

Ezulwini Town Council

Annual Financial Statements
for the year ended 31 March 2024

EZULWINI TOWN COUNCIL

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

CONTENTS

PAGE

Statement of responsibility by the Councilors	1
Independent auditors' report	2 - 4
Councilors' report	5 - 7
Income and expenditure statement	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flow	11
Summary of significant accounting policies	12 - 21
Notes to the annual financial statements	22 - 32

EZULWINI TOWN COUNCIL**STATEMENT OF RESPONSIBILITY BY THE COUNCILORS**

for the year ended 31 March 2024

The Councilors are responsible for the preparation integrity and fair presentation of the financial statements of the Ezulwini Town Council. The financial statements presented on pages 8 to 32 have been prepared in accordance with the IFRS for SMEs Accounting Standard and in terms of section 102(3) of the Urban Government Act 1969 and include amounts based on judgements and estimates made by management. The Councilors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The Councilors are also responsible for the Council's system of internal financial control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to adequately safeguard verify and maintain accountability of the assets and to prevent and detect misstatement and loss. Nothing has come to the attention of the Councilors to indicate that any material breakdown in the functioning of these controls procedures and system has occurred during the year under review.

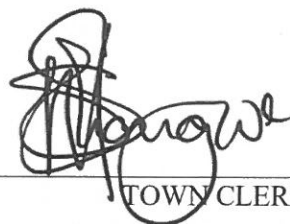
The going concern basis has been adopted in preparing the financial statements. The Councilors have no reason to believe that the Council will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Council.

The independent accounting firm PricewaterhouseCoopers which was given unrestricted access to all financial records and related data including minutes of the Councilors and committees of the Council has audited the financial statements. The Councilors believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on pages 2 - 4.

The Councillors confirm that the annual financial statements set out on pages 8 to 32 were approved by the Councillors on 19 September 2024 and are signed on their behalf by:



CHAIRPERSON



TOWN CLERK



TOWN TREASURER

Independent auditor's report

To the Council Members of Ezulwini Town Council

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ezulwini Town Council (the Council) as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard.

What we have audited

Ezulwini Town Council financial statements set out on pages 8 to 32 comprise:

- the statement of financial position as at 31 March 2024;
- the income and expenditure statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Council in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

Other information

The councillors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Ezulwini Town Council Annual Financial Statements for the year ended 31 March 2024". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Partner in charge M Mhlanga
Resident Partner T Mason

PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Eswatini
P O Box 569, Mbabane H100, Eswatini, Telephone +268 2404 2861/3 or 2404 3143, Facsimile +268 2404 5015, www.pwc.com

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 councillors for the financial statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard, 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 financial statements, the councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P.O. Box 569
Mbabane
26 September 2024

EZULWINI TOWN COUNCIL**COUNCILORS' REPORT**

for the year ended 31 March 2024

The Councilors have pleasure in presenting their report and audited financial statements of the Ezulwini Town Council for the year ended 31 March 2024.

NATURE OF BUSINESS

The Urban Government Act number 8 of 1969 provides the Council's functionality and mandate. Council has a responsibility to:

- Control, manage, and administer the Town Council;
- Maintain and clean all public streets and open spaces vested in the Council or committed to its management;
- Abate all public nuisances;
- Safeguard public health & safety and provide sanitary services for removal and disposal of night soil rubbish, carcasses of dead animals, and all kinds of refuse;
- Establish or take over and maintain subject to the extent of its resources any public utility service which is authorized or required to maintain under any law and which is required for the welfare comfort and convenience of the public;
- Develop, control and manage any land vested in owned or leased by the Council;
- Establish or take over and administer subject to the extent of its resources housing schemes for the inhabitants of the Town Council; and
- Generally promote the public health & safety welfare and convenience and the development of sanitation and amenities of the Town Council.

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

The Councilors are not aware of material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The Councilors believe that the Council has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Councilors have satisfied themselves that the Council is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Councilors are also not aware of any material non-compliance with statutory or regulatory requirements.

EZULWINI TOWN COUNCIL

COUNCILORS' REPORT (continued)
for the year ended 31 March 2024

COUNCILORS

The following Councillors were in office during the year:

As at 31 March 2024

- | | | | |
|----|------------------|----|-------------------|
| 1. | Bongile Mbingo | 7. | Jabulani Mathonsi |
| 2. | Zodwa Dlamini | 8. | Comfort Hlophe |
| 3. | Sandile Dlamini | | |
| 4. | Edmund Mazibuko | | |
| 5. | Darron Raw | | |
| 6. | Refiloe Mamogobo | | |

CHAIRPERSON

Refiloe Mamogobo

DEPUTY CHAIRPERSON

Comfort Hlophe

SENIOR MANAGEMENT

As at 31 March 2024

- | | | |
|----|---------------------------------------|----------------------|
| 1. | Town Clerk | Mathokoza Shongwe |
| 2. | Town Treasurer | Ntombizodwa Vilakati |
| 3. | Environment and Public Health Manager | Xolile Maphanga |
| 4. | Town Engineer | Phutfuma Shongwe |
| 5. | Corporate Services Officer | Patience Vilakati |
| 6. | Town Planner | Sihle Mkhathshwa |

LEGAL ADVISORS

S. V. Mdladla and Associates

Postal address

P O Box 3798
Mbabane Eswatini

Physical address

Lot 306 Lomadvokola Chambers Cnr
Lomadvokola & Nukwase Streets
Mbabane Eswatini

EZULWINI TOWN COUNCIL

COUNCILORS' REPORT (continued)
for the year ended 31 March 2024

AUDITORS

PricewaterhouseCoopers

Postal address

P.O. Box 569
Mbabane
Eswatini

Physical address

Rhus Office Park
Mbabane
Eswatini

BANKERS

Standard Bank Eswatini Limited

Postal address

P.O. Box A 294
Swazi Plaza, Mbabane
Eswatini

Physical address

1st Floor Corporate Place
Swazi Plaza, Mbabane
Eswatini

First National Bank of Eswatini Limited

Postal address

P.O. Box 1337
Swazi Plaza, Mbabane
Eswatini

Physical address

2nd Floor Sales House Building
Swazi Plaza, Mbabane
Eswatini

Nedbank Swaziland Limited

Postal address

P.O. Box 68
Mbabane
Eswatini

Physical address

3rd Floor Nedbank Centre
Swazi Plaza, Mbabane
Eswatini

Swaziland Building Society

Postal address

P.O. Box 300
Mbabane
Eswatini

Physical address

M4GV+2JW Mdada Street
Mbabane
Eswatini

African Alliance

Postal address

P.O. Box 5727
Mbabane
Eswatini

Physical address

2nd Floor Nedbank Centre. Suite 203
and 204 Corner Dr. Sishayi and
Sozisa Roads.
Swazi Plaza. Mbabane
Eswatini

EZULWINI TOWN COUNCIL**INCOME AND EXPENDITURE STATEMENT**
for the year ended 31 March 2024

	Notes	2024 E	2023 E
Revenue	1	31 278 242	28 862 715
Direct costs	4	(6 989 048)	(7 160 311)
		24 289 194	21 702 404
Other operating income	2	5 219 419	3 213 677
Staff costs	3	(11 225 376)	(9 208 421)
Other operating costs	3	(8 813 867)	(8 998 804)
Operating surplus		9 469 370	6 708 856
Finance income	6	2 202 573	2 010 842
Surplus for the year		11 671 943	8 719 698

EZULWINI TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION

at 31 March 2024

	Notes	2024 E	2023 E
ASSETS			
Non-current assets			
Property, plant and equipment	5	<u>93 340 743</u>	<u>86 430 606</u>
		<u>93 340 743</u>	<u>86 430 606</u>
Current assets			
Trade and other receivables	7	<u>38 600 799</u>	35 523 758
Financial assets held at fair value	9	<u>17 718 480</u>	16 182 384
Cash and cash equivalents	8	<u>4 641 418</u>	<u>4 273 173</u>
		<u>60 960 697</u>	<u>55 979 315</u>
Total assets		<u>154 301 440</u>	<u>142 409 921</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Retained surplus		<u>93 757 751</u>	82 085 808
Revaluation reserve	10	<u>56 039 059</u>	<u>56 039 059</u>
Total equity		<u>149 796 810</u>	<u>138 124 867</u>
Current liabilities			
Trade and other payables	11	<u>3 100 556</u>	3 207 830
Employee benefits liabilities	12	<u>1 404 074</u>	<u>1 077 224</u>
		<u>4 504 630</u>	<u>4 285 054</u>
Total liabilities		<u>4 504 630</u>	<u>4 285 054</u>
Total equity and liabilities		<u>154 301 440</u>	<u>142 409 921</u>

EZULWINI TOWN COUNCIL**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 March 2024

	Revaluation Reserve E	Retained Earnings E	Total E
Balance at 01 April 2023	56 039 059	82 085 808	138 124 867
Total comprehensive surplus for the year	-	11 671 943	11 671 943
Balance at 31 March 2024	56 039 059	93 757 751	149 796 810
Balance at 01 April 2022	56 039 059	73 366 110	129 405 169
Total comprehensive surplus for the year	-	8 719 698	8 719 698
Balance at 31 March 2023	56 039 059	82 085 808	138 124 867

EZULWINI TOWN COUNCIL

STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Notes	2024 E	2023 E
Cash flow from operating activities			
Cash generated from operations	13	10 640 626	7 056 768
Interest received	13.1	666 477	892 721
Net cash inflow from operating activities		11 307 103	7 949 489
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(10 942 539)	(19 628 455)
Proceeds from disposal of assets		3 681	22 982
Net cash outflow from investing activities		(10 938 858)	(19 605 473)
Net increase/(decrease) in cash and cash equivalents		368 245	(11 655 984)
Cash and cash equivalents at the beginning of the year		4 273 173	15 929 157
Cash and cash equivalents at the end of the year	8	4 641 418	4 273 173

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 March 2024

1 General Information

The Urban Government Act number 8 of 1969 provides the Council's functionality and mandate. Council has a responsibility to:

- Control, manage, and administer the Town Council;
- Maintain and clean all public streets and open spaces vested in the Council or committed to its management;
- Abate all public nuisances;
- Safeguard public health & safety and provide sanitary services for removal and disposal of night soil rubbish, carcasses of dead animals, and all kinds of refuse;
- Establish or take over and maintain subject to the extent of its resources any public utility service which is authorized or required to maintain under any law and which is required for the welfare comfort and convenience of the public;
- Develop, control and manage any land vested in owned or leased by the Council;
- Establish or take over and administer subject to the extent of its resources housing schemes for the inhabitants of the Town Council; and
- Generally promote the public health & safety welfare and convenience and the development of sanitation and amenities of the Town Council.

The audited financial statements include the statement of financial position income and expenditure statement statement of cash flow and related notes. These financial statements have been approved and authorised for issue by the Councillors.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard and Section 33 of the Urban Government Financial Regulations Act of 1969. The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and financial assets and financial liabilities held-for-trading.

EZULWINI TOWN COUNCIL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions actual results ultimately may differ from those estimates. All amounts in the notes are shown in Emalangenzi.

2.2 Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amount arising on revaluation of land and buildings are debited to the pertinent asset and credited to revaluation reserve in equity. These gains or losses are kept on the revaluation reserve and released to retained earnings on disposal of assets. Decreases that offset previous increases of the same asset are charged against the revaluation reserve.

Depreciation

All fixed assets are depreciated or amortised in the case of intangible assets. Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value. Depreciation is initially calculated from the month in which a fixed asset is acquired or in the case of construction works and plant and machinery the day following the day in which the fixed asset is brought into use.

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

Asset Class	Rate Used	Asset Class	Rate Used
Land and Buildings	0-4%	Roads	4%
Plant and Machinery	20%	Cell phones	33.33%
Furniture and Fixtures	10%	High mast lights	10%
Motor vehicles and Tractors	25%	Trailers	20%
Office equipment	10%	Car ports	5%
Computer equipment	33.33%		

EZULWINI TOWN COUNCIL
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

2.3 Financial assets

Classification

The Council classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value and
- Those to be measured at amortized cost.

The classification depends on the Council's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets where the asset's cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income.

Assets that do not meet the criteria for amortized cost are measured at fair value through income and expenditure statement.

The Council during the financial year and as at year end held financial assets classified as:

- Those measured at fair value through income and expenditure statement.

Measurement

At initial recognition the Council measures a financial asset classified at amortized cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in foreign exchange (loss/gain). Impairment losses are presented as part of administrative expenses in the statement of comprehensive income.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of the ownership.

EZULWINI TOWN COUNCIL**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
for the year ended 31 March 2024**2.4 Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount being the present value of expected cash flows discounted at the market rate of interest for similar borrowers.

2.5 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.

2.6 Employee benefits

a) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or in the case of non-accumulating absences when the absence occurs.

b) Defined contribution plans

The Council pays contributions to publicly or privately administered pension insurance plans on a mandatory contractual or voluntary basis. Once the contributions have been paid the Council has got no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

2.7 Government grants

Grants from the government are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

Government grants for carrying out capital projects are not netted off against the cost of the capital projects but are instead accumulated in a capital grant received account which is classified under capital discharged in the Statement of financial position.

Government rates revenue received in respect of rates are offset against Government revenue debtors.

Other government revenue grants received are credited to the respective recipient votes.

EZULWINI TOWN COUNCIL**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)
for the year ended 31 March 2024**2.8 Provisions and contingent liabilities**

The Council recognises provisions when:

- it has a present legal or constructive obligation as a result of past events and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
- a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of the obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The Council discloses a contingent liability where:

- it has a possible obligation arising from past events the existence or non-existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or
- it is not probable that an outflow of resources will be required to settle an obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

2.9 Revenue recognition

Rates income is recorded on all ratable properties of the Council. The figures are extracted from the General Valuation Roll and amended from time to time when a Supplementary Valuation Roll is prepared.

Interest income is recognized on a time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Council.

2.10 Related Parties

Parties with common interest to the Council are regarded as related parties.

In considering each possible related-party relationship attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties the Council shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- The amount of the transactions;
- The amount of outstanding balances;
- Their terms and conditions including whether they are secured and the nature of the consideration to be provided in the settlement;
- Details of guarantees given or received;
- Provisions for doubtful debts related to the amount of outstanding balances; and
- The expense recognized during the year in respect of bad or doubtful debts due from related parties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

3. Financial risk management

Financial risk factors

The Council's activities expose it to a variety of financial risks: market risk (including currency risk interest rate risk cash flow interest risk and price risk) credit risk and liquidity risk. The Council's overall risk management program seeks to maximize the returns derived for the level of risk to which the Council is exposed and seeks to minimize potential adverse effects on the Council's financial performance.

The management of these risks is carried out by management under policies approved by the Councilors. The Councilors provide written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk interest rate risk credit risk and the investment of excess liquidity.

The Council uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

As at 31 March 2024 the Council was not exposed to price risk.

(ii) Foreign exchange risk

Foreign currency exchange risk is the risk that the financial instruments that are denominated in foreign currency will fluctuate due to changes in foreign exchange rates.

As at 31 March 2024, the Council was not exposed to currency risk as there were no financial instruments that were denominated in foreign currency.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

EZULWINI TOWN COUNCIL
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

3. Financial risk management (continued)

(a) Market risk (continued)

The Council has no significant interest-bearing assets. At year-end, all the borrowings were at floating rate. The Council therefore has no specific strategy in place to hedge against fluctuating interest rates.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Council to incur a financial loss.

(b) Credit risk (continued)

Credit risk arises from cash and cash equivalents deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables and committed transactions. The Council's cash equivalents and short-term deposits are placed in high quality financial institutions.

The Council has no significant concentrations of credit risk. The Council receivables are secured against the properties.

The carrying amounts of financial assets included in the Statement of financial position represent the Council's exposure to credit risk in relation to these assets.

The Council does not have any significant exposure to any individual customer or counterparty. The table below shows the balances of the major counterparties at Statement of financial position date.

	31 March 2024	31 March 2023
	E	E
Counterparty		
Standard Bank Eswatini Limited	150 447	206 174
African Alliance	17 718 480	16 182 384
First National Bank of Eswatini Limited	474 577	72 197
Swaziland Building Society	3 762 102	3 852 588
Nedbank Swaziland Limited	253 655	127 114
	22 359 261	20 440 457
Trade and other receivables	38 600 799	35 523 758
	38 600 799	35 523 758

EZULWINI TOWN COUNCIL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

3. Financial risk management (continued)

(c) 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.

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year E	Between 2 and 5 years E	
At 31 March 2024			
Trade and other payables	3 100 556	-	-
	3 100 556	-	-
At 31 March 2023			
Trade and other payables	3 207 830	-	-
	3 207 830	-	-

(d) Legal risk

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

The Council has a policy of ensuring that all contractual obligations are documented by the relevant parties to the contract.

As at 31 March 2024 the Council was not aware of any significant obligation not provided for.

(e) 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.

EZULWINI TOWN COUNCIL**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)
for the year ended 31 March 2024**3. Financial risk management (continued)****(e) Operational risk**

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems electronic

and manual checks and controls back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

4. Critical accounting estimates and assumptions

The Council makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. There were no critical accounting estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5. Fair value estimation

The nominal value less impairment provision of rates receivables and trade payables 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 similar financial instruments.

6. Changes in accounting policy and disclosures**(a) New and amended standards adopted by the Council.**

The following new standard have been adopted by the Company for the first time for the financial year ending 31 March 2024.

Standard	Effective date	Impact
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023	No material impact.
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023	No material impact.
Amendment to IAS Standards 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023	No material impact.
Amendments to IAS Standards 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted.	No material impact.
Narrow scope amendments to IAS Standards 1 'Presentation of Financial Statements', Practice statement 2 and IAS Standards 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted.	No material impact.

EZULWINI TOWN COUNCIL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2024

6. Changes in accounting policy and disclosures (continued)

(b) New Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted by the Council. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standard	Effective date	Expected impact
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	Unlikely there will be material impact.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024	Unlikely there will be material impact.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024	Unlikely there will be material impact.
Amendments to IAS 21- Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025	Unlikely there will be material impact.

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

	2024	2023
	E	E
1 Revenue		
Revenue is comprised of the following:		
Assessment rates		
- Commercial Rates	13 032 030	11 870 165
- Residential Rates	8 298 472	7 189 758
- Rates to Government	4 146 840	3 919 516
- Hospitality Rates	5 800 900	5 883 276
	<u>31 278 242</u>	<u>28 862 715</u>
2 Other operating income		
Advertising	144 254	215 400
Skip Collections	1 296 500	1 107 550
Scrutiny income	69 997	73 851
Sundry Income	2 835 668	943 876
Government Subvention	873 000	873 000
	<u>5 219 419</u>	<u>3 213 677</u>

The subvention received is comprised of amounts received from the government of Eswatini during the year to finance operational costs.

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
3 Other Operating Expenses		
Advertising and promotions	277 156	347 118
Annual Report	39 500	15 850
Audit Fees - Internal and External	544 045	292 359
Bad debts movement	240 205	730 323
Bank charges	275 777	252 126
Cleaning	95 688	62 277
Computer maintenance & accessories	82 828	-
Consulting and professional fees	19 734	116 886
Depreciation	557 224	452 719
Employee costs	11 225 376	9 208 421
Encroachment survey	-	400 000
Environmental Management	138 050	662 218
Hospitality expenses	92 886	65 984
HIV Programs	295 191	176 089
Information Management Systems	618 817	602 206
Insurance	408 036	411 655
Legal expenses	255 215	45 602
Loss on disposal of assets	5 855	67 976
Medical expenses	20 071	32 764
Motor Vehicle Petrol & Oil	737 724	898 156
Motor vehicle repairs & maintenance	438 387	316 930
Printing and stationery	125 298	125 000
Protective clothing	102 899	17 215
Recruitment expenses	18 790	125 915
Repairs and maintenance	198 084	126 366
Security	606 107	420 706
Sitting allowances	520 167	403 583
Social Centre Support	56 171	67 332
Social welfare	25 371	15 650
Special programs	206 882	380 527
Strategic Planning & Budgeting	29 711	78 197
Subscriptions	102 876	97 397
Team building exercise	57 654	50 049
Telephone and fax	222 899	221 053
Training	157 368	81 488
Travelling expenses	432 678	144 276
Utilities	202 683	120 920
Council elections	-	348 965
SAIMSA/ESIGA Games	507 636	124 927
Management System	96 537	100 000
Assets Disposal Account	1 667	-
	<u>20 039 243</u>	<u>18 207 225</u>

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
4 Direct Costs		
Depreciation	3 465 642	3 306 939
Electricity - Streetlight & Highmasts	585 288	488 569
Maintenance-High Mast and Street Lights	350 206	262 678
Maintenance and improvements Of Roads Infrastructure	1 305 910	1 153 335
Protective clothing	173 743	184 270
Local Economic Development Program	63 863	168 679
Health and Safety Costs	73 789	100 885
Refuse management costs	782 877	713 459
Signage	187 730	53 781
Consulting Fee - Town Planning	-	727 716
	<u>6 989 048</u>	<u>7 160 311</u>

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

5 Property, plant and equipment

	2024		2023									
	Cost / Valuation		Accumulated depreciation		Carrying value		Cost / Valuation		Accumulated depreciation		Carrying value	
	E	E	E	E	E	E	E	E	E	E	E	
Land and Buildings	17 722 479	(420 814)	17 301 665	17 722 479	(163 438)	17 559 041						
Roads	95 009 787	(24 617 840)	70 391 947	86 383 363	(21 894 519)	64 488 844						
Plant and Machinery	600 286	(324 436)	275 850	523 118	(258 689)	264 429						
Furniture and Fixtures	841 450	(382 586)	458 864	794 011	(331 953)	462 058						
Motor vehicles and Tractors	5 717 775	(4 402 093)	1 315 682	5 717 775	(3 963 532)	1 754 243						
Office equipment	1 242 649	(511 942)	730 707	1 036 076	(448 306)	587 770						
Cell phones	44 595	(12 073)	32 522	39 898	(11 217)	28 681						
Computer equipment	1 652 808	(1 227 038)	425 770	1 482 659	(1 063 325)	419 334						
Car ports	315 753	(117 008)	198 745	315 753	(106 548)	209 205						
High mast lights	2 786 312	(1 042 341)	1 743 971	1 196 538	(880 734)	315 804						
Skip bins	1 062 344	(597 324)	465 020	862 115	(520 918)	341 197						
Total	126 996 238	(33 655 495)	93 340 743	116 073 785	(29 643 179)	86 430 606						

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

5 Property, plant and equipment

Reconciliation of property, plant and equipment – 2024

Asset Class	Opening balance		Additions		Disposal		Depreciation		Total	
	E	E	E	E	E	E	E	E	E	E
Land and Buildings	17 559 041	-	-	-	-	(257 376)	17 301 665			
Roads	64 488 844	8 626 425	-	-	-	(2 723 322)	70 391 947			
Plant and Machinery	264 429	77 168	-	-	-	(65 747)	275 850			
Furniture and Fixtures	462 058	-	-	-	-	(50 633)	411 425			
Motor vehicles and Tractors	1 754 243	-	-	-	-	(438 561)	1 315 682			
Office equipment	587 772	254 011	-	-	-	(63 638)	778 145			
Cell phones	28 680	24 696	-	(9 537)	-	(11 316)	32 523			
Computer equipment	419 333	170 236	-	-	-	(163 799)	425 770			
Car ports	209 205	-	-	-	-	(10 460)	198 745			
High mast lights	315 804	1 589 774	-	-	-	(161 607)	1 743 971			
Skip bins	341 198	200 229	-	-	-	(76 407)	465 020			
Total	86 430 607	10 942 539	(9 537)	(4 022 866)	93 340 743					

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

5 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

Asset Class	Opening balance E	Additions E	Disposals	Depreciation E	Total E
Land and Buildings	2 610 000	15 112 479	-	(163 438)	17 559 041
Roads	63 391 927	3 720 537	-	(2 623 620)	64 488 844
Plant and Machinery	330 536	-	-	(66 107)	264 429
Furniture and Fixtures	347 812	150 000	-	(35 754)	462 058
Motor vehicles and Tractors	1 968 896	296 076	-	(510 729)	1 754 243
Office equipment	523 626	163 621	(47 004)	(52 473)	587 770
Cell phones	32 626	27 399	(20 077)	(11 267)	28 681
Computer equipment	531 008	91 595	(24 492)	(178 777)	419 334
Car ports	220 216	-	-	(11 011)	209 205
High mast lights	350 893	-	-	(35 089)	315 804
Skip bins	345 843	66 748	-	(71 394)	341 197
Total	70 653 383	19 628 455	(91 573)	(3 759 659)	86 430 606

EZULWINI TOWN COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	Notes	2024 E	2023 E
6 Finance income			
Interest income		<u>2 202 573</u>	<u>2 010 842</u>
		<u>2 202 573</u>	<u>2 010 842</u>
7 Trade and other receivables			
Assessment rates		40 818 997	40 116 902
Provision for doubtful debts - rates	7.1	<u>(2 293 949)</u>	<u>(4 663 923)</u>
		38 525 048	35 452 979
Staff debtors		1 422	13 800
Prepayments		<u>74 329</u>	<u>56 979</u>
		<u>38 600 799</u>	<u>35 523 758</u>
7.1 Provision for doubtful debts			
Opening Balance		(4 663 923)	(3 933 600)
Movement in provision for the current year		<u>2 369 974</u>	<u>(730 323)</u>
		<u>(2 293 949)</u>	<u>(4 663 923)</u>

The carrying values of all the receivables above approximate their fair values.

EZULWINI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
8 Cash and cash equivalents		
Cash at bank	4 640 782	4 258 073
Cash on hand	<u>636</u>	<u>15 100</u>
	<u>4 641 418</u>	<u>4 273 173</u>
9 Financial assets held at fair value		
African Alliance Asset Management	<u>17 718 480</u>	<u>16 182 384</u>
Reconciliation of financial assets held at fair value		
Opening	16 182 384	15 064 263
Interest earned	<u>1 536 096</u>	<u>1 118 121</u>
	<u>17 718 480</u>	<u>16 182 384</u>
10 Other reserves		
Land and buildings - Revaluation	1 158 553	1 158 553
Capital Reserves - Projects	22 665 655	22 665 655
Roads - Revaluation	<u>32 214 851</u>	<u>32 214 851</u>
	<u>56 039 059</u>	<u>56 039 059</u>

Refer to the "statement of changes in equity" for the analysis of the movement in reserves.

EZULWINI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
11 Trade and other payables		
Trade creditors	984 082	422 536
Unidentified deposits	80 106	79 285
Other payable	<u>2 036 368</u>	<u>2 706 009</u>
	<u>3 100 556</u>	<u>3 207 830</u>
12 Provision for employee benefits		
Terminal benefits		
Opening balance	1 077 224	1 899 248
Current year charge	1 208 524	926 486
Provision reversed during the year	-	(742 436)
Utilized during the year	<u>(881 674)</u>	<u>(1 006 074)</u>
Closing balance	<u>1 404 074</u>	<u>1 077 224</u>

The provision is in relation to gratuity which is payable to staff at the end of the first 3-year contract and then payable annually thereafter. A provision is raised annually for every clerical staff under contract based on the rate stipulated in their employment contract multiplied by their basic pay. Councilors are also entitled to ex-gratia benefits which is for 5 years for every councilor a provision is raised annually for every councilor at 25% of total annual income.

EZULWINI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
13 Notes to the statement of cash flows		
Reconciliation of the surplus for the year to cash generated from operations:		
Surplus for the year	11 671 943	8 719 698
Adjustments:		
Depreciation (Note 5)	4 022 866	3 759 659
Loss on disposal	5 855	68 591
Interest received (Note 6)	<u>(2 202 573)</u>	<u>(2 010 842)</u>
	13 498 091	10 537 106
Working capital movement	(2 857 465)	(3 480 338)
Increase in trade and other receivables	(3 077 041)	(4 051 712)
(Decrease)/ increase in trade and other payables	(107 274)	1 393 398
Increase/ (decrease) in employee benefit liabilities	<u>326 850</u>	<u>(822 024)</u>
	<u>10 640 626</u>	<u>7 056 768</u>
Cash generated from operations		
	<u>10 640 626</u>	<u>7 056 768</u>
13.1 Reconciliation of interest income		
Interest income for investments held at fair value (Note 10)	1 536 096	1 118 121
Investment income from savings accounts	<u>666 477</u>	<u>892 721</u>
Interest income total (Note 6)	<u>2 202 573</u>	<u>2 010 842</u>

14 Events after the reporting period

The Councillors are not aware of any other material event which occurred after the reporting date and up to the date of this report which would affect the amounts or disclosures in the annual financial statements.

EZULWINI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

	2024 E	2023 E
15 Related Parties		
Related parties to the Town Council relate to the Government of Eswatini and the Councilors. In the current year the town council had the following transactions with its related parties		
15.1 Income		
Rates billed to government (Note 1)	<u>4 146 840</u>	<u>3 919 516</u>
Government Subvention (Note 2)	<u>873 000</u>	<u>873 000</u>
Rates billed to Councillors included in Note 1	<u>91 753</u>	<u>165 176</u>
15.2 Expenditures		
Councilors sitting allowances (Note 3)	<u>520 167</u>	<u>403 583</u>
The Town Council also had the following balances as at year end with its related parties		
15.3 Amounts receivable from related parties as at year end		
Receivable from government	12 807 294	9 704 663
Receivable from Councillors	<u>-</u>	<u>87 875</u>
	<u>12 807 294</u>	<u>9 792 538</u>
15.4 Amounts payable to related parties as at year end		
Gratuity provision	<u>109 617</u>	<u>417 683</u>
	<u>109 617</u>	<u>417 683</u>