TIBIYO TAKA NGWANE

A NATION IN PROGRESS

2021 ANNUAL REPORT

TIBIYO TAKA NGWANE
A NATION IN PROGRESS

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HIS MAJESTY INGWENYAMA KING MSWATI III

PRESENTATION TO HIS MAJESTY

for the year ended 30 April 2021

Ngwenyama Ndvuna,

Libandla leTibiyo (the Main Committee of Tibiyo) is honoured and privileged to present the Annual Report for the financial year ended 30 April 2021, covering:

- Review of operations of the organization
- Audited Financial Statements
- Tibiyo's Social Responsibility.

May it please your Majesty to receive this report.

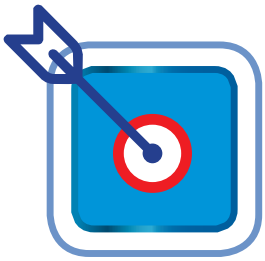
BAYETHE! WENA WAPHAKATHI!!

Dr. Absalom Themba Dlamini
Managing Director

Fipha Dlamini
Chairman

MISSION STATEMENT

Tibiyo Taka Ngwane (Tibiyo) is an Eswatini Nation Organization that is at the core of the social, cultural and economic development of the people of Eswatini.



OBJECTIVES OF THE ORGANIZATION

To complement Government in fostering economic independence and self-sufficiency;

- To increase formal sector employment;
- To increase income in the hands of citizens;
- To earn and/or save foreign exchange;
- To develop the rural communities of the Kingdom;
- To foster and support the maintenance of the tradition and cultural heritage of Eswatini;
- To assist financially and materially in the education and training of citizens.

To meet its objectives, Tibiyo Taka Ngwane actively promotes the establishment of commercially viable projects in all sectors of the economy. These projects must satisfy the following criteria:

- National desirability;
- Economic viability;
- Technical feasibility;
- Profitability.

In playing its developmental role, Tibiyo Taka Ngwane cooperates with and appreciates assistance from national and international investment organizations. It also invites suitable and experienced local as well as foreign business entities to either form business partnerships or manage its wholly owned projects.

CORPORATE DETAILS

PHYSICAL ADDRESS

Lomawa House
Lozithehlezi

POSTAL ADDRESS

P. O. Box 181
Kwaluseni
M201

TELEPHONE

+268-25101978/9
+268-25101390
+268-25101399 (Fax)
+268-25101306 (Fax)

Email: info@tibiyo.com

Website: www.tibiyo.com

AUDITORS

SNG Grant Thornton Chartered Accountants (Eswatini)

Umkhiwa House
Lot 195 Kal Grant Street
MBABANE

BANKERS

African Alliance Eswatini Limited
First National Bank of Eswatini Limited
Nedbank Eswatini Limited
Standard Bank of Eswatini Limited
Stanlib Eswatini
Eswatini Bank
Swaziland Building Society

CHAIRMAN'S STATEMENT

Prince Fipha
Chairman

> The success of Tibiyo Taka Ngwane in 2021 is largely attributed to the commitment and dedication of the Executive Management, Management and the entire staff of Tibiyo, together with the able leadership and management of its investee companies and subsidiaries.

Total revenue increased by 27.7% to

E331 million

compared to E259 in 2020

Libandla leTibiyo (the Main Committee of Tibiyo) is honoured and privileged to report on the Audited Annual Financial Statements of Tibiyo Taka Ngwane for the year ended 30 April 2021.

The organization recorded a turnover of E331 million against E259 million recorded the previous year. This translates to a 28 percent increase in the turnover mainly due to an increase in dividends received.

Overall profit increased from E222 million to E288 million which translates to an increase of 30%. This is mainly due to an increase in dividend income.

Share of Associated companies' equity earnings are unrealised gains from associated companies. The drop in the gains is due to the sale of IYSIS during the period.

Total assets grew from E2.3 billion to E2.5 billion mainly due to growth in investments and current assets. However, net income as a percentage of total assets declined from 11.65 percent last year to 7.39 percent the current year.

On the other hand, return on equity ratio declined from 12.97 percent to 8.13 percent during the reporting period.

Eswatini Nation Development Expenditure

During the reporting period, Tibiyo operated under strenuous conditions as a result of the COVID-19 pandemic, which affected mainly its Bursaries and Scholarships programmes.

An amount of E75.2 million (2020: E105.9 million) was spent overall for the various services and activities within the Eswatini National Development Expenditure (ENDE) portfolio.

Due to the disruptions in the school calendar, coupled with travel and other restrictions; it was not possible for the organization to distribute bursary application forms and conduct interviews with applicants.

Despite these challenges, Tibiyo recognised the need to sustain its investment in education by maintaining the 1000 pupils in the system.

The organization further increased bursary grants from E2800 per pupil per year, to E4000, to cover tuition and textbooks. External examination fees are paid for in full by Tibiyo.

A total of E42.8 million was spent on both scholarships and bursaries, compared to E66.4 million spent the previous year. During the reporting period, Tibiyo sponsored 213 students at tertiary level. 46 students completed their studies and Tibiyo wishes them well in finding employment, creating new businesses and pursuing their careers of choice.

The organization donated E750 000 to COVID-19 related initiatives, namely the National Resource Mobilisation Committee (E500 000) and E250 000 to other entities involved in the fight against COVID-19. E564 500 was spent in the previous year.

Healthcare expenditure increased by 7.9 percent to 6.2 million from E5.8 million in 2020.

The increases were partly due to the devastating impact that the COVID-19 pandemic had on the livelihoods of emaSwati as well as the general increase in the cost of goods and services across all industries.

Future Outlook

The organization has survived a full year with the cloud of COVID-19 overhead. What was hoped would be a brief spell has proven to be an ever present phenomenon which the organization has been forced to embrace. Life with COVID has become the proverbial new normal.

Two vicious waves hit the country hard during the reporting period and affected business

CHAIRMAN'S STATEMENT - continued

across all industries; some more adversely than others.

Tibiyo has managed to remain afloat in spite of many of its subsidiaries being hit hard by the Covid pandemic and the unfortunate civil unrest that hit the country in June and September of 2021.

Acknowledgements

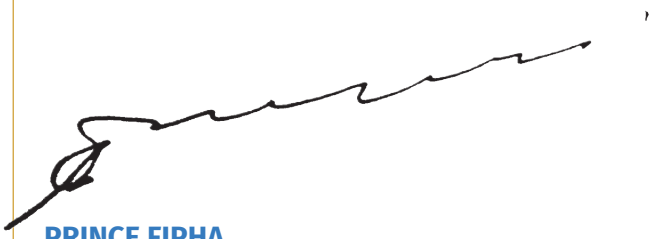
I would like to extend my sincere thanks to His Majesty the Ingwenyama for his wise counsel and guidance in 2021.

To our business associates, partners, and the Eswatini Nation, I wish to thank them for their unfailing efforts in 2021 during a period of quite extraordinary and challenging corporate activity. In spite of many distractions; management and employees stayed focused, conducting our businesses in a socially responsible way. The Main Committee is highly appreciative of these efforts which, during my period as chairman, I have found inspirational.

I also wish to record my congratulations to every member of the staff of the organization, all of whom have combined to produce another memorable year of achievement.

I would like to thank the Main Committee members and all those I have worked with over the past years. It has been a privilege to work with such dedicated and talented people. Although the economic environment is currently the most challenging many of us have ever encountered, it will pass, and Tibiyo Taka Ngwane is firmly positioned for long term success for the benefit of all its stakeholders.

BAYETHE, WENA WAPHAKATHI !!!



PRINCE FIPHA
CHAIRMAN

MANAGING DIRECTOR'S REPORT

Dr Absalom T. Dlamini
Managing Director

> Tibiyo has substantial interest in sugar markets globally as a result of having invested heavily in the sugar industry from where it derives more than 80% of its income.

Assets grew by 7.7% to
E2.5 billion
compared to E2.3 in 2020

Tibiyo has not been spared from the turbulent economic climate currently being experienced in the Southern African region. However, Tibiyo has managed to remain afloat.

Total Assets increased by 7.7 percent from E2.3 billion to E2.5 billion in 2021. The organization was able to successfully fulfill its mandate to improve, in whatever way possible, the lives of the people of Eswatini, and to partner with Government and other stakeholders in their national development efforts.

MANAGING DIRECTOR'S REPORT - continued

Sugar Matters

Tibiyo has substantial interest in sugar markets globally as a result of having invested heavily in the sugar industry from where it derives more than 80 percent of its income.

During the reporting period, compared to budget, the Eswatini sugar industry's pro-duction was lower than budget while sales were relatively on target:
Cane crushed reduced to 5 759 016 Metric Tons (mt), from 6 001 618 mt forecasted in February 2020 (a 4 percent decrease).

Sugar production reduced to 684 563 Metric Tons from a forecast of 725 817 mt in February 2020 (a 5.7 percent decrease).

The total sales were 709 835 Metric Tons versus the initial forecast of 717 630 mt (a 1 percent decrease).

Total exports were 267 139 Metric Tons versus a forecast of 264 490 mt (a 1 percent increase).

2021/22 Forecast

Cane production for 2021/22 was forecast at 5 444 050 mt from an actual production of 5 759 016 mt in 2020/21 (5,5 percent decrease).

Sugar production was forecast at 613 139 mt in 2021/22 from an actual production of 684 563 mt in 2020/21 (a decrease of 10,4 percent). Total sugar sales were forecasted at 639 874 mt in 2021/22 from 709 835 mt in 2020/21 (a 9,9 percent decrease).

The reduction in production, and consequently sales, was mainly due to poor cane quality plus the effects of riots and strikes during the 2021 year.

Exports were forecasted to decrease to 210 904 mt from 267 139 mt in 2020/21 (a 21 percent decrease).

Staff Matters

In a business such as ours, people are at the heart of delivering excellent service to our clients and achieving our objectives. Our performance and results are a testament to the outstanding people that we have at every level in our business. On behalf of the Main Committee, I offer my grateful thanks to the entire staff complement for the success that Tibiyo achieved in the last year.

There has been much more focus on stringent financial management and closer attention to issues of corporate governance and compliance. We have continued to stress the importance of working smartly and creatively.

We recognise that the quality of our employees is critical to our success and impacts directly on our operational performance. We support our staff with world-class training and development and we have given considerable focus to creating an enabling and results-driven environment in a way that underscores our values as an organization.

The Tibiyo staff compliment stood at 64 during the year under review.

Staff Wellness

The organization supports wellness initiatives aimed at improving the overall well-being of staff members. The wellness programme aimed at addressing different areas of wellness (physical, mental and financial) continued with great enthusiasm from staff.

Long Service Awards

I am proud to congratulate the following employees who received awards for long service at Tibiyo.

10 years - A goat and wrist watch

- Mr Thembinkosi Khumalo

20 years – A cow and a wrist watch

- Mrs Nonhlanhla Shongwe
- Mrs Precious Khumalo
- Mrs Nomathemba Simelane

30 years – 3 goats, 1 cow and a wrist watch

- Ms Phila Dlamini
- Mr William Malaza

COVID-19 Response

During the year under review, the organization continued to respond to the threat of COVID-19. Numerous measures were put in place not only to prevent the spread of the virus, but also to support those who had contracted it. An office-wide vaccination drive was also initiated by Management which resulted in a majority of staff members being vaccinated.

Tibiyo has embraced COVID-19 as a part of everyday life, thus staff returned to working from the office on a full time basis. Meetings and gatherings of more than 10 people continue to be held virtually, and all Covid protocols continue to be observed.

The organization continues to keep employees abreast of developments in areas affecting their health and welfare. Seminars on cancer were held in-house where all members of staff were encouraged to attend.

Retirement

Mr. William Malaza who was based in the transport section retired from employment of the organization. He has served Tibiyo loyally and with dedication over the years and the organization shall continue to tap into his considerable reservoir of skill and experience whenever required.

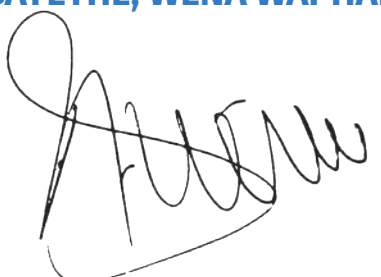
Bereavements

On a rather depressing note, I am sad to report the demise of three long serving employees of the organization during the reporting period. Mr. Nelson Langwenya and Mr. Joseph Msibi were in active employment at Tibiyo at the time of their passing. Mr. Jotham Ndlovu; although having retired from Tibiyo about 10 years ago, was still offering his services to the organization in the Maintenance as well as the Culture and Traditional Affairs Departments. Our deepest condolences are extended to the families of the deceased, their friends and colleagues.

Appreciation

On behalf of Management and the entire staff, I extend my sincere gratitude to His Majesty King Mswati III, for his wise leadership in 2021. I also wish to thank the Main Committee and staff of Tibiyo Taka Ngwane for their dedication and support over the past year and their contribution to our strong performance during exacting times. We are enthused by their commitment to the business and look forward to another exciting year ahead.

BAYETHE, WENA WAPHAKATHI !!!



DR. ABSALOM THEMBA DLAMINI
MANAGING DIRECTOR

THE MAIN COMMITTEE

1

The Main Committee is responsible for ensuring the preparation of the Annual Financial Statements in a manner that will present the state of affairs and results of the business operations of Tibiyo Taka Ngwane in accordance with stated accounting policies appropriate to the business of the organization, which have been consistently applied.

1 Prince Fipha *(Chairman)*
2 Honourable Minister HRH Prince Simelane
3 HRH Princess Sidvumolesihle
4 Honourable Minister Chief C N Ndwandwe
5 Honourable Minister Mr N H Rijkenberg
6 Chief N L Simelane
7 Dr A T Dlamini
8 Mrs N M Gamedze
9 Professor C M Magagula
10 Mr M S Mdluli
11 Ms L C Dlamini
12 Mr V H Fakudze
13 Mr S M Motsa
14 Mr A K Cindzi
15 Mrs N F Shongwe
(Legal Advisor and Secretary)

CORPORATE GOVERNANCE

During the year under review, the Main Committee consisted of 15 members, of which three are executive members.
They are:-

Non-Executive members:

Prince Fipha (Chairman)
Honourable Minister HRH Prince Simelane
HRH Princess Sidvumolesihle
Honourable Minister Chief C N Ndwandwe
Honourable Minister Mr N H Rijkenberg
Chief N L Simelane
Mr V H Fakudze
Ms L C Dlamini
Mr S M Motsa
Mr A K Cindzi
Mrs N M Gamedze
Professor C M Magagula

Executive members:

Dr A T Dlamini
Mr M S Mdluli
Mrs N F Shongwe (Legal Advisor and Secretary)

There are three sub-committees of the Main Committee, the Audit Committee, the Remuneration Committee and the Investments Committee, to which specific duties and responsibilities are delegated by the Main Committee.

The External Auditors have unrestricted access to all of Tibiyo's Committees and all the organization's records. Their duty is to report on the maintenance of effective internal controls over the organization's business.

Chairman

The Chairman is a non-executive member of the Main Committee and his role as Chairman is separate from that of the Managing Director.

Audit Committee

The Audit Committee comprised the following members in the reporting period:-
Mrs NM Gamedze (Chairperson), HRH Princess Sidvumolesihle, Chief Ndlaluhlaza Ndwandwe and Professor CM Magagula. All the Audit Committee members are non-executive.

The mandate of the Audit Committee is to ensure compliance with financial and regulatory frameworks, good corporate governance, accountability and transparency in all transactions and dealings of Tibiyo Taka Ngwane.

Remunerations Committee

The Remunerations Committee consisted of four non-executive members. It is responsible for the assessment and approval of the remuneration structure of Tibiyo.

CORPORATE GOVERNANCE - continued

The Committee is chaired by Chief Ndzaba-nkhulu Simelane and the other members are HRH Prince Simelane, Mr AK Cindzi and Mrs NM Gamedze

Investments Committee

The Investments Committee consisted of four members during the reporting period. They are: Mr. VH Fakudze who is chairman, Mr. NH Rijkenberg, Mr. SM Motsa and Ms. LC Dlamini.

This committee advises management on the placement of the organization's funds. It also advises management on proposed projects before they are brought to the Main Committee for approval. Additional ad hoc members can be co-opted as and when necessary.

Financial Statements

The Main Committee is responsible for ensuring the preparation of the Annual Financial Statements in a manner that will present the state of affairs and results of the business operations of Tibiyo Taka Ngwane in accordance with stated accounting policies appropriate to the business of the organization, which have been consistently applied.

The organization's External Auditors (SNG Grant Thornton Eswatini), carry out an independent audit of the Annual Financial Statements in accordance with International Standards of Auditing and report their findings.

Management

The Management Committee meets regularly, to review operational performance, capital programmes and other relevant issues.
Consideration is also given, through well-defined structures to Tibiyo investments and capital expenditure proposals and other issues of strategic importance to the organization, for recommendation to the Main Committee.

Internal Controls

Tibiyo maintains internal controls and systems designed to provide reasonable assurance as to the integrity of the Annual Financial Statements and to verify and maintain accountability of the organization's assets. Such internal controls and systems are based on established policies and procedures and are implemented by trained personnel. The effectiveness of these internal controls and systems is monitored by the organization's External and Internal Auditors.

TIBIYO TAKA NGWANE INVESTMENTS

	ACTIVITY/PRODUCTS	PERCENTAGE HOLDING
AGRICULTURE		
Dalcrue Agricultural Holdings (Pty) Ltd	Livestock, Sugar cane, Dairy, crops, milling	100.00
Inyoni Yami Eswatini Irrigation Scheme	Sugar cane & Livestock	50.00
Sihhoye Estate	Sugar cane	100.00
Sivunga Estate	Sugar cane	100.00
The Royal Eswatini Sugar Corporation Ltd	Sugar cane & Sugar	50.00
Ubombo Sugar Limited	Sugar cane & Sugar	40.00
COMMERCIAL, FINANCE, SERVICES & PROPERTY		
Bhunu Mall	Property	40.79
Manica Swaziland (Pty) Limited (Dormant)	Shipping, Car Rental	25.00
Nedbank (Swaziland) Limited	Banking	1.49
Eswatini Development Finance Corporation (FINCORP)	SME financier	20.00
Simunye Plaza (Pty) Ltd	Property	25.00
Eswatini Observer (Pty) Ltd	Newspapers	100.00
Tibiyo Insurance Brokers (Pty) Ltd	Insurance Broker	50.00
Tibiyo Properties (Pty) Ltd	Property	100.00
MINING		
Maloma Colliery Limited	Anthracite Coal	25.00
MANUFACTURING & PROCESSING		
Lactalis Eswatini (Pty) Ltd	Dairy Products	26.00
Eswatini Beverages Limited	Beverages	40.00
Eswatini Coca-Cola Beverages (PTY) Ltd (ECCB)	Beverages	40.00
TOURISM AND TRANSPORT		
Royal Swazi National Shipping Corp Ltd (Dormant)	Shipping (Containerisation)	76.00
Swazi Spa Holdings Limited	Hotels	39.69
Tibiyo Leisure and Resorts (Pty) Ltd, Trading as The Royal Villas	Hotel	100.00
Eswatini Empowerment Limited	Shareholding	5.41

CULTURE AND TRADITIONAL AFFAIRS

Tibiyo is not only involved in investments but also plays an important role in the promotion and betterment of the social welfare of the Eswatini Nation.

In the year under review, Tibiyo continued to fund national cultural ceremonies in fulfillment of its mandate. In this vein, Tibiyo has expended monies towards the welfare of all who participated in these national ceremonies.

Sorghum Harvesting At Royal Fields

The Sorghum harvesting activity is an annual event and is part of the Incwala Ceremony. Due to the COVID–19 pandemic, a harvester was used for the harvesting and winnowing of the sorghum. Only a handful of eMabutfo assisted during the harvesting.

Umhlanga Wembali (Reed Dance)

This ceremony comprises the cutting of the reed by young maidens who are members of this regiment. It is held annually at two separate venues, namely Ludzidzini and Mbangweni Royal Residences. This ceremony enjoys great patronage by the maidens. Tibiyo is charged with the responsibility of feeding and accommodating the maidens. It also provides medical treatment as and when required.

Due to COVID-19, Umhlanga weMbali was not fully celebrated in the year 2020. Only Imbali (maidens) from the Armed Forces joined Indvuna (leader of the maidens) and some Princesses to cut and deliver Umhlanga to Their Majesties. Umhlanga Holiday was observed on Monday the 31st August, 2020.

The Mbangweni dance was not held.

Incwala Ceremony

The Incwala ceremony commences with the dispatch of Bemanti (The water party).

Incwala Lencane follows after about four weeks, culminating in the Main Incwala ceremony. The final part is the weeding of the national fields and the burning of the sacred shrub.

Bemanti Expedition

Bemanti expedition commenced on the 15th November, 2020 at Ludzidzini Royal Residence where His Majesty the Ingwenyama officially commissioned the regiments. They were divided into four groups and travelled as far as South Africa and Mozambique.

The regiments returned on the 14th December 2020. Their return date marked the beginning of the Little Incwala which continued for two weeks preceding Lusekwane.

CULTURE AND TRADITIONAL AFFAIRS - *continued*

Little Incwala (pre-Incwala)

The Little Incwala ceremony began on the 14th December, 2020 (the day Bemanti returned to Ludzidzini Royal Residence). Due to COVID-19 requirements, the number of participants had to be controlled to allow adequate spacing. His Majesty, the Indlovukazi and members of the Royal family joined the dance.

Commissioning of Ingaja to Lusekwaneni

On the 30th December, 2020 Tingatja (young men) were commissioned by His Majesty to cut the sacred shrub (Lusekwane) at eSikhaleni seLusekwane. Tingaja were estimated to be about ±80,000 (Eighty Thousand) in number and were joined by His Majesty on their walk to eSikhaleni seLusekwane, the area where the shrub is found.

Tingaja delivered Lusekwane on the morning of 31st December, 2020 at Ludzidzini Royal Residence.

Main Incwala

The Main Incwala was danced on Saturday the 2nd January 2021, where an impressive number of people from all walks of life joined Their Majesties in dance. COVID testing was compulsory for all participants before entering the Sibaya (cattle byre where the dancing takes place).

Kushisa Lukhuni (burning of the log)

This was the final part of Incwala which came two days after the Main Incwala. This event took place on the 4th January, 2021 at the cattle byre where ±2000 participants danced with Their Majesties.

Weeding of the King's Fields

The weeding of the King's fields was done only at Sihlabeni Royal field on the 5th January, 2021. In the morning of 6th January 2021, the regiments were dispersed and returned to their homes.

The Burning of the Sacred Shrub

This took place on the 29th January, 2021 at Ludzidzini Royal Residence, marking the end of the Incwala ceremony.

Due to COVID-19, a number of national events did not take place during the reporting period. These were, *inter-alia*; the Church Service to mark the beginning of the year (Inkonzo yeKuvula Umnyaka), the Easter Services (these were held virtually), Buganu Festivals, Umhlanga weLutsango, Butimba, as well as His Majesty the King's Birthday (not celebrated at national level).

SNG Grant Thornton

TIBIYO TAKA NGWANE

FINANCIAL STATEMENTS

for the year ended April 30 2021

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STATEMENT OF RESPONSIBILITY BY THE MAIN COMMITTEE *- for the year ended 30 April 2021*

Statement of Responsibility by the Main Committee

The Main Committee is responsible for the preparation and presentation of the financial statements of Tibiyo Taka Ngwane, comprising the statement of financial position at 30 April 2021, and the statements of comprehensive income, changes in funds and reserves, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Main Committees' report, in accordance with the requirements of the entity's basis of accounting as described in the notes and appendices to the financial statements.

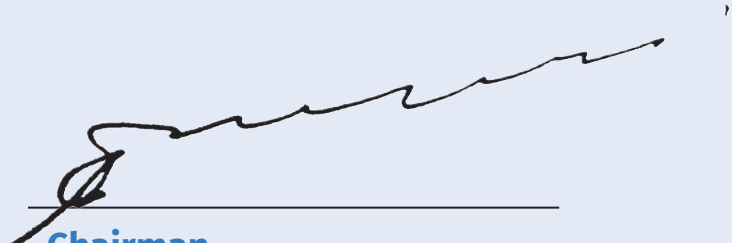
The Main Committee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management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

The Main Committee has made an assessment of the ability of the entity to continue as going concern and have no reason to believe that the entity will not be a going concern in the year ahead.

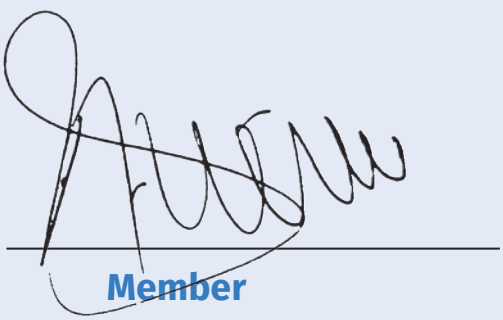
The auditor is responsible for reporting on whether the financial statements are presented in accordance with the applicable financial reporting framework. The unqualified opinion of the auditors is presented on pages 21 to 23.

Approval of annual financial statements

The financial statements of Tibiyo Taka Ngwane, as identified in the first paragraph were approved by the Main Committee on 04 March 2022 and are signed on its behalf by:



Chairman



Member

INDEPENDENT AUDITORS' REPORT

To the Main Committee of Tibiyo Taka Ngwane

Opinion

We have audited the financial statements of Tibiyo Taka Ngwane set out on pages 24 to 44, which comprise the statement of financial position as at 30 April 2021, and the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes and the Main Committees' report.

In our opinion, the financial statements present, in all material respects, the financial position of Tibiyo Taka Ngwane as at 30 April 2021, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in the statement of significant policies, set out on pages 27 to 30.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Tibiyo Taka Ngwane in accordance with the Eswatini Institute of Accountants Code of Professional Conduct (ESIA Code) and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini. The ESIA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Main Committee is responsible for the other information. The other information comprises the statement of responsibility by the Main Committee and the Appendices attached to the financial statements. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

INDEPENDENT AUDITORS' REPORT

To the Main Committee of Tibiyo Taka Ngwane - *continued*

with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Main Committee for the Financial Statements

The Main Committee is responsible for the preparation and presentation of the financial statements in accordance with the basis of accounting described in the statement of significant accounting policies set out on pages 27 to 30, for determining the acceptability of the basis of accounting and for such internal control as the Main Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Main Committee is responsible for assessing the ability of Tibiyo Taka Ngwane to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Main Committee either intend to liquidate the entity 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud 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 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 or 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 of internal control.

INDEPENDENT AUDITORS' REPORT

To the Main Committee of Tibiyo Taka Ngwane - *continued*

- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Main Committee.
- Conclude on the appropriateness of the Main Committees' 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
  However, future events or conditions may cause the entity 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 the Main Committee 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.

SNG Grant Thornton

Auditors

REPORT OF THE MAIN COMMITTEE

for the year ended 30 April 2021

The members of the Main Committee have pleasure in presenting these financial statements for the year ended 30 April 2021.

Nature of the organization's business

Tibiyo Taka Ngwane (Tibiyo) was created by the Royal Charter on 19 August 1968 by King Sobhuza II for the purpose of managing projects and investments on behalf of Eswatini. Investments are registered in the name of the iNgwenyama as Trustee for Emaswati. The organization is essentially a developmental agency with the objectives of enhancing the economic development of the Kingdom of Eswatini and the welfare of its citizens by providing assistance to Eswatini to preserve its customs and traditional institutions and for the education and training of its citizens.

To achieve these objectives the organization seeks to be actively involved in the establishment of commercially viable projects in all sectors of the economy.

Accounting policies

The Main Committee has developed transparent, entity specific accounting policies, as described in the statement of significant accounting policies set out on pages 27 to 30, to meet the financial requirements of the entity and the users of its financial statements.

The Main Committee is satisfied that this basis of preparation and presentation is suitable for the intended users of the financial statements.

State of the organization's affairs

The organization's affairs are fully disclosed in the attached financial statements.

Going concern

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. On 17 March 2020, the late His Right Honourable Prime Minister of Eswatini informed the nation that he had been commanded by His Majesty to invoke Section 29 of the Disaster Management Act of 2006 and declared a national emergency, commissioning a partial lockdown for the country. At the date of approval of these financial statements, the country was still in partial lockdown. The Government has taken steps to contain the virus and the economic impact of these events include disruption to business operations and a significant increase in economic uncertainty.

REPORT OF THE MAIN COMMITTEE - *continued*

for the year ended 30 April 2021

The COVID-19 pandemic has not had a significant impact on the entity's core activities. A business continuity plan has been put in place to ensure that business operations would continue uninterrupted. The entity has implemented preventative measures across the business including hand washing and sanitization stations, social distancing protocols and procurement of face masks for all employees. Management continues to monitor and evaluate the strategies in place and adjust in line with the ever-changing COVID-19 environment. Based on this, the directors are of the view that the entity will continue to operate as a going concern.

The "second and third wave" of COVID-19 became evident in 2021 but this has fundamentally not changed the operational aspects of the business. Whilst the impact of the second and third wave appears to be worse than the first wave, especially insofar as this relates to the number of active cases etc, lessons previously learnt continue to be relevant and management are of the view that Tibiyo Taka Ngwane and its subsidiaries will continue as a going concern in the year ahead.

The entity has also been able to continue to discharge its responsibilities during this partial lockdown period.

Management is of the view that the organisation will continue to operate regardless of the challenges imposed by the pandemic.

Subsequent events

The Kingdom of Eswatini experienced civil unrest which culminated into looting and violence towards the end of June 2021 and onwards, where a number of private and Government properties were damaged and business operations were interrupted for approximately one week. Tibiyo Taka Ngwane did not experience any damage to assets during this time, although the various investee entities did experience some damage to assets including standing cane, buildings and implements. Management has assessed the damage and the total estimated value of the damage is insignificant to Tibiyo Taka Ngwane. During this time management actively responded to threats to minimise damage to property without placing lives at risk and ensured that there was adequate security over assets. Strict curfews and increased security were implemented nationwide.

Subsequent to year end, Tibiyo Taka Ngwane has entered into a number of agreements that are still subject to various approvals such as the Eswatini Competition Commission, etc. There are no other matters material to the financial affairs of the organisation that occurred between the date of the statement of financial position and the date of approval of these financial statements.

REPORT OF THE MAIN COMMITTEE - *continued*

for the year ended 30 April 2021

Members of the Main Committee

The Main Committee is appointed by the iNgwenyama.
Members of the Main Committee as at date of signing these financial statements were:
HRH Prince Fipha *(Chairman)*
HRH Prince Simelane
HRH Princess Sidvumolesihle
Chief N Ndwandwe
Chief N Simelane
S Motsa
V Fakudze
K Cindzi
L Dlamini
N Gamedze
C Magagula
N Rijkenberg
A T Dlamini *(Managing Director)*
N F Shongwe *(Legal advisor and Secretary)*
M Mdluli *(General Manager)*

Business address

Lomawa House
Lozithehlezi

Postal address

P O Box 181
Kwaluseni
M201

Auditors

SNG Grant Thornton Chartered Accountants (Eswatini)
Umkhiwa House
Lot 195 Kal Grant Street
Mbabane

Bankers

African Alliance Eswatini Limited
First National Bank of Eswatini
Nedbank Eswatini Limited
Standard Bank Eswatini Limited
Stanlib
Eswatini Bank
Swaziland Building Society

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *- for the year ended 30 April 2021*

Statement of compliance

The financial statements of the organisation have been prepared in accordance with the accounting policies stated below.

Basis of preparation

The financial statements are presented in Emalangeni, the functional currency of the organisation, rounded to the nearest one Lilangeni. They are prepared on the historical cost basis except that the following assets are stated at their fair value: investments classified as held for trading, investments classified as available for sale, and growing cane. The financial statements incorporate the following principal accounting policies which are materially consistent with those adopted in the previous financial year.

These financial statements were authorised for issue by the Main Committee on 04 March 2022.

Consolidation

The organisation does not present consolidated financial statements.

Associated companies

An associated company is one in which Tibiyo Taka Ngwane holds, as a long-term investment, between 20 percent and 50 percent of the equity capital.

The equity method of accounting for associated companies is adopted in the financial statements. In applying the equity method, Tibiyo Taka Ngwane's share of accumulated post-acquisition retained earnings and movements in reserves is accounted for from the date on which the company became an associated company.

The post-acquisition retained earnings and reserves of associated companies attributable to the organisation are transferred to a capital reserve.

An appropriate impairment is made where, in the opinion of the Main Committee, there has been a permanent diminution in the carrying value of an investment in an associated company.

The share of associated companies' retained earnings and reserves are determined from their latest audited financial statements.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *- for the year ended 30 April 2021 (continued)*

Investments

Investments are classified for valuation purposes as either held-to-maturity, available-for-sale, held for trading or loans originated by the organisation. Investments held-to-maturity are classified as non-current assets and are reflected at amortised cost. Investments held for trading are reflected at fair value with any increase or decrease in fair value recognised in the statement of comprehensive income. Investments considered to be available-for-sale are reflected at fair value with any resultant gain or loss recognised in the statement of comprehensive income. Loans originated by the organisation are classified as non-current assets and are reflected at cost. Fair value is determined by the organisation using quoted prices where the investment is traded in an active market or where fair value can be reliably measured. Where fair value cannot be reliably measured investments are reflected at cost. Income is brought to account to the extent of dividends declared or interest earned.

Revenue

Revenue comprises revenue earned from sucrose sales, share of partnership earnings, interest and dividends earned from investments.

Revenue from the sale of sucrose is recognised in the statement of comprehensive income when significant risks and rewards of ownership have been transferred to the buyer.

Partnership earnings are recognised as and when they are received.

Dividends earned from investments are recognised in the statement of comprehensive income when they are declared by investee companies.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest rate method.

Retirement and termination benefits

The policy of the organisation is to provide retirement benefits for all its employees by way of a pension fund or a provident fund. Current contributions to the pension and provident funds operated for employees are charged against income as incurred. The costs of improved pension benefits or any deficits arising from time to time on such funds are funded by way of increased future contributions.

Preliminary project expenses

Preliminary project expenses are written-off if the project concerned does not become viable and are refunded or capitalised, as an equity interest, if the project becomes viable.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *- for the year ended 30 April 2021 (continued)*

Acquisition of land and improvements for emaSwati

It is a policy of Tibiyo to purchase land, buildings and other assets on behalf of emaSwati. The land so acquired does not vest in Tibiyo Taka Ngwane as such but is registered in the name of the iNgwenyama as Trustee for Eswatini. The accumulated costs of acquisition of such land, improvements and other assets less accumulated depreciation, where applicable, are treated as follows:

- Land, improvements and other assets which are utilised and controlled by Tibiyo Taka Ngwane for its various agricultural and other projects are reflected as property, plant and equipment.
- Land, improvements and other assets which are utilised by the community and not controlled by Tibiyo Taka Ngwane are reflected as a deduction from accumulated funds and reserves.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged on the straight line basis at rates which will reduce their book values to estimated residual values over the anticipated useful lives of the assets using the following rates:

Land	0 years
Buildings and capital improvements	50 years
Fencing, water development and other improvements	10 years and 5 years
Motor vehicles	5 and 4 years
Furniture, fittings and equipment	10 and 3.33 years

Assets are depreciated from the date of acquisition to the date of disposal. The basis of depreciation, useful lives and residual values is assessed annually. Expenditure on repairs and maintenance of property, plant and equipment incurred to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred.

Inventories

Inventories are valued at cost.

Subventions

From time to time the organisation grants subventions to wholly owned subsidiaries that are under financial stress in order for these entities to continue operations in order to meet their developmental goals.

Subventions are recognised in the statement of comprehensive income when they are paid out to the subsidiaries.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *- for the year ended 30 April 2021 (continued)*

Eswatini development expenditure

Tibiyo Taka Ngwane utilises a portion of its income for:-
(a) the promotion of the health, welfare, education and housing for emaSwati;
(b) the general maintenance and administration of the traditional institutions of the for emaSwati;
(c) the funding of traditional ceremonies; and
(d) generally, any other purpose the iNgwenyama considers to be beneficial to emaSwati and which will further their interests.

Such expenditure is reflected as Eswatini Development Expenditure and is included in the statement of changes in funds and reserves.

Rental

Rental income is brought to account on a straight line basis over the lease term after deducting maintenance costs.

Financial instruments

Financial assets include cash and bank balances, listed investments and interest earning investments not held to maturity, loans originated by the organisation, interest earning investments held to maturity and accounts receivable. Cash and bank balances, listed investments and interest earning investments not held to maturity are carried at fair value. Loans originated by the organisation and interest earning investments held to maturity are carried at cost less impairment losses. Accounts receivable classified as current assets are carried at cost less impairment losses.

Financial liabilities include bank overdrafts, accounts payables, provisions and loans and borrowings. These are carried at cost and subsequently measured at amortised costs.

Growing cane

Growing cane is valued at fair value determined by the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport.

Comparative figures

When an accounting policy has changed and the results thereof are material for the appreciation of the financial position of Tibiyo Taka Ngwane, the comparative figures are restated in accordance with the new policy.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2021

	Note	**2021** E	2020 E
Revenue			
Third party managed projects		**128 498 663**	128 016 234
Interest received from investments		**8 149 108**	7 983 804
Dividends received from investments		**176 553 300**	109 617 783
Share of partnership earnings		**17 569 799**	13 402 484
		330 770 870	259 020 305
Direct operating expenses			
Third party managed projects		**(119 307 581)**	(114 221 263)
Operating income for the year		**211 463 289**	144 799 042
Sundry income	1	**17 107 950**	12 725 862
Fair value adjustments on biological assets	7.2	**5 419 293**	10 404 862
		233 990 532	167 929 766
Indirect operating expenses		**(61 340 865)**	(59 549 911)
Interest expense	12	**(4 202 500)**	(7 486 804)
Net income for the year before subventions	2	**168 447 167**	100 893 051
Subventions	3	**(8 882 352)**	(7 983 293)
Net income for the year after subventions		**159 564 815**	92 909 758
Share of associated companies' equity earnings		**128 409 246**	128 677 763
Net income for the year		**287 974 061**	**221 587 521**

STATEMENT OF FINANCIAL POSITION

at 30 April 2021

	Note	2021 E	2020 E
ASSETS			
Non-current assets			
Property, plant and equipment	5	182 776 613	167 770 508
Investments (Appendix 1)		1 900 032 411	1 812 118 479
		2 082 809 024	**1 979 888 987**
Current assets			
Inventories	6	11 133 918	4 602 461
Growing cane	7	74 017 761	68 598 468
Loans and accounts receivable	8	105 837 783	120 816 617
Short term securities	11.2	212 482 659	142 750 236
Bank balances and cash	11.2	5 795 118	4 865 573
		409 267 238	341 633 355
Total assets		2 492 076 262	**2 321 522 342**
FUNDS EMPLOYED AND LIABILITIES			
Funds and reserves			
Capital reserve	9	1 692 610 500	1 564 201 254
Accumulated funds		608 856 978	524 537 392
		2 301 467 478	2 088 738 646
Deduct: Land and improvements acquired on behalf of emaSwati	10	(36 784 344)	(36 784 344)
		2 264 683 134	2 051 954 302
Non-current liabilities			
Loans and borrowings	12	63 601 250	63 601 250
		63 601 250	63 601 250
Current liabilities			
Accounts payable		156 557 701	203 711 176
Bank overdrafts	11.2	7 234 177	2 255 614
		163 791 878	205 966 790
Total funds employed and liabilities		2 492 076 262	2 321 522 342

STATEMENT OF CHANGES IN FUNDS AND RESERVES *- for the year ended 30 April 2021*

	Capital reserve E	Accumulated Funds E	Total E
Balance at 1 May 2019	1 435 523 491	537 539 737	1 973 063 228
Net income for the year	-	221 587 521	221 587 521
Eswatini development expenditure (note 4)	-	(105 912 103)	(105 912 103)
Transfer of equity earnings to capital reserve	128 677 763	(128 677 763)	-
Balance at 30 April 2020	**1 564 201 254**	**524 537 392**	**2 088 738 646**
Balance at 1 May 2020	1 564 201 254	524 537 392	2 088 738 646
Net income for the year	-	287 974 061	308 457 933
Eswatini development expenditure (note 4)	-	(75 245 229)	(75 245 229)
Transfer of equity earnings to capital reserve	128 409 246	(128 409 246)	-
Balance at 30 April 2021	**1 692 610 500**	**608 856 978**	**2 321 951 350**

STATEMENT OF CASH FLOWS

for the year ended 30 April 2021

	Note	2021 E	2020 E
Cash flows from operating activities			
Cash generated by operations	11.1	**117 154 235**	119 786 496
Interest received		**8 149 108**	7 983 804
Interest paid	12	**(4 202 500)**	(7 486 804)
Net cash flows from operating activities		**121 100 843**	**120 283 496**
Cash flows from investing activities			
Dividend received		**13 716 128**	-
Additions to property, plant and equipment, excluding cane roots	5.1	**(18 520 281)**	(26 177 242)
Proceeds from disposal of property, plant and equipment		**136 012**	433 500
Investments disposed		**33 375 280**	17 675 557
Net cash flows from investing activities		**28 707 139**	(8 068 185)
Cash flows from financing activities			
Subventions	3	**(8 882 352)**	(7 983 293)
Eswatini development expenditure	4	**(75 242 225)**	(105 912 103)
Net cash flows from financing activities		**(84 124 577)**	(113 895 396)
Net decrease in cash and cash equivalents		**65 683 405**	(1 680 085)
Cash and cash equivalents at beginning of year		**145 360 195**	147 040 280
Cash and cash equivalents at end of year	11.2	**211 043 600**	**145 360 195**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

	2021 E	2020 E
1. Sundry income		
Rental income	**5 941 184**	6 792 138
Other income	**5 466 164**	4 728 727
Interest on staff loans	**62 925**	51 497
Surplus on disposal of property, plant and equipment and Investments	**4 944 677**	433 500
Secondment fees	**720 000**	720 000
	17 134 950	**12 725 862**
2. Net income for the year before subventions		
Is arrived at after charging:		
Audit fees	**603 939**	461 744
Depreciation of property, plant and equipment	**10 360 304**	10 407 636
Consultancy fees	**857 304**	576 532
Management fees	**717 757**	1 399 919
Main Committee fees and expenses	**2 245 005**	**2 132 968**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	2021 E	2020 E
3. Subventions		
Tibiyo Properties (Proprietary) Limited	**1 230 617**	1 055 195
The Eswatini Observer (Proprietary) Limited	**818 325**	777 422
Tibiyo Leisure Resorts (Proprietary) Limited	**1 845 655**	1 667 204
Dalcrue Agricultural Holdings (Proprietary) Limited	**4 987 755**	4 483 472
	8 882 352	**7 983 293**
4. Eswatini development expenditure		
Bursaries and scholarships	**45 820 650**	66 352 365
Health care	**6 187 002**	5 840 275
National ceremonies	**16 933 603**	21 794 936
Sundry expenses	**37 903 441**	42 480 724
Donations	**24 254**	564 500
UEDF expenditure	**(31 623 721)**	(31 120 697)
	75 245 229	**105 912 103**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	Cost E	Accumulated depreciation E	Net book value E
5. Property, plant and equipment			
2020			
Farms	29 416 794	-	29 416 794
Land, buildings and improvements	137 336 686	(68 111 241)	69 225 445
Motor vehicles	12 021 193	(8 069 498)	3 951 695
Furniture, fittings and equipment	13 661 118	(4 838 893)	8 822 225
Cane roots	51 510 700	(20 720 215)	30 790 485
Work in progress	25 563 864	-	25 563 864
	269 510 355	**(101 739 847)**	**167 770 508**
2021			
Farms	**29 416 794**	**-**	**29 416 794**
Land, buildings and improvements	**138 980 831**	**(72 381 019)**	**66 599 812**
Motor vehicles	**14 582 870**	**(8 135 023)**	**6 447 847**
Furniture, fittings and equipment	**16 809 066**	**(5 320 877)**	**11 488 189**
Cane roots	**54 069 199**	**(21 240 506)**	**32 828 693**
Work in progress	**35 995 278**	**-**	**35 995 278**
	289 854 038	**(107 077 425)**	**182 776 613**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	Opening net book value E	Additions E	Disposals E	Depre-ciation E	Closing net book value E
5.1 Reconciliation of book values					
2021					
Farms	**29 416 794**	**-**	**-**	**-**	**29 416 794**
Land, buildings and improvements	**69 225 445**	**1 644 145**	**-**	**(4 269 778)**	**66 599 812**
Motor vehicles	**3 951 695**	**3 109 609**	**-**	**(613 457)**	**6 447 847**
Furniture, fittings and equipment	**8 822 225**	**3 333 990**	**-**	**(668 026)**	**11 488 189**
Cane roots	**30 790 485**	**6 847 251**	**-**	**(4 809 043)**	**32 828 693**
Work in progress	**25 563 864**	**10 432 537**	**(1 123)**	**-**	**35 995 278**
	167 770 508	**25 367 532**	**(1 123)**	**(10 360 304)**	**182 776 613**
2020					
Farms	29 416 794	-	-	-	29 416 794
Land, buildings and improvements	73 802 392	-	-	(4 576 947)	69 225 445
Motor vehicles	3 725 481	713 059	-	(486 845)	3 951 695
Furniture, fittings and equipment	8 741 679	859 426	-	(778 880)	8 822 225
Cane roots	27 854 240	7 501 209	-	(4 564 964)	30 790 485
Work in progress	8 460 316	17 103 548	-	-	25 563 864
	152 000 902	**26 177 242**	**-**	**(10 407 636)**	**167 770 508**

	2021 E	2020 E
6. Inventories		
Fuel	**241 920**	306 461
Cattle for ceremonies	**10 891 998**	4 296 000
	11 133 918	**4 602 461**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

7. Growing cane

7.1 Description of principal activities

The organisation's fields are situated in the Big Bend and Tshaneni areas and consist of 2 761 hectares (2020: 2 761 hectares) of sugar cane. The management, planting and harvesting of sugar cane has been outsourced to two related party companies involved in similar operations.

	2021 E	2020 E
7.2 Reconciliation of carrying amounts		
Carrying amount at 1 May	**68 598 468**	58 193 606
Adjustment for changes in fair values	**5 419 293**	10 404 862
Carrying amount at 30 April	**74 017 761**	**68 598 468**

7.3 Measurement base

Growing cane is valued at fair value as detailed in the accounting policy.

7.4 Specific risk management strategies

The organisation follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control growth, diseases and insect infestation. The organisation does not insure growing crops in the fields.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	2021 E	2020 E
8. Loans and accounts receivable		
Related party receivables	**114 408 362**	109 173 018
Other receivables	**11 913 292**	11 643 599
Staff advances	**3 089 312**	3 856 896
Catering debtors	**7 686 703**	7 686 703
Other debtors	**1 137 277**	100 000
	126 321 654	**120 816 617**
9. Capital reserve		
Balance at beginning of year	**1 564 201 254**	1 435 523 491
Share of equity earnings		
Current year earnings	**128 409 246**	128 677 763
Balance at end of year	**1 692 610 500**	**1 564 201 254**
10. Land and improvements acquired on behalf of emaSwati		
Buildings	**3 220 877**	3 220 877
Farms	**12 469 856**	12 469 856
Mineral rights	**354 994**	354 994
Other assets	**20 738 617**	20 738 617
	36 784 344	**36 784 344**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	2021 E	2020 E
11. Notes to the statement of cash flows		
11.1 Cash generated by operations		
Net income for the year before subventions	**168 447 167**	105 675 276
Adjusted for:		
Depreciation of property plant and equipment	**10 360 304**	10 407 636
Interest income received	**(8 149 108)**	(7 983 804)
Interest expense	**4 202 500**	7 486 804
Loss on disposal of property, plant and equipment	**134 889**	(433 500)
Profit on disposal of investment	**13 716 128**	**-**
Change in fair value of growing cane	**(5 419 293)**	(10 404 862)
Net operating income for the year before working capital changes	**155 860 331**	104 747 550
(Increase)/decrease in inventories	**(6 531 456)**	(6 781 176)
(Increase)/decrease in loans and accounts receivable	**14 978 834**	3 742 021
(Decrease)/increase in accounts payable	**(47 153 475)**	18 078 101
	117 154 235	**119 786 496**
11.2 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Opening balances		
Bank balances and cash	**4 865 573**	8 121 770
Short term securities	**142 750 236**	148 747 835
Bank overdrafts	**(2 255 614)**	(9 829 325)
	145 360 195	147 040 280
Closing balances		
Bank balances and cash	**5 795 118**	4 865 573
Short term securities	**212 482 659**	142 750 236
Bank overdrafts	**(7 234 177)**	(2 255 614)
	211 043 600	**145 360 195**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

	2021 E	2020 E
12. Loans and borrowings		
Opening balance	**63 601 250**	63 601 250
Interest expense	**4 202 500**	7 486 804
Interest repayments	**(4 202 500)**	(7 486 804)
Loans and borrowings	**63 601 250**	**63 601 250**

On 20 January 2015, Tibiyo Taka Ngwane set up a subsidiary known as Structco (Proprietary) Limited. The company is to carry on the business of an investment company and to invest in immovable and movable property, shares, stocks and debentures. Structco issued 10.25% redeemable debentures to African Alliance and subsequently provided a loan to Tibiyo Taka Ngwane at an interest of 10.25%. The principal amount is E61 500 000, which includes E1 500 000 transaction costs. The loan is secured over the shares held by Tibiyo Taka Ngwane at the Royal Eswatini Sugar Corporation and is payable in a lump sum at the end of its 5 year term, 31 December 2020. Interest is payable annually.

In December 2020, the loan was renewed under the same terms with E36 500 000 capital being payable in January 2022 and E25 000 000 capital being payable in June 2024.

13. Retirement benefits

All eligible employees belong to a defined benefit pension or a defined contribution provident fund.

The pension fund is actuarially valued, in terms of the rules of the fund, every three years. The latest valuation was carried out at 30 April 2018, as an interim valuation, which revealed a deficit of E3 284 843. The entity contributed E1 800 000 to reduce the deficit during the year.

The provident fund is actuarially valued every three years. The last valuation was carried out as at 30 September 2019, as an interim valuation which revealed a deficit of E103 000.

The organisation made contributions amounting to E 2 350 706 (2020: 3 616 538) to the funds during the year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

14. Employees and employment costs

The number of employees employed by the organisation at year-end was 88 (2020: 77). Employment costs during the year for the organisation amounted to E50 222 227 (2020: E35 190 236).

15. Related parties

15.1 Related parties comprise subsidiaries, associates and members of the Main Committee. Details of balances for income received from subsidiaries and associates are set out in Appendix 1 of the financial statements.

Related party transactions comprise dividends received, subventions paid, retainer fees, sitting allowances and interest received. Certain reimbursed expenditure is recouped by related parties.

15.2 Related party contingent liabilities and commitments

Related party contingent liabilities and commitments are disclosed in note 16.
Details of related party balances and transactions are disclosed in the appendices to these financial statements.

16. Financial instruments

Financial assets of the organisation include investments, cash and bank balances, loans and accounts receivable. Financial liabilities of the organisation include bank overdrafts, loans and borrowings and accounts payable. Accounting policies for financial assets and liabilities are set out in the statement of accounting policies.

Interest rate risk

Bank overdrafts loans and borrowings and bank balances attract interest at rates linked to the prime overdraft rate as applicable in Eswatini on a floating rate basis.

Credit risk

Credit risk represents the accounting loss that would be recognised at financial year-end in the event of non-payment by debtors. The organisation has no significant credit risk exposures. To reduce exposure to credit risk the organisation performs ongoing credit evaluations of the financial conditions of its debtors and obtains collateral as necessary. The organisation invests available cash and cash equivalents with banks. The organisation is exposed to credit related losses in the event of nonpayment but does not expect any significant debtor to fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 April 2021

16. Financial instruments (continued)

Credit risk (continued)

The organisation had no foreign exchange hedge instruments outstanding or any foreign currency exposures at financial year-end.

Fair values

The balances, as reflected in the statement of financial position, of financial instruments of the organisation are not materially different from their carrying amounts.

17 Contingent liabilities and guarantees

17.1 As part of its bank facilities the organisation has the following performance guarantees:

- Cession of rental in terms of lease contracts dated 14 December 2006 and banking facilities letter for E500 000 dated 14 October 2009 with Standard Bank.
- Surety bond for E7 000.00 with Nedbank Eswatini Limited in favour of Customs and Excise dated 4 July 2001.

17.2 The entity has sub-ordinated its loan to Dalcrue Agricultural Holdings (Pty) Limited in favour of other creditors until the assets of Dalcrue Agricultural Holdings (Pty) Limited fairly valued exceed its liabilities.

17.3 The entity has sub-ordinated its loan to Tibiyo Leisure Resorts (Proprietary) Limited in favour of other creditors until the assets Tibiyo Leisure Resorts (Proprietary) Limited fairly valued exceed its liabilities.

17.4 The entity has sub-ordinated its loan to Tibiyo Properties (Proprietary) Limited in favour of other creditors until the assets of Tibiyo Properties (Proprietary) Limited fairly valued exceed its liabilities.

17.5 The entry was pledged its shareholding at Royal Eswatini Sugar Corporation to the favour of African Alliance Securities Trading (Proprietary) Limited on behalf of a debenture by its subsidiary Structco (Pty) Limited to the value of E120 million.

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