ESWATINI SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2020

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CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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COUNCIL MEMBERS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2020

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 and separate 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 and separate financial statements.

The consolidated financial statements prepared in accordance with IFRS which appear on pages 10 to 62 were approved by the council members on 21 July 2020 and signed on its behalf by:

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

Independent auditor's report

To the Members of Eswatini 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 Eswatini Sugar Association (the Association) and its subsidiaries (together the Group) as at 31 March 2020, 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.

What we have audited

Eswatini Sugar Association's consolidated and separate financial statements set out on pages 10 to 62 comprise:

- the consolidated and separate statements of financial position as at 31 March 2020;
- 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Eswatini Sugar Association Consolidated and Separate Financial Statements for the year ended 31 March 2020". The other information does not include the consolidated or the 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, Eswatini
P O Box 569, Mbabane H100, Eswatini Telephone +268 2404 2861/3, Telephone or 2404 3143, 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the members for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors 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 directors 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 directors either intend to liquidate the Group and/or the Association or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Partner: Theo Mason
Registered Auditor
P.O. Box 569
Mbabane
Date:

COUNCIL MEMBERS' REPORT

for the year ended 31 March 2020

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 2020.

Business activities

The Association, which is established by an Act of Parliament, is involved in the purchasing and selling of sugar and molasses in Eswatini. The function of the Association under the Act is to regulate the sugar industry, markets and its by- products.

General review of business operations and results

The state of affairs of the Association at 31 March 2020 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 E5,94 billion (2019: E5,13 billion). The increase in revenue is mainly attributable to increased sales volume and better selling prices compared with the previous year. The cost of sales increased from E4,80 billion to E5,66 billion in line with increased distributable proceeds. Profits that are made by the Association are distributed in full to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E13,6 million (2019: E9 million). The increase is mainly as a result of more sales being on Cost, Insurance and Freight (CIF) terms as opposed to Free On Board (FOB) terms when compared with the previous year.

Foreign exchange loss of E4,29 million were incurred compared to a E30,30 million in the previous year. This is primarily a result of high volatility of the Lilangeni against export currencies during the year. Interest paid decreased from E215,34 million to 182,42 million as a result of a better optimal funding compared with the previous year. Administration expenses increased from E77,4 million to E83,05 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. ESA'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.

Consolidated statement of financial position

The carrying value of property, plant and equipment increased from E139,91 million to E146,12 million as a result of additional investment on the warehousing infrastructure. Inventories decreased from E1, 012 billion to E511,8 million as a result of lower closing stock quantities when compared to the previous year. Trade receivables decreased by E89,8 million mainly as a result of customers settling their debts prior to year-end. The market conditions had improved when compared with the previous year where a lot of sugar was being imported into the SACU market. Trade payables increased as a result of a high amount available for distribution when compared with the previous year. Bank overdraft decreased from E1,02 billion to E146 million, in line with inventory and accounts payables.

Going Concern

The Council believe that the Association has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Council has satisfied itself that the Association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Going Concern (continued)

The Council is not aware of any new material changes that may adversely impact the Association. The Council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Association.

Management has assessed the impact of COVID19 with regards to the going concern of the Association as well as IAS 10 Events after the reporting period that may need to be disclosed. The services offered by the Association have been seen as essential services throughout any lockdowns which has enabled the Association to maintain operating during the height of lockdowns. As such, management are of the opinion that there is no impact on the going concern of the Association and there are no events after the reporting period that need to be highlighted as a result of COVID 19

Events subsequent to year end

There are no other events that have occurred after the reporting period that would require adjustment to or additional disclosure in these financial statements.

The Council is aware of the extension of the national lockdown which was enforced before year end in response to the novel coronavirus pandemic. There was no material effect to these financial statements and no adjustments required in respect of the event. The members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Subsidiaries and jointly controlled company

The Association has the following subsidiary companies:

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

* These two are dormant subsidiaries of the Association.

The Association has interest 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 Eswatini Millers Association and Eswatini Cane Growers Association. The Chairperson is an independent non-executive member. Council members in office at the reporting date were as follows:

Mr G White	President
Mr N Jackson	Vice President
Mr T Dlamini	Chairman
Mr O Magwenzi	
Dr A T Dlamini	
Mr B James	
Mr S Potts	
Mr L Ndzimandze	
Mr S Geldenhuys	

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2020 (continued)

Council (continued)

Mr M Maziya
Mr M Mndzebele
Mr P Myeni
Mr P Malandvula
Mr M Mabuza
Mr T Nkambule
Mr M Hlatshwayo
Mrs S Magagula
Mr V Madume
Mr O Mabuza
Mr M Jele

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 M. Mndzebele	
Mr G White	
Mr O Magwenzi	
Mr P Malandvula	
Dr A T Dlamini	
Mr S Geldenhuys	
Mr N Jackson	
Mr M Maziya	
Mr S Potts	
Mr L. Ndzimandze	
Mr B. James	

Finance Committee

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

Dr P F Mnisi	Chairman
Mr S Potts	
Mr L Ndzimandze	
Mr J Msibi	
Mrs S Magagula	

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*
Nkotfotjeni Building	P O Box 445
Cnr Msakato & Dzeliwe Street	Mbabane
Mbabane	

Auditors

PricewaterhouseCoopers	P O Box 569
Rhus Office Park	Mbabane
Kal Grant Street	
Mbabane	

ESWATINI SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

		Group		Association	
	Notes	**2020**	2019	**2020**	2019
		E'000	E'000	**E'000**	E'000
Revenue from contracts with customers	6	**5 939 729**	5 128 521	**5 939 729**	5 128 521
Cost of sales		**(5 661 296)**	(4 803 007)	**(5 677 266)**	(4 818 902
Gross profit		**278 433**	325 514	**262 463**	309 619
Other income		**4 568**	5 961	**4 568**	5 961
Distribution costs		**(13 628)**	(8 954)	**(13 393)**	(8 866)
Administrative expenses		**(83 048)**	(77 427)	**(81 211)**	(75 694)
Foreign exchange (loss)		**(4 296)**	(30 297)	**(4 296)**	(30 297)
Operating profit before financing costs	7	**182 029**	214 797	**168 131**	200 723
Finance income		**-**	-	**14 383**	14 719
Finance expense		**(182 423)**	(215 338)	**(182 423)**	(215 338)
Net financing costs	8	**(182 423)**	(215 338)	**(168 040)**	(200 619)
Share of profit of jointly controlled entity (net of tax)		**485**	645	**-**	-
Profit before tax		**91**	104	**91**	104
Income tax expense	9	**(91)**	(104)	**(91)**	(104)
Profit for the year		-	-	**-**	-
Transfer to distributable reserves		-	-		-
		-	-	**-**	-
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Unrealised cash flow hedges	24	**-**	-	**-**	-
Total comprehensive income for the year		**-**	-	**-**	-

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.

ESWATINI SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
at 31 March 2020

	Notes	Group 2020 E'000	Group 2019 E'000	Association 2020 E'000	Association 2019 E'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**146 123**	139 911	**7 716**	8 262
Investment in subsidiaries	11	**-**	-	**-**	-
Jointly controlled entity	11	**44 001**	35 231	**39 362**	39 362
Total non-current assets		**190 124**	175 142	**47 078**	47 624
Current assets					
Loans to subsidiaries	14	**-**	-	**138 112**	131 351
Inventories	12	**511 794**	1 011 592	**511 794**	1 011 593
Trade and other receivables	13	**671 419**	761 245	**671 419**	761 245
Current tax asset	18.2	**89**	128	**89**	128
Cash and cash equivalents	18.3	**4 608**	57 080	**4 608**	57 080
Total current assets		**1 187 910**	1 830 045	**1 326 022**	1 961 397
Total assets		**1 378 034**	2 005 187	**1 373 100**	2 009 021
RESERVES AND LIABILITIES					
Non-distributable reserve	15	**3 934**	3 934	**3 934**	3 934
Total reserves		**3 934**	3 934	**3 934**	3 934
Non-current liabilities					
Long term liabilities	16.1	**150 000**	250 000	**150 000**	250 000
Current liabilities					
Bank overdraft	18.3	**146 004**	1 016 237	**146 004**	1 016 237
Short term borrowings	16.2	**493 000**	363 000	**493 000**	363 000
Contract liabilities	22	**20 884**	-	**20 884**	-
Trade and other payables	17	**564 212**	372 016	**559 278**	375 850
Total current liabilities		**1 224 100**	1 751 253	**1 219 166**	1 755 087
Total liabilities		**1 374 100**	2 001 253	**1 369 166**	2 005 087
Total reserves and liabilities		**1 378 034**	2 005 187	**1 373 100**	2 009 021

ESWATINI SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 31 March 2020

		Group		Association	
	Notes	**2020**	2019	**2020**	2019
		E'000	E'000	**E'000**	E'000
Cash flows from operating activities					
Cash generated from operations	18.1	**986 062**	189 944	**963 259**	167 045
Interest received		**-**	-	**14 383**	14 718
Interest paid		**(182 423)**	(215 338)	**(182 423)**	(215 338)
Taxation paid	18.2	**(52)**	(119)	**(52)**	(119)
Net cash inflows/(outflows) from operating activities		**803 587**	(25 513)	**795 167**	(33 694)
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(15 832)**	(2 111)	**(652)**	(1 366)
Proceeds from the sale of property, plant and equipment		**6**	116	**6**	116
Net cash outflows from investing activities		**(15 826)**	(1 995)	**(646)**	(1 250)
Cash flows from financing activities					
Loans received from short term borrowings		**130 000**	30 000	**130 000**	30 000
Loans repaid from long term borrowings		**(100 000)**	-	**(100 000)**	-
Loans to subsidiary companies received/(repaid)		**-**	-	**(6 760)**	7 436
Net cash inflows from financing activities		**30 000**	30 000	**23 240**	37 436
Nets increase in cash and cash equivalents		**817 761**	2 492	**817 761**	2 492
Cash and cash equivalents at the beginning of the year		**(959 157)**	(961 649)	**(959 157)**	(961 649)
Cash and cash equivalents at the end of the year	18.3	**(141 396)**	(959 157)	**(141 396)**	(959 157)

ESWATINI SUGAR ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year *ended 31 March 2020*

	Non-distributable reserve E'000	**Other reserve E'000**	**Total Equity E'000**
Group and Association 2020			
Balance at beginning of year	**3 934**	**-**	**3 934**
Changes in fair value of cash flow hedges	**-**	**20 884**	**-**
Cash flow hedges realised and reclassified to profit or loss	**-**	**(20 884)**	**-**
Balance at end of year	**3 934**	**-**	**3 934**
Group and Association 2019			
Balance at beginning of year	3 934	1 666	5 600
Cash flow hedges realised and reclassified to profit or loss	-	(1 666)	(1 666)
Balance at end of year	3 934	-	3 934

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. Reporting entity

Eswatini Sugar Association is an Association domiciled in Eswatini. The address of the Association's registered office is: Nkontfotjeni Building, Corner of Msakato & Dzeliwe Streets, P O Box 445, Mbabane H100, Eswatini. The consolidated and separate financial statements of the Association as at and for the year ended 31 March 2020 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 The Kingdom of Eswatini as well as preforming regulatory function for the sugar industry in the country. 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). 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 Lilangeni (E), which is the Association's functional currency and the Group's presentation currency. All amounts are rounded to the nearest thousands of Emalangeni (E'000), unless indicated otherwise.

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.

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 2021 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.

d) Use of estimates and judgements

Measurement of fair value(continued)

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.

e) Changes in accounting policy and disclosures

New Standards and Interpretations adopted

International Financial Reporting Standards and amendments effective for the first time for the financial year beginning 01 January 2019. The following new and revised standards and interpretations have been issued by the IASB and are effective for the current financial year.

Standard	Impact assessment	Effective date
IFRS 16 – Leases	This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied.

e) Changes in accounting policy and disclosures (continued)

New Standards and Interpretations adopted (continued)

Standard	Impact assessment	Effective date
IFRS 16 – Leases	IFRS 16 supersedes IAS 17, ‘Leases’, IFRIC 4, ‘Determining whether an Arrangement contains a Lease’, SIC 15, ‘Operating Leases – Incentives’ and SIC 27, ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. The Association has adopted IFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Statement of Financial Position on 1 April 2019. The new accounting policies are disclosed in note 3.9. On adoption of IFRS 16, the Association recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. In applying IFRS 16, for the first time, the Association has used the following practical expedients permitted by the standard: • applying a single discount rate to a portfolio of leases with reasonably similar characteristics • relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019 • excluding initial direct costs for the measurement of the right-of-use asset as the date of initial application, and • using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied**.**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

2. Basis of preparation (continued)

e) Changes in accounting policy and disclosures (continued)

New Standards and Interpretations not yet adopted

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 March 2019 year end, and have not been applied in preparing these financial statements. The company intends to adopt and apply these standards on their respective effective dates.

Standard	Impact assessment	Effective date
Covid-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.	1 June 2020
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.	1 January 2022

3. Significant accounting policies

3.1 Basis of consolidation

Subsidiaries

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

	2020 *Control*	2019 *Control*
■ Eswatini Sugar Assets Limited	100%	100%
■ Sugar Assets (Mhlume) Limited	100%	100%
■ Sugar Holding Company Limited	100%	100%
■ Commodity Marketing Company Limited	100%	100%
■ Sugar Assets (Simunye) Limited	100%	100%

Joint ventures

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

	2020 *Share*	2019 *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 Lilangeni 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) Financial Assets

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

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (“FVOCI”) or through profit or Loss (“FVPL”)), and
- Those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (“FVOCI”).

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss (“FVPL”).

All the financial assets held by the Group during the year and as at year end were classified as those measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

(b) Measurement

At initial recognition, the Group measures a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in foreign exchange (loss/gain). Impairment losses are presented as separate line item in the statement of profit or loss. No impairment loss was recognised in the current period.

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows; if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss) or in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that will market participants would consider when pricing the asset or liability

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(d) Off-setting financial instruments

Financial assets and liabilities are set off and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year (2018:E nil).

(e) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. All the financial assets held by the Group during the year and as at year end were classified as those measured at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates are calculated based on historical credit losses experienced. Historically, the Group has not had credit losses due to the nature of the customers. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group computed the expected credit loss allowance on the basis of the new accounting policy and determined that this was not material.

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. There no write offs in the current period (2019: E nil).

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

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.

Cash flow hedges

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

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

3. Significant accounting policies (continued)

3.4 Impairment of 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

The Group operates a defined contribution plan for post-employment benefit plan under which it pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions are based on a percentage of pensionable earnings funded by both the employer and the employees. The assets are independently administered. Obligations for contributions to the defined contribution plan 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 Tax

Direct taxes

Direct taxation includes current and deferred tax. Current and deferred 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 in 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.

Indirect tax

Indirect tax that is not recoverable, other than duties, is recognised in the profit or loss.

3.7 Inventories

Inventories of sugar and molasses on hand at the year-end are valued at 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. In determining net realisable value, management estimates prices obtainable from the markets the stocks will sold to. 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.

3.8 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. Significant accounting policies (continued)

3.9 Leases

Recognition and measurement

The Association recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located (if applicable), less any lease incentives received. At subsequent measurement, the right of use is measured at cost less accumulated depreciated and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Association's incremental borrowing rate. The lease liability is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, or if the Association changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of use asset has been reduced to zero.

The Association presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

As permitted under the standard, the Association does not recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low value assets. The Association recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the property and equipment items.

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

3.10 Finance income and expense

Finance income comprises interest income on funds. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. 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.

3. Significant accounting policies (continued)

3.11 Revenue

Revenue is derived from sale of sugar and molasses. Revenue is recognised when or as the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates all its revenues at a point in time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

i) Sugar and molasses sales

The group buys and sells sugar and molasses from millers and growers. Revenue is recognised when control of sugar and molasses has transferred, when the sugar or molasses is delivered to the customer. For the local market delivery is generally when the sugar or molasses is released from the warehouse to the customer, while for the export market, depending on the terms of the sale, if free – on – board, the sale is recognized upon loading the sugar to the carrier and issuance of the bill of lading. In the case of cost-insurance-freight sale, revenue is recognized when the carrier has discharged the sugar to the customer, at the customer's port destination. Molasses revenue is for the local market and revenue is recognized upon release to the customer at the warehouse. The group has full discretion, over the channels and price, to sell sugar and molasses, and there are no unfulfilled obligation that can affect customer's acceptance of sugar or molasses.

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. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described above. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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 group 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, except for capital work in progress which is measured at cost.

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
Molasses storage building	40

*Buildings include freehold land and building and leasehold land and buildings

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.

3.13 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.

3.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020(continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
6. Revenue - disaggregation of revenue from contracts with customers				
The group derives revenue from transfer of goods at a point in time in the following major product lines and channels				
Revenue by product type comprises:				
- Sugar sales	**5 743 642**	4 937 825	**5 743 642**	4 937 825
- Molasses sales	**196 087**	190 696	**196 087**	190 696
	5 939 729	5 128 521	**5 939 729**	5 128 521
Revenue by channel comprises:				
SACU market	**4 070 243**	3 471 657	**4 070 243**	3 471 657
Regional market	**570 695**	268 396	**570 695**	268 396
International market	**1 298 791**	1 388 468	**1 298 791**	1 388 468
	5 939 729	5 128 521	**5 939 729**	5 128 521

Sugar is sold into the Southern African Customs Union ("SACU"), regional and international markets. Molasses is sold within the SACU market.

7. Operating profit before financing costs

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

Income:

	Group 2020	Group 2019	Association 2020	Association 2019
Administration Expenses:				
Auditors remuneration				
- Current year	**101**	89	**101**	89
- Prior year	**786**	619	**786**	619
Depreciation	**9 591**	9 550	**1 170**	1 368
Lease expenses	**1 283**	1 220	**1 283**	1 220
Management fees				
- Computer related	**1 627**	1 669	**1 627**	16 697
Payroll costs	**38 892**	35 009	**38 892**	35 009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
8. Net financing costs				
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**(182 423)**	(215 338)	**(182 423)**	(215 338)
Foreign exchange loss	**(20 758)**	(30 297)	**(20 758)**	(30 297)
Finance expenses	**(203 181)**	(245 635)	**(203 181)**	(245 635)
Finance income on financial assets				
Interest income on loans originated by the Association		-	**14 383**	14 719
Foreign Exchange gain	**16 462**	-	**16 462**	-
Finance income	**16 462**	-	**30 845**	14 719
Net finance costs	**(186 719)**	(245 635)	**(172 336)**	(230 916)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
9. Income tax expense				
Tax recognised in profit or loss				
Current year charge	**91**	104	**91**	104
	91	104	**91**	104
Tax rate reconciliation				
Profit before taxation	**91**	104	**91**	104
Tax thereon at 27.5%	**25**	29	**25**	29
Tax effect of non-deductible expenses	**66**	75	**66**	75
	91	104	**91**	104
10. Property, plant and equipment				
Cost				
Freehold land and buildings	**12 859**	12 859	**12 859**	12 859
Leasehold land and buildings	**167**	167	**167**	167
Plant, machinery and computer equipment	**18 023**	17 751	**18 023**	17 751
Furniture and fittings	**1 807**	1 750	**1 807**	1 750
Motor vehicles	**6 592**	5 900	**4 340**	4 340
Conditioning silo buildings	**63 507**	63 507	**-**	-
Sugar store buildings	**90 585**	89 807	**-**	-
Molasses storage buildings	**1 372**	1 372	**-**	-
Conditioning silo equipment	**49 263**	49 263	**-**	-
Sugar store equipment	**76 578**	67 906	**-**	-
Molasses storage equipment	**22 760**	22 760	**-**	-
Capital work in progress	**5 890**	728	**583**	457
	349 403	333 770	**37 779**	37 324
Accumulated depreciation				
Freehold land and buildings	**(11 270)**	(11 105)	**(11 270)**	(11 105)
Leasehold land and buildings	**(166)**	(166)	**(166)**	(166)
Plant, machinery and computer equipment	**(14 410)**	(13 956)	**(14 410)**	(13 956)
Furniture and fittings	**(1 256)**	(1 219)	**(1 256)**	(1 219)
Motor vehicles	**(3 666)**	(3 231)	**(2 961)**	(2 616)
Conditioning silo buildings	**(30 193)**	(28 632)	**-**	-
Sugar store buildings	**(41 461)**	(39 183)	**-**	-
Molasses storage buildings	**(1 372)**	(1 372)	**-**	-
Conditioning silo equipment	**(43 690)**	(42 578)	**-**	-
Sugar store equipment	**(40 921)**	(38 007)	**-**	-
Molasses storage equipment	**(14 875)**	(14 410)	**-**	-
	(203 280)	(193 859)	**(30 063)**	(29 062)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020(continued)

10. Property, plant and equipment (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Carrying amount				
Freehold land and buildings	**1 589**	1 754	**1 589**	1 754
Leasehold land and buildings	**1**	1	**1**	1
Plant, machinery and computer equipment	**3 613**	3 795	**3 613**	3 795
Furniture and fittings	**551**	531	**551**	531
Motor vehicles	**2 926**	2 669	**1 379**	1 724
Conditioning silo buildings	**33 314**	34 875	**-**	-
Sugar store buildings	**49 124**	50 624	**-**	-
Molasses storage buildings	**-**	-	**-**	-
Conditioning silo equipment	**5 573**	6 684	**-**	-
Sugar store equipment	**35 657**	29 900	**-**	-
Molasses storage equipment	**7 885**	8 350	**-**	-
Capital work in progress	**5 890**	728	**583**	457
	146 123	139 911	**7 716**	8 262

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:

	2020	2019
	E'000	E'000
Cost	**35 950**	**35 950**
Accumulated depreciation	**(35 950)**	**(35 950)**

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 Sugar Company Limited. The sub-lease expired on 8 September 2008 and is in the process of being renewed 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 Eswatini 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 2020 (continued)

10. Property, plant and equipment (continued)

Allocation of depreciation

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Direct cost of sales	**331**	493	**331**	493
Direct analysis of cane	**233**	196	**233**	196
Extension services	**209**	262	**209**	262
Administration	**397**	417	**397**	417
Operating expense	**8 422**	8 181	**-**	-
Total	**9 592**	9 549	**1 170**	1 368

Reconciliation of the opening and closing carrying amounts – 2020

Association

	Opening Carrying Amount E'000	**Additions E'000**	**Disposals E'000**	**Transfer E'000**	**Depreciation E'000**	**Closing Carrying amount E'000**
Freehold land and buildings	**1 754**	**-**	**-**	**-**	**(165)**	**1 589**
Leasehold land and buildings	**1**	**-**	**-**	**-**	**-**	**1**
Plant and equipment	**3 795**	**447**	**(25)**		**(604)**	**3 613**
Furniture and fittings	**531**	**79**	**(3)**	**-**	**(56)**	**551**
Motor vehicles	**1 724**	**-**	**-**	**-**	**(345)**	**1 379**
Capital work in progress	**457**	**126**	**-**	**-**	**-**	**583**
	8 262	**652**	**(28)**	**-**	**(1 170)**	**7 716**

Reconciliation of the opening and closing carrying amounts - 2019

Association

	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 535	404	-	-	(185)	1 754
Leasehold land and buildings	1	-	-	-	-	1
Plant and equipment	4 365	187	(48)		(709)	3 795
Furniture and fittings	516	71	(2)	-	(54)	531
Motor vehicles	1 687	513	(56)	-	(420)	1 724
Capital work in progress	266	191	-	-	-	457
	8 370	1 366	(106)	-	(1 368)	8 262

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

10. Property, plant and equipment (continued)

Reconciliation of the opening and closing carrying amounts - 2020

	Opening carrying amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Group						
Freehold land and buildings	1 754	-	-	-	(165)	1 589
Leasehold land and buildings	1	-	-	-	-	1
Plant and equipment	3 795	447	(25)	-	(604)	3 613
Furniture and fittings	531	79	(3)	-	(56)	551
Motor vehicles	2 669	692	-	-	(435)	2 926
Conditioning silo buildings	34 875	-	-	-	(1 561)	33 314
Sugar store buildings	50 623	780	-	-	(2 279)	49 124
Conditioning silo equipment	6 685	-	-	-	(1 112)	5 573
Sugar store equipment	29 900	8 672	-	-	(2 915)	35 657
Molasses storage equipment	8 350	-	-	-	(465)	7 885
Capital work in progress	728	5 162	-	-	-	5 890
	139 911	15 832	(28)	-	(9 592)	146 123

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

10. Property, plant and equipment (continued)

Reconciliation of the opening and closing carrying amounts - 2019

Group	Opening carrying amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 535	404	-	-	(185)	1 754
Leasehold land and buildings	1	-	-	-	-	1
Plant and equipment	4 364	187	(48)	-	(708)	3 795
Furniture and fittings	516	71	(2)	-	(54)	531
Motor vehicles	2 722	513	(56)	-	(510)	2 669
Conditioning silo buildings	36 436	-	-	-	(1 561)	34 875
Sugar store buildings	52 782	-	-	-	(2 159)	50 623
Conditioning silo equipment	7 796	-	-	-	(1 111)	6 685
Sugar store equipment	31 339	475	-	881	(2 795)	29 900
Molasses storage equipment	8 816	-	-	-	(466)	8 350
Capital work in progress	1 148	461	-	(881)	-	728
	147 455	2 111	(106)	-	(9 549)	139 911

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group 2020 E'000	Group 2019 E'000	Association 2020 E'000	Association 2019 E'000
11. Investments				
Shares at cost				
- Eswatini Sugar Assets Limited*	**-**	-	**-**	**-**
- Sugar Assets (Mhlume) Limited*	**-**	-	**-**	**-**
- Sugar Assets (Simunye) Limited*	**-**	-	**-**	**-**
- Sugar Holding Company Limited*	**-**	-	**-**	**-**
- Commodity Marketing Company Limited*	**-**	-	**-**	**-**
	-	-	**-**	**-**

*The cost of the shares owned by the association in each of subsidiary is E100.

Jointly controlled entity

	Group 2020 E'000	Group 2019 E'000	Association 2020 E'000	Association 2019 E'000
Investment in jointly controlled entity				
Opening balance	**35 231**	27 833	**39 362**	39 362
Share of profit of equity accounted Investment	**485**	646	**-**	-
Investment during the year	**-**	-	**-**	-
Exchange differences	**8 285**	6 752	**-**	-
Closing balance	**44 001**	35 231	**39 362**	39 362
The carrying value of the investment comprises:				
Cost of investment	**19 149**	19 149	**-**	-
Accumulated post acquisition gains	**2 458**	1 973	**-**	-
Post acquisition investment	**20 213**	20 213	-	-
Accumulated foreign exchange gains on translation of Association interest	**2 181**	(6 104)	-	-
Closing balance	**44 001**	35 231	**-**	-

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 2020 %**	Ownership 2019 %
- Eswatini Sugar Assets Limited	Big Bend, Eswatini	Eswatini	**100**	100
- Sugar Assets (Mhlume) Limited	Mhlume, Eswatini	Eswatini	**100**	100
- Sugar Assets (Simunye) Limited	Simunye, Eswatini	Eswatini	**100**	100
- Sugar Holding Company Limited	Dormant	Eswatini	**100**	100
- Commodity Marketing Company Limited	Dormant	Eswatini	**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 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
12. Inventories				
The following inventories were held by the Group:				
Sugar and molasses stocks	**487 131**	989 219	**487 131**	989 219
Bags and liners	**24 663**	22 374	**24 663**	22 374
	511 794	1 011 593	**511 794**	1 011 593

There is a negative pledge over inventory. 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	**601 776**	740 262	**601 776**	740 262
Other receivables	**69 643**	20 983	**69 643**	20 983
	671 419	761 245	**671 419**	761 245

There is a negative pledge over trade receivables. The Group's exposure to credit risk; currency risks; and impairment losses related to trade and other receivables is disclosed in note 22.

14. Loans to subsidiaries				
Loan to Eswatini Sugar Assets Limited	**-**	-	**48 174**	41 393
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**46 580**	49 884
Loan to Sugar Assets (Simunye) Limited	**-**	**-**	**43 358**	40 074
	-	**-**	**138 112**	131 351

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 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
15. Non-distributable reserve				
Non distributable reserve	**3 934**	3 934	**3 934**	3 934
The non-distributable reserve is in respect of profit on disposal of property, plant and equipment.				
16. Financial Liabilities				
16.1 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**	250 000	**250 000**	250 000
The loan will be repaid in full on 30 June 2023. 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	**(100 000)**	-	**(100 000)**	-
Total non-current portion	**150 000**	250 000	**150 000**	250 000
16.2 Short term borrowings				
Promissory notes	**293 000**	263 000	**293 000**	263 000
Other Loans	**200 000**	100 000	**200 000**	100 000
	493 000	363 000	**493 000**	363 000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

16. Long term liabilities (continued)

Debt repayment profile

	Current E'000	Within 2 years E'000	Within 3 years E'000	After 3 years E'000	Total 2016 E'000
Group and Association – 2020					
Short term borrowings					
Bank overdraft	**146 004**	**-**	**-**	**-**	**146 004**
Short term borrowings	**493 000**	**-**	**-**	**-**	**493 000**
Long term liabilities					
Public Service Pensions Fund	**-**	**150 000**	**-**	**-**	**150 000**
	639 004	**150 000**	**-**	**-**	**789 004**
Group and Association – 2019					
Short term borrowings					
Bank overdraft	1 016 238	-	-	-	1 016 238
Short term borrowings	363 000	-	-	-	363 000
Long term liabilities					
Public Service Pensions Fund	-	250 000	-	-	250 000
	1 379 238	250 000	-	-	1 629 238

17. Trade and other payables

	Group 2020 E'000	Group 2019 E'000	Association 2020 E'000	Association 2019 E'000
Milling companies	**354 401**	198 048	**354 401**	198 048
Other payables and accruals	**209 811**	173 968	**204 877**	177 802
	564 212	372 016	**559 278**	375 850

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 2020 (continued)

		Group		Association	
		2020	2019	**2020**	2019
		E'000	E'000	**E'000**	E'000
18.	**Notes relating to the cash flow statements**				
18.1	***Cash generated from operations***				
	Profit for the year before tax	**91**	104	**91**	104
	Adjustment for:				
	Profit/Loss on disposal of property, plant and equipment	**23**	(10)	**23**	(10)
	Depreciation	**9 592**	9 550	**1 170**	1 368
	Finance income	**-**	-	**(14 383)**	(14 718)
	Finance expenses	**182 423**	215 338	**182 423**	215 338
	Share of joint venture profit	**(485)**	(646)	-	-
	Foreign exchange difference on revaluation of forward exchange contracts	**20 885**	-	**20 885**	
	FCTR on equity accounted investment	**(8 285)**	(6 751)	-	-
		204 244	217 585	**190 209**	202 082
	Decrease in inventories	**499 799**	113 662	**499 799**	113 662
	Decrease/(increase) in trade and other receivables	**89 825**	(243 587)	**89 825**	(243 587)
	Increase in trade and other payables	**192 194**	102 284	**183 426**	94 888
		986 062	189 944	**963 259**	167 045
18.2	***Taxation paid***				
	Balance at beginning of year	**128**	113	**128**	113
	Current year charge	**(91)**	(104)	**(91)**	(104)
	Balance at end of year	**(89)**	(128)	**(89)**	(128)
		(52)	(119)	**(52)**	(119)
18.3	***Cash and cash equivalents***				
	Bank balances and cash on hand	**4 608**	57 080	**4 608**	57 080
	Bank overdrafts	**(146 004)**	(1 016 237)	**(146 004)**	(1 016 237)
		(141 396)	(959 157)	**(141 396)**	(959 157)

The bank overdraft and short term borrowing are 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. At 31 March 2020, E1 008 243 (2019: E1 303 549) was held by the Group on behalf of certified Fairtrade growers in respect of Fairtrade premiums.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
19. Lease commitments				
Future operating lease rentals of premises not provided for:				
Due within one year	**1 347**	1 283	**1 347**	1 283
Two to five years	**1 533**	2 880	**1 533**	2 880
	2 880	4 163	**2 880**	4 163

The Association has leased property, which it utilises as offices. The lease period is for three years, renewable. Lease instalments of E118 358 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	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
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")	**(478)**	(341)	**(478)**	(341)
Other	**(1 289)**	(646)	**(1 289)**	(646)
	(1 767)	(987)	**(1 767)**	(987)
Receivables				
Included in trade and other receivables	**2 786**	**5 818**	**2 786**	**5 818**
Included in bank balances				
Standard Bank Eswatini Limited	**17**	-	**17**	-
First National Bank	**50**	7	**50**	7
	67	**7**	**67**	**7**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	EURO	EURO	**EURO**	EURO
20. Foreign currency (continued)				
The following balances are (payable)/receivable in foreign currency:				
Included in bank balances				
Standard Bank Eswatini Limited	**76**	371	**76**	371
	76	371	**76**	371
Receivable				
Included in trade and other receivables	**1 534**	780	**1 534**	780

Refer to note 22 for the prevailing and or ruling exchange rates for the 31 March 2020 Financial year end.

21. Retirement benefit information

The Group provides retirement benefits for all its permanent employees through a defined contribution fund known as Eswatini 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	
	2020	2019
	E'000	E'000
Defined contributions	**4 399**	**3 847**

22. 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 and risk 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 and risk 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 and risk committee.

22. 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 69 (2019: 68) percent of the Group and Association's revenue is attributable to sales transactions with 37 (2019: 47) customers, within the Southern African Customs Union ("SACU") market and 32 (2019: 32) percent of the Group and Association's revenue is attributable from sales transactions with 37 (2019: 31) 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 expected credit losses in respect of trade and other receivables. The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The identified impairment loss on the three classes of financial assets was immaterial, both on adoption of IFRS 9 as well as at year end.

Guarantees

The Group and Association's policy is to provide guarantees for loans extended only to its related entities. At 31 March 2020 there were no outstanding loans owed by the subsidiaries to third parties.

22. Financial risk management (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:

- E3 250 million (2019: 2 581million) overdraft facility that is secured. Interest would be negotiated.

Market risk

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

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

Currency risk

The Group is exposed to currency risk on sales, foreign currency payments and borrowings that are denominated in a currency other than 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 Eswatini 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 and forward sugar pricing used as economic hedges of monetary assets and liabilities in foreign currencies at 31 March 2020 was E20 884 424 (2019: NIL) recognised in fair value derivatives.

22. Financial risk management (continued)

Forecasted transactions

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and measures them at fair value through OCI.

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 Eswatini on a floating rate basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (continued)

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

Capital management

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Total current liabilities	**1 224**	1 751	**1 219**	1 755
Total current assets	**1 188**	1 830	**1 326**	1 961
Ratio of total current assets to liabilities	**0.97**	1.04	**1.09**	1.12

Cash flow hedge

	Group		Association	
Net change in fair value of cash flow hedges transferred from other comprehensive income	**-**	1 666	**-**	1 666

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Loans and borrowings				
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.				
Non-current liabilities				
Unsecured fixed term loans	**150 000**	250 000	**150 000**	250 000
Current liabilities				
Short term borrowings	**493 000**	363 000	**493 000**	363 000
Bank overdraft	**146 004**	1 016 238	**146 004**	1 016 238
	789 004	1 629 238	**789 004**	1 629 238

22. Financial risk management (continued)

Terms and repayment schedule

Group and Association

	Carrying currency	Nominal interest rate	Year of maturity	2020 Face value E'000	2020 Carrying amount E'000	2019 Face value E'000	2019 Carrying amount E'000
Fixed loan	Lilangeni	Negotiated rates	31 July 2023	**150 000**	**150 000**	250 000	250 000
Short term borrowings	Lilangeni	Negotiated rates	30 July 2020	**493 000**	**493 000**	363 000	363 000
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2020	**146 004**	**146 004**	1 016 237	1 016 237
Total interest-bearing liabilities				**789 004**	**789 004**	1 629 237	1 629 237

The unsecured bank loans and short term borrowings are secured by a negative pledge over inventory and trade receivables with a carrying value of E1 182 654 215 (2019: E1 772 837 752).

22. Financial risk management (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	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Carrying amount				
Loans and receivables	**-**	-	**138 112**	131 352
Trade and other receivables (excluding Other receivables)	**601 776**	740 262	**601 776**	740 262
Cash and cash equivalents	**4 608**	57 080	**4 608**	57 080
Other forward exchange contracts	**-**	-	**-**	-
	606 384	797 342	**744 496**	928 694

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group 2020	Group 2019	Association 2020	Association 2019
Southern African Customs Union ("SACU")	**471 467**	643 554	**471 467**	643 554
Regional	**11 138**	84 490	**11 138**	84 490
International	**80 266**	12 218	**80 266**	12 218
	562 871	740 262	**562 871**	740 262

Trade receivables

The aging of trade receivables at the reporting date was:

	Group 2020	Group 2019	Association 2020	Association 2019
Gross carrying amount				
Current	**373 398**	586 722	**373 398**	586 722
0 – 30 days	**60 333**	74 814	**60 333**	74 814
31 – 120 days	**129 140**	78 726	**129 140**	78 726
	562 871	740 262	**562 871**	740 262

Based on past experience, the Group believes that no allowance for expected credit losses is necessary in respect of trade receivables other than those specifically identified. Allowance for expected credit losses of trade receivables was assessed in terms of IFRS 9 expected credit loss model. Based on the assessment done at year, possible allowance for expected credit losses was considered immaterial. The Group requires bank guarantees in respect of trade and other receivables.

22. Financial risk management (continued)

Group – 2020

Liquidity risk

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

	Carrying amount E'000	Contractual cash flows E'000	6 months or less E'000	6 – 12 months E'000	1 – 2 years E'000	2 – 5 years E'000
Non-derivative financial liabilities						
Short term borrowings	**493 000**	**493 000**	**493 000**	**-**	**-**	**-**
Unsecured bank facility	**146 004**	**146 004**	**146 004**	**-**	**-**	**-**
Trade and other payables	**564 212**	**564 212**	**564 212**	**-**	**-**	**-**
Contract liabilities	**20 885**	**20 885**	**20 885**	**-**	**-**	**-**
Fixed loan – Long term	**150 000**	**180 450**	**4 350**	**8 700**	**167 400**	**-**
	1 374 101	**1 404 551**	**1 228 451**	**8 700**	**167 400**	**-**

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 - 2019

Liquidity risk

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

	Carrying amount E'000	Contractual cash flows E'000	6 months or less E'000	6 – 12 Months E'000	1 – 2 years E'000	2 – 5 years E'000
Non-derivative financial liabilities						
Short term borrowings	363 000	363 000	363 000	-	-	-
Unsecured bank facility	1 016 238	1 016 238	1 016 238	-	-	-
Trade and other payables	372 016	372 016	372 016	-	-	-
Fixed loan – Long term	250 000	288 817	16 817	11 000	261 000	-
	2 001 254	2 040 071	1 768 071	11 000	261 000	-

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (continued)

Liquidity risk

	Carrying amount E'000	Contractual cash flows E'000	6 months or less E'000	6 – 12 Months E'000	1 – 2 years E'000	2 – 5 years E'000
Association – 2020						
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	**146 004**	**146 004**	**146 004**	**-**	**-**	**-**
Fixed loan – long term	**150 000**	**180 450**	**4 350**	**8 700**	**167 400**	**-**
Contract liabilities	**20 885**	**20 885**	**20 885**	**-**	**-**	**-**
Short term borrowings	**493 000**	**493 000**	**493 000**	**-**	**-**	**-**
Trade and other payables	**559 278**	**559 278**	**559 278**	**-**	**-**	**-**
	1 369 167	**1 399 617**	**1 223 517**	**8 700**	**167 400**	**-**

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 risk management (continued)

Liquidity risk

	Carrying amount E'000	Contractual cash flows E'000	6 months or less E'000	6 – 12 months E'000	1 – 2 years E'000	2 – 5 years E'000
Association – 2019						
The following are the contractual maturities of financial liabilities including interest payments and excluding the impact of netting agreements						
Non-derivative financial liabilities						
Short term borrowings	1 016 238	1 016 238	1 016 238	-	-	-
Unsecured bank facility	363 000	363 000	363 000	-	-	-
Trade and other payables	375 850	375 850	375 850	-	-	-
Fixed loan – Long term	250 000	288 817	16 817	11 000	261 000	-
	2 005 088	2 043 905	1 771 905	11 000	261 000	-

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

22. Financial risk management (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 2020		Group and Association 2019	
	Euro'000	**USD'000**	Euro'000	USD'000
Trade receivables	**1 534**	**2 786**	780	5 818
Bank balances	**76**	**66**	371	7
Trade payables	**-**	**(1 757)**	-	(987)
Gross statement of financial position exposure	**1 610**	**1 095**	1 151	4 838
Estimated forecast sales (2019/20)	**8 823**	**90 636**	8 100	123 215
Estimated forecast purchases (2019/20)	**(1 288)**	**(5 066)**	-	(2 668)
Gross exposure	**9 145**	**86 665**	9 251	125 385
Forward exchange contracts (2019/20)	**(3 200)**	**(58 000)**	-	-
Net exposure	**5 945**	**28 665**	9 251	125 385

22. Financial risk management (continued)

The following significant exchange rates applied during the year:

	Group and Association Average rates achieved		Group and Association Closing rates	
	2020	2019	**2020**	2019
Euro	**16.42**	16.05	**19.80**	16.39
USD	**14.99**	13.81	**17.91**	14.52

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 2020 and 2019.

	Group and Association export proceeds	
	2020 E'000	2019 E'000
USD and EURO	**1 646 474**	177 751

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 2020, as the Lilangeni and Rand are linked.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (continued)

Interest rate risk

Profile

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

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Fixed rate instruments				
Financial liabilities	**150 000**	250 000	**150 000**	250 000
Variable rate instruments				
Financial liabilities	**639 004**	1 379 238	**639 004**	1 379 238

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 2020 and 2019. Since all proceeds are distributed to the millers and growers, there is no effect on equity.

	100 bp increase E'000	**100 bp decrease E'000**	**100 bp Increase E'000**	**100 bp decrease E'000**
31 March 2020				
Variable rate instruments	**5 390**	**(5 390)**	**5 390**	**(5 390)**
Cash flow sensitivity (net)	**5 390**	**(5 390)**	**5 390**	**(5 390)**
31 March 2019				
Variable rate instruments	13 792	(13 792)	13 792	(13 792)
Cash flow sensitivity (net)	13 792	(13 792)	13 792	(13 792)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (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

31 March 2020	**Derivative financial instruments E'000**	**Financial assets at amortised cost E'000**	**Financial liabilities at amortised costs E'000**	**Total carrying E'000**
Cash and cash equivalents	**-**	**4 608**	**-**	**4 608**
Trade and other receivables	**-**	**671 419**	**-**	**671 419**
	-	**676 027**	**-**	**676 027**
Trade and other payables	**-**	**-**	**(564 212)**	**(564 212)**
Unsecured fixed loan	**-**	**-**	**(150 000)**	**(150 000)**
Other financial Liabilities	**-**	**-**	**(20 885)**	**(20 885)**
Short term borrowings	**-**	**-**	**(493 000)**	**(493 000)**
Bank overdraft	**-**	**-**	**(146 004)**	**(146 004)**
	-	**-**	**(1 374 101)**	**(1 374 101)**

31 March 2019	Derivative financial instruments E'000	Financial assets at amortised cost E'000	Financial liabilities at amortised costs E'000	Total carrying Amount E'000
Cash and cash equivalents	-	57 080	-	57 080
Trade and other receivables	-	761 245	-	761 245
	-	818 325	-	818 325
Trade and other payables	-	-	(372 016)	(372 016)
Unsecured fixed loan	-	-	(250 000)	(250 000)
Short term borrowings	-	-	(363 000)	(363 000)
Bank overdraft	-	-	(1 016 237)	(1 016 237)
	-	-	(2 001 253)	(2 001 253)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (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

31 March 2020	**Derivative financial instruments E'000**	**Financial assets at amortised costs E'000**	**Financial liabilities at amortised cost E'000**	**Total carrying E'000**
Trade and other receivables	**-**	**671 419**	**-**	**671 419**
Cash and cash equivalents	**-**	**4 608**	**-**	**4 608**
	-	**676 027**	**-**	**676 028**
Trade and other payables	**-**	**-**	**(559 278)**	**(559 278)**
Unsecured fixed loan	**-**	**-**	**(150 000)**	**(150 000)**
Other financial Liabilities	**-**	**-**	**(20 885)**	**(20 885)**
Short term borrowings	**-**	**-**	**(493 000)**	**(493 000)**
Bank overdraft	**-**	**-**	**(146 004)**	**(146 004)**
	-	**-**	**(1 369 167)**	**(1 369 167)**

Association

31 March 2019	Derivative financial instruments E'000	Financial assets at amortised costs E'000	Financial liabilities at amortised cost E'000	Total carrying E'000
Trade and other receivables	-	761 245	-	761 245
Cash and cash equivalents	-	57 080	-	57 080
	-	818 325	-	818 325
Trade and other payables	-	-	(375 850)	(375 850)
Unsecured fixed loan	-	-	(250 000)	(250 000)
Fixed loan – short term			(363 000)	(363 000)
Bank overdraft	-	-	(1 016 237)	(1 016 237)
	-	-	(2 005 087)	(2 005 087)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

22. Financial risk management (continued)

Basis for determining fair values

The basis for determining fair values is detailed in note 4.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method.

	Level 1	Level 2	Level 3
	E'000	E'000	E'000
2020			
Forward exchange contract liability	**-**	**20 885**	**-**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

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	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Accounts receivable – millers	**7 870**	5 584	**7 870**	5 584
Loans to subsidiaries	**-**	-	**138 112**	131 351
	7 870	5 584	**145 982**	136 935

23.2 Amounts due to related parties

	Group 2020	Group 2019	Association 2020	Association 2019
Milling creditors (refer to note 17)	**354 401**	198 048	**354 401**	198 048

23.3 Related party transactions

	Group 2020	Group 2019	Association 2020	Association 2019
Conditioning fee paid	**-**	-	**29 292**	30 276
Interest on loan to subsidiaries	**-**	-	**14 383**	14 719
Sugar purchases	**-**	-	**4 320 919**	3 968 678
Molasses purchases	**-**	-	**194 719**	189 328

Millers and growers do not receive remuneration as members of Council and sub- committees.

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

	2020	2019
	E'000	E'000
Short-term employee benefits	**15 073**	14 893
Post-employment benefits	**3 241**	2 983

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020 (continued)

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
24. Other financial assets				
Cash flow hedge reserve				
Balance at the beginning of the year	**-**	1 666	-	1 666
Effective portion of changes in fair value of cash flow hedges	**-**	-	**20 884**	-
Net change in fair value of cash flow hedges reclassified to profit or loss	**-**	(1 666)	**(20 884)**	(1 666)
Balance at the end of the year	**-**	-	**--**	-

25. Capital commitments

	Group 2020 E'000	Group 2019 E'000	Association 2020 E'000	Association 2019 E'000
Approved but not yet contracted for	**3 964**	57 182	**3 964**	663
Approved and contracted for	**109 500**	22 705	**-**	-
	113 464	79 887	**3 964**	663

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

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, Mozambique 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.

26. Equity accounted joint venture (continued)

Statement of financial position – 31 March 2020	Aggregate Amount		Association 25% Interest	
	2020 E'000	2020 $'000	2020 E'000	2020 $'000
Non-current assets	171 674	9 585	42 918	2 396
Current assets	50 392	2 814	12 598	704
Total assets	222 066	12 399	55 516	3 100
Non-current liabilities	198 432	11 079	49 608	2 770
Current liabilities	23 634	1 320	5 908	330
Total liabilities	222 066	12 399	55 516	3 100

Statement of comprehensive income – year ended 31 March 2020

Revenue	113 191	6 320	28 298	1 580
Operating expenses	(106 866)	(5 967)	(26 716)	(1 492)
Profit from operations	6 325	353	1 582	88
Net finance income	(1 466)	(82)	(367)	(20)
Tax	(2 919)	(163)	(730)	(41)
Profit for the year	1 940	108	485	27
Share of loss after tax recognised in the statement of comprehensive income	485	27	485	27

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019 (continued)

26. Equity accounted joint venture (continued)

Statement of financial position - 31 March 2019	Aggregate Amount		Association 25% Interest	
	2019	2019	**2019**	2019
	E'000	$'000	**E'000**	$'000
Non-current assets	132 873	9 151	33 218	2 288
Current assets	43 014	2 962	10 754	740
Total assets	175 887	12 113	43 972	3 028
Non-current liabilities	153 003	10 537	38 251	2 634
Current liabilities	22 884	1 576	5 721	394
Total liabilities	175 887	12 113	43 972	3 028

Statement of comprehensive income - year ended 31 March 2019

Revenue	**90 204**	6 558	**22 551**	1 639
Operating expenses	**(84 918)**	(6 174)	**(21 230)**	(1 543)
Profit from operations	**5 286**	384	**1 321**	96
Net finance income	**(218)**	(16)	**(54)**	(4)
Tax	**(2 486)**	(181)	**(621)**	(45)
Profit for the year	**2 582**	**187**	**646**	**47**
Share of profit after tax recognised in the statement of comprehensive income	**646**	47	**646**	47

27. Provisions and contingent liabilities

On 31 March 2020, the Group had no contingent liabilities against it.

The Group had made the following provision at year end:

Provision for incentive bonus

	Group		Association	
	2020	2019	**2020**	2019
	E'000	E'000	**E'000**	E'000
Balance at beginning of year	**5 545**	3 632	**5 545**	3 632
Provision raised during the year	**6 173**	3 000	**6 173**	3 000
Provision utilised during the year	**(3 679)**	(1 087)	**(3 679)**	(1 087)
Balance at the end of the year	**8 039**	5 545	**8 039**	5 545

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:

- Eswatini Revenue Authority – E208 500 (2019: E208 500)

29. Events after the reporting date

There are no other events that have occurred after the reporting period that would require adjustment to or additional disclosure in these financial statements.

The Council is aware of the extension of the national lockdown which was enforced before year end in response to the novel coronavirus pandemic. There was no material effect to these financial statements and no adjustments required in respect of the event. The members are not aware of any other material event which occurred after the reporting date and up to the date of this report.