

Piggs Peak Town Council
Annual financial statements
for the year ended 31 March 2024



Kobla Quashie and Associates
CHARTERED ACCOUNTANTS (ES)

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Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

General Information

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Municipality
Councillors - Effective 26 July 2023	Cllr. Siphon B Shongwe - Chairperson / Mayor Cllr. Lungile K Dlamini - Vice Chairperson Cllr. Muzi T Simelane Cllr. Lucky S Tfwala Cllr. Sicelo S Mavuso Cllr. Bongani P Phiri Cllr. Tito Simelane Cllr. Glory Msibi
Interim Councillors - Ended 26 July 2023	Cllr. Absalom Ndlovu - Mayor Cllr. Thembisile Ngcamphalala
Senior Management	Mzwandile Ndzinisa - Town Clerk/CEO Vacant - Environmental Public Health and Safety Clement Dlamini - Town Treasurer Londiwe Simelane - Town Engineer
Business address	Plot 1471 & 1473 Piggs Peak
Postal address	P. O. Box 479 Piggs Peak H108
Bankers	Standard Bank Eswatini Limited Eswatini Development and Savings Bank First National Bank of Eswatini
Auditors	Kobla Quashie and Associates Chartered Accountants (SD)
Legal Advisors	Robinson Bertrams



Piggs Peak Town Council

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Councillors' Responsibilities and Approval

The Councillors are required by Section 102(3) of the Urban Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations of 1969, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small and Medium Entities (IFRS for SME's). 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 Standard for Small and Medium Entities (IFRS for SME's) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

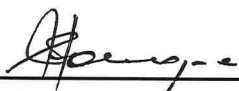
The Councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the council and place considerable importance on maintaining a strong control environment. To enable the Councillors to meet these responsibilities, the council sets standards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

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


The Councillors have reviewed the council's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

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


The annual financial statements set out on pages 6 to 26 which have been prepared on the going concern basis, were approved by the Councillors on 07 October 2024 and were signed on its behalf by:



Chairperson



Town Clerk



Town Treasurer



Independent Auditors' Report

To the member of Piggs Peak Town Council

Report on the Financial Statements

We have audited the financial statements of Piggs Peak Town Council ("the Council") as set out on pages 6 to 26 which comprise the statement of financial position as at 31 March 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and in the manner required by Section 102(3) of the Urban 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 Statements section of our report. We are independent of the Council in accordance with International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Eswatini and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Councillors and Those Charged with Governance 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 102(3) of the Urban Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations 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.

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



Independent Auditors' Report

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

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

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

Kobla Quashie and Associates
Chartered Accountants (Eswatini)
Manzini

07 October 2024

Registered Auditors: Daniel Bediako



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position

Figures in Lilangeni	Note(s)	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	2	86,391,488	63,237,311
Assets under construction		-	487,312
		86,391,488	63,724,623
Current Assets			
Trade and other receivables	3	22,649,967	17,273,548
Cash and cash equivalents	4	4,140,204	8,375,551
		26,790,171	25,649,099
Total Assets		113,181,659	89,373,722
Reserves and Fund balances			
Equity			
Capital reserves	5	38,474,618	37,815,837
Revaluation Reserves	6	12,848,400	9,035,735
Retained earnings		42,243,126	40,416,742
		93,566,144	87,268,314
Liabilities			
Non-Current Liabilities			
Borrowings	7	9,830,771	-
Other liabilities	8	340,055	340,055
		10,170,826	340,055
Current Liabilities			
Borrowings	7	4,955,974	-
Trade and other payables	9	2,959,565	588,453
Provisions	10	1,529,150	1,176,900
		9,444,689	1,765,353
Total Liabilities		19,615,515	2,105,408
Total Equity and Liabilities		113,181,659	89,373,722



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Statement of Comprehensive Income

Figures in Lilangeni	Note(s)	2024	2023
Revenue		20,698,230	19,368,334
Cost of sales		(3,164,546)	(2,855,842)
Gross profit		17,533,684	16,512,492
Other income		3,017,115	3,870,563
Operating expenses		(19,003,902)	(15,580,598)
Operating profit		1,546,897	4,802,457
Investment revenue		279,487	289,513
Surplus for the year		1,826,384	5,091,970
Other comprehensive income		-	-
Total comprehensive income		1,826,384	5,091,970
Total comprehensive income attributable to:			
Council		1,826,384	5,091,970



Piggs Peak Town Council

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Statement of Changes in Equity

Figures in Lilangeni	Capital reserves	Revaluation reserve	Retained earnings	Total equity
Balance at 01 April 2022	39,154,936	3,199,271	35,324,772	77,678,979
Changes in equity				
Surplus for the year			5,091,970	5,091,970
Total changes in capital reserves for the year	(1,339,099)	5,836,464		4,497,365
Total changes	(1,339,099)	5,836,464	5,091,970	9,589,335
Balance at 01 April 2023	37,815,837	9,035,735	40,416,742	87,268,314
Changes in equity				
Total comprehensive income for the year			1,826,384	1,826,384
Amortisation	(1,293,302)			(1,293,302)
Additions	1,952,083			1,952,083
Revaluation as per the valuation roll prepared by Christian Amoako		3,812,665		3,812,665
Total changes	658,781	3,812,665	1,826,384	6,297,830
Balance at 31 March 2024	38,474,618	12,848,400	42,243,126	93,566,144
Note(s)	5	6		



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Statement of Cash Flows

Figures in Lilangeni	Note(s)	2024	2023
Cash flows from operating activities			
Cash generated from operations	11	1,214,320	(5,200,216)
Interest income		279,487	289,513
Net cash from operating activities		1,493,807	(4,910,703)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(21,661,992)	(5,065,016)
Sale of property, plant and equipment	2	-	1,376,818
Movement in assets under construction		487,312	2,742,878
Net cash from investing activities		(21,174,680)	(945,320)
Cash flows from financing activities			
Movement in capital reserves	5	658,781	-
Movement in borrowings		14,786,745	-
Net cash from financing activities		15,445,526	-
Total cash movement for the year		(4,235,347)	(5,856,023)
Cash at the beginning of the year		8,375,551	14,231,574
Total cash at end of the year	4	4,140,204	8,375,551



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Entities (SME's), the 102(3) of the Local Government Act, 1969 and Section 93 of the Urban Government Financial Reporting Regulations of 1969.

The annual financial statements have been prepared on the historical cost basis, 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 Eswatini Emalangenani which is the Council's functional currency. All financial information has been rounded to the nearest one Lilangeni.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, Held to maturity investments and Loans and receivables

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

1.3 Financial instruments

Initial recognition

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

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the council has transferred substantially all risks and rewards of ownership.



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the council assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the council, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to 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.



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1.3 Financial instruments (continued)

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.4 Employee benefits

Short-term employee benefits

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

Pension obligation

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

Terminal benefits

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

Statutory benefits

The Council contributes to a statutory fund, Eswatini National Provident Fund (ENPF) in accordance with the Eswatini National Provident Fund Order of 1974.

1.5 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



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1.5 Provisions and contingencies (continued)

- 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.

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.

Contingent assets and contingent liabilities are not recognised.

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.

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

1.7 Revenue

Revenue is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the council.

Revenue is mainly derived from rates levied in terms of the Rating Act 1995 and service charges. Other income includes Government subvention, interest income, rental income and amortisation of the Government capital grants.

Rates

Income is recorded on all rateable properties of the Council in terms of the Rating Act, 1995 and these are recognised on an accrual basis. Rates levied are determined annually and published by the Council.

Services charges

These are other fees charged by the Council for services offered to rate payers. These include market and user fees. User fees are recognised on an accrual basis and market fees are recognised on a cash basis.

Interest income

Interest is recognised using the effective interest rate on an accrual basis unless collectability is in doubt.

Government capital

Amortisation of capital reserves are charged at 3.42% into the income statement.

1.8 Borrowing costs

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

1.9 Related parties

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



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Summary of Significant Accounting Policies

1.9 Related parties (continued)

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

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Lilangeni

2024

2023

2. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land, buildings and carports	26,886,701	-	26,886,701	23,074,036	-	23,074,036
Road infrastructure	57,102,146	(9,900,712)	47,201,434	35,656,334	(8,439,373)	27,216,961
Plant and machinery	5,746,544	(2,210,566)	3,535,978	5,699,735	(1,821,038)	3,878,697
Streetlights	4,363,731	(1,834,274)	2,529,457	4,268,019	(1,561,199)	2,706,820
Furniture and fittings	776,115	(395,046)	381,069	751,275	(354,085)	397,190
Motor vehicles	753,190	(677,761)	75,429	753,190	(652,618)	100,572
Office equipment	576,892	(315,703)	261,189	551,047	(289,315)	261,732
Computer equipment	1,237,495	(1,077,153)	160,342	1,214,518	(1,002,893)	211,625
Office, market and social centre improvements	755,165	(316,833)	438,332	755,165	(290,408)	464,757
Pound	111,838	(47,927)	63,911	111,838	(44,563)	67,275
Sports ground	2,923,714	-	2,923,714	2,923,714	-	2,923,714
Landfill	1,933,932	-	1,933,932	1,933,932	-	1,933,932
Total	103,167,463	(16,775,975)	86,391,488	77,692,803	(14,455,492)	63,237,311

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers from WIP	Depreciation	Revaluation surplus	Total
Land, buildings and carports	23,074,036	-	-	-	3,812,665	26,886,701
Road infrastructure	27,216,961	20,958,498	487,312	(1,461,337)	-	47,201,434
Plant and machinery	3,878,697	46,809	-	(389,528)	-	3,535,978
Streetlights	2,706,820	95,712	-	(273,075)	-	2,529,457
Furniture and fittings	397,190	24,840	-	(40,961)	-	381,069
Motor vehicles	100,572	-	-	(25,143)	-	75,429
Office equipment	261,732	25,845	-	(26,388)	-	261,189
Computer equipment	211,625	22,976	-	(74,259)	-	160,342
Office, market and social centre improvement	464,757	-	-	(26,425)	-	438,332
Pound	67,275	-	-	(3,364)	-	63,911
Sports ground	2,923,714	-	-	-	-	2,923,714
Landfill	1,933,932	-	-	-	-	1,933,932
	63,237,311	21,174,680	487,312	(2,320,480)	3,812,665	86,391,488

Reconciliation of property, plant and equipment - 2023



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Lilangeni	2024	2023					
2. Property, plant and equipment (continued)							
	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land, buildings and carports	17,237,572	-	-	-	5,836,464	-	23,074,036
Road infrastructure	23,338,510	1,836,296	-	3,230,190	-	(1,188,035)	27,216,961
Plant and machinery	3,229,415	2,261,470	(1,298,304)	-	-	(313,884)	3,878,697
Streetlights	2,097,352	826,087	-	-	-	(216,619)	2,706,820
Furniture and fittings	351,099	87,715	-	-	-	(41,624)	397,190
Motor vehicles	134,097	-	-	-	-	(33,525)	100,572
Office equipment	271,545	18,918	-	-	-	(28,731)	261,732
Computer equipment	273,601	34,530	-	-	-	(96,506)	211,625
Office, market and social centre improvements	492,946	-	-	-	-	(28,189)	464,757
Pound	70,815	-	-	-	-	(3,540)	67,275
Sports ground	2,923,714	-	-	-	-	-	2,923,714
Landfill	1,933,932	-	-	-	-	-	1,933,932
	52,354,598	5,065,016	(1,298,304)	3,230,190	5,836,464	(1,950,653)	63,237,311

The Council land and building comprise of Lots 1471, 1473, 257, 1485, 1506, 933 and 1507. These are in Piggs Peak Township, Hhohho.

1. Lot 1471 It is located along RP Stephen Avenue near the MR1 road connecting Pigg's Peak and Hawane. The property has a market value of E1,125,000.	1,125,000	775,000
2. Lot 1473 It is located next to Peak Primary School and Pigg's Peak Magistrate Court, off RP Stevens Avenue. The property has a market value of E11,020,400	11,020,400	10,600,000
3. Lot 257 It is located next to Pigg's Peak Club and Mhlatane High School near the MR1 road connecting Pigg's Peak and Hawane. The property has a market value of E1,505,600	1,505,600	1,400,000
4. Lot 1485 It is located next to Pigg's Peak Magistrate Court, along RP Stevens Avenue. The property has a market value of E6,482,500	6,482,500	5,600,000
5. Lot 1506 It is located next to Highlands Inn, along the MR1 road connecting Pigg's Peak and Hawane. The property has a market value of E1,128,100	1,128,100	1,150,000
6. Lot 1507 It is located in Mangweneni. The property has a value of E453,401	453,401	227,600
7. Lot 933 It is located near Pigg's Peak Fire Station The property is located within the Central Business District of Pigg's Peak Town. The property has a market value of E5,171,700	5,171,700	3,250,000
	26,886,701	23,002,600

3. Trade and other receivables

Trade receivables	22,549,749	17,191,693
Staff debtors	71,691	81,855
Other payables - EEC	28,527	-
	22,649,967	17,273,548



Piggs Peak Town Council

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Figures in Lilangeni	2024	2023
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	45,133	13,816
Bank balances	4,095,071	8,361,735
	4,140,204	8,375,551

Bank balances

Standard Bank - Current account	416,446	352,734
Standard Bank - CIP current account	104,960	4,022,560
Standard Bank - OPS call current	11,776	3,119,814
Standard Bank - CIP call account	2,124	10,573
Standard Bank - Fixed asset replacement fund	31,176	509,555
Standard Bank - Land sales account	357,568	346,499
Eswatini Development bank - Current account	61,057	-
Standard Bank - Current account -Security for the loan	2,058,793	-
African Alliance - Lilangeni account - Gratuity and ex-gratia	808,089	-
First National Bank - Current account	234,765	-
MTN - Momo account	8,317	-
	4,095,071	8,361,735

5. Capital reserves

Opening balance	37,815,837	39,154,936
Addition	1,952,083	-
Amortisation	(1,293,302)	(1,339,099)
	38,474,618	37,815,837

Capital reserves	38,474,618	37,815,837
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The capital reserves arises from the capitalization of project costs paid out of grants received from the Government of Eswatini and World Bank Projects in the years 2014, 2015, 2016, 2017 and 2018 and the capitalisation of assets donated by the Government to the council. The capital reserves are amortised at 3.42%.

The addition of E1,952,083 relates to funds received from the Government of Eswatini towards capital projects. All the funds were utilised in full by end of year.

6. Revaluation reserve

The revaluation reserve arises from the valuation of properties by Christian Amoako & Company in April 2024.



Piggs Peak Town Council

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Notes to the Annual Financial Statements

Figures in Lilangeni	2024	2023
6. Revaluation reserve (continued)		
Opening balance	9,035,735	3,199,271
The additions surplus of E3,812,665 is as a result of the 2024 General Valuation Roll which was undertaken by Christian Amoako & Company. The revaluation is on the land and buildings situated on Lots 1471, 1473, 1485, 257, 933, 1506 and 1507.	3,812,665	5,836,464
	12,848,400	9,035,735
7. Borrowings		
Standard Bank Eswatini	14,786,745	-
The loan with Standard Bank Eswatini was for E16,500,000 (Sixteen Million, Five Hundred Thousand Emalangen). The loan was taken for the purpose of upgrading road from gravel to bitumen standard. The loan is for period of 60 months and is repayable semi-annually. It attract interest of prime plus 1% (one percent) and is secured by all of the Town Council properties and a pledge and cession restricted to E2,500,000 (Two Million, Five Hundred Emalangen) with Standard Bank Eswatini.		
Non-current liabilities		
Borrowings	9,830,771	-
Current liabilities		
Borrowings	4,955,974	-
	14,786,745	-
8. Other liabilities		
Auction proceeds	340,055	340,055
Auction proceeds arising from unclaimed funds which were received from public auctions of properties whose owners could not be traced. Management through consultations with the Ministry has taken a decision that these funds will be kept in a special account until such a time when the owners or beneficiaries are found.		
9. Trade and other payables		
Trade payables	1,651,842	278,617
VAT	217,463	100,988
Payroll accruals	279,713	(53,719)
Unallocated deposits received	197,812	100,912
Other payables	612,735	161,655
	2,959,565	588,453



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

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Figures in Lilangeni 2024 2023

10. Provisions

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Adjustment	Total
Gratuity	848,429	672,830	(725,203)	305,088	1,101,144
Leave days	313,607	26,211	-	-	339,818
Ex-gratia	14,864	73,324	-	-	88,188
	1,176,900	772,365	(725,203)	305,088	1,529,150

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Gratuity	706,722	420,692	(278,985)	848,429
Leave days	185,957	166,792	(39,142)	313,607
Ex-gratia	486,329	14,864	(486,329)	14,864
	1,379,008	602,348	(804,456)	1,176,900

11. Cash generated from operations

Profit before taxation	1,826,384	5,091,970
Adjustments for:		
Depreciation	2,320,481	1,950,656
Loss on sale of assets	-	(78,514)
Interest received	(279,487)	(289,513)
Movements in provisions	352,250	(202,108)
Amortisation of the capital reserves	(1)	(1,339,099)
Transfers	-	(3,230,192)
Changes in working capital:		
Trade and other receivables	(5,376,419)	(5,973,106)
Trade and other payables	2,371,112	(1,130,310)
	1,214,320	(5,200,216)

12. Contingencies

The Council is being sued by Lucky's Ark Investments an amount of E882,951 in respect of damages claim for burst of water pipe. Possible legal costs for all cases that are currently pending amounts to E60,000.



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

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13. Risk management

Financial risk factors

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

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

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

Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

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

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

(iii) Legal risk

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

(iv) Operational risk

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



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

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13. Risk management (continued)

(vi) Liquidity risk

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

(vii) Credit risk

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

(viii) Cash flow and fair value interest rate risk

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

Fair value estimation

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

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

14. Comparative figures

Certain comparative figures have been reclassified.



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Detailed Statement of Financial Performance

Figures in Lilangeni	Note(s)	2024	2023
Revenue			
Rates revenue		20,068,230	18,738,334
Government subvention		630,000	630,000
		20,698,230	19,368,334
Direct costs			
Transfer from direct cost statement		(3,164,546)	(2,855,842)
		17,533,684	16,512,492
Gross profit			
Other income			
Amortisation of capital reserves		1,293,302	1,339,099
Gains on disposal of assets		-	78,514
Interest received		279,487	289,513
Market fees and user charges		677,932	693,472
Other income		28,527	440,310
Rental income		752,416	1,319,168
Interest on overdue rates		264,938	-
		3,296,602	4,160,076
Operating expenses			
Advertising		432,045	310,516
Auditors remuneration		55,660	48,760
Bank charges		90,008	77,993
Cleaning		24,036	30,099
Computer expenses		270,100	167,221
Consulting fees		1,650,961	639,143
Councillors fees		656,934	467,174
Crime prevention and special programmes		19,875	8,760
Depreciation		2,320,481	1,950,656
ESIGA Games		82,436	76,866
Elections expenses		-	300,000
Electricity and Water		227,767	273,598
Employee costs		8,483,069	7,560,850
Finance charges		450,460	-
Hospitality		296,965	290,066
Insurance		206,280	394,143
Internal audit		174,513	74,583
Legal fees		361,393	55,745
Motor vehicles expenses - fuel, repairs and maintenance		761,144	868,957
Printing and stationery		124,369	147,400
Protective clothing		171,747	186,664
Public health and environmental awareness		179,675	102,931
Rates incentives		78,209	37,856
Social responsibility and public information		-	18,354
Social services expenses		331,499	380,928
Staff welfare and uniform		228,152	67,171
Subscriptions		32,155	48,753
Telephone and fax		202,445	205,610



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Detailed Statement of Financial Performance

Figures in Lilangeni	Note(s)	2024	2023
Training of staff and councillors		105,606	133,021
Travelling and subsistence allowances		985,918	656,780
		19,003,902	15,580,598
Surplus for the year		1,826,384	5,091,970



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Statement of Direct Costs

Figures in Lilangeni	Note(s)	2024	2023
Electrical contractor		89,485	77,969
Floodlights and Streetlights electricity		849,913	731,718
Refuse management		40,080	10,000
Repairs and maintenance - council structures		134,762	60,138
Repairs and maintenance - public structures		450,501	476,119
Road and sidewalk maintenance		246,064	276,810
Security rangers		1,029,521	816,794
Streetlights maintenance		313,260	277,530
Weed control chemicals		10,960	128,764
		3,164,546	2,855,842
Direct costs for the year		3,164,546	2,855,842



Piggs Peak Town Council

Annual Financial Statements for the year ended 31 March 2024

Detailed Statement of Financial Performance - Budget Vs Actual

Figures in Lilangeni	Note(s)	2024	2023
Income			
Rates revenue	20 529 223	20 068 230	460 993
Government subvention	630 000	630 000	-
	21 159 223	20 698 230	460 993
Direct Cost			
Electrical contractor	127 800	89 485	38 315
Floodlights and streetlights electricity	840 331	849 913	(9 582)
Refuse management	130 565	40 080	90 485
Repairs and maintenance - council structur	208 770	134 762	74 008
Repairs and maintenance - public structur	521 674	450 501	71 173
Road and sidewalk maintenance	321 391	246 064	75 327
Security rangers	793 638	1 029 521	(235 883)
Streetlights maintenance	333 622	313 260	20 362
Weed control chemicals	114 143	10 960	103 183
	3 391 934	3 164 546	227 388
Gross profit	17 767 289	17 533 684	233 605
Other Income			
Amortisation of capital reserves	-	1 293 302	(1 293 302)
Interest received	60 000	279 487	(219 487)
Market fees and user charges	559 800	677 932	(118 132)
Other Income	-	28 527	(28 527)
Rental income	1 338 721	752 416	586 305
Interest on overdue rates	-	264 938	(264 938)
	1 958 521	3 296 602	(1 338 081)
Operational expenses			
Advertising	469 742	432 045	37 697
Auditors remuneration	92 220	55 660	36 560
Bad debts	25 000	-	25 000
Bank charges	92 000	90 008	1 992
Cleaning	25 776	24 036	1 740
Computer expenses	214 460	270 100	(55 640)
Consulting fees	1 662 471	1 650 961	11 510
Councillors fees	614 804	656 934	(42 130)
Crime prevention and special programme	16 200	19 875	(3 675)
Depreciation	-	2 320 481	(2 320 481)
Electricity and water	348 606	227 767	120 839
Employee costs	8 488 851	8 483 069	5 782
Finance charges	-	450 460	(450 460)
Hospitality	354 124	296 965	57 159
Insurance	197 999	206 280	(8 281)
Internal audit	171 940	174 513	(2 573)
Legal fees	353 611	361 393	(7 782)
Motor vehicles expenses - fuel, repairs and	1 193 004	761 144	431 860
Printing and stationery	124 791	124 369	422
Protective clothing	200 864	171 747	29 117
Public health and environmental awareness	220 831	179 675	41 156
Rates incentive	80 000	78 209	1 791
ESIGA Games	75 686	82 436	(6 750)
Social services expenses	426 384	331 499	94 885
Staff welfare and uniform	267 597	228 152	39 445
Subscriptions	69 200	32 155	37 045
Telephone and postage	202 445	202 445	-
Training of staff and councillors	151 594	105 606	45 988
Travelling and subsistence allowance	1 031 594	985 918	45 676
	17 171 793	19 003 902	(1 832 109)
Surplus for the year	2 554 017	1 826 384	727 633