



**PIGG'S PEAK TOWN COUNCIL**

**ANNUAL PERFORMANCE REPORT 2018/19**

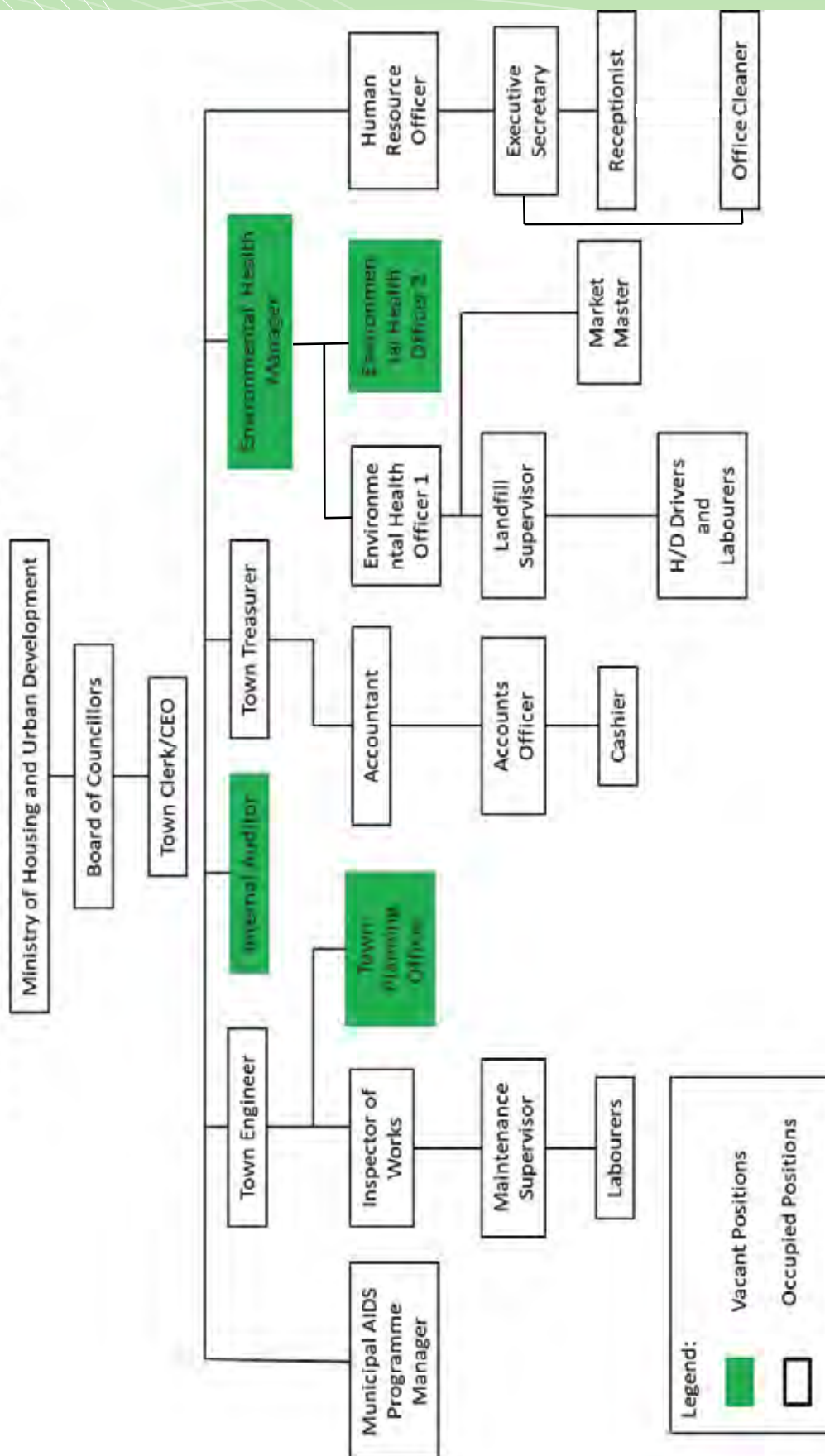
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## PIGG'S PEAK TOWN COUNCIL ORGANIZATIONAL STRUCTURE



# COUNCILLORS



Chairperson  
Cllr. Victor Rodrigues



Cllr.  
Sibongile Magagula  
Ward 1



Cllr. Sizwe Themba  
Ward 4



Cllr. Victor Masango  
Ward 5



Cllr. Mndeni Simelane  
Ward 6



Cllr. Thembisile Dlamini-  
Ngcamphalala  
Appointee



Cllr. Absalom Ndlovu  
Appointee

# MANAGEMENT



**Mzwandile Ndzinisa**  
Chief Executive  
Officer / Town Clerk



**Ntombizodwa Vilakati**  
Town Treasurer



**Vusumuzi Dube**  
Town Engineer



**Winile Mthimkhulu**  
Human Resource Officer



**Bongekile Mkhontfo - Dlamini**  
Environment &  
Public Health Officer



**Thami Dlamini**  
Inspector of Works



**Dumsile Gamedze**  
Municipal Aids  
Programme Manager



**Clement Dlamini**  
Accountant

## OUR MISSION, VISION, SLOGAN AND VALUES

### MISSION STATEMENT

"To provide efficient and effective services, using public participation and tourism as engines for social and economic development of the town to the benefit of all stakeholders"

### VISION

"To be a vibrant economic hub transforming the Northern Hhohho region into a preferred tourist destination"

### OUR SLOGAN

"Improvement in services and quality of life through unity"

### VALUES

As we carry out our mandate, we are guided by the following values;

- Accountability
- Transparency
- Integrity
- Quality service delivery
- Concern for people
- zero tolerance to corruption

## FOREWORD BY THE CHAIRPERSON

The 2018/19 annual report has been prepared based on the principles of integrated reporting, in order to ensure that the needs and interests of the town's rates payers, residents and stakeholders are addressed, as outlined in the organization's Integrated Development Plan (IDP) or five-year strategic plan. In line with the organization's values, particularly that of accountability, transparency and quality service delivery, this report has been prepared in order to provide the town's rates payers, residents and stakeholders, with a detailed report on the operations of the organization, for the period under review.

From the report, the reader will appreciate that the organization managed to successfully implement a couple of projects and programmes, in line with Council's strategic plan or Integrated Development Plan (I.D.P) and annual operating plan. Chief amongst these projects and programmes, are the following; upgrade of Delivery and Peak school road from gravel to bitumen standard, approval of Macambeni general plan by Surveyor General's department, obtaining unqualified audit opinion and receipt of Green municipality award, to mention just a few.

The report also details the organization's financial performance, under audited financial statements.

On behalf of the Councilors, may I take this opportunity to commend management and staff for being able to deliver on the organization's mandate, during this reporting period.

I thank you,



**CLLR. VICTOR RODRIGUES**  
**MAYOR / CHAIRPERSON**

## HIGHLIGHTS FOR THE YEAR ENDED 2018/19 FINANCIAL YEAR (FY)

Dear rates payers and stakeholders,

During the financial year under review, the organisation successfully implemented the following projects and programmes;

### ❖ **Upgrade of Delivery and Peak school road, from gravel to bitumen standard**

In pursuit of the organisation's strategic objective of investing in infrastructure development for investment promotion, the Council was able to use proceeds from both the Swaziland Local Government Project (S.L.G.P) as well as from Council's own source of funds, to upgrade both Delivery and Peak school road for a contract price of **E6 458 113.58**

### ❖ **Approval of Macambeni general plan or layout by Surveyor General's department**

In line with the organization's objective of upgrading all informal settlements, to habitable human settlements, town planning approval was obtained from the Surveyor General's department, to establish 110 residential plots at Macambeni.

### ❖ **Council wins Green municipality award**

During this reporting period, the organization was awarded the Green municipality award by eSwatini Environment Authority (EEA), for developing environmental solutions, to improve sustainability and service delivery related functions, such as effective waste management services and greening initiatives.



#### ❖ **Obtaining unqualified audit opinion**

The audited financial statements for the year ended 31<sup>st</sup> March 2019, have been approved by the board, since there were no material or significant misstatements identified by the external auditors and thus an unqualified or clean Audit opinion was expressed.

#### ❖ **Preparation of Council's Integrated Development Plan (I.D.P) or Strategic Plan**

Following an extensive stakeholder engagement process, we were able to put together a five-year (2019-24) I.D.P, approved by the Ministry, which will guide the operations of the organisation, over the next five years, to ensure that the organisation achieves its objectives.

#### ❖ **Preparation of new General valuation roll (2019-24)**

In line with the Rating Act of 1995, Council successfully conducted the valuation of all immovable property(s), within the urban area, for purposes of determining the worth of rateable property.

I thank you,

**MZWANDILE S. NDZINISA**  
**C.E.O / TOWN CLERK**

# **2018/19 ANNUAL PERFORMANCE REPORT**

## **1. CEO' OFFICE**

### **1.1 PREPARATION OF COUNCIL'S INTEGRATED DEVELOPMENT PLAN (I.D.P) OR STRATEGIC PLAN**

During this reporting period, we can report that the organization successfully prepared its five-year (2019-2024) strategic plan, whose main objective is to guide the operations of Council, with the view of ensuring that the organization is customer focused and operates efficiently. It must be noted that this process was stakeholder driven, meaning views and submissions of property owners, town's residents, rates payer's association and business community were solicited, then incorporated into the I.D.P.

In the next five years, Pigg's Peak Town Council will focus on five strategic priorities which are;

- Land and Infrastructure Management, such as the upgrade of informal settlement areas such as Macambeni
- Institutional Capacity building and Stakeholder Management,
- Financial stability, through improving on rates collection and identifying other sources of revenue
- Socio-economic development, through promoting local economic development (L.E.D)
- Environmental Health and Safety Management.

### **1.2 CONDUCTING PERIODIC INTERNAL AUDITS**

Following the expiry of three-year internal audit contract of Ndallahwa and company, Council invited proposals from audit firms, who tendered for the provision audit services to the organization, for another three years. We can safely report that the organization has engaged KPMG Swaziland, to provide internal audit services to Council, for the next three years, that is

2018-21. In order to contain costs related to this exercise, KPMG Swaziland has been appointed jointly with eZulwini municipality, meaning audit fees are shared equally by both towns.

At this stage, the auditors have conducted a risk assessment for the organization, through which major risks that impact on the attainment of set objectives were identified and mitigation plans were put in place. This means that going forward, periodic internal audits will be conducted, in order to achieve the following; ensure adherence to good corporate governance practices, design and implement appropriate internal controls to address risks, through putting in place policies and procedures.

### **1.3 BOARD AND FINANCE COMMITTEE MEETINGS**

The Board or Council has the ultimate authority for determining the strategic direction of the organization, on the other hand, Management is responsible for the daily operations of the organization (service delivery) and both parties are accountable to the parent Ministry and town's residents. It must be noted that the responsibilities of these parties are clearly defined in the Urban Government Act, 1969 in order to ensure balance of power and avoid overlap. The Board, elects and delegates three members to form the Finance committee, responsible for managing the finances of the organization. Both the Board and Finance committee meet once a month to deliberate on issues brought to their attention by Management. Table 1.0 indicates the number of meetings held during the period under review.

**TABLE 1.0 MEETINGS HELD DURING 2018/19 FY**

TOTAL NUMBER OF MEETINGS	NATURE OF MEETING				
	COUNCIL / BOARD	FINANCE COMMITTEE	MANAGEMENT	ANNUAL GENERAL MEETING	CONSULTATIVE BUDGET MEETING
41(31)	18(11)	11 (7)	10 (11)	1(1)	1(1)

**N.B** The numbers in brackets represents meetings held during the same period last financial year

Based on the table above, it must be noted that Council managed to meet on a monthly basis, as stated in the Urban Government Act, 1969 however additional seven special Council meetings were held, due to pressing issues, requiring the Board's attention.

**1.4 STAKEHOLDER ENGAGEMENT**

In line with Council's I.D.P, which advocates for enhancing participatory governance, during the period under review, the organization was able to convene consultative budget meetings but we were unable to conduct annual general meeting (A.G.M) for previous financial year (2017/18), due to financial constraints.

Four consultative budget meetings were held in November 2018 as planned, wherein the attendees were given the opportunity to make budget submissions, to 2019/20 financial year. The attendance register indicates that women are actively involved in development issues at Pigg's Peak, refer to table 1.2

**Table 1.1 Consultative Ward Meeting held in November 2018**

Ward	Venue	Date	Time
Ward 1	Malandalahle community hall	18 <sup>th</sup> November 2018	7:00 a.m. - Meeting was adjourned
Ward 2	Mangwaneni hall	18 <sup>th</sup> November 2018	2:00 p.m.
Ward 3 & 6	Civic center	17 <sup>th</sup> November 2018	2:00 p.m.
Ward 4 & 5	Peak Nazarene Primary School	24 <sup>th</sup> November 2018	9:00 a.m.

**Table 1.2 Ward attendance register by gender and age**

Ward	Gender		Age range	Total no. of attendees
	Females	Males		
Ward 1	-	-	-	Meeting was adjourned
Ward 2	26	19	27-74yrs	45
Ward 3 & 6	121	14	26-76yrs	135
Ward 4 & 5	5	8	24-75yrs	13
<b>TOTAL</b>	152	41		



### **1.5 LITIGATION**

Rates or property tax continue to be the main source of revenue for the organization, as such Council ensures that they are properly collected, in order to finance operations. Following the failure of some owners of immovable property to pay outstanding rates, despite numerous reminders sent to them, as last resort, Council instituted legal action against a couple of rates defaulters, in order to recover outstanding rates.

## **2. ENGINEERING DEPARTMENT**

### **2.1 CONSTRUCTION OF DELIVERY AND PEAK SCHOOL ROAD**

During this reporting period, Council can report that both Delivery and Peak school road were successfully upgraded from gravel to bitumen standard.



## **2.2 CONSTRUCTION OF DELIVERY ROAD**

This project entailed the upgrade of a 420 meters gravel road to bitumen standard, that services thirty-two plots, through funding from the World Bank, under eSwatini Local Government Project (S.L.G.P) and Council. The contract for road construction was awarded to Pots Construction Pty (Ltd), for a contract sum of E3 684 640.64 and contract period was six months. Through close supervision by ZMCK Consulting Engineers Pty (Ltd), the contractor was able to successfully deliver this project, within contract period and contract price.

Through the implementation of such a project, the organization has been able to ease traffic congestion within the town center, since delivery trucks and vans are able to directly deliver goods at the shop's storerooms. Secondly, infrastructure development provides a foundation for development, since through the road upgrade, the central business district (CBD) or town center of Pigg's Peak will be extended through new property developments towards the west side of the town as opposed to having a linear town center.

## **2.3 CONSTRUCTION OF PEAK SCHOOL ROAD**

In line with Council's capital improvement programme (C.I.P), Council was able to successfully deliver another road related project, that entailed the of upgrade of a 350 meters long gravel road to bitumen standard, for a contract sum of E 2,773,472.94. The contract for road construction was awarded to Pots Construction Pty (Ltd) and contract period was four months. This road was constructed to service Pigg's Peak Inkhundla, library, a primary school and government offices.

This project was implemented through funding from the World Bank, under eSwatini Local Government Project (S.L.G.P) and Council. Through close

supervision by the supervising consultant (ZMCK Consulting Engineers), the contractor was able to successfully deliver this project, within contract period and contract price.



## **2.4 APPROVAL OF MACAMBENI GENERAL PLAN (G.P)**

Sustainable development goal number 11, calls for the creation of sustainable cities and communities, to ensure access to safe and affordable housing. In order to achieve this noble goal, Council resolved to incrementally develop Macambeni, into a planned settlement, by seeking town planning permission to create a general plan or map of the area. Through this process, the Surveyor General's department, issued an approved G.P for Macambeni, meaning a total of 110 residential plots, for allocation to the resident population and a public open space or

recreational plot were created. It must be noted that plots boundaries or beacons were pin pointed to plot owners.

Going forward, the following processes will take place;

- a) Access roads (gravel) will be provided, within Macambeni
- b) Plot prices will be set, in consultation with the community, for land allocation purposes

## **2.5 REHABILITATION OF MANGWANENI WATER RETICULATION SYSTEM**

The upgrade of Mangwneni from being a informal settlement to a well-planned area, was undertaken by the Ministry of Housing and Urban Development, as a result, 147 surveyed plots were created. As part of the upgrading project, tarred roads and utility service infrastructure, namely; potable water, electricity and sewerage, was provided. It must be noted that due to the fact that the project was not properly handed over, water connection points were tampered with or vandalised, rendering the potable water supply network unusable. It is for this reason that Council set aside funds to rehabilitate the system, to ensure that Eswatini Water Services Corporation (E.W.S.C) takes over.

During the period under review, the organisation can report the following milestones under this project;

- a) The network has been rehabilitated and tested for leaks, meaning E.W.S.C has taken full responsibility.

- b) Following official acceptance of the water reticulation system, residents have been advised to apply for water connections.



Demonstration by Eswatini Water Services corporation employee on water connection

### **3.ENVIRONMENT AND PUBLIC HEALTH**

#### **3.1 ENVIRONMENTAL HEALTH EDUCATION**

Schools within the town's boundary were visited for environmental health talks and health safety issues. During the visits, learners were encouraged to join the whole world in taking care of the environment, through reducing plastic pollution, which is line with this year's World Environment Day theme

**"beat plastic pollution"**. Considering the role played by stakeholders in such issues, Council collaborated the eSwatini Royal Police Service, who advised the public not to breach the country's environmental health laws. The issue of health and safety was also addressed to ensure that pupils' health and safety is not compromised, while within school premises. The engaged schools were as follows;

- ABC Pre-School
- The Peak Primary
- The Peak Central Primary
- The Peak Nazarene Primary
- The Peak Central High School
- Mhlatane High

### **3.2 FOOD AND WATER QUALITY MONITORING**

#### **3.2.1 Shop and Restaurant Inspections**

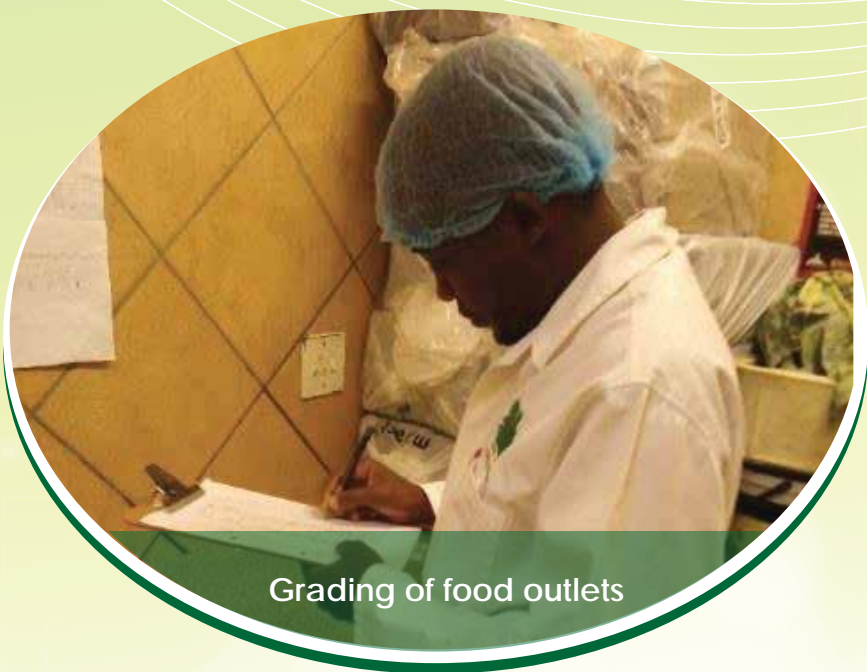
In line with the provisions of the Public Health (Food Hygiene) Regulations (1973), routine inspections were conducted to make sure that food that is sold and served to the public is safe and wholesome for consumption. Food stuffs totaling to **2 561.62 kg** and **734.21 liters** were condemned from supermarkets and disposed off at the landfill, after being found unfit for human consumption.

Restaurants were visited to address issues of hygiene and sanitation within the business premises amongst other issues. This was aimed at preventing the outbreak of food-borne illnesses, which could come as a result of poor hygiene, poor sanitation and poor food handling practices by food handlers. It must be noted that one restaurant and two butcheries had to cease operating after they were found to be operating in contravention

with the Public Health, 1969. After follow up inspections, the bans were lifted.

**3.2.2 Food Outlets Grading**

High food quality is one of the areas of concern for the Council, hence all food outlets were graded to maintain a high food quality standard and those outlets found to be operating below acceptable standards, were advised to improve. The exercise was a success through the technical support from Matsapha Town Council and The Ministry of Health, Health Inspectorate Department.



Grading of food outlets

Below is a table indicating the number of grades against each business type available in town:

- Key-** A-90-100%  
B-70-89  
C-60-69  
D-50-59  
E (Ungraded)- 50 and below

**Table No.1.3 Food outlets grading results.**

		A	B	C	D	E	
FOOD OUTLETS 2018	Supermarkets	1	4	2	2	0	
	Restaurants	1	3	2	7	1	
	Butcheries	0	1	2	1	2	
	Groceries	0	1	0	2	0	
	Bakery	0	1	0	1	0	
	Kitchen		1		1	0	TOTAL
		2	11	6	14	3	36

A thorough analysis of the grading results indicates that a great sign of hygienic improvement when compared to the previous reporting year (2017/18), where three outlets (one restaurant and two butcheries) completely ceased operations for being of low health standards. Although there were a few E grades in 2018/2019, no food outlet had to cease operations for contravening the Public Health, 1969 since vigorous routine follow-up inspections were conducted to ensure improvement. It is worth noting that most outlets improved from C grade which they obtained in 2017/18 to B grade in 2018/19.

### **3.2.3 Water Sampling for Analysis**

Water samples were taken from natural water bodies within the town's boundaries for analysis at the Municipal Council of Mbabane's laboratory to determine whether the microbiological and chemical content of local water bodies are still within acceptable standards. In the chemical analysis, all samples were found to be within acceptable standards but failed the microbiological tests, due to traces of faecal coliforms. This can be attributed to the poor sanitation in the informal settlements, thus residents who use water from these water bodies for human consumption, are encouraged to treat it before use, either by using bleach or boiling.

### **3.4 APPROVAL OF INITIAL ENVIRONMENTAL EVALUATION (IEE) REPORT FOR DELIVERY ROAD**

To ensure that Council's road related construction projects comply with the environmental laws of the country, a Initial Environmental Evaluation (IEE) together with Comprehensive Mitigation Plan (CMP) for Delivery Road was prepared and submitted in accordance with the Environmental Audit, Assessment and Review Regulations (2000), eSwatini Environmental Authority for scrutiny. We can safely report that the report was approved, meaning the construction of the road did not result in major negative environmental impacts.

## 4. HUMAN RESOURCE DEPARTMENT

### 4.1 PARTICIPATING IN NATIONAL CULTURAL EVENTS

As a way of promoting and upholding culture, female Council employees joined the nation, through participating in the three-day long buganu ceremony held at Buhleni royal residence. As per Swati culture, gifts or tetfulo were delivered before Her Majesty the Indlovukazi.



Tetfulo for Her Majesty Indlovukazi  
- Emaganu Ceremony

## **4.2 RETIREMENT OF COUNCIL EMPLOYEES**

Two employees who were under the Environment & Public Health department for more fifteen years, retired during the reporting year, after reaching the statutory retirement age. In line with Council's staff standing orders, the employees concerned were trained under 'Retire with dignity programme', two years before retirement, in preparation for retirement. During their farewell function, they were presented with tokens of appreciation, such as building hardware vouchers.

## **5.FINANCE DEPARTMENT**

### **5.1 PREPARATION OF NEW GENERAL VALUATION ROLL (2019-24)**

As stated in the Rating Act of 1995, local authorities are expected to conduct general valuation of all immovable property(s), within their jurisdiction, once every five years, to determine their worth. It is for this reason that Pigg's Peak Town Council implemented this exercise, after being granted permission by the Ministry of Housing and Urban Development. The main purpose is to evaluate all properties within the urban area as per the dictates of the Rating Act of 1995 (General Valuation shall be done every after 5 years).

For rates assessment purposes, Council conducts two types of valuation, namely;

- ❖ The General valuation - prepared once every five years
- ❖ The Supplementary valuation - prepared once General valuation has come into operation, mainly to cater for properties omitted in the General valuation roll or improvements made on property.

The values that appear in the valuation roll form the basis for the determination of how much rates will be charged against a property. It must be noted that this exercise was carried out by a independent valuer (Christian Amoako and Co.) and considering that this is a stakeholder driven process, the valuation exercise was carried out over a period of six months, wherein property owners were given the opportunity to object to the draft General valuation roll, as stated under Section 16 of the Act. For transparency purposes, objections received were presented to the Valuation court, duly appointed by the Minister, to hear and determine the appropriateness of the arguments for and against the issue put before it.

It was observed that property owners lack knowledge about the property valuation processes, hence the Finance department has taken the initiative to capacitate ratepayers , through Council's civic education.

Finally, we can safely report that this process was successfully implemented, since the new General valuation roll was certified by the Valuation court, meaning that for 2019/20 financial year and going forward, this document will be used for rates billing. Based on current valuation of all immovable property within the urban area of **E851 908 100.00**, this figure indicates an increase in value of **40%**, since the previous valuation roll (2013/18), valued property at **E500 040 097.00**.

## **5.2 PROCUREMENT OF THE NEW FINANCIAL SYSTEM**

A new financial system, called Sage evolution, was successfully installed to improve the operations of the organisation, in the manner below;

- ✓ Rates billing – the billing exercise does not take long in terms of number of days.
- ✓ Requisition of goods and services – paperwork has been eliminated in the procurement process and system is able to link procurement

with Council's budget, meaning only purchase within budget go through.

- ✓ Asset register – this assist in saving time, assets depreciation is automatically done.
- ✓ Customer service management (CSM)- the system allows the user to report public queries and turnaround time is set for attending to queries or public complaints.

## 6.AMICAALL

### 6.1 EARLY CHILDHOOD CARE AND DEVELOPMENT

Despite the prevailing financial challenges faced by the organization, full support to the less privileged children was provided, in the form of financing the operations of early childhood care and development (E.C.C.D) centers and providing food to the children attending school at the centers. This programme plays a critical role in terms of preparing the children for primary school, in the manner below;

- Enhances their communication, writing and speaking skills
- Enhances their creativity

Donors and other partners, such as Palms for life, played a significant role by donating items, such as coal stove, swings, desks and toys to our social centres.



## **6.2 GENDER ISSUES**

Sustainable goal number 5 calls for gender equality, in order to provide women and girls with equal access to education, health care, decent work and political representation. It is for this reason that Council partnered with other organizations to make it a point that women's voices are heard, through training them on entrepreneurship and leadership.

## **6.3 COMMEMORATING VOLUNTEER'S DAY**

As a way of demonstrating her appreciation for the wonderful work done by volunteers during the course of the year, Council commemorated the volunteer's day and issued tokens of appreciation to the forty-two volunteers. These volunteers act as a link between the organization and community served.

## **7. MAJOR CHALLENGES ENCOUNTERED DURING THE PERIOD UNDER REVIEW**

Notwithstanding the previously stated milestones achieved during 2018/19 financial year, the organization encountered a couple of challenges, which include the following; financial challenges (poor rates collection and delay in remittance of capital improvement projects funds) and delay in the approval of proposals for commercial development on government owned land.

With specific reference to poor rates collection, it must be noted that rates or property tax account for 82% of the total operating revenue of the organization, meaning that they are the main source of revenue. The

prevailing financial challenges faced by government and the failure by private property owners to settle their outstanding rates or arrears, has negatively impacted on the operations of the organization. This means that a number of projects and programmes were not implemented, compromising service delivery. To address this challenge, reminders were issued to defaulters, names of rates defaulters were published in the print media and as last resort, Council has taken the legal route in order to recover outstanding rates.

In order to ensure the efficient use of vacant government land, Council considered and recommended for approval a number of commercial developments, which were forwarded to our parent Ministry for further consideration. In the interim, we are still awaiting Ministry's response regarding this development.

## 8. CONCLUSION

Based on abovementioned achievements, one can safely conclude that Pigg's Peak Town Council managed to deliver on her mandate, regardless of the prevailing challenges, which are similar to those faced by other local authorities. That said, this does not mean we should rest on our laurels, as there is room for improvement in the forthcoming financial year.

**Piggs Peak Town Council**  
Annual Financial Statements  
for the year ended 31 March 2019

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# **ANNUAL FINANCIAL STATEMENTS**

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**PIGG'S PEAK TOWN COUNCIL**





# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## General Information

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<b>Country of incorporation and domicile</b>	Eswatini
<b>Nature of business and principal activities</b>	Municipality
<b>Councillors</b>	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
<b>Senior Management</b>	Mzwandile Ndzinisa - Town Clerk/CEO Ntombizodwa Vilakati - Town Treasurer Vusumuzi Dube - Town Engineer
<b>Business address</b>	Plot 1471 & 1473 Piggs Peak
<b>Postal address</b>	P.O. Box 479 Piggs Peak
<b>Bankers</b>	Standard Bank Swaziland Limited
<b>Auditors</b>	Kobla Quashie and Associates Chartered Accountants (Swaziland) Manzini
<b>Legal Advisor</b>	Robinson Bretram



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

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The reports and statements set out below comprise the annual financial statements presented to the Councillors:

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

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## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### 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. 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.


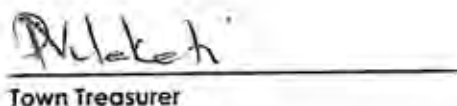
The Councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the council and place considerable importance on maintaining a strong control environment. To enable the Councillors to meet these responsibilities, the council sets standards 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 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 2020 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 20 which have been prepared on the going concern basis, were approved by the Councillors on 23 August 2019 and were signed on its behalf by:

  
Chairperson  
Town Clerk  
Town Treasurer



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## **Independent Auditor's Report**

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**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 20, which comprise the statement of financial position as at 31 March 2019, 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 2019, 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

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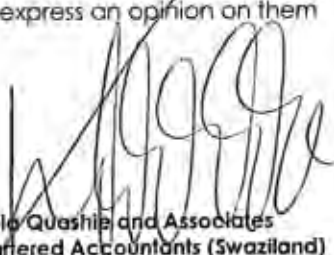
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

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 21 to 24 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 (Swaziland)  
Manzini  
Per: Daniel Bediako

23 August 2019

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



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Financial Position

Figures in Lilangeni	Note(s)	2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	45,816,348	39,654,892
<b>Current Assets</b>			
Trade and other receivables	3	10,135,051	10,094,374
Cash and cash equivalents	4	4,522,091	6,705,245
		<b>14,657,142</b>	<b>16,799,619</b>
<b>Total Assets</b>		<b>60,473,490</b>	<b>56,454,511</b>
<b>Reserves and Fund balances</b>			
<b>Equity</b>			
Capital reserves	5	32,857,200	26,545,251
Revaluation Reserves	6	3,199,271	3,199,271
Distributable Reserve		22,319,977	18,112,543
		58,376,448	47,857,065
Designated funds	7	27,376	6,566,276
		<b>58,403,824</b>	<b>54,423,341</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	8	-	79,122
<b>Current Liabilities</b>			
Borrowings	8	-	418,428
Trade and other payables	9	1,118,232	650,416
Provisions	10	951,434	883,204
		<b>2,069,666</b>	<b>1,952,048</b>
<b>Total Liabilities</b>		<b>2,069,666</b>	<b>2,031,170</b>
<b>Total Equity and Liabilities</b>		<b>60,473,490</b>	<b>56,454,511</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Comprehensive Income

Figures in Lilangeni	Note(s)	2019	2018
Revenue		15,802,733	14,718,008
Cost of sales		(2,372,701)	(2,071,029)
<b>Gross profit</b>		<b>13,430,032</b>	<b>12,646,979</b>
Other income		2,799,931	2,467,197
Operating expenses		(11,381,141)	(10,841,000)
<b>Operating profit</b>		<b>4,848,822</b>	<b>4,273,176</b>
Investment revenue		20,454	27,821
Finance costs		(26,861)	(98,796)
<b>Profit for the year</b>		<b>4,842,415</b>	<b>4,202,201</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>4,842,415</b>	<b>4,202,201</b>
<b>Total comprehensive income attributable to:</b>			
Council		4,842,415	4,202,201



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Changes in Equity

Figures in Lilangeni	Capital reserves	Revaluation reserve	Accumulated funds	Total attributable to the council	Designated funds	Total equity
<b>Balance at 1 April 2017</b>	<b>18,251,024</b>	<b>3,199,271</b>	<b>13,298,340</b>	<b>34,748,635</b>	<b>10,962,100</b>	<b>45,710,735</b>
Changes in equity						
Surplus for the year			4,202,201	4,202,201		4,202,201
Capital reserve movement	8,294,227			8,294,227		8,294,227
Movements in designated funds					(4,186,022)	(4,186,022)
Transfer			209,802	209,802	(209,802)	
Prior adjustment - ex gratia			402,200	402,200		402,200
<b>Total changes</b>	<b>8,294,227</b>		<b>4,814,203</b>	<b>13,108,430</b>	<b>(4,395,824)</b>	<b>8,712,606</b>
<b>Balance at 1 April 2018</b>	<b>26,545,251</b>	<b>3,199,271</b>	<b>18,112,543</b>	<b>47,857,065</b>	<b>6,566,276</b>	<b>54,423,341</b>
Changes in equity						
Total comprehensive income for the year			4,842,415	4,842,415		4,842,415
Capital reserve movement	6,311,949			6,311,949		6,311,949
Movement in designated funds					(7,173,881)	(7,173,881)
Transfers			(634,981)	(634,981)	634,981	
<b>Total changes</b>	<b>6,311,949</b>		<b>4,207,434</b>	<b>10,519,383</b>	<b>(6,538,900)</b>	<b>3,980,483</b>
<b>Balance at 31 March 2019</b>	<b>32,857,200</b>	<b>3,199,271</b>	<b>22,319,977</b>	<b>58,376,448</b>	<b>27,376</b>	<b>58,403,824</b>
Note(s)	5	6				



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Cash Flows

Figures in Lilangeni	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	94,184	(2,466,569)
Interest income		20,454	27,821
Finance costs		(26,861)	(98,796)
<b>Net cash from operating activities</b>		<b>87,777</b>	<b>(2,537,544)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(8,085,330)	(9,034,397)
Sale of property, plant and equipment	2	-	1,389
<b>Net cash from investing activities</b>		<b>(8,085,330)</b>	<b>(9,033,008)</b>
<b>Cash flows from financing activities</b>			
Movement in capital reserves	5	6,311,949	8,294,227
Finance lease payments		(497,550)	(429,617)
<b>Net cash from financing activities</b>		<b>5,814,399</b>	<b>7,864,610</b>
<b>Total cash movement for the year</b>		<b>(2,183,154)</b>	<b>(3,705,942)</b>
Cash at the beginning of the year		6,705,245	10,411,187
<b>Total cash at end of the year</b>	4	<b>4,522,091</b>	<b>6,705,245</b>



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual 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 annual 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.

#### 1.1 New and amended standards and interpretations

The following narrow-scope amendments have been issued by the IASB and are effective retrospective for annual periods commencing on 01 July 2017:

- Amendments to IAS 7: Cash flow statements

- Amendments to IAS 12: Income taxes

Annual improvements 2014-16 cycle

- IFRS 12: Disclosure of interests in other entities.

The above narrow-scope amendments did not have a material impact on the council's financial statement disclosures or financial results.

#### The new or amended standards that are not yet effective

The following new or amended standards issued by the IASB are not yet effective for the current financial year and the council will comply with the new standards and amendments from the effective date. The council has elected not to early adopt any amendment or new standard at this stage.

The council has not applied the following new and revised IFRS that have been issued but are yet effective:

#### Effective annual periods beginning on or after

#### Title

1 January 2018	IFRS 2 (Amendment) - Classification and measurement of share-based payment transactions
1 January 2018	IFRS 4 (Amendments) – Two approaches provided regarding the implementation of IFRS 9
1 January 2018	IAS 40 – Transfer of investment property
1 January 2018	IFRIC 22 – Foreign currency transactions and advance consideration
1 January 2019	IFRIC 23 – Uncertainty over income tax treatments
1 January 2019	IAS 28 (Amendment) - Investments in associates and joint ventures: long-term interests in associates and joint ventures
1 January 2019	IAS 19 (Amendment) - Employee Benefits
1 January 2020	Accounting for plan amendment, curtailment or settlement IASB revision of the Conceptual Framework
1 January 2021	IFRS 17 – Insurance contracts



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

### 1.1 New and amended standards and interpretations

Postponed (initially 1 January 2016)	IFRS 10 and IAS 28 (Amendments) - Sale or contribution of assets between an investor and its associate or joint venture Annual improvements 2014-16 cycle
1 January 2018	IFRS 1 – First-time adoption of IFRS
1 January 2018	IAS 28 – Investments in associates and joint ventures Annual improvements 2015-17 cycle
1 January 2019	IFRS 3 – Business combination
1 January 2019	IFRS 11 – Joint arrangements
1 January 2019	IAS 12 – Income taxes
1 January 2019	IAS 23 – Borrowing costs

Management is currently assessing the impact of these amendments and improvements but they are not expected to have a material impact on the council's financial statements.

### IFRS 9 Financial Instruments

#### Scope:

The final version of IFRS 9 combines the classification and measurement of financial assets and liabilities, impairment and hedge accounting. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. All recognised financial assets that were within the scope of IAS 39 will be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Choices of measurement are typically limited to fair value or amortised cost. Fair value adjustments, depending on the model, can be categorised through profit or loss or through other comprehensive income (OCI). Despite the business model outcome, an entity may, at initial recognition, designate a financial asset at fair value through profit or loss (to eliminate or significantly reduce any accounting mismatch that would arise from measuring financial assets and liabilities on different bases). Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and those cash flows are solely payments of principal and interest, generally must be measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss.

In terms of financial liabilities, entities that elect to measure a financial liability at fair value are required to present the portion of the change in fair value due to the changes in the entity's own credit risk in OCI, rather than within profit or loss. Impairments of amortised cost measured assets will be recognised on an expected credit loss model. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses. The revised general hedge accounting requirements are better aligned with the entity's risk management activities and provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting.

IFRS 9 was issued in July 2014.

#### Potential impact to the council

The councillors anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the council's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Accounting Policies

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#### 1.1 New and amended standards and interpretations (continued)

##### IFRS 15 Revenue from Contracts with Customers

The standard establishes principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will replace the existing revenue standards, namely, IAS 11 Construction Contracts; IAS 18 Revenue; and the related interpretations on revenue recognition; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue - Barter Transactions Involving Advertising Services. This standard sets out the requirements for recognizing revenue that applies to all contracts with customers except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. These are scoped out of IFRS 15 and are accounted for under the relevant standards. IFRS 15 is essentially a 'residual' standard in that an entity first evaluates contracts under any other applicable standard and only thereafter applies IFRS 15. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the council expects to be entitled in exchange for those goods or services.

Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that depicts the council's performance; or
- At a point in time, when control of the goods or services is transferred to the customer.

This means that the council needs to evaluate the nature of its performance obligations and review its contract terms. Each promise to deliver a good or provide a service must be identified and constitute a performance obligation if the promised good or service is distinct. This may result in a different interpretation from the previous revenue standard in that some performance obligations should be separately recognised and not combined together with other goods and services and vice versa.

IFRS 15 was issued in May 2014.

##### Potential impact to the council

The impact on the fund is still being assessed and it is likely that there may be a significant financial impact on the fund, on adoption of IFRS 15. More quantitative disclosures are required under IFRS 15 regarding disaggregation of revenue into appropriate categories, the remaining performance obligations and the amount of the transaction price that is allocated to the remaining obligations in a contract, and the changes in contract assets, liabilities and costs. Disclosure needs to be made of the significant judgements applied and changes in judgements in determining the timing of satisfaction of performance obligations, and the determination of the transaction price.

##### IFRS 16 New Lease Standard

On January 13, 2016, the IASB published a new Standard. The new Standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The FASB is currently finalizing its new lease standard and is expected to issue it in February 2016. We expect the FASB's new standard on lease accounting will be effective for public business entities for annual periods beginning after December 15, 2018 (i.e. calendar periods beginning on January 1, 2019), and interim periods therein. For all other entities, the standard would be effective for annual periods beginning after December 15, 2019 (i.e. calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption would be permitted for all entities. The AcSB currently expects to include IFRS 16 in the CPA Canada Handbook during Q2/2016.

##### Scope:

Under the new Standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Accounting Policies

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#### 1.1 New and amended standards and interpretations (continued)

similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses).

A front-loaded expense profile arises, for example, when a lessee recognizes:

- (i) a right of use (ROU) asset which is typically amortized on a straight line basis; and
- (ii) a liability to pay lease rentals, which would be accounted for like a mortgage loan with higher interest charges in the early years. The combined effect is a front-loaded expense in the income statement, even if the lessee pays the same amount of rent each period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

With respect to identifying a lease, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

The new Standard includes certain recognition exemptions. Instead of applying the recognition requirements of IFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- (i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
- (ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, Revenue from Contracts with Customers, has also been applied.

#### 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 2019

## Accounting Policies

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

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%

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 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.



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Accounting Policies

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#### 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.

#### 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.



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Accounting Policies

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#### 1.6 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.

#### 1.7 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.

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

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.8 Government grants (continued)

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

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 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 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

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Lilangeni 2019 2018

### 2. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land, buildings and carports	9,511,490	(4,458)	9,507,032	9,511,490	(4,458)	9,507,032
Road infrastructure	30,454,569	(3,465,826)	26,988,743	23,126,371	(2,217,077)	20,909,294
Plant and machinery	2,657,106	(1,050,204)	1,606,902	2,657,106	(864,004)	1,793,102
Streetlights	2,109,418	(786,592)	1,322,826	2,109,418	(636,858)	1,472,560
Furniture and fittings	599,421	(279,377)	320,044	516,516	(243,214)	273,302
Motor vehicles	862,525	(599,483)	263,042	862,525	(509,351)	353,174
Office equipment	438,475	(345,203)	93,272	438,475	(317,067)	121,408
Mangwaneni donga	973,031	(85,146)	887,885	875,731	(38,400)	837,331
Computer equipment	958,405	(445,057)	513,348	389,029	(344,398)	44,631
Office, market and social centre improvements	687,274	(159,329)	527,945	679,722	(126,320)	553,402
Pound	111,838	(28,924)	82,914	111,838	(24,577)	87,261
Sports ground	2,920,014	-	2,920,014	2,920,014	-	2,920,014
Landfill	782,381	-	782,381	782,381	-	782,381
<b>Total</b>	<b>53,065,947</b>	<b>(7,249,599)</b>	<b>45,816,348</b>	<b>44,980,616</b>	<b>(5,325,724)</b>	<b>39,654,892</b>

### 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
Mangwaneni Donga	837,331	97,300	(46,746)	887,885
Computer equipment	44,631	569,376	(100,659)	513,348
Office, market and social centre improvement	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
	<b>39,654,892</b>	<b>8,085,330</b>	<b>(1,923,874)</b>	<b>45,816,348</b>



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Lilangeni	2019	2018
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### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land, buildings and carports	9,498,343	8,689	-	-	9,507,032
Road infrastructure	14,242,811	7,544,102	-	(877,619)	20,909,294
Plant and machinery	1,999,990	-	-	(206,888)	1,793,102
Streetlights	1,638,930	-	-	(166,370)	1,472,560
Furniture and fittings	312,564	-	-	(39,262)	273,302
Motor vehicles	475,086	-	(1,389)	(120,523)	353,174
Office equipment	152,671	-	-	(31,263)	121,408
IT equipment	-	875,731	-	(38,400)	837,331
Computer equipment	75,088	13,943	-	(44,400)	44,631
Office, market and social centre improvements	501,545	80,211	-	(28,354)	553,402
Pound	91,837	-	-	(4,576)	87,261
Sports ground	2,890,674	29,340	-	-	2,920,014
Landfill	300,000	482,381	-	-	782,381
	<b>32,179,539</b>	<b>9,034,397</b>	<b>(1,389)</b>	<b>(1,557,655)</b>	<b>39,654,892</b>

### 3. Trade and other receivables

Trade receivables	10,014,682	10,037,670
Staff debtors	67,673	4,204
Swaziland Government - Subvention	52,500	52,500
Other receivables	196	-
	<b>10,135,051</b>	<b>10,094,374</b>

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9,261	3,110
Bank balances	4,512,830	6,702,135
	<b>4,522,091</b>	<b>6,705,245</b>

#### Bank balances

Standard Bank - Current account	170,045	14,010
Standard Bank - CIP current account	855	21,854
Standard Bank - OPS call current	2,062,055	14,173
Standard Bank - CIP call account	11,096	3,912,134
Standard Bank - SLGP	15,425	2,632,288
Standard Bank - Gratuity and Exgratia call account	2,253,354	107,676
	<b>4,512,830</b>	<b>6,702,135</b>



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Lilangeni	2019	2018
<b>5. Capital reserves</b>		
Opening balance	26,545,252	18,251,024
Addition	7,219,796	8,918,413
Amortisation of capital reserves	(907,848)	(624,185)
	<b>32,857,200</b>	<b>26,545,252</b>
Capital reserves	32,857,200	26,545,251

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	2019
Opening balance	2,632,288	3,912,134	21,854	6,566,276
Interest earned	19,148	31,995	-	51,143
Council contribution	-	1,884,981	-	1,884,981
Utilised on capital projects	(2,636,011)	(4,566,734)	(17,051)	(7,219,796)
Bank charges	-	(1,280)	(3,948)	(5,228)
Transfers	-	(1,250,000)	-	(1,250,000)
	<b>15,425</b>	<b>11,096</b>	<b>855</b>	<b>27,376</b>

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

## 8. Borrowings

### Non current liabilities

- later than five years	-	79,122
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### Current liabilities

- within one year	-	418,428
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Non-current liabilities	-	79,122
Current liabilities	-	418,428
	-	<b>497,550</b>



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Lilangeni	2019	2018
<b>9. Trade and other payables</b>		
Trade payables	772,946	343,133
VAT	81,213	43,210
Auction proceeds - Lauretta Bremmar	264,073	264,073
	<b>1,118,232</b>	<b>650,416</b>

## 10. Provisions

### 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
	<b>883,204</b>	<b>569,468</b>	<b>(501,238)</b>	<b>-</b>	<b>951,434</b>

### Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Gratuity	568,974	344,705	(391,009)	522,670
Leave days	217,939	109,531	-	327,470
Exgratia	384,708	50,557	(402,201)	33,064
	<b>1,171,621</b>	<b>504,793</b>	<b>(793,210)</b>	<b>883,204</b>

## 11. Cash generated from operations

Profit before taxation	4,842,415	4,202,201
<b>Adjustments for:</b>		
Depreciation	1,923,874	1,557,656
Interest received	(20,454)	(27,821)
Finance costs	26,861	98,796
Movements in provisions	68,230	(288,417)
Movement in designated funds	(6,538,900)	4,395,823
Movements in reserves	-	(8,294,227)
Prior year adjustment - ex gratia	-	402,201
Transfers	(634,981)	(287,620)
<b>Changes in working capital:</b>		
Trade and other receivables	(40,677)	(3,959,602)
Trade and other payables	467,816	(265,559)
	<b>94,184</b>	<b>(2,466,569)</b>

## 12. Comparative figures

Certain comparative figures have been reclassified.



# Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Lilangeni	2019	2018
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### 13. 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 arguedmented 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**

Annual Financial Statements for the year ended 31 March 2019

**Notes to the Annual Financial Statements**

Figures in Lilangeni	2019	2018
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**13. 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

Annual Financial Statements for the year ended 31 March 2019

### Detailed Statement of Financial Performance

Figures in Lilangeni	Note(s)	2019	2018
<b>Revenue</b>			
Rates revenue		15,172,733	14,088,008
Government subvention		630,000	630,000
		<b>15,802,733</b>	<b>14,718,008</b>
<b>Direct costs</b>			
Transfer from direct cost statement		(2,372,701)	(2,071,029)
<b>Gross profit</b>		<b>13,430,032</b>	<b>12,646,979</b>
<b>Other income</b>			
Disposal of asset		-	49,611
Interest received		20,454	27,821
Market fees and user charges		748,394	903,322
Rental and leases		1,143,689	890,079
Sundry income		907,848	624,185
		<b>2,820,385</b>	<b>2,495,018</b>
<b>Operating expenses</b>			
Advertising		181,834	194,947
Amicaal expenses		261,408	317,821
Auditors remuneration		40,250	37,620
Bank charges		32,786	33,117
Cleaning		23,737	16,510
Computer expenses		62,940	47,348
Consumables		128,551	79,573
Depreciation		1,923,874	1,557,656
Employee costs		6,116,238	5,696,675
Environmental expenses		28,705	220,606
Fines and penalties		-	5,164
General valuation		473,228	-
Intergrated development plan		116,025	-
Insurance		14,382	81,390
Internal audit		-	32,700
Motor vehicle repairs & maintenance		648,058	518,158
Municipal elections		-	307,805
Printing and stationery		92,821	149,620
Professional fees		41,486	154,712
Protective clothing		112,898	117,779
Repairs and maintenance		-	6,127
Retainer fees		566,780	340,789
SIGA Games		35,314	32,451
Subscriptions		110,896	81,503
Telephone and fax		139,079	155,069
Town Planning scheme review		-	318,440
Training of staff and councillors		19,350	74,007
Travelling and subsistence allowance		210,501	263,413
		<b>11,381,141</b>	<b>10,841,000</b>



**Piggs Peak Town Council**

Annual Financial Statements for the year ended 31 March 2019

**Detailed Statement of Financial Performance**

Figures in Lilangeni	Note(s)	2019	2018
<b>Operating profit</b>		<b>4,869,276</b>	<b>4,300,997</b>
Finance costs		(26,861)	(98,796)
<b>Profit for the year</b>		<b>4,842,415</b>	<b>4,202,201</b>



## Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Direct Costs

Figures in Lilangeni	Note(s)	2019	2018
Council structures - electricity and water		457,024	363,889
Electrical contractor		188,371	180,000
Floodlights and Streetlights electricity		602,401	503,798
Landfill maintenance		99,779	52,498
Landscaping and greening		24,500	10,631
Maintenance of council structures		110,712	43,023
Road and sidewalk maintenance		310,842	327,986
Security rangers		518,221	525,004
Streetlights maintenance		60,851	50,559
Weed control chemicals		-	13,641
		<b>2,372,701</b>	<b>2,071,029</b>
Direct costs for the year		2,372,701	2,071,029

## Piggs Peak Town Council

Financial Statements for the year ended 31 March 2019



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

Figures in Lilangeni	Budget	Actual	Variance
<b>Income</b>			
Government subvention	630,000	630,000	-
Rates revenue	14,471,153	15,172,733	(701 579)
	15,101,153	15,802,733	(701 579)
<b>Direct Cost</b>			
Transfer from direct cost statement	2,589,782	2,373,701	216,081
<b>Other Income</b>			
Interest received	180,000	24,555	155,445
Market fees and user charges	866,050	748,394	117,656
Rent and leases	1,404,610	1,143,689	260,921
Sundry income	-	907,848	(907 848)
	2,450,660	2,824,486	(373 826)
Advertising	256,747	181,834	74,913
Amicaal expenses	562,990	261,408	301,582
Auditors remuneration	40,000	40,250	(250)
Bank charges	50,000	32,786	17,214
Cleaning	62,641	23,737	38,904
Computer expenses	60,000	62,940	(2 940)
Consumables	156,662	128,551	28,111
Depreciation	3,803,818	1,923,874	1,879,944
Employee costs	6,233,614	6,116,238	117,376
Environmental expenses	179,999	28,705	151,294
General valuation	497,503	473,228	24,275
Intergrated development plan	300,000	116,025	183,975
Insurance	44,994	14,382	30,612
Motor vehicle repairs & maintenance	658,391	648,058	10,333
Printing and stationery	169,628	92,821	76,807
Professional fees	377,300	41,486	335,814
Protective clothing	87,935	112,898	(24 963)
Retainer fees	541,740	566,780	(25 040)
SIGA Games	97,503	35,314	62,189
Subscriptions	140,997	110,896	30,101
Telephone and fax	163,998	139,079	(24 919)
Training of staff and councillors	36,699	19,350	17,349
Travelling and subsistance allowance	497,480	210,501	286,979
	<b>15,020,639</b>	<b>11,381,141</b>	<b>3,639,498</b>
Operating profit	(58 607)	4,872,377	(4 930 983)
Finance costs	47,996	26,861	21,135
Surplus for the year	(106 604)	4,845,516	(4 952 119)

## Piggs Peak Town Council

Financial Statements for the year ended 31 March 2019



### Statement of Direct Costs - Budget Vs Actual

Figures in Lilangeni	Budget	Actual	Variance
<b>Income</b>			
Council structures - electricity and water	421,885	457,024	(35 139)
Electrical contractor	197,996	188,371	9,624.82
Floodlights and street light electricity	591,788	602,401	(10 613)
Maintenance of council structures	134,538	99,779	34,759
Landscaping and greening	26,999	24,500	2,499
Landfill maintenance	181,404	110,712	70,692
Road and sidewalk maintenance	398,594	310,842	87,752
Security rangers	576,578	518,221	58,357
Streetlight maintenance	60,000	60,851	(851)
Direct cost for the year	2,589,782	2,372,701	217,079



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