)	**2 108 680**
Capital work in progress	5 662 704	1 947 910	(6 816 297)	(774 717)	-	**19 600**
	14 420 995	2 733 907	(7 001 304)	-	(1 729 476)	**8 424 122**

10. Property, plant and equipment (continued)

	Opening carrying amount E	Additions E	Dispo-sals E	Transfer E	Depreci-ation E	Closing Carrying Amount E
Group						
Freehold land and buildings	2 107 032		(28 401)		(364 968)	**1 713 663**
Leasehold land and buildings	1 666				(184)	**1 482**
Plant and equipment	4 025 578	11 355	(2 640)	774 717	(801 477)	**4 007 533**
Furniture and fittings	562 263	106 182	(37 135)		(58 146)	**573 164**
Motor vehicles	2 197 745	1 718 460	(116 831)		(565 409)	**3 233 965**
Conditioning silo buildings	39 535 250				(1 549 611)	**37 985 639**
Sugar store buildings	57 362 020				(2 288 705)	**55 073 315**
Conditioning silo equipment	11 181 246				(1 690 201)	**9 491 045**
Sugar store equipment	24 002 407	7 768 677			(1 921 653)	**29 849 431**
Molasses storage equipment	9 425 790	302 447			(446 381)	**9 281 856**
Capital work in progress	5 663 511	1 947 910	(6 816 304)	(774 717)	-	**20 400**
	156 064 508	11 855 031	(7 001 311)	-	(9 686 735)	**151 231 493**

	Interest p.a.	Group 2017 E	Group 2016 E	Association 2017 E	Association 2016 E
11. Unsecured loans receivable					
The Royal Swaziland Sugar Corporation Limited					
Repayable together with interest in eleven equal annual instalments terminating 30 June 2017	10%	-	29 621	-	29 621
Repayable together with interest in eleven equal instalments terminating 31 March 2017	10%	-	-	-	-
Repayable together with interest in eleven equal instalments terminating 31 March 2017	10%	-	-	-	-
Total unsecured loans receivable		-	29 621	-	29 621
Less current portion due within one year disclosed as current assets		-	(29 621)	-	(29 621)
Non-current portion		-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	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
Jointly controlled entity				
Investment in jointly controlled entity				
Opening balance	**32 079 380**	25 525 534	**32 815 998**	27 373 009
Share of profit / (loss) of equity accounted Investment	**2 109 870**	1 110 857	**-**	-
Investment during the year	**6 546 026**	5 442 989	**6 546 026**	5 442 989
Exchange differences	**(8 886 953)**	5 761 908	**-**	-
Closing balance	**31 848 323**	37 841 288	**39 362 024**	32 815 998
The carrying value of the investment comprises:				
Cost of investment	**19 148 730**	19 148 730	-	-
Accummulated post acquisition gains	**44 562**	(2 065 308)	**-**	-
Post acquisition investment	**21 541 984**	14 995 958	-	-
Accummulated foreign exchange gains on translation of Association interest	**(8 886 953)**	5 761 908	-	-
Closing balance	**31 848 323**	37 841 288	**-**	-

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	
			2017	2016
			%	%
- 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
13. Inventories				
The following inventories were held by the Group:				
Sugar and molasses stocks	**518 745 107**	635 068 544	**518 745 107**	635 068 544
Bags and liners	**15 237 451**	15 884 416	**15 237 451**	15 884 416
	533 982 558	650 952 960	**533 982 558**	650 952 960

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	**337 302 767**	414 969 465	**337 302 767**	414 969 465
Other receivables	**4 074 845**	3 730 206	**4 074 845**	3 730 206
	341 377 612	418 699 671	**341 377 612**	418 699 671

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	**-**	-	**42 973 365**	39 533 928
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**56 425 014**	59 923 041
Loan to Sugar Assets (Simunye) Limited	**-**	-	**43 111 351**	41 888 898
	-	-	**142 509 730**	141 345 867

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 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
16. Non-distributable reserve				
Non distributable reserve	**3 934 308**	13 022	**3 934 308**	13 022

The non-distributable reserve is in respect of profit on disposal of property plant and equipment.

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 2017 E	Group 2016 E	Association 2017 E	Association 2016 E
Fixed term loan from Public Service Pensions Fund	**250 000 000**	250 000 000	**250 000 000**	250 000 000

The loan will be repaid in full on 30 June 2017. Interest is negotiated on a yearly basis and is linked to the prime lending rate. The loan is unsecured.

	Group 2017 E	Group 2016 E	Association 2017 E	Association 2016 E
Less: current portion transferred to current liabilities	**-**	-	**-**	-
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 2017 (continued)

		Current E	Within 2 years E	Within 3 years E	After 3 years E	Total 2016 E
17.	**Long term liabilities (continued)**					
	Debt repayment profile					
	Group and Association- 2017					
	Short term borrowings					
	Bank overdraft	**513 245 465**	**-**	**-**	**-**	**513 245 465**
	Long term liabilities					
	Public Service Pensions Fund	**-**	**250 000 000**	**-**	**-**	**250 000 000**
		513 245 465	**250 000 000**	**-**	**-**	**763 245 465**
	Group and Association – 2016					
	Short term borrowings					
	Bank overdraft	699 321 739	-	-	-	699 321 739
	Long term liabilities					
	Public Service Pensions Fund	-	250 000 000	-	-	250 000 000
		699 321 739	250 000 000	-	-	949 321 739

		Group		Association	
		2017 E	2016 E	**2017 E**	2016 E
18.	**Trade and other payables**				
	Milling companies	**224 624 628**	232 917 881	**231 401 111**	227 155 973
	Other payables and accruals	**90 565 227**	100 872 148	**91 004 705**	101 311 620
		315 189 855	333 790 029	**322 405 816**	328 467 593

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 2017 (continued)

	Group		Association	
	2016	2015	**2017**	2016
	E	E	**E**	E
19. Notes relating to the cash flow statements				
19.1 Cash generated from operations				
Profit for the year before tax	**3 997 403**	55 022	**3 997 403**	55 022
Adjustment for non-cash flow items:				
(Profit) / Loss on disposal of property, plant and equipment	**(528 526)**	389	**(528 526)**	389
Depreciation	**9 686 737**	9 780 565	**1 729 475**	1 819 925
Finance income	**-**	(17 733)	**(16 896 113)**	(14 057 645)
Finance expenses	**137 073 755**	132 885 643	**137 073 755**	132 885 643
Share of joint venture (profit)/loss	**(2 109 870)**	(1 110 857)	-	-
	148 119 499	141 593 029	**125 375 994**	120 703 334
Decrease/(increase) in inventories	**116 970 401**	(32 216 012)	**116 970 401**	(32 216 012)
Decrease/(increase) in trade and other receivables	**77 322 058**	(30 401 898)	**77 322 058**	(30 401 898)
(Decrease)/increase in trade and other payables	**(3 951 907)**	151 725 084	**(6 061 776)**	150 614 219
	338 460 051	230 700 203	**313 606 677**	208 699 643

19.2 *Taxation paid*

Balance at beginning of year	**(194 724)**	(135 717)	**(194 724)**	(135 717)
Current year charge	**76 117**	(55 022)	**76 117**	(55 022)
Balance at end of year	**173 628**	194 724	**173 628**	194 724
	55 021	(385 463)	**55 021**	(385 463)

19.3 *Cash and cash equivalents*

Bank balances and cash on hand	**23 755 414**	19 342 018	**23 755 414**	19 342 018
Bank overdrafts	**(513 245 465)**	(699 321 739)	**(513 245 465)**	(699 321 739)
	(489 490 051)	(679 979 721)	**(489 490 051)**	(679 979 721)

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. At 31 March 2017, E1 304 700 was held by the Group on behalf of certified Fairtrade growers in respect of Fairtrade premiums.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
20. Lease commitments				
Future operating lease rentals of premises not provided for:				
Due within one year	**1 140 389**	1 221 660	**1 140 389**	1 221 660
Two to five years	**1 322 458**	-	**1 322 458**	-
	2 462 847	1 221 660	**2 462 847**	1 221 660

The Association has leased property, which it utilises as offices. The lease period is for three years, renewable. Lease instalments of E101 805 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. Negotiations for renewal of the lease have commenced.

	Group		Association	
	2017	2016	**2017**	2016
	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")	**(432 546)**	(331 795)	**(432 546)**	(331 795)
Other	**(41 471)**	(354 217)	**(41 471)**	(354 217)
	(474 017)	(686 012)	**(474 017)**	(686 012)
Receivables				
Included in trade and other receivables	**70 263**	1 299 270	**70 263**	1 299 270
Included in bank balances				
Standard Bank Swaziland Limited	**18 635**	498 394	**18 635**	498 394

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	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	**73 021**	99 318	**73 021**	99 318
Nedbank (Swaziland) Limited	**23 220**	150	**23 220**	150
	96 241	99 468	**96 241**	99 468
Receivable				
Included in trade and other receivables	**1 344 240**	11 020 816	**1 344 240**	11 020 816

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	
	2017	2016
	E	E
Defined contributions	**3 813 545**	3 519 168

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 65 (2016 52) percent of the Group and Association's revenue is attributable to sales transactions with 35 (2016: 30) customers, within the Southern African Customs Union ("SACU") market and 35 (2016: 48) percent of the Group and Association's revenue is attributable from sales transactions with 22 (2016: 24) 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	
	2017	2016
	E	E
Within one year of reporting date	**-**	29 621
More than one year and less than five years from reporting date	**-**	-
Five years or more from reporting date	**-**	-
	-	29 621

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 2017 there were no outstanding loans owed by the subsidiaries to third parties.

The Group has acted as a guarantor for the Swaziland Cane Growers Association (SCGA) to Standard Bank Swaziland Limited for an amount of Euro 1 172 281 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 290 million (2016: 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 2017 was E2 260 923 (2016: E6 516 589) recognised in fair value derivatives.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

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	
	2017	2016	**2017**	2016
	EURO	EURO	**EURO**	EURO
Forward exchange cover				
Forward exchange cover with local financial institutions	**21 823 002**	32 510 300	**21 823 002**	32 510 300

	Group		Association	
	2017	2016	**2017**	2015
	US$	US$	**US$**	US$
Forward exchange cover with local financial institutions	**3 808 530**	-	**3 808 530**	-

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	
	2017	2016	**2017**	2016
	E	E	**E**	E
Total current liabilities	**828 434 720**	1 033 111 768	**835 651 280**	1 027 789 332
Total current assets	**901 550 135**	1 095 735 583	**1 044 059 865**	1 237 081 450
Ratio of total liabilities to current assets	**0.92**	0.94	**0.80**	0.83
Cash flow hedge				
Net change in fair value of cash flow hedges transferred from other comprehensive income	**6 516 589**	1 395 883	**6 516 589**	1 395 883
Fair value of cash flow hedges recognised in other comprehensive income	**2 260 923**	6 516 589	**2 260 923**	6 516 589

23. Financial instruments (continued)

	Group		Association	
	2017	2016	**2017**	2016
	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	**513 245 465**	699 321 739	**513 245 465**	699 321 739
	763 245 465	949 321 739	**763 245 465**	949 321 739

23. Financial instruments (continued)

Terms and repayment schedule

Group and Association

	Carrying currency	Nominal interest rate	Year of maturity	2017 Face value E	2017 Carrying amount E	2016 Face value E	2016 Carrying amount E
Fixed loan	Lilangeni	Negotiated rates	30 June 2020	**250 000 000**	**250 000 000**	250 000 000	250 000 000
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2017	**513 245 465**	**513 245 465**	699 321 739	699 321 739
Total interest-bearing liabilities				**763 245 465**	**763 245 465**	949 321 739	949 321 739

The unsecured bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E875 965 116 (2016: E1 069 652 631)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

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	
	2017	2016	**2017**	2016
	E	E	**E**	E
Carrying amount				
Loans and receivables	**-**	-	**142 509 730**	141 345 867
Trade and other receivables	**341 377 612**	418 699 671	**341 377 612**	418 699 671
Cash and cash equivalents	**23 755 414**	19 342 018	**23 755 414**	19 342 018
Unsecured loans receivables	**-**	29 621	**-**	29 621
Other forward exchange contracts	**2 260 923**	6 516 589	**2 260 923**	6 516 589
	367 393 949	444 587 899	**509 903 679**	585 933 766
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Southern African Customs Union ("SACU")	**269 058 899**	168 816 972	**269 058 899**	168 816 972
Regional	**15 506 815**	59 665 960	**15 506 815**	59 665 960
International	**39 734 570**	186 486 532	**39 734 570**	186 486 532
	324 300 284	414 969 464	**324 300 284**	414 969 464
Trade receivables				
The aging of trade receivables at the reporting date was:				
Gross carrying amount				
Current	**259 693 301**	384 582 296	**259 693 301**	384 582 296
0 – 30 days	**37 735 398**	17 175 859	**37 735 398**	17 175 859
31 – 120 days (past due)	**26 871 585**	16 941 516	**26 871 585**	16 941 516
	324 300 284	418 699 671	**324 300 284**	418 699 671

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 - 2017

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	**513 245 465**	**513 245 465**	**513 245 465**	**-**	**-**	**-**
Trade and other payables	**315 189 255**	**315 189 255**	**315 189 255**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**325 312 329**	**11 280 822**	**11 219 178**	**22 583 219**	**280 229 110**
	1 078 434 720	**1 153 747 049**	**839 715 542**	**11 219 178**	**22 583 219**	**280 229 110**

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 - 2016

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	699 321 739	699 321 739	699 321 739	-	-	-
Trade and other payables	333 790 029	333 790 029	333 790 029	-	-	-
Fixed loan	250 000 000	276 562 500	10 625 000	10 625 000	255 312 000	-
	1 283 111 768	1 309 674 268	1 043 736 768	10 625 000	255 312 500	-

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	2 – 5 years E
Association – 2017						
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	**513 245 465**	**513 245 465**	**513 245 465**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**325 312 329**	**11 280 822**	**11 219 178**	**22 583 219**	**280 229 110**
Trade and other payables	**322 405 816**	**322 405 816**	**322 405 816**	**-**	**-**	**-**
	1 085 651 281	**1 160 963 610**	**846 932 103**	**11 219 178**	**22 583 219**	**280 229 110**

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)
for the year ended 31 March 2017

Association - 2016
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	**699 321 739**	**699 321 739**	**699 321 739**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**276 562 500**	**10 625 000**	**10 625 000**	**255 312 500**	**-**
Trade and other payables	**328 467 593**	**328 467 593**	**328 467 593**	**-**	**-**	**-**
	1 277 789 332	**1 304 351 832**	**1 038 414 332**	**10 625 000**	**255 312 500**	**-**

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)

Currency risk

Exposure to currency risk

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

	Group and Association 2017		Group and Association 2016	
	Euro	**USD**	Euro	USD
Trade receivables	**1 344 240**	**70 263**	11 020 891	1 299 270
Bank balances	**96 241**	**18 635**	99 468	498 394
Trade payables	**-**	**(474 017)**	-	(686 012)
Gross statement of financial position exposure	**1 440 481**	**(385 119)**	11 120 359	1 111 652
Estimated forecast sales (2017/18)	**62 365 615**	**9 521 325**	52 024 438	14 965 881
Estimated forecast purchases (2017/18)	**-**	**(3 058 724)**	-	(3 496 703)
Gross exposure	**63 806 096**	**6 077 482**	63 144 797	12 580 830
Forward exchange contracts (2017/18)	**(21 823 002)**	**(3 808 530)**	(32 510 300)	-
Net exposure	**41 983 094**	**2 268 952**	30 634 497	12 580 830

23. Financial instruments (continued)

The following significant exchange rates applied during the year:

	Group and Association Average rates achieved		Group and Association Closing rates	
	2017	2016	**2017**	2016
Euro	**14.35**	14.08	**14.35**	14.87
USD	**13.37**	13.84	**13.37**	16.92

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 2017 and 2016.

	Group and Association export proceeds	
	2017	2016
	E	E
USD and EURO (2015:USD and EURO)	**94 074 236**	115 133 562

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 2017, 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	
	2017	2016	**2017**	2016
	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	**513 245 465**	699 321 739	**513 245 465**	699 321 739

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 2017 and 2016. Since all proceeds are distributed to the millers and growers, there is no effect on equity.

	100 bp increase E	**100 bp decrease E**	**100 bp Increase E**	**100 bp decrease E**
31 March 2017				
Variable rate instruments	**5 132 455**	**(5 132 455)**	**5 132 455**	**(5 132 455)**
Cash flow sensitivity (net)	**5 132 455**	**(5 132 455)**	**5 132 455**	**(5 132 455)**
31 March 2016				
Variable rate instruments	6 993 217	(6 993 217)	6 993 217	(6 993 217)
Cash flow sensitivity (net)	6 993 217	(6 993 217)	6 993 217	(6 993 217)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

23. Financial instruments (continued)

Fair values

Fair value and accounting classification

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

Group

	Held for trading E	Loans and receivables E	Other financial liabilities E	Total carrying Amount E
31 March 2017				
Forward exchange contract	**2 260 923**	**-**	**-**	**2 260 923**
Loans receivable	**-**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**23 755 414**	**-**	**23 755 414**
Trade and other receivables	**-**	**341 377 612**	**-**	**341 377 612**
	2 260 923	**365 133 026**	**-**	**367 393 949**
Trade and other payables	**-**	**-**	**(315 189 255)**	**(315 189 255)**
Unsecured fixed loan	**-**	**-**	**(250 000 000)**	**(250 000 000)**
Bank overdraft	**-**	**-**	**(513 245 465)**	**(513 245 465)**
	-	**-**	**(1 078 434 720)**	**(1 078 434 720)**
31 March 2016				
Forward exchange contract	6 516 589	-	-	6 516 589
Loans receivable	-	29 621	-	29 621
Cash and cash equivalents	-	19 342 018	-	19 342 018
Trade and other receivables	-	418 699 671	-	418 699 671
	6 516 589	438 071 310	-	444 587 899
Trade and other payables	-	-	(333 790 029)	(333 790 029)
Unsecured fixed loan	-	-	(250 000 000)	(250 000 000)
Bank overdraft	-	-	(699 321 739)	(699 321 739)
	-	-	(1 283 111 768)	(1 283 111 768)

23. Financial instruments (continued)

Fair values

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

	Held for trading	Loans and receivables	Other financial liabilities	Total carrying Amount
	E	**E**	**E**	**E**
31 March 2017				
Forward exchange contract	**2 260 923**	**-**	**-**	**2 260 923**
Loans receivable	**-**	**-**	**-**	**-**
Trade and other receivables	**-**	**23 755 414**	**-**	**23 755 414**
Cash and cash equivalents	**-**	**341 377 612**	**-**	**341 377 612**
	2 260 923	**365 133 026**	**-**	**367 393 949**
Trade and other payables	**-**	**-**	**(324 076 208)**	**(324 076 208)**
Unsecured fixed loan	**-**	**-**	**(250 000 000)**	**(250 000 000)**
Bank overdraft	**-**	**-**	**(513 245 465)**	**(513 245 465)**
	-	**-**	**(1 087 321 673)**	**(1 087 321 673)**
31 March 2016				
Forward exchange contract	6 516 589	-	-	6 516 589
Loans receivable	-	141 345 867	-	141 345 867
Trade and other receivables	-	418 699 671	-	418 699 671
Cash and cash equivalents	-	19 342 018	-	19 342 018
	6 516 589	579 387 556	-	585 904 145
Trade and other payables	-	-	(328 467 593	(328 467 593
Unsecured fixed loan	-	-	(250 000 000)	(250 000 000)
Bank overdraft	-	-	(699 321 739)	(699 321 739)
	-	-	(1 277 789 332)	(1 277 789 332)

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.

	Level 1 E	Level 2 E	Level 3 E
2017			
Forward exchange contract asset	**-**	**2 260 923**	**-**
2016			
Forward exchange contract asset	-	6 516 589	-

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	
	2017	2016	**2017**	2016
	E	E	**E**	E
Loans receivable	**-**	29 621	**-**	29 621
Accounts receivable – millers	**452 011**	1 604 284	**452 011**	1 604 284
Loans to subsidiaries	**-**	-	**142 509 730**	141 345 867
	452 011	1 633 905	**142 961 741**	142 979 772

24.2 Amounts due to related parties

	Group 2017	Group 2016	Association 2017	Association 2016
Milling creditors (refer to note 18)	**232 401 111**	227 155 973	**232 401 111**	227 155 973

24.3 Related party transactions

	Group 2017	Group 2016	Association 2017	Association 2016
Conditioning fee paid	**-**	-	**30 400 711**	27 282 846
Interest on loan to subsidiaries	**-**	-	**16 896 113**	14 057 645
Sugar purchases	**3 803 902 240**	3 728 454 957	**3 803 902 240**	3 728 454 957
Molasses purchases	**81 295 616**	81 151 275	**81 295 616**	81 151 275

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.

	2017	2016
	E	E
Short-term employee benefits	**13 684 044**	11 285 004
Post-employment benefits	**2 700 976**	1 906 999

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for the year ended 31 March 2017 (continued)

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
25. Other financial assets				
Cash flow hedge reserve				
Balance at the beginning of the year	**6 516 589**	1 395 883	**6 516 589**	1 395 883
Effective portion of changes in fair value of cash flow hedges	**2 260 923**	6 516 589	**2 260 923**	6 516 589
Net change in fair value of cash flow hedges reclassified to profit or loss	**(6 516 589)**	(1 395 883)	**(6 516 589)**	(1 395 883)
Balance at the end of the year	**2 260 923**	6 516 589	**2 260 923**	6 516 589

26. Capital commitments

Approved but not yet contracted for	**2 250 593**	1 159 354	**1 620 593**	1 159 354
Approved and contracted for	**5 132 550**	1 881 475	**-**	-
	7 383 143	3 040 829	**1 620 593**	1 159 354

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.

Statement of financial position – 31 March 2017	**Aggregate Amount**		**Association 25% Interest**	
	2017	2017	**2017**	2017
	E	$	**E**	$
Non-current assets	**114 800 609**	8 586 433	**28 700 152**	2 146 608
Current assets	**32 393 344**	2 422 838	**8 098 336**	605 710
Total assets	**147 193 953**	11 009 271	**36 798 488**	2 752 318
Non-current liabilities	**127 393 291**	9 528 294	**31 848 323**	2 382 074
Current liabilities	**19 800 662**	1 480 977	**4 950 165**	370 244
Total liabilities	**147 193 953**	11 009 271	**36 798 488**	2 752 318
Statement of comprehensive income – year ended 31 March 2017				
Revenue	**75 141 900**	5 620 187	**18 785 476**	1 405 047
Operating expenses	**(67 392 047)**	(5 040 542)	**(16 848 012)**	(1 260 136)
Profit from operations	**7 749 853**	579 645	**1 937 464**	144 911
Net finance income	**954 872**	71 419	**238 718**	17 855
Tax	**(265 247)**	(19 839)	**(66 312)**	(4 960)
Profit / (loss) for the year	**8 439 478**	631 225	**2 109 870**	157 806
Share of profit / (loss) after tax recognised in the statement of comprehensive income	**2 109 870**	157 806	**2 109 870**	157 806

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017 (continued)

Statement of financial position – 31 March 2016	**Aggregate Amount**		**Association 25% Interest**	
	2016	2016	**2016**	2016
	E	$	**E**	$
Non-current assets	**150 363 624**	8 886 739	**37 590 906**	2 221 685
Current assets	**47 247 087**	2 792 381	**11 811 772**	698 095
Total assets	**197 610 711**	11 679 120	**49 402 678**	2 919 780
Non-current liabilities	**151 365 153**	8 945 931	**37 841 288**	2 236 483
Current liabilities	**46 245 558**	2 733 189	**11 561 390**	683 297
Total liabilities	**197 610 711**	11 679 120	**49 402 678**	2 919 780

Statement of comprehensive income – year ended 31 March 2016				
Revenue	**113 858 352**	6 729 217	**28 464 588**	1 682 304
Operating expenses	**(112 192 933)**	(6 630 788)	**(28 048 232)**	(1 657 697)
Profit from operations	**1 665 419**	98 429	**416 356**	24 607
Net finance income	**3 116 139**	184 169	**779 035**	46 043
Tax	**(338 129)**	(19 984)	**(84 532)**	(4 996)
Profit / (loss) for the year	**4 443 429**	262 614	**1 110 859**	65 654
Share of profit / (loss) after tax recognised in the statement of comprehensive income	**1 110 857**	65 654	**1 110 857**	65 654

28. Provisions and contingent liabilities

On 31 March 2017, the Group had no contingent liabilities against it.

The Group had made the following provision at year end:

Provision for incentive bonus

	Group		Association	
	2017	2016	**2017**	2016
	E	E	**E**	E
Balance at beginning of year	**5 978 473**	1 567 833	**5 978 473**	1 567 833
Provision raised during the year	**6 500 000**	5 676 000	**6 500 000**	5 676 000
Provision utilised during the year	**(6 109 665)**	(1 265 360)	**(6 109 665)**	(1 265 360)
Balance at the end of the year	**6 368 808**	5 978 473	**6 368 808**	5 978 473

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 (2016: 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.