



ESWATINI COTTON BOARD



ANNUAL REPORT 2023

Our Mandate, Vision, Mission, Values and Ethics



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.



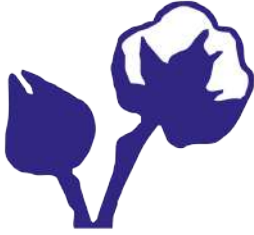
MISSION

- ▶▶ 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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ESWATINI

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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, 2023

The Board of Directors of Eswatini Cotton Board is pleased to submit the Annual Report and Accounts for the year ended 31st March, 2023 in terms of section 15 (6) of the Cotton Act No. 26 of 1967.

Yours Faithfully,

SAMSON M. MAVUSO
(CHAIRMAN OF BOARD OF DIRECTORS)

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Minister of **Agriculture**



Hon. Jabulani Mabuza

Board of Directors



Mr. Samson Mavuso
Chairman



Mr. Sikelela Fakudze
Vice Chairman



Mr. Daniel M. Khumalo
Chief Executive Officer



Mr. Bhekisile A. Nzima
Member



Mr. Victor Masilela
Member



Mrs. Tokky Hou
Member



Mr. Mbuso Mndzebele
Member



Mrs. Thab'sile Dlamini
Member



Mr. Vusie C. Khumalo
Member

Chairman's Message

“The international reference price of cotton (Cotlook A-Index) has been at near record highs and in May 2022 reached the second-highest recorded number in the history of the index. In recent months the price has fallen, and this drastic fall has likely left Indian farmers wishing and waiting for prices to increase. It is speculated that it was precisely this waiting that was causing arrival numbers to be so depressed in India this season. The March 2023 arrival numbers started to pick up pace.”



Mr. Samson Mavuso
Chairman

1.1 ESWATINI ECONOMIC OUTLOOK

1.1.1 Recent macroeconomic and financial developments

Real GDP growth fell to 3.6% in 2022 from 7.9% in 2021, reflecting the spill over effects from South Africa's weak growth and the disruptive effects of Russia's invasion of Ukraine, which induced a slump in demand due to an upsurge in inflation, an increase in the cost of credit, and fiscal constraints. Inflation rose to 4.8% in 2022 from 3.7% in 2021, driven mainly by food and transport costs. To tame rising inflation, monetary policy was tightened, with the discount rate gradually increased to 7.25% in March 2023 from 3.75% in January 2022. The lilangeni and rand depreciated 9.5% against the US dollar in 2022 due largely to weak investor sentiments on South Africa over its persistent energy crisis.

The 2022 fiscal deficit is an estimated 4.6% of GDP, similar to the rate in 2021, a result of fiscal consolidation. Public debt stood at 42.7% of GDP in December 2022, up from 40.4% in December 2021. The current account deficit dipped to an estimated 0.9% of GDP in 2022 due to weak trade and secondary income inflows. International reserves stood at 2.6 months of import cover in December 2022, below the recommended 3 months. The nonperforming loans ratio increased from 6.5% in January 2022 to 6.9% by end-2022, while private sector credit increased 7.8%. Unemployment remained high, at 33.3% in 2021, exacerbating the poverty rate (58.9%) and inequality (Gini coefficient of 0.546) amid high HIV prevalence (27.9%).

1.1.2 Outlook and risks

In 2023, GDP growth is projected to be maintained at 3.5%, supported by a rebound in domestic demand and rejuvenation of consumption and investment spending. Inflation is projected to remain elevated, averaging 5.3% over 2023–24, attributed to persistent global inflation and a weaker rand. The fiscal deficit is expected to narrow to 3.0%

of GDP in 2024 from 5.1% in 2023 due to a strong rebound in Southern African Customs Union (SACU) receipts. With the forecasted higher growth trajectory, the public debt-to-GDP ratio is projected to decline to 41% in 2023 and 38% in 2024. The current account surplus is projected to average 0.9% in the medium term due to higher secondary income flows spurred by SACU. Economic tailwinds include the huge increase in SACU revenue windfalls and the proposed SACU Stabilisation Fund, expected to foster fiscal stability. Headwinds remain higher global inflation, weak growth in South Africa, and the difficult socio-political context.

1.1.3 Climate change issues and policy options

Eswatini has diverse land and climatic conditions, and its natural resources include arable land, water, and minerals. The mining industry's contribution to GDP is around 2%, concentrated in coal and quarry mining. The scope to leverage natural capital to finance climate programs remains minimal. Eswatini's 2021 Nationally Determined Contribution (NDC) suggests that the country needs \$0.95–\$1.5 billion to achieve its climate goals, resources beyond its capacity. The 2021 Climate Public Expenditure and Institutional Review indicated that Eswatini received about \$209 million from international financiers over 2015–20 and that \$103 million was leveraged as co-finance, mainly from domestic sources. The private sector's participation in NDC actions, though nascent, is imperative. Banks and large companies, such as sugar corporations, are key potential partners. Eswatini adopted the Strategy to Enhance Private Sector Engagement for climate finance, but barriers include lack of affordable long-term financing, market imperfections, inadequate enabling policies, perceived financial and technology risks, and high upfront capital costs. An enabling policy and regulatory environment to enable private innovation and investment in NDC actions is important, including creation of investment incentives that will minimize costs and reduce risks.

1.2 AGRICULTURE

The contribution of agriculture for real GDP in Eswatini in 2022 was approximately 13.3 percent.

1.3 COTTON OUTLOOK

International situation Global production is up from the previous month to 115.9 million bales which can be attributed to higher production in China, against a lower crop in Brazil. This is close to a stable global production of 24.55 million tons. Global consumption is currently recorded at 23.79 tons and global trade is 8.99 million tons.

Uzbekistan held a national referendum on changes to their constitution, amongst others the cracking down on forced labour in cotton fields. Cotton arrival numbers for India have been alarming low in the 2022/23 season. While there have been some weather and

pest-related pressures, these alone would not be sufficient to explain the decreased numbers.

The international reference price of cotton (Cotlook A-Index) has been at near record highs and in May 2022 reached the second-highest recorded number in the history of the index. In recent months the price has fallen, and this drastic fall has likely left Indian farmers wishing and waiting for prices to increase. It is speculated that it was precisely this waiting that was causing arrival numbers to be so depressed in India this season. The March 2023 arrival numbers started to pick up pace. The April numbers showed that arrivals are up significantly over previous seasons. This indicates that the initial assumption that Indian farmers have been storing and holding their cotton for higher and more stable pricing before they entered the market, was correct.

World Cotton Balance Sheet

	Aug/Jul	2022/23	
	2021/22	March	April
	Million Metric Tons Lint		
Beginning Stock	20.19	19.43	19.42
Production	25.18	24.55	24.55
Consumption	25.81	23.80	23.79
Ending Stocks	19.43	20.18	20.19
Stock/Use (Excl. China)	62.14%	69.50%	

Cotton has been historically important for India, and it continues to be important to this day. The history of Indian cotton dates back to ancient times, surviving the Indus Valley Civilization, the medieval period, and the Mughal Empire. The British colonisation had a significant impact on the Indian cotton industry. The British introduced new technologies and machinery for spinning and weaving cotton, which led to the establishment of textile mills in India. However, the British also imposed various policies and practices that exploited Indian cotton farmers that led to the decline of the industry in certain regions.

After India gained independence in 1947, the government focused on developing the cotton industry as a means of promoting economic growth and self-sufficiency. India became one of the largest producers and exporters of cotton in the world and its production has been increasing steadily over the years.

In recent years, there have been several big developments in production, trade, and market dynamics. The Indian government has been implementing various policies to support cotton farmers and boost production. The Covid-19 pandemic disrupted global trade and

reduced demand for cotton. In addition, there have been tensions with China, which is one of the biggest buyers of Indian cotton. However, there are also opportunities for Indian cotton in other markets, such as Bangladesh, Vietnam, and Pakistan. Indian cotton farmers are adopting new technologies and techniques to improve yields and reduce costs. Challenges for Indian farmers are weather fluctuations, pests and diseases, and global market dynamics.

The ICAC Secretariat's current price forecast of the season-average A-index for 2022/23 ranges from 96.10 US cents to 111.30 US cents, with a midpoint at 102.77 US cents per pound.

1.3.1 Local Outlook

The local outlook indicates a decline in production exacerbated by the poor rainfall distribution experienced during the season. The production is expected to decline from the 920 metric tons to about 500 metric tons. The price on the other hand is expected to increase to E6.50 following improved world market prices and successful negotiations with our customers.

1.4 BOARD OF DIRECTORS

The term of office of the out-going Board expired on the 29th July, 2022 with new appointments of the in-coming term beginning on the 1st September, 2022. The Board of Directors of the Board comprised of Mr. Samson Mavuso Chairperson, Mr. Sikelela Fakudze Vice-Chairperson, Mr. Mbuso Mndzebele, Mrs. Thab'sile Dlamini, Mr. Bhekie Nzima, Mr. Vusie Khumalo, Mr. Victor Masilela, Mrs. Tokky Hou and Mr. Daniel Khumalo Chief Executive Officer.

1.5 BOARD COMMITTEES AND FUNCTIONS

The Board established committees through which it executes its governance processes and activities.

1.5.1 Audit and Finance Committee

The Audit and Finance committee has responsibility of Budget and overseeing the finances of the entity. During the year under review, the committee met 3 times and details are as shown on the table below:

DATE	DETAILS OF MEETING
13 th April,2022	Reviewing Budget in Preparation for presentation to the Board for Approval
22 nd July,2022	Reviewing Annual Financial Statements in preparation for Board Approval
22 nd March,2023	Reviewing Budget and Request to Purchase a Cotton Picked in preparation for Board Approval

1.5.2 Risk Committee

The purpose of the Board of Directors' Risk Committee is to assist the Board in its oversight of management's responsibility to implement an effective global risk management framework reasonably designed to identify, assess and manage the firm's strategic credit and investment, market and operational risk. This committee comprise of Mr. Mbuso Mndzebele, Mrs Tokky Hou and Mr. Bhekie Nzima. At the time of compiling this report, the committee had not met as a stand-alone but participated in both the budget and the audit and Finance committee meetings where they advised of the management of risks.

1.5.3 Human Resources Committee

Members of the committee comprised of Mr. Sikelela Fakudze, Mrs. Thabsile Dlamini and Mr. Bhekie Nzima. The role of the committee is to review and make recommendations to the Board on: the appropriateness of any new or amended human resources policy, the employment terms and conditions as they relate to matters of policy or an issue of significance, compliance with relevant legislation relating to human resources. This committee did not meet during the period under review.

1.6 BOARD MEETINGS

The Board successfully held all four statutory and one special meeting Board meeting. 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:

QUARTER	DATE
First	29 th July, 2022
Second	26 th October, 2022
Third	25 th January, 2023
Special	5 th April, 2023
Fourth	21 st April, 2023

1.7 EXTERNAL AUDITOR

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.

1.8 STRATEGIC ACHIEVEMENTS

Customer and Perspective Stakeholder Perspective			
Strategic Objective	Strategic Actions	Status	Comments
Increasing the volume of cotton supply to the Ginnery	Provide technical training to farmers	Achieved	<ul style="list-style-type: none"> Trained 205 growers on crop establishment. Trained 303 farmers on pest management at strategic areas around the country. Technical messages sent to growers via SMS program. Technical videos sent via our social media pages.
	Provide finance assistance to farmers	Achieved	<ul style="list-style-type: none"> Financed 908 cotton growers for inputs to a tune of 1,497 280.88
	Timely recoveries of Debts	Achieved	<ul style="list-style-type: none"> Recovered E1,312 73.75 during the period under review due to the drought experienced during the season.
	Increase the Number of cotton Growers	Achieved	<ul style="list-style-type: none"> 10 new farmers planted cotton on 10 hectares this season.
	Increase the number of hectares under cotton production	Achieved	<ul style="list-style-type: none"> Area under cotton 547 hectares were planted.
	Secure farmers with irrigated lands	Achieved	<ul style="list-style-type: none"> 93 hectares irrigated land was secured and cotton planted there.
	Improving the quality of cotton supplied to the ginnery	Encouraging the use of suitable varieties	Achieved
<ul style="list-style-type: none"> GM cotton Hybrids have been released to the environment and a petition has submitted to the Competent Authority for a simplified procedure. 			

Customer and Perspective Stakeholder Perspective			
Strategic Objective	Strategic Actions	Status	Comments
Improving the quality of cotton supplied to the ginnery	Introducing the use of new technologies	Achieved	<ul style="list-style-type: none"> Purchased new bearings for electric motors, 6 timers, new cable for the bulk off-loader and contactor to improve operational efficiency Procurement of Gin spares achieved

Internal Business Perspective			
Strategic Objective	Strategic Actions	Status	Comments
Improving internal capacity	Develop and Review operational, finance and HR policies	Partly-Achieved	<ul style="list-style-type: none"> Successfully reviewed the HR policy. Developed ICT policy, Warehouse Inventory Management Policy and Employee Performance appraisal policy.
	Procure and Integrate financial	On-going	<ul style="list-style-type: none"> Research on latest systems in progress.
	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	On-going	<ul style="list-style-type: none"> Upgraded pastel and trained the relevant staff.
	Introduce staff retention and incentive scheme Capacity building of staff	Achieved	<ul style="list-style-type: none"> A new salary review with new packages was developed and implemented. In-house training of staff in cotton production skills and report writing.
Enhancing Human Capital	Develop Continuous Professional Development (CPD) plan	Achieved	<ul style="list-style-type: none"> Two officers are training at higher institutes of higher learning.
Improved quality of ginnery products	Introduce quality control	Achieved	<ul style="list-style-type: none"> Farmers delivered 100% of the cotton on A grade.
	Develop plant maintenance and repair schedule	Achieved	<ul style="list-style-type: none"> Maintenance plan and service have been engaged in preparation for ginning.

Customer and Perspective Stakeholder Perspective			
Strategic Objective	Strategic Actions	Status	Comments
Ensuring compliance with best corporate governance principles	Provide corporate governance training to board members and management		<ul style="list-style-type: none"> Training reports and attendances for all current board members.



1.9 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 year under review:

- SWAZILAND AGRICULTURAL SUPPLIERS (PTY) LTD
- FARM CHEMICALS (PTY) LTD
- ESNAU

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

SAMSON M. MAVUSO

Senior Management



Dr. Daniel M. Khumalo
Chief Executive Officer



Mr. Jeconiah M. Msibi
Technical Manager

The Chief Executive Officer's Review



Dr. Daniel M. Khumalo

Chief Executive Officer

“*Growers continued to produce cotton under rain fed conditions with only 93 ha under irrigation. Climate change threatened the production with rainfall distribution continuing to be erratic. This season farmer's only saw productive rainfall in the month of February which was far too late for cotton production, hence not able to grow cotton due to its seasonality challenges. The erratic rainfall distributed resulted in poor seed cotton yield for the season.*”

In 2023, the Cotton Board with its stakeholders rallied together to keep farmers, employees and partners safe, while transforming the way they work to build cotton farmers capacity to grow cotton sustainably. The Cotton Board made a positive impact after the effect of Covid 19 coupled with climate change, resulting in cotton farmers continuing to suffer considerably. Planned activities were implemented in line with the cotton Act of 1967 and Public Enterprise Act of 1989. Statutory and special Board meetings were successfully seen through and resolutions implemented under Corporate governance principles.

The core mandate of promoting, regulating, growing, marketing and providing technical advice to the cotton industry was fully implemented. Growers continued to produce cotton under rain fed conditions with only 93 ha under irrigation. Climate change threatened the production with rainfall distribution continuing to be erratic. This season farmer's only saw productive rainfall in the month of February which was far too late for cotton production, hence not able to grow cotton due to its seasonality challenges. The erratic rainfall distributed resulted in poor seed cotton yield for the season.

The Board continued to provide extension training to cotton farmers. A number of demonstrations were held to

impact knowledge to farmers. The certification programme for Genetically Modified cotton continues in line with accrediting farmers to engage on this new technology. The Revolving fund continued to be the source of funding, as banks continued to shy away from funding crops under rain fed conditions. The Revolving fund covers the following activities; planting seed, spraying chemicals, herbicides and fertilizers. Management ensured registration and approval of loans in line with the cotton revolving fund requirement.

Cotton buying price stood at E6.300 per ton from E6,150 in the previous season, which was a 2.5 percent increase. Such was welcome by those farmers with a crop in the season. Due to effective training, the quality of seed cotton remained high. The ginnery saw a fruitful ginning process, with a total of 503 MT of seed cotton converting to 199 MT of cotton lint and 270 tons of fuzzy seed. The Board maintained 18 permanent employees and 87 seasonal employees. The product was consumed both locally and internationally. Bester South Africa and GWK bought fuzzy seed and lint respectively.

This report entails Board performance and financial report for 2022/2023 financial year.

Kind regards
DR. DANIEL M. KHUMALO

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

There were no changes on the staff compliment as it remained as it was in the previous reporting period which 18 permanent employees with 80 seasonal workers. 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.

4. COTTON EXTENSION

The Technical Department of Eswatini Cotton Board has a mandate of providing technical support to growers. The Department continued to provide technical Advice to growers by conducting two series of trainings specifically on Crop Establishment and Pest Management at the various producing centres. A total of 205 and 303 participated in the trainings respectively with average of 254 farmers out of the 917 farmers who participated in cotton production during the period under review:



Details of training conducted are shown on the table below:

Crop Establishment			Pest Management		
Date	Venue	Participants	Date	Participants	Average
04.10.2022	Sithobela	24	13.02.2023	31	28
05.10.2022	Mpolonjeni	24	17.02.2023	27	26
05.10.2022	Maphatsindvuku	3	17.02.2023	9	6
06.10.2022	Ndunayithini	14	16.02.2023	21	18
06.10.2022	Lulakeni	12	26.01.2022	6	9
20.10.2022	Mpakeni	4	21.02.2023	9	8
01.10.2022	Shaya	26	14.02.2023	25	26
03.10.2023	Khethabahle	13	01.02.2022	4	9
13.10.2022	Matsanjeni	1	20.02.2023	12	7
13.10.2022	Welcome	4	03.02.2023	10	7
11.10.2022	Mandlangempisi	4	24.02.2023	13	10
11.10.2022	Nyakatfo	4	24.02.2022	7	6
07.10.2022	Tsambokhulu	34	02.03.2023	42	38
07.10.2022	Lomahasha	14	02.03.2023	7	11
12.10.2022	Lubuli	8	28.02.2023	13	11
14.10.2022	Mantjonga	10	14.02.2023	1	6
10.10.2022	Magwanyana	6		0	6
	Makhava	0	20.02.2023	12	12
	Mngayi	0	21.02.2023	20	20
	Sikhuphe Village	0	22.02.2023	2	2
	Hlane	0	22.02.2023	7	7
	Lesibovu	0	27.02.2023	7	7
	Ezindwendweni	0	28.02.2023	11	11
	Malibeni	0	01.03.2023	2	2
	Nsubane	0	31.01.2022	4	4
16.11.2022	Qomntaba	0	16.02.2023	1	1
	TOTAL	205		303	254



CEO Training Technical Team during a field day



Technical Manager Training Technical Team



Technical Manager Training Farmers at Tambankulu



Pest Management Training with Consultant from Industry

5. FINANCIAL REPORTS

Financial performance of the Board improved from the previous year because of increased seed cotton production. Production increased from 417 metric tons to 920 metric tons from the previous reporting period. The improvement resulted from favourable weather conditions where rains coincided with the critical growth stages of the crop supporting proper emergence and fruiting. With the resultant increase in production sales revenue also increased substantially.

This report highlights the Board's financial position and financial performance for the year under review. The financial results herein presented are reflective of how the Board's financial resources were utilised towards increasing the volume of cotton supply to the Ginnery. It therefore gives us great pleasure to present the Annual Financial Statements for the year ended 31 March 2023.

These Annual Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Eswatini Cotton Act of 1967. The financial statements are further prepared on the going-concern basis, since the Board has every reason to believe that the Board has adequate resources in place to continue in operation for the foreseeable future. The Annual Financial statements are attached as Annexure A.

5.1 Financial Overview

Despite the economically constrained environment the Board has been operating under, the Board has closed the year under review with a surplus of E1.1 million compared to a loss of E1.9 million incurred in the 2022 financial year. The Board has remained focussed on continuously strengthening its financial position whilst actively pursuing the achievement of its service delivery goals. Some of the key achievements include:

- An increase in production sales of E19.5 million from E8.4 million in the financial year 2022. This is due to the reasons that our large scale farmer Nisela Farms (Pty) Ltd had not utilised the planting season in the previous year, however in the financial period 2023 they had been able to be part of the cotton production.
- The Board's cash and cash equivalents at year-end amounted to E2.4 million, a significant increase from an overdraft of E497,674 held at the end of 2022 financial year. This was due to a decrease in the overdraft facility held with Eswatini Development and Savings Bank from E2.8 million in the 2022 financial year to E1.2 million in the financial year 2023. Our focus has been, and remains, to build adequate cash reserves to fund service delivery programmes through a rigorous cash management strategy that enables agility in managing cash-flows.

- The Board has again achieved an unqualified audit opinion, as was the case in the previous financial year. This is a firm indication of the dedicated leadership, which drives governance, compliance and sound financial management. We continue to strive towards clean administration and the highest standards of corporate governance.

5.2 Conclusion

The hard work, sacrifices and collective efforts throughout the year, have ensured that the financial statements were produced and finalized within the set timelines. While there is still work to be done to improve the control

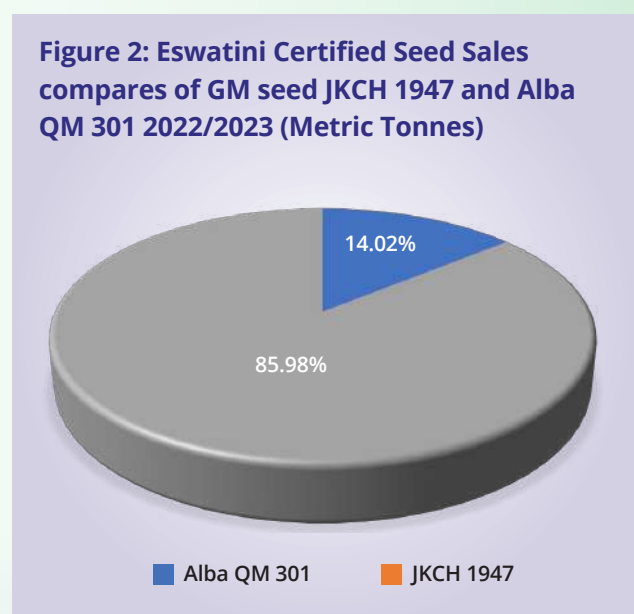
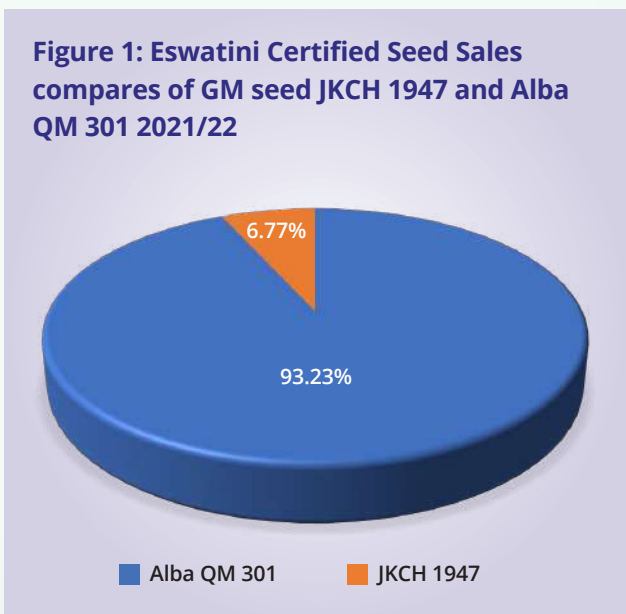
environment and consequently the audit outcomes, we acknowledge the dedication of our teams in ensuring continuous improvements. We remain committed to strengthening the finances of the Board, to improve the capacity to invest in development of Eswatini Cotton Board.

6. COTTON VARIETIES

JKCH 1947 continued to increase its share to 14.02 percent in .2022/23 compared to 6.77 percent in 2021/22 reducing the Alba QM 301 share to 85.98 percent. 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

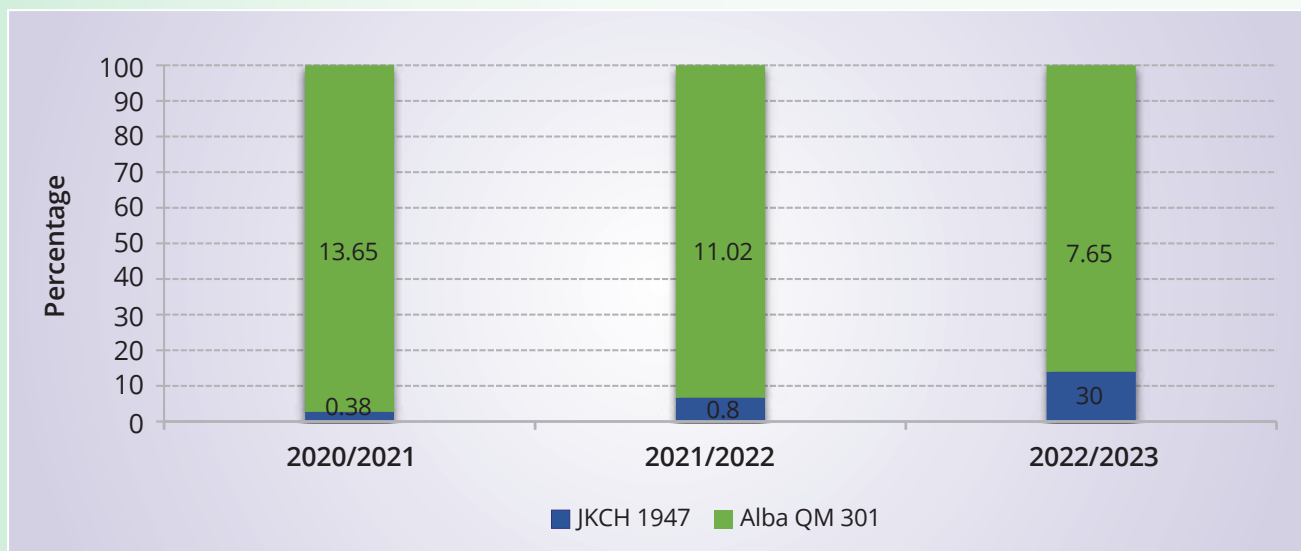


7. COTTON PLANTING SEED SALES

Seed sales for the period under review declined to 8.903 compared to 11.825 tons of the previous season. The reasons for the reduction was rain fall only come in February and it was already late for planting cotton. Furthermore,

farmers were not happy with price of seed cotton as they felt that it was not increasing proportionate to the rising costs of production. The result was a decline in plantings from 1200 hectares in 2021/22 to 547 hectares in 2022/23.

Figure 3: Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2020/21, 2021/22 and 2022/23 (Metric Tonnes)



8. THE COTTON SEASON 2022/23

The season under review came out to be one of the worst season for cotton production. The good rains received could not motivate farmers to plant cotton because it came late and the continuous rising cost of production due to the Russia Ukraine war also contributed to the low production for the season.

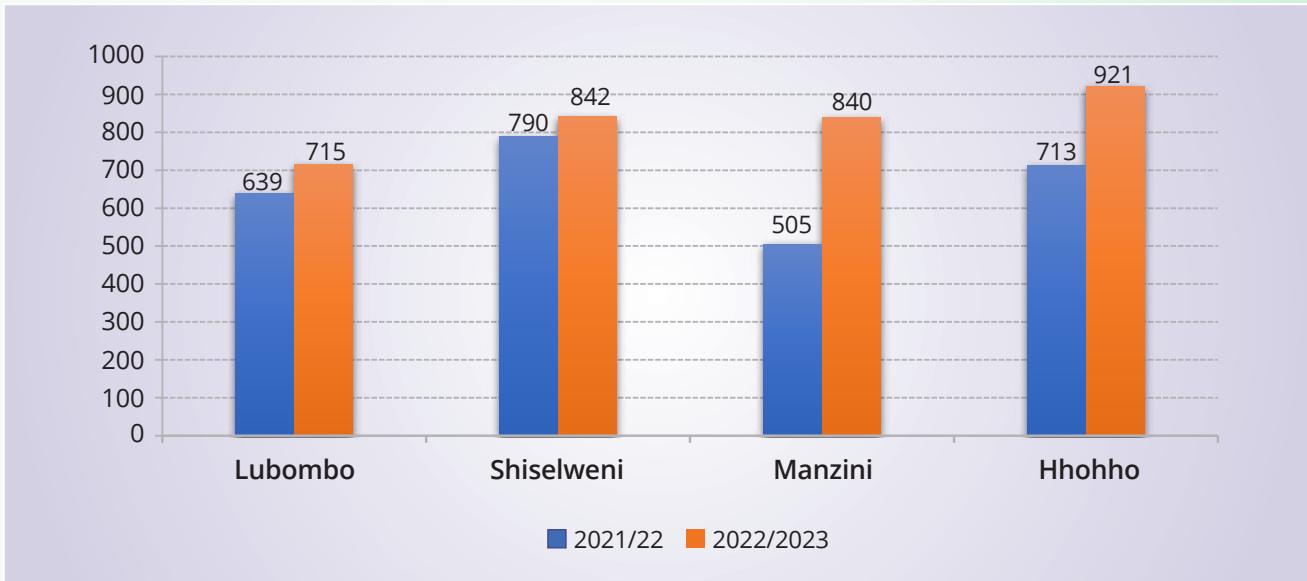
The Lowveld Experiment Station (Big Bend) our yardstick station for the cotton growing areas received a total of 698.3 mm compared to the 514.1 received in previous season. Even though the distribution was fair, a lot of rain was received in February, which had a negative effect on the crop as substantial crops were severely damaged and could not produce any meaningful yield. Temperatures on the other were extremely high impacting positively to both emergence and fruiting. Regional rainfall

also followed the same pattern as indicated on the Table and Bar chart below:

The table below indicate Months and rainfall in (mm) recorded from the Lowveld experiment station for 2021/22 and 2022/23 seasons

Month	Rainfall (mm)	
	2021/22	2022/23
September	2.2	27.2
October	57.2	55.2
November	104.8	81.0
December	212.1	77.0
January	37.8	73.3
February	13.5	353.0
March	86.5	31.6
Total	514.1	698.3

Figure 4: Rainfall Distribution for the various regions of Eswatini 2021/22 and 2022/23



The number of farmers that engaged in cotton production declined from 917 to 438 with the area under production also decreasing from

the 1200 hectares to 547 hectares. Production is decline to 503 metric tons down from 920 metric tons of the previous season.



Crop emergence at Nisela Farms



Irrigated crop at commencement of Boll Formation



Mr. Linda Msibi from Nisela showcasing his crop



Mr. Sikelela Dlamini sharing info with the Technical Manager





Cotton Crop Ready for Picking



The Team During the Picking

Figure 5: Number of farmers engaged in Cotton Production in the past 18 years

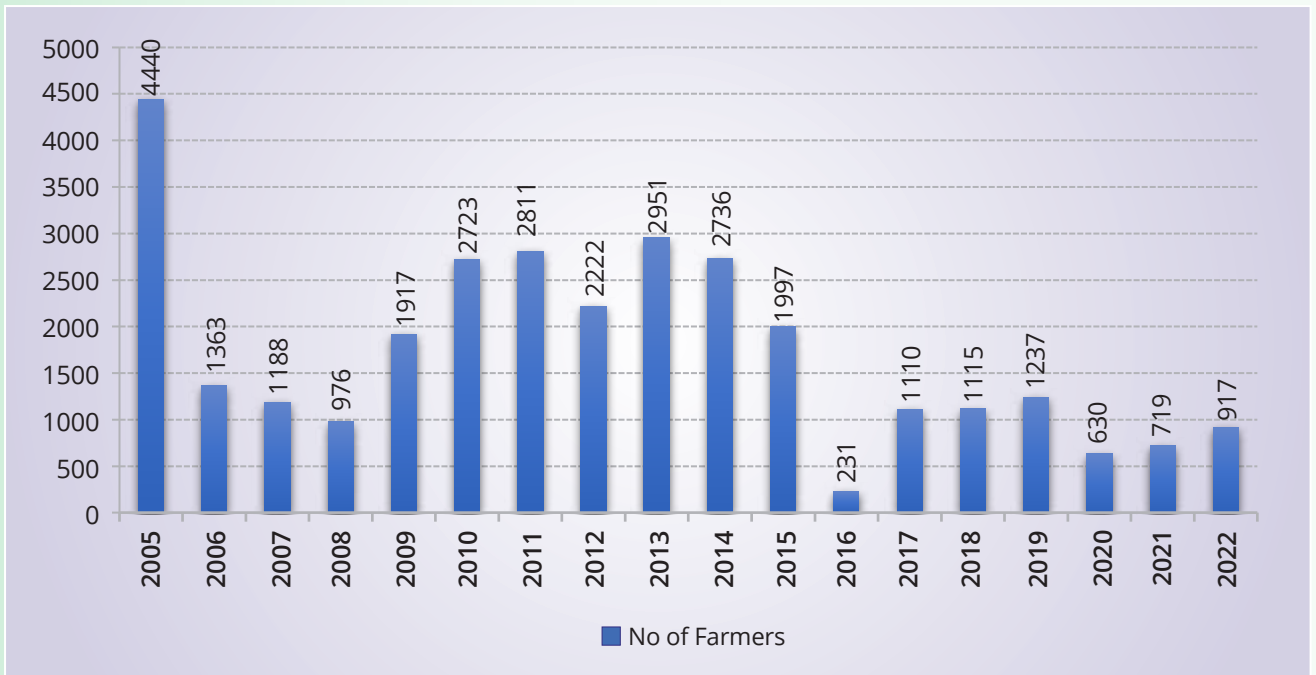


Figure 6: Area under production for the past 18 years



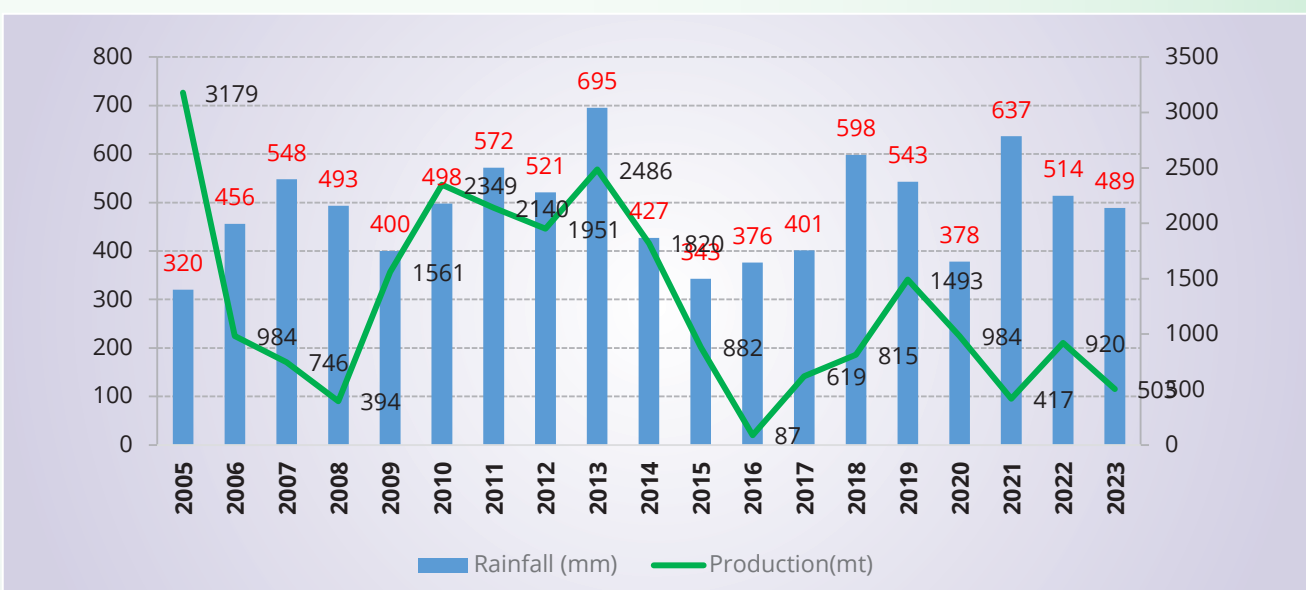
Figure 7: Seed cotton production trends for 18 years in metric tonnes



Figure 8: Seed cotton price trends (cents/kg)



Figure 9: Seed cotton production compared to rainfall patterns



9. REGIONAL PRODUCTION

Seed cotton production increased to 920 metric tons compared to 417 metric tonnes of the previous season. The Lubombo region continued to contribute the highest production contributing 69.13% of the national production, Shiselweni 28.91%, Manzini 1.2 % and Hhohho with the lowest contribution of 0.76%. However, when considering the production per hectare Manzini produced the highest yield of 846 followed by Hhohho with 778 kg/ha followed by Shiselweni with 767 kg/

ha and lastly Lubombo with an average of 765 kg/ha.

The national average for the 2022 season stood at 787 increasing slightly from the 662 kg/ha of the previous season. The national average fell not far of the global average of 771 kg/ha. The Lubombo region continued to dominate the area under cotton production at 831 hectares followed by the Shiselweni at 347 and Hhohho and Manzini at 9 and 13 hectares respectively.

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

Region	Area (Ha)		Production (Metric Tons)		Average Yield (Kg/Ha)		% Contribution	
	2021	2022	2021	2022	2021	2022	2021	2022
Hhohho	8	9	5	7	625	778	1.2	0.76
Manzini	11	13	7	11	636	846	1.7	1.20
Shiselweni	208	347	138	266	663	767	33.1	28.91
Lubombo	403	831	267	636	662	765	64.0	69.13
Total	630	1200	417	920	662	767	100	100

10. SEED COTTON BUYING

Seed cotton buying commenced on 1 April 2022 and continued to the end of March 2023. The bulk of the crop was received between June and August 2021. The seed cotton price paid to the farmers increased

to E6.30 per kilogram up from E6.20 of the previous season. The crop was bought with the Overdraft facility extended by Eswatini Bank. The price comparison for 2020/21 and 2021/22 is shown on the table below:

Seed Cotton Price Breakdown for 2020/21 compared to 2021/22 season

Grade	Seed Cotton Price Breakdown	
	Price/kg	
	2020/21	2021/22
A+	6.20	6.30
A	6.05	6.15
B	5.65	5.75
C	5.25	5.35
D	4.90	5.00
E	4.50	4.60
BSG	4.10	4.20

The table below indicates the quality profile for the 2022 compared to 2021 crop

Seed Cotton Production per Grade				
Grade	2022 Weight (kg)	%	2021 Weight (kg)	%
A++	204 821	22.25	0	0
A+	41 960	4.56	30 628	7.34
A	550 289	59.79	350 153	83.87
B	110 173	11.97	31106	7.45
C	11 459	1.25	5 159	1.24
D	1 616	0.18	427	0.10
E	0	0	0	0
BSG	0	0	0	0
Total	920 318	100	417 473	100

The quality of the crop fell within the acceptable limits as no seed cotton that fell below the standard grades. This is because farmers were able to separate the clean cotton from the dirty cotton, which was as a result of the technical advice given to the farmers by the department.

The value of the crop increased to E5 990 073.75 compared to E2 513 245.20. Farmer's income also increased to E5 261 765,73

compared to E1 941 552.14 of the previous season. Transport for bringing the cotton to the ginnery was borne by the Board and stood at E328 035.57 with E246 228.80 paid to transport contractors and E81 806.77 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.



Cotton Bales being transported to the Ginnery



Cotton Grading in preparation for buying

11. GINNING AND MARKETING

Cotton ginning was done in two different terms with the first one commencing on 24 May 2022 to 18 July 2022. Moreover, the second ginning beginning on 19 November 2022 to 28 November 2022. The reason for the two terms was that the Board had accumulated

reasonable seed cotton, which had taken quite a bit of funds that could not be kept to the next ginning season. 944 506 kg were ginned producing 383 0735 kg of lint and 511 800 kg of fuzzy seed, resulting to a ginning out-turn percentage of 40.56 and 54.19 respectively.

The quality of the lint fell between Strict Middling (SM) Middling (MIDD) and Strict Low middling (SLM) accounting for 38.55%, 37.87% and 23.58% respectively. When considering the micronire values most of the

lint fell between 3.5 and 4.3 indicating that it was within the acceptable range for proper utilization. Details of the Grading results are indicated on the charts below and compared over a 10-year period.



Cotton bales staked in reediness for ginning



Cotton bales staked in reediness for ginning



Ginning equipment



Customers who visited the Gin



Figure 10: Lint Grade Performance in % compared for season 2011 to 2022

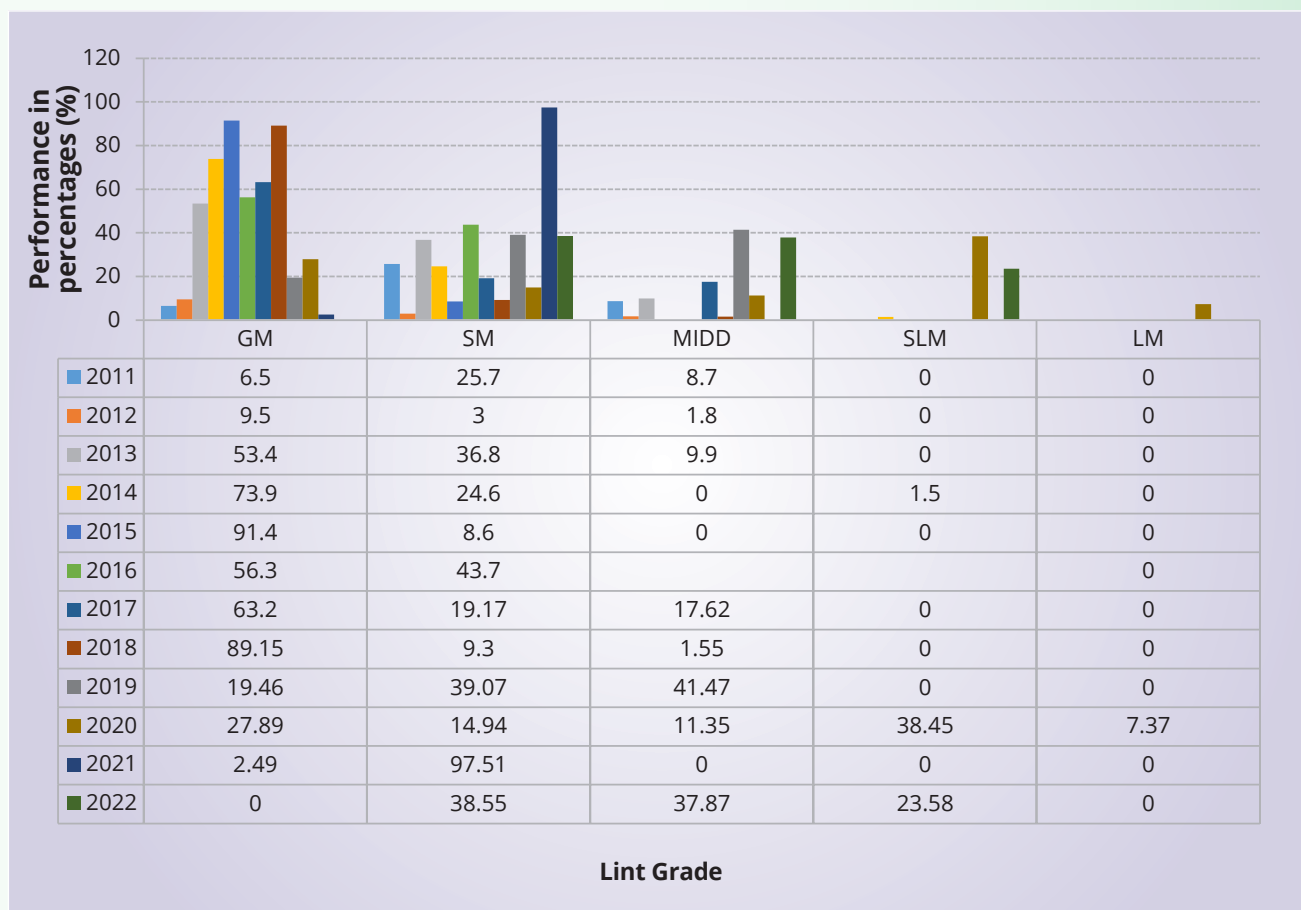


Figure 11: Staple Length Groupings in % from 2011 to 2022 (inches)

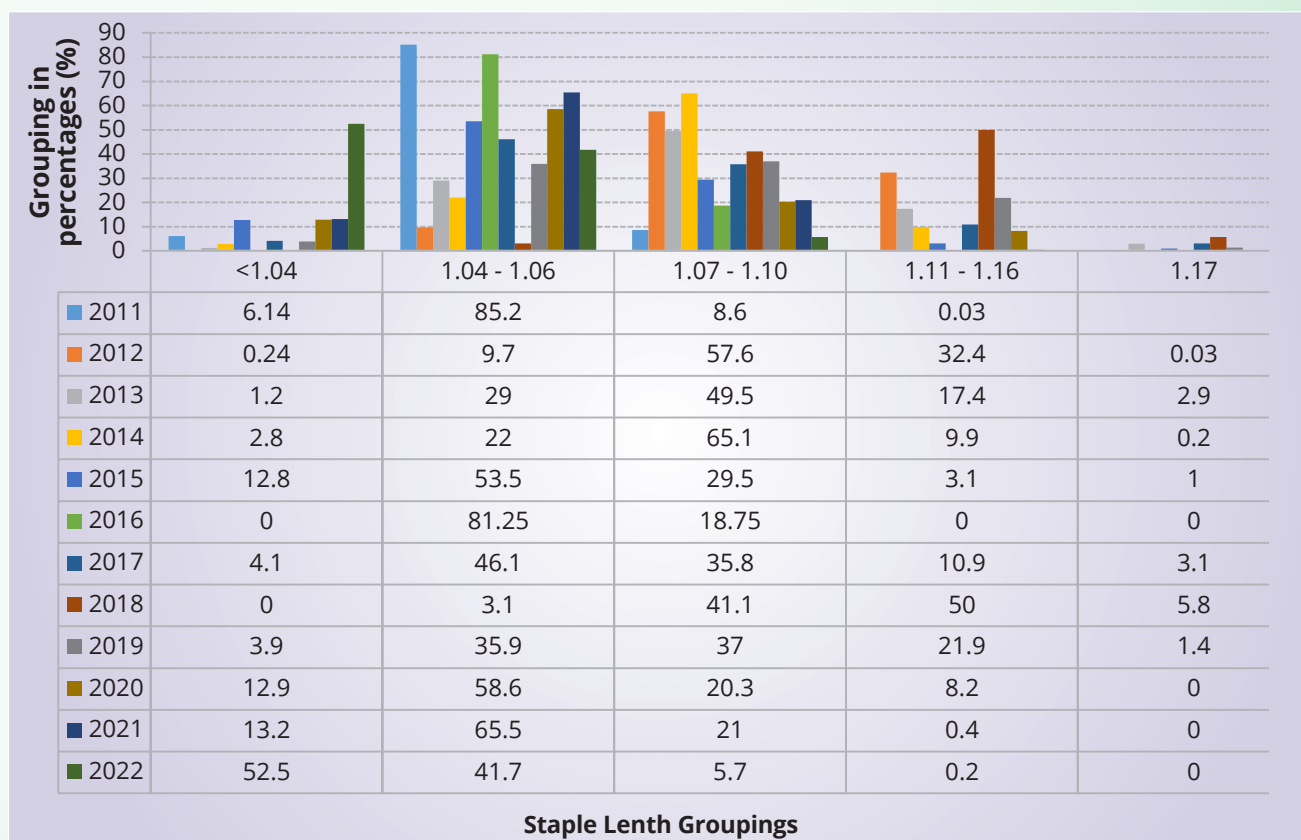


Figure 12: Fibre Strength Grouping in % from 2011 to 2022 (G/TEX)

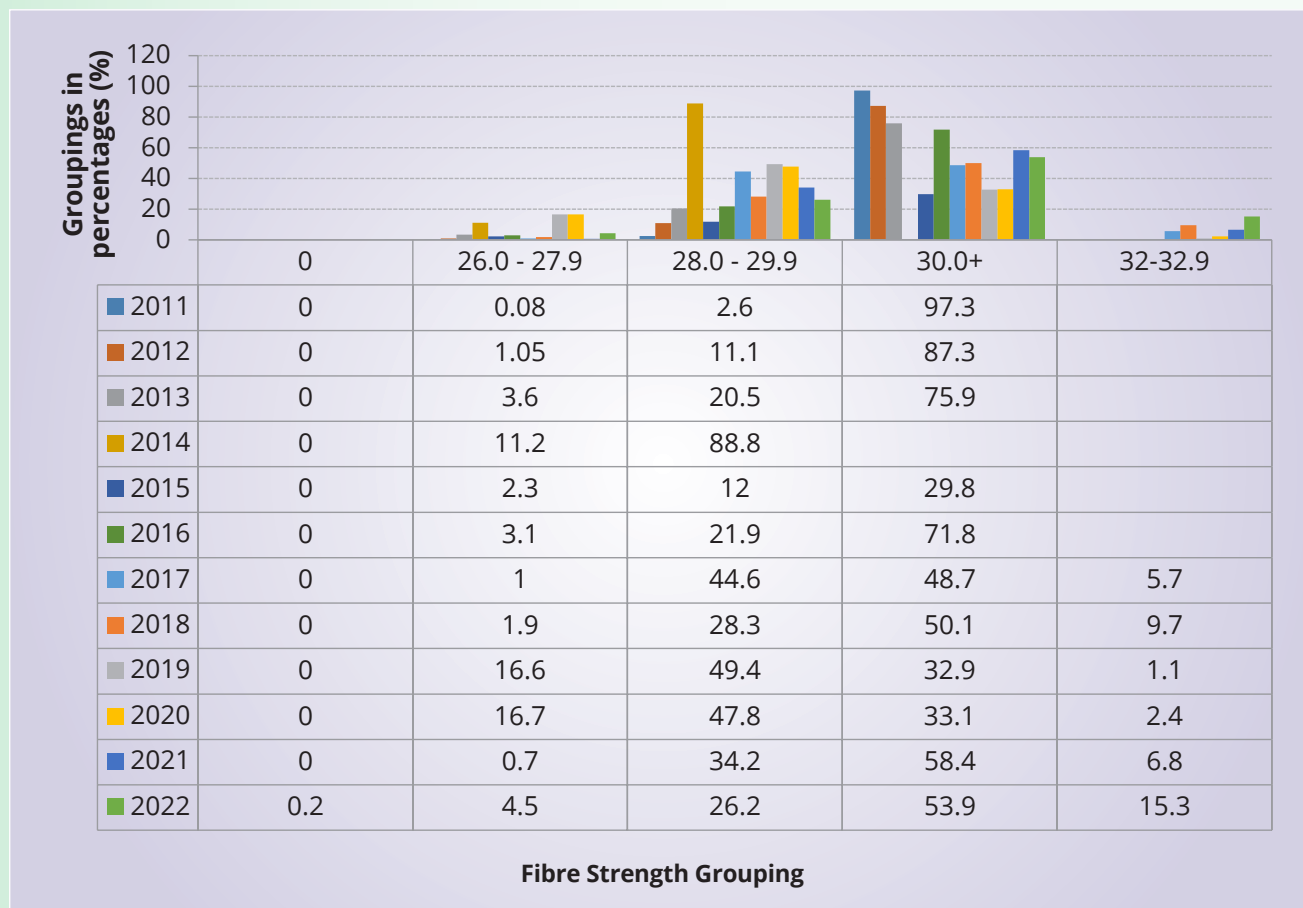
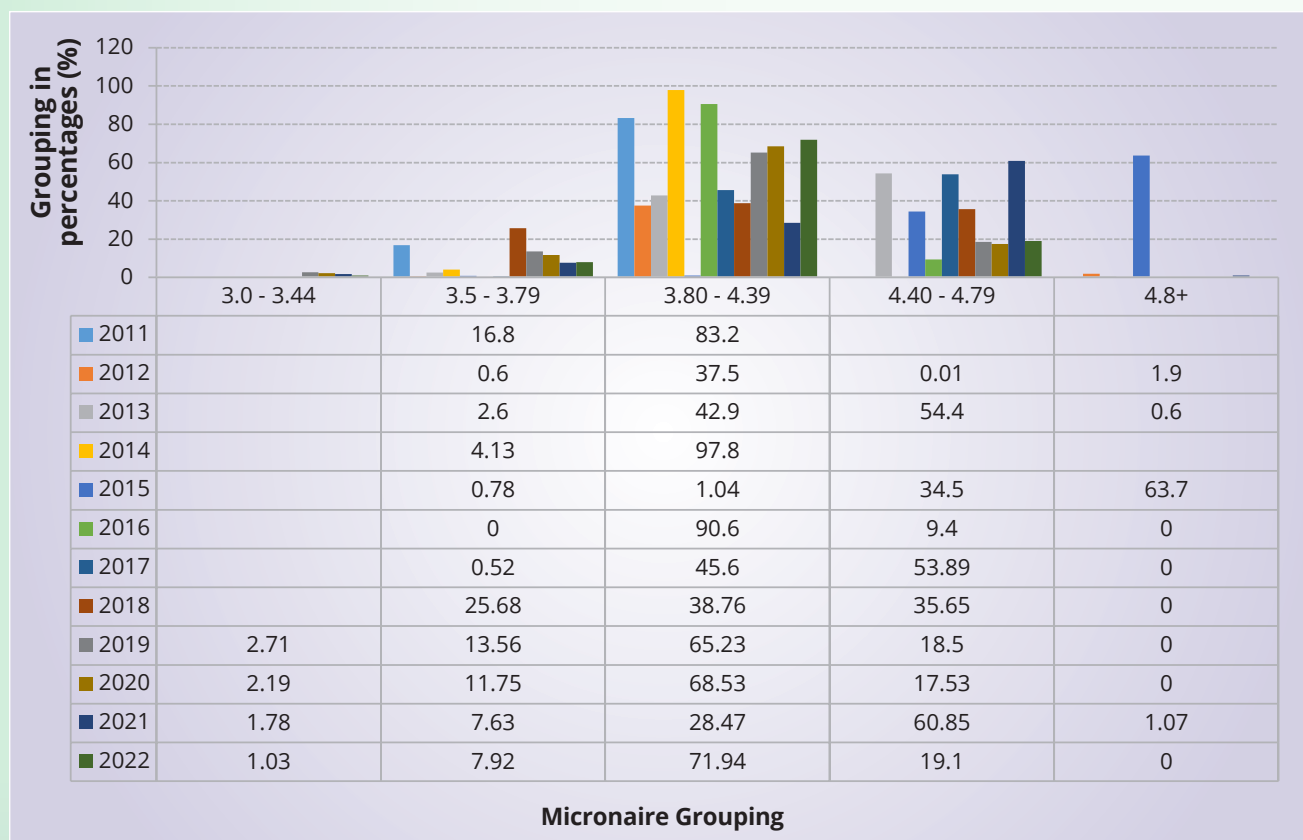


Figure 13: Micronaire Grouping in % compared from 2011 to 2022



The 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 E4500 per ton



Fuzzy seed being packed on a stack



Lint Packed in the warehouse and ready for Market

12. COTTON PESTS AND DISEASES

During the season under review the following pests were most prevalent: Bollworms, Jassids, Red Spider Mites, Mealy Bugs and Aphids at a lesser extent. The control of pests was relatively good, however, there were reports of poor control of Jassids and research is ongoing to establish the course. The chemical

that showed signs of poor control was Mulan. Further to that the Board gazetted the dates for the "Cotton closed season" (30th August, 2022 to the 15th October, 2022) This is the period by which no cotton plants are allowed on top of the ground which prevents the overwintering of cotton pests.



Drone Filled with Insecticide in control of Pests



Chemical Application using a Drone at Nisela

13. CHEMICALS USED BY THE INDUSTRY IN THE SEASON 2022/23

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. 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 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	Cumulative Total
Dimethoate 200ml	0	0	28	199	227
Dimethoate 250ml	1	0	0	0	1
Dimethoate 500ml	2	0	0	0	2
Rondo (1kg)	0	0	661	411	1072
Rondo (10kg)	0	0	15	14	29
Hamba Weeds (1L)	31	0	0	0	31
Cypermethrin (1L)	31	0	59	215	274
Mulan (50g)	90	9	296	699	1094
Biomectin (1L)	4	4	63	109	180
Cotton Feed	18	0	92	48	158

14. GENETICALLY MODIFIED ORGANISMS (GMOs)

The Board continued to spearhead the introduction of genetically modified cotton in the country. The Board further petitioned the competent Authority to deregulate the planting of the Bt cotton that has been used for several years following environmental release of this technology. The petition was allowed and authorised by the Competent Authority.

The Board is following up with the full introduction of the genetically modified cotton so that the benefit that comes with utilization of such a technology is realised. However, a full

benefit will be realised if the technology came with both the BT and the round ready genes with a potential of reducing the production costs of cotton. The Board has had several meetings with the technology owner to find ways and means of facilitating the introduction.

Meanwhile the country increased the area under BT cotton from 55 hectares in 2022 to 93 hectares in 2023. The crop was planted by Nisela Farms and has projected yield of 289 metric tonnes of seed cotton.



Google map of the fields where the GM crop in 2022 and 2023 was planted

15. ESWATINI COTTON GINNERY

The Eswatini Cotton Board manages the Eswatini Cotton Ginnery. The Ginnery has become the major source of income for both its regulatory and Developmental function of the Board. The Board has been running the ginnery for fifteen 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 great effort is exerted 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 PERFORMANCE SINCE 2008 – 2022

YEAR	AREA (HA)	NO OF FARMERS	PRODUCTION (MT)	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
2022	1200	917	920	5 979 822	361	14 570 057	468	2 248 223	16 818 280

16. COTTON DAY 2022

On the 8th December, 2022 the entity hosted the second edition of the cotton day. The objectives of the cotton day was; 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 the first four farmers who delivered the highest quantity of

over 10 tonnes seed cotton in the 2022 season as compared to others. (National Champions). Farmers who delivered the highest quantity of seed cotton in their respective regions as compared to others. (Regional Champions).

Farmers who received consolation prizes for delivering seed cotton above 8 tonnes (Runners Up). Awards were cotton inputs valued at E81 056.00 broken down as follows:

Category	No of Farmers	Award	Value
Runners-up	9	54 Pockets of Bt planting seeds	E16 200
Regional Champions	4	Production Inputs for 1 Hectare	E19 900
National Champion 4th prize	1	Production Inputs for 2 ha	E9 599
National Champion 3rd Prize	1	Production Inputs for 2 ha	E10 199
National Champion 2nd Prize	1	Production Inputs for 2 ha	E10 799
National Champion 1st Prize	1	Production Inputs for 3 ha	E14 359
Total	17		E81 056



The national Champion was Doctor Mzikayise Myeni (SHL 320090) from the Shiselweni Region, he also led the region by delivering over 18 tons of seed cotton. Second prize went to Zodwa B. Mbhamali (SHL 320002) from the same region and association third and fourth prizes went to Elliot Maseko (LKA 860016 and Siphon Xaba (SHL 090043) from Lubombo and Shiselweni respectively. Regional Champions comprised of Doctor Mzikayise Myeni (SHL 320090), Elliot Maliwa Maseko (LKA860016) from the Lubombo Region, Jibha Methula (HMN 140008) from Hhohho Region and Lukha Abraham Makhanya (MCE 180001) from Manzini Region. Generally, there has been a great improvement from the previous year's winners had produced 4 tons, which this year improved to over 18 tons, and all winners had increased their deliveries from 2 tons to over 8 tons this year. The industry will

17. CONCLUSION

Climate change threatens agriculture, and cotton has not been spared from the climate change impact. Eswatini cotton industry experienced drought in the 2022/23 season, which saw the industry engaging irrigating growers to meet the ginnery throughput. The future of cotton production is leaning more toward Irrigation to succeed in future.

The 2023 season saw the country receiving rain as late as February, leaving the farmers with no option but to look for alternative means to sustain livelihoods. A few managed to plant a few hectares, which was insignificant compared to the ginnery requirement. The ginnery relied on irrigating farmers to sustain

ginning during the period under review. The promotion of irrigated cotton remained significant to sustain the throughput during the season.

The Cotton Revolving fund was the major source of finance for cotton farmers. The fund assists farmers with seasonal inputs like cottonseed, and spaying chemicals including herbicides and other cotton-related ingredients. The major limitation of the fund is that it is not enough to support farmers annually. Financial institutions are still shying away from funding agriculture under rain-fed conditions including cotton.

Cotton continued to enhance the cotton supply chain ranging from the primary to the tertiary sector in Eswatini; such was attained through employment creation. During the current period season, 85 seasonal workers were engaged, providing the required employment to sustain the livelihoods of families for the employed. The newly revamped spinner at Matsapha extends the value-adding process to the cotton supply chain allowing employment of Eswatini in a country that is desperate for employment of its citizens.

The Board continued to provide extension services with assistance from the government and other sectors like Non-Governmental Organizations. Crop management training enhanced yield in all cotton-producing areas. Crop assessment exercise guarantees that the farmers are given timely advice to the farmer including timely action on pest management. This increase production resulting in improved ginnery throughput.



KOBLA QUASHIE AND ASSOCIATES

Eswatini Cotton Board

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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GENERAL INFORMATION

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Managing Cotton Industry in Eswatini
Directors	Chairperson: Mr. Samson Mavuso Vice Chairperson: Sikelela Fakudze Members: Mr. Mbuso Mndzebele Mrs. Thabsile Dlamini Mr. Bheki Nzima Mr. Vusie Khumalo Mr. Victor Masilela Mrs. Tokky Hou
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 Eswatini 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 board 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 board and all employees are required to maintain the highest ethical standards in ensuring the board's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the board is on identifying, assessing, managing and monitoring all known forms of risk across the board. While operating risk cannot be fully eliminated, the board 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 board's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the board 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 board's annual financial statements. The annual financial statements have been examined by the board's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 7 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 26 July 2023 and were signed on its behalf by:

Director

Director



INDEPENDENT AUDITORS' REPORT

To the members of Eswatini Cotton Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eswatini Cotton Board("the Board"), which comprise the statement of financial position as at 31 March 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's) and in a manner required by the Eswatini Cotton Act of 1967.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Board in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Eswatini. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and those charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SME's and the requirements of the Eswatini Cotton Act of 19.67, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud and error.

In preparing the annual financial statements, the directors are responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and the directors either intend to liquidate the Board or to cease operations, or have no realistic alternative but to do so.



AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override on internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kobla Quashie and Associates
Chartered Accountants (Eswatini) Manzini

26 July 2023

Per: Daniel Bediako



DIRECTOR'S REPORT

The directors submit their report for the year ended 31 March 2023.

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 board is to manage the cotton industry in Eswatini.

The operating results and state of affairs of the board 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:

Mr. Samson Mavuso: Chairman
Mr. Sikelela Fakudze: Vice Chairman
Mr. Mbuso Mndzebele: Member
Mrs. Thabsile Dlamini: Member
Mr. Bheki Nzima: Member
Mr. Vusie Khumalo: Member
Mrs. Tokky Hou: Member
Mr. Victor Masilela: Member
Mr. Daniel M Khumalo: CEO/Board Secretary

3. Auditors

Kobla Quashie and Associates Chartered Accountants (Eswatini)
Mallya House, Lot 137, Esser Street, Manzini.

**STATEMENT OF FINANCIAL POSITION**

Figures in Emalangeni	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 187 989	3 422 728
Current Assets			
Inventories	3	855 314	1 162 031
Trade and other receivables	4	3 331 732	3 446 606
Cash and cash equivalents	5	3 684 867	2 315 032
		7 871 913	6 923 669
Total Assets		11 059 902	10 346 397
Equity and Liabilities			
Equity			
Credit revolving fund	6	2 914 305	2 914 305
General reserves		1 130 357	(58 257)
Revaluation reserves	7	2 121 928	2 121 928
		6 166 590	4 977 976
Liabilities			
Non-Current Liabilities			
Finance lease obligation	8	166 730	417 601
Current Liabilities			
Finance lease obligation	8	98 553	92 856
Provisions	9	1 310 484	950 291
Trade and other payables	10	2 062 446	1 095 312
Bank overdraft	5	1 255 099	2 812 361
		4 726 582	4 950 820
Total Liabilities		4 893 312	5 368 421
Total Equity and Liabilities		11 059 902	10 346 397



STATEMENT OF COMPREHENSIVE INCOME

Figures in Emalangeni	Note(s)	2023	2022
Revenue		21 118 891	10 023 312
Cost of sales		(10 887 464)	(4 851 594)
Gross profit		10 231 427	5 171 718
Other income		236 374	171 897
Operating expenses		(9 233 590)	(7 255 905)
Operating profit/ loss		1 234 211	(1 912 290)
Finance costs		(45 597)	(42 383)
Profit/ loss for the year		1 188 614	(1 954 673)
Other comprehensive income		-	-
Total comprehensive income/ loss		1 188 614	(1 954 673)
Total Comprehensive income/ loss		1 188 614	(1 954 673)



STATEMENT OF CHANGES IN EQUITY

Figures in Emalangeni	Credit Revolving Fund	Revaluation Reserves	General Reserves	Total
Balance at 01 April 2021	2 914 305	1 303 874	1 806 416	818 054
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 01 April 2022	2 914 305	2 121 928	(58 257)	4 977 976
Changes in equity				
Total comprehensive income for the year			1 188 614	1 188 614
Total changes			1 188 614	1 188 614
Balance at 31 March 2023	2 914 305	2 121 928	1 130 357	6 166 590

**STATEMENT OF CASH FLOWS**

Figures in Emalangeni	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	11	3 245 663	(1 151 285)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(27 795)	(690 215)
Sale of property, plant and equipment	2	-	90 000
Net cash from investing activities		(27 795)	(600 215)
Cash flows from financing activities			
Finance lease payments		(290 771)	468 074
Net movements in loans with related party		-	523 726
Net cash from financing activities		(290 771)	991 800
Total cash movement for the year		2 927 097	(759 700)
Cash at the beginning of the year		(497 329)	262 371
Total cash at end of the year	5	2 429 768	(497 329)

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 Lilangeni.

(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 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 board; 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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

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%
omputer 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.3 Financial instruments Fair value determination

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 board 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.

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 board 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 board estimates the recoverable amount of the asset.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets 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 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 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 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 board 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 board will comply with the conditions attaching to them; and
- the grants will be received.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.9 Revenue (continued)

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 ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni

2. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and Buildings	1 720 000	-	1 720 000	1 720 000	-	1 720 000
Ginnery equipment	2 376 979	(1 781 894)	595 085	2 376 979	(1 715 774)	661 205
Furniture and equipment	477 654	(279 711)	197 943	449 859	(260 093)	189 766
Motor vehicles and trailers	1 963 825	(1 309 456)	654 369	1 963 825	(1 145 863)	817 962
Computer equipment	122 184	(101 592)	20 592	122 184	(88 389)	33 795
Total	6 660 642	(3 472 653)	3 187 989	6 632 847	(3 210 119)	3 422 728

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Land and Buildings	1 720 000	-	-	1 720 000
Ginnery equipment	661 205	-	(66 120)	595 085
Furniture and equipment	189 766	27 795	(19 618)	197 943
Motor vehicles and trailers	817 962	-	(163 593)	654 369
Computer equipment	33 795	-	(13 203)	20 592
	3 422 728	27 795	(262 534)	3 187 989

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangen	2023	2022
3. Inventories		
Stock in hand	855 314	1 162 031
Factory materials	244 352	480 406
Ginnery stock	142 505	166 574
Cotton seeds	58 000	303 305
Chemicals	353 462	123 105
Production stock	54 568	86 114
Canteen	2 427	2 527
	855 314	1 162 031
Inventories are measured at lower of cost and net realisable value.		
4. Trade and other receivables		
Farm debtors	2 583 923	3 197 552
VAT	747 809	249 054
	3 331 732	3 446 606
Funds are made available out of the Credit Revolving Fund for the purpose of lending to the farmers.		
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	570	345
Bank balances	3 684 297	2 314 687
Bank overdraft	(1 255 099)	(2 812 361)
	2 429 768	(497 329)
Current assets	3 684 867	2 315 032
Current liabilities	(1 255 099)	(2 812 361)
	2 429 768	(497 329)
Bank balances		
Eswatini Development and Savings Bank - Call account	1 084 201	1 183 216
Eswatini Development and Savings Bank - Current account	(1 255 099)	(2 812 361)
Eswatini Development and Savings Bank - Cotton Levy account	908 738	63 690
Standard Bank Eswatini Limited - Current account	480 216	450 877
Standard Bank Eswatini Limited - Current account	5 000	5 054
Standard Bank Eswatini Limited - Call Account	614 084	19 667
African Alliance	457 615	428 638
Swaziland Building Society	134 415	130 843
MTN Momo Pay	28	32 702
	2 429 198	(497 674)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. 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. Government subvention E1,500,000.

6. 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.

7. Revaluation Reserves

Valuation of Land and Buildings	2 121 928	2 121 928
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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.

8. Finance Lease Obligation

Minimum lease payments due

- within one year	98 552	92 856
- in second to fifth year inclusive	145 517	417 601

Present value of minimum lease payments	244 069	510 457
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Non-current liabilities	166 730	417 601
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Current liabilities	98 553	92 856
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	265 283	510 457
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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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Provisions

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Gratuity and severance pay	950 291	784 123	(423 930)	1 310 484

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Gratuity and severance pay	819 353	518 669	(387 731)	950 291

	2023	2022
10. Trade and other payables		
Accruals	1 046 574	188 290
Eswatini Government Ministry of Agriculture	927 872	819 022
Audit fees	88 000	88 000
	2 062 446	1 095 312
11. Cash generated from operations		
Profit before taxation	1 188 614	(1 954 673)
Adjustments for:		
Finance costs	45 597	42 383
Impairment loss	262 534	209 744
Movements in provisions	360 193	130 938
Changes in working capital:		
Inventories	306 717	1 212 986
Trade and other receivables	114 874	(1 158 714)
Trade and other payables	967 134	366 051
	3 245 663	(1 151 285)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Risk Management Financial Risk Management

The board's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest risk.

The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the board'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 board's operating units. The board 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 board was not exposed to significant currency risk at the reporting date.

(ii) Interest Rate Risk

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

(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 argued by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning.

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Emalangenzi	2023	2022
Sales		
Revenue	19 502 159	8 473 856
Government subvention	1 500 000	1 500 000
Levies	116 732	49 456
	21 118 891	10 023 312
Cost of sales		
Opening stock	(1 162 031)	(2 340 516)
Purchases	(10 580 747)	(3 673 109)
Closing stock	855 314	1 162 031
	(10 887 464)	(4 851 594)
Gross profit	10 231 427	5 171 718
Other income		
Canteen Income	62 094	47 861
Rental received	77 834	66 638
Sundry Income	96 446	57 398
	236 374	171 897
Operating expenses		
Accounting fees	5 955	2 402
Advertising	173 628	87 813
Auditors remuneration	90 000	88 000
Bad debts	314 941	523 816
Bank charges	486 735	348 381
Canteen Expenses	49 332	56 540
Cleaning expenses	81 246	55 886
Commission paid	5 109	-
Computer expenses	29 229	54 475
Consulting expenses	19 204	47 220
Depreciation	262 534	209 744
Donations	4 524	2 800
Electricity and Water	1 155 162	183 779
Employee costs	4 726 504	3 813 866
Insurances	244 533	213 155
Motor vehicle expenses	550 639	564 777
PEU Management fees	106 879	154 945
Printing and stationery	171 655	133 893
Protective clothing	32 041	26 475



Figures in Emalangen	2023	2022
Rates paid	6 483	6 483
Repairs and maintenance	466 017	347 464
Retainer fees	113 748	107 094
Staff welfare	2 658	1 386
Subscriptions	51 306	99 990
Telephone and fax	45 149	95 961
Travelling expenses	38 379	29 560
	9 233 590	7 255 905
Operating profit (loss)	1 234 211	(1 912 290)
Finance costs	(45 597)	(42 383)
Profit (loss) for the year	1 188 614	(1 954 673)



TAX COMPUTATION

	E
Net income per income statement	1 188 614
Taxable income for 2023	1 188 614
Assessed loss brought forward	(10 589 357)
Tax loss carried forward	<u>(9 400 743)</u>
Tax thereon @ 27.5%	-
Tax liability	



SUPPLEMENTARY INFORMATION

1. Cotton Improvement fund

Levies	116 732
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2. Auditor's remuneration

Kobla Quashie and Associates: Audit	88 000
Kobla Quashie and Associates: Taxation	2 000
	90 000

3. Rates paid

Manzini City Council	6 483
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4. Repairs and maintenance

Various spares for the Ginnery plant	466 017
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**ESWATINI
COTTON
BOARD**

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