



**ESWATINI
COTTON
BOARD**



**ANNUAL
REPORT
2022**



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

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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,

BARNABAS DLAMINI
(CHAIRMAN OF BOARD OF DIRECTORS)

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Honourable Jabulani Mabuza
Minister of Agriculture

Board of Directors



Mr. Barnabas Dlamini
Chairman



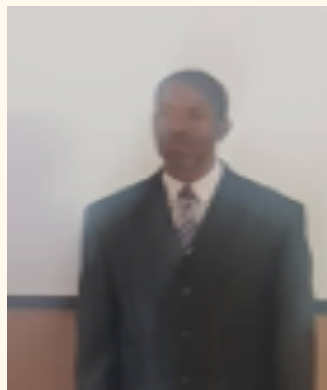
Mr. Boy P. Matse
Vice-Chairman



Mr. Daniel M. Khumalo
Member



Mrs. Tokky Hou
Member



Mr. Sigumuza Tfwala
Member



Mr. Malangeni Mhlabane
Member

CHAIRMAN'S MESSAGE

**BARNABAS
DLAMINI**

Chairman



The fiscal situation has been fragile due to over-reliance on volatile Southern African Customs Union (SACU) revenues, which translates into significant fluctuations in public spending and pose a challenge to the management of fiscal operations and growth potential.





1.1 ESWATINI ECONOMIC OUTLOOK

R1.1 ESWATINI ECONOMIC OUTLOOK

Eswatini is a landlocked country in Southern Africa bordering South Africa and Mozambique, with a population of 1.2 million. Poverty levels have stagnated at high levels in the last five years, with 39.7% of the population estimated to have been living under the international \$1.90 poverty line in 2016 and 2017.

Eswatini has close economic ties to South Africa, which it depends on for about 85% of its imports and about 60% of exports. Eswatini is a member of the Common Monetary Area (CMA), with Lesotho, Namibia, and South Africa. Under the CMA, the Eswatini lilangeni (the domestic currency) is pegged to the South African rand, which is also legal tender in the country.

The country's economy rebounded in 2021, despite the continued COVID-19 pandemic and the June 2021 political unrest. Real GDP growth is estimated at 2.1 percent in 2021 rising from a 1.9 percent contraction in 2020. The third and fourth COVID-19 wave containment measures were not as restrictive as those of earlier waves, allowing firms to ramp up production in 2021Q4. Economic growth was supported by a strong performance in the manufacturing sector due to improved demand from key export markets following the easing of lockdown measures in key destination markets in the region.

The vaccination campaign, which reached about 29.2 percent of the population at end March 2022, helped to contain the spread of the virus and eased uncertainties on both demand and supply prospects. Though the June-July political unrest resulted in the destruction of physical assets, theft of inventory, and constrained operational hours, its impact on production was partly mitigated as firms accessed a Reconstruction Fund set up by the Government to cushion business from damages of the political unrest.

Inflationary pressures are building up in 2022, reflecting the impact of oil and food prices increases due to Russia Ukraine war, after weakening in 2021. Year-on-year inflation started to increase in December 2021 (to 3.5 percent from 3 percent in November 2021) after declining for three consecutive months from September 2021. Inflation increased further in January 2022 to 3.6 percent, prompting the Central Bank to increase the repo rate (for the first time since July 2020) in January 2022, from 3.75 percent to 4.0 percent.

Economic growth is projected to continue recovering in 2022. Real GDP growth is projected at 2 percent in 2022 and to 1.8 percent in 2023, reflecting the implementation of the government's three-year fiscal adjustment program.

The fiscal deficit is estimated to have declined in FY2021/22 mainly due to underspending on capital expenditure and commitment to the fiscal adjustment plan. The fiscal deficit is estimated at 5 percent of GDP, lower than the 6.5 percent of GDP initially projected in the original budget. The underspending on capital expenditure reflects low disbursements due to delays in the procurement process on foreign financed projects.

Economic growth is projected to continue recovering in 2022. Real GDP growth is projected at 2 percent in 2022 and to 1.8 percent in 2023, reflecting the implementation of the government's three-year fiscal adjustment program. Economic growth will be supported by growth in agriculture and continued recovery in

manufacturing and wholesale and retail trade. The current account balance is projected to turn into a deficit in 2022—the first time since the 2010/11 fiscal crisis—partly reflecting declining SACU revenues and higher oil and food imports.

Development challenges

Being a small and landlocked country, makes Eswatini vulnerable to international and regional developments. The Russia-Ukraine war contributed to rising oil and food prices, hurting the poor most. Already, poverty, unemployment, inequality, and HIV prevalence levels have historically been high. Progress toward reducing poverty has been slow, with close to a third of the population living below the US\$1.90/day (2011 PPP) international poverty line.

At about 27 percent, Eswatini has the world's highest HIV prevalence rate among adults aged 15 to 49, a driver and consequence of high poverty and inequality. In a context of historically persistent and high poverty and inequality, the COVID-19 pandemic presents the risk of reversing the modest gains that have been made. 58.9% of Emaswati lived below the national poverty line in 2017, following a decline from 63% in 2009, and 69.0% in 2001. The \$1.90/person/day (2011

purchasing power parity (PPP)) international poverty rate has hovered around 30% since 2016, estimated at 28.5% in 2021. This, together with high inequality levels – with a consumption per capita Gini index of 54.6 in 2017 – increases vulnerability to economic shocks.

High vulnerability to natural disasters and economic shocks also undermines economic growth, poverty, and inequality reduction. In particular, vulnerability to drought in the context of heavy reliance on smallholder agriculture, is associated with high incidence of food insecurity. Private investment has been low, constrained by, among other factors, heavy state involvement in the economy, lack of transparency due to governance challenges (further exposed by the political unrest that happened in June 2021), and a generally weak business environment.

The fiscal situation has been fragile due to overreliance on volatile Southern African Customs Union (SACU) revenues, which translates into significant fluctuations in public spending and pose a challenge to the management of fiscal operations and growth potential. Volatile SACU receipts have been met by rigid government expenditure, leading to persistent fiscal deficits





in the recent past. SACU revenues consist of external trade and excise duties on imported goods, as well as a development component derived from excise taxes. The volatility in SACU revenues largely reflects the volatility in imports and the impact of exchange rate on custom receipts. The fall in SACU revenue was amplified by declining trade and growth during the COVID-19 pandemic.

1.2 AGRICULTURE

Agriculture and the allied sector proved to be the most resilient to the Covid-19 shock as it registered a growth of 3.6 per cent in 2020-21 and improved to 3.9 per cent in 2021-22

1.3 COTTON OUTLOOK

AS THE 2021/22 SEASON COMES TO A CLOSE, AREA, PRODUCTION AND CONSUMPTION ARE ALL UP VERSUS 2020/2021

International outlook in 2021/22 world cotton area planted, production and consumption are all up compared to the previous season. Global area planted increased by nearly 6% from 31.5 million hectares in 2020/21 to 33.4 million hectares in 2021/22. The countries with the largest increases in area were China, USA, Pakistan and Brazil. After declining by 22%, cotton area in West African countries increased by 44% in 2021/22. This recovery was driven by the recovery of area in Mali. Global cotton production is up by 8.4% from 24.4 million tons to 26.4 million tons in 2021/22.

India is the world's leading producer of cotton with a total output of 5.8 million tons, accounting for 22% of the world production. India is followed closely by China with 5.7 million tons, USA with 3.8 million tons, and Brazil with 2.8 million tons and Pakistan with 1.26 million tons. Production in West Africa is being reported at 1.36 million tons. Except for India, China and Uzbekistan, all the top producers' output increased from the previous season. The USA increased production

by 21%, while Brazil managed a 20% increase. Australia is reporting an increase of 90% over the previous season and the largest crop in 10 years. If adequate and timely rains do not fall in West Texas area soon, the USA could find itself in a similar situation as Australia during the 2018/19 to 2020/21 seasons when the intense and persistent drought almost brought the industry to a standstill.

Global consumption increased by 1.9% to 26.2 million tons – the highest since 2018/19. China's the world's leader in cotton mill consumption, accounting for 32% of the total, followed by India (21%), Pakistan (9%), Bangladesh (7%), Vietnam (6.4%) and Turkey (6.2%). Bangladesh and Vietnam have limited domestic production and will thus require imports to support almost all their manufacturing needs. As demand has continued to remain high over the 2021/22 season, the ability to obtain cotton has been hindered by the ongoing logistics complications associated with moving cotton around the globe. There are small signs that these complications may be coming to an end. The most recent export numbers from the USA show higher than average cotton shipments leaving the USA, strengthening the argument that, at least in the developed countries, logistical complications may be resolving.

Global cotton trade is down from the previous season. The drop is mainly the result of the logistics complications and supply chain disruptions over the course of the 2021/22 season. This backlog will take time to clear and could take months to fully normalise. Global cotton ending stocks increased by 1.3% from 20.6 million tons in 2020/21 to 20.9 million tons in 2021/22. However, these numbers are likely to change, especially as cotton starts to flow more freely around the globe. The ICAC Secretariat's current price forecast of the season-average A-index for 2021/22 ranges from 109 to 129 US cents, with a midpoint at 115 US cents per pound.

	Aug-Jul	2020-21	
	2020-21	March	April
	Million Metric Tons Lint		
Beginning Stocks	22.12	20.63	20.63
Production	24.39	26.43	26.43
Consumption	25.66	26.16	26.16
Ending Stocks	20.63	20.90	20.90
Stocks/ Use (Excl. China)	65.59%	66.68%	66.68%

Local Outlook

Local scenario predicts an increase in seasonal production to 800 metric tons from 417 metric tons. The increase attributed to good rains received culminating to increase area under production and increased yield. Cotton price is expected to increase to E6.30 following improved world market prices and successful negotiations with lint and fuzzy seed buyers

1.4 BOARD OF DIRECTORS

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

1.5 BOARD COMMITTEES AND FUNCTIONS

The Board established committees to execute its governance activities. The committees entail; Audit and finance, Human Resource and risk management committees. The Audit and Finance committee met twice during the period to deliberate on the annual Budget and to review annual financials. The meetings were held on the 30th July, 2021 and 13th April, 2022. The Remuneration and Risk Management committees

could not meet during the year under review due to Covid 19.

1.6 BOARD MEETINGS

The Board held four statutory meeting and one special meeting. Typical agenda items for the Board meetings entails review of operations, budget approvals, review of management accounts, budget approval and approval of external audited financials. The schedule quarterly meetings are outlined below:

QUARTER	DATE
FIRST	5 th August,2021
SPECIAL	26 th August,2021
SECOND	17 th November,2021
THIRD	2 nd February,2022
FOURTH	4 th May,2022

1.7 EXTERNAL AUDITOR

Kobla Quashie continued auditing the Eswatini Cotton Board during the period under review. The auditors provided unqualified account 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.



1.8 STRATEGIC ACHIEVEMENTS

CUSTOMER AND PERPECTIVE STAKEHOLDER PERSPECTIVE			
Strategic Objective	Strategic Actions	Status	Comments
Increasing the volume of cotton supply to the Ginnery	Provide technical training to Government Extension Officers	Achieved	<ul style="list-style-type: none"> Trained 59 Government Extension officers and 20 Eswade Technical Staff on cotton production
	Provide technical Training to Cotton Growers	Achieved	<ul style="list-style-type: none"> Trained 871 new cotton growers on cotton production skills for all stages of production
	Provide technical support to cotton growers	Achieved	<ul style="list-style-type: none"> Provided technical support to farmers that were experiencing field production problems.
		Achieved	<ul style="list-style-type: none"> An SMS program used to disseminate technical information to farmers that participated in cotton production
	Provide finance assistance to farmers	Achieved	<ul style="list-style-type: none"> Financed 718 cotton growers for inputs during the season under review.
	Timely recoveries of Debts	Achieved	<ul style="list-style-type: none"> Recovered loan funds from farmers who planted cotton using the cotton revolving
	Increase the Number of cotton Growers	Achieved	<ul style="list-style-type: none"> 271 new growers recruited during period under review.
	Increase the number of hectares under cotton production	Achieved	<ul style="list-style-type: none"> Area under cotton increased from 630 to 1200 during the season
Secure farmers with irrigated lands	Achieved	<ul style="list-style-type: none"> 60 hectares for irrigated land was secured and cotton planted there 	



CUSTOMER AND PERPECTIVE STAKEHOLDER PERSPECTIVE			
Strategic Objective	Strategic Actions	Status	Comments
Improving the quality of cotton supplied to the ginnery	Encouraging the use of suitable varieties	Achieved	<ul style="list-style-type: none"> Cotton Hybrid JKCH 1947 were introduced
	Introducing the use of new technologies	Achieved	<ul style="list-style-type: none"> The quality of seed cotton improved as over 91% of the seed cotton fell on the top 2 grades
	Obtaining Government assistance to improve and intensify extension services	On-going	<ul style="list-style-type: none"> GM Cotton introduced to the environment. However, GM traits with Roundup ready gene still a challenge as the application process is ongoing.
Improving Operational efficiency	Develop and Review operational, finance and HR policies	Achieved	<ul style="list-style-type: none"> Successfully reviewed the HR policy
	Procure and Integrate financial management system	Achieved	<ul style="list-style-type: none"> Developed ICT policy, Warehouse Inventory Management Policy and Employee Performance appraisal policy. Research on latest systems in progress
Improving internal capacity	Procure new equipment	Achieved	<ul style="list-style-type: none"> 3 office printers were purchased to improve internal capacity
	Introduce the use of new technologies and automated systems	Achieved	<ul style="list-style-type: none"> Upgraded pastel and trained the relevant staff
	Introduce staff retention and incentive scheme	Achieved	<ul style="list-style-type: none"> A new salary review with new packages was developed and implemented
	Capacity building of staff		<ul style="list-style-type: none"> In-house training of staff in cotton production skills and report writing



CUSTOMER AND PERPECTIVE STAKEHOLDER PERSPECTIVE			
Strategic Objective	Strategic Actions	Status	Comments
Enhancing Human Capital	Recruit competent and qualified staff	Achieved	<ul style="list-style-type: none"> All seasonal staff with relevant qualification recruited timely for cotton ginning
	Develop continuous professional development (CPD) plan	On-going	<ul style="list-style-type: none"> Two staff members in second year long term training. Trained all supervisors on Leadership and communication skills
Improved quality of ginnery products	Introduce quality control	Achieved	<ul style="list-style-type: none"> Grading system in place and training of farmers done
	Develop plant maintenance and repair schedule	Achieved	<ul style="list-style-type: none"> Seasonal maintenance completed
Ensuring an enabling legislation and regulations	Review and amend the current Act and regulations	Not Achieved	<ul style="list-style-type: none"> Due to the proposed merge ring of parastatals
Venturing into other new businesses	Leasing of Facilities	Achieved	<ul style="list-style-type: none"> Leased our facilities and raised funds for the period of 2 years that brought in reasonable operational funds

APPRECIATIONS

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

- SWAZILAND AGRICULTURAL SUPLIERS (PTY) LTD
- FARM CHEMICALS LTD
- ESNAU
- BOARD AND STAFF

- WORLD VISION SWAZILAND
- SEMBULELO SAKOTINI FARMERS ASSOCIATION
- STEFFUNATI STOCKS

BARNABAS DLAMINI
Chairman

Executive MANAGEMENT



MR DANIEL M. KHUMALO
Chief Executive Officer



MR JECONIAH M. MSIBI
Technical Manager



Executive MANAGEMENT



DANIEL KHUMALO
Chief Executive Officer



The Board continued to embark on the necessary cooperate governance strategies to achieve its vision and mission. The mandate of promoting, regulating, growing, marketing and providing technical advice to the cotton industry remained core duties of the Board.



The Board fulfilled its mandate; planned activities were implemented in line with the cotton Act of 1967 and Public Enterprise Act of 1989. As expected Board meetings were successfully seen through and resolution implemented.

The Board continued to embark on the necessary cooperate governance strategies to achieve its vision and mission. The mandate of promoting, regulating, growing, marketing and providing technical advice to the cotton industry remained core duties of the Board. Small scale growers continued to produce cotton under rain fed conditions and there were producers due to drought experienced by irrigating cotton farmers. Dam levels could not allow irrigating farmers to plant cotton, resulting to a significant reduction in seasonal yield.

Training and recruiting of growers was effectively carried out by the extension including land preparation, pest control, demonstrations to impart new knowledge to farmers. Management continued with management of the cotton revolving fund, entailing; seed distribution, chemical sales, registration and approving of farmers loans in line with the cotton revolving fund.

Annual cotton buying went on with minimal challenges. Cotton buying price increased to E6.20 for top-grade cotton with below standard grade selling at E3.35. Due to effective training, the quality of seed cotton remained high with 90 percent ranging between grade A and B.

The ginnery continued to produce quality lint and fuzzy seed and were successfully sold to GWK and Bester Grains in South Africa.

The Board maintained 18 employees as permanent staff and decrease seasonal workers to 70 due to the crop size which was far less than the seasonal expectation. This was mainly due irrigating farmers not embarking on production because dam levels were far too low to maintain the crop.

This report entails Board performance and financial report for 2021/2022 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

The department continued to conduct the day to day human resources functions of the entity

such as providing clog sheets, arranging leave days and scheduling morning sessions and staff meetings. During the period under review the Board recruited a grounds man to fill a cant post. Safety measures were introduced and maintained throughout the year to protect staff from risk during the course of the year. Staff performance evaluation was conducted. A team building exercise was carried out during the course of the year with an aim of improving working understanding within staff members.

Development of Policies

The office spearheaded the development of policies, there included the review of the Human resource manual. Policies developed entailed: Employee performance appraisal, Uniform Policy Inventory and warehouse and Disposal Policy.

Development of Policies

Training of staff on organizational behaviour and cotton production was conducted with an aim of equipping them to attend to client's queries. Supervisors were also trained on Leadership and communication skills. Two officers are currently enrolling on long term training as part of the CPD development plan and they are in their second year of training.

4. COTTON EXTENSION

The Technical Department conducted training of technical officers from various partners. This included: 20 technical Officers from Eswade and 59 government extension officers. The focus was on cotton production skills to bridge the gap as officers are mostly inclined to sugar cane and vegetable production. The training further synchronizes technical information to cotton farmers by Eswade officers. Details are indicated on the table below:



DATE	REGION	VENUE	PARTICIPANTS
14.09.2021	Lubombo	Siteki- SEO	21
15.09.2021	Shiselweni	NFTC	12
16.09.2021	Hhohho	Mandlangempisi RDA	14
17.09.2021	Manzini	Central RDA	12
	TOTAL		59
14.10.2022	Lubombo	Ndzevane	20

Farm visits were undertaken to various farms to provide solutions on challenges encountered by the farmers during the growing season. Strategic trainings were also undertaken, these include crop establishment and pest management. The objective was to equip farmers with the necessary

management skills to help them achieve better yields and incomes from cotton production. The trainings included crop establishment and pest Management. The total attended was 872 farmers.

Details of training conducted are shown on the table below:

DATE	VENUE	PARTICIPANTS	DATE	PARTICIPANTS	AVERAGE
24.09.2021	Welcome	15	03.02.2022	10	13
27.09.2021	Sithobela	24	24.01.2022	22	23
	Phuzamoya	0	24.01.2022	2	2
28.09.2021	Nsubane	12	31.01.2021	4	8
28.09.2021	Ezindwendweni	12	31.01.2021	3	8
30.09.2021	Matsanjeni	19	03.02.2022	9	14
01.10.2021	Mpolonjeni	17	25.01.2022	22	20
01.10.2021	Maphatsindvuku	5	25.01.2022	5	5
04.10.2021	Ndunayithini	29	26.01.2022	9	19
04.10.2021	Lulakeni	12	26.01.2022	6	9
05.10.2021	Mngayi	3	27.01.2022	11	7
05.10.2021	Mpakeni	4	27.01.2022	7	6
06.10.2021	Makhava	18	16.02.2022	8	13
07.10.2021	Sikhuphe Village	16			16
08.10.2021	Hlane	8	28.01.2022	5	7
11.10.2021	Khuphuka	4	14.02.2022	3	4
11.10.2021	Mantjonga	8	14.02.2022	1	5
12.10.2021	Mandlangempisi	22	04.02.2022	6	14
13.10.2021	Tsambokhulu	26	08.02.2022	25	26
13.10.2021	Lomasha	14	08.02.2022	3	9

DATE	VENUE	PARTICI-PANTS	DATE	PARTICI-PANTS	AVERAGE
17.10.2021	Shaya	38	01.02.2022	13	26
17.10.2021	Mthunzini	23	01.02.2022	4	14
19.10.2021	Lubuli	5	10.02.2022	4	5
19.10.2021	Mphosi	1	24.01.2022	2	2
5.102021	ESWADE – Siphofaneni	24			24
16.11.2021	Big Bend Ginnery	13			13
	Nyakatfo		04.02.2022	3	3
	Lesibovu		09.02.2022	3	3
	Qomntaba		16.02.2022	1	1
	TOTAL	372		191	319



Extension Officer training farmers at Malindza



Technical Manager Training Farmers at Ezindwendweni



ECB Technical Team assessing the cotton Crop for its growth during the growing season



5. FINANCIAL REPORTS

Financial performance of the Board declined from the previous reporting period due to a decrease in seed cotton production. Production declined from 984 metric tonnes to 417 metric

tonnes. This was caused by erratic rainfall which came at the end of January when a lot of farmers had given up. Total rainfall for the season was 636 mm; however it could not encourage farmers to plant as it came very late in the season. The result was a decrease in production of seed cotton.



Revenue declined to E10 023 312 compared to E14 121 03 of the previous season. Expenses for the year stood at E7 255 905 up from E6 568 964 in the previous year. The Board realised a net loss of E1 954 673 compared to a net loss of E988 023 in 2021. The Board’s administrative arm was supported by government through a subvention of E1 500 000.

6. COTTON RESEARCH

Cotton Research has a mandate of identifying technologies to advance the cotton industry.

During the period under review the effect of Phosphorus (P) and Potassium (K) in cotton were tested. Results indicated that optimum requirements were found to be 40 kg/ha Phosphorus and 40kg/ha Potassium dropping from the previous recommendation of 45kg/ha respectively. Variety trials confirmed that the registered hybrids 579 and 608 performed significantly higher than the control of Alba plus QM 301.



Research Team planting of trials at Lowveld Experiment Station and Field Data Collection

7. COTTON VARIETIES

JKCH 1947 increase its share in 2020/21 to 6.77, while the Alba QM 301 was 93.23. The JKCH 1947

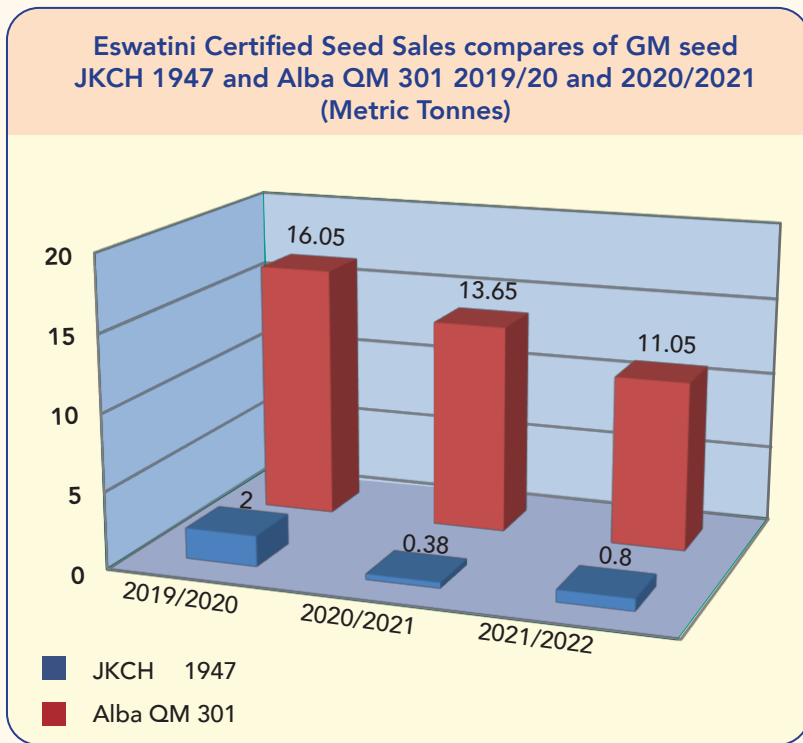
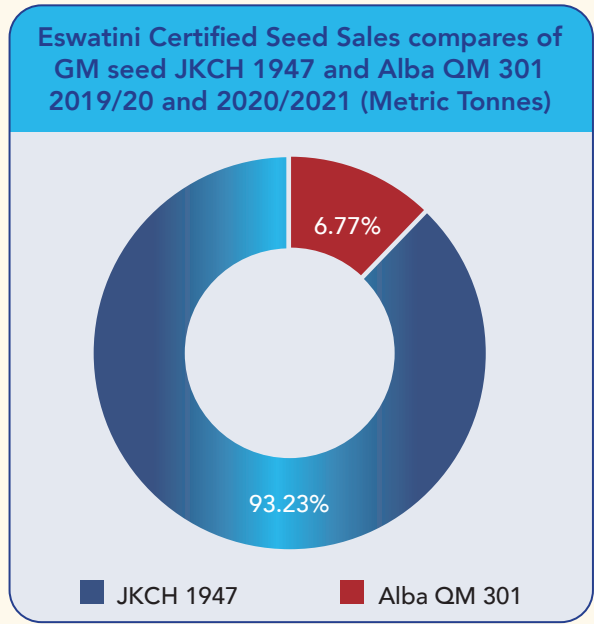
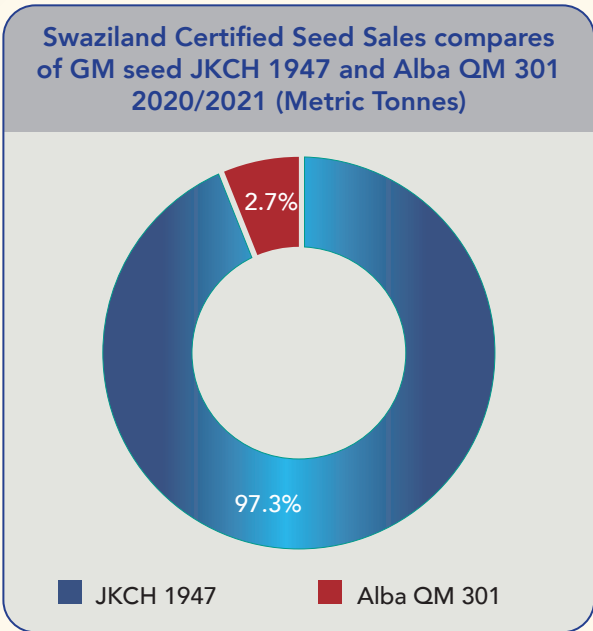
seed is genetically modified hybrid imported from India after getting a special import permit from Eswatini Environment Authority.



Packages of varieties grown by farmers during the period under review



Technical Manager on a typical Alba Crop



8. COTTON PLANTING SEED SALES

Seed sales declined to 11.825 tons compared to 14.03 tons of the previous season. The decline is attributed to late rainfall. The seed distributed increased the area under cotton to 1200 hectares up from the previous 630 hectares in 2021.



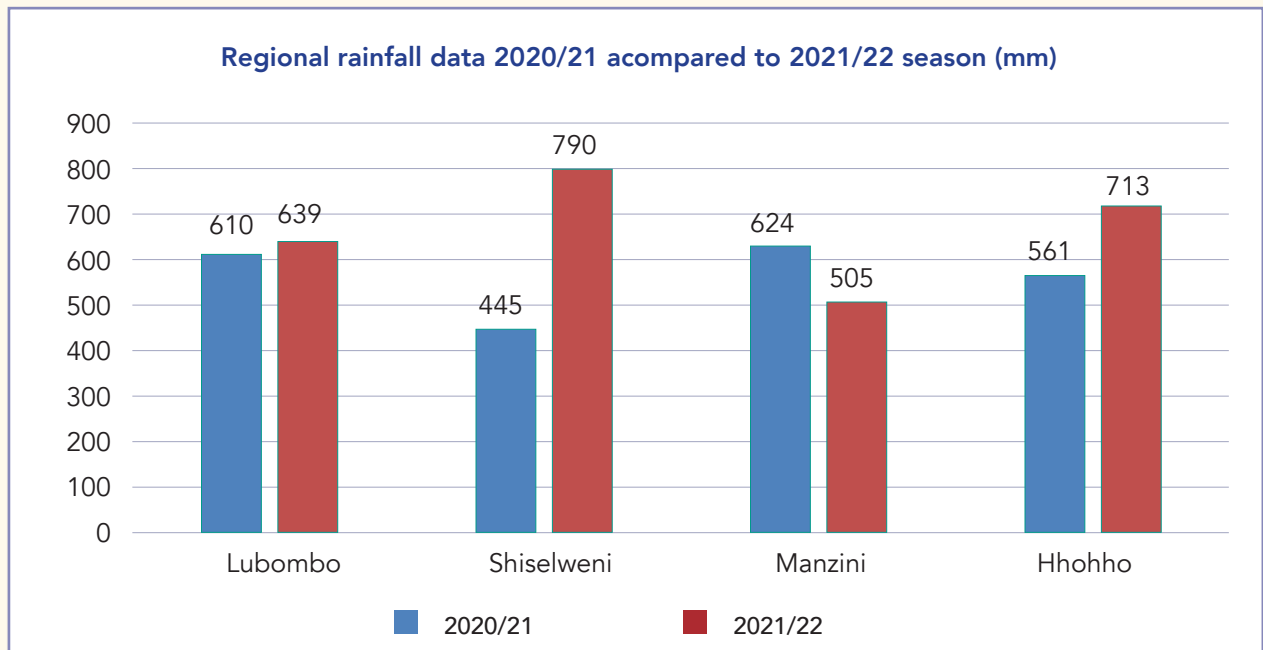
9. THE COTTON SEASON 2021/22

The season under review turned out to be the best in years compared to the previous ones. Firstly, effective rains started in October where land preparation and planting commenced in time. The Lowveld Experiment Station our yardstick station for the cotton growing areas

received a total of 514.1 compared to 636.5 of previous season. The distribution was fair and coincided with critical growth stages of emergence and fruiting. Temperatures were relatively good impacting positively emergence and fruiting. Regional rainfall also followed the same pattern as indicated on the Table and Bar chart below:

The table below indicates Months and rainfall in (mm) recorded from the Lowveld experiment station for 2020/21 and 2021/22 seasons

MONTH	RAINFALL (MM)	
	2020/21	2021/22
September	14.5	2.2
October	34.7	57.2
November	29.1	104.8
December	116.6	212.3
January	210.3	37.8
February	200.8	13.5
March	27.5	86.5
TOTAL	636.5	514.1



The number of farmers engaged increased from the 959 to 1050 with the area under production increasing from the 630 hectares to 1200 hectares of the previous season. Production is expected to increase to about 900 metric tons up from 417 metric tons of the previous season.



Heavy discing in preparation for planting



Planting in progress at Nisela



Cotton at the vegetative stage



Chemical Application using a drawn



Cotton Picking

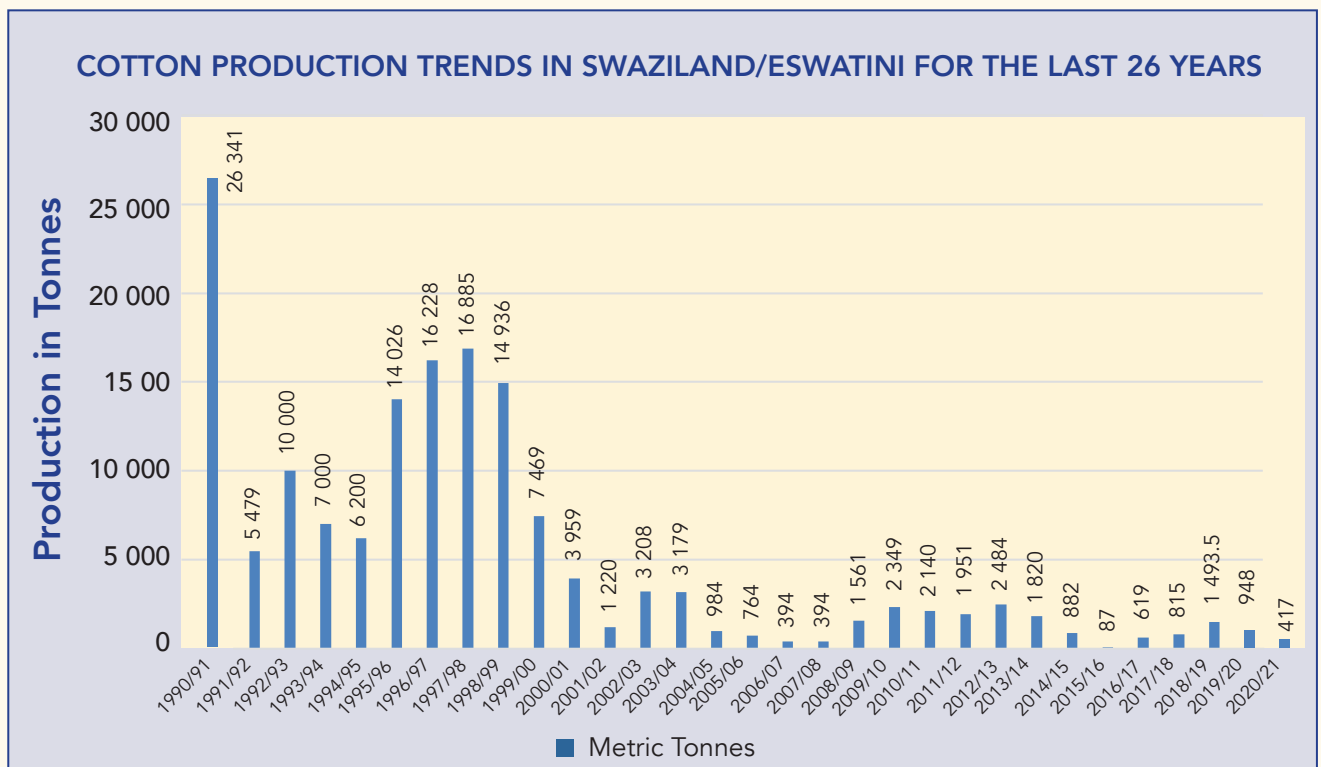


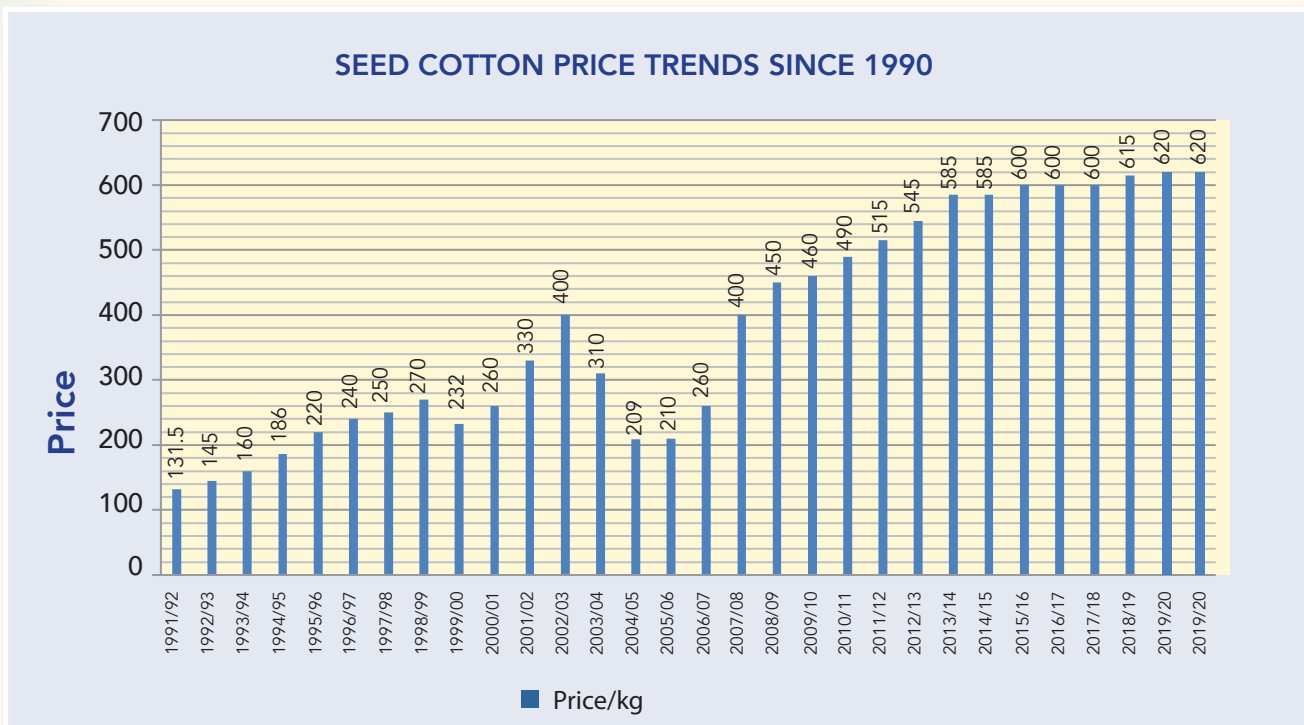
Cotton Baling in preparation for delivery to the Ginnery



The table below indicates Cotton production for the last Fourteen 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
2021	630	719	0	0	417	100	417	662





9. REGIONAL PRODUCTION

Annual Seed cotton production declined to 417 compared to 984 metric tonnes of the previous season. The Lubombo region continued to contribute the highest production contributing 64% of the national production, Shiselweni 33.1%, Manzini 1.7 % and Hhohho with the lowest contribution of 1.2%. However, when considering the production per hectare Shiselweni produced the highest yield of 663 followed by Lubombo

with 662 kg/ha followed by Manzini with 636 kg/ha and Hhohho with 625 kg/ha.

The national average for the 2021 season stood at 662 kg/ha decreasing slightly from 940 kg/ha of the previous season due late arrival of the effective rains. The Lubombo region continued to dominate the area under cotton production at 403 hectares followed by the Shiselweni at 208 and Hhohho and Manzini at 8 and 11 hectares, respectively.

The table below indicates Cotton production for the last Fourteen years

REGION	AREA (HA)		PRODUCTION (METRIC TONNES)		AVERAGE YIELD (KG/HA)		% CONTRIBUTION	
	2020	2021	2020	2021	2020	2021	2020	2021
Hhohho	7	8	6.6	5	948	625	0.67	1.2
Manzini	6	11	4.6	7	775	636	0.47	1.7
Shiselweni	295	208	278	138	942	663	28.2	33.1
Lubombo	739	403	695	267	940	662	70.66	64.0
Total	1047	630	984	417	940	662	100	100



10. SEED COTTON BUYING

Seed cotton buying commenced on the 1st April, 2021 till the end of September, 2021. The bulk of the crop was received between June and July, 2021. Seed cotton price paid to the farmers remained at E6.20 per kilogram due decline in

world prices and the Board had to subsidise the price to keep the farmers business afloat. The crop was purchased with the Overdraft facility extended by Eswatini Bank. The price comparison for 2019/20 and 2020/21 is as indicated on the table below:

Seed Cotton Price Breakdown for 2019/20 compared to 2020/21 season

GRADE	Seed Cotton Price Breakdown	
	Price/kg	
	2019/20	2020/21
A+	6.20	6.20
A	6.05	6.05
B	5.65	5.65
C	5.25	5.25
D	4.90	4.90
E	4.50	4.50
BSG	4.10	4.10

The table below indicates the quality profile for the 2021 compared to 2020 crop

Seed Cotton Production per Grade				
GRADE	2020 Weight (kg)	%	2019 Weight (kg)	%
A+	30 628	7.34	542 495	55.11
A	350 153	83.87	417 682	42.49
B	31106	7.45	21 053	2.16
C	5 159	1.24	1 203	0.12
D	427	0.10	1026	0.10
E	0	0	105	0.01
BSG	0	0	0	0
Total	417 473	100	984 351	100

The quality of the crop fell within the acceptable limits, 91% of the crop fell on the top 2 grades. This was as a result of the picking and grading

trainings offered to the farmers. Growers were able to separate clean seed cotton from dirty cotton.



Cotton Bales being transported to the Ginnery



Cotton staked in readiness for ginning

Crop value declined to E2 513 245.20 compared to E9 041 414.88 in 2020. Farmer's income also decreased to E 1 941 552.14 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 E298 561.60 with E246 228.80 paid to transport contractors and E52 332.80 paid to farmers who transported their 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 31st July, 2021 to the 31st August, 2021. A total of 412 067 kg were ginned producing 163 153 kg of lint and 232 650 kg of fuzzy seed, resulting to a ginning out-turn percentage of 39.59 and 56.44 respectively. The quality of the lint fell between Deal (Good Middling) and Dirk (Strict Middling) accounting for 2,49% and 97.51% respectively. Details of the ginning and grading results are indicated on the charts below and compared over a 9 year period.



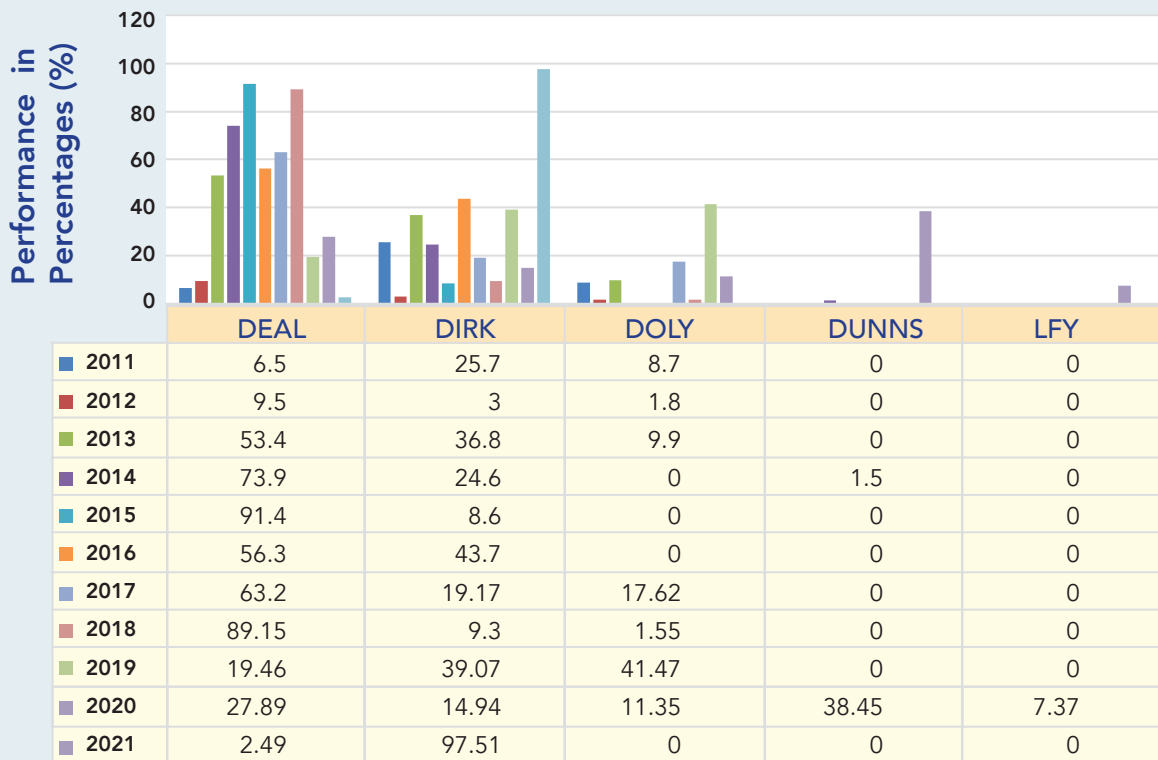
Cotton being offloaded and sucked into the blending rooms



The ginning in process

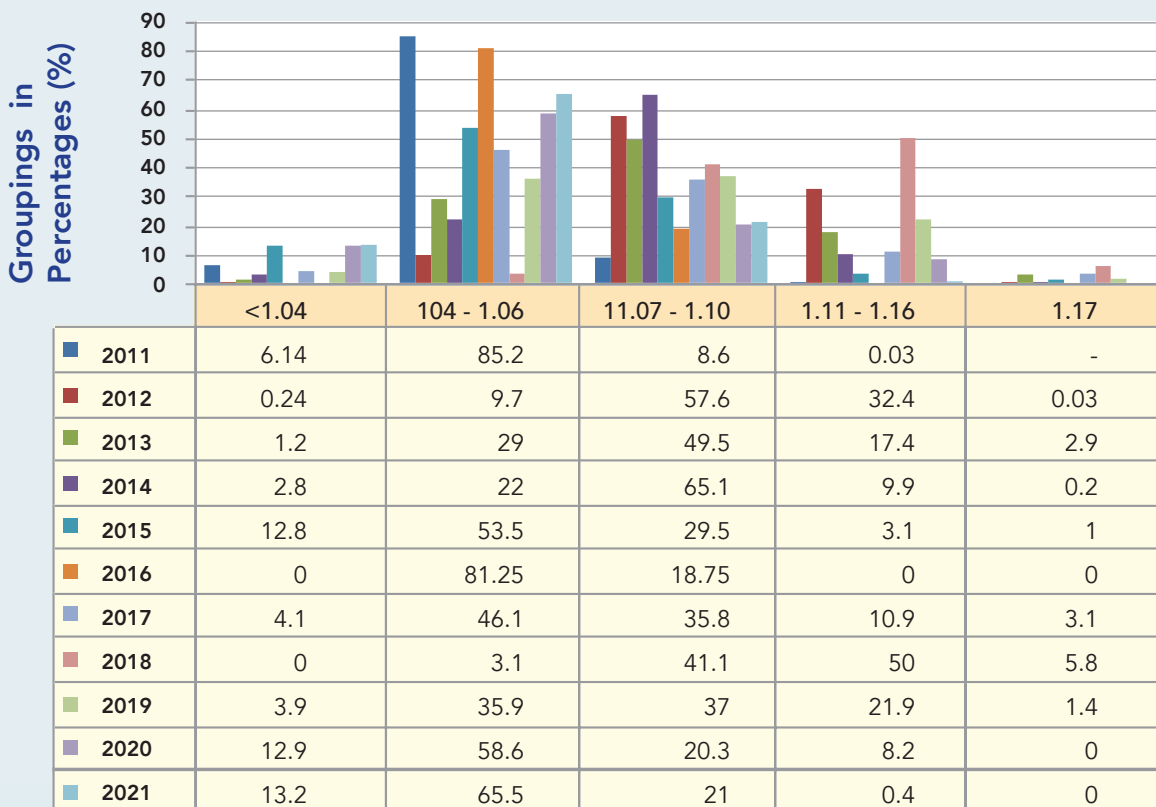


LINT GRADE PERFORMANCE IN % COMPARED FOR SEASON 2011 TO 2021



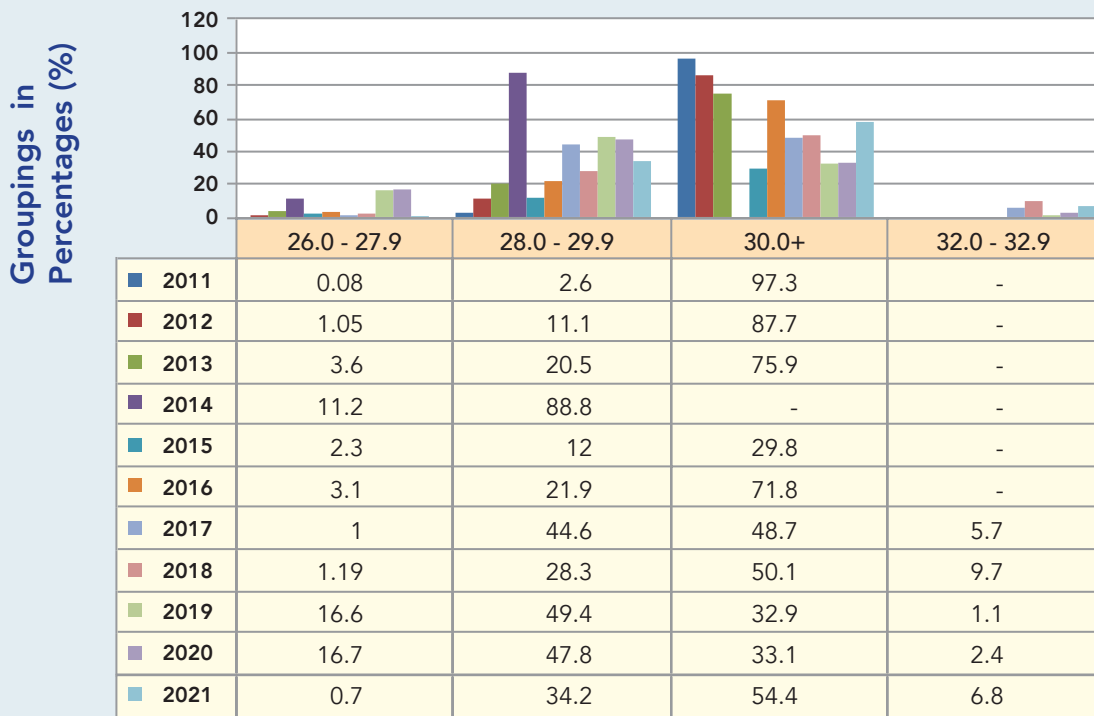
LINT GRADE

STAPLE LENGTH GROUPINGS IN % FROM 2011 TO 2021 (INCHES)



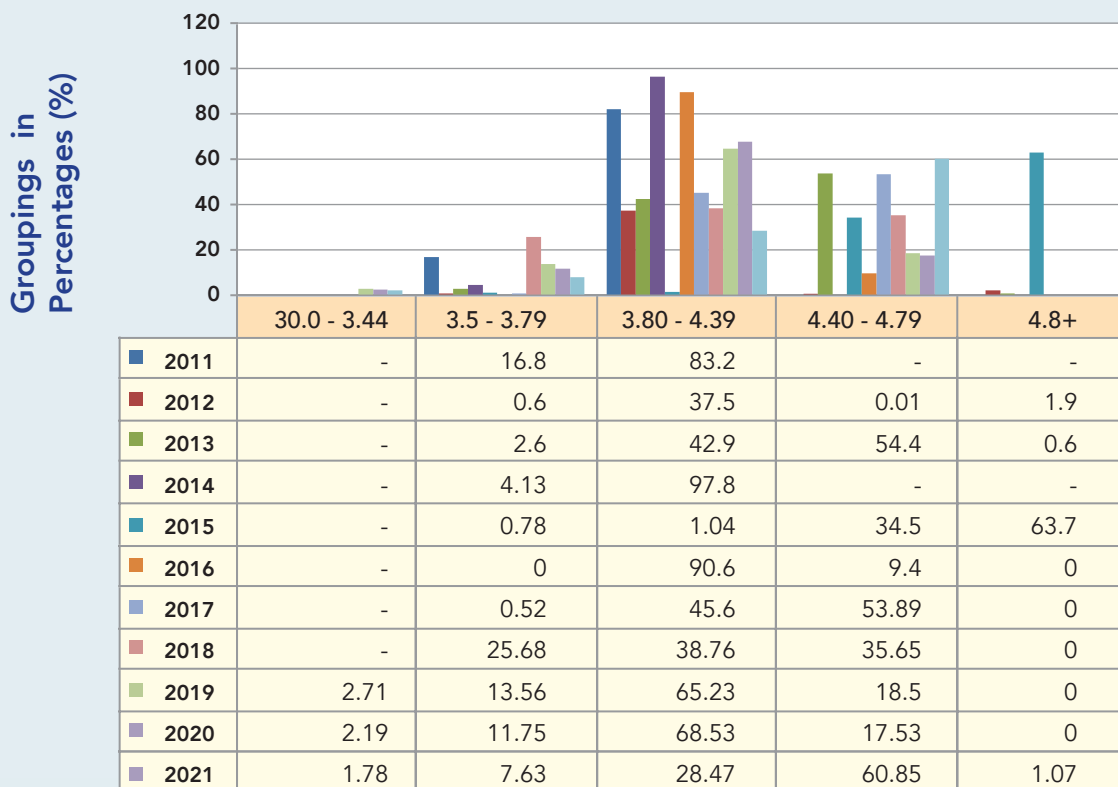
STAPLE LENGTH GROUPINGS

FIBRE STRENGTH GROUPING IN % FROM 2011 TO 2021 (G/TEX)



FIBRE STRENGTH GROUPING

MICRONAIRE GROUPING IN % COMPARED FROM 2011 TO 2021



MICRONAIRE GROUPING



Lint was exported to the Republic of South Africa to GWK who purchased the product on an average price of E31.46 per kg. The fuzzy

seed on the other hand was consumed by Bester Grains also based in South Africa at E4,500 per ton.



Fuzzy seed being packed on a stack



Lint Packed in the warehouse and ready for Market

12. COTTON PESTS AND DISEASES

The full pest spectrum was evident during the period under review. Bollworms, Aphids, Jassids, and Red Spider Mites were most prevalent with Mealy Bugs at a lesser extent. The control of pests was relatively good with no chemical

resistance reported. Further to that the Board successfully fixed and gazetted the dates for the “Cotton closed season” (30th August,2021 to the 15th October,2021) This is the period by which no cotton plants are allowed on top of the ground which prevents the overwintering of cotton pests.



Fuzzy seed being packed on a stack



Heavy discing to complete the destruction process

13. CHEMICALS USED BY THE INDUSTRY IN THE SEASON 2021/22

The Board continued to track chemicals used by the cotton industry during the period under

review. The chemicals ranged from foliar feed, herbicides, insecticides and miticides for the control of the various pests in cotton. Kalach, Rondo and Hamba weeds were used for post emergence weed control, Dimethoate was used for the control Mealy bugs, and Mulan

was used for the control of Jassids and aphids, Cypermethrin and Lambda for the control of Bollworms and Cotton stainers and Biomectin for the control of red spider mites. Cotton feed

a foliar fertilizer was also distributed to improve plant nutrition which contains major nutrients in a composition of 3:2:1(19). 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	25	0	58	1	59
Dimethoate 500ml			146	185	331
Kalach (1kg)	35	27	562	0	624
Rondo (250g)			1993	0	1993
Hamba Weeds (1L)			675	830	1505
Cypermethrin (1L)	13	0	166	363	529
Lambda (1L)			160	50	210
Mulan (50g)	204	17	1569	1502	3071
Biomectin (1L)	5	3	39	135	182
Cotton Feed	21	8	178	242	438

14. GENETICALLY MODIFIED ORGANISMS (GMOs)

The Board is earnestly following up with the full introduction of the genetically modified for farmers to realise benefit that comes with utilization of such a technology. The country managed to get a permit to introduce genetically modified cotton with the BT gene only. However, a full benefit will be realised once the technology

came with both the BT and the round genes. This has a potential of reducing the production costs of cotton in that manner impacting on the profits. The Board held several meetings with the technology owner to find ways and means of facilitating the introduction.

Meanwhile the country planted 55 hectares of the BT cotton at Nisela and it is projected that a yield of 203 metric tons will be realised from that crop.



Google map of the field where the GM crop was grown during the season



Technical manager inspecting the GMO crop at Nisela



Drone being filled with Pix before application at Nisela



Drone applying a Growth Regulator (Mepiquant Chloride)



Picking in progress during the season

15. ESWATINI COTTON GINNERY

The Eswatini Cotton Ginnery remained under 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 fourteen years now with success. It is however, still struggling to operate to its full capacity 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.



Ginnery Plant at Big Bend

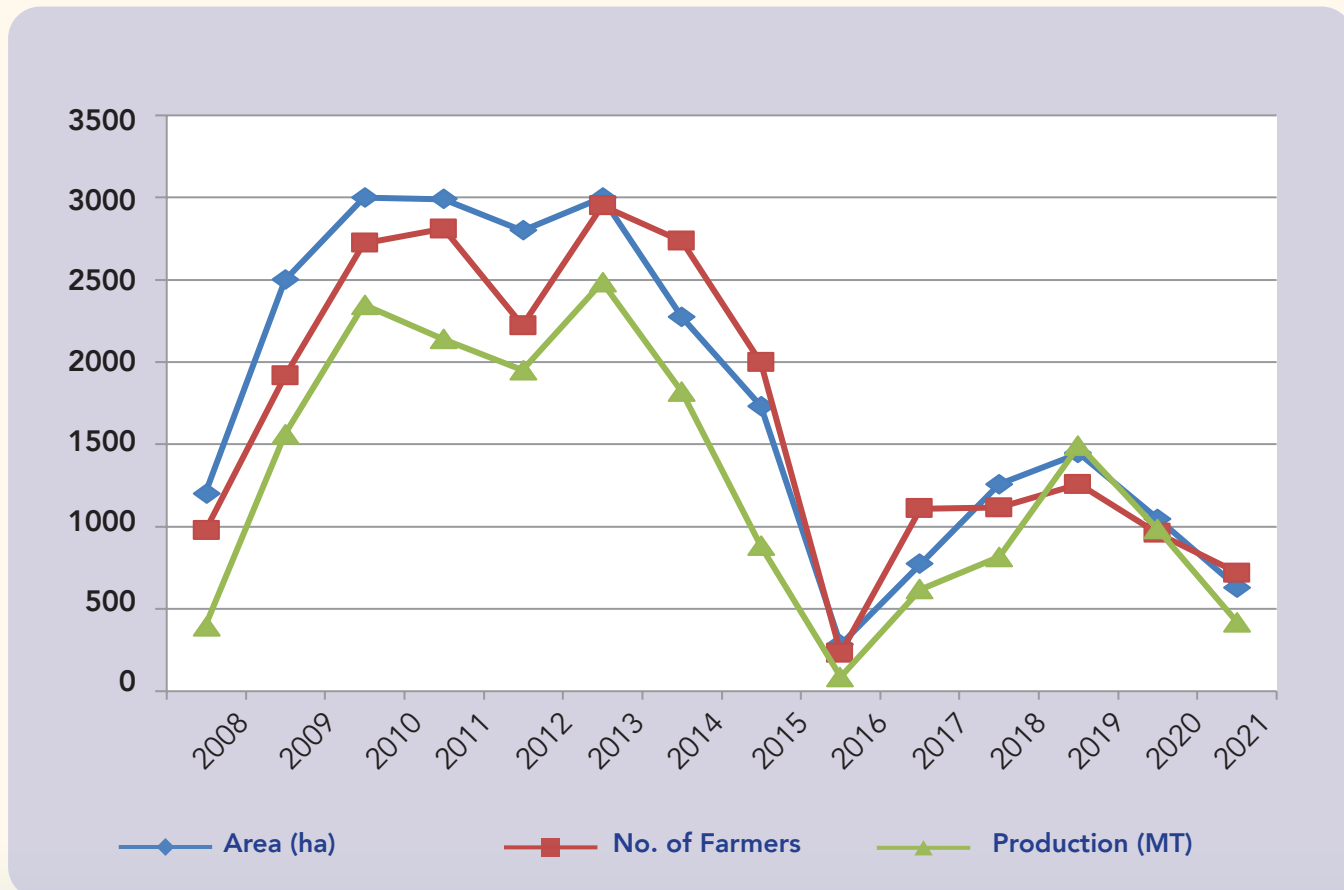


Lint Product loaded to be delivered to Customer

GINNERY PERFORMANCE SINCE 2008 – 2021

YEAR	AREA (HA)	NUMBER OF FARMERS	PRODUCTION (METRIC TONNES)	PRODUCTION 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	48.72	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	1493.5	8 360 800	600.5	14 411 592	876.3	2 278 250	16 689 842
2020	1047	959	984	6 023 617	399	8 803 225	604	2 174 400	10 977 625
2021	630	719	417	2 426 693	167	5 406 968	225	1 015 743	6 422 710

PRODUCTION TRENDS AS COMPARED TO AREA AND NUMBER OF FARMERS





COTTON DAY

On the 8th December, 2021 the Board hosted a cotton day with the following objectives: To increase the volume of seed cotton supply to the ginnery, to increase the area under cotton production and to increase the number of cotton farmers engaged in cotton production while promoting the culture of settling seasonal loans. Awards went to a farmer who delivered the highest quantity of over 2 tons seed cotton in the 2021 season as compared to others. (National Champion). Farmers who

delivered the highest quantity of seed cotton in their respective regions as compared to others. (Regional Champions).

Farmers who have been consistent in delivering seed cotton over 2 tons for the past 3 seasons. (Local champions) and Farmers who persevered through drought and delivered a yield of more than 2 tons in season 2021(Persistent Champions). Awards were cotton inputs valued at E53 714.00 broken down as follows:

	No of Farmers	Award	Value
Persistent Champions	19	1 pocket BT seed	6 650
Regional Champions	4	Inputs for 1 ha	16 040
Local Champions	3	Inputs for 2 ha	19 110
National Champions	1	Inputs for 3 ha	11 914
		Total	53 714





The national Champion was Siphon Xaba (SHL 090043) from the Shiselweni Region. He led the region by delivering over 4 tons of seed cotton.

All three local champions came from Shiselweni region; these were Goodness Sihlongonyane (SHL030002) Phumzile Ndzinisa (SHL320021) and Zodwa Mbhamali (SHL320002). Regional Champions included Siphon Xaba SHL090043 from Shiselweni, Sonnyboy Magagula (LKA720050) from the Lubombo Region, Michael Dlamini (MBH010016) from the Manzini region and John Ndwandwe (HMN010001) from the Hhohho region. Positive Impacts of the cotton day are envisaged in the ensuing year.

16. CONCLUSION

The 2020/21 season was overall a dry season and not favourable for cotton production. 630 farmers engaged in cotton production following poor rains distribution. Cyclone Eloise could not impact the seasonal yield due to late arrival in

January. Even though Climate change continued to be a challenge even this this season with farmers striving under rain fed condition.

Farmers continued to rely on the cotton revolving fund. This limits farmer's ability to increase the area under production. Financial Institutions continued to shy away from cotton production under rain fed conditions. Area under production averaged to 1.5 which is far less than the breakeven area of 3 hectares.

The Board continued to provide extension service with assistance from government and other sectors like Non-Governmental Organization. Crop management was enhanced by continuous training in all cotton producing areas.

The ginnery continued to absorb all the cotton in the country. Ginning was successful with minimal hiccups. Ginnery products remained in high demand to customers including GWK, Lesotho spinning Mill and Standerton mills in Middleburg.





KOBLA QUASHI AND ASSOCIATES

Eswatini Cotton Board

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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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 - Deceased July 2021 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 Eswatini Building Society
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini



K 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 Organization 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 Sized Entities (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 Sized Entities (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 organization and all employees are required to maintain the highest ethical standards in ensuring the organization's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organization is on identifying, assessing, managing and monitoring all known forms of risk across the organization. While operating risk cannot be fully eliminated, the organization 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 organization's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the organization 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 organization's annual financial statements. The annual financial statements have been examined by the organization's external auditors and their report is presented on pages 39 to 40.

The annual financial statements set out on pages 42 to 60, which have been prepared on the going concern basis, were approved by the board of directors on 29 July 2022 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



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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 2022, 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 42 to 58.

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 Sized Entities, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, 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

29 August 2022

Chartered Accountants (Eswatini)

Manzini

Per: Daniel Bediako



Directors' Report



The directors submit their report for the year ended 31 March 2022.

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 organization is to manage the cotton industry in Eswatini.

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

2. 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*

Deceased July 2021

Mr. Daniel M Khumalo: *CEO/Board Secretary*

3. Auditors

Kobla Quashie and Associates

Chartered Accountants (Eswatini)

Mallya House, Lot 137, Esser Street, Manzini.



K Statement of Financial Position

Figures in Emalangeni		2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	1	3 422 728	2 124 203
Investment in Associate entity	3	-	523 726
		3 422 728	2 647 929
Current Assets			
Inventories	4	1 162 031	2 375 017
Trade and other receivables	5	3 446 606	2 287 892
Cash and cash equivalents	6	2 315 032	2 195 803
		6 923 669	6 858 712
Total Assets		10 346 397	9 506 641
Equity and Liabilities			
Equity			
Credit revolving fund	7	2 914 305	2 914 305
General reserves		(58 257)	1 806 416
Revaluation reserves	8	2 121 928	1 303 874
		4 977 976	6 024 595
Liabilities			
Finance lease obligation	9	417 601	-
Current Liabilities			
Finance lease obligation	9	92 856	-
Provisions	10	950 291	891 568
Trade and other payables	11	1 095 312	976 015
Bank overdraft	6	2 812 361	1 843 639
		4 950 820	3 711 222
Total Liabilities		5 368 421	-
Total Equity and Liabilities		10 346 397	10 723 840



Statement of Comprehensive Income



Figures in Emalangeni	2022	2021
Revenue	10 023 312	14 121 031
Cost of sales	4 851 594)	(8 669 563)
Gross profit	5 171 718	5 451 468
Other income	171 897	129 473
Operating expenses	(7 255 905)	(6 568 964)
Operating profit/ loss	(1 912 290)	(988 023)
Profit/ loss for the year	(1 954 673)	(988 023)
Other comprehensive income	-	-
Total comprehensive income/ loss	(1 954 673)	(988 023)



Statement of Changes in Equity

Figures in Emalangeni	Credit revolving fund	Revaluation reserves	General reserves	Total
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 01 April 2021	2 914 305	1 303 874	1 806 416	6 024 595
Changes in equity				
Total comprehensive income for the year		818 054	(1 954 673)	1 136 619)
Transfer to retained earnings			90 000	90 000
Total changes		818 054	(1 864 673)	(1 046 619)
Balance at 31 March 2022	2 914 305	2 121 928	(58 257)	4 977 976



Statement of Cash Flows



Figures in Emalangeni		2022	2021
Cash flows from operating activities			
Cash generated from operations	12	(1 151 285)	74 295
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(690 215)	(78 280)
Sale of property, plant and equipment	2	90,000	-
Cash flows from financing activities			
Finance lease payments		468 074	-
Net movements in loans with related party		523 726	-
Net cash from financing activities		-	256 984
Total cash movement for the year		(759 700)	(3 985)
Cash at the beginning of the year		262 371	266 357
Total cash at end of the year	6	(497 329)	262 372



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 1](#).

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 Sized entities (IFRS for SMEs).

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 organization'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.

Amendments mandatory effective for the year ended 31 March 2019

The following is a summary of the new and revised IFRSs that are mandatory effective for the annual periods beginning on or after 1 January 2018.

- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The organization has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies.



IFRS 15 Revenue from Contracts with Customers (continued)

The new accounting policies are set out in note 1.10. In accordance with the transition provisions in IFRS 15, the organization has not restated comparatives for the 2017 financial year. Management made an impact assessment and concluded that no adjustment was required. Refer to note 14 for more detailed explanation.

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.

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:

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



K Summary of Significant Accounting Policies

- continued

2 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 organization 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.

1.3 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 organization 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.

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.

1.4 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.



Summary of Significant Accounting Policies

- continued

1.4 Inventories (continued)

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.

1.5 Impairment of assets

The organization 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 organization estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the organization 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.



1.5 Impairment of assets (continued)

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.

1.6 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.

1.7 Provisions

Provisions are recognised when:

- the organization 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.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that:

- the organization 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.



K Summary of Significant Accounting Policies

- continued

1.8 Government grants

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.

1.9 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:

- the organization has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the organization 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 organization; and
- 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 organization;
- 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.



Notes to the Financial Statements



Figures in Emalangeni

2. Property, plant and equipment

	2022			2021		
	Cost Valuation	Accumulated depreciation	Carrying value	Cost valuation	Accumulated depreciation	Carrying value
Land and Buildings	1 720 000	-	1 720 000	1 550 000	(301 298)	1 248 702
Ginnery equipment	2 376 979	(1 715 774)	661 205	2 269 750	(1 661 572)	608 178
Furniture and equipment	449 859	(260 093)	189 766	402 457	(253 603)	148 854
Motor vehicles and trailers	1 963 825	(1 145 863)	817 962	1 100 635	(1 007 579)	93 056
Computer equipment	122 184	(88 389)	33 795	98 694	(73 281)	25 413
Total	6 632 847	(3 210 119)	3 422 728	5 421 536	(3 297 333)	2 124 203

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and Buildings	1 248 702	-	-	471 298	-	1 720 000
Ginnery equipment	608 178	107 229	-	-	(54 202)	661 205
Furniture and equipment	148 854	47 402	-	-	(6 490)	189 766
Motor vehicles and trailers	93 056	512 094	(90 000)	348 039	(45 227)	817 962
Computer equipment	25 413	23 490	-	-	(15 108)	33 795
	2 124 203	690 215	(90 000)	819 337	(121 027)	3 422 728

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	depreciation	Total
Land	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

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 Mabuza Masina Property Consultants on the 31 March 2022.

3. Loans to (from) related associates

Associates

Buseleni farm	-	523 726
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The loan is in respect of advances made to Buseleni Farm. The loan is unsecured, interest free and has no fixed repayment period.

**K** Notes to the Financial Statements

- continued

Figures in Emalangeni	2022	2021
4. Inventories		
Stock in hand	1 162 031	2 375 017
Breakdown		
Factory materials	480 406	606 412
Ginnery stock	166 574	232 353
Cotton seeds	303 305	1 202 158
Chemicals	123 105	177 773
Production stock	86 114	156 363
Canteen	2 527	-
	1 162 031	2 375 059
Inventories are measured at lower of cost and net realisable value.		
5. Trade and other receivables		
Farm debtors	3 197 552	2 287 802
VAT	249 054	-
Rent receivable	-	90
	3 446 606	2 287 892
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	345	1 072
Bank balances	2 314 687	2 194 731
Bank overdraft	(2 812 361)	(1 933 432)
	(497 329)	262 371
Current assets	2 315 032	2 195 803
Current liabilities	(2 812 361)	(1 933 432)
	(497 329)	262 371
Bank balances		
Eswatini Development and Savings Bank - Call account	1 183 216	1 056 000
Eswatini Development and Savings Bank -Current account	(2 812 361)	(1 933 432)
Eswatini Development and Savings Bank- Cotton Levy account	63 690	127 654
Standard Bank Eswatini - Current account	450 877	431 876
Standard Bank Eswatini - Current account	5 054	5 036
Standard Bank Eswatini - Call account	19 667	35 345
African Alliance	428 638	409 087
Eswatini Building Society	130 843	129 733
MTN Momo Pay	32 702	-
	(497 674)	261 299



Figures in Emalangeni	2022	2021
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6. Cash and cash equivalents (continued)

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 (Emalangeni One Million only).

7. Credit revolving fund

Revolving fund	2 914 305	2 914 305
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The Credit Revolving Fund is utilised for the purpose of providing Crop finance to the cotton farmers. The fund was established in 2003 through a government grant. The capitalization grant was E6 million.

8. Revaluation reserve

Valuation of Land and Buildings	2 121 928	1 303 874
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The property is described as Lot No. 410, situated in Jacaranda Avenue, Coates Valley, Manzini. The valuation was done by Mabuza Masina Property Consultants on the 31 March 2022.

9. Finance lease obligation

Minimum lease payments due		
- within one year	92 856	-
- in second to fifth year inclusive	417 601	-
Present value of minimum lease payments	510 457	-
Non-current liabilities	417 601	-
Current liabilities	92 856	-
	510 457	-

Eswatini Bank Loan Facility

The loan shall bear interest at a rate equal to prime +3.5% per annum, compounded monthly. The prime lending rate is currently 7.25% so the current applicable rate is 10.75%

Interest shall be calculated on a daily balance of the amount of the loan, plus any interest thereon outstanding from time to time.

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. Government subvention E1,500,000

**K** 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)



13. Risk management

Financial risk management

The organization's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest risk. The organization's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the organization'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 organization 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 organization was not exposed to significant currency risk at the reporting date.

(ii) Interest rate risk

The organization's income and operating cashflows are substantially independent of changes in market interest rates and the organization 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.



13. 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. These controls are argueded by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning.

14. Related parties

Relationships

Subsidiaries

Refer to note 3

Associates

Buseleni Farm

Related party balances

Loan accounts - Owing (to) by related parties

Buseleni Farm

- 523 726



Detailed Statement of Financial Performance



Figures in Emalangeni	2022	2021
Sales		
Revenue	8 473 856	12 504 505
Government subvention	1 500 000	1 500 000
Levies	49 456	116 526
	10 023 312	14 121 031
Cost of sales		
Opening stock	(2 375 017)	(2 340 516)
Purchases	(3 638 608)	(8 704 064)
Closing stock	1 162 031	2 375 017
	(4 851 594)	(8 669 563)
Gross profit	5 171 718	5 451 468
Other income		
Canteen	47 861	-
Rental received	66 638	59 831
Sundry Income	57 398	69 642
	171 897	129 473
Operating expenses		
Accounting fees	2 402	1 785
Advertising	87 813	135 489
Auditors remuneration	88 000	88 000
Bad debts	523 816	-
Bank charges	348 381	569 326
Canteen Expenses	56 540	-
Cleaning expenses	55 886	87 014
Commission paid	-	5 704
Computer expenses	54 475	22 078
Consulting expenses	47 220	39 540
Cotton research expenses	-	12 968
Depreciation	209 744	142 423
Donations	2 800	8 900
Electricity and Water	183 779	423 651
Employee costs	3 813 866	3 572 729
Insurances	213 155	285 507
Motor vehicle expenses	564 777	297 202
PEU Management fees	154 945	97 326
Printing and stationery	133 893	129 339
Protective clothing	26 475	51 958
Rent paid	6 483	6 455
Repairs and maintenance	347 464	357 806
Retainer fees	107 094	113 325
Staff uniform	-	1 637
Staff welfare	1 386	780
Subscriptions	99 990	29 359
Telephone and fax	95 961	73 435
Travelling expenses	29 560	15 228
	7 255 905	6 568 964
Operating loss	(1 912 290)	(988 023)
Finance costs	(42 383)	-
Loss for the year	(1 954 673)	(988 023)



Tax Computation

		E
Net income per income statement		(1 954 673)
Add Backs:		
Government of Eswatini Subvention		(1 500 000)
Donations		2 690
		<u>(1 491 100)</u>
Assessed loss for 2022 - carried forward		(3 451 983)
Assessed loss brought forward		<u>(10 589 357)</u>
Tax loss carried forward		<u>(14 041 340)</u>
Tax thereon @ 27.5%		
Tax liability		-



Supplementary Information

E

1. Cotton Improvement fund

Levies	49 456
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2. Auditor's remuneration

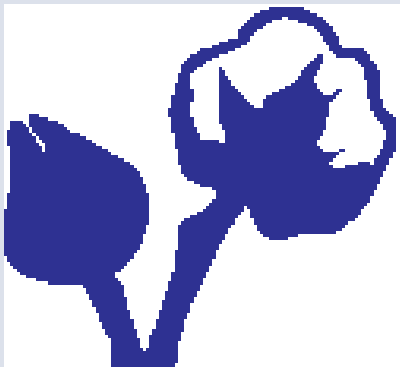
Kobla Quashie and Associates	88 000
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3. Rates paid

Municipal Council of Manzini	6 483
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4. Repairs and maintenance

Various spares for the Ginnery plant	347 464
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**ESWATINI
COTTON
BOARD**

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