



# ANNUAL REPORT

2019/2020





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## VISION

A centre of excellence empowering black citrus growers in South Africa.

## MISSION

Facilitate and support the establishment, growth and empowerment of profitable and sustainable black citrus growers through:

- Production infrastructure and technical support;
- Business management support;
- Facilitation of access to funding;
- Facilitation of access to markets;
- Social facilitation in respect of project governance.

## VALUES

### **Integrity:**

We act in ways which instill confidence and trust among us and our stakeholders.

### **Accountability:**

We take responsibility for our commitments and outcomes for our shareholders.

### **Collaboration:**

We work together and with others for the benefit of the company and the citrus industry at large.



## STRATEGIC GOALS

- SG1** Develop and implement a transformation strategy and support programmes for the citrus industry.
- SG2** Facilitate access to technical and business management knowledge and services to develop successful, financially viable enterprises.
- Sg3** Facilitate national, regional and international market access for black citrus growers.
- Sg4** Enhance organisational capacity to ensure service excellence and financial sustainability.



## STRATEGIC OVERVIEW

Since its establishment, the Citrus Growers Association's Grower Development Company (GDC) has been clear that its primary mandate will be to support black grower development and drive transformation in the citrus industry and the agricultural sector as a whole. It will achieve this by developing a working model that talks to inclusive growth and the inclusive participation of all producers in the citrus value chain to ensure profitable and sustainable citrus enterprises in South Africa.

As a result, the GDC has become a centre of excellence when it comes to driving transformation and empowering black citrus growers across the country. Our four strategic objectives inform our annual operational plan and the support we provide to our citrus growers. We believe that for a citrus grower to be successful in the citrus industry they need access to technical and extension services, as well as business support in order to meet strict compliance and accreditation criteria.

It is also critical for citrus growers to know who they are farming for and which target markets they want to send their produce to. The GDC provides the necessary information and support citrus growers need for market readiness and compliance within these markets.

It is widely known that black growers often struggle to access finance due to stringent requirements by funders. One of our four strategic objectives is to facilitate funding for our black citrus growers in order to develop their farms and to strengthen and expand their operations. This support is only possible through the partnerships that we have developed with government and other stakeholders who assist in creating an enabling environment for black citrus growers.

As a result of these partnerships and our capacity to provide extension and business support, the GDC has a number of funding streams available to support citrus growers' production and new plantation activities. These funding streams have resulted in increased citrus production volumes, as well as an increase in citrus planted by black citrus growers.

The GDC continues to focus on creating new partnerships with government departments and development agencies focussing on agriculture and agricultural state-owned enterprises. We all have the same objective – to support farmers. We believe these types of public-private partnerships can be successful when all parties share a common vision: increased commercialisation of our black farmers in order to ensure they participate in the citrus industry value chain and achieve inclusive growth and job creation in rural communities across the country.

One of our favourite slogans will always be 'if you have eaten three times a day thank a farmer'. While a person will require a doctor, a police officer and a reverend in their lives, they won't require them every day. However, a person will rely on a farmer every single day of their life for food.

It is critical that all role players work together, share resources and complement each other's activities so we ensure we have enough food to feed our nation.

Citrus producers remain the core of our industry, which is why the GDC will continue to prioritise citrus growers in all their work, including communicating and facilitating all opportunities and funding available to ensure that these businesses are profitable and sustainable.



## OVERVIEW OF THE FRUIT INDUSTRY

The South African fruit industry is a key economic role player within agriculture. The industry is worth more than R44 billion; and in 2019 fruit production reached 4.5 million tons, with exports to more than 90 countries. This constitutes 50% of all SA's agricultural exports. The much-needed revenue generated through exports has established the fruit industry as a major contributor to South Africa's overall agricultural output (which makes up 2.24% of SA's GDP). Importantly, the industry is therefore also able to put bread on the tables of more than 255 000 South Africans, through direct employment; with 109 000 employed through downstream services and 8 000 through direct service rendering. The fruit industry also has more than 400 BEE enterprises, which occupy more than 14 000 hectares nationally. The country's fresh fruit industry is currently the largest exporter of agricultural products, contributing 52% of the value of South Africa's agriculture export basket. It also represents 28% of total employment in agriculture.

South Africa is already an established player in global fruit exports, especially citrus. The country's share in the top six citrus exporting countries more than doubled from 6.6% to 15.7% between 2001 and 2017. It is now the second largest exporter of citrus globally. Citrus contributed R20 billion of about R44 billion of the gross value of the South African fruit industry. The citrus industry has 88 569 hectares registered under citrus production in South Africa and is the 10th largest citrus producer in the world.



## CITRUS PRODUCING REGIONS OF SOUTHERN AFRICA

PROVINCE	AREA(ha)
Limpopo	36 039
Eastern Cape	23 020
Western Cape	16 241
Mpumalanga	6 985
Kwa-Zulu Natal	2 034
Northern Cape	1 877
Zimbabwe	919
North West	599
Swaziland	842
Free State	13
<b>Grand Total</b>	<b>88 569</b>



CITRUS PRODUCING REGIONS OF SOUTHERN AFRICA

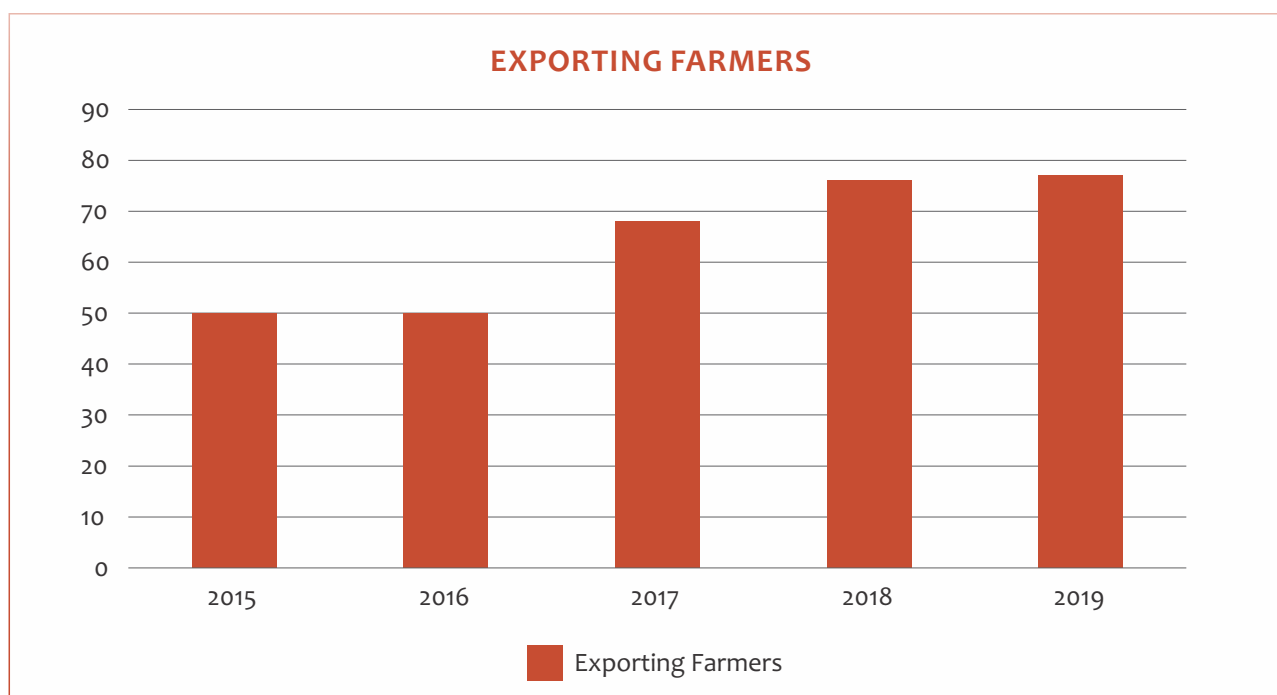


## CITRUS PRODUCING REGIONS OF SOUTHERN AFRICA (Continued)

The citrus industry directly employs approximately 125 000 workers, comprised of 24 764 permanent and 52 674 seasonal workers. This accounts for 14.4% of total agriculture employment. Employment in the citrus industry mostly benefits the provinces that have relatively higher levels of unemployment in South Africa. In 2017, 44% of citrus production was in Limpopo, 27% in the Eastern Cape and 17.5% in the Western Cape.

The Citrus Growers Association of Southern Africa (CGA) is the industry body performing various functions in the sector including training and skills development and research and development. The CGA was established in November 1997 and as of 2018, it comprises 1 200 commercial farmers. The CGA through the Growers Development Company (GDC) supports broad-based participation of small and medium-sized black farmers. The GDC has about 145 productive small and medium-sized black farmers and of these, 77 farmers are exporting - contributing approximately 2% to South Africa's total citrus exports. The smallholder farmers account for 10% of the total of 1 200 commercial farmers in the whole citrus industry.

Sustainable growth in the fruit industry is increasingly dependent on the producer's ability to adopt key technologies in their production processes such as production technologies, sorting and cold storage equipment, electronic data sharing systems and internet. Adoption of these and other technologies has become necessary for producers to keep up with market demands, complex phytosanitary requirements, and climate and environmental constraints.



## NON-EXECUTIVE DIRECTORS

Dr Mono Mashaba (Chairperson)  
Mr Andries Muller (Vice Chairperson)  
Mr Tshililo Ramabulana  
Mr Thompson Mankhili  
Mr Zukile Mgadle



Dr Mono Mashaba  
(Chairperson)



Mr Andries Muller  
(Vice Chairperson)



Mr Tshililo Ramabulana



Mr Thompson Mankhili



Mr Zukile Mgadle

## STAFF MEMBERS

Mr Lukhanyo Nkombisa (General Manager)  
Ms Yolanda Ntlakaza (Business Support Manager)  
Mr Andrew Mbedzi (Production and Support Manager)  
Ms Mathapelo Mello (Finance Manager)  
Mr Melton Mulaudzi (Extension Officer)  
Ms Camille Khoza (Admin and Finance Assistant)  
Ms Tebatso Nkulele (Temporary Office Administrator) (6 November 2019 to 30 April 2020)  
Mr Tebogo Ramodisa- Production and Technical Support Intern.



Names from left

Awonke Mazizi, Lukhanyo Nkombisa, Andrew Mbedzi, Tebogo Ramodisa, Yolanda Ntlakaza, Camille Khoza, Mathapelo Mello and Melton Mulaudzi,  
Tebogo Ramodisa- Production and Technical Support Intern.

## CHAIRPERSON OF THE BOARD'S REPORT

We are pleased to present our 4th annual report of the Citrus Growers Association's Growers Development Company (GDC). The board has the pleasure to share with you our annual (2019-20) progress to date in executing its mandate to support our growers in their journey to becoming sustainable and profitable enterprises. Good progress was made by the company in supporting citrus growers by providing business management training, business plan development and extension and advisory support. The board has continued to provide appropriate leadership and oversight to ensure good governance of the company.

We witnessed growth in hectares under production and an increase in output or harvest due to the application of good agriculture practices by our black citrus growers. Some citrus growers were able to access international markets for the first time which resulted in a lot of excitement. We were also grateful when the CGA, Department of Agriculture, Land Reform and Rural Development and the Land Bank submitted separate applications to the National Treasury's Jobs Fund for the development of the citrus industry - which were all successful. This funding - which will total more than half a billion rand in three years - will have a big impact on the development of our citrus growers. If all the projects are implemented correctly from 2020, with appropriate support from the GDC, we foresee a total change of landscape regarding citrus development and transformation in South Africa in the next five years.

Despite the above progress and developments, most of our citrus growers are still operating under difficult conditions with no access to appropriate resources. The company will continue to engage national and provincial departments and other government-related agencies to lobby for the support of these vulnerable growers.

The outbreak of Covid-19 at the end of the financial year under review will also present its own challenges for the operations of the company and the sustainability of the citrus growers in the coming financial year. The demands on the company are going to grow but with the addition of three support staff members for business and extension support, we are better prepared to respond adequately to these demands. The company will also continue to provide high level services to the citrus growers to enable them to operate their enterprises safely during the pandemic period. We will also work hard to ensure that our client's access whatever support the government will be providing to the sector to mitigate against the impact of the Covid-19 pandemic.

During the financial year under review we witnessed the appointment of development orientated Ms Thoko Didiza as the Minister of Agriculture, Land Reform and Rural Development. We are excited that the amalgamation of the Departments of Agriculture and Rural Development and Land Reform will streamline matters relating to access to land and development support. We will continue during the coming financial year to engage Minister Didiza to ensure that long-standing challenges of title deeds and lease agreements are resolved. The company will also continue to engage with provincial Departments of Agriculture to seek support and cooperation in the development of citrus growers.

The board would also like to express its gratitude to the combined leadership of the industry which include, the CGA board and CGA Development Chamber and other CGA companies for their continued support and guidance in the execution of our mandate successfully. We look forward to continuing to work with all these stakeholders during the coming financial year to accelerate the transformation of the industry. We would also like to extend our appreciation to the work done by the staff of the company. We would not be able to table this report without their hard work. Challenges remain in the execution of our mandate and we expect our staff to continue to be creative, dedicated and efficient in undertaking their tasks each day. May the next financial year be even a better year for the company.

We hope that you will enjoy reading this report and you will find the content enriching.

Thank you



## GENERAL MANAGER'S REPORT

As I present this annual report to you, I'm pleased with what has been achieved by the Citrus Growers Association Grower Development Company (GDC) when it comes to supporting black grower development and driving transformation in the industry in 2019/2020. The GDC was faced with a number of challenges over the past twelve months, but we managed to overcome most of them, and we also celebrated a number of wins during this period.

Since its establishment, the GDC has been clear that it will only have successfully achieved its strategic objectives if there is an increase in the number of enterprises owned by black growers and also an increase in the export volumes from our black growers in the citrus industry. I am pleased to say that through our various programmes, we are making good progress in achieving these objectives and providing much needed support to black citrus growers.

This has included providing technical and production support via one-on-one engagements, study groups and information days, which has contributed towards an increase in exports from black citrus growers and an improvement in the quality of fruit produced by their farms.

We have also provided business support to citrus growers including assisting with the development of business plans, the provision of market access readiness programmes in terms of accreditation, compliance and training when it comes to adhering to labour laws through the SIZA programme. This has also capacitated and enabled black citrus growers to begin exporting to a number of overseas markets.

Access to funding remains one of the biggest challenges faced by black citrus growers. The GDC undertook an investigation to identify what factors were preventing citrus growers from accessing funding. The main areas that were identified were the submission of correct business or enterprise documentation and proper record keeping. The GDC has responded to these findings by providing black citrus growers with support and training in these key areas through its business support unit.

In light of the GDC relying on levy contributions from citrus growers to fund its operations and programmes, it also recognises the importance of its partnerships with government, at a national and provincial level and with other key stakeholders. We would like to thank all our partners for their financial support and assistance over the past year. The funding they have contributed towards production inputs and the planting of new citrus orchards has resulted in an increase in the hectares (ha) of the land owned by black citrus growers and an improvement in infrastructure, including increased mechanisation on black citrus grower farms.

The GDC also managed to support 27 black-owned citrus enterprises during 2019/2020 with inputs and infrastructure through its enterprise development funding programme.

We are also pleased that the citrus industry is becoming increasingly attractive for new entrants in the agricultural sector. The GDC has received several calls from people who have acquired land and who are interested in starting citrus farms. The technical, production and business support teams have provided guidance to a number of new entrants over the past year.

As mentioned earlier, the GDC has been faced with a number of challenges during 2019/2020, with some of these proving more difficult to overcome than others. This includes ongoing issues around land ownership and access to water and adequate infrastructure which hinders black citrus growers' farming operations. We remain committed to working with government so that we can overcome these challenges together.

We are also pleased that during the road shows held in February this year, citrus growers expressed their support for a substantially increased statutory citrus export levy for the next four-year cycle from 2021 to 2024. A total of 20% of the proposed new levy will be allocated towards programmes aimed at increasing transformation within the sector. This will mean that the GDC will be able to increase the support it provides to black citrus growers in order to see the expansion and growth of black citrus enterprises in the industry.

The GDC is overwhelmed by the kind of support provided by the GDC board of directors. The board provided oversight to the GDC management and advice on operational issues where necessary. This oversight plays a major role in the GDC operations and controls.

Communication is one of the major activities of the GDC to ensure that we communicate with our citrus growers to inform them of all activities that the GDC is involved in and to ensure that we are aware of the issues that are taking place on the ground. We make use of our quarterly newsletter that is shared with all growers and stakeholders to be up to date with all activities taking place in different regions and the industry.

## 1. PRODUCTION AND TECHNICAL SUPPORT

### Introduction

The Production and Technical Support Unit assists the developing citrus growers with extension services, conducting of citrus groups, holding of information days, one-on-one farmer support, new entrant support, coordination of regional extension workshops and management of citrus activities throughout the season. The unit supports the citrus growers in their quest to produce marketable fruit. The unit also assists farmers to preserve and protect the biosecurity of the citrus industry by always advising them to only buy their planting materials from accredited suppliers.

### Extension Services

Extension Services is deemed a primary tool for making agriculture and its related activities, as well as other economic activities more effective and efficient to meet the needs of citizens. It is regarded as a policy tool for promoting the safety and quality of agricultural products.

### Citrus Study Groups

There are eight citrus study groups and each citrus study group held four citrus study group sessions per year, which is equivalent to one citrus study group per quarter. A total of 26 citrus study group sessions were held out of 32 sessions due to Covid-19. That amounts to 81.3% of the citrus study group sessions that were planned during the 2019/2020 financial year.

### Information Days

The Citrus Information Days have become traditional events and are held annually. The aim of this day was to encourage the emerging citrus growers, extension officers and other related stakeholders in the citrus industry to come together and share citrus production and marketing information. To date 100% of all the planned information days were held throughout the four provinces (Limpopo, Eastern Cape, North West and KwaZulu-Natal).

### One-on-One Farm Visits

One-on-one farm visits are important for identifying challenges that are facing citrus growers on their individual farms and also a means to follow up on challenges raised at citrus study groups, information days and meetings.

### New Entrant Farmers

This type of support is given to new farmers who want to start farming with citrus. The extension officers assist these farmers with the assessment of the areas to see if the areas are suitable for the planting of the citrus cultivars. The assessment focuses on the availability of natural resources such as water, soil types and climatic conditions. A total of six farms were assisted:

- Siyahluma Farm
- Mhlahreng Farm
- Gubrah Farm
- Qamata Irrigation Scheme
- Hundzukani Projects
- Love Day Farm

### Regional Extension Workshops

The Citrus Research International (CRI) hosts three regional extension workshops yearly which are used to integrate the development of the commercial citrus growers and also to assist in increasing citrus production and quality.

### **Production, Pests and Diseases Management Workshops**

During the year under review (2019/20) the Production, Pests and Diseases Management workshops were merged and held together throughout the citrus growing regions (Limpopo, Loskop Dam, Nelspruit, Eastern Cape, Western Cape and KwaZulu-Natal) during August and September 2019.

### **Post-Harvest (Packhouse) Workshops**

During January and February 2020, the CRI Post-Harvest workshops were held throughout the citrus growing regions (Limpopo, Loskop Dam, Nelspruit, Eastern Cape, Western Cape and KwaZulu-Natal). The main aim of the workshops was to prepare the farmers for the 2019/2020 harvesting season and to look at the previous (2018/2019) harvest season challenges.

### **CGA Roadshow**

The main focus of 2020 CGA roadshow engagements was based around the new proposed CGA levy and to provide growers with a sense of recent CGA activities. It is always good to meet citrus growers on their "home turf". They made use of the opportunity to communicate their needs and ideas back to the CGA staff.

The citrus growers (commercial and developing), attended the CGA roadshows in great numbers.

### **Netherland Visitors to CGA Grower Development Company**

From 3 to 7 June 2019, the GDC hosted two visitors from the Netherlands: Lonneke Craemers from FairFood and Lydia Aalpoel from Groenfruihuis. The aim of the visit was fact finding with regard to starting supply chains. Fairfood wants our food chains to be more transparent so we can guarantee the workers behind our food production earn a living wage.

### **CGA GDC Collaboration with the University of Pretoria**

The Virtual Irrigation Academy (VIA) was launched at the University of Pretoria in 2017. Since then the VIA has worked in 13 countries (including South Africa), collected data from over 2 000 crops and has 1 840 Chameleon sensor arrays sending data to the VIA platform.

The University hosted the VIA expo and workshop on 12 and 13 June 2019 at the Future Africa Centre in Pretoria. A number of citrus farms (Bathlokotemo, Zoutpansdrift, Healthy Life for Achievers and Elandsdraal in the North West, Zebediela Citrus Estate in Limpopo, Thulwane in KZN and Ripplemead in the Eastern Cape) benefitted from this programme with the installation of chameleon irrigation sensors and full stop wet end detectors.

### **Allocation of Chemicals to the Limpopo Farmers**

The Limpopo Department of Agriculture provided chemicals worth R1.5 million to the Limpopo citrus growers to match the funding provided under the GDC enterprises development budget. The chemicals were allocated to 26 developing citrus growers in the province.

### **Visibility**

The GDC extension officers have become members of the Provincial Extension Coordinating Forums (PECFs) in KwaZulu-Natal, Mpumalanga and Limpopo provinces. The PECFs coordinate extension services in the provinces.



## 2. BUSINESS SUPPORT

The unit provides integrated business support services to existing and new black citrus growers with the aim of ensuring sustainability and compliance with industry needs. Securing partnerships is also a key element in achieving success within these enterprises, hence the company worked with the CCBSA Mintirho Foundation to drive the 'Introduction to Citrus Business Management Training Programme' and also entered into an agreement with the Department of Land Reform and Rural Development on the stimulus project. The Citrus Business Management training was rolled out to citrus growers to develop competence in understanding the complexities of the operational, financial and technical environment of citrus production. The programme to develop new business plans also continues to be of great importance as this is a critical document in the future of any business entity. It crafts the direction that the entity is taking. Through the enterprise development programme, citrus growers are provided production support to stimulate their businesses. Citrus growers continue to receive support to progress through the SIZA programme. Due to their varied nature, growers received support at different stages in the programme.

### BUSINESS PLAN SUPPORT

A total of eleven business plans were developed from the following areas:

#### Eastern Cape:

All under the Sarah Baartman District Municipality and the Sundays River Valley Local Municipality:

##### Nomzamo Farm

The farm is owned by the Nomzamo Trust with 94 registered beneficiaries. The total farm size is 800 hectares with 114 hectares planted with citrus in good condition and another 80 hectares earmarked for further citrus development. It employs four permanent and twenty seasonal workers. The infrastructure, equipment and vehicles on the farm are sufficient for the current operations, but additional resources will be required if expansion is considered. The farm has access to packing facilities through a contract with the Two Rivers packhouse with sufficient capacity to cater for the farm's future needs.

##### Belvoir Farm

The farm is owned by the Belvoir Trust with a management agreement and an export contract with the Sundays River Citrus Company (SRCC) for the day-to-day management of the farm. There are three trustees and seven permanent and ten seasonal employees. The total farm size is 24.5 hectares with 15 hectares planted with citrus in good condition including varieties such as navels, valencias, lemon and soft citrus. Infrastructure, equipment and vehicles on the farm are sufficient for the current operations, but additional resources will be required if expansion is considered.

##### Mbuyiselo Farm

The farm is owned by the Mbuyiselo Workers Trust with 23 beneficiaries. They have a management and packing agreement with SRCC. They have 47.9 hectares of citrus orchards in good condition with 50% of the orchards under eight years. The infrastructure, equipment and vehicles on the farm are sufficient for the current operations, but additional resources will be required if expansion is considered.

### Luthando

The farm is owned by the Luthando Workers Trust with 47 beneficiaries and they have a management agreement with SRCC. Five portions of Brandwag Farm make up Luthando Farm. The total farm size is 130 hectares, with 71 hectares planted with citrus including a wide range of varieties from navels, valencias, lemons and soft citrus. Infrastructure, equipment and vehicles on the farm are sufficient for the current operations, but additional resources will be required if expansion is considered.

### Greengables

The farm comprises two portions - Green Gables and Nebraska - acquired through the government's Pro-Active Land Acquisition Strategy (PLAS). The farm has a business arrangement through a joint venture partnership with Bono Holdings. The total farm size is 50.3 hectares, of which 26 hectares is currently planted with citrus in a good condition and a proposed 11 hectares for further development. Nine permanent and ten seasonal employees are employed by the farm. Packing is done through a contract with SAFE. Infrastructure, equipment and vehicles on the farm are sufficient for the current operations, but additional resources will be required for future growth.

### Siyahluma

The farm has a ten-year lease with the Addo Municipality under the Siyahluma Gardening Project with eleven shareholders and the lease is due for review in 2020. The total farm size is 33 hectares and the total arable land is 30 hectares. The farm is uncultivated, and an Environmental Impact Assessment is currently in progress.

### Sikhula Sonke Enterprises (SSE) farms

Five SSE farms were acquired under the PLAS and entered into a management agreement with SRCC. Under this agreement SRCC is responsible for the daily management of farms together with the identification, mentorship and training of successful black farm managers. SRCC is responsible for human resource management, production management, technical assistance and asset management maintenance. The package also includes packing, marketing and accounting services. SSE has 434 hectares of water allocation under their patronage which is distributed accordingly to the five farms. There are 27 beneficiaries which are also shareholders in SSE. The farms source water from the extensive canal system of the Sundays River Irrigation Scheme under the auspices of the Lower Sundays River Water users Association. The water allocation of 434 hectares is under the patronage of SSE, enough to support the current irrigation needs of the 381 hectares. Cultivar distribution of the farms is a factor for consideration and it is recommended that this be taken into consideration in future development. The current GlobalGAP and SIZA certification of the farms confirms compliance to GAP and ethical practices and market access to a wide range of global customers.

Individual business plans were developed for all five farms as follows:

### Siyaphambili

The farm is planted with lemons, 58% Eureka and 42% Lisbon, all under the ages of five. Employment records indicate a total of 12 permanent and 120 seasonal workers.

### Glengrove

The farm is 50 hectares in extent, with 43.5 hectares of arable land. Citrus is planted on 38.8 hectares with 3.2 hectares of non-bearing orchards in good condition. Varieties planted include navels, valencias, lemons and soft citrus to a lesser extent. Employment records indicate a total of 5 permanent and 75 seasonal workers.

## BUSINESS PLAN SUPPORT (Continued)

### *Siyathemba*

The farm is made up of two portions, Siyathemba and Hearn and is 59.98 hectares in extent, with 37.36 hectares of arable land of which 29,73 hectares is planted with citrus and 3.43 is non-bearing. The orchards are in good condition with 65% between the ages of 20 and 30.

### *Willowtree*

The farm is 111 hectares in size with 104 hectares of arable land. A total of 85 hectares is planted with citrus of which 19 hectares are non-bearing. The orchards are in good condition, with about 30% between four and fifteen years of age. Varieties include navels, valencia, lemon and soft-citrus. Employment records indicate a total of 12 permanent and 120 seasonal workers.

### *Sophumelela*

The farm serves as a headquarter for SSE and has 106.76 hectares of citrus. The orchards are in good condition with a good proportion of young orchards with about 56% under 15 years. Varieties include navels, valencia, lemon and soft-citrus. Employment records indicate a total of 15 permanent and 120 seasonal workers.

## Introduction to Citrus Business Management Training

The CGA Grower Development Company received funding from the Coca Cola Beverages South Africa (CCBSA) Mintirho Foundation Trust to train 100 farmers from 50 citrus growing farms in 5 provinces (Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North West). The identified training is the 'Introduction to Citrus Business Management', at NQF level two. It was aimed at enhancing the basic management skills of black emerging citrus growers. The training programme was developed jointly by the CGA-GDC and the Citrus Academy. The training was rolled out in eight venues across five provinces.





**The programme was delivered in a modular approach covering five unit standards and an introductory module in citrus industry.**

The plan was to train two people per farm across 50 farms. This would then encourage these enterprises to include young people for the purposes of succession. The training was rolled out across five provinces. The number of trained people is indicated in the table below:

	Province	Workshop location	Number of targeted farms	Number of farms represented	Number of trained people
1	North West	Brits 26 to 29 March 2019	6	5	10
2	Mpumalanga	Mbombela 2 to 5 April 2019	4	6	8
3	Limpopo	Thohoyandou 4 to 17 April 2019	7	10	13
4	Limpopo	Makhado 23 to 26 April 2019	10	10	15
5	Limpopo	Mokopane 14 to 17 April 2019	6	3	6
6	Eastern Cape	King Williams Town 4 to 7 June 2019	6	8	13
7	Eastern Cape	Sundays River Valley 18 to 21 June 2019	5	7	13
8	KwaZulu-Natal	Pietermaritzburg 2 to 5 July 2019	6	8	13
				57	91

## Submission of Portfolios of Evidence (PoE)

Of 91 enrolled learners, only 37 managed to submit the PoE in spite of the extension opportunities that were provided to them. The Brits group recorded the most submissions while Thohoyandou recorded the least.

### Assessment

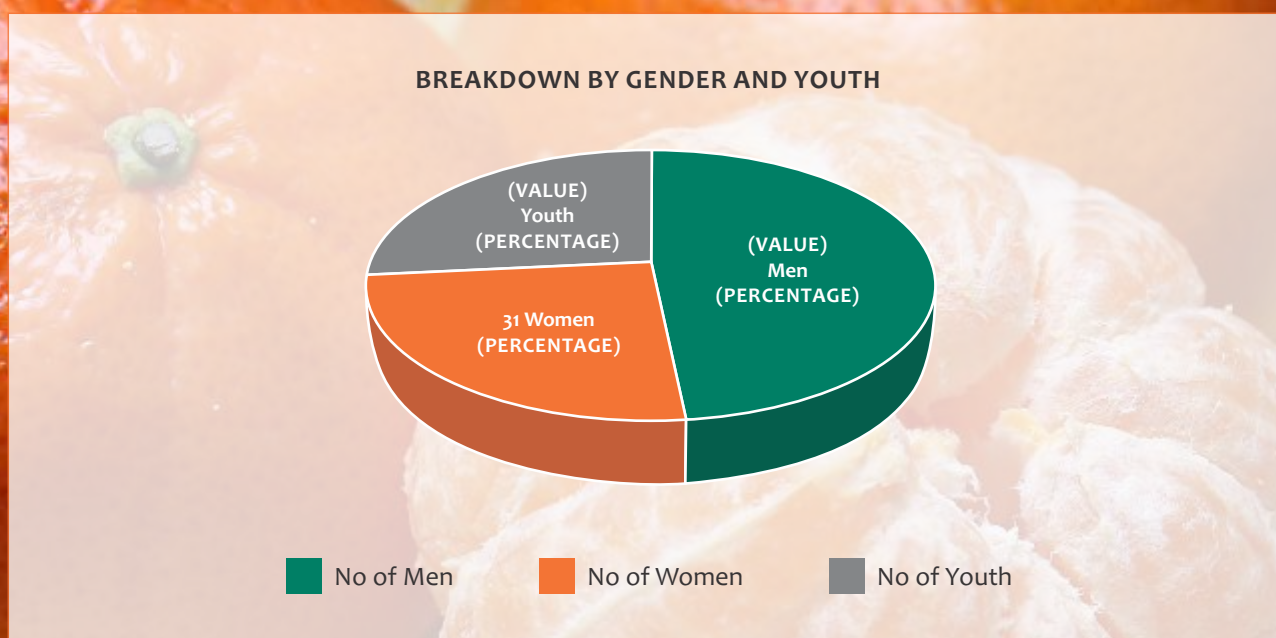
The facilitators were responsible for formative assessments, which involved continuous assessments to check understanding as training took place. An assessor was then allocated time to perform summative assessments. The relevant assessment tools were used to determine competency. Competent learners were declared competent, according to their performance in meeting the minimum assessment requirements. All 37 submitted portfolios of evidence were deemed competent.

### Certification

All assessments for competent learners were submitted to AgriSETA. Learners' details and valid copies of their IDs were also submitted to AgriSETA. The learners' information will then be uploaded to the SAQA database as per requirements of SAQA. Certificates of competent learners will be issued by the CGA-GDC and the Citrus Academy.

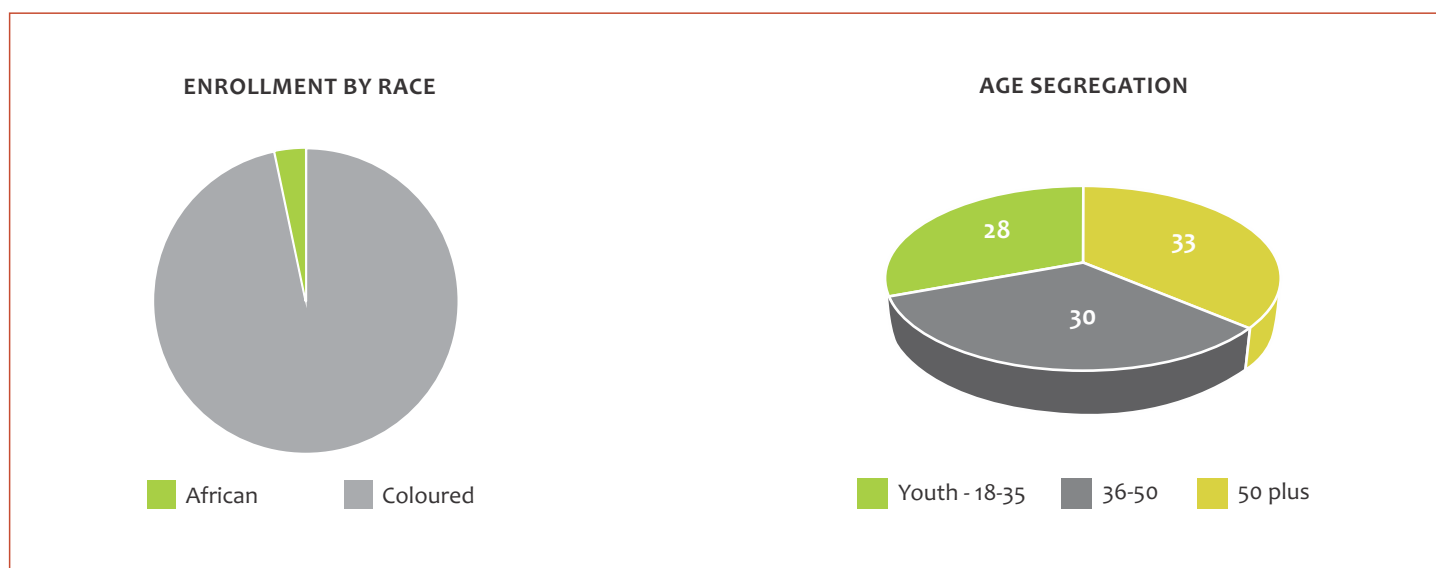
### Demographics of Enrolled Learners

The chart below indicates the breakdown according to gender and youth:



## Breakdown by Race and Age

Participants in the training were from the designated groups as indicated below. Furthermore, it is a known fact that farming is dominated by an aging population and it has been said that the average age of a farmer is 62. The industry is making strides to ensure the presence of a younger population on farms hence their involvement in the capacity building programmes. The chart below is an illustration of the breakdown of age between 36 and 50 and also 50 and upwards.



## Post-training Support

A need to revisit the trained learners was identified in order to assess the level of adoption of training. Sessions were arranged across all areas where the citrus growers received training to allow for an interaction with the growers and establish progress made post the training. The following has been established:

### Module One: Agricultural Production Systems

Citrus growers indicated that they are now doing their bit in terms of improving on planning and setting goals for their enterprises. The growers in smaller enterprises indicated that they are faced with difficulties in segregating duties due to duplication of roles and responsibilities as a result of human capacity limitations.

### Module Two: Inputs and Stock Handling

Citrus growers indicated that they are now starting to keep records and track and trace the use of inputs. Most of them still indicated that they have not commenced with formal contracts with suppliers because of the nature of relationships they have with their current suppliers. Citrus growers who receive grant funded inputs indicated that they have overlooked recording such inputs. In terms of stock handling, citrus growers with poor infrastructure indicated that they face difficulties in storing inputs separately to equipment.



### Module Three: Human Resources

Citrus growers from established enterprises indicated that they do follow the labour laws as it is also a requirement for export compliance. The limitations with smaller enterprises are that some of them do not have permanent staff, thus relying on seasonal workers. Citrus growers however highlighted that health and safety procedures are followed on farms.

### Module Four: Basic Finance

The majority of growers indicated that they have developed basic financial record keeping in Excel in order to monitor financial transactions. Again, small enterprises without income from citrus are not yet able to calculate gross margins from their enterprises.

### Module Five: Marketing

The majority of growers scored above average as most are not exporting while some are selling to national markets and some have young trees that are not yet bearing.

## General Remarks:

The programme presented both challenges and opportunities to provide better services to the black citrus growers. This course in particular is seen as critical to all new citrus growers in order to develop them further in their businesses. Feedback forms also provided an insight into the views of farmers. A number of recommendations were made in order to improve on future training programmes and these included timing, duration and language of instruction.

## Enterprise Development

Each year the company sets aside funding to support a group of farmers with critical needs to support their enterprises. The amount is not large enough to cover the entire enterprise but is meant to supplement the existing interventions, hence it does not cover brownfield establishments. The farms are supported with production inputs, irrigation, fencing and equipment. For this year, farms in the Eastern Cape were targeted as follows:

### Amathole (17 farms):

Konzi, Gonzana, Ripplemead, Naudeshoek, Siyamila, Greenwood, Zanentlutha, Jordan, Oakdene, White Citrus, Letas, Lunimark, Jerico, Torties, Gatyena, Lovers Retreat and Battlesdene.

### Sundays River Valley (13 farms):

Wagennar & Hobbs, Kangela, Sunland, Mbuyiselo, Willowtree, Siyathemba, Luthando, Greengaboes, Glengrove, Siyaphamile, Sophumelela, Belvoir and Nomzamo.

### Patensie (3 farms):

Peter Family Trust, Three Pence and Entabeni.

## New Entrants to the Export Markets

In 2019, Batlhako Temo Services - a family-run co-operative - became the first black-owned citrus producer in the North West to join the export market. Their produce was exported to the Middle East and Taiwan. Over the years the produce on the farm had gone to the local market and processing, with offtake agreements from Sir Fruit Juice and Magalies Processing. The project was established in 2010 by six members of the Moilwa family near Brits and today they lease 61.5 hectares of land from the now North West Department of Agriculture and Rural Development. Initially the co-operative was focussed on sunflower production but later saw a potential to grow citrus and grabbed the opportunity. The co-operative has seen their fair share of challenges in particular with low yields due to poor irrigation and lack of inputs but due to their passion for farming they have always come up with solutions to these challenges. Their success can also be attributed to a variety of stakeholders that have provided financial and business support including the Department of Rural Development and Land Reform, SEDA and technical support from the CGA Grower Development Company. This has yielded a wide range of on-farm improvements including the establishment of new infrastructure and increasing the area under production. The members have also been taking initiative by using profit from sales to improve the farm. Their long-term vision is to build their own packhouse which will also assist other black farmers in the area.

## SIZA

SIZA ethical trade compliance was established for 10 growers to ensure that the business operational needs are identified and to get these citrus growers on track for production. The programme looks at the company setup, current relationships e.g. with the strategic partners and other service providers. Scoping exercises were conducted of site infrastructure, labour-force, types of employees, company registration information and GAP analysis. SIZA environ GAP was done for one farm. This included the development and review of Environ QMS, policies, lab results, review and implementation of IPM plan, review and evaluate fertilizer and application results. Farms have been awarded different statuses accordingly:

<b>Gold:</b>	Peter Family Trust, Three Pence and Masakona
<b>Bronze:</b>	Intathakusa
<b>Category A:</b>	Donovale
<b>Not audited:</b>	Thulwane, Healthy Life, Gaman, Elandsdraal and Bathlako Temo

## Stimulus Package Project – Department of Rural Development and Land Affairs

The DRDLR entered into a Service Level Agreement with the CGA-GDC for a project aimed at targeted producer support to further achieve the vision of agrarian transformation and vibrant, equitable and sustainable rural communities. In total 262 projects have been identified across the different commodities, e.g. field crops, vegetables, livestock, etc.

For the citrus commodity three projects were identified, two in KwaZulu-Natal and one in the North west. These are projects that have been assessed and analysed by the PMU and have comprehensive farm assessment reports detailing their capability and viability. Only projects classified as medium to large scale commercial were considered.

### Two tripartite agreements signed with the Department of Rural Development:

North West for Batlhako Temo

Eastern Cape for Three Pence Farm

### 3. FINANCIAL MANAGER'S REPORT FOR THE YEAR ENDED 31 MARCH 2020

#### Overview

During the 2019/20 financial year, we delivered on our key strategic objectives set out in our operational plan despite challenging economic conditions faced by the industry and the country. The driving force behind the increase in operational costs was the enterprise development funding, workshops and study groups, business plans as well as development training which increased dramatically year-on-year along with staff costs.

The CGA Grower Development Company experienced these headwinds first-hand with revenue growth of 5.6% which is slightly above the average Consumer Price Index (CPI) for the year, as well as the increase being lower than the 2018/19 financial year revenue growth of 36%.

CGA Grower Development Company's core operations reported a decline in the net profit margin when compared to the previous year. This is due to negative JAWS experienced in the year under review because of higher operational costs. We are pleased to report that the balance sheet has positive cash resources exceeding R5 million, as well as zero interest-bearing debt. Investment of the cash resources has generated a financial income of R209 421 for the year.

#### Going Concern

In adopting the going concern assumption, the company reviewed the following:

- The impact of the financial performance for the year on the ability of CGA Grower Development Company to continue carrying on its operations as a going concern within the current economically challenging environment – including the Covid-19 pandemic;
- The robustness of budgets and business results;
- Cost-saving opportunities; and
- The funding plans whilst prudently introducing leverage to the balance sheet.



## Financial Results

The key highlights on financial performance are set out in table:

Description	Year ended	Year ended	Year ended
	31-Mar-20	31-Mar-19	31-Mar-18
	R	R	R
Revenue	11 500 000.00	10 887 500.00	8 000 000.00
Other income	330 223.00	300 000.00	-
Net profit	33 711.00	4 267 612.00	1 791 474.00
Government grants balance	1 797 064.00	4 624 882.00	790 126.00
Cash balance	5 208 874.00	6 218 573.00	718 529.00
Total equity	5 105 151.00	5 071 440.00	803 828.00

Despite the marginal growth in revenues, we have managed to report a net profit of R33 711. The CGA Grower Development Company maintained a positive cash flow position closing the year at a cash balance of R5 208 874. This was through rigorous measures implemented in disbursing of funds. No grant funding was received for the year under review. As a result, the balance reflected in the table above is as a result of the winding down of funds received in the prior years.

The company has also managed to maintain a healthy balance sheet reflecting a liquid and solvent position.

## Outlook

The continuing operations revenue is expected to grow by 6% based on the current approved budget to R12 190 000 with initiatives to enhance the service offerings through diversification of funding - with the Jobs Fund project funding coming into effect in the first quarter of the 2020/21 financial year.





Photo Gallery



Vhembe Citrus Study Group at Alicedale (Nzhelele Valley Initiatives)



Citrus Information Day at Zoutpansdrift farm in the North West



Production, Pests and Diseases Management Workshop at Eiland SPA in Letsitele



Post Harvest Workshop at Eiland SPA in Letsitele



CGA Roadshow Delegates at The Junction in Letsitele



Photo Gallery



Lonneke and Lydia Presenting at Zebediela Citrus Estate



Bathlako Temo Workers Inspecting Their First Export Harvest



Bathlako Temo Workers Inspecting Their First Export Harvest



Introduction to Business Management Training – Participants and Learning Material





## CGA GROWER DEVELOPMENT COMPANY

NPC  
Registration No. 2016/303573/08  
Annual Financial Statements  
for the period ended 31 March 2020

## Company Information

Registration number: 2016/303573/08

Business address: Grain-building Agri-Hub Office Park  
Block B, First Floor  
477 Witherite Road  
The Willows Pretoria  
Gauteng  
0184

Registered address: Unit 7  
22 on Main  
22 Old Main Road  
Gillitts  
KwaZulu-Natal  
3610

Postal Address: Postnet Suite 426  
Private Bag X1  
Die Wilgers  
Gauteng  
0041

Auditors: PricewaterhouseCoopers Inc.  
Pietermaritzburg

Banker: Standard Bank Limited

Level of assurance: The annual financial statements have been  
audited in compliance with the applicable  
requirements of the Companies Act 71 of  
2008.

Preparer: The annual financial statements have been  
prepared by CGA Grower Development  
Company NPC under the supervision of  
M Mello.



## Contents

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*The following supplemental information does not form part of the annual financial statements and is unaudited:*

Detailed Statement of Comprehensive Income	44
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## Statement of Directors' Responsibility

The directors are responsible for the preparation, integrity, and fair presentation of the financial statements of CGA Grower Development Company NPC. The financial statements presented on page 30 and pages 33 to 44 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Companies Act 71 of 2008, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year, and the financial position of the company at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

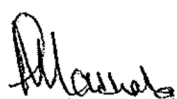
The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

CGA Grower Development Company NPC operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company.

The company's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on pages 31 to 32.

The financial statements were approved by the board of directors on and are signed on its behalf: 18/08/2020



Director

## Report of the Directors

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended 31 March 2020.

### 1. General review

The CGA Grower Development Company NPC is established as a special purpose vehicle to drive transformation within the citrus industry. Its core purpose is to provide Black growers with development support to ensure that their enterprises become profitable and financially sustainable.

### 2. Financial results

The financial results of the company are set out in the attached financial statements.

### 3. Members of the board

The following acted as board members during the year:

#### Chairman

MJ Mashaba

#### Board members

NT Mankhili

TR Ramabulana ZL Mgadle

AA Muller

### 4. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 5. Material events after year end

In South Africa, the first suspected case of Covid-19 tested positive on 5 March 2020, a National State of Disaster was declared on 15 March 2020, confirming that the virus had become a local pandemic. On 26 March 2020, South Africa went into an extended lockdown period in order to prevent the spread of Covid-19 and flatten the epidemiological curve to allow more time to plan for peak infections, relieve pressure from the health care system and save lives.

Note 14 of these financial statements provide further information on the impact of the Covid- 19 pandemic.

### 6. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 90 of the Companies Act 71 of 2008.

## Independent auditor's report

To the Members of CGA Grower Development Company NPC

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CGA Grower Development Company NPC (the Company) as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

### What we have audited

CGA Grower Development Company NPC's financial statements set out on pages 7 to 18 comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### 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 financial statements* section of our report.

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



### Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "CGA Grower Development Company NPC, Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's 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 identified above and, in doing so, consider whether the other information is materially inconsistent 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's 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 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 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.

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc. Director:  
RD Klute Registered Auditor  
Block C, 21 Cascades Crescent Cascades  
Pietermaritzburg 3201  
Date: 18 August 2020

## Statement of Financial Position

	Note (s)	2020 R	2019 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant & equipment	4	408 104	520 516
		<u>408 104</u>	<u>520 516</u>
<b>Current assets</b>			
Cash and cash equivalents	5	5 208 874	6 218 573
Trade and other receivables	7	35 801	570 221
		<u>5 244 675</u>	<u>6 788 794</u>
<b>Total assets</b>		<b>5 652 779</b>	<b>7 309 310</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Retained earnings		5 105 151	5 071 440
<b>Total equity</b>		<b>5 105 151</b>	<b>5 071 440</b>
<b>Current liabilities</b>			
Trade and other payables	6	547 628	2 060 776
Intercompany loan	8	-	177 094
		<u>547 628</u>	<u>2 237 870</u>
<b>Total Liabilities</b>		<b>547 628</b>	<b>2 237 870</b>
<b>Total equity and liabilities</b>		<b>5 652 779</b>	<b>7 309 310</b>

## Statement of Comprehensive Income

	Note (s)	2020 R	2019 R
Revenue		11 500 000	10 887 500
Administration and operating expenses		(12 005 933)	(7 035 148)
<b>Operating profit</b>	2	<b>(505 933)</b>	<b>3 852 352</b>
Other income		330 223	300 000
Finance income		209 421	115 260
<b>Profit before taxation</b>		<b>33 711</b>	<b>4 267 612</b>
Taxation	9	-	-
<b>Profit for the period</b>		<b>33 711</b>	<b>4 267 612</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>33 711</b>	<b>4 267 612</b>

## Statement of Changes in Equity

	Retained earnings R	Total R
<b>Year ended 31 March 2020</b>		
Balance at beginning of year	5 071 440	5 071 440
Net profit for the year	33 711	33 711
<b>Balance at end of year</b>	<b>5 105 151</b>	<b>5 105 151</b>
<b>Year ended 31 March 2019</b>		
Balance at beginning of year	803 828	803 828
Net profit for the year	4 267 612	4 267 612
<b>Balance at end of year</b>	<b>5 071 440</b>	<b>5 071 440</b>

## Statement of Cash Flows

	Note (s)	2020 R	2019 R
<b>Cash flows from operating activities</b>			
Cash receipts from customers	A	12 364 643	10 895 630
Cash paid to suppliers and employees	B	(13 369 703)	(5 333 752)
Cash flows generated from operations	10	(1 005 060)	5 561 878
Interest received		209 421	115 260
Net cash generated from operating activities		(795 639)	5 677 138
<b>Cash flow from investing activities</b>			
Acquisition of equipment		(36 966)	-
<b>Cash flow from financing activities</b>			
Movement in long term loan		(177 094)	(177 094)
Net movement in cash and cash equivalents		(1 009 699)	5 500 044
Cash and cash equivalents at beginning of period		6 218 573	718 529
Cash and cash equivalents at end of period	5	5 208 874	6 218 573
<b>A. Cash receipts from customers</b>			
Levies received from Citrus Growers Association		11 500 000	10 887 500
Other income		330 223	300 000
Trade and other receivables			
Opening		570 221	278 351
Closing		(35 801)	(570 221)
		12 364 643	10 895 630
<b>B. Cash paid to suppliers</b>			
Total cost of goods sold, admin and other expenses		12 005 933	7 035 148
Less: Depreciation		(149 378)	(160 601)
Movement in trade payables		1 513 148	(1 540 795)
		13 369 703	5 333 752



## Notes to the Annual Financial Statements

### 1. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below.

#### 1.1. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). The financial statements have been prepared under the historical cost convention and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The preparation of the financial statements in conformity with IFRS for SMEs requires the use of estimates and assumptions that affect the reported amount so assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### 1.2. Plant and equipment

All plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimates lives as follows:

Computers	3 years (33.3%)
Furniture and Fittings	6 years (16.67%)
Motor Vehicles	5 years (20%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 1.3).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

## Notes to the Annual Financial Statements

### 1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were subjected to an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 1.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 1.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

### 1.6 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

### 1.7 Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## Notes to the Annual Financial Statements

### 1.8 Financial risk management - Financial risk factors:

#### **Foreign exchange risk**

The company is not exposed to foreign exchange risk as no foreign currency transactions are entered into.

#### **Interest rate risk**

As the company has no significant interest – bearing assets, except for cash and cash equivalents, the company's income and operating cash flows are substantially independent of changes in market interest rates.

#### **Credit risk**

At year-end the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Cash transactions are limited to high credit quality financial institutions.

#### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through credit facilities. The company aims at maintaining flexibility of funding by keeping committed credit lines available.

#### **Fair value estimations:**

The carrying amounts of the financial assets and liabilities in the statement of financial position approximate fair values at the year-end. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 1.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows:

#### **a) Service income**

Service income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

#### **b) Grant income**

Grant income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

#### **c) Interest income**

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

#### **d) Other income**

Other income is measured at fair value of the consideration received or receivable and is recognized when it is probable that the economic benefits associated with the transactions will flow to the company and the amount can reliably be measured.

## Notes to the Annual Financial Statements

### 1.10 Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

### 1.11 Grant funding

Often grant funding is received by the entity that is not recognised as income in the financial statements. This funding is managed through the entity's balance sheet and held separately from the entity's other funds. The funding is managed, disbursed and reported in terms of the agreements negotiated with the funding providers.





## Notes to the Annual Financial Statements

**2. Operating profit**

The following items have been charged in arriving at operating profit:

	2019 R	2019 R
Auditors remuneration–current year	30 710	47 913
Staff costs (refer to note 3)	4 453 668	4 083 865
Depreciation	149 378	160 601
Other expenses	7 372 177	2 742 769
<b>Total administration and operating expenses</b>	<b>12 005 933</b>	<b>7 035 148</b>

**3. Staff costs**

Salaries and wages	4 453 668	4 083 865
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**4. Plant & Equipment**

	Furniture	Vehicles	Computers	Total
<b>At 31 March 2020</b>				
Opening net book value	90 449	403 351	26 716	520 516
Additions	-	-	36 966	36 966
Depreciation	(22 614)	(101 675)	(25 089)	(149 378)
<b>Closing net book value</b>	<b>67 835</b>	<b>301 676</b>	<b>38 593</b>	<b>408 104</b>
<b>Cost</b>	<b>143 657</b>	<b>708 376</b>	<b>151 430</b>	<b>1 003 463</b>
<b>Accumulated Depreciation</b>	<b>(75 822)</b>	<b>(406 700)</b>	<b>(112 837)</b>	<b>(595 359)</b>
<b>Net book value</b>	<b>67 835</b>	<b>301 676</b>	<b>38 593</b>	<b>408 104</b>
<b>At 31 March 2019</b>				
Opening net book value	113 063	505 026	63 028	681 117
Depreciation	(22 614)	(101 675)	(36 312)	(160 601)
<b>Closing net book value</b>	<b>90 449</b>	<b>403 351</b>	<b>26 716</b>	<b>520 516</b>
<b>Cost</b>	<b>143 657</b>	<b>708 376</b>	<b>114 465</b>	<b>966 498</b>
<b>Accumulated Depreciation</b>	<b>(53 208)</b>	<b>(305 025)</b>	<b>(87 749)</b>	<b>(445 982)</b>
<b>Net book value</b>	<b>90 449</b>	<b>403 351</b>	<b>26 716</b>	<b>520 516</b>

**5. Cash and cash equivalents**

Standard Bank Current Account	5 208 874	6 218 573
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## Notes to the Annual Financial Statements

### 6. Trade and other payables

	2020 R	2019 R
ABSA SIZA grant expenditure	(822 500)	(822 500)
ABSA SIZA grant received	822 500	822 500
Trade payables	30 221	120 298
Provisions	274 265	180 563
Accruals	21 805	46 172
Receiver of Revenue –VAT	221 337	167 650
Eastern Cape Project funding- bank account	(1 797 065)	(4 624 882)
Eastern Cape Project Funding received not yet expended	1 797 065	6 170 975
	<b>547 628</b>	<b>2 060 776</b>

The ABSA SIZA grant funding relates to funding provided by ABSA to help citrus farmers develop business plans. An outside third party provides the development service and CGA Grower Development Company NPC pays the money over to them. CGA Grower Development Company NPC merely holds the money to pay it over to the third party and is not entitled to any portion of it. This project came to an end in 2018

The Eastern Cape grant funding relates to funding provided by the Eastern Cape Government to enhance the development of citrus growers, increase citrus production and provide assistance with increasing employment in the citrus industry. An outside third party provides the necessary services and CGA Grower Development Company NPC pays the money over to them. CGA Grower Development Company NPC merely holds the money to pay it over to the third party and is not entitled to any portion of it. Total funding of R5 520 000 was received from the Eastern Cape Government during the 2019 financial year. To date, a total of R14 520 000 has been received and R10 729 132 has been paid to services providers as per the project funding guidelines.

### 7. Trade and other receivables

Other receivables	35 801	570 221
	<b>35 801</b>	<b>570 221</b>

### 8. Intercompany Loan

The Citrus Research Trust	-	177 094
	<b>-</b>	<b>177 094</b>

The Citrus Research Trust loan was unsecured, interest free and had fixed repayment terms. The loan was repayable over a period of 3 years and was fully repaid as at 31 March 2020.

### 9. Income taxes

The company is exempt from the payment of normal income tax in terms of s10(1)(cN).

## Notes to the Annual Financial Statements

**10. Cash flows generated from operations**

	2019 R	2019 R
Net profit before tax	33 711	4 267 612
Adjusted for:		
Interest received	(209 421)	(115 260)
Depreciation	149 378	160 601
	(26 332)	4 312 953
Changes in working capital:	(978 728)	1 248 925
Movement in trade and other payables	(1 513 148)	1 540 795
Movement in receivables	534 420	(291 870)
Total cash flows generated from operations	1 005 060	5 561 878

**11. Related party transactions****Related party**

Citrus Growers Association of Southern Africa NPC  
The Citrus Research Trust

**Relationship**

Entity under common directorship  
The board members of Citrus Growers Association of Southern Africa are trustees of The Citrus Research Trust.

**Services rendered to related parties**

Citrus Growers Association of Southern Africa NPC

**Other Income received from related parties**

Citrus Growers Association of Southern Africa NPC

**Intercompany loans**

The Citrus Research Trust

11 500 000	10 887 500
300 000	300 000
-	177 094
5 244 675	6 788 794
547 628	2 237 870

**12. Financial assets by category**

The accounting policies for financial instruments have been applied as follows:

Financial assets at amortised cost

**13. Financial liabilities by category**

The accounting policies for financial instruments have been applied as follows:

Financial liabilities at amortised cost

## Notes to the Annual Financial Statements

### 14. Subsequent events

Subsequent to year end, the full impact of Covid-19 continues to be felt around the world. The entity's operations will continue to be affected by the recent and ongoing outbreak of Covid-19, which was declared a pandemic by the World Health Organisation in March 2020. South Africa, like many countries around the world, put significant governmental measures in place to control the spread of the virus, which included a national lockdown commencing on 27 March 2020. In South Africa, the nation-wide lockdown was later extended to end April 2020. Certain sectors of the economy returned in a phased manner from 1 May. The global situation is evolving rapidly. In terms of IFRS for SMEs section 32 Events After the End of the Reporting Period, non-adjusting post-balance sheet events are events after the reporting period that are indicative of a condition that arose after the reporting date ended 31 March 2020. Accordingly, the CGA Grower Development Company NPC receives funding from the Citrus Growers Association of Southern Africa NPC. The Citrus Growers Association of Southern Africa NPC collects these funds from the statutory levy on citrus exports. Funding to CGA Grower Development Company NPC may be impacted if levies collected by the Citrus Growers Association of Southern Africa NPC are drastically reduced due to COVID 19. The probability of a drastic reduction in income is low as:

- A record citrus crop has been produced for export in the current year which should translate to increased funding available for research.
- The citrus industry has been deemed by Government to be an essential industry and has been able to operate uninterrupted throughout the pandemic and lockdown.

CGA Grower Development Company NPC will continue to receive funding from the Citrus Growers Association of Southern Africa NPC and has cash reserves. The overall impact of COVID 19 on CGA Grower Development Company NPC will be minimal in the short to medium term.





**Detailed Statement of Comprehensive Income**

	2020	2019
Income	R	R
<b>Revenue</b>	<b>11 500 000</b>	10 887 500
Services rendered–Citrus Growers Association of Southern Africa NPC	11 500 000	10 887 500
<b>Other income</b>	<b>330 223</b>	300 000
Other income	330 223	300 000
<b>Expenses</b>		
<b>Administration expenses</b>	<b>(851 072)</b>	(565 522)
Accounting and audit fees	30 710	47 913
Bank charges	14 290	11 361
Computer expenses	73 079	17 001
Consulting fees	176 928	45 249
Data & internet costs	6 542	11 012
Depreciation	149 378	160 601
Insurance	1 331	-
Interest paid	279	243
Office expenses	279 316	130 015
Printing and stationery	283	34 652
Telephone, postage and fax	118 286	97 912
Website design and hosting	650	9 563
<b>Operating expenses</b>	<b>(11 154 861)</b>	(6 469 626)
Accommodation	256 216	209 408
Board costs	214 741	229 868
Transformation project	4 700 255	991 133
Legal fees	47 205	6 600
Subscription	4 140	4 445
Provision for leave pay	23 463	76 279
Rent	323 478	286 306
Staff costs	4 453 668	4 083 865
Travel – Local	582 327	485 312
Workshops & study groups	415 252	37 330
Business plans and projects	134 116	52 391
Workmen's compensation	-	6 689
<b>Operating profit</b>	<b>(175 710)</b>	3 852 352
Interest received	209 421	115 260
<b>Net profit for the year</b>	<b>33 711</b>	4 267 612


This statement does not form part of the annual financial statements and is unaudited






WE  
TRANSFORM  
to sustain our industry,  
CREATE JOBS AND WEALTH,  
secure our future and  
ENSURE FOOD SECURITY.

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