THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2018

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for the year ended 31 March 2018

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THE SWAZILAND SUGAR ASSOCIATION

COUNCIL MEMBERS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2018

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 66 were approved by the council members on 05 July 2018 and signed on its behalf by:

T Dlamini
Chairman

P F Mnisi
Chief Executive Officer

Independent auditor's report

To the Members of The Swaziland Sugar Association

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 2018, 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, 1967.

What we have audited

The Swaziland Sugar Association's consolidated and separate financial statements set out on pages 10 to 66 comprise:

- the consolidated and separate statements of financial position as at 31 March 2018;
- 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 requirements of the Swaziland Institute of Accountants (SIA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of financial statements in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the SIA Code and in accordance with other ethical requirements applicable to performing audits in Swaziland.

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, 1967, and the Council members' responsibility statement. 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 express an audit opinion or any form of assurance conclusion thereon.

Partner in charge T Mason
Resident partner M Mhlanga
PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Swaziland
P O Box 569, Mbabane H100, Swaziland Telephone +268 2404 2861/2, Facsimile +268 2404 5015, www.pwc.com

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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, 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 skepticism 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

PricewaterhouseCoopers
Partner: Theo Mason
Registered Auditor
P O Box 569, Mbabane, Swaziland
Date : 08 August 2018

COUNCIL MEMBERS' REPORT

for the year ended 31 March 2018

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 2018.

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 2018 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 E4,24 billion (2017: E4,64 billion). The decrease in revenue is mainly attributable to unfavourable selling prices and decreased sales volume in all markets, as a result of the unfavourable market conditions. The cost of sales decreased from E4,50 billion to E3,97 billion in line with decreased distributable proceeds. Profits that are made by the Association are distributed in full to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E19 million (2017: E62 million). The decrease is mainly as a result of a majority of the sales being on FOB terms as opposed to CIF terms in the previous year.

Net financing costs, including foreign gains and losses, increased from a loss of E5,04 million in 2017 to a loss of E175,21 million. This is primarily a result of high volatility of the Lilangeni against export currencies during the year. Foreign exchange gains of E11,13 million were realised compared to E132,04 million in the previous year. Interest paid also increased from E137,07 million to E186,34 million as a result of prevailing market conditions. Administration expenses increased from E70 million to E71,3 million.

Net cash flow hedges realised and transferred to profit or loss relate to foreign exchange gains that were recognised in equity in the previous financial year. SSA's policy is to apply hedge accounting in respect of the hedged instruments 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 E151,23 million to E147,46 million as a result of the depreciation charged during the year.

Inventories increased from E534 million to E1,125 billion as a result of high closing stock quantities compared to the previous year. Trade receivables increased by E176,30 million mainly as a result of funds receivable from millers and growers. Trade payables decreased as a result of a lower amount retained by the millers as well as lower amount available for distribution. Bank overdraft increased from E513,25 million to E1,40 billion in line with the increased inventory and accounts receivable values.

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2018 (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 two subsidiaries are dormant entities of the Association.

The Association is involved in the following jointly controlled company:

Sociedade Terminal de Açucar De Maputo Lemitada ("STAM")	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 O Magwenzi	President
Mr G White	Vice President
Mr T Dlamini	Chairman
Mr N Jackson	
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 P Malandvula	
Mr M Mabuza	
Mr T Nkambule	
Mr J Blumberg	
Mr M Hlatshwayo	
Mrs S Magagula	
Mr K Fitzpatrick	
Mr O Mabuza	
Mr M Jele	

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2018 (continued)

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	

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	
Mrs S Magagula	

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2018 (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*
Nkontfotjeni Building	P O Box 445
Cnr Msakato & Dzeliwe Street	Mbabane
Mbabane	

THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Notes	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
Revenue	6	**4 235 745 91**	4 635 250 15	**4 235 745 911**	4 635 250 153
Cost of sales		**(3 972 952 545**	(4 499 769 448	**(3 990 562 258)**	(4 515 871 468)
Gross profit		**262 793 36**	135 480 70	**245 183 653**	119 378 685
Other income		**4 509 71**	4 677 46	**4 509 714**	4 677 469
Distribution costs		**(18 978 309**	(61 950 598	**(18 966 249)**	(61 939 288)
Administrative expenses		**(72 945 106**	(71 282 000	**(71 297 949)**	(69 977 533)
Foreign exchange gains	8.1	**11 127 83**	132 035 71	**11 127 836**	132 035 712
Operating profit before financing costs	7	**186 507 50**	138 961 28	**170 557 005**	124 175 045
Finance income		**-**	-	**15 904 247**	16 896 113
Finance expense		**(186 341 950**	(137 073 755	**(186 341 950)**	(137 073 755)
Net financing costs	8	**(186 341 950**	(137 073 755	**(170 437 703)**	(120 177 642)
Share of (loss)/profit of jointly controlled entity (net of tax)	26	**(46 249**	2 109 87	**-**	-
Profit before tax		**119 30**	3 997 40	**119 302**	3 997 403
Income tax expense	9	**(119 302**	(76 117	**(119 302)**	(76 117)
Profit for the year		**-**	3 921 28	**-**	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	24	**1 666 40**	2 260 92	**1 666 400**	2 260 923
Total comprehensive income for the year		**1 666 40**	2 260 92	**1 666 400**	2 260 923

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
at 31 March 2018

	Notes	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
ASSETS					
Non-current assets					
Property, plant and equipment	10	**147 456 052**	151 231 493	**8 369 671**	8 424 122
Investment in subsidiaries	11	**-**	-	**500**	500
Jointly controlled entity	11	**27 833 442**	31 848 323	**39 362 024**	39 362 024
Total non-current assets		**175 289 494**	183 079 816	**47 732 195**	47 786 646
Current assets					
Loans to subsidiaries	14	**-**	-	**138 788 734**	142 509 730
Inventories	12	**1 125 254 831**	533 982 558	**1 125 254 831**	533 982 558
Trade and other receivables	13	**517 657 496**	341 377 612	**517 657 496**	341 377 612
Other financial assets	24	**1 666 400**	2 260 923	**1 666 400**	2 260 923
Current tax asset	18.2	**113 479**	173 628	**113 479**	173 628
Cash and cash equivalents	18.3	**100 530 320**	23 755 414	**100 530 320**	23 755 414
Total current assets		**1 745 222 526**	901 550 135	**1 884 011 260**	1 044 059 865
Total assets		**1 920 512 020**	1 084 629 951	**1 931 743 455**	1 091 846 511
RESERVES AND LIABILITIES					
Non-distributable reserve	15	**3 934 308**	3 934 308	**3 934 308**	3 934 308
Cash flow hedge reserve	24	**1 666 400**	2 260 923	**1 666 400**	2 260 923
Total reserves and liabilities		**5 600 708**	6 195 231	**5 600 708**	6 195 231
Non-current liabilities					
Long term liabilities	16	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Current liabilities					
Short Term Borrowings	18.3	**1 395 179 602**	513 245 465	**1 395 179 602**	513 245 465
Trade and other payables	17	**269 731 710**	315 189 255	**280 963 145**	322 405 815
Total current liabilities		**1 664 911 312**	828 434 720	**1 676 142 747**	835 651 280
Total liabilities		**1 914 911 312**	1 078 434 720	**1 926 142 747**	1 085 651 280
Total reserves and liabilities		**1 920 512 020**	1 084 629 951	**1 931 743 455**	1 091 846 511

THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 31 March 2018

	Notes	Group		Association	
		2018	2017	**2018**	2017
		E	E	**E**	E
Cash flows from operating activities					
Cash (utilised)/ generated from operations	18.1	**(622 809 140)**	338 460 051	**(648 145 787)**	313 606 677
Interest received		**27 537 558**	-	**43 441 803**	16 896 113
Interest paid		**(202 751 670)**	(137 073 755)	**(202 751 670)**	(137 073 755)
Taxation paid	18.2	**(59 156)**	(55 021)	**(59 156)**	(55 021)
Net cash (outflows)/inflows from operating activities		**(798 082 408)**	201 331 275	**(807 514 810)**	193 374 014
Cash flows from investing activities					
Investment in jointly controlled entity		**-**	(6 546 026)	**-**	(6 546 026)
Acquisition of property, plant and equipment		**(7 076 823)**	(11 855 031)	**(1 365 417)**	(2 733 907)
Proceeds from the sale of property, plant and equipment		**-**	7 529 831	**-**	7 529 831
Net cash outflows from investing activities		**(7 076 823)**	(10 871 226)	**(1 365 417)**	(1 750 102)
Cash flows from financing activities					
Decrease in unsecured loans receivable		**-**	29 621	**-**	29 621
Loans to subsidiary companies received/(repaid)		**-**	-	**3 720 996**	(1 163 863)
Net cash inflows/(outflows) from financing activities		**-**	29 621	**3 720 996**	(1 134 242)
Net (decrease)/increase in cash and cash equivalents		**(805 159 231)**	190 489 670	**(805 159 231)**	190 489 670
Cash and cash equivalents at the beginning of the year		**(489 490 051)**	(679 979 721)	**(489 490 051)**	(679 979 721)
Cash and cash equivalents at the end of the year	18.3	**(1 294 649 282)**	(489 490 051)	**(1 294 649 282)**	(489 490 051)

THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN RESERVES

for the year ended 31 March 2018

	Non-distributable reserve E	**Hedging reserve E**	**Total E**
Group and Association 2018			
Balance at beginning of year	**3 934 308**	**2 260 923**	**6 195 231**
Cash flow hedges realised and reclassified to profit or loss	**-**	**(2 260 923)**	**(2 260 923)**
Unrealised cash flow hedge recognised in other comprehensive income (1)	**-**	**1 666 400**	**1 666 400**
Balance at end of year	**3 934 308**	**1 666 400**	**5 600 708**
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

(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: Nkontfotjeni Building, 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 2018 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 as well as preforming regulatory function for the sugar industry in Swaziland. Amounts realised from the sale of sugar and molasses stocks are distributed to growers and millers.

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

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

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

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

2. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties
In particular, information about significant areas of estimation uncertainties that have a significant risk in resulting in a material adjustment in the next year ending 31 March 2018 are included in the following notes:

- note 27 : provisions and contingencies
- notes 13, 14, 16, 17, 24 : valuation of financial instruments
- note 12 : 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 or 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 2018 (continued)

2. Basis of preparation (continued)

e) Change in Accounting policies

The following standards have been adopted by the group for the first time for the financial year ending 31 March 2018:

Number	Effective date	Executive summary	Impact
Amendment to IAS 7 –Cash flow statements Statement of cash flows on disclosure initiative	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	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.	The Group has applied this standard in the preparation of the Financial Statements with all changes in liabilities arising from financing activities being incorporated in the presentation of the statement of cash flows (See note 18.1).
Amendment to IAS 12 – Income taxes Recognition of deferred tax assets for unrealised losses.	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	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.	Swaziland Sugar Association is tax exempt according to Section 12 of the Swaziland income tax act. Therefore, there is no deferred tax

2. Basis of preparation (continued)

New standards, amendments and interpretations not yet effective and not early adopted by the Group

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 March 2018 year end, and have not been applied in preparing these consolidated financial statements. The group intends to adopt and apply these standards on their respective effective dates.

Number	Effective date	Executive summary and Impact
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019	IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The group expects that the most significant impact of the new standard will result from its current property operating leases. For the year ended 31 March 2018 the group has recognised lease expenses of E1,14 million (refer to note 7) and operating lease commitments of E2.5 million (refer to note 19). On adoption of IFRS 16 operating lease costs will no longer be recognised as operating expenses. The extent of the reduction in lease expenses is dependent on the application of the practical expedients in IFRS 16 regarding the separation of lease and non-lease components. The new standard will require the recognition of lease liabilities and corresponding right-of-use assets. The group will recognise depreciation on the right-of-use assets and interest on the lease liabilities over the lease term in profit or loss. The initial lease liabilities and right-of-use assets recognised upon transition to IFRS 16 would likely be representative of the non-cancellable lease commitments, discounted at an appropriate rate as applicable to the operation in which the lease arises, after taking into account the impact of the practical expedients and transitional elections applied by the group.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

2. Basis of preparation (continued)

New standards, amendments and interpretations not yet effective and not early adopted by the Group (Continued)

IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019	It is anticipated that while the EBITDA and the related EBITDA margin will improve significantly, depreciation and finance charges will also increase significantly. Due to the impact of reducing finance charges over the life of the lease, the impact on earnings will initially be dilutive, before being accretive in later periods. Application of IFRS 16 will therefore also impact the EBITDA (net interest, net debt and net debt EBITDA ratios) significantly. IFRS 16 permits multiple transition methods, and the group is yet to determine which transition method would be the most appropriate.
IFRS 15 – Revenue from Contracts with Customers	Annual periods beginning on or after 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 IFRS 15 also includes comprehensive disclosure requirements that will provide users with information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The group has performed a preliminary assessment of the impact of IFRS 15 and the following is expected • The standard will be applied retrospectively. Association has identified and reviewed contracts with its customers (which includes sale of sugar and molasses) that are within the scope of the standard, which indicates that IFRS 15 will not materially impact the association on transition to the new standard as revenue is based on sale of goods which are recognised at a point in time and no changes are expected to occur in the subsequent financial period.

2. Basis of preparation (continued)

New standards, amendments and interpretations not yet effective and not early adopted by the Group (Continued)

		• In addition to the above, the association also identified that some of its sugar is sold via Cost insurance and freight (CIF) agreements with some of its customers, in this regard the association is assessing whether the cost of insurance and transportation cost will represent a separate perfomance obligation in terms of IFRS 15. • The impact of the above has not been assessed as the association is still in consultation with their expert to determine the impact of the CIF agreements.
IFRS 9 – Financial Instruments	Annual periods beginning on or after 1 January 2018	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The adoption of IFRS 9 will require a review of the current classification of financial assets and liabilities. The categories for financial assets changed from IAS 39 to IFRS 9. The IAS 39 held-to-maturity, loans and receivables and available-for-sale categories have been replaced by fair value through other comprehensive income, fair value through profit or loss and measured at amortised cost. The hedge accounting requirements are not expected to have a significant impact on the financial results of the group. The group has determined that the application of an expected credit loss model is likely to result in an earlier recognition of credit losses, in particular on post-paid, interconnect and enterprise business unit receivables. A preliminary impact assessment which is being finalised by management indicated that the application of the expected credit loss model is unlikely to result in material adjustments. The group has determined that retrospective restatement would require the application of hindsight. The group has therefore decided not to restate comparatives.

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:

	2018 *Control*	**2017** *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%

**The two subsidiaries are dormant entities of the Association.*

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:

	2018 *Share*	**2017** *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.

3. Significant accounting policies (continued)

3.3 Financial instruments

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

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

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. 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.

	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
6. Revenue				
Revenue comprises:				
- Sugar sales	**4 050 693 859**	4 486 751 733	**4 050 693 859**	4 486 751 733
- Molasses sales	**185 052 052**	148 498 420	**185 052 052**	148 498 420
-	**4 235 745 911**	4 635 250 153	**4 235 745 911**	4 635 250 153

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 22.

7. Operating profit before financing costs

Operating profit before financing costs is arrived at after charging (crediting) the following:

Income:

	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
Administration Expenses:				
Auditors remuneration				
- Current year	**213 116**	107 642	**213 116**	107 642
- Prior year	**490 236**	516 400	**490 236**	516 400
Council emoluments	**-**	-	**-**	-
Depreciation	**10 852 264**	9 686 735	**1 419 868**	1 729 476
Lease expenses	**1 140 389**	1 071 627	**1 140 389**	1 071 627
(Profit)/Loss on sale of property, plant and equipment	**-**	(528 526)	**-**	(528 526)
Management fees				
- Computer related	**1 217 474**	1 189 259	**1 217 474**	1 189 259
Payroll costs	**33 240 098**	33 981 544	**33 240 098**	33 981 544

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

8. Net financing costs

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**(186 341 950)**	(137 073 755)	**(186 341 950**	(137 073 755)
Finance expenses	**(186 341 950)**	(137 073 755)	**(186 341 950**	(137 073 755)
Finance income on financial assets				
Interest income on loans originated by the Association	**-**	-	**15 904 24**	16 896 853
Finance income	-	**-**	**15 904 24**	16 896 853
Net finance costs	**(186 341 950)**	137 073 755	**(170 437 703**	(120 176 902)

8.1 Foreign currency gain/ loss

Foreign exchange loss	**(16 409 720)**	-	**(16 409 720**	-
Foreign exchange gain	**27 537 556**	132 034 972	**27 537 55**	132 034 972
Foreign exchange –net gain	**11 127 836**	132 034 972	**11 127 83**	132 034 972

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

	Group		Association	
	201	2017	**2018**	2017
		E	**E**	E
9. Income tax expense				
Tax recognised in profit or loss				
Current year charge	**119 30**	76 117	**119 302**	76 117
	119 30	76 117	**119 302**	76 117
Tax rate reconciliation				
Profit/(loss) before taxation	**119 30**	76 117	**119 302**	76 117
Tax thereon at 27.5%	**32 80**	20 932	**32 808**	20 932
Tax effect of non-deductible expenses	**86 49**	55 185	**86 494**	55 185
	119 30	76 117	**119 302**	76 117
10. Property, plant and equipment				
Cost				
Freehold land and buildings	**12 455 11**	12 455 118	**12 455 118**	12 455 118
Leasehold land and buildings	**166 94**	166 947	**166 947**	166 947
Plant, machinery and computer equipment	**17 703 99**	16 585 116	**17 703 998**	16 585 116
Furniture and fittings	**1 688 81**	1 688 810	**1 688 810**	1 688 810
Motor vehicles	**5 717 75**	5 717 755	**4 157 497**	4 157 497
Conditioning silo buildings	**63 506 79**	63 506 795	**-**	-
Sugar store buildings	**89 807 02**	89 807 023	**-**	-
Molasses storage buildings	**1 371 92**	1 371 928	**-**	-
Conditioning silo equipment	**49 263 12**	49 263 123	**-**	-
Sugar store equipment	**66 550 27**	61 719 839	**-**	-
Molasses storage equipment	**22 759 94**	22 759 948	**-**	-
Capital work in progress	**1 147 90**	20 400	**266 135**	19 600
	332 139 62	325 062 802	**36 438 505**	35 073 088
Accumulated depreciation				
Freehold land and buildings	**(10 919 688**	(10 741 455)	**(10 919 688)**	(10 741 455)
Leasehold land and buildings	**(165 649**	(165 465)	**(165 649)**	(165 465)
Plant, machinery and computer equipment	**(13 339 982**	(12 577 583)	**(13 339 982)**	(12 577 583)
Furniture and fittings	**(1 172 962**	(1 115 646)	**(1 172 962)**	(1 115 646)
Motor vehicles	**(2 995 414**	(2 483 790)	**(2 470 553)**	(2 048 817)
Conditioning silo buildings	**(27 070 767**	(25 521 156)	**-**	-
Sugar store buildings	**(37 024 967**	(34 733 708)	**-**	-
Molasses storage buildings	**(1 371 928**	(1 371 928)	**-**	-
Conditioning silo equipment	**(41 467 095**	(39 772 078)	**-**	-
Sugar store equipment	**(35 211 273**	(31 870 408)	**-**	-
Molasses storage equipment	**(13 943 848**	(13 478 092)	**-**	-
	184 683 57	173 831 309	**28 068 834**	26 648 966

10. Property, plant and equipment (continued)

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
Carrying amount				
Freehold land and buildings	**1 535 430**	1 713 663	**1 535 430**	1 713 663
Leasehold land and buildings	**1 298**	1 482	**1 298**	1 482
Plant, machinery and computer equipment	**4 364 016**	4 007 533	**4 364 016**	4 007 533
Furniture and fittings	**515 848**	573 164	**515 848**	573 164
Motor vehicles	**2 722 341**	3 233 965	**1 686 944**	2 108 680
Conditioning silo buildings	**36 436 028**	37 985 639	**-**	-
Sugar store buildings	**52 782 056**	55 073 315	**-**	-
Molasses storage buildings	**-**	-	**-**	-
Conditioning silo equipment	**7 796 028**	9 491 045	**-**	-
Sugar store equipment	**31 338 999**	29 849 431	**-**	-
Molasses storage equipment	**8 816 100**	9 281 856	**-**	-
Capital work in progress	**1 147 908**	20 400	**266 135**	19 600
	147 456 052	151 231 493	**8 369 671**	8 424 122

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:

	2018	2017
	E	E
Cost	**36 834 481**	36 834 481
Accumulated depreciation	**(36 834 481)**	(36 834 481)
	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

10. Property, plant and equipment (continued)

Allocation of depreciation

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
Direct cost of sales	**554 570**	739 809	**554 570**	739 809
Direct analysis of cane	**220 460**	269 144	**220 460**	269 144
Extension services	**233 730**	305 186	**233 730**	305 186
Administration	**411 108**	415 337	**411 108**	415 337
Operating expense	**9 432 396**	7 951 259	**-**	-
Total	**10 852 264**	9 680 735	**1 419 868**	1 729 476

Reconciliation of the opening and closing carrying amounts – 2018

Association

	Opening Carrying Amount	Additions	Disposals	Transfer	Depreci-ation	Closing Carrying amount
	E	E	E	E	E	E
Freehold land and buildings	**1 713 663**	**-**	**-**	**-**	**(178 233)**	**1 535 430**
Leasehold land and buildings	**1 482**	**-**	**-**	**-**	**(184)**	**1 298**
Plant and equipment	**4 007 533**	**1 118 882**	**-**		**(762 399)**	**4 364 016**
Furniture and fittings	**573 164**	**-**	**-**	**-**	**(57 316)**	**515 848**
Motor vehicles	**2 108 680**	**-**	**-**	**-**	**(421 736)**	**1 686 944**
Capital work in progress	**19 600**	**246 535**	**-**	**-**	**-**	**266 135**
	8 424 122	**1 365 417**	**-**	**-**	**(1 419 868)**	**8 369 671**

Reconciliation of the opening and closing carrying amounts - 2017

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)

Reconciliation of the opening and closing carrying amounts - 2018

	Opening carrying amount E	Additions E	Disposals E	Transfer E	Depreciation E	Closing Carrying Amount E
Group						
Freehold land and buildings	1 713 663		-	-	(178 233)	1 535 430
Leasehold land and buildings	1 482		-	-	(184)	1 298
Plant and equipment	4 007 533	1 118 882	-	-	(762 399)	4 364 016
Furniture and fittings	573 164	-	-	-	(57 316)	515 848
Motor vehicles	3 233 965	-	-	-	(511 624)	2 722 341
Conditioning silo buildings	37 985 639	-	-	-	(1 549 611)	36 436 028
Sugar store buildings	55 073 315	-	-	-	(2 291 259)	52 782 056
Conditioning silo equipment	9 491 045	-	-	-	(1 695 017)	7 796 028
Sugar store equipment	29 849 431	4 830 433	-	-	(3 340 865)	31 338 999
Molasses storage equipment	9 281 856	-	-	-	(465 756)	8 816 100
Capital work in progress	20 400	1 127 508	-	-	-	1 147 908
	151 231 493	7 076 823	-	-	(10 852 264)	147 456 052

10. Property, plant and equipment (continued)

Reconciliation of the opening and closing carrying amounts - 2017

	Opening carrying amount E	Additions E	Disposals E	Transfer E	Depreciation 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

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
11. 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	**31 848 32**	32 079 380	**39 362 024**	32 815 998
Share of profit / (loss) of equity accounted Investment	**(46 249**	2 109 870	**-**	-
Investment during the year	**-**	6 546 026	**-**	6 546 026
Exchange differences	**(3 968 632**	(8 886 953)	**-**	-
Closing balance	**27 833 44**	31 848 323	**39 362 024**	39 362 024
The carrying value of the investment comprises:				
Cost of investment	**19 148 73**	19 148 730	**-**	-
Accummulated post acquisition gains	**1 327 00**	1 373 252	**-**	-
Post acquisition investment	**20 213 29**	20 213 294	-	-
Accummulated foreign exchange gains on translation of Association interest	**(12 855 585**	(8 886 953)	-	-
Closing balance	**27 833 44**	31 848 323	-	-

The investment relates to shares in Sociedade Terminal De Açucar De Maputo Limitada ("STAM"). Refer to note 26 for analysis of the interest in the jointly controlled entity.

Entity	Principal place of business	Country of incorporation	Ownership	
			2018	2017
			%	%
- 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 2018 (continued)

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
12. Inventories				
The following inventories were held by the Group:				
Sugar and molasses stocks	**1 106 201 632**	518 745 107	**1 106 201 632**	518 745 107
Bags and liners	**19 053 199**	15 237 451	**19 053 199**	15 237 451
	1 125 254 831	533 982 558	**1 125 254 831**	533 982 558

There is a negative pledge over inventory in favour of SwaziBank. Refer to note 22.

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

13. Trade and other receivables				
Trade receivables	**317 097 945**	321 059 132	**317 097 945**	321 059 132
Other receivables	**14 422 253**	19 866 469	**14 422 253**	19 866 469
Millers receivables	**186 137 298**	452 011	**186 137 298**	452 011
	517 657 496	341 377 612	**517 657 496**	341 377 612

There is a negative pledge over trade receivables in favour of First National Bank of Swaziland Limited and SwaziBank. The Group's exposure to credit risk; currency risks; and impairment losses related to trade and other receivables is disclosed in note 22.

Millers receivables comprise predominantly an adjustment resulting from the third quarter sugar price estimate.

14. Loans to subsidiaries				
Loan to Swaziland Sugar Assets Limited	**-**	-	**43 575 319**	42 973 365
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**53 202 371**	56 425 014
Loan to Sugar Assets (Simunye) Limited	**-**	-	**42 011 044**	43 111 351
	-	-	**138 788 734**	142 509 730

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
15. Non-distributable reserve				
Non distributable reserve	**3 934 308**	3 934 308	**3 934 308**	3 934 308
The non-distributable reserve is in respect of profit on disposal of property plant and equipment.				
16. 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 22.				
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 2020. Interest is negotiated on a yearly basis and is linked to the prime lending rate. The loan is unsecured.				
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 2018 (continued)

16. Long term liabilities (continued)

Debt repayment profile

	Current E	Within 2 years E	Within 3 years E	After 3 years E	Total 2016 E
Group and Association – 2018					
Short term borrowings					
Bank overdraft	**1 395 179 601**	**-**	**-**	**-**	**1 395 179 601**
Long term liabilities					
Public Service Pensions Fund	**-**	**250 000 000**	**-**	**-**	**250 000 000**
	1 395 179 601	**250 000 000**	**-**	**-**	**1 645 179 601**
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

17. Trade and other payables

	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
Milling companies	**163 866 341**	224 624 628	**163 866 341**	231 401 111
Other payables and accruals	**105 865 369**	90 565 227	**117 096 804**	91 004 705
	269 731 710	315 189 855	**280 963 145**	322 405 816

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.
Included in other payables and accruals is a provision for incentive bonus refer to note 27.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
18. Notes relating to the cash flow statements				
18.1 *Cash generated from operations*				
Profit for the year before tax	**119 302**	3 997 403	**119 302**	3 997 403
Adjustment for non-cash flow items:				
(Profit) / Loss on disposal of property, plant and equipment	**-**	(528 526)	**-**	(528 526)
Depreciation	**10 852 264**	9 686 737	**1 419 868**	1 729 475
Finance income	**(27 537 555)**	-	**(43 441 800)**	(16 896 113)
Finance expenses	**202 751 670**	137 073 755	**202 751 670**	137 073 755
Share of joint venture (profit)/loss	**46 249**	(2 109 870)	-	-
	186 231 930	148 119 499	**160 849 040**	125 375 994
Decrease/(increase) in inventories	**(591 272 273)**	116 970 401	**(591 272 273)**	116 970 401
Decrease/(increase) in trade and other receivables	**(176 279 884)**	77 322 058	**(176 279 884)**	77 322 058
(Decrease)/increase in trade and other payables	**(41 488 913)**	(3 951 907)	**(41 442 670)**	(6 061 776)
	(622 809 140)	338 460 051	**(648 145 787)**	313 606 677
18.2 *Taxation paid*				
Balance at beginning of year	**173 625**	194 724	**173 625**	194 724
Current year charge	**(119 302)**	(76 117)	**(119 302)**	(76 117)
Balance at end of year	**(113 479)**	(173 628)	**(113 479)**	(173 628)
	(59 156)	(55 021)	**(59 156)**	(55 021)
18.3 *Cash and cash equivalents*				
Bank balances and cash on hand	**100 530 320**	23 755 414	**100 530 320**	23 755 414
Short term portion of long term loan	**(100 000 000)**	-	**(100 000 000)**	-
Bank overdrafts	**(1 295 179 602)**	(513 245 465)	**(1 295 179 602)**	(513 245 465)
	(1 294 649 282)	(489 490 051)	**(1 294 649 282)**	(489 490 051)

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 22. As at 31 March 2018, E9 462 273 related to restricted cash that was held by the Group on behalf of growers.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
19. Lease commitments				
Future operating lease rentals of premises not provided for:				
Due within one year	**1 221 655**	1 140 389	**1 221 655**	1 140 389
Two to five years	**1 335 836**	1 322 458	**1 335 836**	1 322 458
	2 557 491	2 462 847	**2 557 491**	2 462 847

The Association has leased property, which it utilises as offices. The lease period is for three years, renewable. Lease instalments of E108 931 are payable monthly and are subject to an escalation clause of ten percent per annum, effective on 1 May each year. Refer to note 7 for current year operating lease expense.

	Group		Association	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
20. Foreign currency				
The following balances are (payable)/receivable in foreign currency:				
Payable				
Included in trade payables:				
Sociedade Terminal De Açucar De Maputo Limitada ("STAM")	**(559 658)**	(432 546)	**(559 658)**	(432 546)
Other	**(63 472)**	(41 471)	**(63 472)**	(41 471)
	(623 130)	(474 017)	**(623 130)**	(474 017)
Receivables				
Included in trade and other receivables	**250 692**	70 263	**250 692**	70 263
Included in bank balances				
Standard Bank Swaziland Limited	**2 571 507**	18 635	**2 571 507**	18 635

	Group		Association	
	2018	2017	**2018**	2017
	EURO	EURO	**EURO**	EURO
20. Foreign currency (continued)				
The following balances are receivable in foreign currency:				
Included in bank balances				
First National Bank	**1 000 000**	-	**1 000 000**	-
Standard Bank Swaziland Limited	**1 855 986**	73 021	**1 855 986**	73 021
Nedbank (Swaziland) Limited	**-**	23 220	**-**	23 220
	2 855 986	96 241	**2 855 986**	96 241
Receivable				
Included in trade and other receivables	**1 838 212**	1 344 240	**1 838 212**	1 344 240

21. 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	
	2018	2017
	E	E
Defined contributions	**4 001 748**	3 813 545

22. 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.

22. 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 70 (2017: 65) percent of the Group and Association's revenue is attributable to sales transactions with 37 (2017: 35) customers, within the Southern African Customs Union ("SACU") market and 38 (2017: 35) percent of the Group and Association's revenue is attributable from sales transactions with 22 (2017: 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.

22. Financial instruments (continued)

Guarantees

The Group and Association's policy is to provide guarantees for loans extended only to its related entities. At 31 March 2018 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 in 2017, 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. This guarantee was cancelled in 2018.

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

22. 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 421 million (2017: E2 290million) overdraft facility that is secured. Interest is 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 2018 was 1 660 400 (2017: 2 260 923) recognised in fair value derivatives.

22. 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	
	2018	2017	**2018**	2017
	EURO	EURO	**EURO**	EURO
Forward exchange cover				
Forward exchange cover with local financial institutions	**1 000 000**	21 823 002	**1 000 000**	21 823 002

	Group		Association	
	2018	2017	**2018**	2017
	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 14 and 16 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.

22. 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	
	2018	2017	**2018**	2017
	E	E	**E**	E
Total current liabilities	**1 664 911 312**	828 434 720	**1 676 142 747**	835 651 280
Total current assets	**1 745 222 526**	901 550 135	**1 884 011 260**	1 044 059 865
Ratio of total liabilities to current assets	**0.96**	0.92	**0.89**	0.80
Cash flow hedge				
Net change in fair value of cash flow hedges transferred from other comprehensive income	**2 260 923**	6 516 589	**2 260 923**	6 516 589
Fair value of cash flow hedges recognised in other comprehensive income	**1 666 400**	2 260 923	**1 666 400**	2 260 923

22. Financial instruments (continued)

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.

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
Non-current liabilities				
Unsecured fixed term loans	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Current liabilities				
Short term borrowings	**100 000 000**	-	**100 000 000**	-
Bank overdraft	**1 295 179 602**	513 245 465	**1 295 179 602**	513 245 465
	1 645 179 602	763 245 465	**1 645 179 602**	763 245 465

22. Financial instruments (continued)

Terms and repayment schedule

Group and Association

	Carrying currency	Nominal interest rate	Year of maturity	**2018** Face value E	**2018** Carrying amount E	2017 Face Value E	2017 Carrying amount E
Fixed loan	Lilangeni	Negotiated rates	30 June 2020	**250 000 000**	**250 000 000**	250 000 000	250 000 000
Fixed loan- short term portion	Lilangeni	Negotiated rates	31 March 2018	**100 000 000**	**100 000 000**	-	-
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2018	**1 295 179 602**	**1 295 179 602**	513 245 465	513 245 465
Total interest-bearing liabilities				**1 645 179 602**	**1 645 179 602**	763 245 465	763 245 465

The unsecured bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E1 642 912 327 (2017: E875 360 170).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

22. 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	
	2018	2017	**2018**	2017
	E	E	**E**	E
Carrying amount				
Loans and receivables	**-**	-	**138 788 734**	142 509 730
Trade and other receivables	**517 653 496**	341 377 612	**517 653 496**	341 377 612
Cash and cash equivalents	**100 530 320**	23 755 414	**100 530 320**	23 755 414
Unsecured loans receivables	**-**	-	**-**	-
Other forward exchange contracts	**1 666 400**	2 260 923	**1 666 400**	2 260 923
	619 850 216	367 393 949	**758 638 950**	509 903 679

	Group		Association	
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Southern African Customs Union ("SACU")	**282 988 662**	268 530 261	**282 988 662**	268 530 261
Regional	**821 515**	14 045 856	**821 515**	14 045 856
International	**33 287 769**	38 483 015	**33 287 769**	38 483 015
	317 097 946	321 059 132	**317 097 946**	321 059 132

Trade receivables

The aging of trade receivables at the reporting date was:

	Group		Association	
Gross carrying amount				
Current	**194 722 450**	259 577 098	**194 722 450**	259 577 098
0 – 30 days	**98 302 983**	35 910 190	**98 302 983**	35 910 190
31 – 120 days (past due)	**24 072 513**	25 571 844	**24 072 513**	25 571 844
	317 097 946	321 059 132	**317 097 946**	321 059 132

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.

22. Financial instruments (continued)

Group - 2018

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						
Fixed loan- short term portion	**100 000 000**	**100 000 000**	**100 000 000**	**-**	**-**	**-**
Unsecured bank facility	**1 295 179 602**	**1 295 179 602**	**1 295 179 602**	**-**	**-**	**-**
Trade and other payables	**269 731 710**	**269 731 710**	**269 731 710**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**304 611 301**	**10 787 671**	**10 849 315**	**21 911 815**	**261 062 500**
	1 914 911 312	**1 969 522 613**	**1 675 698 983**	**10 849 315**	**21 911 815**	**261 062 500**

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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (continued)

22. 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 – 2018						
The following are the contractual maturities of financial liabilities including interest payments and excluding the impact of netting agreements						
Non-derivative financial liabilities						
Fixed Loan- Short term portion	**100 000 000**	**100 000 000**	**100 000 000**	**-**	**-**	**-**
Unsecured bank facility	**1 295 179 602**	**1 295 179 602**	**1 295 179 602**	**-**	**-**	**-**
Fixed loan	**280 963 145**	**280 963 145**	**280 963 145**	**-**	**-**	**-**
Trade and other payables	**250 000 000**	**304 611 301**	**10 787 671**	**10 849 315**	**21 911 815**	**261 062 500**
	1 926 142 747	**1 980 754 048**	**1 686 930 418**	**10 849 315**	**21 911 815**	**261 062 500**

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.

22. 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.

				-	-	-

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.

22. 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 2018		Group and Association 2017	
	Euro	**USD**	Euro	USD
Trade receivables	**1 828 212**	**250 692**	1 344 240	70 263
Bank balances	**2 855 986**	**2 571 507**	96 241	18 635
Trade payables	**-**	**(623 130)**	-	(474 017)
Gross statement of financial position exposure	**4 684 198**	**2 199 069**	1 440 481	(385 119)
Estimated forecast sales (2018/19)	**13 557 500**	**100 312 460**	62 365 615	9 521 325
Estimated forecast purchases (2018/19)	**-**	**(2 271 379)**	-	(3 058 724)
Gross exposure	**18 241 698**	**100 240 150**	63 806 096	6 077 482
Forward exchange contracts (2018/19)	**-**	**-**	(21 823 002)	(3 808 530)
Net exposure	**18 241 698**	**100 240 150**	41 983 094	2 268 952

22. Financial instruments (continued)

The following significant exchange rates applied during the year:

	Group and Association Average rates achieved		**Group and Association Closing rates**	
	2018	2017	**2018**	2017
Euro	**14.95**	14.35	**14.50**	14.35
USD	**13.93**	13.37	**11.69**	13.37

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 2018 and 2017.

	Group and Association export proceeds	
	2018	2017
	E	E
USD and EURO (2015:USD and EURO)	**148 476 946**	94 074 236

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 2018, as the Lilangeni and Rand are linked.

22. 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**	
	2018	2017	**2018**	2017
	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	**1 395 179 602**	513 245 469	**1 395 179 602**	513 245 465

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 2018 and 2017. Since all proceeds are distributed to the millers and growers, there is no effect on equity.

	100 bp increase	**100 bp decrease**	**100 bp Increase**	**100 bp decrease**
	E	**E**	**E**	**E**
31 March 2018				
Variable rate instruments	**13 951 796**	**(13 951 796)**	**13 951 796**	**(13 951 796)**
Cash flow sensitivity (net)	**13 951 796**	**(13 951 796)**	**13 951 796**	**(13 951 796)**
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)

22. 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**	**Loans and receivables**	**Other financial liabilities**	**Total carrying Amount**
	E	**E**	**E**	**E**
31 March 2018				
Forward exchange contract	**1 666 400**	**-**	**-**	**1 666 400**
Loans receivable				
Cash and cash equivalents	**-**	**100 530 320**	**-**	**100 530 320**
Trade and other receivables	**-**	**517 657 496**	**-**	**517 657 496**
	1 666 400	**618 187 816**	**-**	**619 854 216**
Trade and other payables	**-**	**-**	**(269 731 710)**	**(269 731 710)**
Unsecured fixed loan	**-**	**-**	**(250 000 000)**	**(250 000 000)**
Fixed loan- Short term portion	**-**	**-**	**(100 000 000)**	**(100 000 000)**
Bank overdraft	**-**	**-**	**(1 295 179 602)**	**(1 295 179 602)**
	-	**-**	**(1 914 911 312)**	**(1 914 911 312)**

Group	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	-	-	-	-
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)
	-	-	(1 078 424 720)	(1 078 434 720)

22. 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 2018				
Forward exchange contract	**1 666 400**	**-**	**-**	**1 666 40**
Trade and other receivables	**-**	**517 657 496**	**-**	**517 657 49**
Cash and cash equivalents	**-**	**100 530 320**	**-**	**100 530 32**
	1 666 400	**618 187 816**	**-**	**619 854 21**
Trade and other payables	**-**	**-**	**(280 963 145)**	**(280 963 145**
Unsecured fixed loan	**-**	**-**	**(250 000 000)**	**(250 000 000**
Fixed loan- Short term portion	**-**	**-**	**(100 000 000)**	**(100 000 000**
Bank overdraft	**-**	**-**	**(1 295 179 602)**	**(1 295 179 602**
	-	**-**	**(1 926 142 747)**	**(1 926 142 747**

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 92
Trade and other receivables	-	23 755 414	-	23 755 41
Cash and cash equivalents	-	341 377 612	-	341 377 61
	2 260 923	365 133 026	-	367 393 94
Trade and other payables	-	-	(322 405 815)	(322 405 815
Unsecured fixed loan	-	-	(250 000 000)	(250 000 000
Bank overdraft	-	-	(513 245 465)	(513 245 465
	-	-	(1 085 651 280)	(1 085 651 280

22. 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
2018			
Forward exchange contract asset	**-**	**1666 400**	**-**
2017			
Forward exchange contract asset	-	**2 260 923**	-

23. 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.

23.1 Amounts due by related parties

	Group		Association	
	2018	2017	**2018**	2017
	E	E	**E**	E
Accounts receivable – millers	**186 137 298**	452 011	**186 137 298**	452 011
Loans to subsidiaries	**138 788 734**	-	**138 788 734**	142 509 730
	324 926 032	452 011	**324 926 032**	142 961 741

23.2 Amounts due to related parties

	Group		Association	
	2018	2017	**2018**	2017
Milling creditors (refer to note 17)	**163 866 341**	232 401 111	**163 866 341**	232 401 111

23.3 Related party transactions

	Group		Association	
	2018	2017	**2018**	2017
Conditioning fee paid	**29 440 635**	-	**29 440 635**	30 400 711
Interest on loan to subsidiaries	**15 904 247**	-	**15 904 247**	16 896 113
Sugar purchases	**3 931 464 351**	3 800 902 240	**3 931 464 351**	3 800 902 240
Molasses purchases	**183 620 113**	147 046 933	**183 620 113**	147 046 933

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
n to their salaries, management personnel receive incentive bonuses as determined and approved by the remuneration committee.

	2018	2017
	E	E
Short-term employee benefits	**14 739 938**	13 684 044
Post-employment benefits	**2 906 889**	2 700 976

		Group		Association	
		2018	2017	**2018**	2017
		E	E	**E**	E
24.	**Other financial assets**				
	Cash flow hedge reserve				
	Balance at the beginning of the year	**2 260 923**	6 516 589	**2 260 923**	6 516 589
	Effective portion of changes in fair value of cash flow hedges	**1 666 400**	2 260 923	**1 666 400**	2 260 923
	Net change in fair value of cash flow hedges reclassified to profit or loss	**(2 260 923)**	(6 516 589)	**(2 260 923)**	(6 516 589)
	Balance at the end of the year	**1 666 400**	2 260 923	**1 666 400**	2 260 923

25. Capital commitments

	Group 2018 E	Group 2017 E	Association 2018 E	Association 2017 E
Approved but not yet contracted for	**1 908 374**	2 250 593	**1 908 374**	1 620 593
Approved and contracted for	**660 000**	5 132 550	**660 000**	-
	2 568 374	7 383 143	**2 568 374**	1 620 593

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

25.1 Contingencies and commitments

The Association as at 31 March 2018 has the following commitments with third parties:

First National Bank:

The Association has ceded its debtors and receivables, bond over fixed property GNB/Debentures over movables in favour of the First National Bank.

The Association has a bank overdraft facility, short term guarantee, foreign currency transaction swaps with the First National Bank. The facility is subject to review on 29/08/2018.

The Association has an FEC facility amounting to EUR 1000 000 (E16 229 000); FEC Number 3-860531. The FEC position is open until period ending 3 April 2018

Swazi Bank:

The Association has ceded debtors and Inventory in favour of Swazi Bank.

The Association has a bank overdraft facility amounting to E35 Million with the Swazi Bank. The facility is subject to review on 30/11/2018.

26. 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 2018	**Aggregate Amount**		**Association 25% Interest**	
	2018	2018	**2018**	2018
	E	$	**E**	$
Non-current assets	**97 906 804**	8 373 757	**24 476 701**	2 093 439
Current assets	**32 765 181**	2 802 335	**8 191 295**	700 584
Total assets	**130 671 985**	11 176 092	**32 667 996**	2 794 023
Non-current liabilities	**111 333 766**	9 522 136	**27 833 441**	2 380 534
Current liabilities	**19 338 219**	1 653 956	**4 834 555**	413 489
Total liabilities	**130 671 985**	11 176 092	**32 667 996**	2 794 023
Statement of comprehensive income – year ended 31 March 2018				
Revenue	**61 779 121**	4 727 403	**15 444 780**	1 181 851
Operating expenses	**(64 294 141)**	(4 919 855)	**(16 073 535)**	(1 229 964)
Loss from operations	**(2 515 020)**	(192 452)	**(628 755)**	(48 113)
Net finance income	**2 573 331**	196 914	**643 332**	49 229
Tax	**(243 306)**	(18 618)	**(60 826)**	(4 655)
Loss for the year	**(184 995)**	(14 156)	**(46 249)**	(3 539)
Share of loss after tax recognised in the statement of comprehensive income	**(184 995)**	(14 156)	**(46 249)**	(3 539)

NOTES TO THE FINANCIAL STATEMENTS
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26. Equity accounted joint venture (continued)

Statement of financial position – 31 March 2017	**Aggregate Amount**		**Association 25% Interest**	
	2017	2017 $	**2017** **E**	2017 $
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 after tax recognised in the statement of comprehensive income	**2 109 870**	157 806	**2 109 870**	157 806

27. Provisions and contingent liabilities

On 31 March 2018, the Group had no contingent liabilities against it.

The Group had made the following provision at year end:

Provision for incentive bonus

	Group		**Association**	
	2018	2017	**2018**	2017
	E	E	**E**	E
Balance at beginning of year	**6 368 808**	5 978 473	**6 368 808**	5 978 473
Provision raised during the year	**3 500 000**	6 500 000	**3 500 000**	6 500 000
Provision utilised during the year	**(6 236 377)**	(6 109 665	**(6 236 377)**	(6 109 665)
Balance at the end of the year	**3 632 431**	6 368 808	**3 632 431**	6 368 808

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.

28. Guarantees

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

- Swaziland Customs and Excise – E208 500 (2017: E208 500)

29. 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.