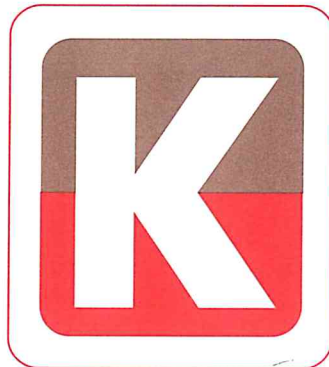


**Ezulwini Town Council**  
Annual Financial Statements  
for the year ended 31 March 2019



*Kobla Quashie and Associates*

CHARTERED ACCOUNTANTS (ES)

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# Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

## General Information

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<b>Nature of business and principal activities</b>	Municipality
<b>Councillors</b>	Chairperson: Councillor Bongile Mbingo Vice Chairperson: Councillor Percy Mngomezulu Finance Chairperson: Councillor Tony Sibandze  Members: Councillor Edmund Mazibuko Councillor Darron Raw Councillor Nokuthula Mthembu Councillor Mike Vincent Councillor Gwen Hadfield
<b>Senior Management</b>	Mr Vusi Matsebula - Town Clerk Mrs Ruth Dube - Maziya - Town Treasurer (resigned April 19) Gondile Dlamini - Environment and Public Health Manager (ended January 19) Xolile Maphanga - Environment and Public Health Manager (employed August 19) Zwakele Dlamini - Town Planner Zakhele Gamedze - Corporate Services Manager (employed July 18)
<b>Business address</b>	Lot 1 Mountain View Township, Mpumalanga Road, Ezulwini
<b>Postal address</b>	P. O. Box 344, Ezulwini, H106
<b>Bankers</b>	First National Bank Swaziland Limited Standard Bank Swaziland Limited Nedbank Swaziland Limited Swaziland Building Society
<b>Auditors</b>	Kobla Quashie and Associates Chartered Accounts (Eswatini)
<b>Legal Advisors</b>	S. V. Mdladla and Associates



# Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

## Contents

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## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Council's Responsibilities and Approval

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The Council is required in terms of the Section 102(3) of the Urban Local Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations Act 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 Council acknowledge that it is 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 Council 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 Council is 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 Council 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 page s 4 to 5.

The annual financial statements set out on pages 6 to 30, which have been prepared on the going concern basis, were approved by the board on 21 November 2019 and were signed on its behalf by:

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Town Treasurer



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## Independent Auditors' Report

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**To the Councillors of Ezulwini Town Council**

### Report on the Financial Statements

#### Opinion

We have audited the annual financial statements of Ezulwini Town Council ("the Council"), which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 30.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Ezulwini Town 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 the 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 financial Statement 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 Eswatini. We have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards 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 audit opinion.

#### Other information

The Councillors are responsible for the other information. The other information comprises the Councillors' Report as required. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the 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 Councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the 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 Councillors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.



## Independent Auditors' Report

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### Auditor's 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 or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 for the purpose of expressing an opinion on the effectiveness of the company's internal control.

☒ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

☒ Conclude on the appropriateness of the Councillors' 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 Councillors 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.

**Koba Quashie and Associates  
Chartered Accountants (Eswatini)**

**21 November 2019**

**Registered Auditor: Per: Daniel Bediako**



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Financial Position

Figures in Emalangeni	Note(s)	2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	67,475,139	65,042,087
<b>Current Assets</b>			
Trade and other receivables	3	13,156,031	9,218,858
Cash and cash equivalents	4	21,063,298	24,783,177
		<b>34,219,329</b>	<b>34,002,035</b>
<b>Total Assets</b>		<b>101,694,468</b>	<b>99,044,122</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves	5	56,039,059	51,528,898
Accumulated funds		42,720,586	37,223,963
		<b>98,759,645</b>	<b>88,752,861</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Designated funds		-	4,510,161
<b>Current Liabilities</b>			
Borrowings		-	1,929,591
Trade and other payables	7	1,745,264	3,015,707
Provisions	6	1,189,559	835,802
		<b>2,934,823</b>	<b>5,781,100</b>
<b>Total Liabilities</b>		<b>2,934,823</b>	<b>10,291,261</b>
<b>Total Equity and Liabilities</b>		<b>101,694,468</b>	<b>99,044,122</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2019	2018
Revenue		20,552,720	19,087,443
Direct costs		(4,204,211)	(4,270,476)
		<b>16,348,509</b>	<b>14,816,967</b>
Other income		2,199,250	2,307,158
Operating expenses		(14,199,790)	(10,735,811)
<b>Operating surplus</b>	8	<b>4,347,969</b>	<b>6,388,314</b>
Investment revenue - (Interest from bank)		813,539	940,720
Finance costs	9	(103,581)	(357,507)
		<b>5,057,927</b>	<b>6,971,527</b>
Other comprehensive income		-	-
<b>Total comprehensive gain / (loss)</b>		<b>5,057,927</b>	<b>6,971,527</b>
Surplus for the year		5,057,927	6,971,527





## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Changes in Funds

Figures in Emalangeni	Reserves	Accumulated funds	Total equity
<b>Balance at 01 April 2017</b>	<b>44,245,261</b>	<b>30,814,941</b>	<b>75,060,202</b>
Total comprehensive surplus for the year	7,283,637	6,971,527	14,255,164
Prior year adjustment		(562,505)	(562,505)
Total changes	7,283,637	6,409,022	13,692,659
<b>Balance at 01 April 2018</b>	<b>51,528,898</b>	<b>37,223,963</b>	<b>88,752,861</b>
Total comprehensive surplus for the year	4,510,161	5,057,927	9,568,088
Prior year adjustment (Note 14)		438,696	438,696
Total changes	4,510,161	5,496,623	10,006,784
<b>Balance at 31 March 2019</b>	<b>56,039,059</b>	<b>42,720,586</b>	<b>98,759,645</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Cash Flows

Figures in Emalangeni	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
Cash absorbed in operations	10	2,902,406	13,699,829
Interest income		813,539	940,720
Finance costs		(103,581)	(357,507)
<b>Net cash from operating activities</b>		<b>3,612,364</b>	<b>14,283,042</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(5,462,149)	(7,454,170)
Sale of property, plant and equipment	2	59,497	-
<b>Net cash from investing activities</b>		<b>(5,402,652)</b>	<b>(7,454,170)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(1,929,591)	(2,026,495)
<b>Net cash from financing activities</b>		<b>(1,929,591)</b>	<b>(2,026,495)</b>
<b>Total cash movement for the year</b>		<b>(3,719,879)</b>	<b>4,802,377</b>
Cash at the beginning of the year		24,783,177	19,980,800
<b>Total cash at end of the year</b>	4	<b>21,063,298</b>	<b>24,783,177</b>



# Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

## Summary of Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and Section 102(3) of the Urban Local Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations Act of 1969. The annual financial statements have been prepared on the historical cost basis as modified by the revaluation of land and buildings, and incorporate the principal accounting policies set out below. They are presented in Emalangeni.

These accounting policies are consistent with the previous period.

#### 1.1 Introduction

Ezulwini Town Council was gazetted in terms of the Urban Government Act 1969 by the Minister in 1995. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act. This Local Government is responsible for developing the town's infrastructure and embarking on development projects that will improve the social welfare of the general public.

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 1.

#### 1.2 Changes in Accounting Policies and Disclosures

##### **Amendments mandatory effective for the year ended 31 December 2018**

The following is a summary of the new and revised IFRSs that are mandatory effective for the annual periods beginning on or after 1 January 2018.

- ☐ IFRS 15 *Revenue from Contracts with Customers*
- ☐ Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
- ☐ Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
- ☐ IFRIC 22 Foreign Currency Transactions and Advance Consideration
- ☐ IFRS 9 *Financial Instruments*

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

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The Council has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018. In accordance with the transition provisions in IFRS 15, the Council has not restated comparatives for the 2018 financial year. Management made an impact assessment and concluded that no adjustment was required.

##### **Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers**

The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations and Licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash considerations.

##### **Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle**



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.2 Changes in Accounting Policies and Disclosures (continued)

The amendment deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. The amendments have no impact on the Council's financial statements.

#### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Council's financial statements.

#### **IFRS 9 Financial Instruments**

The Council has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Council did not early adopt IFRS 9 in previous periods.

#### **Impairment calculation**

The impairment model has been changed from an "incurred loss" model from IAS 39 to a forward-looking "expected credit loss" (ECL) model under IFRS 9.

IFRS 9 outlines a "three stage" model for impairment based on credit quality since initial recognition, as summarized below:

A financial asset / loan issued that is not credit impaired on recognition and has not undergone significant deterioration in credit risk (SICR) since initial recognition is classified in "Stage 1". If a significant increase in credit risk since initial recognition has been identified, the financial asset is classified in "Stage 2" but is not yet deemed to be credit impaired. If the financial asset is credit impaired then it is classified in Stage 3.

Within the Council the following definitions exist for the classification of financial assets and identification of SICR:

- ☐ Any financial asset which is performing and up to 30 days in arrears is considered Stage 1
- ☐ Any financial asset with a maximum arrears level of between 31 and 90 days is considered Stage 2
- ☐ Any financial assets with a maximum arrears level of greater than 90 days is considered credit impaired and stage 3

Once the portfolio has been classified into the three given stages, IFRS 9 loss allowances are measured on either of the following bases:

- ☐ Stage 1: 12-month expected loss – A 12-month ECL implies the loss expected in the 12 months following reporting date.
- ☐ Stage 2 and Stage 3: Lifetime ECLs – that is, the loss expected over the lifetime of loans falling within this category.

#### **1.2 New and amended standards and interpretations**

ECL Methodology



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

---

#### 1.2 Changes in Accounting Policies and Disclosures (continued)

The methodology adopted by the Council to calculate Expected Credit Losses relies on historical cash flow data across all jurisdictions. This data allows for an accurate estimation of historical losses, given certain levels of arrears reached. This data takes into account any recoveries made from accounts which rectify from arrears, as well as written off amounts from accounts which failed to rectify. The historical data is distilled into Expected Credit Loss rates which are applied to individual accounts, based on the level of arrears for that account.

In addition to the historical cash flow modeling, Expected Credit Losses are subjected to forward looking adjustments based on "upside" and "downside" scenarios. That is, the final ECL value is a weighted average of the current impairment number (given current portfolio dynamics), a projected value based on favorable conditions and a projected value based on unfavorable conditions. This is based on the IFRS 9 requirement that ECL estimates are based on multiple future scenarios encompassing with favorable and unfavorable economic conditions.

#### **Not yet mandatory effective but early application allowed for the year ended 31 December 2018**

The Council has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Council's accounting periods beginning on or after 1 January 2019 or later periods:

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015-2017 cycle

Amendments to IAS 23 Borrowing costs: Annual Improvements to IFRS 2015-2017 cycle

IFRIC 23 Uncertainty over Income Tax Treatments

IFRS 16 Leases

Where relevant, the Council is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

#### **Amendments to IAS 12 Income Taxes**

These amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits. The amendments are not expected to have a significant impact on the Council's financial statements. They apply for annual periods beginning on or after 1 January 2019.

#### **Amendments to IAS 23 Borrowing costs**

These amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The amendments are not expected to have a significant impact on the Council's financial statements. They apply for annual periods beginning on or after 1 January 2019.

#### **IFRIC 23 Uncertainty over Income Tax Treatments**

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.2 Changes in Accounting Policies and Disclosures (continued)

judgments made;

assumptions and other estimates used; and the potential impact of uncertainties that are not reflected.

The standards and interpretations are not expected to have a significant impact on the Council's financial statements. IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

#### IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Council has begun assessing the potential impact of IFRS 16 on the financial statements.

The Council enters into operating leases of relatively short duration (not more than 3 years) and with the overall lease expenditure not amounting to more than 5% of the operating expenditure. Operating lease expenditure will have a similar accounting treatment as finance lease. The right to use an asset is recognised by the lessee and a lease liability representing its obligation to make lease payments. The standard is not expected to have a significant impact on the results of the Council.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

#### 1.3 Significant judgements

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:

##### 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 6 - Provisions.

##### Property, plant and equipment

Estimation is used in approximating the useful lives and residual values of property, plant and equipment. These assessments are made on an annual basis and use historical evidence and current economic factors to estimate the values.

#### 1.4 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.

Costs include those 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.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

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

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

Item	Rates
Land and Buildings	0%
Plant and Machinery	20%
Furniture and Fixtures	10%
Motor vehicles and Tractors	25%
Office equipment	10%
Computer equipment	33.33%
Roads	4%
Cell phones	33.33%
Highmast lights	10%
Trailers	20%
Car ports	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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

#### 1.5 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when the council becomes a party to the contractual provisions of the instruments.

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.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.5 Financial instruments (continued)

##### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

#### 1.6 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.

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





## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.5 Financial instruments (continued)

##### Loans to managers and employees

These financial assets are classified as loans and receivables.

##### 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.

##### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.7 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 Board 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 demonstratively 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.

##### Statutory obligations

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.

#### 1.8 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
- a reliable estimate can be made of the obligation.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.8 Provisions and contingencies (continued)

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

#### 1.9 Revenue recognition

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and 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

###### *Government capital*

Government grants for carrying projects are not charged against the cost of the capital projects but are accumulated in the capital gifts and 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 Municipality based on values extracted from the master valuation roll and amended when a supplementary valuation roll is prepared.

#### 1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Summary of Significant Accounting Policies

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#### 1.10 Borrowing costs (continued)

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.11 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.

#### 1.12 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.

#### 1.13 Related parties

The major related party to the Council apart from its Councillors is the Government of Swaziland which exercises a significant influence over its financial and operating decisions.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

Figures in Emalangeni 2019 2018

#### 2. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and Buildings	2,610,000	-	2,610,000	2,610,000	-	2,610,000
Roads	73,614,681	(11,236,300)	62,378,381	68,780,989	(8,712,197)	60,068,792
Plant and Machinery	212,128	(135,436)	76,692	242,614	(138,677)	103,937
Furniture and Fixtures	460,461	(195,111)	265,350	500,758	(194,397)	306,361
Motor vehicles and Tractors	3,670,295	(2,731,189)	939,106	3,335,721	(2,573,979)	761,742
Office equipment	543,567	(253,211)	290,356	458,470	(228,703)	229,767
Cell phones	6,764	(4,126)	2,638	26,042	(15,285)	10,757
Computer equipment	440,339	(309,966)	130,373	356,396	(287,047)	69,349
Car ports	211,678	(61,273)	150,405	211,678	(53,357)	158,321
Highmast lights	1,196,538	(716,026)	480,512	1,196,538	(662,634)	533,904
Trailers	486,592	(335,266)	151,326	486,592	(297,435)	189,157
<b>Total</b>	<b>83,453,043</b>	<b>(15,977,904)</b>	<b>67,475,139</b>	<b>78,205,798</b>	<b>(13,163,711)</b>	<b>65,042,087</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land and Buildings	2,610,000	-	-	-	2,610,000
Roads	60,068,792	4,833,692	-	(2,524,103)	62,378,381
Plant and Machinery	103,937	-	(6,457)	(20,788)	76,692
Furniture and Fixtures	306,361	11,136	(20,546)	(31,601)	265,350
Motor vehicles and Tractors	761,742	432,283	(1,923)	(252,996)	939,106
Office equipment	229,767	90,764	(2,714)	(27,461)	290,356
Cell phones	10,757	-	(5,312)	(2,807)	2,638
Computer equipment	69,349	94,274	(24)	(33,226)	130,373
Car ports	158,321	-	-	(7,916)	150,405
Highmast lights	533,904	-	-	(53,392)	480,512
Trailers	189,157	-	-	(37,831)	151,326
	<b>65,042,087</b>	<b>5,462,149</b>	<b>(36,976)</b>	<b>(2,992,121)</b>	<b>67,475,139</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

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

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

	Opening balance	Additions	Depreciation	Total
Land and Buildings	2,610,000	-	-	2,610,000
Roads	55,046,008	7,283,637	(2,260,853)	60,068,792
Plant and Machinery	87,422	36,429	(19,914)	103,937
Furniture and Fixtures	282,843	55,451	(31,933)	306,361
Motor vehicles and Tractors	1,015,015	-	(253,273)	761,742
Office equipment	193,869	64,323	(28,425)	229,767
Cell phones	16,055	-	(5,298)	10,757
Computer equipment	85,467	14,330	(30,448)	69,349
Car ports	166,654	-	(8,333)	158,321
Highmast lights	593,247	-	(59,343)	533,904
Trailers	236,446	-	(47,289)	189,157
	<b>60,333,026</b>	<b>7,454,170</b>	<b>(2,745,109)</b>	<b>65,042,087</b>

Land and buildings are situated on Lot1, Mountain View, Ezulwini.

#### 3. Trade and other receivables

Rates	13,156,031	9,214,093
Other receivables	-	4,765
	<b>13,156,031</b>	<b>9,218,858</b>

##### Credit quality of trade and other receivables

##### Exposure to credit risk

Gross debtors represent the maximum credit risk. The maximum exposure to credit risk for gross trade receivables at the reporting date was to corporate customers. Credit risk is minimised by the Council in that it cannot release clearances before settlement of any outstanding rates.

##### Fair value of trade and other receivables

Trade and other receivables which are less than 365 days past due are not considered to be impaired. At 31 March 2019 E13,156,031 (2018 - E9,218,858) were past due but not impaired

##### Trade and other receivables impaired

The amount of the provision was E3,802,644 - as of 31 March 2019 (2018: - E3,802,644).

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,753	163,925
Bank balances	21,056,545	24,619,252
	<b>21,063,298</b>	<b>24,783,177</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

Figures in Emalangeni	2019	2018
<b>4. Cash and cash equivalents (continued)</b>		
<b>Bank balances</b>		
African Alliance	1,185,126	1,099,214
Standard Bank Swaziland Limited - Projects account	12,707,806	13,905,798
Nedbank (Swaziland) Limited	841,874	574,822
First National Bank of Swaziland Limited	831,592	1,269,288
Swaziland Building Society	5,490,147	7,770,130
	<b>21,056,545</b>	<b>24,619,252</b>

#### 5. Reserves

The Revaluation reserve arises from the revaluation of the road infrastructure by CEAS Consulting Engineers in August 2013 amounting to E32,214,851. The revaluation of land and buildings situated on Lot 1, Mountain View, Ezulwini by Fred Kunda under KF & J Property Consultants in May 2013.

The Capital reserves on Swaziland Government and SLGP arises from assets bought by Ezulwini Town Council paid for out of capital grants received from the Government of Swaziland and the World Bank.

Opening balance	51,528,898	44,245,261
Capital reserves - SG /SLG Projects	4,510,161	7,283,637
	<b>56,039,059</b>	<b>51,528,898</b>

2019	Opening balance	Additions	Total
Land and buildings - Revaluation	1,158,553	-	1,158,553
Capital Reserves - Projects	18,155,494	4,510,161	22,665,655
Roads - Revaluation	32,214,851	-	32,214,851
	<b>51,528,898</b>	<b>4,510,161</b>	<b>56,039,059</b>

2018	Opening balance	Additions	Total
Land and buildings - Revaluation	1,158,553	-	1,158,553
Capital reserves - Projects	10,871,857	7,283,637	18,155,494
Roads - Revaluation	32,214,851	-	32,214,851
	<b>44,245,261</b>	<b>7,283,637</b>	<b>51,528,898</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

Figures in Emalangeni 2019 2018

#### 6. Provisions

##### Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Terminal benefits	835,802	1,066,076	(712,319)	1,189,559

##### Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Terminal benefits	1,147,440	471,300	(782,938)	835,802

#### 7. Trade and other payables

Trade payables			92,298	2,856,129
Unidentified deposits			220,632	64,178
Other creditors			1,306,584	-
Accrued audit fees			125,750	95,400
			<b>1,745,264</b>	<b>3,015,707</b>

#### 8. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Profit on sale of property, plant and equipment	22,521	-
Depreciation on property, plant and equipment	2,992,122	2,745,108
Employee costs	7,145,060	5,642,470
Recruitment expenses	42,590	58,010
Auditors' remuneration	126,300	135,000

#### 9. Finance costs

Interest on loan	103,581	357,507
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Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the company.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to - (2018: -).





## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

Figures in Emalangeni	2019	2018
<b>10. Cash generated from operations</b>		
Surplus for the year	5,057,927	6,971,527
<b>Adjustments for:</b>		
Depreciation and amortisation	2,992,122	2,745,108
Profit on sale of assets	(22,521)	-
Interest received	(813,539)	(940,720)
Finance costs	103,581	357,507
Movements in provisions	353,757	(311,638)
Movement in capital reserves	4,510,160	7,283,637
Prior year adjustment	438,696	527,723
Own Contribution to designated funds	-	(1,090,230)
<b>Changes in working capital:</b>		
Trade and other receivables	(3,937,173)	(366,640)
Trade and other payables	(1,270,443)	991,404
Designated funds	(4,510,161)	(2,467,849)
	<b>2,902,406</b>	<b>13,699,829</b>

#### 11. Risk management

##### Capital risk management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern in order to provide returns for Council and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Council consists of debt, which includes the borrowings (excluding derivative financial liabilities), cash and cash equivalents, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

##### Financial risk management

The Council's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance. The Council uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (Council treasury) under policies approved by the Council. Council treasury identifies, evaluates and hedges financial risks in close co-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 non-derivative financial instruments, and investment of excess liquidity.

##### Liquidity risk

The Council's risk to liquidity is a result of the funds available to cover future commitments. The Council manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.



# Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

Figures in Emalangeni	2019	2018
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### 11. Risk management (continued)

#### Interest rate risk

As the Council has no significant interest-bearing assets, the Council's income and operating cash flows are substantially independent of changes in market interest rates.

The Council analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Council calculates the impact on surplus and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

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.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Council only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial instrument	2019	2018
Trade and other receivables	13,156,031	9,218,858
Cash and cash equivalents	21,063,298	24,783,177

### 12. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2019

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	13,156,031	-	13,156,031
Cash and cash equivalents	-	21,063,298	21,063,298
	<b>13,156,031</b>	<b>21,063,298</b>	<b>34,219,329</b>

#### 2018

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	9,218,858	-	9,218,858
Cash and cash equivalents	-	24,783,177	24,783,177
	<b>9,218,858</b>	<b>24,783,177</b>	<b>34,002,035</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Notes to the Annual Financial Statements

Figures in Emalangeni 2019 2018

#### 13. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

##### 2019

	Financial liabilities at amortised cost	Total
Trade and other payables	1,745,264	1,745,264
Provisions	1,189,559	1,189,559
	<b>2,934,823</b>	<b>2,934,823</b>

##### 2018

	Financial liabilities at amortised cost	Total
Borrowings	1,929,591	1,929,591
Trade and other payables	3,015,708	3,015,708
Provisions	835,802	835,802
	<b>5,781,101</b>	<b>5,781,101</b>

#### 14. Prior year adjustment

Prior year adjustment of E438,696 is a result of writes off of certain account balances that had no supporting documents / reconciliation and some were differences between general ledger and reconciliatio.



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2019	2018
<b>Revenue</b>			
Government subvention		654,750	873,000
Rates		19,897,970	18,214,443
		<b>20,552,720</b>	<b>19,087,443</b>
<b>Direct costs</b>			
Direct Costs for the year		(4,204,211)	(4,270,476)
		<b>16,348,509</b>	<b>14,816,967</b>
<b>Other income</b>			
Gains on disposal of assets		22,521	-
Interest received		813,539	940,720
Penalties		340,365	473,130
Sundry income		1,836,364	1,834,028
		<b>3,012,789</b>	<b>3,247,878</b>
<b>Operating expenses</b>			
Advertising and promotions		347,883	175,906
Audit Fees - Internal and External		126,300	135,000
Bank charges		49,970	68,238
Cleaning		46,261	41,087
Computer maintenance & accessories		37,938	51,279
Depreciation		103,012	104,436
Elections		-	357,088
Employee costs		7,145,060	5,642,470
Entertainment & hospitality expenses		101,311	56,825
HIV Programs		144,925	123,754
Incentives on rates collection		54,825	-
Information Management Systems		151,796	73,178
Insurance		465,523	289,834
Intergrated development		597	-
Legal expenses		105,520	147,362
Medical expenses		151,965	30,905
Motor vehicle repairs & maintenance		879,905	692,334
Printing and stationery		166,575	181,018
Professional & Consulting fees		191,644	49,970
Protective clothing		-	28,984
Recruitments expenses		42,590	58,010
Repairs and maintenance		42,486	50,563
SIGA games		245,949	287,834
Security		173,907	114,035
Sitting allowances		468,700	308,851
Special programs		671,498	439,392
Strategic Planning & Budgeting		400,643	235,982
Subscriptions		92,413	84,900
Team building exercise		66,294	49,383
Telephone and fax		164,653	121,225
Training		111,363	161,356



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Detailed Statement of Financial Performance

Figures in Emalangeneni	Note(s)	2019	2018
Travelling expenses		95,092	80,681
Utilities		653,192	488,931
Valuation expenses		700,000	5,000
		<b>14,199,790</b>	<b>10,735,811</b>
<b>Operating surplus</b>	8	<b>5,161,508</b>	<b>7,329,034</b>
Finance costs	9	(103,581)	(357,507)
<b>Surplus for the year</b>		<b>5,057,927</b>	<b>6,971,527</b>



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Statement of Direct Costs

Figures in Emalangenzi	Note(s)	2019	2018
Depreciation		2,889,110	2,640,672
Maintenance and improvements		491,725	974,665
Market Stalls management		11,974	16,888
Protective clothing		160,210	166,718
Refuse management costs		651,192	469,582
Signage		-	1,951
		<b>4,204,211</b>	<b>4,270,476</b>
Direct costs for the year		4,204,211	4,270,476



## Ezulwini Town Council

Annual Financial Statements for the year ended 31 March 2019

### Supplementary Information

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#### 1. Swaziland Government

Subvention	654,750
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#### 2. Auditors' remuneration

Kobla Quashie and Associates - 2019 statutory audit fees	63,250
Ndallahwa and Company - internal audit	63,050
	<b>126,300</b>

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#### 3. Finance costs

Public Service Pension Fund c/o Old Mutual Investment Group (Pty) Ltd	103,581
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