

ESWATINI COTTON BOARD



ANNUAL REPORT
2021



MANDATE

The Board has consent to carry out the following functions:

- To regulate the cotton industry
 - To grow the Eswatini cotton industry
 - To promote cotton production in Eswatini
 - To provide market and marketing intelligence
 - To provide technical advice to farmers
-



VISION

To be a competent cotton enterprise that adds sustainable value towards the country's economy and its stakeholders.



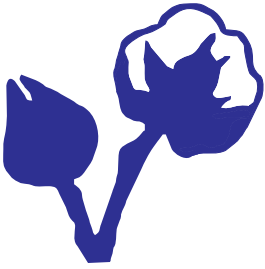
MISSION

- Conducting industry research;
 - Influencing the enactment of enabling legislation and regulatory policies;
 - Use of innovative technologies;
 - Resource mobilisation;
 - Robust marketing;
 - Educating and capacitating Emaswati in cotton production; and
 - Engaging in Public Private Partnerships.
-



OUR VALUES AND ETHICS

- **Integrity** - We will ensure honesty and transparency in our operations and will not accept bribes.
 - **Professionalism** - We will ensure that our staff are well trained to deliver excellent services.
 - **Accountability** - We will always remain accountable for all our actions
 - **Dependability** - Stakeholders can rely on us and our staff to respond promptly and adequately to their interests.
 - **Collaboration** - We will involve our stakeholders in the planning and execution of our work.
 - **Innovation** - We will promote the use of latest technologies in all our dealings.
 - **Environmental consciousness** - We endeavour to use cotton eco-friendly ways in our dealings.
-



Eswatini Cotton Board

P.O. Box 230
Manzini M200
ESWATINI

Telephone: +268 2505 2775
Telefax: +268 2505 2775
E-mail: ceosec@cottonboard.co.sz

Honourable Jabulani Mabuza
Minister for Agriculture
P.O. Box 162
Mbabane

Dear Sir,

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st March, 2021

The Board of Directors of Eswatini Cotton Board is pleased to submit the Annual Report and Accounts for the year ended 31st March, 2021 in terms of section 15 (6) of the Cotton Act No. 26 of 1967.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Barnabas Dlamini'.

BARNABAS DLAMINI
(CHAIRMAN OF BOARD OF DIRECTORS)

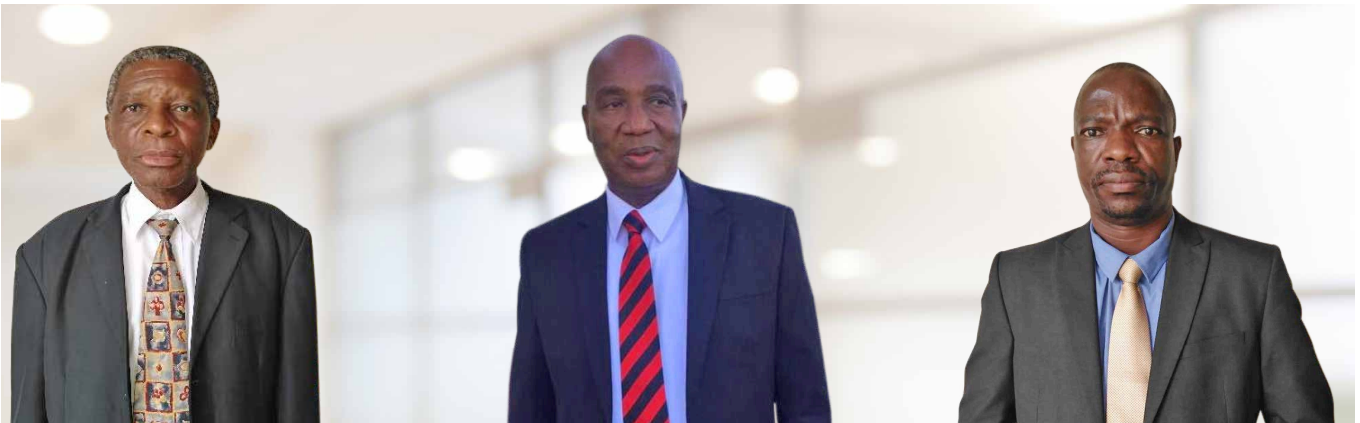
CONTENTS

BOARD MEMBERS	3	Financial Reports.....	15
CHAIRMAN'S MESSAGE	4	Cotton Research.....	15
Eswatini Economic Outlook.....	5	Cotton Varieties.....	16
Agriculture.....	6	Cotton Planting Seed Sales.....	17
Cotton Outlook.....	6	The Cotton Season 2020/21.....	17
Board of Directors.....	7	Regional Production.....	19
Board Committees and Functions.....	7	Seed Cotton Buying.....	20
Board Meetings.....	7	Ginning and Marketing.....	21
External Auditor.....	7	Cotton Pests and Diseases.....	24
Strategic Achievements.....	7	Chemicals used by the Industry.....	24
Appreciations.....	8	Genetically Modified Organisms (GMOs).....	25
ESWATINI COTTON BOARD SENIOR MANAGEMENT	9	Eswatini Cotton Ginnery.....	25
THE CHIEF EXECUTIVE OFFICER'S REVIEW	10	Ginnery Performance since 2008 - 2019.....	25
Historical Background.....	12	Conclusion.....	26
Functions of the Board.....	12	ANNUAL FINANCIAL STATEMENTS	28
Human Resources.....	12		
Cotton Extension.....	12		



Honourable Jabulani Mabuza
Minister of Agriculture

Board of Directors



Mr. Boy P. Matse
Vice-Chairman

Mr. Barnabas Dlamini
Chairman

Mr. Daniel M. Khumalo
Member



Mrs. Tokky Hou
Member

Mr. Similo Mavimbela
Member

Mr. Sigumuza Tfwala
Member

Mr. Malangeni Mhlabane
Member

CHAIRMAN'S MESSAGE

**BARNABAS
DLAMINI**
Chairman

The pandemic-induced economic slowdown overshadowed the trade tensions between the USA and China that had impacted markets since 2018. Phase-one of the US/China trade agreements came into force with no current indication for the next phase of agreements for mitigation. The market remains susceptible to several outside influences which may override the tighter fundamentals of supply and demand.

ESWATINI ECONOMIC OUTLOOK

Recent macro-economic and financial developments ESwatini's economy contracted by an estimated 3.2% in 2020 after growing by 2.2% in 2019. Manufacturing declined sharply as export-oriented industries were constrained by temporary business closures, disruptions in global value chains, and weak demand. Construction dropped as the COVID-19 pandemic upended input supplies. Investment weakened, and consumption, a key driver of aggregate demand, retreated, crippling the performance of key services such as wholesale and retail, tourism, and hospitality.

However, information and communication services performed well, due to increased demand for online services. Agriculture also posted marginal gains, thanks to favorable weather and continued investments. The fiscal deficit worsened to 8.6% of GDP in 2020, from 5.3% in 2019, prompting the government to approach international financial institutions for budget support. Gross public debt, which includes domestic arrears, rapidly rose to nearly 48% of GDP from 38% in 2019, well above the government's threshold of 35% of GDP. Authorities are committed to clearing domestic arrears, which remain high at about 5% of GDP.

The current account surplus declined to 1.2% of GDP in 2020, but official reserves improved to four months of import cover, boosted by budget support inflows. Monetary policy was accommodative to support growth during the pandemic. The discount rate was gradually lowered from 6.5% in March 2020 to 3.75% in July. Inflation increased from 2.6% in 2019 to around 4% in 2020, stoked by supply constraints, elevated food prices, and a weakening domestic currency—which hit its lowest exchange rate to the US dollar in April 2020, having depreciated by 22% since January 2020. The banking sector remained stable and adequately capitalized, but

non-performing loans increased, and year-on-year private sector credit fell by 0.4%.

Outlook and risks

The economy is projected to grow by 1.4% in 2021, underpinned by a modest recovery in all sectors. Agriculture, manufacturing, and construction are expected to lend greater impetus to recovery, while an expected strengthening of domestic demand will reignite services growth. Planned reforms to make it easier to do business, along with the clearance of domestic arrears, should stimulate private investment. Risks to recovery include a longer pandemic, inadequate progress on a COVID-19 vaccine, and external developments. Medium-term growth is expected to be tepid, weighed down by accelerated fiscal consolidation and a decline in projected Southern African Customs Union (SACU) receipts.

As a result, the fiscal deficit will slightly decline but remain elevated. According to the International Monetary Fund's 2020 Debt Sustainability Analysis, if eSwatini implements its 2021–23 fiscal adjustment plan (totaling 6.5% of GDP), public debt will rise to about 50% of GDP in 2021, reach a high of 53% of GDP in 2023, then gradually decline. The current account surplus and international reserves are expected to improve as export demand recovers. Upside inflation risks include higher food prices and increases in water and electricity tariffs. The projected appreciation of the lilangeni/rand to near prepandemic levels is expected to minimize the pass-through effect of oil price increases on inflation.

Financing issues and options

ESwatini's public debt level is largely driven by a persistent fiscal deficit. Government has increasingly relied on the domestic market to finance the deficit and has accrued significant domestic arrears. External financing is mainly limited to capital project loans. Continued implementation of public financial management reforms, including fiscal consolidation and

strengthening domestic revenue mobilization, are crucial to achieving fiscal sustainability, increasing fiscal space, and stabilizing public debt. Increased access to long-term concessional financing can further improve the fiscal position and ease government’s liquidity constraints.

A fiscal rule that imposes a ceiling on annual spending of SACU receipts while saving excess revenue could help insulate the budget from volatility of SACU transfers and bolster external buffers.

AGRICULTURE

In 2020, the share of agriculture in Swaziland’s gross domestic product was 9.1 percent, industry contributed approximately 31.37 percent and the services sector contributed about 53.77 percent.

**COTTON OUTLOOK
ONGOING UNCERTAINTY FOR A
RECOVERY WITH TIGHTER SUPPLY**

International Global cotton use is expected to increase by 8% in 2020/21 as manufacturing activities continue to show signs of recovery. Global cotton mill-use is estimated at 24.5 million tons with China consuming 8.1 million tons (31% of world total). The second largest consuming country, India, is expected to reach 5.45 million tons. Pakistan is expected to consume 2 million tons, with Vietnam and Turkey consuming an estimated 1.5 million tons each, and Bangladesh about 1.4 million tons.

As the global consumption estimate was revised up this month, the global production estimate was revised down to 24.1 million tons, further increasing the supply gap and leading to an additional downward revision of the global ending stock levels. The stock level outside China has been decreased this month to 12 million tons, down from the previous season’s record-high levels.

Lower stock levels provide additional support for prices which have been increased over the

course of the current season, supported by falling production and rising consumption. Following a high at the end of February, prices have fallen during March with projections for the forward season anticipating production increases and uncertainty in consumption growth.

Global trade of cotton was revised upward for 2020/21 to 9.5 million tons this month. Exports from India are expected to increase this season. Trade tensions between India and Pakistan that kept Indian exports out of Pakistan, appear to have been mitigated with Pakistan lifting a two-year ban. Pakistan, facing a supply gap, is expected to increase imports from the USA, Brazil and Africa.

The pandemic-induced economic slowdown overshadowed the trade tensions between the USA and China that had impacted markets since 2018. Phase-one of the US/China trade agreements came into force with no current indication for the next phase of agreements for mitigation. The market remains susceptible to several outside influences which may override the tighter fundamentals of supply and demand.

Global Demand and Supply			
	Aug-Jul	2020/21	
	2019/20	February	March
	Million Metric Tons Lint		
Beginning Stocks	18.56	21.37	21.37
Production	26.34	24.20	24.11
Consumption	22.77	24.46	24.54
Ending Stocks	21.37	21.11	20.94
Stocks/Use (excl. China)	80%	74%	73%

In the local scenario production is expected to decline to 400 metric tons down from 984 tons, following the poor season that resulted to less cotton plantings due to late rains. Good rains were received later in the season which could not help since it was already late for planting. The local cotton price is expected to remain at at E6.20/kg and as it was in the previous season.

BOARD OF DIRECTORS

The Board of directors of the Board comprised of Mr. Barnabas Dlamini Chairperson, Mr. Boy P. Matse Vice Chairperson and other members included: Mr. Sigumuza Tfwala, Mr. Malangeni Mhlabane, Mrs Tokky Hou, Similo Mavimbela and Daniel Khumalo Chief Executive Officer.

BOARD COMMITTEES AND FUNCTIONS

The Board established committees through which it executes its governance processes and activities. The Audit and Finance committee met twice during the period to deliberate on the annual Budget and to review annual financials. The Audit and finance meetings were held on the 29th July, 2020 and 29th April, 2021. The Remuneration and Risk Management committees could not meet during the year under review.

BOARD MEETINGS

The Board successfully held all four statutory

meetings. Typical agenda items for the Board meetings included review of operations, budget approvals, review of management accounts, budget approval and approval of external audited financials. The schedule of the ordinary quarterly meetings is outlined below:

EXTERNAL AUDITOR

QUARTER	DATE
First	13 th August, 2020
Second	10 th November, 2020
Third	4 th February, 2021
Fourth	5 th May. 2021

Kobla Quashie continued auditing the organization for the period under review. The organisation’s control environment was found to be satisfactory and adequate to safeguard the organisation’s assets against misappropriation and other unauthorised disposition.

STRATEGIC ACHIEVEMENTS

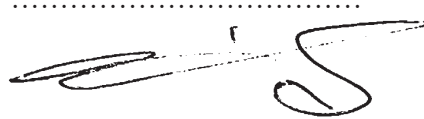
Strategic Focus Area	Date	Status	Comments
Board Governance	Ensuring compliance with best corporate governance principles	Achieved	Board and management were trained on corporate governance and Strategic plan developed
Seed Cotton Production	Increasing the volume of cotton supply to the Ginnery	Ongoing	Provided technical support using SMS programme where we reached a total of 2640 growers. Financed a total of 719 farmers for inputs to a tune of E1, 353,600 during the period under review. Recruited 21 new growers
	Improving the quality of cotton supplied to the ginnery Develop plant maintenance and repair schedule	Ongoing	Identified and released New cotton hybrids and genetically modified varieties that are suitable for the kingdom of Eswatini that high yielding and good quality traits Provided Technical Support on Proper Picking and Grading of Cotton to achieve Best Grades Maintenance plan in place
Enhancing Human Capital Skills	Recruit Competent and qualified Staff		Engaged qualified Groundsman HR Officer and seasonal workers
Resource Mobilisation	Increasing Financial Resources for operations		Signed contracts for Storage Rental

APPRECIATIONS

Sincere gratitude is extended to our Line Ministry and Government officials for the support and guidance throughout the year. May I also thank the following stakeholders for their input to the successful operations of the past year:

- SWAZILAND AGRICULTURAL SUPLIERS (PTY) LTD
- FARM CHEMICALS LTD
- ESNAU
- ESWATINI BANK
- ESWATINI NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION

- BOARD AND STAFF
- WORLD VISION SWAZILAND
- SEMBULELO SAKOTINI FARMERS ASSOCIATION



BARNABAS DLAMINI
Chairman

Senior Management



MR DANIEL M. KHUMALO
Chief Executive Officer



MR JECONIAH M. MSIBI
Technical Manager

The CHIEF EXECUTIVE OFFICER'S Review



**DANIEL
KHUMALO**
CEO

The core mandate of promoting, regulating, growing, marketing and providing technical advice to the cotton industry was fully implemented. The cotton industry continued to depend on rain fed agriculture. A significant yield was attained under the continuous threat of climate change.

The Board struggled to fulfilled its mandate due to the impact of COVID-19; planned activities were hindered by the pandemic. 4 statutory Board meetings and 4 special Board meetings were held in 2021. Corporate governance principles remained key for the Board operations. All Board resolutions were implemented under the current environment.

The core mandate of promoting, regulating, growing, marketing and providing technical advice to the cotton industry was fully implemented. The cotton industry continued to depend on rain fed agriculture. A significant yield was attained under the continuous threat of climate change.

The Board conducted training and demonstrations to impart knowledge to the farmers. The short message system (SMS) programme was the driving factor in most of the trainings due

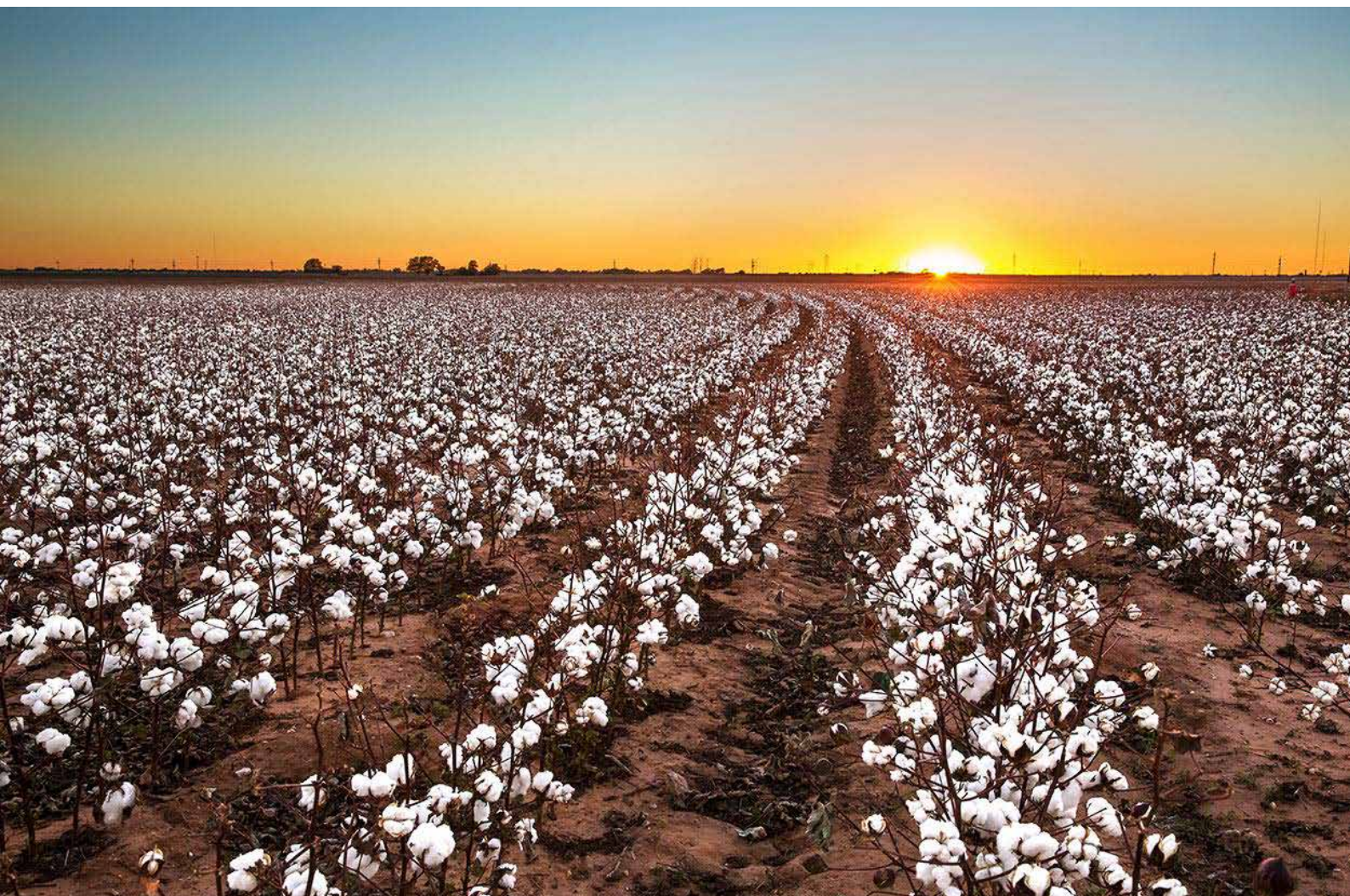
to the pandemic effects. Trainings entailed crop establishment, pest management, weed control and crop harvesting training. Other activities included seed distribution, chemical sales, registration and approving of farmers loans in line with the cotton revolving fund.

The Board successfully managed the cotton revolving fund. Management saw through cotton buying with minimal challenges. The ginnery produced quality lint and fuzzy seeds.

This report entails Board performance and financial report for 2020/2021 financial year. Kind regards.



DANIEL M. KHUMALO
Chief Executive Officer



1. HISTORICAL BACKGROUND

The cotton act (Act No. 26 of 1967) received Royal assent on the 20th February, 1968 and was brought into force by the Honourable Minister of Agriculture and Cooperatives on the 19th May, 1968.

The inaugural meeting was held in Manzini on the 17th May, 1968. Previously, cotton affairs were dealt with by the Cotton Advisory Committee, which was set up to advise the Director of Agriculture on matters affecting the Cotton Industry.

2. FUNCTIONS OF THE BOARD

In general terms, the important functions of the Board are:

- To advise the honourable Minister of Agriculture on all matters concerning the Cotton Industry.
- To be responsible for cotton improvement in Eswatini chiefly by controlling planting seed through the administration of the seed improvement scheme.
- To contribute towards the expenses of the Cotton Research Units at the Lowveld Experiment Station, Big Bend.
- To provide cotton extension service and marketing intelligence.
- To promote cotton growing and processing (ginning and processing) in the country.
- To attend to any other responsibilities relating to the development and the control of the Cotton Industry as stipulated in the Cotton Act

3. HUMAN RESOURCES

Staff Compliment

During the period under review the company lost two of its full time employees a security officer who resigned and Groundsman who answered God's call. At the time of compiling the report a process of replacing the Groundsman was in progress. The company also engaged services of a Trainee HR Officer on a contract basis to sort out all HR related issues.

The HR office developed a performance appraisal tool which was used on the 4th of February, 2021 in the evaluation of staff. The office also introduced morning sessions with the whole object of team building education on important issues, making announcements to keep the staff informed and make all staff members to have a sense of belonging. A team building event was held on the 12th of February, 2021 with the mandate of building a strong work team and improve communication while motivating the employees.

A wellness programme was also initiated where a Covid-19 pre-test form is filled every Wednesday. The HR office and the Technical Manager visited Bholi Clinic Management to look into ways of providing medical expertise to Eswatini cotton Board staff.

Staff Development

The Board also undertook training of the finance staff on the usage of Pastel a system that the company use for managing its finances. The team is now able to use pastel and accurate information is now obtained at any given time. The junior staff members were also trained on organisational behaviour and proper report writing internally and provided by consultants in that field.

4. COTTON EXTENSION

The technical Department of Eswatini Cotton Board has a mandate of providing technical support to growers. Farm visits were undertaken despite the Covid 19 to various farms to provide solutions of field problems encountered by the farmers during the growing season. Strategic trainings were also undertaken that included crop establishment and pest management with the whole object of equipping farmers with the necessary management skills that would help them achieve better yields and better incomes from cotton production. The crop establishment training was provided physical and was attended by 320 farmers out of a target of 341 farmers.

Details of training conducted are shown on the table below:

DATE	VENUE	TARGET	ATTENDANCE
01.10.2020	Makhava	20	19
02.10.2020	Sikhuphe Village	20	22
05.10.2020	Ndunayithini	30	29
05.10.2020	Lulakeni Inkhundla	12	15
06.10.2020	Mngayi	15	15
06.10.2020	Mpakeni	12	20
07.10.2020	Hlane	10	12
08.10.2020	Magwanyana	10	12
09.10.2020	Khuphuka	10	6
09.10.2020	Mantjonga	10	10
12.10.2020	Mandlangempisi	15	17
12.10.2020	Nyakatfo	10	11
13.10.2020	Tsambokhulu	40	60
13.10.2020	Lomahasha	50	54
14.10.2020	Hlutse	9	2
14.10.2020	Lesibovu	10	8
15.10.2020	Lubuli	15	16
15.10.2020	Mphosi	6	3
19.10.2020	Malibeni	6	10
TOTAL		320	341

Pest Management and cotton picking and grading were done through our SMS programme and radio programme. Farmers benefiting from

the trainings totalled 2565 and 2714 respectively, with an average of 2640.

Details of training conducted are shown on the table below:

PEST MANAGEMENT			COTTON PICKING AND GRADING		
ASSOCIATION NAME	REGION	NO. OF FARMERS	ASSOCIATION NAME	No. OF FARMERS	AVERAGE ATTENDANCE
Makhava	Shiselweni	19	Makhava	17	18
Qomntaba	Shiselweni	48	Qomntaba	51	50
Shaya	Shiselweni	52	Shaya	52	52
Mthunzini	Shiselweni	24	Mthunzini	26	25
Ezindwendweni	Shiselweni	38	Ezindwendweni	26	64
Somntongo	Shiselweni	33	Somntongo	29	31
Matsanjeni	Shiselweni	73	Matsanjeni	77	75
Lulakeni	Shiselweni	87	Lulakeni	87	87

PEST MANAGEMENT			COTTON PICKING AND GRADING		
ASSOCIATION NAME	REGION	NO. OF FARMERS	ASSOCIATION NAME	No. OF FARMERS	AVERAGE ATTENDANCE
Ndunayithini	Shiselweni	99	Ndunayithini	146	123
Mngayi	Shiselweni	48	Mngayi	48	48
Mpakeni	Shiselweni	19	Mpakeni	25	22
Hlutse	Lubombo	23	Hlutse	19	21
Lubuli	Lubombo	295	Lubuli	311	303
Macetjeni	Lubombo	54	Macetjeni	67	61
Tikhuba	Lubombo	53	Tikhuba	55	54
Magwanyana	Lubombo	69	Magwanyana	69	69
Tsambokhulu	Lubombo	127	Tsambokhulu	128	127
Sithobela	Lubombo	310	Lubombo	331	321
Phuzamoya	Lubombo	57	Lubombo	73	65
Lomahasha	Lubombo	64	Lubombo	61	63
Sikhuphe V.	Lubombo	55	Lubombo	52	54
Ntandweni	Lubombo	69	Lubombo	68	68
Njojane	Lubombo	22	Lubombo	20	21
Hlane	Lubombo	49	Lubombo	47	48
Mpolonjeni	Lubombo	380	Lubombo	404	392
Maphatsindvuku	Lubombo	120	Lubombo	124	122
Nsubane	Lubombo	18	Lubombo	29	24
Khuphuka	Manzini	91	Manzini	101	96
Mliba	Manzini	24	Manzini	23	23
Lesibovu	Manzini	35	Manzini	34	34
Nyakatfo	Hhohho	45	Hhohho	47	46
Mandlangempisi	Hhohho	32	Hhohho	32	32
Malibeni	Hhohho	33	Hhohho	35	34
TOTAL	34	2565	TOTAL	2714	2640


Field farmer Training at Mpolonjeni

Farmers training at Ntandweni conducted by lead Farmer



Caption

5. FINANCIAL REPORTS

The financial performance of the Board for the period under review declined slightly from the previous reporting period resulting from poor climatic conditions and the number of farmers that engaged in cotton production. Production declined from 1493.5 to 984 metric tons harvested from an area of 1047 hectares resulting in less revenue from sales of the ginnery products.

Total revenue for the year under review declined to E14 121 031 compared to E20 478 831 as a result of reduced sales of ginning products. Total expenses for the year stood at E6 568 984 down from E6 758 182 in the previous year. The Board realised a net loss of E968 023 compared to a net profit of E1 440 716 in 2020. The Cotton Board's administrative arm was supported by government through a subvention of E1 500 000 but prospects are good that once we solve the problem of low production government will be relieved of making this subvention.

6. COTTON RESEARCH

During the year under review hybrid lines tested that included HYB 671, 579 and 608 performing better than the Control of Alba QM 301 were recommended for release and to be included in the variety list. Also efficacy of different insecticides against sap sucking pests of cotton were undertaken and research revealed that Wonderland 200sp ((Mulan) and Dimethoate 400EC applied at commercial standards were equally effective in suppressing the cotton Aphid. The research further



Cotton bales stacked and ready for ginning

revealed that Hamba Aphids should no longer be used to control the cotton aphid.



Trial Planting at Malkerns Research Station



Field Trials growing during the season



Field Trials Growing during the season



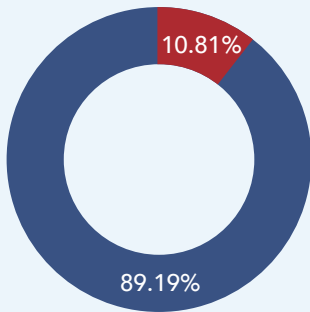
Technical Manager Manager making Observations on trials

7. COTTON VARIETIES

Alba plus QM 301 continued to dominate plantings accounting for 99.73 % and JKCH 1947 accounting for 0.27% of the total share. The JKC 1947 seed is genetically modified hybrid imported from India after getting a

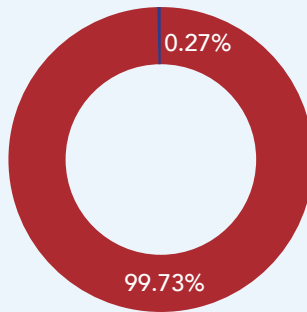
special import permit from Eswatini Environment Authority. This seed was only planted by the Research Station trials as irrigation farmers at Nsoko could not plant due to insufficient water for irrigation following the drought that set in October till the end of January.

Swaziland Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2019/2020 (Metric Tonnes)



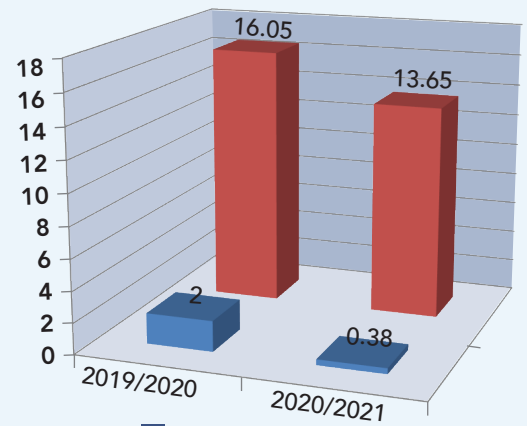
■ Alba QM 301
■ JKCH 1947

Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2020/2021 (Metric Tonnes)



■ JKCH 1947
■ Alba QM 301

Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2019/20 and 2020/2021 (Metric Tonnes)



■ JKCH 1947
■ Alba QM 301



Packages of varieties grown by farmers during the period under review

8. COTTON PLANTING SEED SALES

Seed sales for the period under review declined to 14.032 compared to 18.5 tons of the previous season. The decline can be attributed to the late rains following that substantial rains were only received late January when a lot of farmers had given up. The irrigating farmers at Nsoko could not engage in cotton production for the same reason that rains could not support their dams early in the season and as such the little water assisted in salvaging crops that were already on the ground.

9. THE COTTON SEASON 2020/21

The season under review turned out to be the worst compared to the previous ones. Firstly, Rainfall started as late as the end of January. The Lowveld Experiment Station our yardstick station for the cotton growing areas received a total of 636.5 compared to 378.4mm of previous season. The distribution was erratic as it did not synchronise with crop water demand at both planting and fruiting. Temperatures were excessively impacting negatively to both emergence and fruiting.

The table below indicate Months and rainfall in (mm) recorded from the Lowveld experiment station for 2019/20 and 2021 seasons

MONTH	RAINFALL (MM)	
	2019/20	2020/21
September	8.8	14.5
October	16.2	34.7
November	65.5	29.1
December	71.0	116.6
January	71.8	210.3
February	123.1	200.8
March	22.1	27.5
TOTAL	378.4	636.5

The late arrival of the rains had a negative on crop emergence as crops could not germinate properly due to insufficient soil moisture. Land preparation started in November and planting also was only done in December and January. The crops also suffered severely due to the drought as good rains were only received in January when it was already late. Irrigating farmers could not plant due to the

drought as dams did not have sufficient water to support further plantings. The number of farmers engaged declined from the 1237 of the previous season to 959 with the area under production declining to 1047 hectares compared to 1446 of the previous season. Production is expected to decline to about 400 metric tons down from 984 metric tons of the previous season.



Cotton Crop growing during the season under review



Technical Manager Inspecting a cotton crop



Seed Distribution at Lomahasha

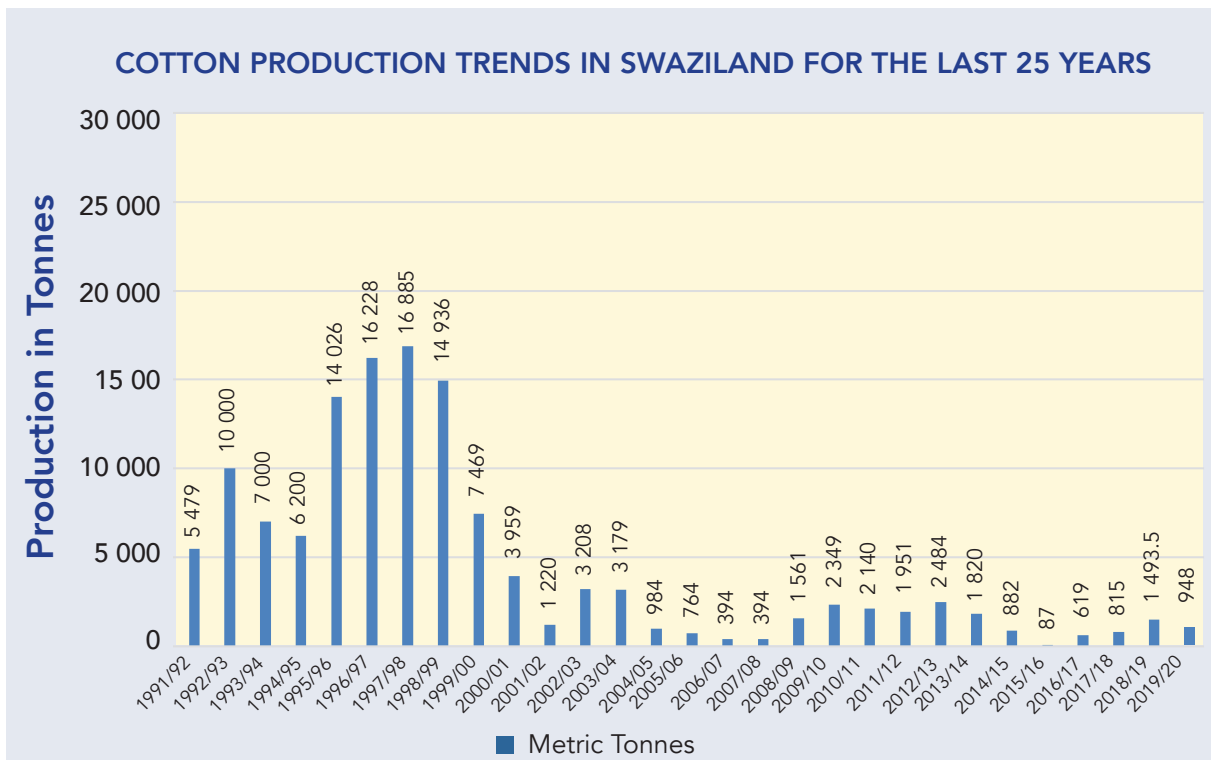


Seed Distribution at Magwanyana

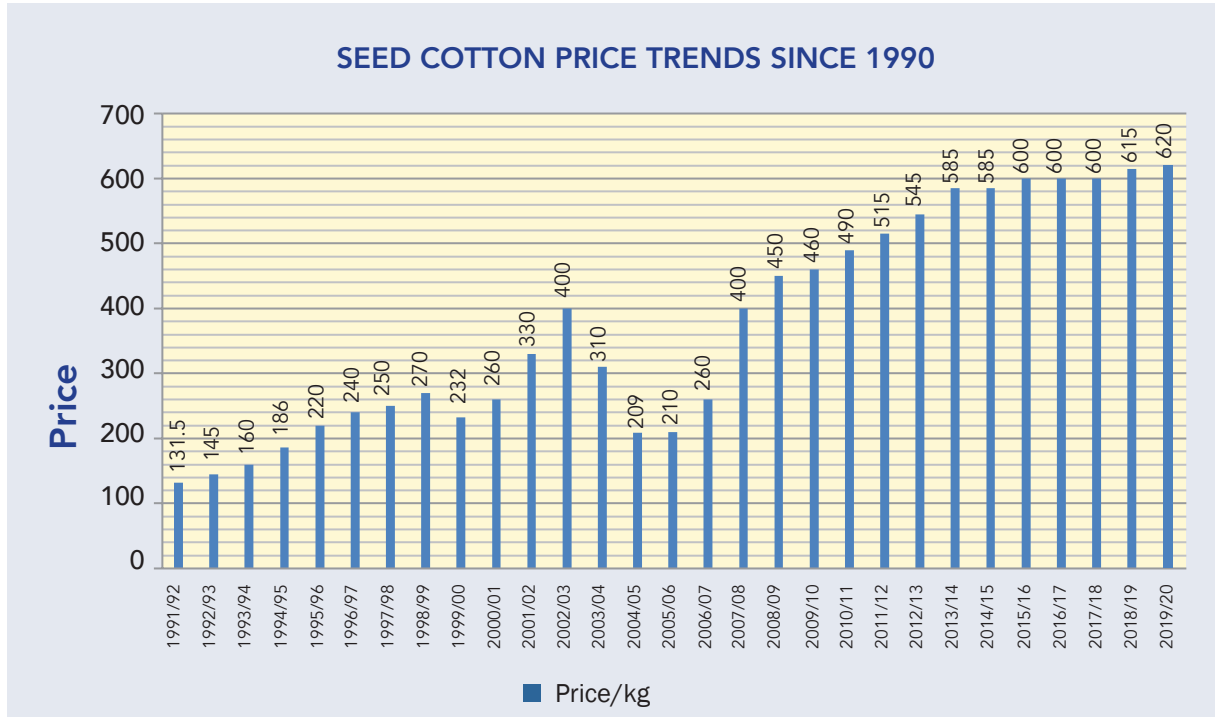
The table below indicates Cotton production for the last Twelve years

YEAR	AREA (HA)	NO. OF FARMERS	LARGE SCALE	%	SMALL SCALE	%	PRODUCTION (METRIC TONNES)	AVERAGE YIELD (KG/HA)
2008	1200	976	4	1	390	99	394	329
2009	2500	1917	110	7	1451	93	1561	624
2010	3000	2723	119	5	2230	95	2349	783
2011	2990	2811	0	0	2140	100	2140	716
2012	2800	2222	78	4	1873	96	1951	697
2013	3000	2921	25	1	2461	99	2486	829
2014	2273	2736	56	3	1764	97	1820	800
2015	1733	1997	103	12	779	88	882	509
2016	283	231	0	0	231	100	87	307
2017	774	1110	62	3	557	97	619	516
2018	1257	1115	51	6	764	94	815	648
2019	1446	1237	666.1	44.5	827.4	55.4	1493.5	1033
2020	1047	959	542	55	442	45	984	940

Cotton Production trends in Eswatini for the last 30 years



Seed Cotton Price Trends Since 1990



9. REGIONAL PRODUCTION

Seed cotton production declined to 984 compared to 1493.5 metric tonnes of the previous season. The Lubombo region continued to contribute the highest production contributing 70.66% of the national production, Shiselweni 28.2%, Manzini 0.47 % and Hhohho with the lowest contribution of 0.67%. However, when considering the production per hectare Hhohho produced the highest yield of 948 followed by

Shiselweni with 942 kg/ha followed by Lubombo with 940 kg/ha and Manzini with 775kg/ha.

The national average for the 2020 season stood at 940kg/ha decreasing slightly from 976.6 kg/ha of the previous season. This was as a result of the late arrival of the effective rains. The Lubombo region continued to dominate the area under cotton production at 739 hectares followed by the Shiselweni at 295 and Hhohho and Manzini at 7 and 6 hectares, respectively.

The table below indicates region, area, production in MT and average yield in kg/ha

REGION	AREA (HA)		PRODUCTION (METRIC TONNES)		AVERAGE YIELD (KG/HA)		% CONTRIBUTION	
	2019	2020	2019	2020	2019	2020	2019	2020
Hhohho	34	7	30	6.6	882.5	948	2	0.67
Manzini	38	6	35	4.6	921	775	2.3	0.47
Shiselweni	289	295	310	278	1072.7	942	20.8	28.2
Lubombo	1085	739	1118	695	1030.4	940	74.9	70.66
Total	1446	1047	1494	984	976.6	940	100	100

10. SEED COTTON BUYING

Seed cotton buying commenced on the 1st April, 2019 and continued till the end of March, 2020. The bulk of the crop was received between June and July, 2019. The seed cotton price paid to the farmers increased to E6.20 per kilogram as a result

of good prices offered by the World prices and successful negotiations with Lint Buyers. The crop was purchased with the Overdraft facility extended by Eswatini Bank and Eswatini National Industrial Development Corporation. The price comparison for 2018/19 and 2019/20 is shown on the table below:

Seed Cotton Price Breakdown for 2018/19 compared to 2019/20 season

GRADE	Seed Cotton Price Breakdown	
	Price/kg	
	2018/19	2019/20
A+	6.15	6.20
A	6.00	6.05
B	5.60	5.65
C	5.20	5.25
D	4.80	4.90
E	4.40	4.50
BSG	4.00	4.10

The table below indicates the quality profile for the 2020 compared to 2019 crop

Seed Cotton Production per Grade				
GRADE	2020 Weight (kg)	%	2019 Weight (kg)	%
A+	542 495	55.11	666 094	44.6
A	417 682	42.49	770 149	51.6
B	21 053	2.16	54 255	3.63
C	1 203	0.12	2 642	0.18
D	1 026	0.10	123	0.01
E	105	0.01	203	0.01
BSG	0	0	62	0.00
Total	984 351	100	1 493.5	100

The quality of the crop fell within the acceptable limit with Grade A+ grade accounting for 55.11%

and 42.49 on A grade and the rest shared between the rest of the grades.



Trucks lined up to deliver seed cotton at the Ginnery Seed



Cotton Bales staked after purchase



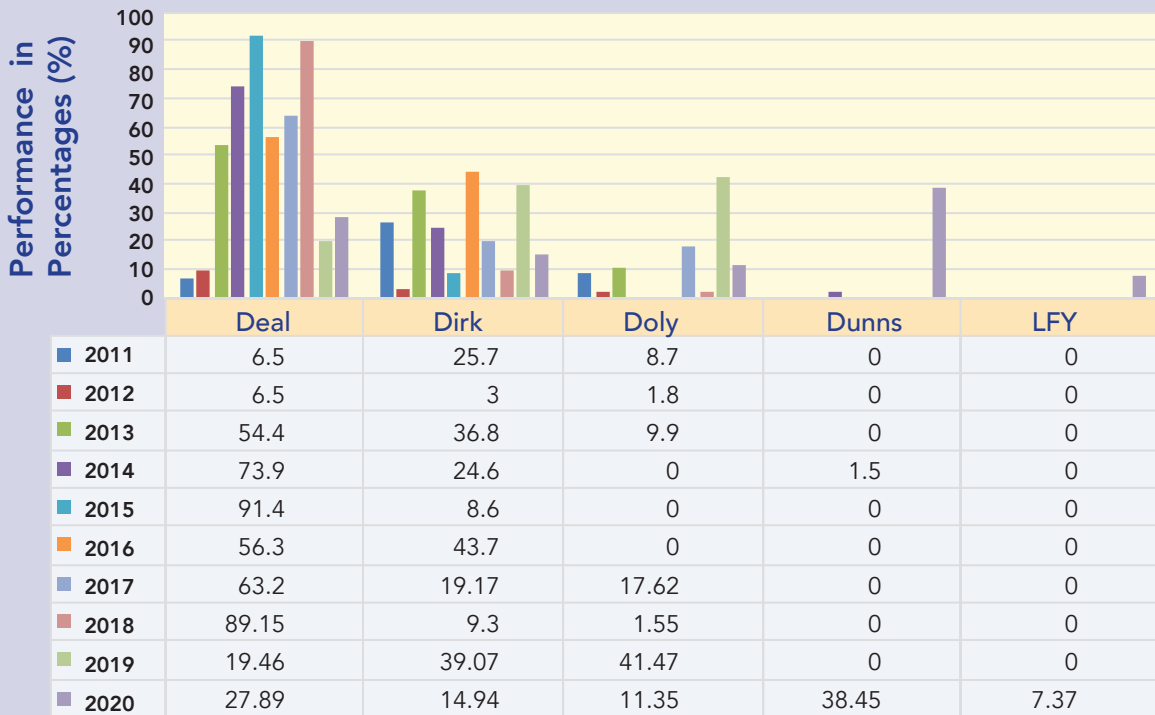
Technical Experts making observations to cotton fields during the season

The value of the crop declined to E6 025 885.66 compared to E9 041 414.88 in 2020. Farmer's income also declined to E4 734 804.07 compared to E 8 686 531.05 in 2020. Transport for bringing the cotton to the ginnery was borne by the Board and stood at E192 488.76 with E83 714.40 paid to transport contractors and E108 774.36 paid to farmers who used their own transport to deliver the cotton to the ginnery. This kind of scenario impacted positively to livelihoods of both the farmers and their families and also transporters and the local businesses that depend on the crop for their survival.

11. GINNING AND MARKETING

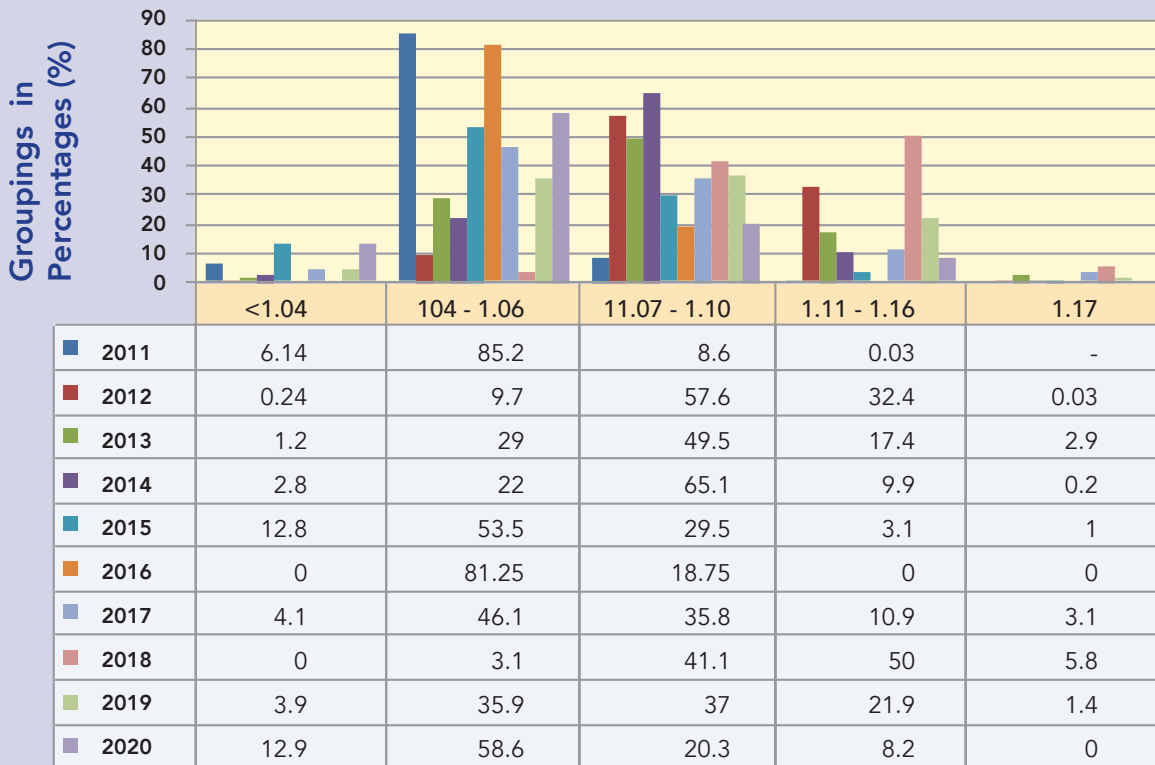
Cotton ginning commenced on the 13th July, 2020 to the 17th September, 2020. A total of 1 022 084 kg were ginned producing 383 300 kg of lint and 581 929 kg of fuzzy seed, resulting to a ginning out-turn percentage of 37.99 and 56.94 respectively. The quality of the lint improved slightly to 27.89% falling on Deal compared to 19.46% of the previous year. The rest was shared between Dirk and Doly. The improvement was due to the good growing conditions and general management of the crop. Details of the Grading results are indicated on the charts below and compared over a ten year period.

LINT GRADE PERFORMANCE IN % COMPARED FOR SEASON 2011 TO 2020



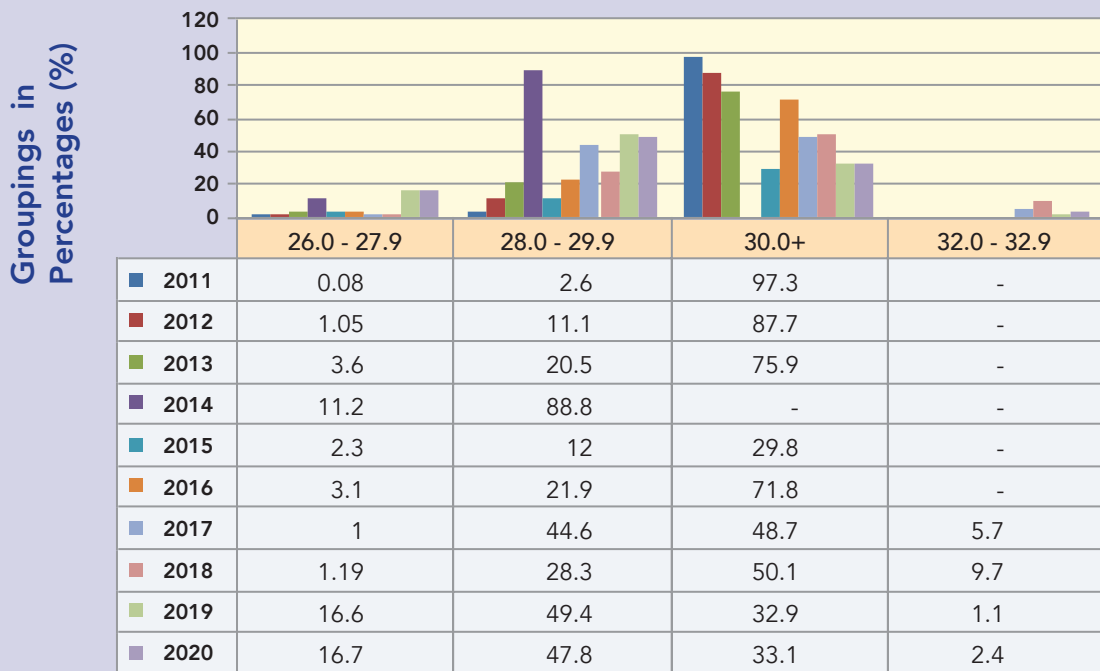
LINT GRADE

STAPLE LENGTH GROUPINGS IN % FROM 2011 TO 2020 (INCHES)



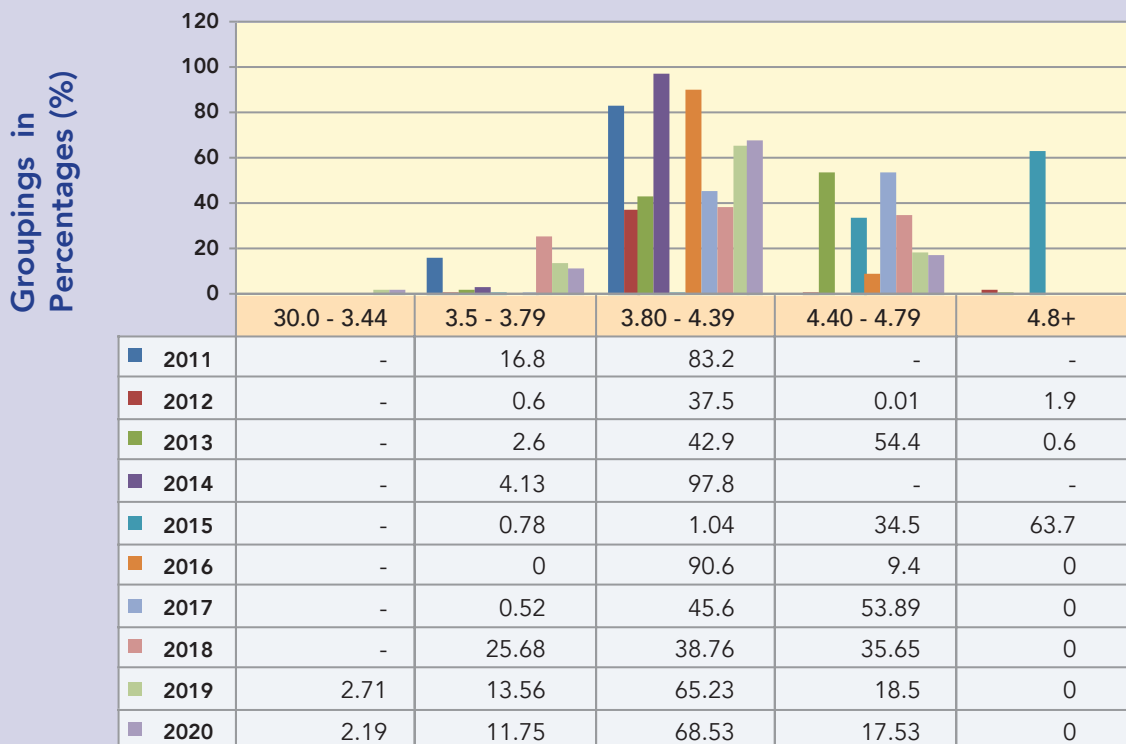
STAPLE LENGTH GROUPINGS

FIBRE STRENGTH GROUPING IN % FROM 2011 TO 2020 (G/TEX)



FIBRE STRENGTH GROUPING

MICRONAIRE GROUPING IN % COMPARED FROM 2011 TO 2020



MICRONAIRE GROUPING

The whole lint was exported to the Republic of South Africa to GWK and the fuzzy seed was

purchased by Grains for Africa and Bester Grains also based in South Africa.



Trucks being loaded with lint in preparation for dispatched to GWK

12. COTTON PESTS AND DISEASES

The full pest spectrum was evident during the season under review. Bollworms, Aphids, Jassids, Mealy bugs were most prevalent with Red Spider mites at a lesser extent. The control of pests was relatively good.

13. CHEMICALS USED BY THE INDUSTRY

The Rules and Regulations of the Cotton Act stipulate that the Board need to keep record

of chemicals used in the industry. During the period under review the industry used various chemicals ranging from herbicides, insecticides and miticides for the control of the various pests. Dimethoate was used to control Mealy bugs, Kalach and Roundup for post emergence weed control, Allice and Mulan for the control of Jassids and aphids, Cypermethrin and Lambda for the control of Bollworms and Cotton stainers, Biomectin for red spider mites and Cotton feed a foliar fertiliser. Details are indicated on the table below:

TABLE SHOWING INPUTS DISTRIBUTED

CHEMICAL NAME	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	ANNUAL TOTAL
Dimethoate 250ml	30	0	19	478	527
Kalach (1kg)	67	77	247	780	1171
Mulan (50g)	170	5	72	1028	1275
Wonderland 200g	0	0	0	120	120
Cypermethrin (1L)	9	0	0	449	458
Lambdex (1L)	42	8	59	1	110
Biomectin (1L)	17	4	16	182	219
Cotton Feed 500g	0	0	0	413	413

14. GENETICALLY MODIFIED ORGANISMS (GMOs)

During the season under review no plantings of genetically modified cotton was achieved due to the fact that farmers were interested in the genetically modified with both the Roundup ready gene and the Bollgard. The other reason was that the owner of the technology was not ready to market this product in the country. Meanwhile the country’s Parliament amended and gazetted the Bio safety act of 2012.

15. ESWATINI COTTON GINNERY

The Eswatini Cotton Ginnery is under the management of the Eswatini Cotton Board.

It has become the major source of income for both the regulatory and Developmental function of the Board. The Board has been running the ginnery for the last Twelve years now with success. It is however, still struggling to operate to its full potential due to insufficient through put. Operation has been consistently under 10 percent capacity and efforts are being made to improve operational capacity.

Genetically Modified cotton remains one major factor that can contribute to the turnaround strategy of the cotton industry in Eswatini. Couple with this technology is embarking on irrigated cotton. This will mitigate the challenges posed by climate change on small scale growers producing cotton under rain fed conditions.



Cotton Ginnery Office in Big Bend

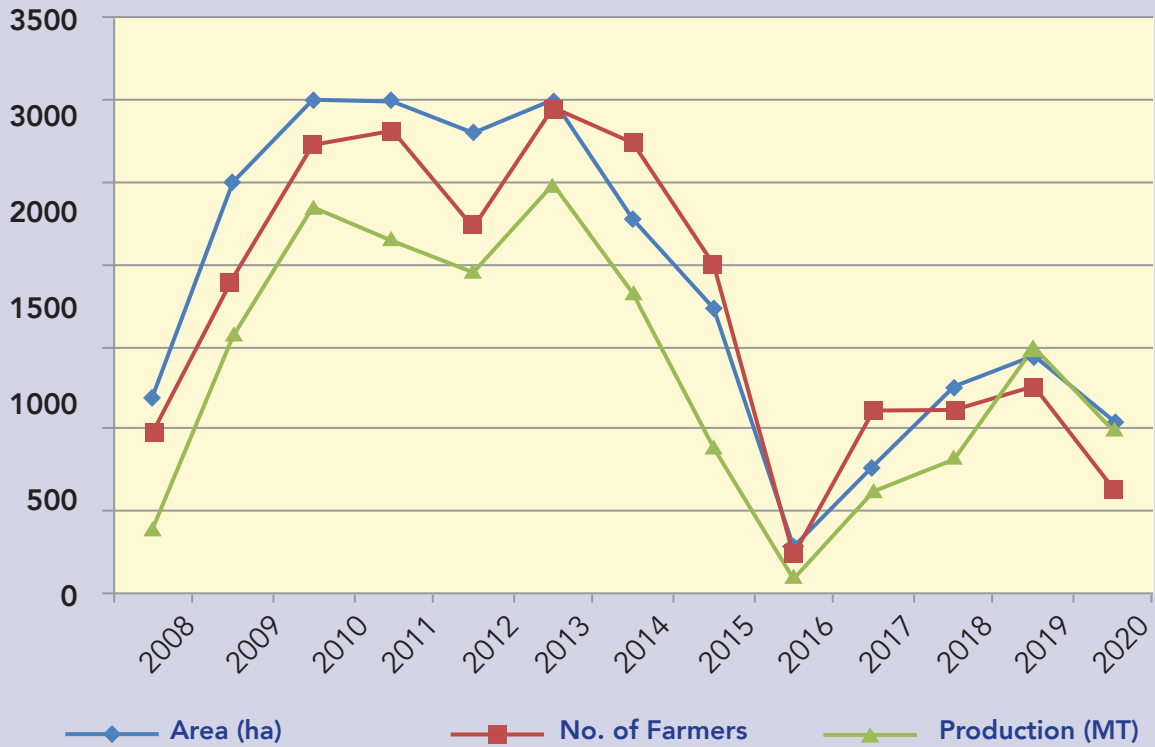


Cotton Suction section of the Ginnery

GINNERY PERFORMANCE SINCE 2008 – 2020

YEAR	AREA (HA)	NUMBER OF FARMERS	PRO-DUCTION (METRIC TONNES)	PRO-DUCTION VALUE (SZL)	LINT PRODUCED (MT)	LINT VALUE (SZL)	FUZZY SEED (MT)	FUZZY SEED VALUE (SZL)	TURN-OVER (SZL)
2008	1 200	976	394	1 567 432	138	1 518 000	212	423 720	1 941 720
2009	2 500	1 917	1 561	6 639 351	590	6 486 898	774	1 392 480	7 879 378
2010	3 000	2 723	2 349	10 207 532	794	7 691 562	1329	2 093 648	9 785 209
2011	2 990	2 811	2 140	9 834 163	866	12 334 401	1193	1 998 610	14 333 011
2012	2 800	2 222	1 951	9 680 928	786	11 195 285	1079	2 158 000	13 353 285
2013	3 000	2 921	2 486	13 058 999	952	16 060 105	1355	3 116 638	19 176 743
2014	2 273	2 736	1 820	10 264 873	790	13 797 738	992	2 677 496	16 475 234
2015	1 733	1 997	882	4 401 581	359	6 213 265	484	1 501 020	7 714 285
2016	283	231	87	504 066	31	764 869	49	168 084	932 953
2017	774	1 110	619	3 535 077	268	5 905 909	328	979 236	6 885 145
2018	1 257	1 115	815	4 599 307	306	7 338 696	425	1 148 135	8 486 831
2019	1 446	1 258	1494	8 360 800	601	14 411 592	876	2 278 250	16 689 842
2020	1 047	959	984	6 023 617	399	8 803 225	876	2 174 400	10 977 625

PRODUCTION TRENDS AS COMPARED TO AREA AND NUMBER OF FARMERS



16. CONCLUSION

The 2019/20 season saw fewer farmers engaged in cotton production due to poor rain fall. Climate change and COVID-19 were the main challenges for the season; cotton strived under poor rain fall distribution culminating yield loss when compared to the previous season.

The cotton revolving fund remained a major source of funding in supporting agriculture inputs. The Board strived with the E1.5 million allocated by Government, which only funds small

scale growers. Large scale growers were not able to get the required support due to lack of sufficient funds. Financial institutions continued to shy away from funding agriculture under rain fed conditions.

The Board continued to provide extension service with assistance from government extension officers and other sectors like Non-Governmental Organisations. The Big Bend cotton ginnery provided a market for all the cotton produced by farmers. The ginnery efficiently produced the required lint for spinners in Eswatini and abroad.





KOBLA QUASHI AND ASSOCIATES

Eswatini Cotton Board

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

CONTENTS

General Information	29
Directors' Responsibilities and Approval	30
Independent Auditors' Report	31 - 32
Directors' Report	33
Statement of Financial Position	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Summary of Significant Accounting Policies	38 - 46
Notes to the Annual Financial Statements	47 - 52
Detailed Statement of Financial Performance	53
Tax Computation	54
Supplementary Information	55



General Information

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Managing Cotton Industry in Eswatini
Directors	<p><i>Chairperson:</i> Mr. Barnabas Dlamini</p> <p><i>Vice Chairperson:</i> Mr. Boy P. Matse</p> <p>Members: Mr. Sigumuza Thwala Mr. Malangeni Mhlabane Mr. Similo Mavimbela Ms Tokky Hou</p>
Chief Executive Officer	Mr. Daniel M Khumalo
Postal Address	Eswatini Cotton Board P. O. Box 230 Manzini M200
Business Address	Eswatini Cotton Ginnery P. O. Box 118 Matata L312
Bankers	Eswatini Development and Savings Bank Standard Bank Swaziland Limited Swaziland Building Society
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini

Directors' Responsibilities and Approval

The directors are required in terms of the Eswatini Cotton Act of 1967 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the directors and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organisation's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 31 to 32.

The annual financial statements set out on pages 34 to 54, which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2021 and were signed on its behalf by:



Mr. Daniel M Khumalo: Chief Executive Office



Mr. Barnabas Dlamini: Chairman

Independent Auditors' Report



KOBLA QUASHI AND ASSOCIATES



Mallya House, Lot 137, Esser Street
P.O. Box 710, Manzini M200,
Eswatini
Tel : +268 2505-4974
Fax: +268 2505-4540
E-mail: infr@kq.co.sz
Website: www.koblaquashie.com

CHARTERED ACCOUNTANTS

Partners: Kobla Quashie, Daniel Bedlako

To the members of Eswatini Cotton Board

We have audited the annual financial statements of Eswatini Cotton Board, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 34 to 54.

Directors' Responsibility for the Annual Financial Statements

The board's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs), and in the manner required by the Eswatini Cotton Act of 1967. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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



Independent Auditors' Report

- continued

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Eswatini Cotton Board as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs), and in the manner required by the Eswatini Cotton Act of 1967.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that the Board incurred a loss of E4 218 789 and that it relies on supplies from cotton farmers to determine its continued existence. The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations. The ability of the Board to continue as a going concern is dependent on existing and future cotton farmers continuing to supply seed cotton for the on going operation of the Board as noted in note 15.

Kobla Quashie and Associates

17 August 2020

Chartered Accountants (Eswatini)

Manzini

Per: Daniel Bediako

Directors' Report



The directors submit their report for the year ended 31 March 2021.

1. Review of activities

General review

The Eswatini Cotton Board was launched on the 19th April 1968 in terms of the Eswatini Cotton Act of 1967 promulgated on the 20th February 1968. The main business of the organisation is to manage the cotton industry in Eswatini.

The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

In 11 March 2020, the World Health Organization declared the Corona virus 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, commencing a partial lockdown for the country which has been extended in stages till March 2021 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.

The Union has been able to continue with normal operations. To mitigate risk of business closure due to employees being infected, the Union has implemented a best practice COVID-19 risk avoidance strategy. Management actively monitors and responds to consistent changes with determined effort to ensure the company emerges as a going concern post the COVID-19 era.

3. Directors

The directors of Eswatini Cotton Board during the year and to the date of this report are as follows:

Name

Mr. Barnabas Dlamini: *Chairman*
 Mr. Boy P Matse: *Vice Chairman*
 Mr. Sigumuza Thwala: *Member*
 Mr. Malangeni Mhlabane: *Member*
 Ms Tokky Hou: *Member*
 Mr. Similo Mavimbela: *Member*
 Mr. Daniel M Khumalo: *CEO/Board Secretary*

4. Auditors

Kobla Quashie and Associates

Chartered Accountants (Eswatini)
 Mallya House, Lot 137, Esser Street, Manzini.



Statement of Financial Position

Figures in Emalangeni	2021	2020
Assets		
Non-Current Assets		
Property, plant and equipment	2 124 203	2 188 345
Investment in Associate entity	523 726	523 726
	2 647 929	2 712 071
Current Assets		
Inventories	2 375 017	2 340 516
Trade and other receivables	2 287 892	3 561 257
Cash and cash equivalents	2 195 803	2 109 996
	6 858 712	8 011 769
Total Assets	9 506 641	10 723 840
Equity and Liabilities		
Equity		
Credit revolving fund	2 914 305	2 914 305
General reserves	1 806 416	2 794 439
Revaluation reserves	1 303 874	1 303 874
	6 024 595	7 012 618
Liabilities		
Current Liabilities		
Provisions	891 568	971 004
Trade and other payables	976 015	939 135
Bank overdraft	1 843 639	2 060 762
	3 711 222	3 970 901
Total Equity and Liabilities	10 723 840	9 542 803

Statement of Comprehensive Income



Figures in Emalangeni	2021	2020
Revenue	14 121 031	20 478 831
Cost of sales	(8 669 563)	(12 460 414)
Gross profit	5 451 468	8 018 417
Other income	129 473	180 481
Operating expenses	(6 568 964)	(6 758 182)
Operating profit/ loss	(988 023)	1 440 716
Profit/ loss for the year	(988 023)	1 440 716
Other comprehensive income	-	-
Total comprehensive income/ loss	(988 023)	1 440 716



Statement of Changes in Equity

Figures in Emalangeni	Credit revolving fund	Revaluation reserves	General reserves	Total
Balance at 01 April 2019	2 914 305	1 303 874	1 353 723	5 571 902
Changes in equity				
Total comprehensive income for the year			1 440 716	1 440 716
Total changes			1 440 716	1 440 716
Balance at 01 April 2020	2 914 305	1 303 874	2 794 439	7 012 618
Changes in equity				
Total comprehensive income for the year			(988 023)	(988 023)
Total changes			(988 023)	(988 023)
Balance at 31 March 2021	2 914 305	1 303 874	1 806 416	6 024 595

Statement of Cash Flows



Figures in Emalangeni	2021	2020
Cash flows from operating activities		
Cash generated from operations	74 295	(25 505)
Cash flows from investing activities		
Purchase of property, plant and equipment	(78 280)	(114 904)
Cash flows from financing activities		
Net movements in loans with related party	-	256 984
Net cash from financing activities	-	256 984
Total cash movement for the year	(3 985)	116 575
Cash at the beginning of the year	266 357	149 783
Total cash at end of the year	262 372	266 358

Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements

Eswatini Cotton Board is a Government parastatal established in terms of the Eswatini Cotton Act of 1967. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act.

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 31.

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs).

The entity has adopted IFRS for SMEs in the year under review. 'previously the entity was reporting under the International Financial Reporting Standards (IFRS). The change does not have an impact on the recognition and measurement of the entity's current and previous amount as such no statements are made on the comparative.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the organisation's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure.

d) Significant Judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Changes in accounting policies and disclosures

A number of new standards, amendments to standards and interpretations are not effective for annual periods ending 31 March 2021, and have not been applied in preparing the financial statements. Those which may be relevant to the organisation are set out below. The organisation does not plan to adopt these standards early.

- IFRS 17 Insurance Contracts
- Amendments to IAS 1- Classification of Liabilities as Current or Non-Current
- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Amendment to IFRS 16- Covid-19-Related Rent Concessions



1.2 Changes in accounting policies and disclosures

IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard has no impact on the company's financial statements.

The standard is effective for annual periods beginning on or after 1 January 2021.

Amendments to IAS 1-Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The standard is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The standard is effective for annual reporting periods beginning on or after 1 January 2022.

Amendment to IFRS 16 - Covid-19-Related Rent Concessions

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The standard is effective for annual reporting periods beginning on or after 1 June 2022.

Trade receivables

The board assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Summary of Significant Accounting Policies

- continued

1.2 Changes in accounting policies and disclosures (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available.

Revenue

Revenue comprises of sales from cotton seeds, picking bags, cotton lints, fuzzy seed and wool packs and also cotton levies , rental and interest income.

Revenue is recognised when significant risks and rewards of ownership are transferred to the customer recovery of consideration is probable, and revenue can be measured reliably.

Investments

Investments are shown at cost. Provision is made against investments where, in the opinion of the organisation, there is a permanent diminution in value.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the organisation; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:



1.3 Property, plant and equipment (continued)

Item	Average useful life
Buildings	2%
Ginnery Equipment	10%
Furniture and equipment	10%
Motor vehicles	20%
Computer equipment	33.33%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

Assets which the organisation holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Financial instruments

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the organisation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to (from) related party

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to related party are classified as loans and receivables.

Loans from related party are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.



Summary of Significant Accounting Policies

- continued

1.4 Financial instruments (continued)

Trade and other receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the board's accounting policy for borrowing costs.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



1.6 Impairment of assets

The organisation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the organisation estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the organisation also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Summary of Significant Accounting Policies

- continued

1.8 Provisions

Provisions are recognised when:

- the organisation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party,

the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the organisation will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.10 Revenue

Revenue from the sale of Cotton lint, Fuzzey seeds, Motes, Insecticides, Wool packs and Levies is recognised when all the following conditions have been satisfied:



1.10 Revenue (continued)

- the organisation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Related Parties

There were transactions which were entered into by the organisation during the year with the related parties.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.



Summary of Significant Accounting Policies

- continued

1.12 Borrowing costs

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
 - borrowing costs have been incurred, and
 - activities that are necessary to prepare the asset for its intended use or sale are in progress.
- Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.



Notes to the Financial Statements

Figures in Emalangeni

2. Property, plant and equipment

	2021			2020		
	Cost Valuation	Accumulated depreciation	Carrying value	Cost valuation	Accumulated depreciation	Carrying value
Land and Buildings	1 550 000	(301 298)	1 248 702	1 550 000	(275 814)	1 274 186
Ginnery equipment	2 269 750	(1 661 572)	608 178	2 205 960	(1 594 444)	611 516
Furniture and equipment	402 457	(253 603)	148 854	402 457	(237 064)	165 393
Motor vehicles and trailers	1 100 635	(1 007 579)	93 056	1 100 635	(984 314)	116 321
Computer equipment	98 694	(73 281)	25 413	84 203	(63 274)	20 929
Total	5 421 536	(3 297 333)	2 124 203	5 343 255	(3 154 910)	2 188 345

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	depreciation	Total
Land and Buildings	1 274 186	-	(25 484)	1 248 702
Ginnery equipment	611 516	63 790	(67 128)	608 178
Furniture and equipment	165 393	-	(16 539)	148 854
Motor vehicles and trailers	116 321	-	(23 265)	93 056
Computer equipment	20 929	14 490	(10 006)	25 413
	2 188 345	78 280	(142 422)	2 124 203

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	depreciation	Total
Land and Buildings	1 300 744	-	(26 558)	1 274 186
Ginnery equipment	670 962	7 309	(66 755)	611 516
Furniture and equipment	84 612	88 309	(7 528)	165 393
Motor vehicles and trailers	154 839	-	(38 518)	116 321
Computer equipment	6 201	19 286	(4 558)	20 929
	2 217 358	114 904	(143 917)	2 188 345

Land and Building is reflected at market value and it consists of freehold land with a residential building erected thereon. The property is described as Lot No. 410, situated in Jacaranda Avenue, Coates Valley, Manzini. The valuation was done by Consortium Projects (Proprietary) Limited on the 31 January 2014.

3. Loans to (from) related associates

Associates

Buseleni farm	523 726	523 726
---------------	----------------	---------

The loan is in respect of advances made to Buseleni Farm. The loan is unsecured, interest free and has no fixed repayment period.



Notes to the Financial Statements

- continued

Figures in Emalangeni	2021	2020
4. Inventories		
Inventories	2 340 516	1 313 058
Breakdown		
Factory materials	606 412	175 339
Ginnery stock	232 353	1 168 443
Cotton seeds	1 202 158	872 500
Chemicals	177 773	93 591
Production stock	156 363	30 643
	2 375 059	2 340 516
Inventories are measured at lower of cost and net realisable value.		
5. Trade and other receivables		
Farm Debtors	2 287 802	3 416 678
Staff loans	-	1 999
VAT	-	142 490
Rent receivable	90	90
	2 287 892	3 561 257
Funds are made available out of the Credit Revolving Fund for the purpose of lending to the farmers.		
6. Cash and cash equivalents		
Cash on hand	1 072	16 231
Eswatini Development and Savings Bank	1 183 654	1 114 377
Swaziland Building Society-SBS Gold Account	129 733	128 482
African Alliance - Lilangeni fund	409 087	387 481
Standard Bank Eswatini Limited	472 257	463 425
Eswatini Development and Savings Bank - Current account	(1 933 432)	(1 843 639)
	262 371	266 357
Current assets	2 195 803	2 109 996
Current liabilities	(1 933 432)	(1 843 639)
	262 371	266 357



Figures in Emalangeneni	2021	2020
6. Cash and cash equivalents (continued)		
Total bank balances	261 299	250 128
Bank balances		
Eswatini Development and Savings Bank - call account	1 056 000	1 034 778
Eswatini Development and Savings Bank - current account	(1 933 432)	(1 843 639)
Eswatini Development and Savings Bank - Cotton levies	127 654	79 600
Standard Bank - call account	35 399	47 115
Standard Bank - current account	4 982	4 985
Stanlib - money market fund	431 876	411 326
Swaziland Building Society - Gold account	129 733	128 482
African Alliance - Lilangeni fund	409 087	387 481
	261 299	250 128

The overdraft with Eswatini Development and Savings Bank facility is valid until 30th September 2021, and the interest is linked to prime as determined from time to time by the bank subject to the initial interest rate of prime plus 1% (11.5%) per annum. The repayment shall be half lump sum, by instalments, or by combination of both, payable on or before the 30th September 2021.

Required Security

As part of the requirement of the Finance Facility Agreement, the borrower hereby offers the following items as the Bank's security for the overdraft facility:

1. Public Enterprise Guarantee for the loan amounting to E1 625 000.00.
2. Proceeds from the sale of cotton.
3. Cession of call account with a minimum balance of E1 000 000.00 (Emalangeneni One Million only).

7. Credit revolving fund

Revolving fund	2 914 305	2 914 305
----------------	-----------	-----------

The Credit Revolving Fund is utilised for the purpose of providing Crop finance to the cotton farmers.

8. General Reserves

Accumulated profit/loss	1 806 416	2 794 435
-------------------------	-----------	-----------

The movement from previous year is the current year loss.

9. Revaluation reserve

Valuation of Land and Buildings	1 303 874	1 303 874
---------------------------------	-----------	-----------

The property is described as Lot No. 410, situated in Jacaranda Avenue, Coates Valley, Manzini. The valuation was done by Consortium Projects (Proprietary) Limited on the 31 January 2014.



Notes to the Financial Statements

- continued

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
10. Provisions					
Reconciliation of provisions - 2021					
Gratuity and severance pay	767 111	295 705	(243 463)	-	819 353
Provision for salary bonus	124 457	-	-	124 457	-
	891 568	295 705	(243 463)	(124 457)	819 353

Reconciliation of provisions - 2020

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Total
Gratuity and severance pay	846 547	116 716	(196 152)	767 111
Provision for salary bonus	124 457	-	-	124 457
	971 004	116 716	(196 152)	891 568

	2021	2020
11. Trade and other payables		
Accruals	80 630	258 965
Auditors remuneration	88 000	88 000
VAT due to / due by	2 909	-
Ministry of Agriculture	557 722	629 050
	729 261	976 015
12. Cash used in operations		
Loss before taxation	(988 023)	1 440 716
Adjustments for:		
Depreciation and amortisation	142 423	143 918
Movements in provisions	(72 215)	(79 436)
Changes in working capital:		
Inventories	(34 501)	(1 027 458)
Trade and other receivables	1 273 365	(540 125)
Trade and other payables	(246 754)	36 880
	74 295	(25 505)



12. Risk management

Financial risk management

The organisation's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest risk. The organisation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the organisation's financial performance.

Risk management is carried out under policies approved by the directors. The finance department identifies, evaluates and hedges financial risks in operation with the organisation's operating units. The organisation provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

Market risk

Market risk includes currency risk, interest rate risk and equity price risk. From time to time derivative financial instruments are entered into to reduce this exposure to market risk.

(i) Currency risk

The organisation was not exposed to significant currency risk at the reporting date.

(ii) Interest rate risk

The organisation's income and operating cashflows are substantially independent of changes in market interest rates and the organisation primarily borrows and lends at variable rates, and its exposure to interest rate risk is reflected under the respective borrowings.

(iii) Legal risk

Legal risk is the risk that the board will be exposed to contractual obligations which have not been provided for.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The organisation remains confident that the available cash resources and overdraft facilities will be sufficient to meet its funding requirements.

(v) Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank and financial institutions, as well as credit exposures to corporate, government and individual customers, including outstanding receivables and committed transactions.



Notes to the Financial Statements

- continued

12. Risk management (continued)

Market risk

(vi) Operational risk

Operational risk is the risk of direct or indirect loss resulting from adequate or failed internal processes, people and systems or from external events. The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions.

14. Related parties

Relationships

Subsidiaries

Associates

Refer to note 3

Buseleni Farm

Related party balances

Loan accounts - Owing (to) by related parties

Buseleni Farm

523 726

523 726

15. Revenue

Sale of goods

12 504 505

18 799 501

Levy income

116 526

179 330

Government subvention

1 500 000

1 500 000

14 121 031

20 478 831

16. Cost of sales

Sale of goods

Cost of goods sold

8 669 563

12 460 414

17. Auditors' remuneration

Fees

88 000

88 000

Detailed Statement of Financial Performance



Figures in Emalangeni	2021	2020
Sales		
Revenue	12 504 505	18 799 501
Levies	116 526	179 330
Government subvention	1 500 000	1 500 000
	15	14 121 031
		20 478 831
Cost of sales		
Opening stock	(2 340 516)	(1 313 058)
Purchases	8 704 064	(13 487 872)
Closing stock	2 375 017	2 340 516
	16	(8 669 563)
		(12 460 414)
Gross profit	5 451 468	8 018 417
Other income		
Rental received	59 831	76 800
Sundry income	69 642	103 681
		129 473
		180 481
Operating expenses		
Accounting fees	1 785	44 561
Advertising	135 489	28 427
Auditors remuneration	88 000	88 000
Bank charges	569 326	529 284
Cleaning expenses	87 014	105 084
Commission paid	5 704	6 352
Computer expenses	22 078	15 906
Consulting expenses	39 540	36 500
Cotton research expenses	12 968	5 405
Depreciation	142 423	143 918
Donations	8 900	2 690
Electricity and Water	423 651	1 346 745
Employee costs	3 572 729	3 216 853
Insurances	285 507	91 895
Motor vehicle expenses	297 202	392 610
PEU Management fees	97 326	83 252
Printing and stationery	129 339	103 176
Protective clothing	51 958	23 148
Rent paid	6 455	6 053
Repairs and maintenance	357 806	218 405
Retainer fees	113 325	123 904
Staff training	-	15 360
Staff uniform	1 637	38 634
Staff welfare	780	70
Subscriptions	29 359	10 349
Telephone and fax	73 435	39 251
Travelling expenses	15 228	42 350
		6 568 964
		6 758 182
(Loss) profit for the year	(988 023)	1 440 716

Tax Computation

E

Net income per income statement	(988 023)
Add Backs:	
Government of Eswatini Subvention	(1 500 000)
Donations	8 900
	<u>(1 491 100)</u>
Assessed loss for 2020 - carried forward	(2 479 123)
Assessed loss brought forward	<u>(8 110 234)</u>
Tax loss carried forward	<u>(10 589 357)</u>
Tax thereon @ 27.5%	
Tax liability	-

Supplementary Information

E

1. Cotton Improvement fund

Levies	116 526
--------	---------

2. Auditor's remuneration

Kobla Quashie and Associates	88 000
------------------------------	--------

3. Rates paid

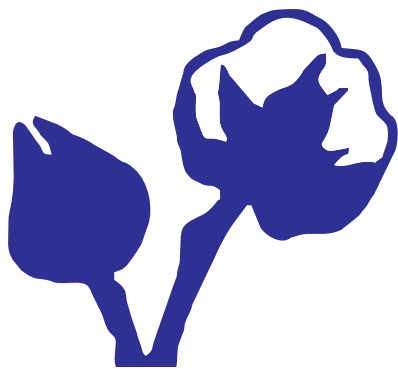
Municipal Council of Manzini	6 455
------------------------------	-------

4. Repairs and maintenance

Various spares for the Ginnery plant	357 806
--------------------------------------	---------

5. Commission paid

Lomahasha Multi Purpose	1 232
VJR	4 472
	5 704



ESWATINI COTTON BOARD

Head Office:

Ministry of Agriculture, Crop Production Centre
Mancishane Street,
P.O. Box 230
Manzini M200
Tel/Fax: +268 2505 2775
Email: cottonboard@swazi.net

Big Bend Office:

Eswatini Cotton Ginnery
Matata Loop Road, Across the Railway Bridge
P.O. Box 118
Matata L312
Tel/Fax: +268 2364 6068
E-mail: info@cottonboard.co.sz