

Piggs Peak Town Council
Financial statements
for the year ended 31 March 2020



Kobla Quashie and Associates
CHARTERED ACCOUNTANTS (ES)

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Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Municipality
Councillors	Cllr. Rodriques V. Collin - Chairperson Cllr. Mndeni P. Simelane - Vice Chairperson Cllr. Sibongile N. Magagula Cllr. Wandile S. Themba Cllr. Victor Masango Cllr. Thembisile Dlamini - Ngcamphalala Cllr. Absalom Ndlovu Cllr. Tsepiso Mthimkhulu
Senior Management	Mzwandile Ndzinisa - Town Clerk/CEO Ntombizodwa Vilakati - Town Treasurer - Resigned January 2020 Clement Dlamini - Acting Town Treasurer Vusumuzi Dube - Town Engineer
Business address	Plot 1471 & 1473 Piggs Peak
Postal address	P.O. Box 479 Piggs Peak
Bankers	Standard Bank Swaziland Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini
Legal Advisor	Robinson Bretram



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

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Councillors' Responsibilities and Approval

The Councillors are required by Section 102(3) of the Urban Local Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations of 1969, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

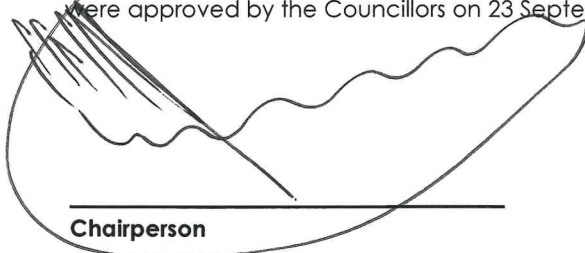

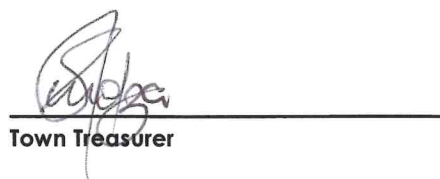
The Councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the council and place considerable importance on maintaining a strong control environment. To enable the Councillors to meet these responsibilities, the council sets standards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

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

The Councilors have reviewed the council's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the council's annual financial statements. The annual financial statements have been examined by the council's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 21 which have been prepared on the going concern basis, were approved by the Councillors on 23 September 2020 and were signed on its behalf by:


Chairperson
Town Clerk
Town Treasurer



Independent Auditor's Report

To the members of Piggs Peak Town Council

Report on the audit of the Financial Statements

Opinion

We have audited the annual financial statements of Piggs Peak Town Council, set out on pages 6 to 21, which comprise the statement of financial position as at 31 March 2020, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the council as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by Section 102(3) of the Urban Local Government Act, 1969 and section 93 of the Urban Government Financial Reporting Regulations Act of 1969.

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 are independent of the council in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Swaziland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Councillors and Those Charged With Governance for the Financial Statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by Section 102(3) of the Urban Local Government Act, 1969 and section 93 of the Urban Government Financial Reporting Regulations Act of 1969, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud and error.

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

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud and error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata

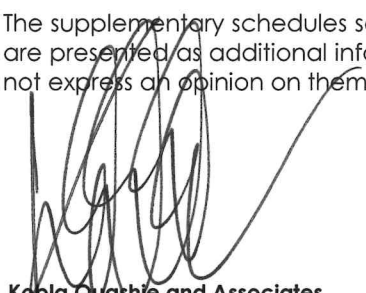
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override on internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council'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 council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the council 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.

Supplementary Information

The supplementary schedules set out on page 22 to 26 do not form part of the financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them



Kobla Quashie and Associates
Chartered Accountants (Eswatini)
Manzini
Per: Daniel Bediako

23 September 2020

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Statement of Financial Position

Figures in Lilangeni	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	45,368,837	45,816,348
Current Assets			
Trade and other receivables	3	14,645,323	10,135,051
Cash and cash equivalents	4	3,632,859	4,522,091
		18,278,182	14,657,142
Total Assets		63,647,019	60,473,490
Reserves and Fund balances			
Equity			
Capital reserves	5	32,584,460	32,857,200
Revaluation Reserves	6	3,199,271	3,199,271
Distributable Reserve		23,799,004	22,319,977
		59,582,735	58,376,448
Designated funds	7	1,334,171	27,376
		60,916,906	58,403,824
Liabilities			
Current Liabilities			
Trade and other payables	8	1,603,548	1,118,232
Provisions	9	1,126,565	951,434
		2,730,113	2,069,666
Total Equity and Liabilities		63,647,019	60,473,490



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Statement of Comprehensive Income

Figures in Lilangeni	Note(s)	2020	2019
Revenue		16,339,226	15,802,733
Cost of sales		(2,528,267)	(2,372,701)
Gross profit		13,810,959	13,430,032
Other income		3,243,479	2,799,931
Operating expenses		(14,007,887)	(11,381,141)
Operating profit		3,046,551	4,848,822
Investment revenue		74,818	20,454
Finance costs		-	(26,861)
Profit for the year		3,121,369	4,842,415
Other comprehensive income		-	-
Total comprehensive income		3,121,369	4,842,415
Total comprehensive income attributable to:			
Council		3,121,369	4,842,415



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Statement of Changes in Equity

Figures in Lilangeni	Capital reserves	Revaluation reserve	Accumulated funds	Total attributable to the council	Designated funds	Total equity
Balance at 1 April 2018	26,545,251	3,199,271	18,112,543	47,857,065	6,566,276	54,423,341
Changes in equity						
Surplus for the year			4,842,415	4,842,415		4,842,415
Capital reserve movement	6,311,949			6,311,949		6,311,949
Movements in designated funds					(7,173,881)	(7,173,881)
Transfer			(634,981)	(634,981)	634,981	
Total changes	6,311,949		4,207,434	10,519,383	(6,538,900)	3,980,483
Balance at 1 April 2019	32,857,200	3,199,271	22,319,977	58,376,448	27,376	58,403,824
Changes in equity						
Total comprehensive income for the year			3,121,369	3,121,369		3,121,369
Capital reserve movement	(272,740)			(272,740)	(835,055)	(1,107,795)
Movement in designated funds			(2,141,850)	(2,141,850)	2,141,850	
Prior adjustment - Adjustment to Fixed Assets Register			499,508	499,508		499,508
Total changes	(272,740)		1,479,027	1,206,287	1,306,795	2,513,082
Balance at 31 March 2020	32,584,460	3,199,271	23,799,004	59,582,735	1,334,171	60,916,906
Note(s)	5					



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Statement of Cash Flows

Figures in Lilangeni	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	10	506,826	94,184
Interest income		74,818	20,454
Finance costs		-	(26,861)
Net cash from operating activities		581,644	87,777
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,199,378)	(8,085,330)
Sale of property, plant and equipment	2	1,242	-
Net cash from investing activities		(1,198,136)	(8,085,330)
Cash flows from financing activities			
Movement in capital reserves	5	(272,740)	6,311,949
Finance lease payments		-	(497,550)
Net cash from financing activities		(272,740)	5,814,399
Total cash movement for the year		(889,232)	(2,183,154)
Cash at the beginning of the year		4,522,091	6,705,245
Total cash at end of the year	4	3,632,859	4,522,091

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the 102(3) of the Urban Local Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations of 1969. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

New and amended standards and interpretations

Standards not yet mandatory effective but early application allowed for the year ending 31 December 2019.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2019, and have not been applied in preparing the financial statements. Those which may be relevant to the council are set out below. The council does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Benchmark Reform
- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and IAS 8 - Definition of material
- IFRS 17 Insurance Contracts

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS standards. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised conceptual framework. Some pronouncements are only updated to indicate which version of the framework they are referring to or indicate that definitions in the standards have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments are not expected to impact significantly the council's financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 3 - Definition of a business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They redefine the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments are not expected to impact significantly the council's financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

IFRS 17 Insurance Contracts

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

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

1.1 Property, plant and equipment

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

- it is probable that future economic benefits associated with the item will flow to the council; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	0%
Streetlights	10%
Office equipment	10%
Plant and machinery	10%
Furniture and fittings	10%
Motor vehicles	25%
Office equipment	10%
IT equipment	33%
Office, Market and Social centre improvements	10%, 5% and 5%
Landfill	0%
Sports ground	0%
Pounds	5%
Roads infrastructure	5%

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

1.1 Property, plant and equipment (continued)

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

The council classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the council's balance sheet when the council becomes party to the contractual provisions of the instrument.

Fair value determination

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

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

1.2 Financial instruments (continued)

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.4 Share capital and equity

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

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

1.5 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlement to salaries and annual leave represent the amount the council has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. the provision has been calculated at undiscounted amount based on the current salary rates.

Pension obligation

The Council currently operates a defined contribution plan. The Council pays contribution to a privately administered pension plan on a mandatory, contractual or voluntary basis. Once the contribution have been paid, the Council has no further payment obligation. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

Terminal benefits

Termination benefits are repayable whenever an employees' employment is terminated before the normal retirement date or when ever an employee accepts voluntary redundancy in exchange for these benefits. The Council recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of offer made to encourage voluntary redundancy. Benefits falling due more than 12 months are discounted to present values.

Statutory benefits

Provision is not made for statutory termination obligation in terms of the Employment Act, 1980. It is considered that the Council's contribution to the pension fund which can be recovered against such statutory obligation at present exceed the liability.

1.6 Provisions and contingencies

Provisions are recognised when:

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

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

1.7 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

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



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Accounting Policies

1.7 Government grants (continued)

Grants related to income are presented as a credit in the income statement (separately).

1.8 Revenue

Revenue is measured at the fair value of the consideration receivable and presents amounts receivable for services provided in the normal course of business.

Revenue is mainly derived from Government subventions, rates levied in terms of the Rating Act 1995 and service charges. These are accounted for on an accrual basis..

Rendering of services

Revenue is recognised when all the following conditions are satisfied:

The amount of revenue can be measured reliably

It is probable that economic benefits will flow to the seller.

The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest is recognised on an accrual basis unless collectibility is in doubt.

Government capital

Government grants for carrying projects are not charged against the cost of the capital projects but are accumulated in the capital grants account.

Government subvention

Government rates revenue grants are netted off against Government rates debtors when received.

Rates Income

Rates income is levied on all rateable properties of the Council based on values extracted from the master valuation roll and amended when a supplementary valuation roll is prepared.

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.10 Related parties

The major related party to the council apart from its directors is the Government of Swaziland which exercises a significant influence over its financial and operating decisions as it provides funding for its annual budget. The council received the following allocation for the year under review.

Government subvention	630,000	630,000
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Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
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2. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land, buildings and carports	9,582,925	-	9,582,925	9,511,490	(4,458)	9,507,032
Road infrastructure	30,589,848	(4,730,003)	25,859,845	30,454,569	(3,465,826)	26,988,743
Plant and machinery	3,225,367	(1,186,771)	2,038,596	2,657,106	(1,050,204)	1,606,902
Streetlights	2,261,925	(897,847)	1,364,078	2,109,418	(786,592)	1,322,826
Furniture and fittings	599,421	(239,333)	360,088	599,421	(279,377)	320,044
Motor vehicles	753,190	(514,796)	238,394	862,525	(599,483)	263,042
Office equipment	439,050	(210,603)	228,447	438,475	(345,203)	93,272
Mangwaneni donga	973,322	(129,555)	843,767	973,031	(85,146)	887,885
Computer equipment	1,119,733	(606,759)	512,974	958,405	(445,057)	513,348
Office, market and social centre improvements	755,165	(200,003)	555,162	687,274	(159,329)	527,945
Pound	111,838	(33,372)	78,466	111,838	(28,924)	82,914
Sports ground	2,923,714	-	2,923,714	2,920,014	-	2,920,014
Landfill	782,381	-	782,381	782,381	-	782,381
Total	54,117,879	(8,749,042)	45,368,837	53,065,947	(7,249,599)	45,816,348

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Other changes - Prior year adjustment	Depreciation	Total
Land, buildings and carports	9,507,032	71,435	-	4,458	-	9,582,925
Road infrastructure	26,988,743	135,279	-	92,714	(1,356,891)	25,859,845
Plant and machinery	1,606,902	568,262	-	68,892	(205,460)	2,038,596
Streetlights	1,322,826	152,507	-	24,776	(136,031)	1,364,078
Furniture and fittings	320,044	-	-	80,054	(40,010)	360,088
Motor vehicles	263,042	42,100	(1,242)	7,355	(72,861)	238,394
Office equipment	93,272	575	-	159,957	(25,357)	228,447
Mangwaneni Donga	887,885	-	-	291	(44,409)	843,767
Computer equipment	513,348	161,329	-	59,459	(221,162)	512,974
Office, market and social centre improvement	527,945	67,891	-	(8,724)	(31,950)	555,162
Pound	82,914	-	-	(318)	(4,130)	78,466
Sports ground	2,920,014	-	-	3,700	-	2,923,714
Landfill	782,381	-	-	-	-	782,381
	45,816,348	1,199,378	(1,242)	492,614	(2,138,261)	45,368,837



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
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2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Land, buildings and carports	9,507,032	-	-	9,507,032
Road infrastructure	20,909,294	7,328,197	(1,248,748)	26,988,743
Plant and machinery	1,793,102	-	(186,200)	1,606,902
Streetlights	1,472,560	-	(149,734)	1,322,826
Furniture and fittings	273,302	82,905	(36,163)	320,044
Motor vehicles	353,174	-	(90,132)	263,042
Office equipment	121,408	-	(28,136)	93,272
Mangweni Donga	837,331	97,300	(46,746)	887,885
Computer equipment	44,631	569,376	(100,659)	513,348
Office, market and social centre improvements	553,402	7,552	(33,009)	527,945
Pound	87,261	-	(4,347)	82,914
Sports ground	2,920,014	-	-	2,920,014
Landfill	782,381	-	-	782,381
	39,654,892	8,085,330	(1,923,874)	45,816,348

The land and building is situated on Plot 1471 & 1473, Piggs Peak Town.

3. Trade and other receivables

Trade receivables	14,459,713	10,014,682
Staff debtors	132,214	67,673
Swaziland Government - Subvention	52,500	52,500
Other receivables	896	196
	14,645,323	10,135,051

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7,401	9,261
Bank balances	3,625,458	4,512,830
	3,632,859	4,522,091

Bank balances

Standard Bank - Current account	713,434	170,045
Standard Bank - CIP current account	153,108	855
Standard Bank - OPS call current	487,877	2,062,055
Standard Bank - CIP call account	1,181,062	11,096
Standard Bank - SLGP	-	15,425
Standard Bank - Gratuity and Exgratia call account	1,089,977	2,253,354
	3,625,458	4,512,830



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
5. Capital reserves		
Opening balance	32,857,200	26,545,252
Addition	850,976	7,219,796
Amortisation of capital reserves	(1,123,716)	(907,848)
	32,584,460	32,857,200

Capital reserves	32,584,460	32,857,200
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The capital reserves arises from the capitalization of project costs paid out of grants received from the Government of Swaziland and World Bank Projects in the years 2014, 2015, 2016, 2017 and 2018. The capital reserves were amortised at 3.42%.

6. Revaluation reserve

Revaluation reserves arise as a result of revaluation of the Town Council Building situated at lots 1471 and 1473 by Christian Amoako & Co. (Pty) Ltd on the 20 March 2015

Town Council Building	3,199,271	3,199,271
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7. Designated Funds

Source	SLGP	CIP Call Account	CIP Current Account	2020
Opening balance	15,425	11,096	855	27,376
Interest earned	1	17,834	-	17,835
Council contribution	-	1,957,880	183,968	2,141,848
Utilised on capital projects	-	(667,008)	(183,968)	(850,976)
Bank charges	-	(1,460)	(452)	(1,912)
Transfers	(15,426)	(137,279)	152,705	-
	-	1,181,063	153,108	1,334,171

The designated funds represent funds from Government of Swaziland and Swaziland Local Government Project (SLGP) earmarked for future projects.

8. Trade and other payables

Trade payables	1,162,240	772,946
VAT	101,253	81,213
Auction proceeds	340,055	264,073
	1,603,548	1,118,232



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
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9. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Gratuity	676,032	438,227	(390,793)	723,466
Leave days	135,009	6,410	-	141,419
Ex-gratia	140,393	121,287	-	261,680
	951,434	565,924	(390,793)	1,126,565

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Transfers	Total
Gratuity	522,670	462,139	(438,965)	130,188	676,032
Leave days	327,470	-	(62,273)	(130,188)	135,009
Ex-gratia	33,064	107,329	-	-	140,393
	883,204	569,468	(501,238)	-	951,434

10. Cash generated from operations

Profit before taxation	3,121,369	4,842,415
Adjustments for:		
Depreciation	2,138,261	1,923,874
Interest received	(74,818)	(20,454)
Finance costs	-	26,861
Movements in provisions	175,131	68,230
Movement in designated funds	(835,055)	(6,538,900)
Prior year error	6,894	-
Transfers	-	(634,981)
Changes in working capital:		
Trade and other receivables	(4,510,272)	(40,677)
Trade and other payables	485,316	467,816
	506,826	94,184

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
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11. Risk management

Financial risk factors

The council's activities expose it to a variety of risk, credit risk, liquidity risk and cash flow interest risk.

The council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the council.

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

Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

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

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

(iii) Legal risk

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

(iv) Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are argued by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning.

(v) Taxation risk

Taxation risk is the risk that the council will incur a financial loss due to an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing structures.



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Lilangeni	2020	2019
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11. Risk management (continued)

(vi) Liquidity risk

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

(vii) Credit risk

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

(viii) Cash flow and fair value interest rate risk

The council's income and operating cashflows are affected, but not to a significant extent, by change in the market interest rates. The council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates exposes the council to cashflow interest rate risk. Borrowings issued at fixed rates expose the council to fair value interest rate risk. The council's borrowings are mainly variable interest rate borrowing and as such they expose the council to cash flow risk

Fair value estimation

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the council for the council for similar financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, council treasury maintains flexibility in funding by maintaining availability under committed credit lines.



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Detailed Statement of Financial Performance

Figures in Lilangeni	Note(s)	2020	2019
Revenue			
Rates revenue		15,709,226	15,172,733
Government subvention		630,000	630,000
		16,339,226	15,802,733
Direct costs			
Transfer from direct cost statement		(2,528,267)	(2,372,701)
Gross profit		13,810,959	13,430,032
Other income			
Profit on disposal		73,759	-
Interest received		74,818	20,454
Market fees and user charges		849,305	748,394
Rental and leases		1,196,699	1,143,689
Sundry income - Ammortisation of capital reserves		1,123,716	907,848
		3,318,297	2,820,385
Operating expenses			
Advertising		250,059	181,834
Amicaal expenses		723,505	261,408
Auditors remuneration		40,250	40,250
Bad debts		257,130	-
Bank charges		75,046	32,786
Cleaning		146,622	23,737
Computer expenses		156,385	62,940
Depreciation		2,138,261	1,923,874
Employee costs		6,641,518	6,116,238
Environmental expenses		145,347	28,705
General valuation		164,600	473,228
Hospitality - Councilors		117,708	128,551
Insurance		127,529	14,382
Intergrated development plan		49,725	116,025
Internal audit		101,833	-
Motor vehicle repairs & maintenance		686,882	648,058
Printing and stationery		133,277	92,821
Professional fees		293,465	41,486
Protective clothing		142,597	112,898
Rates incentives		19,318	-
Repairs and maintenance		5,744	-
Retainer fees		634,781	566,780
SIGA Games		134,177	35,314
Subscriptions		55,493	110,896
Telephone and fax		144,324	139,079
Town Planning scheme review		43,145	-
Training of staff and councillors		72,108	19,350
Travelling and subsistence allowance		507,058	210,501
		14,007,887	11,381,141



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Detailed Statement of Financial Performance

Figures in Lilangeni	Note(s)	2020	2019
Operating profit		3,121,369	4,869,276
Finance costs		-	(26,861)
Profit for the year		3,121,369	4,842,415



Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020

Statement of Direct Costs

Figures in Lilangeni	Note(s)	2020	2019
Council Structures - Electricity and water		475,614	457,024
Electrical contractor		227,700	188,371
Floodlights and Streetlights electricity		587,903	602,401
Landfill maintenance		65,312	99,779
Landscaping and greening		11,999	24,500
Maintenance of council structures		137,970	110,712
Road and sidewalk maintenance		405,963	310,842
Security rangers		544,633	518,221
Streetlights maintenance		71,173	60,851
		2,528,267	2,372,701
Direct costs for the year		2,528,267	2,372,701

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020



Detailed Statement of Financial Performance - Budget Vs Actual

Figures in Lilangeni	Budget	Actual	Variance
Income			
Rates revenue	15,843,453	15,709,226	134,228
Government subvention	630,000	630,000	-
	16,473,453	16,339,226	134,228
Direct Cost			
Transfer from direct cost statement	2,838,792	2,528,267	310,525
Gross profit	13,634,661	13,810,959	(176,298)
Other Income			
Profit on disposal	-	73,759	(73,759)
Interest received	120,000	74,818	45,182
Market fees and user charges	866,050	849,305	16,745
Rent and leases	1,376,165	1,196,699	179,466
Sundry income - Amortisation of capital reserves	-	1,123,716	(1,123,716)
	2,362,215	3,318,297	(956,083)
Advertising	263,876	250,059	13,817
Amicaal expenses	792,795	723,505	69,290
Auditors remuneration	60,000	40,250	19,750
Bank debts	-	257,130	(257,130)
Bank charges	65,000	75,046	(10,046)
Cleaning	146,685	146,622	63
Computer expenses	80,000	156,385	(76,385)
Depreciation	-	2,138,261	(2,138,261)
Employee costs	6,609,830	6,641,518	(31,688)
Environmental expenses	208,022	145,347	62,675
General valuation	164,600	164,600	-
Hospitality - councillors	114,496	117,708	(3,212)
Insurance	139,477	127,529	11,948
Integrated development plan	-	49,725	(49,725)
Internal audit	154,000	101,833	52,167
Motor vehicle repairs & maintenance	907,771	686,882	220,889
Printing and stationery	147,992	133,277	14,716
Professional fees	388,300	293,465	94,835
Protective clothing	167,346	142,597	24,749
Rates incentive	17,000	19,318	(2,318)
Repairs and maintenance	-	5,744	(5,744)
Retainer fees	612,143	634,781	(22,638)
SIGA Games	152,300	134,177	18,123
Subscriptions	79,500	55,493	24,007
Telephone and fax	179,600	144,324	35,276
Town Planning Scheme Review	-	43,145	(43,145)
Training of staff and councillors	129,624	72,108	57,516
Travelling and subsistence allowance	568,104	507,058	61,046
	12,148,462	14,007,887	(1,859,423)
Operating profit	3,848,414	3,121,369	727,044
Finance costs	500	-	500
Surplus for the year	3,847,914	3,121,369	726,544

Piggs Peak Town Council

Financial Statements for the year ended 31 March 2020



Statement of Direct Costs - Budget Vs Actual

Figures in Lilangeni	Budget	Actual	Variance
Income			
Council structures - electricity and water	472,800	475,614	(2,814)
Electrical contractor	227,700	227,700	-
Floodlights and street light electricity	660,000	587,903	72,097
Maintenance of council structures	135,664	65,312	70,351
Landscaping and greening	28,746	11,999	16,747
Landfill maintenance	248,130	137,970	110,160
Road and sidewalk maintenance	431,125	405,963	25,162
Security rangers	544,627	544,633	(6)
Streetlight maintenance	90,000	71,173	18,827
Direct cost for the year	2,838,792	2,528,267	239,089