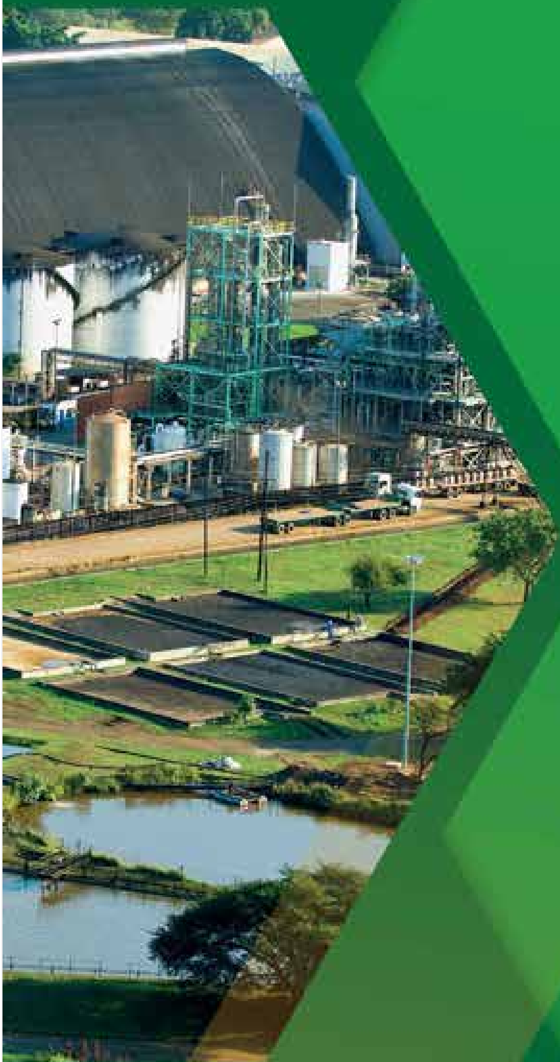
COMPREHENSIVE AND SEPARATE FINANCIAL STATEMENTS
2020



Comprehensive and Separate Financial Statements

For the year ended 31 March 2020

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 Eswatini Sugar Corporation Limited (RES), comprising the statements of financial position as at 31 March 2020, 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 Eswatini.

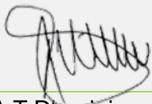
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk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

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as a going concern and have no reason to believe that the businesses will not be a going concern in the year ahead. The sugar markets continue to present a number of challenges, more so in the SACU and world markets. In the first quarter of the 2020 calendar year, the world was confronted with the COVID-19 pandemic causing chaos in the global economy. In Eswatini, RES has been categorised as an essential industry and has therefore been able to continue with its normal operations, albeit accommodating a best practise COVID-19 risk avoidance strategy. Management actively monitors and responds to the constant changes with determined effort to ensure that the Group emerges as a going concern post the COVID-19 era. Major capital projects have been prudently suspended while the sugar markets settle and the COVID-19 pandemic persists.

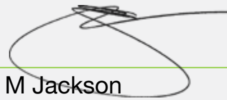
The auditor is responsible for reporting on whether the consolidated financial statements and separate financial statements are fairly presented in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Eswatini.

Approval of consolidated financial statements and Company financial statements

The consolidated financial statements and separate financial statements of The Royal Eswatini Sugar Corporation Limited, set out on pages 9 to 52, were approved by the board of directors on 26 June 2020 and are signed on their behalf by:



A T Dlamini
(Chairman)



N M Jackson
(Director)

Opinion

We have audited the consolidated and separate financial statements of The Royal Eswatini Sugar Corporation Limited and its subsidiaries (the group and company) set out on pages 9 to 52 which comprise the statements of financial position as at 31 March 2020, 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 ended, and the notes to the financial statements, including a summary of significant accounting policies, the identification of the reporting entity, the basis of preparation 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 Eswatini Sugar Corporation Limited as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 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) together with other ethical requirements relevant to our audit of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code. The ESIA Code is consistent with the International code of Ethics for Professional Accountants (including international independence standards). 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 E286 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 tested the design and operating effectiveness of management review of the goodwill impairment calculation. • 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 South African R186 and R209 risk free bond rates, used as proxies 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: o Comparing forecast sugar prices to current prices and to the expected prices from global and regional markets. o Comparing the inflation adjustments on expenses to current and projected inflation rates. • We performed an independant sensitivity analysis by changing the key assumptions applied to assess the impact on the value in use of the CGU including changes in projections that might be brought about by the COVID-19 pandemic. • We assessed the appropriateness of the disclosures made in the consolidated financial statements against requirements of IAS36-impairment of assets.

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 E599 124 000 in the consolidated financial statements and E436 608 000 in the separate financial statements, is classified as a biological asset in terms of IAS 41 Agriculture and is carried at fair value less cost to sell. 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: o 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 that may be brought about by COVID-19 pandemic. o 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 were 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 IAS41 Agriculture.

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 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 applicable, actions taken to eliminate threats or safeguard applied.

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.

RT Sithebe
Registered Auditor
19 August 2020

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

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2020.

Change of Company name

During the year, the company changed its name from The Royal Swaziland Sugar Corporation Limited to The Royal Eswatini Sugar Corporation Limited following a change in the name of the country from Swaziland to Eswatini as pronounced by His Majesty King Mswati III. The change of the company name was approved by the company Directors and shareholders at an annual general meeting.

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.

Business outlook under COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with more than 200 countries affected. On 17 March 2020, The Prime Minister of Eswatini informed the nation that he had been commanded by His Majesty to invoke Section 29 of the Disaster Management Act of 2006 and declared a national emergency, commissioning a partial lockdown for the country which has been extended in stages till June 2020 with possible further extensions. Government has taken steps to contain the virus and the economic impact of these events include the disruption to business operations and a significant increase in economic uncertainty.

As the sugar industry was classified as an essential industry by the Eswatini Government partial lockdown regulations, the Group and its companies have been able to continue with normal operations. To mitigate the risk of business closure due to employees being infected, the Group has implemented a best practice COVID-19 risk avoidance strategy. Management actively monitors and responds to the constant changes with determined effort to ensure the Group emerges as a going concern post the COVID-19 era. For further information on the impact of COVID-19 on the Group, refer to note 40.

Dividends

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

- A first interim dividend for the year ended 31 March 2020 of 22.4 cents per share which was paid in November 2019;
- A second interim dividend for the year ended 31 March 2020 of 43.5 cents per share which was paid in February 2020; and
- A final dividend for the year ended 31 March 2020 of 68.7 cents per share which will be paid in June 2020.

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	**Registered Office**
L S Masango	Simunye Sugar Estate P O Box 1 Simunye

Auditors

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

Bankers

Standard Bank Eswatini Limited
Nedbank (Swaziland) Limited
First National Bank of Eswatini 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
Vacant	Logistics and Marketing Manager

Operations

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

Finance

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

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
I Fakudze	Property Services Manager

*Members of the Executive Committee (Exco)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	NOTE	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 E'000
Assets					
Property, plant and equipment	7	1 817 679	1 678 118	1 124 730	1 070 668
Goodwill	8	286 481	286 481	-	-
Intangible assets	9	2 679	2 823	2 679	2 823
Investments in subsidiaries	10	-	-	666 474	666 474
Equity accounted investees	11	163 372	146 181	52 500	52 500
Deferred tax assets	28.4	89	119	-	-
Total non-current assets		2 270 300	2 113 722	1 846 383	1 792 465
Inventories	13	158 306	171 037	89 549	106 666
Biological asset - growing cane	12.2	599 124	528 644	436 608	390 806
Biological asset - livestock	12.3	9 620	7 902	9 620	7 902
Trade and other receivables	14	266 795	291 459	168 703	184 276
Taxation prepaid	33.1	863	13 799	-	8 687
Cash and cash equivalents	15	187 356	3 684	50 765	1 223
Total current assets		1 222 064	1 016 525	755 245	699 560
Total assets		3 492 364	3 130 247	2 601 628	2 492 025
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		1 384 107	1 214 238	934 995	831 172
Total equity		2 223 229	2 053 360	1 774 117	1 670 294
Liabilities					
Deferred tax liabilities	28.4	417 599	371 824	279 959	265 693
Loans and borrowings	18	249 464	116 250	72 589	-
Employee benefits	19	95 645	83 172	63 917	58 236
Total non-current liabilities		762 708	571 246	416 465	323 929
Trade and other payables	20	305 512	305 194	280 117	344 314
Short term employee benefits	21	83 216	75 110	48 605	47 526
Bank overdraft	15,22	-	13 298	-	13 298
Current portion of loans and borrowings	18	49 700	19 375	14 325	-
Current tax liabilities	33.1	1 799	-	1 799	-
Dividends payable	33.2	66 200	92 664	66 200	92 664
Total current liabilities		506 427	505 641	411 046	497 802
Total liabilities		1 269 135	1 076 887	827 511	821 731
Total equity and liabilities		3 492 364	3 130 247	2 601 628	2 492 025

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 E'000
Revenue	23	3 371 636	3 047 455	2 072 442	1 875 411
Cost of sales		(2 691 578)	(2 543 599)	(1 636 795)	(1 566 629)
Change in fair value of biological assets	12	72 198	76 147	47 520	66 073
Gross profit		752 256	580 003	483 167	374 855
Other income	24	70 873	66 140	89 854	74 249
Distribution expenses		(6 935)	(7 527)	(6 935)	(7 527)
Administration expenses		(433 979)	(394 790)	(269 940)	(232 380)
Impairment loss on trade receivables		(1 092)	(1 225)	(302)	(802)
Operating profit	25	381 123	242 601	295 844	208 395
Finance income		35 709	24 196	15 755	11 336
Finance costs		(29 937)	(12 620)	(9 752)	(1 615)
Net finance income	27	5 772	11 576	6 003	9 721
Share of profit of equity accounted associate companies (net of income tax)	11	20 485	28 015	-	-
Profit before taxation		407 380	282 192	301 847	218 116
Income tax expense	28.1	(109 217)	(72 079)	(70 782)	(50 204)
Profit attributable to owners of the Company		298 163	210 113	231 065	167 912
Other comprehensive income (OCI)					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liabilities	19	1 928	10 607	3 379	7 337
Related deferred tax	28.2	(530)	(2 917)	(929)	(2 018)
Other comprehensive income, net of tax		1 398	7 690	2 450	5 319
Total comprehensive income for the year attributable to owners of the Company		299 561	217 803	233 515	173 231
Basic and diluted earnings per share (cents)	29	309.5	218.1	239.8	174.3

Dividend per share is disclosed in note 16.3.

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
GROUP					
2020					
Balance at 1 April 2019	128 639	632 379	78 104	1 214 238	2 053 360
Profit	-	-	-	298 163	298 163
Other comprehensive income	-	-	-	1 398	1 398
Total comprehensive income for the year	-	-	-	299 561	299 561
Transactions with owners recorded directly in equity					
- Dividends (note 16.3)	-	-	-	(129 692)	(129 692)
Balance at 31 March 2020	128 639	632 379	78 104	1 384 107	2 223 229
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
COMPANY					
2020					
Balance at 1 April 2019	128 639	632 379	78 104	831 172	1 670 294
Profit	-	-	-	231 065	231 065
Other comprehensive income	-	-	-	2 450	2 450
Total comprehensive income for the year	-	-	-	233 515	233 515
Transactions with owners recorded directly in equity					
- Dividends (note 16.3)	-	-	-	(129 692)	(129 692)
Balance at 31 March 2020	128 639	632 379	78 104	934 995	1 774 117
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

	NOTE	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 E'000
Cash flows from operating activities					
Profit before taxation		407 380	282 192	301 847	218 116
Adjusted for:					
Depreciation		203 511	193 590	130 629	127 402
Amortisation of intangible assets		144	143	144	143
Increase in fair value of biological assets - growing cane		(70 480)	(74 713)	(45 802)	(64 639)
Increase in fair value of biological assets - livestock		(1 718)	(1 434)	(1 718)	(1 434)
Increase in non-current employee benefits		14 401	3 359	9 060	2 167
Loss/(profit) on disposal of property, plant and equipment		43	(665)	(109)	(363)
Dividend income		-	-	(47 123)	(39 081)
Finance income		(32 142)	(22 506)	(12 188)	(9 592)
Finance costs		29 937	12 620	9 752	1 615
Unrealised currency gain		(915)	(348)	(915)	(348)
Share of associated company net profit		(20 485)	(28 015)	-	-
Operating cash flows before movement in working capital		529 676	364 223	343 577	233 986
Movement in working capital					
Decrease/(increase) in inventory		12 731	(22 028)	17 117	(12 506)
Decrease/(increase) in trade and other receivables		24 664	(56 083)	15 573	(20 147)
Increase/(decrease) in trade and other payables		318	(132 095)	(64 197)	(18 857)
Increase/(decrease) in short term employee benefits		8 106	(18 456)	1 079	(14 220)
Cash generated from operations		575 495	135 561	313 149	168 256
Interest paid	27	(29 937)	(12 620)	(9 752)	(1 615)
Taxation paid	33.1	(49 207)	(47 554)	(46 959)	(33 570)
Net cash generated by operating activities		496 351	75 387	256 438	133 071
Cash flows from investing activities					
Finance income	27	32 142	22 506	12 188	9 592
Dividends received		3 294	610	47 123	39 081
Proceeds from sale of property, plant and equipment		234	676	109	374
Acquisition of property, plant and equipment	7	(329 916)	(402 825)	(171 258)	(223 831)
Net cash utilised in investing activities		(294 246)	(379 033)	(111 838)	(174 784)
Cash flows from financing activities					
Proceeds from loans and borrowings	18.4	200 000	155 000	88 000	-
Repayment of borrowings	18.4	(47 946)	(19 375)	(12 571)	-
Repayment of Lease Liability		(1 948)	-	(1 948)	-
Dividends paid	33.2	(156 156)	(54 148)	(156 156)	(54 148)
Net cash (utilised in)/ generated by financing activities		(6 050)	81 477	(82 675)	(54 148)
Net increase/(decrease) in cash and cash equivalents		196 055	(222 169)	61 925	(95 861)
Cash and cash equivalents at beginning of year	15	(9 614)	212 207	(12 075)	83 438
Effect of exchange rate fluctuations on cash held		915	348	915	348
Cash and cash equivalents at year end	15	187 356	(9 614)	50 765	(12 075)

1. Reporting entity

The Royal Eswatini 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 2020 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 consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of Eswatini.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 June 2020.

3. Functional and presentation currency

The consolidated and separate financial statements are presented in Emalangeni, which is the functional currency of the parent and subsidiaries. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates

In preparing these consolidated and separate financial statements, management has made estimates and assumptions that affect the application of the Group's and Company'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 2020 is included in the following notes:

- 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 28 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 32 – contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 35.3 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

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 12 – biological assets; and
- Note 35.2 – financial instruments.

5. Changes in significant accounting policies

The Group initially applied IFRS 16 Leases from 01 April 2019. A number of other new standards are also effective from 1 April 2019, but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated and is presented as previously reported under IAS17 together with the related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS16 have not generally been applied to comparative information.

5.1 Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at 01 April 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments where applicable. The group applied this approach to all its leases.

The Group assessed its right-of-use assets for impairment on the date of its transition and concluded that there were no indicators that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17. In particular, the group:

- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining lease terms.

The group did not include variable lease payments in the determination of lease liabilities.

5.2 Impact on financial statements

On transition to IFRS 16, the Group recognised additional right-of-use assets, and additional lease liabilities. The impact on transition is summarised below.

	GROUP 2020 E'000	COMPANY 2020 E'000
Right-of-use assets – presented in property, plant and equipment	7 838	7 838
Deferred Tax Assets	-	-
Lease liability presented in loans and borrowings	7 838	7 838
Retained Earnings	-	-
When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the incremental borrowing rate at 1 April 2019. The weighted average rate applied is 9%.		
Operating lease commitments at 31 March 2019 as disclosed under IAS 17 in the consolidated and separate financial statements		
Operating leases commitments at 31 March 2019 as disclosed under IAS 17 in the Group's Consolidated and separate financial statements	36 727	36 727
Operating Leases not reclassified to IFRS16	(20 695)	(20 695)
Operating Leases commitments at 31 March 2019 reclassified to IFRS 16	16 032	16 032
Discounted using incremental borrowing rate as at 01 April 2019	(8 194)	(8 194)
Lease liabilities recognised at 1 April 2019	7 838	7 838

Operating leases not reclassified to IFRS16 represents a leased farm for cane growing, whose rental amount is calculated at 12.5% of the gross agricultural turnover. Due to the contingent nature of the contract this lease did not meet the recognition criteria for IFRS 16 and has continued to be treated as an operating lease.

5.3 The Group as a Lessor

The Group leases out a number of properties which include, commercial and residential buildings. The tenure of these leases is 12 months and are renewable annually. The group has classified these leases as operating leases.

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 manifacturing process. The ethanol is sold to the African, European and regional markets.

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 2020 or 2019.

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**	
	2020 E'000	**2019 E'000**	**2020 E'000**	**2019 E'000**	**2020 E'000**	**2019 E'000**	**2020 E'000**	**2019 E'000**	**2020 E'000**	**2019 E'000**
6.1 Information about reportable segments										
External revenue	10 931	11 939	2 967 908	2 689 869	371 245	321 775	-	-	3 350 084	3 023 583
Inter segment revenue	1 043 429	972 164	-	-	-	-	(1 043 429)	(972 164)	-	-
Total revenue	**1 054 360**	**984 103**	**2 967 908**	**2 689 869**	**371 245**	**321 775**	**(1 043 429)**	**(972 164)**	**3 350 084**	**3 023 583**
External revenue of all other operations not meeting segment criteria									21 552	23 872
Total consolidated revenue									3 371 636	3 047 455
Reportable segment operating profit before corporate costs and income tax	**326 152**	**276 999**	**407 462**	**283 088**	**23 755**	**25 131**	**-**	**-**	757 369	585 218
Results of other operations not meeting segment criteria									(4 099)	(1 123)
Unallocated other income									69 571	62 674
Unallocated corporate costs									(441 489)	(403 776)
Unallocated net finance income									5 543	11 184
Share of profit of equity accounted associate companies									20 485	28 015
Consolidated profit before tax									**407 380**	**282 192**
Segment capital expenditure	124 730	115 024	170 247	207 422	6 874	25 197	28 065	55 182	329 916	402 825
Depreciation and impairment	82 283	70 114	67 388	67 855	15 762	15 187	38 078	40 434	203 511	193 590
Amortisation of intangible assets	47	47	-	-	-	-	97	96	144	143
Increase in fair value of biological assets	70 480	74 713	-	-	-	-	1 718	1 434	72 198	76 147
Net foreign exchange gains	**-**	**-**	**-**	**-**	**-**	**-**	**3 567**	**1 690**	**3 567**	**1 744**

	Eswatini		**South Africa**		**Consolidated**	
	2020 E'000	**2019 E'000**	**2020 E'000**	**2019 E'000**	**2020 E'000**	**2019 E'000**
6.2 Geographical information						
External revenue	3 371 636	3 047 455	-	-	3 371 636	3 047 455
Non-current assets	2 267 614	2 111 007	2 685	2 715	2 270 300	2 113 722
Capital expenditure	329 916	402 825	-	-	329 916	402 825

Eliminated inter-segment sales from Eswatini to South Africa were Enil (2019 – 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.

GROUP

	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 2018	527 533	1 287 537	485 064	861 785	292 707	153 788	3 608 414
Additions	-	-	-	-		402 825	402 825
Transfers from CWIP	39 019	195 480	8 692	116 162	39 818	(399 171)	-
Disposals	-	-	-	(1 937)	(14 552)	-	(16 489)
Balance at 31 March 2019	566 552	1 483 017	493 756	976 010	317 973	157 442	3 994 750
Balance at 1 April 2019	566 552	1 483 017	493 756	976 010	317 973	157 442	3 994 750
Reclassification	60 126	186 319	24 771	(271 208)	(822)	-	(814)
Right of Use of Asset	7 346	-	-	6 087	-	-	13 433
Additions	-	-	-	-	-	329 916	329 916
Transfers from CWIP	17 376	175 817	33 171	52 437	59 388	(338 189)	-
Disposals	-	(14)	-	(2 078)	(29 426)	-	(31 518)
Balance at 31 March 2020	651 400	1 845 139	551 698	761 248	347 113	149 169	4 306 767
Accumulated depreciation and impairment losses							
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)
Balance at 1 April 2019	(17 874)	(26 540)	(4 092)	(40 314)	(822)	-	(814)
Reclassification	(45 693)	(59 982)	13 315	92 496	-		136
Depreciation for the year	(18 327)	(67 741)	(14 974)	(61 068)	(41 401)	-	(203 511)
Disposals	-	14	-	1 801	29 426	-	31 241
Balance at 31 March 2020	(328 611	(1 022 596)	(405 460)	(545 280)	(186 141)	-	(2 488 088)
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
Carrying value at 31 March 2020	322 789	822 543	146 238	215 968	160 972	149 169	1 817 679

Property, plant and equipment includes right-of-use assets of E11 034 652 related to leased property that do not meet the definition of investment property.

During the year under review, the Group reclassified certain items of property, plant and equipment between the various categories of property, plant and equipment. This was done to bring the financial statements in line with the fixed asset register of the Group. The reclassification has had no impact on the net carrying value of property plant equipment or accumulated depreciation and impairment of property, plant and equipment. The reclassification had no impact on reported profits.

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 2018	346 365	724 321	349 139	545 048	203 162	40 870	2 208 905
Additions	-	-	-	-	-	223 831	223 831
Transfers from CWIP	31 146	49 387	7 435	84 924	28 106	(200 998)	-
Disposals	-	-	-	(1 062)	(11 565)	-	(12 627)
Balance at 31 March 2019	377 511	773 708	356 574	628 910	219 703	63 703	2 420 109
Balance at 1 April 2019	377 511	773 708	356 574	628 910	219 703	63 703	2 420 109
Reclassification	81 510	123 558	23 501	228 569	-	-	-
Right of Use of Asset	7 346	-	-	6 087	-	-	13 433
Additions	-	-	-	-	-	171 258	171 258
Transfers from CWIP	11 707	37 637	18 447	27 301	29 885	(124 977)	-
Disposals	-	(14)	-	(459)	(15 495)	-	(15 968)
Balance at 31 March 2020	478 074	934 889	398 522	433 270	234 093	109 984	2 588 832
Accumulated depreciation and impairment losses							
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)
Balance at 1 April 2019	(175 072)	(466 182)	(278 569)	(320 758)	(108 860)	-	(1 349 441)
Reclassification	(29 068)	(27 532)	4 676	51 924	-	-	-
Depreciation for the year	(13 880)	(32 286)	(11 233)	(44 709)	(28 521)	-	(130 629)
Disposals	-	14	-	459	15 495	-	15 968
Balance at 31 March 2020	(218 020)	(525 986)	(285 126)	(313 084)	(121 886)	-	(1 464 102)
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
Carrying value at 31 March 2020	260 054	408 903	113 396	120 186	112 207	109 984	1 124 730

Property, plant and equipment includes right-of-use assets of E11 034 652 related to leased property that do not meet the definition of investment property.

During the year under review, the Company reclassified certain items of property, plant and equipment between the various categories of property, plant and equipment. This was done to bring the financial statements in line with the fixed asset register of the Company. The reclassification has had no impact on the total cost or accumulated depreciation and impairment of property, plant and equipment. The reclassification had no impact on reported profits.

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, Eswatini, measuring 236 hectares.

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

At year end the carrying value of freehold land and buildings was E149 872 258 (2019 – E150 060 142).

Subsidiaries
Erf 65 Umbogintwini (Southgate) registration division ET situated in the South Local Council Area province of Kwazulu Natal in extent of 5 705 square metres. At year end the carrying value of freehold land and buildings was E2 595 768 (2019 – E2 595 768).

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

Leasehold buildings

Certain buildings included under land and buildings and cane roots under bearer plants are on the following leased land:

Company

Land leased from Tibiyo TakaNgwane 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, Eswatini, measuring 11 633 hectares; and Portion of the remainder of Farm 78, situated in the district of Siteki, 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, Eswatini, measuring 2 258 hectares are leased from Tibiyo TakaNgwane 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, Eswatini, measuring 6 540 hectares are leased from Tibiyo TakaNgwane for a period of 25 years following renewal of the initial 25 year lease which lapsed on 08 September 2008.

Assets pledged as security

Certain moveable and immoveable assets are pledged as security for loans. (Refer note 18.1).

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	
	2020 E'000	2019 E'000	2020 E'000	2019 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 (Swaziland) 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 16.9% 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%. 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 E1.5 billion. This amount exceeds the carrying value of the CGU of E605 million.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation model used, which has been detailed above.

In order for the carrying amount to equal the recoverable amount the pre-tax discount rate would need to be 15.8%.

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 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	(1 377)	(1 234)	(1 377)	(1 234)
Amortisation for the year	(144)	(143)	(144)	(143)
Balance at 31 March	(1 521)	(1 377)	(1 521)	(1 377)
Net carrying amount	2 679	2 823	2 679	2 823

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

10. Investments in subsidiaries

See accounting policies in note 38.1.

	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 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 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 (Proprietary) Limited is a dormant entity incorporated and domiciled in 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 accounted 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 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 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 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

	2020 Mananga Sugar Packers E'000	2019 Mananga Sugar Packers E'000	2019 Simunye Plaza E'000	2020 Simunye Plaza E'000	2020 Quality Sugars E'000	2019 Quality Sugars E'000	2020 Total E'000	2019 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	94 708	78 006	4 478	3 900	11 686	11 775	110 872	93 681
	147 208	130 506	4 478	3 900	11 686	11 775	163 372	146 181
Summary of unaudited financial information for equity accounted investees is as follows:								
Property, plant and equipment	37 794	40 010	12 188	11 262	28 782	444	78 764	51 716
Goodwill	18 139	18 139	-	-	3 751	3 751	21 890	21 890
Intangible assets	-	-	-	-	-	-	-	-
Current assets	463 388	406 313	10 730	7 882	607 121	532 282	1 081 239	946 477
Deferred tax (liabilities) / assets	(12 138)	(12 138)	104	(1 513)	1 035	429	(10 999)	(13 222)
Employee benefit liability	-	-	(181)	(153)	(1 063)	(1 086)	(1 244)	(1 239)
Lease Liability	-	-	-	-	(30 276)	-	(30 276)	-
Current liabilities	(212 767)	(191 312)	(4 928)	(1 877)	(562 606)	(488 720)	(780 301)	(681 909)
Net assets	294 416	261 012	17 913	15 601	46 744	47 100	359 073	323 713
Group's share of associate's net assets	147 208	130 506	4 478	3 900	11 686	11 775	163 372	146 181
Revenue	1 330 660	1 062 726	6 317	6 893	91 422	93 411	1 428 399	1 163 030
Profit	33 403	48 313	4 492	4 964	10 644	10 468	48 539	63 745
Group share of profit for the year	16 701	24 157	1 123	1 241	2 661	2 617	20 485	28 015
Reconciliation of carrying amounts								
Opening Balance at 1 April	130 506	106 349	3 900	3 269	11 775	9 158	146 181	118 776
Group share of profit for the year	16 702	24 157	1 122	1 241	2 661	2 617	20 485	28 015
Dividends received	-	-	(544)	(610)	(2 750)	-	(3 294)	(610)
Closing balance at 31 March	147 208	130 506	4 478	3 900	11 686	11 775	163 372	146 181

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 (2019 – 16 643) hectares of land leased from Tibiyo TakaNgwane (refer note 7). The Group manages a further 4 288 (2019 – 4 288) hectares on behalf of the IYSIS/MSCO Sugar Partnership (refer note 34.1) and 796 (201 – 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 (2019 – 12 092) hectares of land leased from Tibiyo TakaNgwane and 31 (2019 – 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 2020, the partnership held 3 619 (2019 – 3 252) head of cattle.

12. Biological assets *(continued)*

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
12.2 Reconciliation of carrying amounts of growing cane				
Carrying amount at 1 April 2019	528 644	453 931	390 806	326 167
Gain arising from changes in fair values less estimated costs to sell attributable to physical changes	18 713	12 121	8 362	16 238
Gain/ (loss) arising from changes in fair values less estimated costs to sell attributable to price changes	51 767	62 592	37 440	48 401
Balance at 31 March 2020	599 124	528 644	436 608	390 806
12.3 Reconciliation of carrying amounts of livestock				
Balance at 1 April 2019	7 902	6 468	7 902	6 468
Purchases	2 291	2 003	2 291	2 003
Net increase due to births and deaths	7 084	5 234	7 084	5 234
Decrease due to sales	(7 657)	(5 803)	(7 657)	(5 803)
Balance at 31 March 2020	9 620	7 902	9 620	7 902

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 fluctuation 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.

12.5 Biological assets pledged as security

Growing cane is pledged as security over borrowings (note 18.5)

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 model 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	528 644	7 902	536 546	390 806	7 902	398 708
Purchases	-	2 291	2 291	-	2 291	2 291
Sales	-	(7 657)	(7 657)	-	(7 657)	(7 657)
Gain included in profit or loss						
- Change in fair value (unrealised)	70 480	-	70 480	45 802	-	45 802
- Net increase due to births and deaths	-	7 084	7 084	-	7 084	7 084
Carrying amount at 31 March	599 124	9 620	608 744	436 608	9 620	446 228

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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
13. Inventories				
See accounting policies in note 38.8.				
Raw materials	87	7 124	87	4 547
Consumables stores and spares	142 873	131 740	74 116	69 946
Finished goods and by products	15 346	32 173	15 346	32 173
	158 306	171 037	89 549	106 666
Write down of obsolete consumable stores and spares to net realisable value included in profit or loss	14 777	13 438	5 039	4 811
Inventories are pledged as security over borrowings (note 18.5)				
14. Trade and other receivables				
See accounting policies in note 38.3				
Trade receivables	162 398	197 443	80 792	99 760
Related party receivables (note 36.1)	21 201	13 523	20 143	18 435
Prepayments	72 837	76 201	60 252	61 336
Other receivables	12 053	8 460	8 329	6 971
Less: impairment (note 35.3)	(1 694)	(4 168)	(813)	(2 226)
	266 795	291 459	168 703	184 276

Receivables are pledged as security over borrowings (note 18.5)

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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
15. Cash and cash equivalents				
See accounting policies in note 38.				
Bank balances	63 226	2 388	50 026	7
Cash on hand	156	158	76	78
Call deposit	123 974	1 138	663	1 138
	187 356	3 684	50 765	1 223
Bank overdraft	-	(13 298)	-	(13 298)
Per statement of cash flows	187 356	(9 614)	50 765	(12 075)
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 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 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.

16.3 Dividends	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 E'000
1st Interim dividend for the year ended 31 March 2020 of 22.4 cents (2019 - 56.2 cents) per "A" and "B" ordinary shares.	21 581	54 146	21 581	54 146
2nd Interim dividend for the year ended 31 March 2020 of 43.5 cents (2019 - .0 cents) per "A" and "B" ordinary shares.	41 911	-	41 911	-
Final dividend for the year ended 31 March 2020 of 68.7 cents (2019 - 96.18 cents) per "A" and "B" ordinary shares.	66 200	92 666	66 200	92 666
	129 692	146 812	129 692	146 812

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%, 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 13.5% (2019 – 10.6%). 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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
18. Loans and borrowings				
18.1 Standard Bank Eswatini 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 Eswatini prime rate, 9% as at 31 March 2020, less 1% (2019 – 10.25% less 1%).	116 250	135 625	-	-
18.2 Nedbank (Swaziland) Limited				
Secured loan for phases 2 of the Mhlume mill expansion project and expansion of cane fields. The loan is repayable over 14 half yearly instalments. The loans bear interest at the Eswatini prime rate, 9% as at 31 March 2020, less 1%.	171 429	-	75 429	-
18.3 Leases				
Leases relate to land, buildings and computer equipment that were previously accounted for under IAS17.	11 485	-	11 485	-
	299 164	135 625	86 914	-
Deduct: current portion included in current liabilities	(49 700)	(19 375)	(14 325)	-
Total non-current loans and borrowings	249 464	116 250	72 589	-

	Bank overdrafts used for cash management purposes		Other loans and borrowings		Leases	
	2020	2019	2020	2019	2020	2019
18.4 Reconciliation of movements of liabilities to cash flows arising from financing activities						
GROUP						
Balance at 1 April	13 298	4 728	135 625	-	-	-
- *Changes from financing cash flows*						
Proceeds from loans and borrowings	-	-	200 000	155 000	-	-
Repayment of borrowings	-	-	(47 946)	(19 375)	-	-
Total changes from financing cash flows	13 298	4 728	287 679	135 625	-	-
- *Other changes*						
Change in bank overdraft	(13 298)	8 570	-	-	-	-
Interest expense	699	809	28 278	11 811	923	-
Interest paid	(699)	(809)	(28 278)	(11 811)	(923)	-
Total liability-related other changes	(13 298)	8 570	-	-	-	-
Balance at 31 March 2020	-	13 298	287 679	135 625	-	-

18. Loans and borrowings *(continued)*

18.4 Reconciliation of movements of liabilities to cash flows arising from financing Activities *(continued)*

	Bank overdrafts used for cash management purposes		Other loans and borrowings		Leases	
	2020	2019	2020	2019	2020	2019
COMPANY						
Balance at 1 April	13 298	1 070	-	-	-	-
- *Changes from financing cash flows*						
Proceeds from loans and borrowings	-	-	88 000	-	-	-
Repayment of borrowings	-	-	(12 571)	-	-	-
Total changes from financing cash flows	13 298	1 070	75 429	-	-	-
- *Other changes*						
Change in bank overdraft	(13 298)	12 228	-	-	-	-
Interest expense	238	1 615	7 197	-	923	-
Interest paid	(238)	(1 615)	(7 197)	-	(923)	-
Total liability-related other changes	(13 298)	12 228	-	-	-	-
Balance at 31 March 2020	-	13 298	75 429	-	-	-

18.5 Loan securities

The loan agreements for the loans in notes 18.1 and 18.2 are secured by deed of hypothecation for E165 million in favour of Standard Bank (Eswatini) Limited and E240 million in favour of Nedbank (Swaziland) Limited, covering all the moveable and incorporeal assets of the Company and its subsidiaries. At the reporting date the deed of hypothecation had been registered.

19. Employee benefit liabilities

See accounting policies in note 38.11

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Retirement pay	67 895	66 554	46 216	48 257
Long service awards	12 486	6 367	9 000	4 136
Actuarially valued employee benefit liabilities	80 381	72 921	55 216	52 393
Long term incentive scheme	37 472	32 961	21 359	18 788
Total employee benefit liabilities	117 853	105 882	76 575	71 181
Deduct: current portion included in current liabilities (note 21)	(22 208)	(22 710)	(12 658)	(12 945)
	95 645	83 172	63 917	58 236

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 10, 20, 30 or 40 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 performed as at 31 March 2020. The actuarially valued liabilities are accordingly reported as follows at 31 March 2020:

19. Employee benefit liabilities *(continued)*

	2020 Retirement pay E'000	2020 Long service awards E'000	2020 Total E'000	2019 Retirement pay E'000	2019 Long service awards E'000	2019 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	67 895	12 486	80 381	66 554	6 367	72 921
Unrecognised actuarial gain	-	-	-	-	-	-
Liability recorded in statement of financial position	67 895	12 486	80 381	66 554	6 367	72 921
Movement in present value of the obligation:						
Opening liability	66 554	6 367	72 921	74 864	7 071	81 935
Included in profit or loss:						
- Current service cost	4 254	1 767	6 021	4 231	987	5 218
- Past service cost	-	730	730	-	-	-
- Interest cost	6 204	594	6 798	6 231	637	6 868
- Actuarial loss recognised	-	5 477	5 477	-	(987)	(987)
	77 012	14 935	91 947	85 326	7 708	93 034
Included in OCI:						
- Actuarial (gain)/ loss recognised	(1 928)	-	(1 928)	(10 607)	-	(10 607)
Other:						
- Benefits paid	(7 189)	(2 449)	(9 638)	(8 165)	(1 341)	(9 506)
Closing liability	67 895	12 486	80 381	66 554	6 367	72 921
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	46 216	9 000	55 216	48 257	4 136	52 393
Unrecognised actuarial gain	-	-	-	-	-	-
Liability recorded in statement of financial position	46 216	9 000	55 216	48 257	4 136	52 393
Movement in present value of the obligation:						
Opening liability	48 257	4 136	52 393	53 999	4 694	58 693
Included in profit or loss:						
- Current service cost	2 585	1 510	4 095	3 039	743	3 782
- Past service cost	-	453	453	-	-	-
- Interest cost	4 400	424	4 824	4 473	445	4 918
- Actuarial loss recognised	-	3 907	3 907	-	(731)	(731)
	55 242	10 430	65 672	61 511	5 151	66 662
Included in OCI:						
- Actuarial (gain)/ loss recognised	(3 379)	-	(3 379)	(7 337)	-	(7 337)
Other:						
- Benefits paid	(5 647)	(1 430)	(7 077)	(5 917)	(1 015)	(6 932)
Closing liability	46 216	9 000	55 216	48 257	4 136	52 393

	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
The principal actuarial assumptions used were as follows:				
Discount rates	8.2%-9.1%	8.6%-9.2%	8.2%-9.1%	8.6%-9.2%
Future salary increases	6.00%	6.50%	6.00%	6.50%

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
20. Trade and other payables				
Trade payables	264 278	272 464	151 171	163 540
Related party payables (note 36.1)	28 202	13 055	123 647	170 833
Retentions	2 559	1 145	306	-
Other payables	10 473	18 530	4 993	9 941
	305 512	305 194	280 117	344 314
21. Short term employee benefits				
Employee bonuses	40 972	26 373	23 517	15 399
Leave pay accrual	18 977	23 821	11 319	17 340
Employee accruals	1 059	2 206	1 111	1 842
	61 008	52 400	35 947	34 581
Current portion of long-term employee benefits (note 19)	22 208	22 710	12 658	12 945
	83 216	75 110	48 605	47 526

22. Bank overdraft

Bank overdraft facilities of the Company (E63 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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Sucrose and sugar sales – Eswatini				
Inter group sucrose sales for the year	-	-	147 073	131 631
Final sucrose price adjustment for the previous year based on final sugar price	-	-	858	280
Sale of sugar for the year	2 949 751	2 674 454	1 520 648	1 391 159
Final sugar price adjustment for previous year from Eswatini Sugar Association	18 157	15 415	10 436	4 228
Total sugar sales – sugar segment	2 967 908	2 689 869	1 679 015	1 527 298
Ethanol sales				
Eswatini and South Africa	103 126	68 584	103 126	68 584
Regional	119 250	174 775	119 250	174 775
Europe	148 869	78 416	148 869	78 416
Total ethanol sales – ethanol segment	371 245	321 775	371 245	321 775
Other sales – Eswatini				
Seedcane and harvesting services – Cane segment	10 931	11 939	630	2 466
Citrus	8 998	12 167	8 998	12 167
Butchery, leisure and ecotourism	12 554	11 705	12 554	11 705
All other operations not meeting segment criteria	21 552	23 872	21 552	23 872
Total other sales	32 483	35 811	22 182	26 338
Revenue total	3 371 636	3 047 455	2 072 442	1 875 411

23. Revenue *(continued)*

23.3 Disaggregation of revenue by geographic region

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
In the following table, revenue from contracts with customers is disaggregated by geographical market.				
Sucrose and sugar sales - Eswatini				
Eswatini	3 032 118	2 749 720	1 732 924	1 577 676
South Africa	71 399	44 544	71 399	44 544
Regional	119 250	174 775	119 250	174 775
Europe	148 869	78 416	148 869	78 416
Total sugar sales – sugar segment	3 371 636	3 047 455	2 072 442	1 875 411

23.4 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.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
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.
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 offered.	Revenue is recognised when weekly sugar production that passed the scale has 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.
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.

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
24. Other income				
Dividends received	-	-	50 418	39 691
Rental income	27 563	25 773	17 179	15 818
Management fees	12 134	10 950	4 201	3 744
Insurance claims	-	1 162	-	1 027
Sundry sales of molasses	346	315	281	270
School fees	7 229	6 882	4 120	3 923
Consumable sales	13 640	7 929	8 921	3 987
Scrap sales, canteen, clinic and sundry	9 961	13 129	4 734	5 789
	70 873	66 140	89 854	74 249
25. Operating profit				
The operating profit for the year is stated after charging/(crediting) the following:				
Auditors' remuneration				
- current year	1 421	922	584	525
- prior year	1 150	1 182	1 022	730
- other services	179	399	102	227
- disbursements	673	472	551	275
Amortisation of intangible assets (note 9)	144	143	144	14
Depreciation of property, plant and equipment (note 7)	203 511	193 590	130 629	127 402
Directors' emoluments				
- for services as directors	3 996	3 375	3 996	3 375
- expenses	596	703	596	703
Lease expense	3 761	5 073	3 417	4 685
Loss/(gain) on disposal of property, plant and equipment	43	(665)	(109)	(363)
26. Employee benefit expenses				
Salaries, wages, and incentive scheme accruals	700 383	661 790	374 760	357 283
Contributions to defined contribution plans	29 694	28 366	15 836	15 310
Expense related to defined benefit plan (note 19)	13 550	12 086	9 372	8 700
(Decrease)/increase in liability for leave pay	(378)	5 851	279	3 012
	743 249	708 093	400 247	384 305
27. Net finance income				
Interest income on cash and cash equivalents	32 142	22 506	12 188	9 592
Net foreign exchange gain	3 567	1 690	3 567	1 744
Finance income	35 709	24 196	15 755	11 336
Interest expense on financial liabilities measured at amortised cost	(29 014)	(12 620)	(8 829)	(1 615)
Interest on leases	(923)	-	(923)	-
Finance cost	(29 937)	(12 620)	(9 752)	(1 615)
Net finance income recognised in profit or loss	5 772	11 576	6 003	9 721
28. Income taxes				
28.1 Amounts recognised in profit or loss				
Current tax expense				
Eswatini current tax				
- current year	63 942	19 737	57 445	19 424
- Changes in estimates related to prior years	-	(15)	-	-
	63 942	19 722	57 445	19 424
Deferred tax				
- origination and reversal of temporary differences	45 275	52 357	13 337	30 780
	45 275	52 357	13 337	30 780
Total tax expense	109 217	72 079	70 782	50 204

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
28. Income taxes *(continued)*				
28.2 Amounts recognised in OCI				
Deferred tax charge on measurement of defined benefit liability	530	2 917	929	2 018
28.3 Tax rate reconciliation	%	%	%	%
Tax using the 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	(1.2)	(2.7)	-	-
- Tax-exempt dividend income	(0.2)	(0.1)	(4.6)	(5.0)
- Non-deductible expense items	0.7	0.8	0.5	0.5
Tax expense as a percentage of profit before income tax	26.8	25.5	23.4	23.0
28.4 Recognised deferred tax assets and liabilities				
Deferred tax assets				
Tax losses	-	2 471	-	-
Property, plant and equipment	89	119	-	-
Inventories	4 064	3 696	1 386	1 323
Defined benefit obligations	19 630	18 916	12 709	13 271
Employee bonuses, employee leave and other provisions	29 927	24 606	18 590	15 808
Income in advance	5 091	2 514	5 091	2 514
Finance Lease liability	3 158	-	3 158	-
Customer provisions and deposits	1 433	1 840	598	859
Deferred tax assets before set off	63 392	54 162	41 532	33 775
Set off against deferred tax liabilities	(63 303)	(54 043)	(41 532)	(33 775
Deferred tax asset after set off	89	119	-	-
Deferred tax liabilities				
Property, plant and equipment	253 337	222 444	158 557	148 985
Intangible assets	444	457	444	457
Biological assets	200 724	175 861	142 622	129 014
Agricultural consumable stores	7 340	6 601	3 465	3 047
Prepayments	17 971	19 649	15 309	17 137
Unrealised Currency Gains	1 086	855	1 094	828
Deferred tax liabilities before set off	480 902	425 867	321 491	299 468
Deferred tax assets set off	(63 303)	(54 043)	(41 532)	(33 775)
Deferred tax liabilities after set off	417 599	371 824	279 959	265 693
Overall net deferred tax liabilities	417 510	371 705	279 959	265 693
Movement in net deferred tax liability				
Opening net deferred tax liability	371 705	316 431	265 693	232 895
Recognised in profit or loss (note 28.1)	45 275	52 357	13 337	30 780
Recognised in OCI (note 28.2)	530	2 917	929	2 018
Closing net deferred tax liability	417 510	371 705	279 959	265 693

29. Earnings per share

Group basic and diluted earnings per share is based on profit attributable to ordinary shareholders of E298 162 820 (2019 – E210 112 275) and 96 346 320 (2019 – 96 346 320) weighted ordinary shares in issue.

Company basic and diluted earnings per share is based on profit attributable to ordinary shareholders of E231 065 651 (2019 – E167 911 540) and 96 346 320 (2018 – 96 346 320) weighted ordinary shares in issue.

	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Basic and diluted earnings per share (cents)	309.5	218.1	239.8	174.3

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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
31. Capital commitments				
Approved by the directors:				
Contracted for	31 503	152 130	24 106	58 391
Not contracted for	288 797	269 338	181 988	198 517
	320 300	421 468	206 094	256 908

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 Mhlume (Swaziland) Sugar Company are liable for the following guarantees:

	COMPANY		SUBSIDIARY	
	2020 E'000	2019 E'000	2020 E'000	2019 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	8 500	9 050	-	-
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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
33. Notes to the statement of cash flows				
33.1 Taxation paid				
Balance (prepaid)/ owing at 1 April	(13 799)	14 033	(8 687)	5 459
Current tax charge per statement of comprehensive income (note 28.1)	63 942	19 722	57 445	19 424
Balance (owing) /prepaid at 31 March	(936)	13 799	(1 799)	8 687
Cash amount paid	49 207	47 554	46 959	33 570
33.2 Dividends paid				
Balance at 1 April	92 664	-	92 664	-
Declared during the year (note 16.3)	129 692	146 812	129 692	146 812
Balance at 31 March	(66 200)	(92 664)	(66 200)	(92 664)
Cash amount paid	156 156	54 148	156 156	54 148

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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Statement of comprehensive income				
Share of pre-tax operating profit*	13 234	11 410	-	-
Non-Current assets				
Property Plant and equipment	6 585	6 043	-	-
Current assets				
Biological assets – growing cane	27 156	24 231	-	-
Current liabilities				
Amounts due to partners	33 741	30 275	-	-

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 Eswatini (see note 36). The results include the following amounts relating to the Company's interest in the partnership:

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Statement of comprehensive income				
Share of pre-tax operating profit*	20 767	17 661	20 767	17 661
Statement of financial position				
Non-current assets	36 709	32 220	36 709	32 220
Current assets	132 441	114 766	132 441	114 766
Non-current liabilities	(227)	(227)	(227)	(227)
Current liabilities	(68 466)	(61 417)	(68 466)	(61 417)
Interest in partnership equity	100 457	85 342	100 457	85 342
Statement of cash flows				
Cash generated by operating activities	15 171	5 648	15 171	5 648
Cash outflows from investing activities	(9 613)	(2 411)	(9 613)	(2 411)
	5 558	3 237	5 558	3 237
Distribution of profits to partners	(6 000)	(3 000)	(6 000)	(3 000)
Net (decrease)/increase in cash and cash equivalents	(442)	237	(442)	237
Cash and cash equivalents at beginning of the year	1 151	914	1 151	914
Cash and cash equivalents at end of the year	709	1 151	709	1 151

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 2020 E'000	Fair value 2020 E'000	Carrying amount 2019 E'000	Fair value 2019 E'000
GROUP					
Financial assets not measured at fair value – Financial assets at amortised cost					
- Trade and other receivables	14	193 958	193 958	215 258	215 258
- Cash and cash equivalents	15	187 356	187 356	3 684	3 684
		381 314	381 314	218 942	218 942
Financial liabilities not measured at fair value – other financial liabilities					
Bank loans (level 2)	18	(287 679)	(287 679)	(135 625)	(135 625)
- Lease Liability		(11 485)	(11 485)	-	-
- Bank overdraft	15	-	-	(13 298)	(13 298)
- Trade and other payables	20	(305 512)	(305 512)	(305 194)	(305 194)
		(604 676)	(604 676)	(454 117)	(454 117)
COMPANY					
Financial assets not measured at fair value – Financial assets at amortised cost					
- Trade and other receivables	14	108 451	108 451	122 940	122 940
- Cash and cash equivalents	15	50 765	50 765	1 223	1 223
		159 216	159 216	124 163	124 163
Financial liabilities not measured at fair value – other financial liabilities					
- Bank loans (level 2)	18	(75 429)	(75 429)	-	-
- Lease Liability		(11 485)	(11 485)	-	-
- Bank overdraft	15	-	-	(13 298)	(13 298)
- Trade and other payables	20	(280 117)	(280 117)	(344 314)	(344 314)
		367 031	367 031	(357 612)	(357 612)

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.	Not applicable.	Not applicable.

** 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 Group'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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Impairment loss on trade receivables and contract assets arising from contracts with customers	1 092	1 225	302	802

The impairment loss on cash and cash equivalents as at 31 March 2020 is E nil (2019 – E nil) as the Group considers that its cash and cash equivalents have low credit risk based on the external rating of the counterparties.

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

35.3 Financial risk management *(continued)*

Trade 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 (2019 – 88%). 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 (2019 – 11%) 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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Credit risk *(continued)*				
The exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Domestic	158 797	187 376	75 634	98 505
Europe	15 503	18 090	15 503	18 090
South Africa	19 659	9 792	17 314	6 345
	193 959	215 258	108 451	122 940
The exposure to credit risk for trade receivables at the reporting date by type of counterparty was:				
Sugar debtors	124 722	149 070	54 486	74 429
Ethanol debtors	29 311	12 437	29 167	12 382
Value added tax	12 881	31 601	5 550	19 151
Rental, school, staff, clinic and other debtors	27 045	22 150	19 248	16 978
	193 959	215 258	108 451	122 940
The exposure to credit risk for trade receivables at the reporting date by customer type was:				
Eswatini Sugar Association	97 454	117 005	33 465	54 891
Ethanol customers	29 311	12 437	29 167	12 382
Related parties	21 201	13 523	20 143	18 435
Cane Suppliers	9 288	21 507	1 570	1 968
Trade VAT	12 881	31 601	5 550	19 151
Sundry debtors (rentals, schools, clinics, staff)	23 824	19 185	18 556	16 113
	193 959	215 258	108 451	122 940

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

	2020		2019	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
GROUP				
Core customers – sugar, ethanol and related parties	182 815	7 725	208 319	2 910
Non-core customers	-	5 113	-	8 197
	182 815	12 838	208 319	11 107
Loss allowance	-	(1 694)	-	(4 168)
	182 815	11 144	208 319	6 939
COMPANY				
Core customers – sugar, ethanol and related parties	105 298	1 281	119 971	1 403
Non-core customers	-	2 685	-	3 792
	105 298	3 966	119 971	5 195

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

35.3 Financial risk management *(continued)*

Expected credit loss assessment for high risk and low risk customers as at 1 April 2019 and 31 March 2020

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 credit risk from sugar customers, ethanol customers, related parties and outgrowers have been classified as low risk based on the securities that are in place against the debts. All other customers who do not have adequate security have been classified as high risk.

The Group 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 Group 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
2020 GROUP – Low risk				
Current (not past due)	0%	177 624	-	No
1-30 days past due	0%	9 611	-	No
31-60 days past due	0%	1 118	-	No
61-90 days past due	0%	356	-	No
More than 90 days past due	22.7%	1 182	417	Yes
Balance at 31 March		**190 541**	**417**	
2020 GROUP – High risk				
Current (not past due)	2.3%	2 004	47	No
1-30 days past due	3.3%	1 056	35	No
31-60 days past due	3.9%	843	33	No
61-90 days past due	9.6%	52	5	No
More than 90 days past due	100%	1 157	1 157	Yes
Balance at 31 March		**5 112**	**1 277**	
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	

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

35.3 Financial risk management *(continued)*

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
2020 COMPANY – Low risk				
Current (not past due)	0%	95 863	-	No
1-30 days past due	0%	9 524	-	No
31-60 days past due	0%	837	-	No
61-90 days past due	0%	9	-	No
More than 90 days past due	80.6%	346	279	Yes
Balance at 31 March		106 579	279	
2020 COMPANY – High risk				
Current (not past due)	2.1%	1 243	26	No
1-30 days past due	3.6%	393	14	No
31-60 days past due	4.2%	543	23	No
61-90 days past due	10.3%	39	4	No
More than 90 days past due	100%	467	467	Yes
Balance at 31 March		2 685	534	
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	

Cash and cash equivalents

The Group invests available cash and cash equivalents with reputable banks 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	
	2020 E'000	2019 E'000	2020 E'000	2019 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	193 958	215 258	108 451	122 940
Cash and cash equivalents	187 356	3 684	50 765	1 223
	381 314	218 942	159 216	124 163

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

35.3 Financial risk management *(continued)*

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 unutilised overdraft facilities of E83 million (2019 – E83 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 9.00%) less 1% (2019 – 10.25% prime less 1%).

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
2020 GROUP					
Non derivative financial liabilities					
Bank loans	287 679	(362 517)	(70 004)	(241 687)	(50 826)
Lease Liabilities	11 485	(16 409)	(2 723)	(7 878)	(5 808)
Trade and other payables	305 512	(305 512)	(305 512)	-	-
	604 676	(684 438)	(378 239)	(249 565)	(56 634)
2019 GROUP					
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)	-	-
	454 117	(501 232)	(350 000)	(107 994)	(43 238)
2020 COMPANY					
Non derivative financial liabilities					
Bank loans	75 429	(97 504)	(19 078)	(65 005)	(13 421)
Lease Liabilities	11 485	(16 409)	(2 723)	(7 878)	(5 808)
Trade and other payables	280 117	(280 117)	(280 117)	-	-
	367 031	(394 030)	(301 918)	(72 883)	(19 229)
2019 COMPANY					
Non derivative financial liabilities					
Trade and other payables	344 314	(344 314)	(344 314)	-	-
Bank overdraft	13 298	(13 298)	(13 298)	-	-
	357 612	(357 612)	(357 612)	-	-

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	
	2020 '000	2019 '000	2020 '000	2019 '000	2020 '000	2019 '000	2020 '000	2019 '000
Euro cash in bank	-	15	-	252	-	15	-	252
US Dollar cash in bank	270	113	4 853	1 643	270	113	4 853	1 643
US Dollar trade payable	97	-	1 753	-	97	-	1 753	-
Pounds Dollar trade payable	5	-	116	-	5	-	116	-

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

	Reporting date Bank buying rate		Reporting date Bank selling rate	
	2020	2019	2020	2019
USD 1	17.96	14.57	18.01	14.62
GBP 1	22.17	19.05	22.23	19.12
EURO 1	19.77	16.37	19.83	16.42

	Average rate	
	2019	2018
USD 1	14.78	13.75
GBP 1	19.40	18.04
EURO 1	16.43	15.91

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 2019. 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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
USD	661	164	661	164
Euro	-	25	-	25
Pound	11	-	11	-

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	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Profile				
Variable rate instruments				
Financial assets – call deposits	123 974	1 138	663	1 138
Financial liabilities	(287 679)	(148 923)	(75 429)	(13 298)
	(163 705)	147 785	(74 766)	(12 160)

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 2019.

	GROUP		COMPANY	
	100bp increase E'000	100bp decrease E'000	100bp increase E'000	100bp decrease E'000
31 March 2020				
Net cash flow sensitivity of variable rate instruments	(2 992)	2 992	(788)	788
31 March 2019				
Net cash flow sensitivity of variable rate instruments	(1374)	1374	(173)	173

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 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 re-imbursive expenditure is recouped from related parties.

36.1 Related party balances

	GROUP		COMPANY	
	2020	2019	2020	2019
Amounts owing by related parties				
The following amounts are due from related parties at year end:				
IYSIS/MSCO Sugar Partnership	18 340	11 262	18 886	17 222
IYSIS (Swaziland)	93	345	3	92
Mhlume Sugar Company (Pty) Limited	-	-	-	-
Mananga Sugar Packers (Proprietary) Limited	1 455	859	107	85
Mhlume (Swaziland) Sugar Company Limited	-	-	-	-
Mhlume Country Club	166	21	-	-
Simunye Country Club	12	139	12	139
Simunye Plaza	334	537	334	537
Tibiyo Taka Ngwane	801	360	801	360
	21 201	13 523	20 143	18 435

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Amounts owing to related parties				
IYSIS/MSCO Sugar Partnership	18 319	7 354	19 506	21 389
Mhlume (Swaziland) Sugar Company Limited	-	-	87 618	133 615
Mhlume Water	3 926	3 173	-	-
Royal Swazi Distillers (Proprietary) Limited	-	-	16 330	15 585
Tibiyo Taka Ngwane	5 764	2 284	-	-
Tsb Sugar International (Proprietary) Limited	193	244	193	244
	28 202	13 055	123 647	170 833

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 include the following un-eliminated transactions:

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Transactions include the following un-eliminated transactions:				
Share of IYSIS/MSCO Sugar partnership profit	13 243	11 410	-	-
Share of IYSIS partnership profit	20 767	17 661	20 767	17 661
Water cost paid to Mhlume Water	799	754	799	754
Mhlume Water – water charged to IYSIS	44	33	44	33
Mhlume Water – water charged to IYSIS/MSCO Sugar partnership	2 761	2 604	1 841	1 736
Mhlume Water – water `charged to Mhlume (Swaziland) Sugar Company Ltd	6 659	5 181	-	-
Interest paid – Royal Swazi Distillers (Proprietary) Limited	(1 394)	(1 458)	(1 394)	(1 458)
Management, marketing and technical fees (paid)/ received:				
- Tsb Sugar International (Proprietary) Limited	(2 422)	(2 255)	(2 422)	(2 255)
- Mhlume Water	2 941	2 774	2 941	2 774
- Mananga Sugar Packers (Proprietary) Limited	1 003	743	1 003	743
- Tibiyo Taka Ngwane	927	2 581	927	900
	2 449	3 843	2 449	2 162
Directors' emoluments are disclosed in note 25.				

36.3 Compensation for key management personnel

	GROUP 2020 E'000	GROUP 2019 E'000	COMPANY 2020 E'000	COMPANY 2019 E'000
Short term benefits	19 469	17 826	11 098	10 161
Other long term employee benefits	17 742	17 073	10 113	9 732
	37 211	34 899	21 211	19 893

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 Leases

37.1 The Group as a lessee

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

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 lease for computer equipment runs for a period of four years.

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.

Information about the leases for which the Group is a lessee is presented in the following section.

	Land and buildings E'000	Vehicles, computer equipment, furniture and fittings E'000	Total E'000
GROUP			
Balance at 1 April 2019	7 346	492	7 838
Additions	-	5 595	5 595
Depreciation charge for the year	(1 090)	(1 308)	(2 398)
Derecognition of right of use assets	-	-	-
Balance at 31 March 2020	6 256	4 779	11 035

37. Leases *(continued)*

COMPANY

	Land and buildings E'000	Vehicles, computer equipment, furniture and fittings E'000	Total E'000
Balance at 1 April 2019	7 346	492	7 838
Additions	-	5 595	5 595
Depreciation charge for the year	(1 090)	(1 308)	(2 398)
Derecognition of right of use assets	-	-	-
Balance at 31 March 2020	6 256	4 779	11 035

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
Leases amounts recognised in profit or loss				
Leases under IFRS 16				
Interest on lease liability	923	-	923	-
Lease Expense				
Lease expense	3 761	5 073	3 417	4 685
Leases recognised in statement of cashflows				
Total cash outflow for leases	1 948	-	1 948	-

Extension Options

Some property leases contain extension options exercisable by the Group up three months before the end of the current contract period. Where applicable, the Group seeks to include extension options in the new leases to provide for operational flexibility. The extension options held are exercisable by the Group. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in the net liability of E151 000.

37.2 The Group as a Lessor

The Group leases out a number of properties which include, commercial and residential buildings. The group has classified these leases as operating leases.

	GROUP		COMPANY	
	2020 E'000	2019 E'000	2020 E'000	2019 E'000
37.3 Lease not classified under IFRS 16				
Future operating lease commitments in respect of operating leases outstanding at year end were as follows:				
Payable within one year of reporting date	1 288	2 728	1 288	2 728
More than one year and less than five years from reporting date	5 830	10 810	5 830	10 810
Five years or more from reporting date	11 182	23 189	11 182	23 189
	18 300	36 727	18 300	36 727

Operating lease represents a leased farm for cane growing, whose rental amount is calculated at 12.5% of the gross agricultural turnover. Due to the contingent nature of the contract this lease did not meet the recognition criteria for IFRS 16 and has continued to be treated as an operating lease.

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.

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.

38. Significant accounting policies *(continued)*

38.1 Basis of consolidation *(continued)*

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

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.

Financial assets – Business model assessment:

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.

38. Significant accounting policies - *continued*

38.3 Financial instruments *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:
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

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 liabilities – Classification, subsequent measurement and gains and losses:
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:
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.

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.

38.6 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. Significant accounting policies *(continued)*

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 Instruments

Financial assets

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).

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.

38. Significant accounting policies *(continued)*

38.9 Impairment *(continued)*

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.

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. Significant accounting policies - *continued*

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.

38.12 Revenue from contracts with customers

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

The Group has applied IFRS 16 using a modified retrospective approach and therefore comparative information has not been restated and continues to be reported under IAS17.

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.

38. Significant accounting policies *(continued)*

38.14 Leases *(continued)*

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.

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. Significant accounting policies *(continued)*

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 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- Definition of a Business (Amendments to IFRS 3).
- Definition of a Materiality (Amendments to IAS 1 and IAS 8).
- Amendments to References to Conceptual Framework in IFRS Standards.
- Interest Rate Benchmark Reform (Amendments to IFRS9 and IFRS 7).

40. Going Concern - COVID-19

The sugar markets continue to present a number of challenges, more so in the SACU and world markets. In the first quarter of the 2020 calendar year, the world was confronted with the COVID-19 pandemic causing significant disruption in the global economy.

In March 2020, the Kingdom of Eswatini invoked Section 29 of the Disaster Management Act of 2006 and declared a national emergency, commissioning a partial lockdown for the country. The effect of this was disruption in business operations and a significant increase in economic uncertainty. The partial lockdown regulations implemented by the Government of Eswatini categorised the Group as an essential industry and has therefore been able to continue with its normal operations, albeit accommodating a best practise COVID-19 risk avoidance strategy. Management actively monitors and responds to the constant changes with determined effort to ensure that the Group emerges as a going concern post the COVID-19 era. Major capital projects have been prudently suspended while the sugar markets settle and the COVID-19 pandemic persists.

The effect of the COVID-19 pandemic cannot be determined given the uncertainties. However, most of the countries worldwide have begun to resuscitate economic activities and trade which should bring stability in businesses. Based on this, the directors are of the view that the that the Group will continue to operate as a going concern.

41. Material Events After Year-End

Other than the above, there are no other matters, which are material to the financial affairs of the Company and Group that have occurred between the reporting date and the date of approval of the financial statements.

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