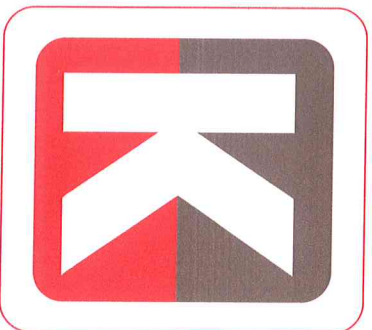


**Piggs Peak Town Council**  
Annual financial statements  
for the year ended 31 March 2022



*Koba Quashie and Associates*  
**CHARTERED ACCOUNTANTS (ES)**

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## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### General Information

<b>Country of incorporation and domicile</b>	Eswatini
<b>Nature of business and principal activities</b>	Municipality
<b>Councillors</b>	Cllr. Rodrigues V. Collin - Chairperson Cllr. Sibongile Magagula - Vice Chairperson Cllr. Wandile S. Themba Cllr. Victor Masango Cllr. Thembisile Dlamini - Ngcamphalala Cllr. Absalom Ndllovu Cllr. Tsepiso Mthinkhulu
<b>Senior Management</b>	Mzwandile Ndzinisa - Town Clerk/CEO Mangaliso Sifundza- Town Treasurer Londlwe Simelane - Town Engineer Plot 1471 & 1473 Piggs Peak P.O. Box 479 Piggs Peak
<b>Business address</b>	
<b>Postal address</b>	
<b>Bankers</b>	Standard Bank Eswatini Limited
<b>Auditors</b>	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini
<b>Legal Advisor</b>	Robinson Bretram



## **Pigg's Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

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## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Councillors' Responsibilities and Approval

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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 for Small and Medium Enterprises (IFRS for SMEs). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) 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 Councillors 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 Councillors have reviewed the council's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the 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 12 August 2022 and were signed on its behalf by:

Chairperson

Town Treasurer

Town Clerk





## INDEPENDENT AUDITORS' REPORT

To the members of Piggs Peak Town Council

Report on the Audit of the Annual Financial Statements

### Opinion

We have audited the annual financial statements of Piggs Peak Town Council, as set out on pages 6 to 21, which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of the council as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SMEs) and in a 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 of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the council in accordance with International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the annual financial statements in Eswatini and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Annual Financial Statements

The councillors are responsible for the preparation and fair presentation of the annual financial statements in accordance with IFRS for SMEs and in a 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 annual financial statements that are free from material misstatement, whether due to fraud or 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 the Councillors either intends to liquidate the council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the council's financial reporting process.

### Auditors' Responsibilities for the Audit of the Annual Financial Statements

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Supplementary Information**

The supplementary schedules set out on page 22 to 26 do not form part of the annual 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

12 August 2022

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





## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Statement of Financial Position

Figures in Lilangeni	2022	2021
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	52,354,599	45,511,805
Assets under construction	3,230,190	-
	<b>55,584,789</b>	<b>45,511,805</b>
<b>Current Assets</b>		
Trade and other receivables	11,300,442	7,893,828
Cash and cash equivalents	14,231,574	16,105,677
	<b>25,532,016</b>	<b>23,999,505</b>
<b>Total Assets</b>	<b>81,116,805</b>	<b>69,511,310</b>
<b>Reserves and Fund balances</b>		
<b>Equity</b>		
Capital reserves	39,154,936	32,806,398
Revaluation Reserves	3,199,271	3,199,271
Distributable Reserve	35,324,772	30,971,479
	<b>77,678,979</b>	<b>66,977,148</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	2,058,818	1,162,855
Provisions	1,379,008	1,371,307
	<b>3,437,826</b>	<b>2,534,162</b>
<b>Total Equity and Liabilities</b>	<b>81,116,805</b>	<b>69,511,310</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Statement of Comprehensive Income

Figures in Lilangeni	2022	2021
Revenue	19,267,326	18,765,161
Cost of sales	(2,945,915)	(2,242,834)
<b>Gross profit</b>	<b>16,321,411</b>	<b>16,522,327</b>
Other income	3,235,512	3,056,726
Operating expenses	(15,454,233)	(12,480,475)
<b>Operating profit</b>	<b>4,102,690</b>	<b>7,098,578</b>
Investment revenue	250,603	75,506
<b>Profit for the year</b>	<b>4,353,293</b>	<b>7,174,084</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>4,353,293</b>	<b>7,174,084</b>
<b>Total comprehensive income attributable to:</b>		
Council	4,353,293	7,174,084





# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

## Statement of Changes in Equity

	Capital reserves	Revaluation reserve	Accumulated funds	Total attributable to the council	Designated funds	Total equity
Figures in Lilangeni						
<b>Balance at 01 April 2020</b>	<b>32,584,460</b>	<b>3,199,271</b>	<b>23,799,004</b>	<b>59,582,735</b>	<b>1,334,171</b>	<b>60,916,906</b>
Changes in equity						
Surplus for the year			7,174,084	7,174,084		7,174,084
Capital reserve movement	221,938			221,938		221,938
Movement in designated funds					(1,334,171)	(1,334,171)
Prior adjustment - accounts receivables error			(1,609)	(1,609)		(1,609)
Total changes	221,938		7,172,475	7,394,413	(1,334,171)	6,060,242
<b>Balance at 01 April 2021</b>	<b>32,806,398</b>	<b>3,199,271</b>	<b>30,971,479</b>	<b>66,977,148</b>		<b>66,977,148</b>
Changes in equity						
Total comprehensive income for the year			4,353,293	4,353,293		4,353,293
Additions	7,470,517			7,470,517		7,470,517
Amortisation	(1,121,979)			(1,121,979)		(1,121,979)
Total changes	6,348,538		4,353,293	10,701,831		10,701,831
<b>Balance at 31 March 2022</b>	<b>39,154,936</b>	<b>3,199,271</b>	<b>35,324,772</b>	<b>77,678,979</b>		<b>77,678,979</b>
Note(s)	6	7				



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Statement of Cash Flows

Figures in Lilangeni	2022	2021
<b>Cash flows from operating activities</b>		
Cash used in operations	(3,128,951)	14,398,370
Interest income	250,603	75,506
<b>Net cash from operating activities</b>	<b>(2,878,348)</b>	<b>14,473,876</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,114,103)	(2,222,996)
Purchase of assets under construction	(3,230,190)	-
<b>Net cash from investing activities</b>	<b>(5,344,293)</b>	<b>(2,222,996)</b>
<b>Cash flows from financing activities</b>		
Movement in capital reserves	6,348,538	221,938
<b>Total cash movement for the year</b>	<b>(1,874,103)</b>	<b>12,472,818</b>
Cash at the beginning of the year	16,105,677	3,632,859
<b>Total cash at end of the year</b>	<b>14,231,574</b>	<b>16,105,677</b>



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

## Summary of Significant Accounting Policies

### 1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (SMEs), 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.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Trade receivables, Held to maturity investments and loans and receivables

The council assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the council makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

#### 1.2 Property, plant and equipment

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

- ☐ it is probable that future economic benefits associated with the item will flow to the 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.





## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Summary of Significant Accounting Policies

#### 1.2 Property, plant and equipment (continued)

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

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

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

Item	Average useful life
Land, buildings and carports	0%
Road infrastructure	5%
Plant and machinery	10%
Streetlights	10%
Furniture and fittings	10%
Motor vehicles	25%
Office equipment	10%
Mangweni Donga	5%
Computer equipment	33%
Office, market and social centre improvements	10%, 5% & 5%
Pound	5%
Sports ground	0%
Landfill	0%

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.

#### 1.3 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 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.



## **Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

### **Summary of Significant Accounting Policies**

---

#### **1.3 Financial instruments (continued)**

##### **Trade and other receivables**

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

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

Trade and other receivables are classified as loans and receivables.

##### **Trade and other payables**

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

##### **Cash and cash equivalents**

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

##### **Bank overdraft and borrowings**

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

#### **1.4 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.



## **Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

### **Summary of Significant Accounting Policies**

---

#### **1.5 Share capital and equity**

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

#### **1.5 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 has 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 whenever 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 or 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.

#### **1.6 Employee benefits (continued)**

##### **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.

#### **1.7 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.

#### **1.8 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.

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## **Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

### **Summary of Significant Accounting Policies**

#### **1.8 Government grants (continued)**

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.

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

#### **1.9 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
- Its 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 collectability 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 gifts account.

#### **Rates Income**

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

#### **1.10 Borrowing costs**

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

#### **1.11 Related parties**

The major related party to the council apart from its councillors is the Government of Eswatini 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	546,000	564,900
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## **Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

### **Summary of Significant Accounting Policies**

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#### **1.12 Impairment of assets**

The council assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the council estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the council also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.





## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022 2021

#### 2. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land, buildings and carports	17,237,572	-	17,237,572	9,582,925	-	9,582,925
Road infrastructure	30,589,848	(7,251,338)	23,338,510	30,589,848	(6,022,995)	24,566,853
Plant and machinery	4,829,304	(1,599,889)	3,229,415	3,225,367	(1,390,631)	1,834,736
Streetlights	3,441,932	(1,344,580)	2,097,352	3,357,856	(1,112,320)	2,245,536
Furniture and fittings	663,560	(312,461)	351,099	610,174	(276,148)	334,026
Motor vehicles	753,190	(619,093)	134,097	753,190	(574,395)	178,795
Office equipment	532,130	(260,584)	271,546	462,301	(235,370)	226,931
Mangwaneni donga	-	-	-	973,322	(171,743)	801,579
Computer equipment	1,179,988	(906,387)	273,601	1,119,733	(776,040)	343,693
Office, market and social centre improvements	755,165	(262,219)	492,946	755,165	(232,133)	523,032
Pound	111,838	(41,023)	70,815	111,838	(37,295)	74,543
Sports ground	2,923,714	-	2,923,714	2,923,714	-	2,923,714
Landfill	1,933,932	-	1,933,932	1,875,442	-	1,875,442
<b>Total</b>	<b>64,952,173</b>	<b>(12,597,574)</b>	<b>52,354,599</b>	<b>56,340,875</b>	<b>(10,829,070)</b>	<b>45,511,805</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Additions through donations	Depreciation	Total
Land, buildings and carports	9,582,925	184,130	-	7,470,517	-	17,237,572
Road infrastructure	24,566,853	-	-	-	(1,228,343)	23,338,510
Plant and machinery	1,834,736	1,603,937	-	-	(209,258)	3,229,415
Streetlights	2,245,536	84,076	-	-	(232,260)	2,097,352
Furniture and fittings	334,026	53,386	-	-	(36,313)	351,099
Motor vehicles	178,795	-	-	-	(44,698)	134,097
Office equipment	226,931	69,829	-	-	(25,214)	271,546
Mangwaneni Donga	801,579	-	-	(761,500)	(40,079)	-
Computer equipment	343,693	60,255	-	-	(130,347)	273,601
Office, market and social centre improvement	523,032	-	-	-	(30,086)	492,946
Pound	74,543	-	-	-	(3,728)	70,815
Sports ground	2,923,714	-	-	-	-	2,923,714
Landfill	1,875,442	58,490	-	-	-	1,933,932
	<b>45,511,805</b>	<b>2,114,103</b>	<b>(761,500)</b>	<b>7,470,517</b>	<b>(1,980,326)</b>	<b>52,354,599</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022

2021

#### 2. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Land, buildings and carports	9,582,925	-	-	9,582,925
Road infrastructure	25,859,845	-	(1,292,992)	24,566,853
Plant and machinery	2,038,596	-	(203,860)	1,834,736
Streetlights	1,364,078	1,095,931	(214,473)	2,245,536
Furniture and fittings	360,088	10,753	(36,815)	334,026
Motor vehicles	238,394	-	(59,599)	178,795
Office equipment	228,447	23,251	(24,767)	226,931
Mangweni Donga	843,767	-	(42,188)	801,579
Computer equipment	512,974	-	(169,281)	343,693
Office, market and social centre improvements	555,162	-	(32,130)	523,032
Pound	78,466	-	(3,923)	74,543
Sports ground	2,923,714	-	-	2,923,714
Landfill	782,381	1,093,061	-	1,875,442
	<b>45,368,837</b>	<b>2,222,996</b>	<b>(2,080,028)</b>	<b>45,511,805</b>

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

#### 3. Assets under construction

Road infrastructure

3,230,190

-

These represent road infrastructure which is still under construction.

#### 4. Trade and other receivables

Trade receivables  
Staff debtors  
Eswatini Government - Subvention  
Other receivables

11,091,946  
208,496  
-  
-

7,582,562  
169,941  
52,500  
88,825

**11,300,442**

**7,893,828**

#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand  
Bank balances

34,645  
14,196,929

42,582  
16,063,095

**14,231,574**

**16,105,677**



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022	2021
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#### 5. Cash and cash equivalents (continued)

##### Bank balances

Standard Bank - Current account	1,121,567	95,587
Standard Bank - CIP current account	4,432	376
Standard Bank - OPS call current	4,802,631	15,042,062
Standard Bank - CIP call account	2,448,815	10,176
Standard Bank - Gratuity and ex-gratia call account	478,334	914,894
Standard Bank - Investment account	5,000,000	-
Standard Bank - Land sales account	341,150	-
	<b>14,196,929</b>	<b>16,063,095</b>

#### 6. Capital reserves

Opening balance	32,806,398	32,584,460
Addition	7,470,517	1,336,327
Amortisation	(1,121,979)	(1,114,389)
	<b>39,154,936</b>	<b>32,806,398</b>

##### Capital reserves

39,154,936	32,806,398
------------	------------

The capital reserves arises from the capitalization of project costs paid out of grants received from the Government of Eswatini and World Bank Projects in the years 2014, 2015, 2016, 2017 and 2018 and the capitalisation of assets donated by the Government to the council. The capital reserves were amortised at 3.42%.

#### 7. Revaluation reserve

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

##### Town Council Building

3,199,271	3,199,271
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#### 8. Trade and other payables

Trade payables	1,615,010	712,077
VAT	103,753	110,726
Auction proceeds	340,055	340,052
	<b>2,058,818</b>	<b>1,162,855</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022

2021

#### 9. Provisions

##### Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Gratuity	776,803	612,365	(682,446)	706,722
Leave days	226,368	-	(40,411)	185,957
Ex-gratia	368,136	118,193	-	486,329
	<b>1,371,307</b>	<b>730,558</b>	<b>(722,857)</b>	<b>1,379,008</b>

##### Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Gratuity	723,466	607,186	(553,849)	776,803
Leave days	141,419	84,949	-	226,368
Ex-gratia	261,680	106,456	-	368,136
	<b>1,126,565</b>	<b>798,591</b>	<b>(553,849)</b>	<b>1,371,307</b>

#### 10. Cash used in operations

Profit before taxation

##### Adjustments for:

Depreciation	4,353,293	7,174,084
Loss on sale of assets	1,980,326	2,080,028
Interest received	761,500	-
Movements in provisions	(250,603)	(75,506)
Movements in designated funds	7,701	244,742
Prior year error - accounts receivables error	-	(1,334,171)
Additions to capital reserves - donated land and buildings	(7,470,517)	(1,609)

##### Changes in working capital:

Trade and other receivables	(3,406,614)	6,791,488
Trade and other payables	895,963	(480,686)
	<b>(3,128,951)</b>	<b>14,398,370</b>





## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022

2021

#### 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 cash flows 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 augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning.



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Lilangeni

2022

2021

#### 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 cash flows 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 cash flow 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.



# Pigs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

## Detailed Statement of Financial Performance

Figures in Lilangeni

2022

2021

### Revenue

Rates revenue	18,721,326	18,200,261
Government subvention	546,000	564,900

**19,267,326**      **18,765,161**

### Direct costs

Transfer from direct cost statement	(2,945,915)	(2,242,834)
-------------------------------------	-------------	-------------

**Gross profit**      **16,321,411**      **16,522,327**

### Other income

Interest received	250,603	75,506
Market fees and user charges	879,872	716,250
Rental and leases	1,233,661	1,226,087
Sundry income - Amortisation of capital reserves	1,121,979	1,114,389

**3,486,115**      **3,132,232**

### Operating expenses

Advertising	289,134	174,170
AMICALL expenses	341,143	333,122
Auditors remuneration	46,000	48,703
Bad debts	22,763	-
Bank charges	68,229	68,440
Cleaning	44,172	42,903
Computer expenses	174,366	148,297
Consulting fees	496,251	130,865
Councillors fees	619,346	547,417
Crime prevention and special programmes	32,900	13,408
Depreciation	1,980,326	2,080,028
Electricity and Water	304,067	266,572
Employee costs	7,339,269	7,028,070
Hospitality	171,217	49,796
Insurance	136,016	136,127
Internal audit	225,239	46,086
Legal fees	39,583	-
Loss on disposal of assets	761,500	-
Motor vehicle repairs & maintenance	804,294	516,521
Printing and stationery	152,550	89,253
Protective clothing	141,738	118,642
Public health and environmental awareness	141,399	24,801
Rates incentives	36,511	12,897
Repairs and maintenance	-	10,477
SIGA Games	34,797	12,108
Social responsibility and public information	5,900	3,594
Staff welfare and uniform	166,402	10,683
Subscriptions	68,451	49,961
Telephone and fax	204,109	157,359
Training of staff and councillors	134,431	41,206
Travelling and subsistence allowances	472,130	318,969





## **Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2022

### **Detailed Statement of Financial Performance**

Figures in Lilangeni	2022	2021
<b>Profit for the year</b>	<b>15,454,233</b>	<b>12,480,475</b>
	<b>4,353,293</b>	<b>7,174,084</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2022

### Statement of Direct Costs

Figures in Lilangeni	2022	2021
Electrical contractor	74,406	246,100
Floodlights and Streetlights electricity	634,682	717,312
Landfill management	-	96,375
Repairs and maintenance - council structures	139,184	5,663
Repairs and maintenance - public structures	409,467	244,475
Road and sidewalk maintenance	639,541	283,425
Security rangers	621,226	556,981
Streetlights maintenance	268,514	78,976
Weed control chemicals	158,895	13,527
	<b>2,945,915</b>	<b>2,242,834</b>
Direct costs for the year	2,945,915	2,242,834



## Piggs Peak Town Council

Financial Statements for the year ended 31 March 2022

### Detailed Statement of Financial Performance - Budget Vs Actual

Figures in Lilangeni	Budget	Actual	Variance
<b>Income</b>			
Rates revenue	18,906,743	18,721,326	185,416
Government subvention	630,000	546,000	84,000
	<b>19,536,743</b>	<b>19,267,326</b>	<b>269,416</b>
<b>Direct Cost</b>			
Transfer from direct cost statement	(3,515,900)	(2,945,915)	(569,985)
<b>Gross profit</b>	<b>16,020,842</b>	<b>16,321,411</b>	<b>(300,568)</b>
<b>Other Income</b>			
Interest received	60,000	250,603	(190,603)
Market fees and user charges	720,700	879,872	(159,172)
Rent and leases	1,400,784	1,233,661	167,123
Sundry income - Amortisation of capital reserves	-	1,121,979	(1,121,979)
	<b>2,181,484</b>	<b>3,486,115</b>	<b>(1,304,631)</b>
Advertising	338,571	289,134	49,437
Amicalal expenses	490,095	341,143	148,952
Auditors remuneration	96,800	46,000	50,800
Bad debts	25,000	22,763	2,237
Bank charges	63,000	68,229	(5,229)
Cleaning	33,550	44,172	(10,622)
Computer expenses	165,457	174,366	(8,909)
Consulting fees	1,001,960	496,251	505,709
Councillors fees	552,326	619,346	(67,020)
Crime prevention and special programmes	53,910	32,900	21,010
Depreciation	-	1,980,326	(1,980,326)
Electricity and water	292,133	304,067	(11,933)
Employee costs	7,449,085	7,339,269	109,816
Hospitality	220,216	171,217	48,999
Insurance	172,910	136,016	36,894
Internal audit	140,200	225,239	(85,039)
Legal fees	60,000	39,583	20,417
Loss on disposal of assets	-	761,500	(761,500)
Motor vehicle repairs & maintenance	871,139	804,294	66,845
Printing and stationery	220,663	152,550	68,113
Protective clothing	164,319	141,738	22,581
Public health and environmental awareness	246,047	141,399	104,648
Rates incentive	47,500	36,511	10,989
Repairs and maintenance	-	-	-
SIGA Games	48,125	34,797	13,328
Social responsibility and public information	36,350	5,900	30,450
Staff welfare and uniform	202,870	166,402	36,468
Subscriptions	78,500	68,451	10,049
Telephone and fax	182,206	204,109	(21,903)
Training of staff and councillors	165,695	134,431	31,264
Travelling and subsistence allowances	469,755	472,130	(2,375)
	<b>13,888,382</b>	<b>15,454,233</b>	<b>(1,670,500)</b>
<b>Surplus for the year</b>	<b>4,313,944</b>	<b>4,353,293</b>	<b>65,301</b>





## Piggs Peak Town Council

Financial Statements for the year ended 31 March 2022

### Statement of Direct Costs - Budget Vs Actual

Figures in Lilangeni	Budget	Actual	Variance
<b>Income</b>			
Electrical contractor	90,000	74,406	15,594
Floodlights and street light electricity	869,400	634,682	234,718
Landfill management	40,000	-	40,000
Repairs and maintenance - council structures	166,246	139,184	27,062
Repairs and maintenance - public structures	691,278	409,467	281,811
Road and sidewalk maintenance	649,745	639,541	10,204
Security rangers	556,175	621,226	(65,051)
Streetlight maintenance	277,256	268,514	8,742
Weed control chemicals	175,801	158,895	16,906
	<b>3,515,900</b>	<b>2,945,915</b>	<b>569,986</b>
<b>Direct cost for the year</b>	<b>3,515,900</b>	<b>2,945,915</b>	<b>569,986</b>