08

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

Directors' responsibilities in relation to the consolidated and separate financial statements

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial statements and the separate financial statements of The Royal Swaziland Sugar Corporation Limited, comprising the statements of financial position at 31 March 2019, statements of profit or loss and other comprehensive income, the statements of changes in equity, the statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies, the identification of reporting entity and basis of preparation, and the directors' report in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of the Kingdom of Eswatini.

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

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements and separate financial statements are fairly presented in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of the Kingdom of Eswatini.

Approval of consolidated financial statements and Company financial statements

The consolidated financial statements and separate financial statements of The Royal Swaziland Sugar Corporation Limited, set out on pages 8 to 54, were approved by the board of directors on 28 June 2019 and are signed on their behalf by:

A T Dlamini
(Chairman)

N M Jackson
(Director)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE ROYAL SWAZILAND SUGAR CORPORATION LIMITED

Opinion

We have audited the consolidated and separate financial statements of The Royal Swaziland Sugar Corporation Limited (the group and company) set out on pages 8 to 54 which comprise the statements of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, and the directors' report.

In our opinion the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Royal Swaziland Sugar Corporation Limited as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of the Kingdom of Eswatini.

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Eswatini Institute of Accountants' Code of Professional Conduct (ESIA Code) and other independence requirements applicable to performing audits of financial statements in the Kingdom of Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code and in accordance with other ethical requirements applicable to performing audits in the Kingdom of Eswatini. The ESIA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of goodwill for impairment.

Refer to note 4 - Use of estimates, note 8 - Goodwill and Significant accounting policies in notes 38.1 and 38.5 to the financial statements

This key audit matter is applicable to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Goodwill of E 286 481 000 in the consolidated financial statements, is required to be assessed for impairment on an annual basis. The impairment assessment, made by the directors, in respect of the goodwill allocated to Mhlume (Swaziland) Sugar Company Limited (the cash generating unit, "CGU") involves key assumptions in relation to forecasting future cash flows and is sensitive to growth rates embedded in the business plan and the discount rate applied to the future cash flows. Due to the significant judgement and estimation uncertainty in respect of determining the recoverable amount of the CGU the assessment of goodwill for impairment was considered a key audit matter in our audit of the consolidated financial statements.	Our audit work included the following procedures: We assessed the assumptions used by the directors in the goodwill impairment assessment specifically in respect of the cash flow forecasts, discount rates and growth rates applied by performing the following: • We used our internal valuation specialist to assess the reasonableness of the discount rate applied in the discounting of future cash flows by comparing the rates used to those rates applicable to the R186 and R209 risk free bond rates, adjusted for country and industry specific risk factors. • We evaluated the cash flow forecasts by analysing projected income and expenditure streams in line with the company's projected production. • We assessed future projected production for reasonableness in relation to current production and management's future plans. • We compared capital expenditure projections to existing plans to acquire assets necessary to ensure the company meets production targets. • We assessed the reasonableness of future growth rates by: - Comparing forecast sugar prices to current prices and to the expected prices from global and regional markets. - Comparing the inflation adjustments on expenses to current and projected inflation rates. • We performed our own sensitivity analysis by changing the key assumptions applied to assess the impact on the value in use of the CGU. • We assessed the appropriateness of the disclosures made in the consolidated financial statements against requirements of the financial reporting framework.

Valuation of biological asset : Growing cane

Refer to note 4 - Use of estimates and judgements, note 12 – Biological assets and Significant accounting policies in note 38.7 to the financial statements.

This key audit matter is applicable to both the consolidated and separate financial statements

The key audit matter	How the matter was addressed in our audit
Growing cane, of E 528 644 000 in the consolidated financial statements and E 390 806 000 in the separate financial statements, is classified as a biological asset in terms of IAS 41 Agriculture and is carried at fair value. The fair value of the growing cane is determined using level 3 valuation techniques which include significant unobservable inputs. Our audit work focused on the valuation of growing cane given the level of judgement and estimation involved in determining the fair value. The fair values are derived from the following significant unobservable inputs: forecast yields per hectare of cane, forecast sucrose percentage in cane, forecast sucrose prices and exchange rates (indirectly) Accordingly, due to the significant judgement involved in determining the fair value of the growing cane the valuation of the biological asset was considered a key audit matter in our audit of the consolidated and separate financial statements.	Our audit work included the following procedures: • We tested the design and implementation as well as the operating effectiveness of management's review over the fair value calculation of the growing cane. • We assessed management's historic estimation accuracy in the determination of the fair value of growing cane by comparing the data that was used in the previous financial period against current year results, particularly with regards to the yields per hectare of cane, sucrose percentage in cane, harvest age and sugar prices actually paid by the Eswatini Sugar Association (ESA) which were based on sugar prices achieved in destination markets and exchange rate fluctuations. • We assessed the reasonableness of assumptions applied in the determination of the current year's fair value of growing cane by comparing the data that was used in the calculation as follows: - Selling price of sugar was agreed to the estimate obtained from the ESA. The selling price was assessed for reasonableness taking into account our knowledge of the Eswatini sugar industry, world, regional and local sugar prices and global exchange rate trends. - Yields per hectare of cane, sucrose content in cane, harvest age of cane were compared to historical information. • We physically inspected a sample of cane fields to assess the quality of the crops to support the inputs used in the fair value determination of the growing cane. The quality of the crops was corroborated by discussions held with the ESA and the group's agronomists. • We assessed the appropriateness of the disclosures made in the financial statements against the requirements of the financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the Statement of responsibility by the Board of Directors, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' 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.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we performed on the other information obtained prior to the date of this auditors' report, 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 directors 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 in the manner required by the Companies Act of the Kingdom of Eswatini, and for such internal control as the directors determine is necessary to enable the preparation of 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's and the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 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 purposes of expressing an opinion on the effectiveness of the group's and the company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the group and / or the company 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where appropriate, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

KPMG Chartered Accountants (Swaziland)
per RT Sithebe - Partner Registered
Chartered Accountant (SD)
16 September 2019

Umkhiwa House Lot 195 Kal Grant Street
Mbabane, Eswatini

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2019.

General review of operations

The Group's principal activities are the growing and milling of sugar cane, the manufacture of sugar, and the manufacture of ethanol from molasses. The results of operations are fully disclosed in the attached financial statements.

Dividends

The following dividends have been declared (refer note 16.3):

- A first interim dividend for the year ended 31 March 2019 of 56.2 cents per share which was paid in November 2018; and
- A final dividend for the year ended 31 March 2019 of 96.18 cents per share which will be paid in June 2019.

Board structure

The Board comprises of one executive and eleven non-executive directors.

Directorate

The directors of the Company during the year were:

Directors

A T Dlamini	(Chairman)
N M Jackson	(Managing Director)
J M du Plessis	
HRH Princess Lomajuba	
J N Gule	
I Ahmed	
Z R Magagula	
B Mkhaliphi	
Chief Z N Ndlangamandla	
M S M Shongwe	
I G van der Walt	
A Westermeyer	

Alternates

A Adeyemi	(to I Ahmed)
M Ndlela	(to J N Gule)
A Ngcobo	(to A T Dlamini)

Secretary and registered office

Secretary
L S Masango

Registered Office
Simunye Sugar Estate
P O Box 1
Simunye

Auditors

KPMG Chartered Accountants (Swaziland)
Umkhiwa House
Lot 195, Kal Grant Street
Mbabane

Bankers

Standard Bank Swaziland Limited
Nedbank (Swaziland) Limited
First National Bank of Swaziland Limited

Transfer secretaries

KPMG Advisory (Swaziland) (Proprietary) Limited
P O Box 331
Mbabane
H100

Management structure

Managing Director
N M Jackson*

Commercial

M I Maziya*	General Manager Commercial
M Gamedze	Stores Manager
S Saxena	Head of Distillery
J Shiba	Purchasing Manager
M Zikalala	Logistics and Marketing Manager

Operations

P Myeni*	General Manager - Operations
C Crick	Head of Agriculture
Vacant	Head of Factories
M Gama	Agricultural Manager - Production
B Shongwe	Agricultural Manager - Water Resources
J Tfwala	Factories Manager
M Tshawuka	Agricultural Manager - Services
V Malubane	Agronomy Manager

Finance

S G Potts*	General Manager - Finance
D V Dhliwayo	Financial Manager – Business Planning & Reporting
M Zwane	Financial Manager – Financial Management
A B Hlatshwayo	Financial Manager – Tax and Projects
I Fakudze	Property Services Manager

Human Resources

Vacant*	Group Human Resources Manager
B A Maziya	Head of Human Resources Operations
A Mdluli	Employee Relations Manager
S Shiba	Human Resources Manager - Learning and Talent
Dr R Shoshore	Human Resources Manager - Health and Wellness

Governance, Risk and Compliance

L Masango	Head: Governance, Risk and Compliance

Information Technology

R Coombe	Group IT Manager

Office of Strategy Management

P M Dlamini	Head of Strategy

Public Affairs

S Nyembe	Group Public Affairs Manager

*Members of the Executive Committee (Exco)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTE	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
Assets					
Property, plant and equipment	7	1 678 118	1 468 894	1 070 668	974 250
Goodwill	8	286 481	286 481	-	-
Intangible assets	9	2 823	2 966	2 823	2 966
Investments in subsidiaries	10	-	-	666 474	666 474
Equity accounted investees	11	146 181	118 776	52 500	52 500
Deferred tax assets	28.4	119	150	-	-
Total non-current assets		2 113 722	1 877 267	1 792 465	1 696 190
Inventories	13	171 037	149 009	106 666	94 160
Biological asset - growing cane	12.2	528 644	453 931	390 806	326 167
Biological asset - livestock	12.3	7 902	6 468	7 902	6 468
Trade and other receivables	14	291 459	235 376	184 276	164 129
Taxation prepaid	33.1	13 799	-	8 687	-
Cash and cash equivalents	15	3 684	216 935	1 223	84 508
Total current assets		1 016 525	1 061 719	699 560	675 432
Total assets		3 130 247	2 938 986	2 492 025	2 371 622
Equity					
Share capital	16.1	128 639	128 639	128 639	128 639
Share premium	16.1	632 379	632 379	632 379	632 379
Preference share redemption reserve	16.2	78 104	78 104	78 104	78 104
Retained earnings		1 214 238	1 143 247	831 172	804 753
Total equity		2 053 360	1 982 369	1 670 294	1 643 875
Liabilities					
Deferred tax liabilities	28.4	371 824	316 581	265 693	232 895
Loans and borrowings	18	116 250	-	-	-
Employee benefits	19	83 172	90 420	58 236	63 406
Total non-current liabilities		571 246	407 001	323 929	296 301
Trade and other payables	20	305 194	437 289	344 314	363 171
Short term employee benefits	21	75 110	93 566	47 526	61 746
Bank overdraft	15.22	13 298	4 728	13 298	1 070
Current portion of loans and borrowings	18	19 375	-	-	-
Current tax liabilities	33.1	-	14 033	-	5 459
Dividends payable	33.2	92 664	-	92 664	-
Total current liabilities		505 641	549 616	497 802	431 446
Total liabilities		1 076 887	956 617	821 731	727 747
Total equity and liabilities		3 130 247	2 938 986	2 492 025	2 371 622

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

		GROUP		COMPANY	
	NOTE	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Continuing Operations					
Revenue	23	3 047 455	2 961 672	1 875 411	1 787 678
Cost of sales		(2 543 599)	(2 314 046)	(1 566 629)	(1 421 025)
Change in fair value of biological assets	12	76 147	(54 534)	66 073	(23 975)
Gross profit		580 003	593 092	374 855	342 678
Other income	24	66 140	104 069	74 249	313 676
Distribution expenses		(7 527)	(6 679)	(7 527)	(6 679)
Administration expenses		(396 015)	(360 386)	(233 182)	(210 219)
Operating profit	25	242 601	330 096	208 395	439 456
Finance income		24 196	53 482	11 336	32 372
Finance costs		(12 620)	(2 211)	(1 615)	(2 565)
Net finance income	27	11 576	51 271	9 721	29 807
Share of profit of equity accounted associate companies (net of income tax)	11	28 015	20 318	-	-
Profit before taxation		282 192	401 685	218 116	469 263
Income tax expense	28.1	(72 079)	(97 327)	(50 204)	(58 771)
Profit from continuing operations attributable to owners of the Company		210 113	304 358	167 912	410 492
Other comprehensive income (OCI)					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liabilities	19	10 607	(4 325)	7 337	(3 069)
Related deferred tax	28.2	(2 917)	1 189	(2 018)	845
Other comprehensive income, net of tax		7 690	(3 136)	5 319	(2 224)
Total comprehensive income for the year attributable to owners of the Company		217 803	301 222	173 231	408 268
Basic and diluted earnings per share (cents)	29	218.1	315.9	174.3	426.1

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
GROUP					
2019					
Balance at 1 April 2018	128 639	632 379	78 104	1 143 247	1 982 369
Profit	-	-	-	210 113	210 113
Other comprehensive income	-	-	-	7 690	7 690
Total comprehensive income for the year	-	-	-	217 803	217 803
Transactions with owners recorded directly in equity - Dividends (note 16.3)	-	-	-	(146 812)	(146 812)
Balance at 31 March 2019	128 639	632 379	78 104	1 214 238	2 053 360
2018					
Balance at 1 April 2017	128 639	632 379	78 104	1 053 987	1 893 109
Profit	-	-	-	304 358	304 358
Other comprehensive income	-	-	-	(3 136)	(3 136)
Total comprehensive income for the year	-	-	-	301 222	301 222
Transactions with owners recorded directly in equity - Dividends (note 16.3)	-	-	-	(211 962)	(211 962)
Balance at 31 March 2018	128 639	632 379	78 104	1 143 247	1 982 369
COMPANY					
2019					
Balance at 1 April 2018	128 639	632 379	78 104	804 753	1 643 875
Profit	-	-	-	167 912	167 912
Other comprehensive income	-	-	-	5 319	5 319
Total comprehensive income for the year	-	-	-	173 231	173 231
Transactions with owners recorded directly in equity - Dividends (note 16.3)	-	-	-	(146 812)	(146 812)
Balance at 31 March 2019	128 639	632 379	78 104	831 172	1 670 294
2018					
Balance at 1 April 2017	128 639	632 379	78 104	608 447	1 447 569
Profit	-	-	-	410 492	410 492
Other comprehensive income	-	-	-	(2 224)	(2 224)
Total comprehensive income for the year	-	-	-	408 268	408 268
Transactions with owners recorded directly in equity - Dividends (note 16.3)	-	-	-	(211 962)	(211 962)
Balance at 31 March 2018	128 639	632 379	78 104	804 753	1 643 875

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
Cash flows from operating activities					
Profit before taxation		282 192	401 685	218 116	469 263
Adjusted for:					
Depreciation		193 590	182 215	127 402	128 814
Amortisation of intangible assets		143	144	143	144
(Increase)/ decrease in fair value of biological assets - growing cane		(74 713)	53 949	(64 639)	23 390
(Increase)/decrease in fair value of biological assets - livestock		(1 434)	585	(1 434)	585
Increase/ (decrease) in non-current employee benefits		3 359	(14 093)	2 167	(10 589)
(Profit)/ loss on disposal of property, plant and equipment		(665)	5 537	(363)	5 537
Dividend income		-	-	(39 081)	(235 247)
Finance income		(22 506)	(38 109)	(9 592)	(17 004)
Finance costs		12 620	2 211	1 615	2 565
Unrealised currency (gain)/ loss		(348)	4 014	(348)	4 014
Share of associated company net profit		(28 015)	(20 318)	-	-
Operating cash flows before movement in working capital		364 223	577 820	233 986	371 472
Movement in working capital					
Increase in inventory		(22 028)	(20 734)	(12 506)	(21 418)
Increase in trade and other receivables		(56 083)	(119 469)	(20 147)	(67 342)
(Decrease)/ increase in trade and other payables		(132 095)	55 925	(18 857)	(199 584)
Decrease in short term employee benefits		(18 456)	(19 730)	(14 220)	(9 112)
Cash generated from operations		135 561	473 812	168 256	74 016
Interest paid	27	(12 620)	(2 211)	(1 615)	(2 565)
Taxation paid	33.1	(47 554)	(80 034)	(33 570)	(16 173)
Net cash generated by operating activities		75 387	391 567	133 071	55 278
Cash flows from investing activities					
Finance income	27	22 506	38 109	9 592	17 004
Dividends received		610	12 632	39 081	235 247
Proceeds from sale of property, plant and equipment		676	105	374	105
Acquisition of property, plant and equipment	7	(402 825)	(315 886)	(223 831)	(153 517)
Net cash (utilised in)/generated by investing activities		(379 033)	(265 040)	(174 784)	98 839
Cash flows from financing activities					
Proceeds from loans and borrowings	18.2	155 000	-	-	-
Repayment of borrowings	18.2	(19 375)	(23 571)	-	(23 571)
Dividends paid	33.2	(54 148)	(290 988)	(54 148)	(290 988)
Net cash generated by/ (utilised in) financing activities		81 477	(314 559)	(54 148)	(314 559)
Net decrease in cash and cash equivalents		(222 169)	(188 032)	(95 861)	(160 442)
Cash and cash equivalents at beginning of year	15	212 207	404 253	83 438	247 894
Effect of exchange rate fluctuations on cash held		348	(4 014)	348	(4 014)
Cash and cash equivalents at year end	15	(9 614)	212 207	(12 075)	83 438

1. Reporting entity

The Royal Swaziland Sugar Corporation Limited is a company domiciled in the Kingdom of Eswatini. The address of the Company's registered office is Simunye Sugar Estate. The consolidated financial statements as at and for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group companies") and the Group's interest in associates and joint ventures. The Group is primarily involved in the growing and milling of sugar cane, the manufacture of sugar and the manufacture of ethanol from molasses.

Where reference is made to "the Group" in the accounting policies, it should be interpreted as referring to the company, where the context requires, unless otherwise noted.

2. Basis of accounting

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of the Kingdom of Eswatini.

The group financial statements and company financial statements were authorised for issue by the Board of Directors on 28 June 2019.

3. Functional and presentation currency

The group financial statements are presented in Emalangeni, which is the functional currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates

In preparing these consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's 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 estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 March 2019 is included in the following notes:

- Note 7 – measurement of useful lives and residual values of property, plant and equipment;
- Note 8 – goodwill impairment test: key assumptions underlying recoverable amounts;
- Note 12 – biological assets: determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 19 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 35.3 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate
- Note 28 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised; and
- Note 32 – contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the General Manager – Finance.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a 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 input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. Use of estimates *(continued)*

Measurement of fair values *(continued)*

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8 – measurement of the recoverable amounts of cash-generating units containing goodwill;
- Note 9 – measurement of the recoverable amounts of intangible assets;
- Note 12 – biological assets; and
- Note 35.2 – financial instruments.

5. Changes in significant accounting policies

A number of new standards were effective from 1 April 2018 with IFRS 9 and IFRS 15 having the greatest impact on the Group, and largely from a disclosure aspect. The other new standards do not have a material effect on the Group's financial statements.

5.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.
The requirements of IFRS 15 had no impact on the timing and quantum of revenue recognition within the Group.

5.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group considered adopting the consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Due to materiality considerations the Group has elected not to present impairment losses on financial assets in a separate line item in the statement of profit or loss and OCI.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about financial instruments in 2019 but have not been applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings and NCI. Given the immateriality of the amounts involved restatement of retained earnings has not been effected, instead, the amounts are dealt within current year profit and loss (see note 35.2).

	GROUP	COMPANY
	E'000	E'000
Retained earnings		
Decrease in retained earnings due to recognition of expected credit losses under IFRS 9	(669)	(580)
Related tax	184	160
Impact at 1 April 2018 – decrease in retained earnings	(485)	(420)

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 38.3.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

5. Changes in accounting policies *(continued)*

5.2 IFRS 9 Financial instruments *(continued)*

Classification and measurement of financial assets and financial liabilities

	Original classification under IAS 39	New classification under IAS 39	GROUP Original carrying amount under IAS 39 E'000	GROUP New carrying amount under IAS 39 E'000	COMPANY Original carrying amount under IAS 39 E'000	COMPANY New carrying amount under IAS 39 E'000
Financial assets						
Other forward exchange contracts	Held-for-trading	Mandatorily at FVTPL	-	-	-	-
Trade and other receivables	Loans and receivables	Amortised cost	166 834	166 834	110 084	110 084
Cash and cash equivalents	Loans and receivables	Amortised cost	383 769	383 769	194 592	194 592
Total financial assets			**550 603**	**550 603**	**304 676**	**304 676**
Financial liabilities						
Other forward exchange contracts	Held-for-trading	Mandatorily at FVTPL	(90)	(90)	(90)	(90)
Secured bank loans liabilities	Other financial	Other financial liabilities	-	-	-	-
Unsecured bank loans liabilities	Other financial	Other financial liabilities	-	-	-	-
Trade payables liabilities	Other financial	Other financial liabilities	(437 199)	(437 199)	(363 081)	(363 081)
Bank overdraft liabilities	Other financial	Other financial liabilities	(4 728)	(4 728)	(1 070)	(1 070)
Total financial liabilities			**(442 017)**	**(442 017)**	**(364 241)**	**(364 241)**

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see note 38.9.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows.

	GROUP E'000	COMPANY E'000
Loss Allowance at 31 March 2018	2 972	1 453
Additional impairment recognised at 1 April 2018 on: Trade and other receivables as at 31 March 2018	669	580
Loss allowance at 1 April 2018 under IFRS 9	3 641	2 033

5.2 IFRS 9 Financial Instruments

Due to the immateriality of the amount involved, the additional impairment on the opening loss allowance balance at 1 April 2018 has not been treated as an adjustment to opening retained earnings but has instead been treated as part of the current year movement in profit and loss.

Additional information about how the Group measures the allowance for impairment is described in note 35.3

6. Operating segments

The Group is organised into three reportable segments as described below. These are managed separately because they require different technologies and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- **Cane growing -** Includes the growing of sugar cane on an area of approximately 20 900 hectares. All cane is harvested and delivered to the two sugar mills in the Group.
- **Sugar manufacturing -** Includes the crushing of sugar cane by the two mills in the Group to produce either Raw Sugar, Very High Polarity ("VHP") Sugar or Refined Sugar. All sugar produced by the mills is sold to the Eswatini Sugar Association.
- **Ethanol production -** Includes the manufacture of ethanol from molasses which is a by-product of the sugar production process. The ethanol is sold to the African, European and regional markets.

6. Operating segments *(continued)*

Other operations include citrus growing, livestock rearing, and eco-tourism activities. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit before corporate costs and income tax, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results are based on the Group's accounting policies.

Details of segment assets and liabilities are not regularly provided to the Chief Operating Decision Maker and are thus not disclosed as part of the segment report.

	Cane growing		Sugar manufacturing and marketing		Ethanol production and marketing		Elimination		Consolidated	
	2019 E'000	**2018 E'000**	**2019 E'000**	**2018 E'000**	**2019 E'000**	**2018 E'000**	**2019 E'000**	**2018 E'000**	**2019 E'000**	**2018 E'000**
6.1 Information about reportable segments										
External revenue	11 939	10 973	2 689 869	2 691 503	321 775	239 742	-	-	3 023 583	2 942 218
Inter segment revenue	972 164	981 717	-	-	-	-	(972 164)	(981 717)	-	-
Total revenue	**984 103**	**992 690**	**2 689 869**	**2 691 503**	**321 775**	**239 742**	**(972 164)**	**(981 717)**	**3 023 583**	**2 942 218**
External revenue of all other operations not meeting segment criteria									23 872	19 454
Total consolidated revenue									3 047 455	2 961 672
Reportable segment operating profit before corporate costs and income tax	**276 999**	**263 950**	**283 088**	**369 228**	**25 131**	**7 807**	-	-	585 218	640 985
Results of other operations not meeting segment criteria									(1 123)	(6 135)
Unallocated other income									62 674	61 434
Unallocated corporate costs									(403 776)	(365 218)
Unallocated net finance income									11 184	50 301
Share of profit of equity accounted associate companies									28 015	20 318
Consolidated profit before tax from continuing operations									**282 192**	**401 685**
Segment capital expenditure	115 024	81 527	207 422	170 985	25 197	33 396	55 182	29 978	402 825	315 886
Depreciation and impairment	70 114	72 334	67 855	57 633	15 187	14 100	40 434	38 148	193 590	182 215
Amortisation of intangible assets	47	47	-	-	-	-	96	97	143	144
Increase/ (decrease) in fair value of biological assets	74 713	(53 949)	-	-	-	-	1 434	(585)	76 147	(54 534)
Net foreign exchange gains/ (losses)	**-**	**-**	**-**	**-**	**-**	**-**	**1 693**	**15 373**	**1 693**	**15 373**

	Eswatini		South Africa		Consolidated	
	2019 E'000	**2018 E'000**	**2019 E'000**	**2018 E'000**	**2019 E'000**	**2018 E'000**
6.2 Geographical information						
External revenue	**3 047 455**	2 961 672	**-**	-	**3 047 455**	2 961 672
Non-current assets	**2 111 007**	1 874 521	**2 715**	2 746	**2 113 722**	1 877 267
Capital expenditure	**402 825**	315 886	**-**	-	**402 825**	315 886

6. Operating segments *(continued)*

6.2 Geographical information *(continued)*

Eliminated inter-segment sales from the Kingdom of Eswatini to South Africa were Enil (2018 – Enil).

Sugar is sold to the Eswatini Sugar Association and to regional markets through the joint venture described in note 11. Distillery sales are made to the European and African markets. Manufacturing facilities are located in Eswatini.

7. Property, plant and equipment

See accounting policies in note 38.4.

	Freehold and leasehold land and buildings E'000	Plant and machinery E'000	Irrigation equipment E'000	Vehicles computer equipment furniture and fittings E'000	Bearer plants E'000	Capital work-in progress ("CWIP") E'000	Total E'000
GROUP							
Cost							
Balance at 1 April 2017	496 393	1 234 658	460 742	810 898	272 866	31 019	3 306 576
Additions	-	-	-	-	-	315 886	315 886
Transfers in from CWIP	36 824	55 793	24 322	52 632	23 546	-	193 117
Disposals	(5 684)	(2 914)	-	(1 745)	(3 705)	-	(14 048)
Transfers out from CWIP	-	-	-	-	-	(193 117)	(193 117)
Balance at 31 March 2018	527 533	1 287 537	485 064	861 785	292 707	153 788	3 608 414
Balance at 1 April 2018	**527 533**	**1 287 537**	**485 064**	**861 785**	**292 707**	**153 788**	**3 608 414**
Additions	**-**	**-**	**-**	**-**		**402 825**	**402 825**
Transfers in from CWIP	**39 019**	**195 480**	**8 692**	**116 162**	**39 818**	**-**	**399 171**
Disposals	**-**	**-**	**-**	**(1 937)**	**(14 552)**	**-**	**(16 489)**
Transfers out from CWIP	**-**	**-**	**-**	**-**	**-**	**(399 171)**	**(399 171)**
Balance at 31 March 2019	**566 552**	**1 483 017**	**493 756**	**976 010**	**317 973**	**157 442**	**3 994 750**
Accumulated depreciation and impairment losses							
Balance at 1 April 2017	(262 964)	(807 256)	(360 171)	(422 994)	(112 326)	-	(1 965 711)
Depreciation for the year	(15 082)	(56 858)	(20 752)	(49 078)	(40 445)	-	(182 215)
Disposals	1 771	1 517	-	1 413	3 705	-	8 406
Balance at 31 March 2018	(276 275)	(862 597)	(380 923)	(470 659)	(149 066)	-	(2 139 520)
Balance at 1 April 2018	**(276 275)**	**(862 597)**	**(380 923)**	**(470 659)**	**(149 066)**	**-**	**(2 139 520)**
Depreciation for the year	**(16 135)**	**(65 732)**	**(13 655)**	**(57 594)**	**(40 474)**	**-**	**(193 590)**
Disposals	**-**	**-**	**-**	**1 926**	**14 552**	**-**	**16 478**
Balance at 31 March 2019	**(292 410)**	**(928 329)**	**(394 578)**	**(526 327)**	**(174 988)**	**-**	**(2 316 632)**
Carrying value at 31 March 2017	233 429	427 402	100 571	387 904	160 540	31 019	1 340 865
Carrying value at 31 March 2018	251 258	424 940	104 141	391 126	143 641	153 788	1 468 894
Carrying value at 31 March 2019	**274 142**	**554 688**	**99 178**	**449 683**	**142 985**	**157 442**	**1 678 118**

7. Property, plant and equipment

COMPANY

	Freehold and leasehold land and buildings E'000	Plant and machinery E'000	Irrigation equipment E'000	Vehicles computer equipment furniture and fittings E'000	Bearer plants E'000	Capital work-in progress ("CWIP") E'000	Total E'000
Cost							
Balance at 1 April 2017	322 414	695 016	331 216	511 165	187 888	19 878	2 067 577
Additions	-	-	-	-	-	153 517	153 517
Transfers in from CWIP	29 635	32 219	17 923	35 628	17 120	-	132 525
Disposals	(5 684)	(2 914)	-	(1 745)	(1 846)	-	(12 189)
Transfers out from CWIP	-	-	-	-	-	(132 525)	(132 525)
Balance at 31 March 2018	346 365	724 321	349 139	545 048	203 162	40 870	2 208 905
Balance at 1 April 2018	346 365	724 321	349 139	545 048	203 162	40 870	2 208 905
Additions	-	-	-	-	-	223 831	223 831
Transfers in from CWIP	31 146	49 387	7 435	84 924	28 106	-	200 998
Disposals	-	-	-	(1 062)	(11 565)	-	(12 627)
Transfers out from CWIP	-	-	-	-	-	(200 998)	(200 998)
Balance at 31 March 2019	377 511	773 708	356 574	628 910	219 703	63 703	2 420 109
Accumulated depreciation and impairment losses							
Balance at 1 April 2017	(153 831)	(399 390)	(249 987)	(241 133)	(68 047)	-	(1 112 388)
Depreciation for the year	(11 184)	(34 657)	(18 018)	(38 255)	(26 700)	-	(128 814)
Disposals	1 771	1 517	-	1 413	1 846	-	6 547
Balance at 31 March 2018	(163 244)	(432 530)	(268 005)	(277 975)	(92 901)	-	(1 234 655)
Balance at 1 April 2018	(163 244)	(432 530)	(268 005)	(277 975)	(92 901)	-	(1 234 655)
Depreciation for the year	(11 828)	(33 652)	(10 564)	(43 834)	(27 524)	-	(127 402)
Disposals	-	-	-	1 051	11 565	-	12 616
Balance at 31 March 2019	(175 072)	(466 182)	(278 569)	(320 758)	(108 860)	-	(1 349 441)
Carrying value at 31 March 2017	168 583	295 626	81 229	270 032	119 841	19 878	955 189
Carrying value at 31 March 2018	183 121	291 791	81 134	267 073	110 261	40 870	974 250
Carrying value at 31 March 2019	202 439	307 526	78 005	308 152	110 843	63 703	1 070 668

Freehold land and buildings

Included in land and buildings are freehold land and buildings comprising:

Company

Portion 2 of farm No. 175, situated in the district of Lubombo, Kingdom of Eswatini, measuring 236 hectares.

Portions 28 and 30 of farm No. 860 situated in the district of Lubombo, Kingdom of Eswatini, measuring 804 hectares and 47 hectares respectively.

At year end the carrying value of freehold land and buildings was E150 060 142 (2018 – E129 769 954).

Subsidiaries

Erf 65 Umbogintwini (Southgate) registration division ET situated in the South Local Council Area province of Kwazulu Natal in extent of 5705 square metres. At year end the carrying value of freehold land and buildings was E2 595 768 (2018 – E2 595 768).

7. Property, plant and equipment *(continued)*

Leasehold buildings

Certain buildings included under land and buildings are constructed on the following leased land:

Company

Land leased from the Swazi Nation for a period of 25 years with a lease that was renewed on 1 January 2003:

- Ngomane Estate: Farm No. 1044, situated in the district of Siteki, Kingdom of Eswatini, measuring 11 633 hectares; and Portion of the remainder of Farm 78, situated in the district of Siteki, Kingdom of Eswatini, measuring 450 hectares.
- Portion of the remainder of portion B of Farm No. 704 and a portion of the remainder of Farm No. 704, situated in the district of Siteki, Kingdom of Eswatini, measuring 3 808 hectares.
- Mlawula Estate: Farm No. 1244, situated in the district of Siteki, Eswatini, measuring 5 570 hectares.

Portions of Farm number 94 situated in the district of Lubombo, Kingdom of Eswatini, measuring 2 258 hectares are leased from the Swazi Nation for a period of 19.5 years with an option to renew the lease for a further 22.25 years when the lease lapses on 31 December 2031.

Subsidiaries

Portions 1, 23, and 27 of farm number 860 and a certain portion 4 of farm number 94 situated in the district of Siteki, Kingdom of Eswatini, measuring 6 540 hectares are leased from the Swazi Nation for a period of 25 years following renewal of the initial 25 year lease which lapsed on 08 September 2008.

Assets pledged as security

Moveable and immoveable assets are pledged as security for loans. (Refer note note 18.3).

8. Goodwill

See accounting policies in notes 38.1 and 38.5.

With effect from 1 May 2001 the Company acquired 100% of the issued share capital of Mhlume (Swaziland) Sugar Company Limited for a consideration of E660 739 000 (Refer to note 10 for Mhlume (Swaziland) Sugar Company Limited's operations). Additional expenditure relating directly to the due diligence process amounting to E4 225 000 was capitalised. After revaluation of property, plant, equipment, and growing cane the resultant goodwill amounted to E337 037 000. Goodwill amounting to E50 556 000 was amortised from the date of acquisition up to 31 March 2004. During the year ended 31 March 2005, the Company ceased amortising goodwill in terms of IFRS 3 - Business Combinations. Goodwill is being subjected to annual impairment tests.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
Goodwill				
Arising from holding company investment in subsidiary	**286 481**	286 481	**-**	-

Impairment testing for goodwill

For purposes of impairment testing goodwill is allocated to the Mhlume Sugar Company which represents the lowest level Cash generating Unit ("CGU") within the Group at which goodwill is monitored for internal management purposes.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the sugar industries and have been based on historical data from both external and internal sources.

- Cash flows were projected based on actual results and the twenty year long range business plan and a terminal growth rate of 5% thereafter. The Group has, over a period, developed the ability to perform reliable and detailed long range financial models.
- A pre-tax discount rate of 17.4% was used. This is based on the Group's weighted average cost of capital which is based on a typical sugar market debt leveraging of 35% at a pre-tax market interest rate of 9.8%. A range of rates was used based on the R186 and R209 risk free bond rates as proxies and these were adjusted for country specific risks.
- Budgeted EBITDA was estimated taking into account past experience, adjusted for planned efficiency improvements, price changes as informed by long term market research, and currency forecasts.

The recoverable amount of the cash-generating unit which is based on its value in use as determined by management, was calculated at E1.4 billion. This amount exceeds the carrying value of the CGU of E481 million.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

In order for the carrying amount to equal the recoverable amount the pre-tax discount rate would need to be 21.6%.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
9. Intangible assets				
See accounting policies in note 38.6.				
Favourable Lease contracts				
Cost				
Balance at 1 April	4 200	4 200	4 200	4 200
Balance at 31 March	4 200	4 200	4 200	4 200
Accumulated amortisation and impairment				
Balance at 1 April	(1 234)	(1 090)	(1 234)	(1 090)
Amortisation for the year	(143)	(144)	(143)	(144)
Balance at 31 March	(1 377)	(1 234)	(1 377)	(1 234)
Net carrying amount	2 823	2 966	2 823	2 966

There have been no impairment losses recognised against the above intangible assets.

10. Investments in subsidiaries

See accounting policies in note 38.1.

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
Mhlume (Swaziland) Sugar Company Limited ("MSCo") (100% held) 5 000 006 ordinary shares of E1 each	-	-	664 964	664 964
Royal Swazi Distillers (Proprietary) Limited ("RSD") (100% held) 70 ordinary and 30 preference shares of R1 each	-	-	1 510	1 510
Swazican Citrus (Proprietary) Limited (100% held) 100 ordinary shares of E1 each	-	-	-	-
Total investments	-	-	666 474	666 474

Mhlume (Swaziland) Sugar Company Limited is a company incorporated and domiciled in the Kingdom of Eswatini and is involved in the growing, milling and refining of sugar.

Royal Swazi Distillers (Proprietary) Limited is a property owning company incorporated and domiciled in the Republic of South Africa.

Swazican Citrus is a dormant entity incorporated and domiciled in the Kingdom of Eswatini that holds a long term lease over land where citrus and sugar growing activities are undertaken by the Group. The leases and management of the company has been ceded to the Company and are operated as part of the cane growing division.

11. Equity accounted investees

See accounting policies in note 38.1.

The Group has the following equity investments:

Joint ventures

- Mananga Sugar Packers (Proprietary) Limited is a joint venture in which the Group has joint control and a 50% ownership interest. Mananga Sugar Packers (Proprietary) Limited, a company registered and domiciled in the Kingdom of Eswatini, whose principal business activity is the purchase of sugar from the Eswatini Sugar Association for packaging and then on selling under the "First" brand in the Kingdom of Eswatini as well as in the Republic of South Africa (RSA).

Associates

- 25% equity interest in Simunye Plaza (Proprietary) Limited whose principal business activity is the leasing out of commercial property located in the Lowveld area of the Kingdom of Eswatini. The Company owns 100 shares of E1 each at a cost of E100.
- 25% interest in Quality Sugars (Proprietary) Limited whose principal business activity is the marketing of sugar under agency agreements entered into between Mananga Sugar Packers (Proprietary) Limited, RCL Foods Sugar and Milling (Proprietary) Limited, which are related parties of the Group, and the Company. Pursuant to the agreements mentioned, 25% of the ordinary shares of Quality Sugars (Proprietary) Limited were transferred at no cost to the Company on 1 April 2012. Quality Sugars (Proprietary) Limited is registered and domiciled in the Republic of South Africa.

The following information is presented at Group level only as the investment at Company financial statement level, is carried at cost which is less than E1 000 for each of the associate companies.

11. Equity accounted investees (continued)

GROUP

	2019 Mananga Sugar Packers E'000	2018 Mananga Sugar Packers E'000	2019 Simunye Plaza E'000	2018 Simunye Plaza E'000	2019 Quality Sugars E'000	2018 Quality Sugars E'000	2019 Total E'000	2018 Total E'000
The carrying amount of the investments are analysed below:								
Shares at cost	52 500	52 500	-	-	-	-	52 500	52 500
Share of associate company reserves	78 006	53 849	3 900	3 269	11 775	9 158	93 681	66 276
	130 506	106 349	3 900	3 269	11 775	9 158	146 181	118 776
Summary of unaudited financial information for equity accounted investees is as follows:								
Property, plant and equipment	40 010	43 381	11 262	11 001	444	587	51 716	54 969
Goodwill	18 139	18 139	-	-	3 751	3 751	21 890	21 890
Intangible assets	-	-	-	-	-	-	-	-
Current assets	406 313	288 566	7 882	4 714	532 282	504 980	946 477	798 260
Deferred tax (liabilities) / assets	(12 138)	(12 138)	(1 513)	(1 513)	429	516	(13 222)	(13 135)
Employee benefit liability	-	-	(153)	(84)	(1 086)	(660)	(1 239)	(744)
Current liabilities	(191 312)	(125 249)	(1 877)	(1 041)	(488 720)	(472 542)	(681 909)	(598 832)
Net assets	261 012	212 699	15 601	13 077	47 100	36 632	323 713	262 408
Group's share of associate's net assets	130 506	106 349	3 900	3 269	11 775	9 158	146 181	118 776
Revenue	1 062 726	947 775	6 893	6 942	93 411	94 300	1 163 030	1 049 017
Profit	48 313	32 697	4 964	2 120	10 468	13 756	63 745	48 573
Group share of profit for the year	24 157	16 349	1 241	530	2 617	3 439	28 015	20 318
Reconciliation of carrying amounts								
Opening Balance at 1 April	106 349	100 532	3 269	3 297	9 158	7 261	118 776	111 090
Group share of profit for the year	24 157	16 349	1 241	530	2 617	3 439	28 015	20 318
Dividends paid	-	(10 532)	(610)	(558)	-	(1 542)	(610)	(12 632)
Closing balance at 31 March	130 506	106 349	3 900	3 269	11 775	9 158	146 181	118 776

12. Biological assets

See accounting policies in notes 38.7.

12.1 Description of principal activities

Cane growing

The Group is engaged in the planting, management and harvesting of sugar cane and the manufacture of sugar in mills owned by the Group.

The Group grows cane on approximately 16 643 (2018 - 16 350) hectares of sugar cane on land leased from the Swazi Nation (refer note 7). The Group manages a further 4 288 (2018 - 4 288) hectares on behalf of the IYSIS/MSCO Sugar Partnership (refer note 34.1) and 796 (2018 – 796) hectares on behalf of Tibiyo Taka Ngwane.

Fields are managed on a sustainable basis which comprise an average 108 month rotation. All growing cane is harvested in the following financial year.

The Company grows cane on approximately 12 092 (2018 - 11 800) hectares of sugar cane on land leased from the Swazi Nation and 31 (2018 – 31) hectares on freehold land.

Livestock rearing

The New IYSIS partnership, in which the Company acquired a 50% interest in 2009, engages in the farming of livestock and sale of meat products in the local and regional markets. At 31 March 2019, the partnership held 3 252 (2018 – 2 800) head of cattle.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
12. Biological assets *(continued)*				
12.2 Reconciliation of carrying amounts of growing cane				
Carrying amount at 1 April	**453 931**	507 880	**326 167**	349 557
Gain arising from changes in fair values less estimated costs to sell attributable to physical changes	**12 121**	64 844	**16 238**	62 159
Gain/ (loss) arising from changes in fair values less estimated costs to sell attributable to price changes	**62 592**	(118 793)	**48 401**	(85 549)
Balance at 31 March – 100% current	**528 644**	453 931	**390 806**	326 167
12.3 Reconciliation of carrying amounts of livestock				
Balance at 1 April	**6 468**	7 053	**6 468**	7 053
Purchases	**2 003**	2 408	**2 003**	2 408
Net increase due to births and deaths	**5 234**	8 966	**5 234**	8 966
Decrease due to sales	**(5 803)**	(11 959)	**(5 803)**	(11 959)
Balance at 31 March – 100% current	**7 902**	6 468	**7 902**	6 468

12.4 Risk management strategy related to agricultural activities

The Group is exposed to the following risks relating to its agricultural activities.

Regulatory and environmental risks

The Group is subject to laws and regulations in countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Pricing and currency risks

The Group is exposed to financial risks arising from changes in sugar prices and the exchange rate between the Euro, the United States Dollar and the Lilangeni. These risks, however, occur at industry level as all sugar produced by the sugar mills is sold to the Eswatini Sugar Association which is then responsible for onward sale to local and foreign customers. The Eswatini Sugar Association does enter into derivative contracts to manage the risk of a decline in exchange rates.

Climate and other risks

The Group's sugar cane plantations are exposed to the risk of damage from climatic changes, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including water management strategies, use of best practice farming techniques and regular pest and disease surveys. The Group is also insured against natural disasters.

12.5 Biological assets pledged as security

Growing cane is pledged as security over borrowings (note 18.3)

12.6 Measurement of fair value

The fair value measurements for Growing cane and livestock have been categorised as level 3 fair values based on the inputs to valuation techniques used. (see note below).

Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	GROUP			COMPANY		
	Growing cane E'000	**Livestock E'000**	**Total E'000**	**Growing cane E'000**	**Livestock E'000**	**Total E'000**
Carrying amount at 1 April	453 931	6 468	460 399	326 167	6 468	332 635
Purchases	-	2 003	2 003	-	2 003	2 003
Sales	-	(5 803)	(5 803)	-	(5 803)	(5 803)
Gain included in profit or loss						
- Change fair value (realised)	-	-	-	-	-	-
- Change in fair value (unrealised)	74 713	-	74 713	64 639	-	64 639
- Net increase due to births and deaths	-	5 234	5 234	-	5 234	5 234
Gains included in OCI	-	-	-	-	-	-
Carrying amount at 31 March	**528 644**	**7 902**	**536 546**	**390 806**	**7 902**	**398 708**

12. Biological assets *(continued)*

12.6 Measurement of fair value *(continued)*

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Growing cane	The estimated sucrose content valued at the estimated sucrose price for the following season, less the estimated costs for harvesting and transport charged to the mill.	• Estimates of yields per hectare of cane (90tc/h to 115tc/h). In a drought year this range of estimates can be significantly affected negatively. • Estimates contents of sucrose in cane (13% to 14.5%). • Harvest age (8-12 months). • Future sugar prices in destination markets (-10% to +10%). • Exchange rate fluctuations (-10% to +10%).	The estimated fair value would increase/ (decrease) if: • Exchange rates are (firmer)/ weaker; • Crop was harvested (younger)/ older; • Yields improve/ (reduce); • Market prices improve/ (reduce); or • Sucrose content increases/ (decreases).
Livestock	The market price of livestock of similar age, breed and genetic make-up.	• Premiums on the classification of livestock. • Premiums for quality depending on the physical attributes of the livestock.	The estimated fair value would increase/ (decrease) if: • More or (less) livestock were classified as breeders; • Livestock prices increased or (decreased); or • Weight and quantity premiums increase or (decrease).

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
13. Inventories				
See accounting policies in note 38.8.				
Raw materials	**7 124**	2 666	**4 547**	1 370
Consumables stores and spares	**131 740**	116 846	**69 946**	63 294
Finished goods and by products	**32 173**	29 497	**32 173**	29 496
	171 037	149 009	**106 666**	94 160
Write down of obsolete consumable stores and spares to net realisable value included in profit or loss	**13 438**	18 436	**4 811**	7 104
Inventories are pledged as security over borrowings (note 18.3)				
14. Trade and other receivables				
See accounting policies in note 38.3				
Trade receivables	**197 443**	125 539	**99 760**	71 435
Related party receivables (note 36.1)	**13 523**	16 914	**18 435**	13 450
Prepayments	**76 201**	68 542	**61 336**	54 045
Other receivables	**8 460**	27 353	**6 971**	26 652
Less : impairment (note 35.3)	**(4 168)**	(2 972)	**(2 226)**	(1 453)
	291 459	235 376	**184 276**	164 129

Receivables are pledged as security over borrowings (note 18.3)

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 35.3.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
15. Cash and cash equivalents				
See accounting policies in note 38.3				
Bank balances	2 388	84 703	7	83 550
Cash on hand	158	146	78	66
Call deposit	1 138	132 086	1 138	892
	3 684	216 935	1 223	84 508
Bank overdraft	(13 298)	(4 728)	(13 298)	(1 070)
Per statement of cash flows	(9 614)	212 207	(12 075)	83 438
16. Share capital and premium				
16.1 Share capital and premium				
Authorised				
140 100 000 "A" Ordinary shares of E1 each	140 100	140 100	140 100	140 100
8 073 160 "B" Ordinary shares of E5 each	40 366	40 366	40 366	40 366
	180 466	180 466	180 466	180 466
Issued and fully paid				
88 273 160 "A" Ordinary shares of E1 each	88 273	88 273	88 273	88 273
8 073 160 "B" Ordinary shares of E5 each	40 366	40 366	40 366	40 366
	128 639	128 639	128 639	128 639
Share premium	632 379	632 379	632 379	632 379
	761 018	761 018	761 018	761 018

The "A" and "B" ordinary shares rank pari passu in all respects.
The directors of the Company are authorised to issue un-issued shares.

The holders of ordinary shares are entitled to receive ordinary dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
16.2 Preference share redemption reserve	78 104	78 104	78 104	78 104

An amount equivalent to the redemption value of the previous "A" and "B" non-cumulative redeemable preference shares was transferred to the Preference Share Redemption Reserve at each redemption.

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
16.3 Dividends				
1st Interim dividend for the year ended 31 March 2019 of 56.2 cents (2018 - 121.0 cents) per "A" and "B" ordinary shares.	54 146	116 579	54 146	116 579
2nd Interim dividend for the year ended 31 March 2019 of 0.0 cents (2018 – 99.0 cents) per "A" and "B" ordinary shares.	-	95 383	-	95 383
Final dividend for the year ended 31 March 2019 of 96.18 cents (2018 - 0.0 cents) per "A" and "B" ordinary shares.	92 666	-	92 666	-
	146 812	211 962	146 812	211 962

Dividends will have the following tax consequences:
- Local residents with-holding tax amounting to 10% of dividend declared, if shareholder is an individual.
- Non resident with-holding tax amounting to 12.5% if shareholder is a company holding less than 25%.
- Non resident with-holding tax amounting to 10% if shareholder is a company holding more than 25%.
- Non resident with-holding tax amounting to 15% if shareholder is an individual.

17. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, share premium, preference share redemption reserve and retained earnings. The Board of Directors monitors return on shareholders' equity and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, represented by shareholders' equity. The Group's target is to achieve a return on shareholders' equity of 15 percent, calculated as total comprehensive income for the year attributed to owners of the company divided by shareholders' equity. For the current year, the return on shareholders' equity achieved was 10.6% (2018 – 15.2%). The Board of Directors implement long term strategies to ensure that the Group target is achieved over the longer term. Management and staff performance bonuses are linked to the achievement of targets. There were no changes in the Group's approach to capital management during the year.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
18. Loans and borrowings				
18.1 Standard Bank Swaziland Limited				
Secured loan for phase 1 of the Mhlume mill expansion project. The loan is repayable over 16 half yearly instalments that commenced on 30 September 2018. The loan bears interest at the Swaziland prime rate, currently 10.25%, less 1%.	135 625	-	-	-
	135 625	-	-	-
Deduct : current portion included in current liabilities	(19 375)	-	-	-
Total non-current loans and borrowings	116 250	-	-	-

	Bank overdrafts used for cash management purposes		Other loans and borrowings	
	2019	2018	2019	2018
18.2 Reconciliation of movements of liabilities to cash flows arising from financing Activities				
GROUP				
Balance at 1 April	4 728	-	-	23 571
- Changes from financing cash flows				
Proceeds from loans and borrowings	-	-	155 000	-
Repayment of borrowings	-	-	(19 375)	(23 571)
Total changes from financing cash flows	4 728	-	135 625	(23 571)
- Other changes				
Change in bank overdraft	8 570	4 728	-	-
Interest expense	809	1 172	11 811	1 030
Interest paid	(809)	(1 172)	(11 811)	(1 030)
Total liability-related other changes	8 570	4 728	-	-
Balance at 31 March 2019	13 298	4 728	135 625	-
COMPANY				
Balance at 1 April	1 070	-	-	23 571
- Changes from financing cash flows				
Proceeds from loans and borrowings	-	-	-	-
Repayment of borrowings	-	-	-	(23 571)
Total changes from financing cash flows	1 070	-	-	(23 571)
- Other changes				
Change in bank overdraft	12 228	1 070	-	-
Interest expense	1 615	1 535	-	1 030
Interest paid	(1 615)	(1 535)	-	(1 030)
Total liability-related other changes	12 228	1 070	-	-
Balance at 31 March 2019	13 298	1 070	-	-

18. Loans and borrowings *(continued)*

18.3 Loan securities *(continued)*

The loan agreement for the loan in note 18.1 caters for the registration of a deed of hypothecation for E165 million in favour of Standard Bank (Eswatini) Limited covering all the moveable and incorporeal assets of the Company and its subsidiaries. At the reporting date the registration of the deed of hypothecation was still pending.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
19. Employee benefit liabilities				
See accounting policies in note 38.11				
Retirement pay	66 554	74 864	48 257	53 999
Long service awards	6 367	7 071	4 136	4 694
Actuarially valued employee benefit liabilities	72 921	81 935	52 393	58 693
Long term incentive scheme	32 961	31 092	18 788	17 599
Total employee benefit liabilities	105 882	113 027	71 181	76 292
Deduct : current portion included in current liabilities (note 21)	(22 710)	(22 607)	(12 945)	(12 886)
	83 172	90 420	58 236	63 406

Retirement pay

The Group provides retirement benefits for most of its employees through defined contribution plans (refer note 30). In addition, arrangements exist in respect of certain employees by which eligible employees receive benefits based on the length of permanent service. These benefits are unfunded and only payable to eligible employees on retirement. The liability is based on an actuarial valuation performed at year end.

Long service awards

The long service awards amount is based on an actuarial valuation. The amounts are unfunded and are payable on the anniversary date of employees achieving ten, twenty or thirty years' continuous service. The latter category was introduced during the current year.

Long term incentive scheme

The long term incentive scheme amounts are based on scheme rules as approved by the remuneration committee and is payable over three years on condition that certain targets are achieved. The amounts are not discounted.

An actuarial valuation of the retirement pay and long service awards was done at 31 March 2019. The actuarially valued liabilities are accordingly reported as follows at 31 March 2019:

	2019			2018		
	Retirement pay E'000	Long service awards E'000	Total E'000	Retirement pay E'000	Long service awards E'000	Total E'000
GROUP						
Retirement pay and long service award obligations						
The amount recognised in the statement of financial position is determined as follows:						
Present value of obligation	66 554	6 367	72 921	74 864	7 071	81 935
Unrecognised actuarial gain	-	-	-	-	-	-
Liability recorded in statement of financial position	66 554	6 367	72 921	74 864	7 071	81 935
Movement in present value of the obligation:						
Opening liability	74 864	7 071	81 935	75 753	9 773	85 526
Included in profit or loss:						
- Current service cost	4 231	987	5 218	3 571	871	4 442
- Interest cost	6 231	637	6 868	6 476	740	7 216
- Actuarial loss recognised	-	(987)	(987)	-	548	548
	85 326	7 708	93 034	85 800	11 932	97 732
Included in OCI:						
- Actuarial (gain)/ loss recognised	(10 607)	-	(10 607)	4 325	-	4 325
Other:						
- Benefits paid	(8 165)	(1 341)	(9 506)	(15 261)	(4 861)	(20 122)
	66 554	6 367	72 921	74 864	7 071	81 935

	2019 Retirement pay E'000	2019 Long service awards E'000	2019 Total E'000	2018 Retirement pay E'000	2018 Long service awards E'000	2018 Total E'000
19. Employee benefit liabilities *(continued)*						
COMPANY						
Retirement pay and long service awards obligations						
The amount recognised in the statement of financial position is determined as follows:						
Present value of obligation	48 257	4 136	52 393	53 999	4 694	58 693
Unrecognised actuarial gain	-	-	-	-	-	-
Liability recorded in statement of financial position	48 257	4 136	52 393	53 999	4 694	58 693
Movement in present value of the obligation:						
Opening liability	53 999	4 694	58 693	55 341	7 011	62 352
Included in profit or loss:						
- Current service cost	3 039	743	3 782	2 576	668	3 244
- Interest cost	4 473	445	4 918	4 671	526	5 197
- Actuarial loss recognised	-	(731)	(731)	-	398	398
	61 511	5 151	66 662	62 588	8 603	71 191
Included in OCI:						
- Actuarial (gain)/ loss recognised	(7 337)	-	(7 337)	3 069	-	3 069
Other:						
- Benefits paid	(5 917)	(1 015)	(6 932)	(11 658)	(3 909)	(15 567
Closing liability	48 257	4 136	52 393	53 999	4 694	58 693

	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
The principal actuarial assumptions used were as follows:				
Discount rates	8.6%-9.2%	7.8%-8.4%	8.6%-9.2%	7.8%-8.3%
Future salary increases	6.50%	7.00%	6.50%	7.00%

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
20. Trade and other payables				
Trade payables	272 464	387 800	163 540	225 530
Related party payables (note 36.1)	13 055	19 596	170 833	116 668
Retentions	1 145	7 784	-	5 636
FEC liability	-	90	-	90
Other payables	18 530	22 019	9 941	15 247
	305 194	437 289	344 314	363 171
21. Short term employee benefits				
See accounting policies in note 38.11				
Employee bonuses	26 373	40 062	15 399	24 689
Leave pay accrual	23 821	22 251	17 340	17 462
Employee accruals	2 206	8 646	1 842	6 709
	52 400	70 959	34 581	48 860
Current portion of long term employee benefits (note 19)	22 710	22 607	12 945	12 886
	75 110	93 566	47 526	61 746

22. Bank overdraft

Bank overdraft facilities of the Company (E66 million) and its subsidiary, Mhlume (Swaziland) Sugar Company Limited (E20 million) are unsecured.

23. Revenue

23.1 Revenue streams

The Group generates external revenue primarily from the sale of sugar to one customer, the Eswatini Sugar Association and the sale of various grades of ethanol to a limited number of customers locally and internationally. Sucrose deliveries by farms under a particular company in the group to a sugar mill in another company in the group result in intersegment sucrose sales. Other sources of revenue include seed cane sales, harvesting services, citrus sales, butchery sales and tourism and ecotourism revenue.

23.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by stream, and within each stream geographical market if appropriate, else by subset of each stream. The segment to which each revenue stream is attached to is also indicated.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Sucrose and sugar sales - Eswatini				
Inter group sucrose sales for the year	-	-	131 631	134 532
Final sucrose price adjustment for the previous year based on final sugar price	-	-	280	2 781
Sale of sugar for the year	2 674 454	2 635 620	1 391 159	1 362 437
Final sugar price adjustment for previous year from Eswatini Sugar Association	15 415	55 883	4 228	25 839
Total sugar sales – sugar segment	2 689 869	2 691 503	1 527 298	1 525 589
Ethanol sales				
Eswatini and RSA	68 584	46 598	68 584	46 598
Regional	174 775	137 422	174 775	137 422
Europe	78 416	55 722	78 416	55 722
Total ethanol sales – ethanol segment	321 775	239 742	321 775	239 742
Other sales - Eswatini				
Seedcane and harvesting services – Cane segment	11 939	10 973	2 466	2 893
Citrus	12 167	7 040	12 167	7 040
Butchery, leisure and ecotourism	11 705	12 414	11 705	12 414
All other operations not meeting segment criteria	23 872	19 454	23 872	19 454
Total other sales	35 811	30 427	26 338	22 347
Revenue total	3 047 455	2 961 672	1 875 411	1 787 678

23. Revenue *(continued)*

23.3 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. For the accounting policy for onerous contracts

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 April 2018)	Revenue recognition under IAS 18 (applicable before 1 April 2018)
Sucrose sales	Customer, being the sugar mill receiving the cane, obtains control of sucrose when the sugar cane passes the incoming sugar cane weighbridge, is crushed and subjected to laboratory measurement. Quantities are aggregated weekly and invoiced as such. Invoices are settled immediately via the intercompany transaction.	Revenue is recognised when weekly sucrose production, as determined by the laboratory, has been reconciled to cane tonnage that passed the cane weighbridge.	Revenue was recognised when weekly sucrose production, as determined by the laboratory, had been been reconciled to cane tonnage that passed the cane weighbridge.
Sugar	Customer obtains control of sugar when the sugar passes the sugar scale located at the end of the production line. Quantities are agreed with the customer on a weekly basis and accordingly billed on a weekly basis. Invoices are usually payable within 7 days. No discounts are provided for.	Revenue is recognised when weekly sugar production that passed the scale has been agreed and reconciled with the customer.	Revenue was recognised when weekly sugar production that passed the scale had been agreed and reconciled with the customer.
Ethanol	Customers obtain control of ethanol when the goods are delivered to the point where the risks and rewards associated with ownership are transferred. This may be on FOB or CIF basis. Other sales are on an ex-works basis. Invoices are generated at that point in time. Invoices are usually prepaid save for select customers where payment is expected within 30 days. No discounts are provided. Customers may return goods that do not meet the required specification. Returned product is exchanged for new product. This is however an exceptionally rare occurrence in the Group due to stringent quality control systems.	Revenue is recognised when the goods are delivered to the point that the significant risk and rewards as determined by accepted contract law, pass to the customer. This may be on an ex-mill, FOB, or CIF basis. For contracts that permit the customer to return the product, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Historically, the frequency of this is rare and the amounts involved have been immaterial, hence no refund liability nor a right to recover returned goods asset have been recognised.	Revenue is recognised when the goods are delivered to the point that the significant risk and rewards as determined by accepted contract law, pass to the customer. This may be on an ex-mill, FOB, or CIF basis.
Other sales	Customers obtain control of product at the point of sale, e.g. over the counter meat sales, or when the goods are delivered to and have been accepted at their premises as with Citrus sales. Invoices are generated at that point in time. Apart from cash sales, invoices are usually payable within 30 days. No discounts are provided. No contracts permit the customer to return an item.	Revenue is recognised when the goods are delivered and have been accepted by customers either at the point of sale or at their premises.	Revenue was recognised when the goods were received by the customer.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
24. Other income				
Dividends received	-	-	39 691	235 247
Rental income	25 773	24 534	15 818	15 281
Management fees	10 950	8 741	3 744	2 209
Insurance claims	1 162	35 479	1 027	35 444
Sundry sales of molasses	315	5 574	270	5 429
School fees	6 882	6 139	3 923	3 499
Consumable sales	7 929	7 476	3 987	3 568
Scrap sales, canteen, clinic and sundry	13 129	16 126	5 789	12 999
	66 140	104 069	74 249	313 676
25. Operating profit				
The operating profit for the year is stated after charging/(crediting) the following :				
Auditors' remuneration				
- current year	922	921	525	505
- prior year	1 182	802	730	769
- other services	399	1 186	227	472
- disbursements	472	545	275	251
Amortisation of intangible assets (note 9)	143	144	143	144
Depreciation of property, plant and equipment (note 7)	193 590	182 215	127 402	128 814
Directors' emoluments				
- for services as directors	3 375	3 308	3 375	3 308
- expenses	703	1 553	703	347
Leasehold property rentals (note 37)	5 073	5 058	4 685	4 960
(Gain)/ loss on disposal of property, plant and equipment	(665)	5 537	(363)	5 537
26. Employee benefit expenses				
Salaries, wages, and incentive scheme accruals	661 790	625 799	357 283	331 515
Contributions to defined contribution plans	28 366	24 724	15 310	12 916
Termination costs	-	-	-	-
Expense related to defined benefit plan (note 19)	12 086	12 206	8 700	8 839
Increase in liability for leave pay	5 851	7 404	3 012	4 160
	708 093	670 133	384 305	357 430
27. Net finance income				
Interest income on cash and cash equivalents	22 506	38 109	9 592	17 004
Net foreign exchange gain	1 690	15 373	1 744	15 368
Finance income	24 196	53 482	11 336	32 372
Interest expense on financial liabilities measured at amortised cost	(12 620)	(2 211)	(1 615)	(2 565)
Net foreign exchange loss	-	-	-	-
Finance cost	(12 620)	(2 211)	(1 615)	(2 565)
Net finance income recognised in profit or loss	11 576	51 271	9 721	29 807
28. Income taxes				
28.1 Amounts recognised in profit or loss				
Current tax expense				
Eswatini current tax				
- current year	19 737	106 818	19 424	59 180
- Changes in estimates related to prior years	(15)	(2 585)	-	(2 585)
	19 722	104 233	19 424	56 595
Deferred tax				
- origination and reversal of temporary differences	52 357	(6 906)	30 780	2 176
- Changes in estimates related to prior years	-	-	-	-
	52 357	(6 906)	30 780	2 176
Total tax expense from continuing operations	72 079	97 327	50 204	58 771

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
28. Income taxes *(continued)*				
28.2 Amounts recognised in OCI				
Deferred tax charge/(credit) on measurement of defined benefit liability	2 917	(1 189)	2 018	(845)
23.3 Tax rate reconciliation	%	%	%	%
Tax using the Company's domestic tax rate	27.5	27.5	27.5	27.5
Tax effect of:				
- Share of profit of equity-accounted investees reported net of tax	(2.7)	(0.5)	-	-
- Tax-exempt dividend income	(0.1)	(0.9)	(5.0)	(13.8)
- Non-(taxable)/ deductible movements in provisions	-	(1.7)	-	(0.9)
- Non-deductible expense items	0.8	0.4	0.5	0.2
- Changes in estimates related to prior years	-	(0.6)	-	(0.5)
Tax expense as a percentage of profit before income tax	25.5	24.2	23.0	12.5
28.4 Recognised deferred tax assets and liabilities				
	E'000	E'000	E'000	E'000
Deferred tax assets				
Tax losses	2 471	-	-	-
Property, plant and equipment	119	150	-	-
Inventories	3 696	5 070	1 323	1 954
Defined benefit obligations	18 916	21 241	13 271	14 850
Employee bonuses, employee leave and other provisions	24 606	29 819	15 808	20 027
Income in advance	2 514	1 586	2 514	1 586
FEC liability	-	25	-	24
Customer provisions and deposits	1 840	1 529	859	682
Deferred tax assets before set off	54 162	59 420	33 775	39 123
Set off against deferred tax liabilities	(54 043)	(59 270)	(33 775)	(39 123)
Deferred tax asset after set off	119	150	-	-
Deferred tax liabilities				
Property, plant and equipment	222 444	194 421	148 985	139 551
Intangible assets	457	470	457	470
Biological assets	175 861	157 612	129 014	112 799
Agricultural consumable stores	6 601	3 576	3 047	1 905
Prepayments	19 649	16 976	17 137	14 515
Unrealised Currency Gains	855	2 796	828	2 778
Deferred tax liabilities before set off	425 867	375 851	299 468	272 018
Deferred tax assets set off	(54 043)	(59 270)	(33 775)	(39 123)
Deferred tax liabilities after set off	371 824	316 581	265 693	232 895
Overall net deferred tax liabilities	371 705	316 431	265 693	232 895
Movement in net deferred tax liability				
Opening net deferred tax liability	316 431	324 526	232 895	231 564
Recognised in profit or loss (note 28.1)	52 357	(6 906)	30 780	2 176
Recognised in OCI (note 28.2)	2 917	(1 189)	2 018	(845)
Closing net deferred tax liability	371 705	316 431	265 693	232 895

29. Earnings per share

Group basic and diluted earnings per share is based on profit attributable to ordinary shareholders of E210 112 275 (2018: E304 357 661) and 96 346 320 (2018: 96 346 320) weighted ordinary shares in issue.

Company basic and diluted earnings per share is based on profit attributable to ordinary shareholders of E167 911 540 (2018: E410 492 768) and 96 346 320 (2018: 96 346 320) weighted ordinary shares in issue.

	Group 2019	Group 2018	Company 2019	Company 2018
Basic and diluted earnings per share (cents)	218.1	315.9	174.3	426.1

Due to the fact that there are no potential diluted instruments, basic and diluted earnings per share are the same.

30. Retirement benefit information

All permanent employees are members of pension or provident funds which are defined contribution funds. The funds are funded by company and employee contributions. Company contributions are charged to profit or loss as they are due to be settled. (refer note 26).

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
31. Capital commitments				
Approved by the directors:				
Contracted for	152 130	95 604	58 391	48 604
Not contracted for	269 338	504 454	198 517	157 653
	421 468	600 058	256 908	206 257

The capital expenditure to acquire property, plant and equipment will be funded by a combination of own generated funds and facilities negotiated with a number of banks and will be incurred in the next and subsequent financial years.

32. Contingent liabilities

As part of the banking facilities the Company and its subsidiary company are liable for the following guarantees:

	COMPANY		SUBSIDIARY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Eswatini Government - Labour	60	60	75	75
Eswatini Government – Sales tax	275	275	-	-
Eswatini Government – General Bond	70	70	6	6
Eswatini Revenue Authority – Customs and Excise	9 050	10 500	-	-
South African Revenue Service - VAT	550	550	-	-
European Union [€4 658 315 (2018 - €4 658 315)]	67 708	67 708	-	-
Transnet	50	50	-	-

The Company is defending a number of actions brought by former employees and suppliers. Liability is not admitted and the Company will defend itself against the actions. Due to the nature of the claims a realistic estimate of the potential liability and legal costs is not practical. The directors are of the opinion that the total costs, if any, would not be material.

There are no other contingent liabilities in the associates, joint ventures and joint operations that the Group has interests in.

Bank overdraft facilities are secured by cross guarantees for an unlimited amount between the Company, Mhlume (Swaziland) Sugar Company Limited and Royal Swazi Distillers (Proprietary) Limited.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
33. Notes to the statement of cash flows				
33.1 Taxation paid				
Balance owing/(prepaid) at 1 April	14 033	(10 166)	5 459	(34 963)
Current tax charge per statement of comprehensive income (note 28.1)	19 722	104 233	19 424	56 595
Balance (owing) /prepaid at 31 March	13 799	(14 033)	8 687	(5 459)
Cash amount paid	47 554	80 034	33 570	16 173
33.2 Dividends paid				
Balance at 1 April	-	79 026	-	79 026
Declared during the year (note 16.3)	146 812	211 962	146 812	211 962
Balance at 31 March	(92 664)	-	(92 664)	-
Cash amount paid	54 148	290 988	54 148	290 988

34. Interests in joint operations

34.1 IYSIS/MSCO Sugar joint operation

The Group, through its subsidiary Mhlume (Swaziland) Sugar Company Limited ("MSCo"), holds a 20% interest in the IYSIS/MSCO Sugar Partnership, whereby MSCo manages the growing of sugar cane on behalf of and on land leased by Inyoni Yami Swaziland Irrigation Scheme ("IYSIS") in return for a 20% share of all profits or losses derived from operations (see note 34.2).

The consolidated results include the following amounts relating to the Group's effective interest in the joint operation:

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Statement of comprehensive income				
Share of pre-tax operating profit*	11 410	6 305	-	-
Non-Current assets				
Property Plant and equipment	6 043	7 203	-	-
Current assets				
Biological assets – growing cane	24 231	19 606	-	-
Current liabilities				
Amounts due to partners	30 275	26 809	-	-

**The Partnership is not a taxable entity hence no tax is provided for in the financial statements of the Partnership. The Partnership does not present cash flow information as all cash flows are borne by a subsidiary company in terms of the management agreement.*

34.2 Inyoni Yami Swaziland Irrigation Scheme ("IYSIS")

The Company holds a 50% interest in the Inyoni Yami Swaziland Irrigation Scheme. This is a partnership with operations in the lowveld of Swaziland (see note 36). The results include the following amounts relating to the Company's interest in the partnership:

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Statement of comprehensive income				
Share of pre-tax operating profit*	17 661	9 197	17 661	9 197
Statement of financial position				
Non-current assets	32 220	34 971	32 220	34 971
Current assets	114 766	90 824	114 766	90 824
Non-current liabilities	(227)	(227)	(227)	(227)
Current liabilities	(61 417)	(54 887)	(61 417)	(54 887)
Interest in partnership equity	85 342	70 681	85 342	70 681
Statement of cash flows				
Cash generated by operating activities	5 648	14 810	5 648	14 810
Cash outflows from investing activities	(2 411)	(9 196)	(2 411)	(9 196)
	3 237	5 614	3 237	5 614
Distribution of profits to partners	(3 000)	(22 861)	(3 000)	(22 861)
Net increase/(decrease) in cash and cash equivalents	237	(17 247)	237	(17 247)
Cash and cash equivalents at beginning of the year	914	18 161	914	18 161
Cash and cash equivalents at end of the year	1 151	914	1 151	914

**The Partnership is not a taxable entity hence no tax is provided for in the financial statements of the Partnership.*

35. Financial instruments – Fair values and risk management

35.1 Accounting classification and fair values

Fair values versus carrying amounts

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

	Note	Carrying amount 2019 E'000	Fair value 2019 E'000	Carrying amount 2018 E'000	Fair value 2018 E'000
GROUP					
Financial assets measured at fair value – Mandatorily at FVTPL					
- Forward exchange contract asset (level 2)	14	-	-	-	-
Financial assets not measured at fair value – Financial assets at amortised cost					
Trade and other receivables	14	215 258	215 258	166 834	166 834
Cash and cash equivalents	15	3 684	3 684	216 935	216 935
		218 942	218 942	383 769	383 769
Financial liabilities measured at fair value – Mandatorily at FVTPL					
Forward exchange contract liability (level 2)	20	-	-	(90)	(90)
Financial liabilities not measured at fair value – other financial liabilities					
- Bank loans (level 2)	18	(135 625)	(135 625)	-	-
- Bank overdraft	15	(13 298)	(13 298)	(4 728)	(4 728)
- Trade and other payables	20	(305 194)	(305 194)	(437 199)	(437 199)
		(454 117)	(454 117)	(441 927)	(441 927)
COMPANY					
Financial assets measured at fair value – Mandatorily at FVTPL					
- Forward exchange contract asset (level 2)	14	-	-	-	-
Financial assets not measured at fair value – Financial assets at amortised cost					
- Trade and other receivables	14	122 940	122 940	110 084	110 084
- Cash and cash equivalents	15	1 223	1 223	84 508	84 508
		124 163	124 163	194 592	194 592
Financial liabilities measured at fair value – Mandatorily at FVTPL					
- Forward exchange contract liability (level 2)	20	-	-	(90)	(90)
Financial liabilities not measured at fair value – other financial liabilities					
- Bank loans (level 2)	18	-	-	-	-
- Bank overdraft	15	(13 298)	(13 298)	(1 070)	(1 070)
- Trade and other payables	20	(344 314)	(344 314)	(363 081)	(363 081)
		(357 612)	(357 612)	(364 151)	(364 151)

35. Financial instruments – fair values and risk management *(continued)*

35.2 Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value			
Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.
Financial instruments not measured at fair value			
Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.		

** Other financial liabilities consist of secured and unsecured bank loans*

At year end there were no active derivative financial instruments.

35.3 Financial risk management

The Group has exposure to the following risks arising from its financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

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

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the 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 Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group 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 and deposits with banks and financial institutions.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
Impairment loss on trade receivables and contract assets arising from contracts with customers	**1 196**	2 439	**773**	421

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management *(continued)*

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Sugar produced by the Group's mills is sold to the Eswatini Sugar Association (ESA). This represents 88% of the Group's revenue (2018 - 91%). The regulations of the Sugar Industry in Eswatini are such that the mills are paid weekly for sugar produced.

Ethanol, which accounts for 11% of the Group's revenue (2018 – 8%) is sold to various customers. Credit limits, which are reviewed regularly, are in place and selected customers are required to obtain letters of credit as security. Some ethanol customers are on upfront payment terms.

The following disclosures present quantitative information on trade receivables and contract assets.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
Credit risk (continued)				
The exposure to credit risk for trade and other receivables at the reporting date by geographic region was:				
Domestic	**187 376**	149 044	**98 505**	92 295
Europe	**18 090**	14 228	**18 090**	14 228
South Africa	**9 792**	3 562	**6 345**	3 561
	215 258	166 834	**122 940**	110 084
The exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:				
Sugar debtors	**149 070**	60 487	**74 429**	25 173
Ethanol debtors	**12 437**	17 773	**12 382**	17 773
Value added tax	**31 601**	48 833	**19 151**	28 983
Insurance proceeds	**-**	21 275	**-**	21 275
Rental, school, staff, clinic and other debtors	**22 150**	18 466	**16 978**	16 880
	215 258	166 834	**122 940**	110 084
The exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:				
Swaziland Sugar Association	**117 005**	3 619	**54 891**	1 708
Ethanol customers	**12 437**	17 773	**12 382**	17 773
Related parties	**13 523**	16 914	**18 435**	13 450
Cane Suppliers	**21 507**	41 788	**1 968**	10 771
Trade VAT	**31 601**	48 833	**19 151**	28 984
Insurer	**-**	21 275	**-**	16 402
Sundry debtors (rentals, schools, clinics, staff)	**19 185**	16 632	**16 113**	20 996
	215 258	166 834	**122 940**	110 084

A summary of the Group's exposure to credit risk for trade receivables and other receivables is as follows

	2019		2018
	Not credit impaired	**Credit impaired**	
GROUP			
Core customers – sugar, ethanol and related parties	**208 319**	**2 910**	164 501
Non-core customers	**-**	**8 197**	5 305
	208 319	**11 107**	169 806
Loss allowance	**-**	**(4 168)**	(2 972)
	208 319	**6 939**	166 834
COMPANY			
Core customers – sugar, ethanol and related parties	**119 971**	**1 403**	107 773
Non-core customers	**-**	**3 792**	3 764
	119 971	**5 195**	111 537
Loss allowance	**-**	**(2 226)**	(1 453)
	119 971	**2 969**	110 084

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management *(continued)*

Comparative information under IAS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 March 2018 is as follows.

	GROUP 2018	COMPANY 2018
Not past due	165 270	109 279
Past due over 90 days	4 536	2 258
Impairment on past due receivables	(2 972)	(1 453)
	166 834	110 084

The impairment loss allowance at 31 March 2018 related to numerous individually insignificant customers who failed to honour their past due debts.

Expected credit loss assessment for high risk and low risk customers as at 1 April 2018 and 31 March 2019

The Group classifies exposure to a credit risk as being either low risk or high risk. 88% of group revenue is derived from the sale of sugar to one long standing customer where the terms are such that the Group is paid weekly for sugar produced. 11% of group revenue is derived from a handful of select ethanol customers. The balance of revenue and other income is from incidental activities such as rentals of property, management fees, cost recoveries, all typical of a sugar operation based in a non-municipal location.

The company adopted the simplified impairment model, which is applicable to trade and other receivables without a significant financing component. The loss allowance is measured at an amount equal to the lifetime expected credit losses, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. Lifetime expected credit loss is thus assumed to equate to the 12 month expected credit loss model.

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
2019 GROUP – Low risk				
Current (not past due)	0%	195 125	-	No
1-30 days past due	0%	8 293	-	No
31-60 days past due	0%	2 096	-	No
61-90 days past due	0%	652	-	No
More than 90 days past due	57.5%	5 063	2 910	Yes
Balance at 31 March		**211 229**	**2 910**	
2019 GROUP – High risk				
Current (not past due)	1.4%	3 701	53	No
1-30 days past due	1.5%	1 402	23	No
31-60 days past due	1.7%	874	15	No
61-90 days past due	1.5%	324	5	No
More than 90 days past due	61.3%	1 896	1 162	Yes
Balance at 31 March		**8 197**	**1 258**	
2019 COMPANY – Low risk				
Current (not past due)	0%	111 852	-	No
1-30 days past due	0%	6 480	-	No
31-60 days past due	0%	968	-	No
61-90 days past due	0%	671	-	No
More than 90 days past due	100%	1 403	1 403	Yes
Balance at 31 March		**121 374**	**1 403**	
2019 COMPANY – High risk				
Current (not past due)	0.9%	2 142	19	No
1-30 days past due	2.9%	335	10	No
31-60 days past due	2.2%	46	1	No
61-90 days past due	0.9%	111	1	No
More than 90 days past due	68.4%	1 158	792	Yes
Balance at 31 March		**3 792**	**823**	

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management *(continued)*

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019 E'000	2018 Individual impairments E'000	2018 Collective impairments E'000
GROUP			
Balance at 1 April under IAS 39	2 972	533	-
Adjustment on initial application of IFRS 9*	669	-	-
	3 641	533	-
Net remeasurement of loss allowance	527	2 439	-
Balance at 31 March	4 168	2 972	-
COMPANY			
Balance at 1 April under IAS 39	1 453	419	-
Adjustment on initial application of IFRS 9*	580	-	-
	2 033	419	-
Net remeasurement of loss allowance	193	1 034	-
Balance at 31 March	2 226	1 453	-

* Due to materiality considerations the adjustment on initial application of IFRS 9 was not made against retained earnings but was instead made against current year profit and loss (see note 5.2)

The impairment loss allowance at 31 March 2019 relates to numerous individually insignificant customers who failed to honour their past due debts.

Cash and cash equivalents

The Group invests available cash and cash equivalents with reputable financial institutions as well as retaining surplus cash from sugar proceeds with the Eswatini Sugar Association. Investment returns on such retentions are higher than those offered by commercial banks. Accordingly, the Group has no significant concentration of credit risk.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Credit risk				
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:				
Trade and other receivables	215 258	166 834	122 940	110 084
Cash and cash equivalents	3 684	216 935	1 223	84 508
	218 942	383 769	124 163	194 592

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 cane crushing season commences in April of each year and ends in December. During this period the Group's net cash position improves as the season progresses. The period between January and March is referred to as the "off-crop season". During this period, significant costs are incurred in the maintenance of the sugar mills and harvesting equipment, cane replanting activities and capital projects that could not be carried out during the crushing season. The Group's net cash position declines rapidly during this period. In order to ensure that there is sufficient cash on demand to meet operational expenses, including the servicing of financial obligations, various lines of credit are in place with reputable financial institutions. The levels of funding sourced are determined after a comprehensive budgeting process and after taking into account updated cash flow forecasts prepared by management.

At year end the Group had overdraft facilities of E83 million (2018 – E183 million) to cover the operations of the Company and its subsidiary, Mhlume (Swaziland) Sugar Company Limited. Interest is payable at rates linked to the Eswatini prime rate (currently 10.25%) less 1% (2018 – 10.50% prime less 1%).

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management *(continued)*

Liquidity risk *(continued)*

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amount E'000	Contractual cash flows E'000	Within year E'000	2 to 5 years E'000	More than years E'000
GROUP 2019					
Non derivative financial liabilities					
Bank loans	135 625	(182 740)	(31 508)	(107 994)	(43 238)
Trade and other payables	305 194	(305 194)	(305 194)	-	-
Bank overdraft	13 298	(13 298)	(13 298)	-	-
Derivative financial liabilities					
Forward exchange contracts					
-outflow	-	-	-	-	-
	454 117	(501 232)	(350 000)	(107 994)	(43 238)
GROUP 2018					
Non derivative financial liabilities					
Bank loans	-	-	-	-	-
Trade and other payables	437 199	(437 199)	(437 199)	-	-
Bank overdraft	4 728	(4 728)	(4 728)	-	-
Derivative financial liabilities					
Forward exchange contracts					
-outflow	90	(707)	(707)	-	-
	442 017	(442 634)	(442 634)	-	-
COMPANY 2019					
Non derivative financial liabilities					
Bank loans	-	-	-	-	-
Trade and other payables	344 314	(344 314)	(344 314)	-	-
Bank overdraft	13 298	(13 298)	(13 298)	-	-
Derivative financial liabilities					
Forward exchange contracts	-	-	-	-	-
	357 612	(357 612)	(357 612)	-	-
COMPANY 2018					
Non derivative financial liabilities					
Bank loans	-	-	-	-	-
Trade and other payables	363 081	(363 081)	(363 081)	-	-
Bank overdraft	1 070	(1 070)	(1 070)	-	-
Derivative financial liabilities					
Forward exchange contracts	90	(707)	(707)	-	-
	364 241	364 858)	(364 858)	-	-

For derivative financial liabilities the gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to such derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

As disclosed in note 18, the Group has a secured bank loan that contains various loan covenants.
A future breach of these covenants may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement. At the reporting date the covenant ratios were all well within the prescribed limits.

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management (continued)

Liquidity risk *(continued)*

Exposure to liquidity risk *(continued)*

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group utilises derivatives and also incurs financial liabilities, in order to manage risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

Currency risk

The Group is exposed to currency risk directly and indirectly as follows:

- Indirectly, on sugar sales by the Eswatini Sugar Association (ESA) to various export markets denominated in Euro, US dollars (USD) and Sterling (GBP);
- Directly, on ethanol sales to European and African markets denominated in Euro and US dollars; and
- Directly, on balances denominated in foreign currencies.

The Group has no direct influence on the risk arising from sugar sales by the ESA. The ESA does however have a foreign exchange risk committee tasked with monitoring currency risk and entering into hedge transactions to minimise risk and thus maximise on the Industry's net revenue which ultimately determines the price that millers receive for their sugar production.

Currency risk on ethanol sales is managed by way of monitoring daily spot rates and liquidating currency at favourable rates.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to management is as follows:

	GROUP				COMPANY			
	Foreign amount		Emalangeni		Foreign amount		Emalangeni	
	2019 '000	2018 '000	2019 '000	2018 '000	2019 '000	2018 '000	2019 '000	2018 '000
Euro cash in bank	15	1 289	252	18 649	15	1 289	252	18 649
Euro trade receivables	-	2	-	32	-	2	-	32
US Dollar cash in bank	113	3 881	1 643	45 572	113	3 881	1 643	45 572
US Dollar trade receivables	-	370	-	4 348	-	370	-	4 348
US Dollar trade payable	-	482	-	5 677	-	482	-	5 677
US Dollar Forward exchange contracts (inflows)	-	52	-	90	-	52	-	90

The following significant exchange rates applied during the year for the Group and Company:

	Reporting date Bank buying rate		Reporting date Bank selling rate	
	2019	2018	2019	2018
USD 1	14.57	11.74	14.62	11.79
GBP 1	19.05	16.54	19.12	16.61
EURO 1	16.37	14.47	16.42	14.53

	Average rate	
	2019	2018
USD 1	13.75	12.99
GBP 1	18.04	17.22
EURO 1	15.91	15.19

35. Financial instruments – fair values and risk management *(continued)*

35.3 Financial risk management *(continued)*

Currency risk *(continued)*
Exposure to currency risk *(continued)*

Sensitivity Analysis
A 10% strengthening of the Lilangeni against the following currencies at 31 March would have increased/ (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018. There is no additional impact on equity.

A 10% weakening of the Lilangeni against the above currencies at 31 March would have had the equal but opposite effect on the amounts shown below, on the basis that all other variables remain constant. There is no additional impact on equity.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
USD	**164**	4 427	**164**	4 427
Euro	**25**	1 868	**25**	1 868

Interest rate risk
The Group does not have a formal policy to manage exposure to changes in interest rates. Management do however monitor interest rate trends on an ongoing basis.

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows.

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
Profile				
Variable rate instruments				
Financial assets – call deposits	**1 138**	132 086	**1 138**	891
Financial liabilities	**(148 923)**	(4 728)	**(13 298)**	(1 070)
	(147 785)	127 358	**(12 160)**	(179)

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) profit or loss by the amounts shown below. There is no additional impact on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	GROUP		COMPANY	
	100 bp increase E'000	**100 bp decrease E'000**	**100 bp increase E'000**	**100 bp decrease E'000**
31 March 2019				
Net cash flow sensitivity of variable rate instruments	**(1 374)**	**1 374**	**(173)**	**173**
31 March 2018				
Net cash flow sensitivity of variable rate instruments	(253)	253	(263)	263

36. Related parties

Significant related party relationships exist between the Company and:

- major shareholders, Tibiyo Taka Ngwane, RCL Foods Sugar and Milling (Proprietary) Limited and organisations controlled by such shareholders;
- directors and members of the executive committee;
- joint ventures as stated in note 11; and
- subsidiary and associate companies as stated in notes 10 and 11.

A subsidiary company has entered into a partnership agreement with Inyoni Yami Swaziland Irrigation Scheme ("IYSIS") an organisation controlled by Tibiyo Taka Ngwane and the Company for the cultivation of sugar cane and the leasing of residential and commercial property on land leased by IYSIS. (refer to note 34.1). In addition IYSIS operates a division, Mhlume Water, which is responsible for the conveyance of water for irrigation purposes. The management of Mhlume Water was delegated to the Company on 1 May 2004.

Related party transactions are on an arms' length basis and comprise management and technical fees payable and receivable, interest paid, interest received, and share of profits or management fees received from sugar cane grown on behalf of related parties. Certain reimbursive expenditure is recouped from related parties.

36.1 Related party balances

The Group, in the ordinary course of business, transacts with related parties on the same terms and conditions applicable to third parties.

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Amounts owing by related parties				
The following amounts are due from related parties at year end:				
IYSIS/MSCO Sugar Partnership	**11 262**	15 187	**17 222**	12 705
IYSIS	**345**	412	**92**	87
Mhlume Sugar Company (Pty) Limited	**-**	-	**-**	-
Mananga Sugar Packers (Proprietary) Limited	**859**	795	**85**	138
Mhlume (Swaziland) Sugar Company Limited	**-**	-	**-**	-
Mhlume Country Club	**21**	-	**-**	-
Simunye Country Club	**139**	-	**139**	-
Simunye Plaza	**537**	520	**537**	520
Tibiyo Taka Ngwane	**360**	-	**360**	-
	13 523	16 914	**18 435**	13 450

	GROUP		COMPANY	
	2019 E'000	2018 E'000	**2019 E'000**	2018 E'000
Amounts owing to related parties				
IYSIS/MSCO Sugar Partnership	**7 354**	5 023	**21 389**	22 876
Mhlume (Swaziland) Sugar Company Limited	**-**	-	**133 615**	77 379
Mhlume Water	**3 173**	1 520	**-**	-
Royal Swazi Distillers (Proprietary) Limited	**-**	-	**15 585**	14 798
Tibiyo Taka Ngwane	**2 284**	12 512	**-**	1 074
Tsb Sugar International (Proprietary) Limited	**244**	541	**244**	541
	13 055	19 596	**170 833**	116 668

There are no provision for debt impairment or bad debts written off relating to the above related party balances.

36. Related parties *(continued)*

36.2 Related party transactions

Transactions are on an arms' length basis and include the following un-eliminated transactions:

	GROUP		COMPANY	
	2019 E'000	2018 E'000	2019 E'000	2018 E'000
Share of IYSIS/MSCO Sugar partnership profit	11 410	6 305	-	-
Share of IYSIS partnership profit	17 661	7 197	17 661	7 197
Water cost paid to Mhlume Water	754	703	754	703
Mhlume Water - water charged to IYSIS	33	31	33	31
Mhlume Water – water charged to IYSIS/MSCO Sugar partnership	2 604	2 441	1 736	1 627
Mhlume Water – water `charged to Mhlume (Swaziland) Sugar Company Ltd	5 181	4 855	-	-
Interest paid - Royal Swazi Distillers (Proprietary) Limited	(1 458)	(1 348)	(1 458)	(1 348)
Management, marketing and technical fees (paid)/ received:				
- Tsb Sugar International (Proprietary) Limited	(2 255)	(2 342)	(2 255)	(2 342)
- Mhlume Water	2 774	2 629	2 774	2 629
- Mananga Sugar Packers (Proprietary) Limited	743	957	743	957
- Tibiyo Taka Ngwane	2 581	3 952	900	1 426
	3 843	5 196	2 162	2 670

Directors' emoluments are disclosed in note 25.

36.3 Compensation for key management personnel

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
Short term benefits	17 826	17 659	10 161	10 066
Other long term employee benefits	17 073	9 021	9 732	5 142
	34 899	26 680	19 893	15 208

36.4 Related party contingent liabilities and commitments

Related party contingent liabilities and commitments are disclosed in note 32.

36.5 Impairments

There are no impairments on amounts due from related parties.

37. Operating Leases

Where the Group is a lessee

Future operating lease commitments in respect of operating leases outstanding at year end were as follows:

	GROUP 2019 E'000	GROUP 2018 E'000	COMPANY 2019 E'000	COMPANY 2018 E'000
Payable within one year of reporting date	2 728	2 562	2 728	2 562
More than one year and less than five years from reporting date	10 810	10 025	10 810	10 025
Five years or more from reporting date	23 189	20 632	23 189	20 632
	36 727	33 219	36 727	33 219

The Group leases land as detailed in note 7. Additionally the Group also leases farms for cane growing purposes, and residential and office property for certain employees working on the leased farms.

The residential and office leases run typically for one year with an option to renew. The lease payments are reviewed annually with escalations either being fixed or linked to inflation.

The terms of the farm leases are usually negotiated to ensure the benefit of a full crop ratoon. As a minimum thereof, leases are no less than seven years.

38. Significant accounting policies

The Group has consistently applied the accounting policies set out to all periods presented in these consolidated financial statements, except as detailed in note 5.

38.1 Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions on or after 1 April 2010
For acquisitions on or after 1 April 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration, that do not relate to changes due to information acquired about facts and circumstances that existed at the acquisition date, are recognised in profit or loss.

Acquisitions between 1 April 2004 and 31 March 2010
For acquisitions between 1 April 2004 and 31 March 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 April 2004
In respect of acquisitions prior to this date, goodwill is included on the basis of its carrying amount, which represents cost less accumulated amortisation up to 31 March 2004.

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

Acquisition of non-controlling interests ("NCI")
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

38. Significant accounting policies *(continued)*

38.1 Basis of consolidation *(continued)*

Interests in equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. 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.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Investments in equity-accounted investees are measured at cost less impairment in the Company's separate financial statements.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

38.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

38.3 Financial instruments

Recognition and initial measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement
Financial assets – Policy applicable from 1 April 2018
On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 35.1) On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

38. Significant accounting policies *(continued)*
38.3 Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*
Financial assets – Business model assessment: Policy applicable from 1 April 2018
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

Financial assets at amortised cost	These include trade and related party receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

See further below, under this note, for financial assets designated as hedging instruments.

Financial assets – Policy applicable before 1 April 2018
The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Non-derivative financial assets - recognition and derecognition
The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

38. Significant accounting policies *(continued)*

38.3 Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*
Non-derivative financial assets – measurement

- Loans and receivables - Loans and receivables comprise trade receivables, related party receivables, and other receivables. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
- Cash and cash equivalents - In the statement of cash flows, cash and cash equivalents comprise cash balances, call deposits, and surplus cash invested with the Eswatini Sugar Association (ESA) with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in fair value, and form an integral part of the Group's cash management.

These are measured at amortised cost.

Derivative financial instruments
The Group holds derivative financial instruments to hedge its foreign currency risk exposure. These are predominately economic hedges.

Financial liabilities – Classification, subsequent measurement and gains and losses: Policy applicable from 1 April 2018
Financial liabilities comprise loans and borrowings, bank overdrafts, trade, related party, forward exchange contracts, retained amounts and other payables.

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities, which comprise loans and borrowings, bank overdrafts, trade, related party, retained amounts and other payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

See further below, under this note, for financial liabilities designated as hedging instruments.

Financial liabilities – Classification, subsequent measurement and gains and losses: Policy applicable before 1 April 2018
The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

Derivative financial instruments – Policy applicable from 1 April 2018
The Group holds derivative financial instruments, in the form of forward exchange contracts, to hedge its foreign currency exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Derivative financial instruments – Policy applicable before 1 April 2018
The policy applied in the comparative information presented for 2018 is similar to that applied for 2019.

38. Significant accounting policies *(continued)*

38.4 Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured initially at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

All acquisitions of property, plant and equipment are initially recognised at cost under Capital Work in Progress ("CWIP"). When the item of property, plant and equipment is completed and brought into productive use it is then reclassified to the appropriate category.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• Freehold buildings	50 years
• Improvements to leasehold property	50 years
• Cane roots	5 -10 years
• Citrus Trees	25 years
• Plant and machinery	5 – 20 years
• Irrigation equipment	10 – 20 years
• Furniture and fittings	4 – 10 years
• Vehicles	4 – 10 years
• Computer equipment	4 – 10 years

Depreciation methods, useful lives and residual values are re-assessed annually at the reporting date and are adjusted where appropriate.

Derecognition
The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit loss when the item is derecognised.

38.5 Goodwill

Initial measurement
The initial measurement of goodwill is detailed under 'Business Combinations' refer to note 38.1.

Subsequent measurement
Goodwill is measured at cost less any accumulated impairment losses. Testing for impairment is done annually and whenever there is an indication of impairment.

38. Significant accounting policies *(continued)*

38.6 Intangible assets

Favourable lease contracts

Favourable lease contracts are those assets identified through business combinations where land is leased at a nominal rental. The contract is measured at cost less accumulated amortisation and accumulated impairment losses, the cost being the fair value of the off market element of the asset at the date of acquisition. The contract is depreciated over the expected lease period as follows:

- Contract 1: 21.5 years
- Contract 2: 45 years

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation of intangible assets

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Favourable lease contracts are amortised over the remaining period of the lease.

Amortisation methods, useful lives and residual values are re-assessed annually at the reporting date and are adjusted where appropriate.

38.7 Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss in the period that they arise. Costs to sell include all costs that would be necessary to sell the assets, including the transportation costs of moving sugar cane from fields to the mills.

38.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the following bases:

- Raw materials, consumable stores and spares – weighted average cost;
- Finished goods and by products – weighted average cost, including a proportion of production overheads based on normal operating capacity; and
- Consumables stores and spares – weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The amount of any write-down or loss of inventories is recognised as an expense in cost of sales in the period in which the write-down or loss occurs.

38.9 Impairment

Financial assets

Policy applicable from 1 April 2018

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. These are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

38. Significant accounting policies *(continued)*

38.9 Impairment *(continued)*

Financial assets *(continued)*

Policy applicable from 1 April 2018 (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost	The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

38. Significant accounting policies *(continued)*

38.9 Impairment *(continued)*

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 or amortisation, if no impairment loss had been recognised.

38.10 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

38.11 Employee benefits

Defined benefit obligation - Retirement pay

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The retirement pay obligation is calculated every three years by a qualified actuary using the projected unit credit method. Independent actuaries perform a roll forward of the valuation annually for the years during the tri-annual full valuation. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits – long service awards and long term incentive

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Certain benefits are not discounted where the effect of discounting is not material. All other benefits are discounted to determine their present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

38. Significant accounting policies *(continued)*

38.12 Revenue from contracts with customers

The Group has initially applied IFRS 15 from 1 April 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 23.

38.13 Dividend and rental income

Dividend income and rental income from surplus housing is recognised in profit or loss under other income on the date that the Group's right to receive payment is established. Rental contracts are generally renewed annually.

Dividends received are treated as an investing activity in the statement of cash flow.

38.14 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

38.15 Finance income and finance costs

Finance income comprises interest income on funds invested and interest income on accounts receivable. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise the interest expense on borrowings and unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

38.16 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

38.17 Income tax

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

38. Significant accounting policies *(continued)*

38.17 Income tax *(continued)*

Deferred tax

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:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

38.18 Measurement of Fair Values

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

39. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 may have a material impact on the Group's financial statements in the period of initial application.

39.1 IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 April 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including 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.

Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of farms on which sugar cane is grown. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of E142 million as at 1 April 2019. The Group does expect the adoption of IFRS 16 to impact its ability to comply with the revised maximum leverage threshold loan covenants described in Note 35.3. The Group will be engaging the banks with a view to redefining either the thresholds or the calculative formulae for these covenants.

Transition

The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

39.2 Other Standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.

40. Material events after year-end

No matter, which is material to the financial affairs of the Company and Group, has occurred between the reporting date and the date of approval of the financial statements.