



**NHLANGANO**  
TOWN COUNCIL



**2023**

**ANNUAL  
REPORT**



## VISION

We are a dynamic Municipality which strives to deliver quality service that is responsive to the demands and challenges of the community.

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## MISSION

To render cost-effective and sustainable service through mutual and cordial working relationships with all stakeholders.

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**“OUR TOWN | OUR PRIDE”**



# VALUES



**ACCOUNTABILITY**



**EXCELLENCE**



**INTEGRITY**



**TEAMWORK**



**INNOVATION**



**PROFESSIONALISM**

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# THE MINISTRY IN CHARGE



Minister of Housing and Urban Development  
**HON. PRINCE SIMELANE**

# STATEMENT FROM THE OFFICE OF THE CHAIRMAN TO COUNCIL



**MANDLA G. SIBANDZE**  
Chairman to Council

The incumbent Government is working tirelessly for economic recovery and poverty reduction. All these developments have significant impact on the positioning of the municipality to deliver services.

“ We will endeavour to improve all sectors to ensure sustained local economic growth and improved quality of life for the residents and stakeholders of the town. ”

**A**s we present the annual report for the year 2022 – 2023, I wish to state from the onset that this was an eventful year like any other fiscal year. It is with pleasure that the Nhlanguano Town Council presents this annual report for 2022 – 2023 to all its stakeholders.

The year under review was also eventful and challenging, like any other fiscal year. Following national elections in September 2023, new Parliament and Cabinet were constituted in full between October and November 2023. These political developments took place against a challenging economic landscape.

The incumbent Government is working tirelessly for economic recovery and poverty reduction. All these developments have significant impact on the positioning of the municipality to deliver services.

The town has continued to thrive amidst all the stated challenges. We continued with infrastructure improvement which included installation of solar street lights, procurement of heavy plant to reduce service delivery costs among others. Ultimately, the desire is to

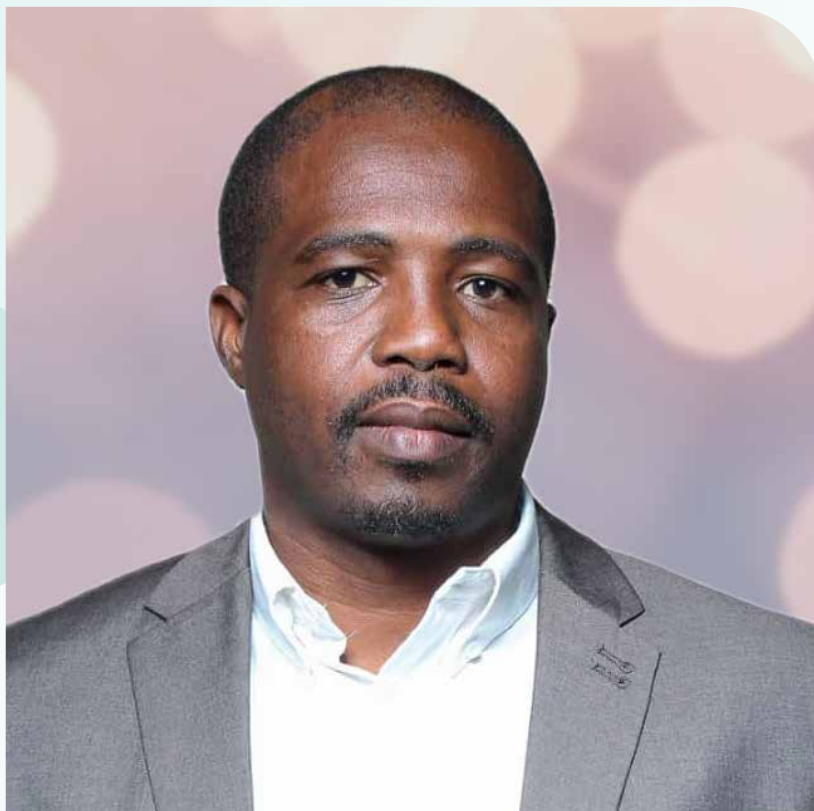
take the town to another development level commensurate with the country's national development strategy.

The new commercial developments taking place in various locations of the town are gratifying indeed, and demonstrate growth, from E 2.3 billion in 2018 to E2.5 billion in 2023. The 2023 figures are an estimate owing to the devastating effects of COVID – 19 and the June 2021 Unrest.

We will endeavour to improve all sectors to ensure sustained local economic growth and improved quality of life for the residents and stakeholders of the town. We appreciate the technical and financial support we continue to receive from the Ministry of Housing and Urban Development. The commitment of the Councillors in supporting management deliver on its mandate is testimony that they are committed to the development course pursued by His Majesty's Government.

**Chairman To Council**  
**CLLR MANDLA GIFT SIBANDZE**

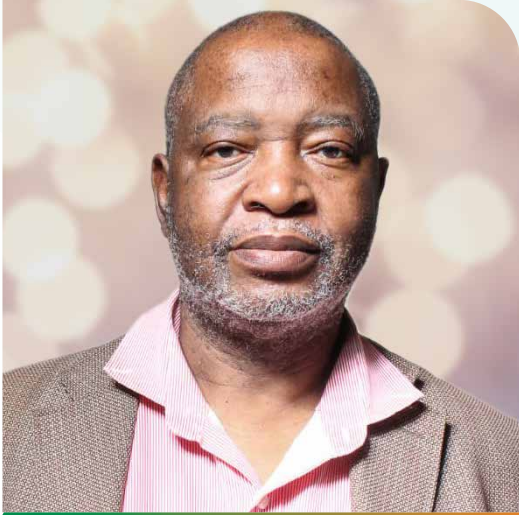
# COUNCILLORS



**Cllr. Mandla G. Sibandze**  
**Chairman to Council**



**Dion Anderson**  
**Deputy Chairman**



**Cllr. Prince Thulasizwe Dlamini**



**Cllr. Siyambonga Dlamini**



**Cllr. Sifiso Matsebula**



**Cllr. Mqobi Mkhonta**



**Cllr. Smiling Msibi**



**Cllr. Ndumiso Khumalo**

# STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



**BABSY MAVUSO**  
Chief Executive Officer

Amidst these challenges, the municipality has not retreated from its mandate, as enshrined in the Integrated Development Plan...

“...the next fiscal year will focus on intensification and diversification of revenue mobilisation efforts, road infrastructure development initiatives, increasing public participation in fighting gender-based violence, improvement of branding and publicity of town programmes...”

The core mandate of Nhlango Town Council, as expounded in the founding legislations of all urban local authorities, is to spearhead controlled development within the urban area, provide and manage public services and amenities, as well as general administration of the town with the view to ensure order, health and progress for all within the urban area. The municipality also aligns itself to all national development initiatives and vision.

Over the 2022/2023 fiscal year, the Town Council had an overall income budget of E24.1 million, and anticipated recurrent expenditure of E23.6 million, inclusive of capital expenditure.

The municipality has been able to raise about E17.3 million, which is about 72% percent of the E24.1 million of the anticipated income revenue. The collection rate for municipal property taxes pitched at 80 percent on the strategic plan has been achieved, but much remains to be done in terms of collection because of the high debtors' balance, as seen from the audited financial statements. The said balance is heavily influenced by central government arrears. Government usually pays property that is below the issued tax bills for all state-owned properties within the urban area.

Amidst these challenges, the municipality has not retreated from its mandate, as enshrined in the Integrated Development Plan and the Annual Operation plan for the year under review.

The management team has been working tirelessly with Council to change the fiscal, infrastructure and governance profile of the local authority.

The operations for the year under review have not been without challenges. One of the major challenges is still financial resources.

Despite the improvements recorded in collection of rates as detailed above, Council still has significant shortages in terms of financial resources. Another challenge relates to the human capital at the disposal of the municipality. The municipality continues to be a training ground for other bigger municipalities.

Other challenges include poor drainage system in the town. This continues to increase maintenance costs for roads within the urban area. As noted above, Council is working tirelessly to overcome the stated challenges. As a result, the plans for the next fiscal year will focus on intensification and diversification of revenue mobilisation efforts, road infrastructure development initiatives, increasing public participation in fighting gender-based violence, improvement of branding and publicity of town programmes, and general improvement in the efficiency and effectiveness of the programmes and activities of the town.

Chief Executive Officer  
**BABSY MAVUSO**

# MANAGEMENT



**Babsy Mavuso - Town Clerk/ CEO**



**Langa Dlamini - Town Engineer**



**Mpendulo Mhlanga  
Public Health & Environmental Manager**



**Enock Silenge - Town Treasurer**

# OPERATIONS REPORT



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The Department is responsible for the overall financial management of the Town Council. This includes among other responsibilities; to ensure effective rates collection, procurement, budget control; both operational and capital expenditure, providing sound financial advice to Council, cash flow management and Council investments.

The Department is also responsible for Financial Accounting and Reporting through the preparation of the Annual Financial Statements by International Financial Reporting Standards, Council Policies and Procedures and The Urban Government Act No. 8 of 1969. It also ensures that the internal controls and finance systems work efficiently and effectively.

The objectives of the Treasury Department are to ensure the integrity and authenticity of the Council's financial system and transactions and their appropriate recording to improve the liquidity levels. This is done to enhance the functionality of the organization and to facilitate the completion of a substantial number of capital projects and service delivery.

All the taxes generated by businesses and individuals within the municipality are paid directly to Central Government or its agencies. The Council does not have a share in this wealth through several discussions have been held with the Government in this regard. To cater to the funding of municipalities the Government promulgated the Rating Act of 1995. The rates are property tax imposed on all immovable property plots, farms, lots, houses, factories, shops, etc. within the municipality. In the determination of

rates, the Council is partly guided by the Town Planning Scheme which demarcates the property uses into different zones. These zones include residential, commercial, industrial, public use, etc., and each zone is rated differently.

Your rates explained Property Rates Local Government Rates are levied annually to all ratable properties based on an approved General Valuation Roll (GVR). The amount you pay in rates each year depends on the basis of valuation applied to the property. This valuation is determined by an independent Valuer. According to Section 13(1) of the Rating Act of 1995, the basis of the valuation of land shall be the market value of such land and any improvements thereon. The GVR is reassessed not less than once in every 5 (five) years, or such longer or shorter periods as the Minister approve.

Based on valuation, rates are calculated and an Annual Rate Notice is generated and mailed to you through the last known postal and e-mail address. You will usually receive your Rates invoice in April of each year.

Why pay rates? Council collects rates from rate payers to help fund local infrastructure and services. Rates are a simple and effective way of contributing to the development and

# TREASURY DEPARTMENT *(continued)*

improvement of vital community services, such as roads, storm water systems, reserves, parks and the management of waste in the urban area – just to name a few.

How we calculate Your Property Rates How much you pay in property rates is determined by the valuation of your property (determined by an independent Valuer) multiplied by the levied annual rate in Emalangeneni. The Council calculates your rates based on the following calculations: Annual levied rate X Property Valuation Value + Waste Collection Charges = Amount due for the year.

Difficulty Paying Your Rates? Section 27 (2) of the Rating Act of 1995, permits payment of rates

by instalments and Council is acutely aware of the financial difficulties many are facing in these uncertain times. This does not only ease the burden of paying a lump sum, but also saves you from the 15% interest charges. Ratepayers who are having difficulty paying their rates are encouraged to contact the Office of the Town Treasurer to make arrangements based on individual circumstances.

## **SERVICES OFFERED UNDER THIS DEPARTMENT:**

- Rates income
- User fees Income
- Property Evaluation

# HUMAN RESOURCES



# HUMAN RESOURCES *(continued)*

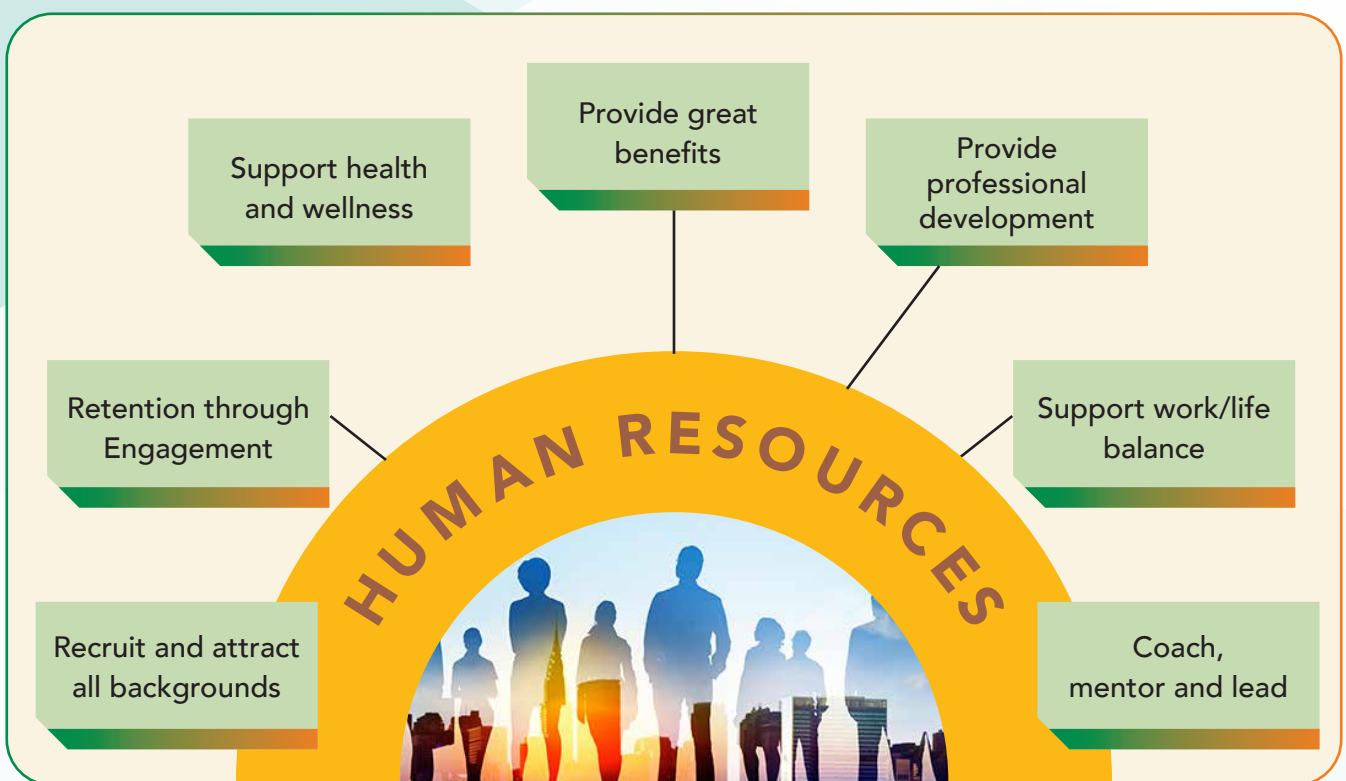
## HUMAN RESOURCES MISSION:

To support the growth and well-being of each employee by offering competitive pay and benefits, providing resources for personal and professional development, and championing diversity, equity, and inclusion.

## HUMAN RESOURCES VISION:

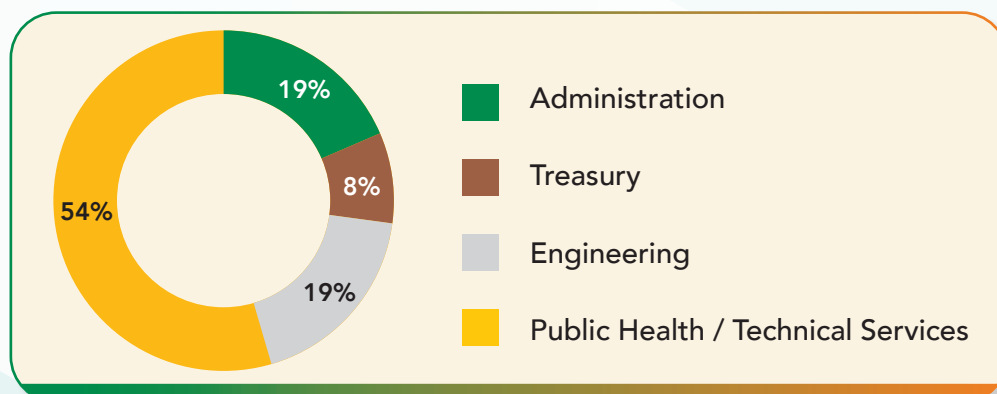
An innovative organisation where wellness is prioritized, continuous learning is encouraged, and employees from all backgrounds are valued and respected.

## WHAT WE DO:



## NHLANGANO TOWN COUNCIL WORKFORCE

The workforce includes both represented and non-represented employees in full-time and contractual capacities. In addition, we have also casual employees.



## STAFFING AND WORKFORCE PLANNING

Recruitments: Calendar year comparison for total job postings. These numbers include all categories.

Department	Recruitment	Resignation	Dismissal	Retirement	Death
Administration	0	0	0	1	0
Treasury	0	0	0	0	0
Engineering	2	0	0	0	0
Public Health/ Technical Services					

## TRAINING AND DEVELOPMENT

The council is committed to a programme of staff development based on a goal of creating a climate of and opportunities for employee growth which will benefit the council and the individual. Human Resources manages compliance and best practice training for all employees.

### HR COORDINATED TRAININGS IN 2022/ 2023

Department	Recruitment	Resignation
Employee wellness training	All employees invited	June 2022
Code of Ethics Training	All Employees invited	May 2022
Leave policy and Procedure Training	All Employees Invited	May 2022
Industrial relations Training	All employees invited	July 2022
Disciplinary Procedure training	All employees invited	April 2022
Grievance procedure training	All employees Invited	May 2022
Snake handling training	All employees invited	November 2022
Recruitment and Selection policy training	All employees invited	May 2022

# ENGINEERING AND TECHNICAL SERVICES ANNUAL REPORT



**LANGA DLAMINI**  
Town Engineer



The Engineering Department is responsible for the development, and maintenance of all public infrastructure that is within the boundary of the town of Nhlango. This includes the upgrading and maintenance of all road infrastructure, including storm water drainage systems and all street furniture. The Department is tasked with the provision of adequate street lighting throughout the town to enhance the safety of businesses and its residents. The department's operations are primarily governed by the Local Government Act 8/1969, Building and Housing Act of 1968 and other relevant legislation.

## 1.0 PREAMBLE

Infrastructure development is one of the requirements for Nhlango Town Council as it is regarded to provide safe, affordable, sustainable, and accessible multi-modal transport services. This unit promotes integrated land use development and ensuring prime movements for the residents and users of the transport system within the urban area.

The Engineering and Technical Services' Department's key responsibility is to regulate infrastructure development and maintain the road infrastructure including road reserves. The rolling out of the Capital Improvement Programme (CIP) is the vehicle for the department to realise service delivery in this regard.

Under this department there are Four (4) prominent units through which the department achieves its mandate, namely Town Planning, Building inspections, Electrification, and Maintenance sections. This document serves as an update report of all proceedings that took place during the year 2021/22 financial year.

## 2.0 PROJECTS

### 2.1.1. OUTDOOR ADVERTISEMENT

The Municipality planned to regulate the Retail Advertising Media Products, limited to directional signs and streetlight Lamp-pole signs through outsourcing it to advertising agents. This will serve to minimise the mushrooming of illegal signs and the cluster of signs mostly on road intersections. Council decided on this project in its desirous ways of effectively and efficiently enforcing the Laws and Order regarding signage, while on the other hand ensuring that these signs do not compromise pedestrian and vehicular movement and deter the image, cultural and visual harmony of Nhlango.

The tender commenced on 22 July 2022 and is still ongoing. The project is at approximately 89% to completion. Following this, it is anticipated that the full advertising will be Functional by the end of September. The following pictures will elaborate more on the site progress.

# ENGINEERING AND TECHNICAL SERVICES ANNUAL REPORT *(continued)*



Figure 1 & 2: Installed directional sign

## 2.1.2. SUPPLY AND INSTALLATION OF SOLAR STREET LIGHTS

Following a presentation of the draft report, Council adopted that the solar street lights are required to improve the overall view of the town. The project commenced on the 9<sup>th</sup> February 2022 and was completed in the end May 2022. The total contract price of the project was **E1,043,155.80**. Twenty five Street lights were installed along Mshengu Street to improve the safety standards of the town at night.

## 2.1.3. RENOVATION OF BUS RANK/ MARKET ROOFING

Following a presentation of the draft report, Council adopted that the market roofing should be renovated. The project is already completed and it lasted for three months. The department has realised that for better performance in such projects is better in the winter due to safety rules and regulations. The project had an estimated budget of **E180, 000.00** and was completed within budget.



Figure 1 & 2: Photos Showing Before and After Renovation

## 2.2 TOWN PLANNING

### 2.2.1. PATCHING OF POTHoles

Town Planning, also referred to as “urban planning”, “city planning”, “spatial planning” and “physical planning” is the process of controlling both existing and proposed developments, based on strategic planning and development control laid out in various pieces of relevant legislature. It focuses on the short and long term plans for development in an area and making decisions to achieve desired outcomes in the use of urban space and resources.

Currently the Town Planning Unit utilises the Nhlango Town Planning Scheme, 2021 to ensure that it builds livable communities, protects the environment and it enhances economic value of the Town. This is achieved by facilitating land use applications such as land subdivision, special consent, rezoning, processing building applications and other various projects.

Other key responsibilities of the Town Planning Unit include advising clients on development suitability, production of maps, advertising, public engagement and consultation.

Stakeholders are therefore advised to consult the Town Planning Unit to ensure that their envisioned developments are in compliance with the Nhlango Town Planning Scheme, 2021.

### 2.2.1. LAND SUBDIVISION

A land subdivision is the act of dividing land into pieces that are either easier to sell or develop. In order for a subdivision to become legally valid, it must be reviewed and approved by all relevant government bodies. In order to prepare an application to subdivide land, an applicant needs to engage a Professional Land Surveyor.

Two (2) land subdivision applications were processed and approved in the year 2021/2022 as seen in the table below:

Property Description	Zoning	Status
Lot 127	Medium Density Residential	Disapproved
Lot 1/64	High Density Residential	Approved

### 2.2.1. SPECIAL CONSENT

A special consent application is the act of partially changing the use for which your property is zoned, hence an application for permission needs to be obtained from the Nhlango Town Council so as not to compromise the intentions of the Nhlango Town Planning Scheme, 2022. The process is similar to the rezoning application as it involves stakeholder notification and engagement mechanisms which serve to ensure that development is not detrimental to public health, safety, order, comfort, convenience, appearance, prosperity, or the general welfare of the Town and its users.

No special consent applications were processed in this financial year.

### 2.2.1. REZONING

This is the act of totally changing the use for which your property is zoned, hence an application for permission needs to be obtained from the Nhlango Town Council so as not to compromise the intentions on the Nhlango Town Planning Scheme, 2021. This process assists with the coordinated development of the Town and protects the health, safety, welfare and amenity of Nhlango.

One rezoning applications were processed and approved in the year 2021/2022 as seen in the table below:

# ENGINEERING AND TECHNICAL SERVICES ANNUAL REPORT *(continued)*

Property Description	Zoning	Requested Zoning	Status
Lot 1/64	Residential	Planned Commercial Development	Approved

## 2.3 DEVELOPMENT CONTROL AND TOWN PLANNING

### 2.3.1. BUILDING APPLICATION

A total of twenty nine (29) building applications were processed by Council during the reporting financial year, with an estimated property value of E41 201 500.00 as illustrated on the table below. Building plan approval involves various

statutory levels, as accordingly provided in the Building Act, 1968 and Town Planning Act, 1961. The department continues to strive to cooperate with developers to ensure compliance with provisions of the Building and Housing Act as well as Town Planning Scheme, whilst encouraging development of plots in the urban area.

# INFORMATION TECHNOLOGY



# INFORMATION TECHNOLOGY

(continued)

The Information Technology Department is responsible for ensuring the proper governance of the Municipality technological systems, optimum functionality of the systems overall and maintenance of computer infrastructure. This document serves as an update report of all proceedings that occurred during the year ended 31 March 2023.

## 2. Progress Scorecard

Measure of Performance	Description	Progress	Comments
Protection of infrastructure from Viruses	All Computers should have antiviruses installed and up-to-date		<ul style="list-style-type: none"> <li>40% of computers installed with anti-viruses, others currently using the default windows defender</li> </ul>
Internet Connectivity	Internet connection should be optimum in all offices of the municipality		<ul style="list-style-type: none"> <li>Internet speed was not satisfactory</li> </ul>
Computer Performance	Performance of all PCs and Desktops should be satisfactory		<ul style="list-style-type: none"> <li>There were no major breakdown from the municipality computers.</li> </ul>
Effective daily backup	Backup for all systems and storing off-site and on-site		<ul style="list-style-type: none"> <li>Desktops and laptops are backing up and storing on-site (on the server), working on migrating to off-site</li> </ul>
Optimal Software performance	High availability of our main software's ( Sage Evolution and D-bit)		
Resolve End-user requests within reasonable time	Resolve IT issues within reasonable time (IT support)		<ul style="list-style-type: none"> <li>All other ICT problems reported during the year were resolved.</li> </ul>
<span style="display: inline-block; width: 15px; height: 15px; background-color: red; border: 1px solid black; margin-right: 5px;"></span> Behind Schedule <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> On track <span style="display: inline-block; width: 15px; height: 15px; background-color: green; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> On target <span style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Not yet done			

### 3. Internal Telephone Extensions

The department is also mandated to ensure that there is smooth communication within the municipality's offices. The department was able to add to three telephone line extensions to ease the communication process. The extensions were installed at the Wellness / IT office, the storeroom and at the office of the Environmental Health officer.

### 4. PABX System Replacement

On the first week of January 2023 we experienced bad weather which resulted in our PABX system being damaged by the power outages. The IT office engaged with EPTC which is our service provider to assess the situation and they found out that the system has been damaged. We then embarked on a process to replace the system and EPTC advice that we should procure an online UPS which will help to regulate power to the system thus preventing it from being damage by power outages

### 5. Upgrading of laptops

The Information and Technology Office is entrusted to ensure that the performance of all laptops and Desktops is satisfactory. This is therefore the reason the Information Technology office decided to upgrade two laptops used by the Town Engineer and the Environmental Health Manager respectively. We were able to installed new SSDs and add 4GB Ram in each laptop. This was done to enhance the speed of the laptops so it can be able to accommodate big software's like AutoCAD which is mainly used by the Town Engineer

### 6. New Workstations

The department is responsible to ensure that existing and new Nhlango Town Council employees are provided with the right working tools in terms of computers. The department through the assistance from the office of the Treasurer were able to procure two laptops to be used by the IT Officer and Human Resources Officer respectively. We were also able to procure one desktop to be used by the Wellness Office.

### 7. Change Management

No change management item during the year

### 8. Plans for the year 2023 / 2024

- Migrating from SPTC to Jenny internet for internet connection
- Updating Nhlango Town Council website
- Additional of 2 workstations (supervisor and wellness)
- Disaster recovery plan (off site backup)
- Upgrading 3 workstations with new computers ( cashier, revenue, expenditure)
- New printer for the office of the Town Clerk
- To continue with the general maintenance of NTC computers, printers, troubleshoot ICT problems and provide support to Nhlango Town Council staff.

The department is grateful for the support and feedback continuously received from Council and Management in the execution of its duties and mandate. This section of the report has been prepared by the IT Officer on behalf of the Information Technology Department.

# ENVIRONMENTAL AND PUBLIC HEALTH DEPARTMENT



**MPENDULO MHLANGA**  
Public Health & Environmental Manager

## The Purpose and Objectives of the Environmental and Public Health Department

Nhlangano Town Council through the Environmental and Public Health Department holds responsibility to ensure the health and well-being of the residents of the town. The officers under the unit develop, regulate, enforce and monitor laws and regulations governing public health, building, and environmental management, in order to promote good health, hygiene and environmental practices.

It is the mandate of the department to guide and protect the community from issues such as food contamination, water or land or inadequate waste disposal. Biodiversity management, bio-security, climate change, contaminated lands, water resources, sustainability or roadside environments are also key focus points for the department. Council plays a critical role in educating households and businesses on environment policy, as well as driving environmental programmes and initiatives in their local communities.

Food safety management is one of the fundamental responsibilities of the department through the inspection and grading of the food businesses within the town jurisdiction to ensure they comply with food safety standards which are done annually. These include restaurants, cafes, butcheries, and supermarkets. We also do inspections for issuance of business licences to businesses that meet the required standards.

Every town has to ensure there are properly regulated informal traders within its jurisdiction to ensure peaceful and sustainable trade. The Environmental and Public Health office then ensures that all barriers to trade are eliminated and there is harmony in the activity.

### DUMPSITE ABLUTION FACILITY CONSTRUCTION

The Nhlangano Town Council Controlled Dumpsite had been operating for years without ablution facilities and a proper guard house and site office, which has had a negative impact on the entity's finance with regards to fuel consumption and staff welfare. The plant operators working onsite managing the waste were previously forced to drive to the office or the park whenever they had to use the bathroom or take their break/lunch. A toilet and a site office was eventually constructed to correct the situation.



*Dumpsite Field Toilet Installation*

# ENVIRONMENTAL AND PUBLIC HEALTH DEPARTMENT *(continued)*

## CEMETERY BOUNDARY EXTENSION

The Council Cemetery had been used up to its full capacity and hence there was need to extend it while awaiting new land allocation by the Director Urban Government's office. To ensure that residents' needs for new graves were met, the boundary and fencing of the existing cemetery was extended to accommodate new burials.

## YOUTH EMPOWERMENT PROGRAMME

Frank D. Roosevelt once said *"We cannot always build the future for our youth but we can build our youth for the future"*. The Council found this saying true and precise as the youth forms the backbone of the town hence the introduction of youth empowerment programmes to ensure that the youth are exposed to ways to sustain themselves at a time where there are limited job opportunities.

Ten (10) youth, 4 females and 6 males, were democratically elected from a group of twenty-five (25) to form an interim recycling committee, which its main duty was to the group in establishing and setting up a recycling center. This project was initially presented to the CLGF youth from and the Council allocated them the dumpsite which they were to use as a resource area. They were subsequently hosted by Ezulwini Municipality for a cross exposure on success stories, waste disposal and recycling.

## NEW PARK DEVELOPMENT

To increase access to recreational facilities in town by residents, a new site for a park was identified where furniture was then installed for public convenience and relaxation. This is an ongoing project to be completed over the coming years where more and more furniture will be installed.



*Above is a picture of the Committee Members*



*A picture of installed furniture*

### **FOOD OUTLETS GRADING**

The hygiene grading of food outlets is very crucial in safeguarding food that is intended for human consumption. This exercise is aimed at giving the food business owners a view of the standard of food hygiene and safety practices in their premises at the time of the inspection. It also helps the consumers in taking sound and informed decision when buying food from those particular outlets in terms of safety of the

products sold. It is done in line with the Public Health (Food Hygiene Regulations), 1973 and the Food Grading Standard by SWASA.

It is an exercise done in butcheries, bakeries, supermarkets, delicatessens, restaurants and cafes. In the reporting period this annual exercise was successfully done.

### **MARKET VENDORS TRAINING WORKSHOP**

The Council arranged a one day training workshop for the main market vendors, which was facilitated by SEDCO with 29 vendors in attendance. The main purpose of the workshop was to capacitate vendors on good entrepreneurship skills that will enable them to grow their business investment. On the training package were the following areas:

- Record keeping;
- Financial management;
- Business plan formation and improvement;
- Customer service;
- Customer retention; and
- Financial assistance (loans)



*A section of the vendors in attendance*

# ENVIRONMENTAL AND PUBLIC HEALTH DEPARTMENT *(continued)*

## **YOUTH PEER EDUCATORS LEADERS HIVST TRAINING WITH MSF**

In the quest to reduce unemployment, increase health services uptake and also centralizing HIV prevention education a two days Youth Peer Educators' leaders HIVST training on the new HIV infections, COVID-19, NCD's, Introduction to and HIV diagnosis, HIV prevention, HIVST service delivery and HIVST reporting was held at Mathendele Hall where youth from all six wards was represented. Eighteen (18) youth ranging between ages 20 – 35 years were in attendance

and got to be trained on how to use the Self-test kits and they also helped in the distribution 128 test kits to 70 males and 58 females.

## **MEN IN GBV PREVENTION WORKSHOP**

From the Female GBV survivors Entrepreneurship training that was previously held, a resolution to call and train the male partners of the survivors was reached following which 15 males were trained on anger management issues and other relevant information on how to keep a healthy relationship.



*Male participants who attended the GBV workshop*



## **CANCER AWARENESS MONTH**

In partnership with the Ministry of Health, MSF and other partners a Breast and Cervical Cancer day was commemorated where the main focus was on cervical cancer awareness due to the alarming increase in new cases between years 2021-2022. This activity is set to be taking place in October of every year aiming to raise awareness on cancer issues and decrease the number of unreported cases per year.

*An edutainment dance by kids during the day*



# ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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# INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2023

## To the Members of the Nhlangano Town Council Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the Nhlangano Town Council set out on pages 35 to 66 which comprise the statement of financial position as at 31 March 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nhlangano Town Council as at 31 March 2023, its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and section 33 of the Urban Government Financial Regulations (under section 93 of Urban Government Act) of 1969.

### Basis for opinion

We conducted the audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

The Council's investment in Status Capital Building Society (SCBS) is subject to significant credit risk, as there are indicators that a significant proportion of SCBS's financial assets may be impaired. The Council has disclosed how it has hedged against this risk exposure in note 10 of the financial statements. Our opinion is not modified with respect to this matter.

### Other Information

The Councillors are responsible for any other information accompanying the financial statements. The other information comprises the information included in the document titled "Nhlango Town Council financial statements for the year ended 31 March 2023", which includes the Councillors' Report and the supplementary information as set out on pages 34 to 38. The other information does not include the financial statements and our auditor's report thereon.

The 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.

# INDEPENDENT AUDITORS' REPORT *(continued)*

for the year ended 31 March 2023

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 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.

## **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 International Financial Reporting Standards and the requirements of the Urban Government Act of 1969 and for such internal control as the Councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees 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 International Standards on Auditing 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 International Standards on Auditing, 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

## INDEPENDENT AUDITORS' REPORT *(continued)*

for the year ended 31 March 2023

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.

**Director: Mfundo Msibi CA (SD)**

Registered Auditor

Corporate Business Solutions

Manzini

Date:

# COUCILLORS' REPORT

for the year ended 31 March 2023

To the residents of Nhlanguano Town Council We, the Councillors of Nhlanguano Town Council, hereby report on the Council's operations and financial performance for the year ended 31 March 2023. Nature of business Nhlanguano Town Council is a local government authority responsible for the administration and development of Nhlanguano, a town in Eswatini. The Council's main functions include:

- Providing and maintaining essential services such as sanitation, roads and waste disposal
- Enforcing by-laws and regulations
- Promoting economic development
- Providing social services such as education and health care

## Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Council will be able to meet its financial obligations as and when they become due. The Council currently has sufficient financial resources to enable it to continue operating for the next 12 months.

The Councillors have reviewed the Council's budget for the year ending 31 March 2023. On this review and in light of the current financial position, the Councillors are satisfied that the Council is a going concern and has continued to apply the going concern basis in preparing these financial statements.

## Events after the reporting period

The Councillors have ascertained that at the date of approval of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to amounts recognised in the financial statements.

## Strategy

The Council's strategy is to provide quality services to its residents and to promote the economic and social development of Nhlanguano. The Council's key objectives are to:

- Ensure the provision of essential services such as sanitation, roads and waste disposal
- Enforce by-laws and regulations effectively
- Promote economic development
- Provide social services such as education and health care.

## Mission

The mission of Nhlanguano Town Council is to render cost-effective and sustainable service through mutual and cordial working relationships with all stakeholders. Vision The vision of Nhlanguano Town Council is to deliver quality service that is responsive to the demands and challenges of the community.

## Values

- Accountability
- Excellence
- Integrity
- Teamwork
- Innovation
- Professionalism.

# COUCILLORS' REPORT *(continued)*

for the year ended 31 March 2023

## Goals

The Council's goals are to:

- Maintain a well-maintained road network
- Dispose of waste in an environmentally sound manner
- Enforce by-laws and regulations effectively
- Provide social services such as education and health care.

## Risk factors

The Council faces a number of risk factors, including:

- The economic slowdown in Eswatini
- The increasing population of Nhlangano
- The aging infrastructure of Nhlangano
- The threat of natural disasters.

## Mitigation strategies

The Council has a number of mitigation strategies in place to address these risk factors, including:

- Diversifying the Council's revenue sources
- Investing in new infrastructure
- Developing disaster preparedness plans.

## Councillors

The following Councillors were in office during the year under review (01 April 2022 – 31 October 2022):

- Cllr. Shongwe Mashumi - Chairperson
- Cllr. Anderson Deon
- Cllr. Dlamini Siyambonga
- Cllr. Langwenya Bonginkhosi
- Cllr. Sibandze Mandla Gift
- Cllr. Ngwenya Mancoba Abraham
- Cllr. Nsibandze Dumsani Eric
- Cllr. Mkhonta Mncobi Linda

## Interim Councillors

The following Councillors served as interim Councillors (from 01 November 2022 to 31 July 2023):

- Cllr. Shongwe Mashumi - Chairperson
- Cllr. Dlamini Thulasizwe

# COUCILLORS' REPORT *(continued)*

for the year ended 31 March 2023

## Post date Councillors

The following Councillors served after year end *(from 01 August 2023)*:

- Cllr. Sibandze Mandla Gift - Chairperson
- Cllr. Mkhonta Mncobi Linda
- Cllr. Khumalo Ndumiso Clement
- Cllr. Matsebula Sifiso Nyoni
- Cllr. Dlamini Siyambonga
- Cllr. Msibi Sicelo Smiling
- Cllr. Dlamini Thulasizwe
- Cllr. Anderson Deon

## Senior Management

The senior management of Nhlangano Town Council during the year under review were as follows:

- Babsy Mavuso – Town Clerk
- Langa Dlamini – Town Engineer *(Joined 01 July 2022)*
- Sibongile Thomo – Town Treasurer *(left 31 March 2023)*
- Seyama Jabulani – Environmental and Health Manager *(left 31 March 2023)*

The following officers joined the management team of Nhlangano Town Council after year end:

- Enock Silenge - Town Treasurer *(Joined 01 May 2023)*
- Mpenduloyenkosi Mhlanga - Environmental and Health Manager *(Joined 01 April 2023)*

## Business and Postal addresses

P.O. Box 888 Nhlangano  
Corner of King George Street and Ndwandwe Avenue Nhlangano  
Nhlangano S400  
Shiselweni District

## Legal Advisors

- Masuku Howe Attorneys
- Magongo Dlamini Attorneys
- SM Simelane & CO Attorneys

## Auditors

- Corporate Business Solutions Chartered Accountants Bankers
- Eswatini Bank
- First National Bank (Eswatini)
- Standard Bank (Eswatini)
- Status Capital Building Society

## Property Valuers

- Swaziland Reality Consultants

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Notes	2023 E	2022 E
Revenue	2	21 253 513	20 206 168
Other income	3	4 910 100	4 838 429
Government subvention	4	711 000	675 450
<b>Operating income</b>		<b>26 874 613</b>	<b>25 720 047</b>
Operating expenditure		(15 926 728)	(14 525 132)
<b>Operating surplus</b>	5	<b>10 947 885</b>	<b>11 194 915</b>
Finance income	6	841 208	491 356
<b>Surplus for the year</b>		<b>11 789 093</b>	<b>11 686 271</b>

# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

	Notes	2023 E	2022 E
<b>ASSETS</b>			
<b>Non- Current Assets</b>		<b>59 885 400</b>	59 866 793
Intangible assets	8	96 322	144 412
Property, plant and equipment	9	49 789 078	49 722 381
Financial Investments	10	10 000 000	10 000 000
<b>Current assets</b>		<b>40 056 802</b>	32 467 699
Rates and other receivables	11	35 878 411	25 923 137
Cash and Cash equivalents	12	4 178 391	6 544 562
<b>Total assets</b>		<b><u>99 942 202</u></b>	<u>92 334 492</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>98 487 648</b>	89 126 016
Revaluation reserves	13	5 404 000	5 404 000
Capital reserves	14	21 847 145	24 274 606
Accumulated surplus		71 236 503	59 447 410
<b>Current liabilities</b>		<b>1 454 554</b>	3 208 476
Designated funds	15	5 051	5 051
Provisions	16	453 483	991 828
Trade and other payables	17	996 020	2 211 597
<b>Total Equity and Liabilities</b>		<b><u>99 942 202</u></b>	<u>92 334 492</u>

# STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 March 2023

	Notes	Capital reserve E	Revaluation reserve E	Accumulated funds E	Total attributable to the Council E
Balance as at 01 April 2021		26 971 784	5 404 000	47 761 139	80 136 923
Surplus for the year		-	-	11 686 271	11 686 271
Amortisation of capital reserves	14	(2 697 178)	-	-	(2 697 178)
Balance as at 31 March 2022		24 274 606	5 404 000	59 447 410	89 126 016
Surplus for the year		-	-	11 789 093	11 789 093
Amortization of capital reserves		(2 427 461)	-	-	(2 427 461)
Balance as at 31 March 2023		21 847 145	5 404 000	71 236 503	98 487 648

# STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Notes	2023 E	2022 E
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	(704 516)	2 975 494
Interest received	6	841 208	491 356
<b>Net cash from operating activities</b>		136 692	3 466 850
<b>Cash flows from investing activities</b>			
Financial Investments	10	-	(10 000 000)
Purchase of Property, Plant & Equipment	9	(2 551 045)	(10 096 681)
Disposal of Property, Plant & Equipment	9	48 183	-
<b>Net cash outflows from investing activities</b>		(2 502 862)	(20 096 681)
<b>Net movement in cash during the year</b>		(2 366 170)	(16 629 831)
<b>Cash at the beginning of the year</b>		6 544 561	23 174 392
<b>Cash at the end of the year</b>	12	4 178 391	6 544 561

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

## 1. GENERAL

Nhlangano Town Council is a formed local authority established by the Urban Government Act, 1969, and is entrusted with the duties as articulated in Section 55 of the Urban Government Act.

### 1.2 BASIS OF PREPARATION

#### 1.2.1 *Statement of compliance*

The financial statements of the Nhlangano Town Council have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of section 33 of the Urban Government Financial Regulations (under section 93 of Urban Government Act) of 1969. The financial statements have been prepared on the historical cost basis except for land and buildings which are carried at revalued amounts. The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 1.2.2 *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements of Nhlangano Town Council are presented in the Swazi Lilangeni (SZL), which is the Council's functional and presentation currency.

### 1.3 SIGNIFICANT ACCOUNTING POLICIES

#### 1.3.1 *Property, Plant & Equipment*

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is recognised 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following: the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use; when the Council has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and capitalised costs related to the acquisition or construction of qualifying assets are also included in the cost of the asset.

Land and buildings are subsequently carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses for buildings.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of 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.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. SIGNIFICANT ACCOUNTING POLICIES *(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.

The remaining items are stated at historical cost less accumulated depreciation and impairment losses.

Items of property, plant and equipment are depreciated on the reducing balance basis over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Useful life (Years)</b>	<b>Depreciation rate (%)</b>
Buildings	50	2%
Furniture and Fittings	10	10%
Tools	10	10%
Plant and equipment	4	25%
High mast Lights	10	10%
Motor vehicles	4	25%
Market Shelter	0	0%
Computer equipment	3	33%
Road and Bridges	25	4%
Waste skip bins	10	10%

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Land is not depreciated.

The gain or loss arising from de-recognition 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 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. When revalued assets are sold, it is Council policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

### 1.3.2 Intangible assets

Intangible assets are recognised if and only if it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. Intangible assets are subsequently carried at cost, less any accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line basis at rates calculated to reduce the book value of these assets to estimated residual values over their expected useful lives.

The Council amortises intangible assets with a limited useful life using the reducing balance method over the following rates:

IT development and software 33%

### 1.3.3 Financial Instruments

Financial instruments held by the Council are classified into broadly the following categories:

#### *Financial assets which are equity instruments:*

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination.

#### *Financial assets which are debt instruments:*

- Amortised cost - This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows;
- Fair value through other comprehensive income - This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments;
- Mandatorily at fair value through profit or loss - This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss - This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

### *Financial liabilities:*

- Amortised cost;
- Mandatorily at fair value through profit or loss - This applies to contingent consideration in a business combination or to liabilities which are held for trading; or Designated at fair value through profit or loss - This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss

### 1.3.4 Rates and other receivables

#### *Classification*

Trade and other receivables, excluding prepayments, are classified as financial assets subsequently measured at amortised cost (note 11). They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Council's business model is to collect the contractual cash flows on trade and other receivables.

#### *Recognition and measurement*

Rates and other receivables are recognised when the Council becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### *Application of the effective interest method*

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in penalties and interest. The application of the effective interest method to calculate interest income on rates receivables is dependent on the credit risk of the receivable. It is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

#### *Impairment – Financial assets*

The carrying amounts of the Council's financial assets are reviewed on an annual basis to determine whether there is any indication of impairment, other than of a temporary nature. If any such indication exists, the assets' recoverable amounts are estimated.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## *1.3. Significant accounting policies (continued)*

The Council assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

### *Write off policy*

The Council writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Council recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### *Derecognition*

#### *Financial assets*

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Council recognises its retained interest in the asset and an associated liability

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### *Financial liabilities*

The Council derecognises financial liabilities when, and only when the Council's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### *Reclassification*

#### *Financial assets*

The Council only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated. The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

#### *Financial liabilities*

Financial liabilities are not reclassified.

They are recognised when the Council becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

### 1.3.5 Trade and other payables

#### *Classification*

Trade and other payables (note 17) and amounts received in advance, are classified as financial liabilities.

#### *Recognition and measurement*

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## **1.3. Significant accounting policies *(continued)***

interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

### **1.3.6 Cash and Cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in short-term borrowings. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### **1.3.7 Employee benefits**

#### ***Short-term employee benefits***

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

#### ***Pension obligation***

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

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

### *Statutory obligations*

Provision is not made for statutory termination obligation in terms of the Employment Act, 1980. It is considered that the Council's contribution to the pension fund which can be recovered against such statutory obligation at present exceed the liability

### *1.3.8 Provisions and contingencies*

Provisions are recognised when:

- the Council has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The expected future cash flows are discounted at a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed as a note to the financial statements.

### *1.3.9 Grants*

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 are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income (designated funds) or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income are presented as a credit in the income statement. Donated assets are credited to capital reserve at fair value on recognition. As the assets is used an amount equal to its depreciation charge is transferred to accumulated funds on an annual basis.

### *1.3.10 Revenue*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue is mainly derived from Government subventions, rates levied in terms of the Rating Act 1995 and service charges. These are accounted for on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

### *Rates income*

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

### *Rendering of services*

Revenue is recognised when all the following conditions are satisfied:

- The amount of revenue can be measured reliably,
- It is probable that economic benefits will flow to the Council and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

### *Interest income*

Interest is recognised on an accrual basis unless collectability is in doubt.

## 3.11 Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currency of the Council at exchange rates at the dates of the transactions. The Council did not enter into such transactions during the year under review.

## 3.12 New or revised standards

### *Revised standards*

The information below reflects revised financial reporting requirements that need to be considered for financial reporting periods ended 31 March 2023.

Revised pronouncement	Effective date	Applicability to the Council
<b>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</b> The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Annual reporting periods beginning on or after 1 January 2023	Applicable
<b>Reference to the Conceptual Framework (Amendments to IFRS 3)</b> The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2023	Not applicable

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

Revised pronouncement	Effective date	Applicability to the Council
<p><b>Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)</b></p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p>	Annual reporting periods beginning on or after 1 January 2023	Applicable
<p><b>Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)</b></p> <p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	Annual reporting periods beginning on or after 1 January 2023	Applicable
<p><b>Amendments to IFRS 17</b></p> <p>Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017.</p>	Annual reporting periods beginning on or after 1 January 2023	Not applicable
<p><b>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</b></p> <p>The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.</p>	Immediately available	Not applicable
<p><b>Annual Improvements to IFRS Standards 2018–2020</b></p> <p>Makes amendments to the following standards: IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.</p>	Annual reporting periods beginning on or after 1 January 2023	Not applicable
<p><b>Annual Improvements to IFRS Standards 2018–2020</b></p> <p>IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of</p>		

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

Revised pronouncement	Effective date	Applicability to the Council
<p><b>Annual Improvements to IFRS Standards 2018–2020</b></p> <p>IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.</p> <p>IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.</p>		
<p><b>Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)</b></p> <p>The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.</p>	Immediately available	Applicable
<p><b>Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</b></p> <p>The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.</p>	Annual reporting periods beginning on or after 1 January 2022	Not applicable
<p><b>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</b></p> <p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.</p>	Annual reporting periods beginning on or after 1 January 2023	Applicable

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.3. Significant accounting policies *(continued)*

Revised pronouncement	Effective date	Applicability to the Council
<p><b>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</b></p> <p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.</p>	Annual reporting periods beginning on or after 1 January 2023	Applicable
<p><b>Definition of Accounting Estimates (Amendments to IAS 8)</b></p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p>	Annual reporting periods beginning on or after 1 January 2023	Not applicable
<p><b>COVID-19-Related Rent Concessions beyond 30 June 2022 (Amendment to IFRS 16)</b></p> <p>The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.</p>	Annual reporting periods beginning on or after 1 April 2022	Not applicable
<p><b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</b></p> <p>The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p>	Annual reporting periods beginning on or after 1 January 2023	Not applicable

## 1.4 RISK MANAGEMENT

### 1.4.1 Risk management objectives and policies

The Council is exposed to various risks in relation to financial instruments. The Council's financial assets and liabilities by category are summarised in Note 15.1. The main types of risks are market risk, credit risk and liquidity risk. The Council's risk management is coordinated at its headquarters,

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 1.4 RISK MANAGEMENT *(continued)*

### 1.4.1 Risk management objectives and policies *(continued)*

in close cooperation with the board of Councillors, and focuses on actively securing the Council's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Council does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Council is exposed are described below.

#### *Market risk analysis*

Market risk is made up of currency risk, interest rate risk and certain other price risks, which result from both operating and investing activities.

#### *i) Currency risk*

The Council was not exposed to significant currency risk as it did not enter into significant foreign currency denominated transactions during the financial reporting period.

#### *ii) Interest rate sensitivity*

The Council's policy is to minimise interest rate cash flow risk exposures on long-term investments. Longer-term investments are therefore usually at fixed rates. At 31 March 2023, the Council is not exposed to changes in market interest rates relating to its fixed deposit investments. The Council's exposure to interest rates risk from cash funds held in interest earning Call accounts is considered immaterial.

#### *iii) Other price sensitivity*

The Council is not exposed to price risk because it does not have listed equities or any investments in listed equity securities.

#### *Credit risk analysis*

Credit risk is the risk that counterparty fails to discharge an obligation to the Council. The Council is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

#### *Credit risk management*

The credit risk is managed on a group basis based on the Council's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are with reputable financial institutions. The ongoing credit risk is managed through regular review of ageing analysis, together with a review of the property values per ratepayer.

Service fees customers are required to pay the service fee charges upfront or on a monthly basis, mitigating the credit risk. Rates receivables consist of three category customers which are: commercial ratepayers, residential ratepayers and the Government. The Council holds security on the outstanding rates receivables balance at each annual reporting date in the form of the property which is owned by the ratepayers. The Council applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all rates and other receivables as these items do not have a significant financing component. In measuring the expected credit losses, the rates and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

Rates and other receivables are written off (i.e., derecognised) when there is no reasonable expectation of recovery.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

	2023 E	2022 E
<b>2. Revenue</b>		
Commercial Rates	4 868 853	4 683 223
Residential Rates	4 261 482	3 930 570
Government Rates	9 231 064	9 170 640
Penalties and interest	2 892 114	2 421 735
	<u>21 253 513</u>	<u>20 206 168</u>
<b>3. Other income</b>		
Abattoir Fees	62 108	62 790
Advertising Boards	-	48 758
Capital reserves amortisation	2 427 461	2 697 178
Decrease in Ex gratia provision	329 857	-
Leasing/Rental Income	150 163	135 906
Market Fees	319 622	207 631
Other User Fees	631 627	820 824
Pound Fees	24 852	34 835
Rates – Refuse	758 720	749 020
Sundry income	112 593	-
Surplus on asset disposal	12 566	-
Public health penalties	21 636	21 210
Rates Clearance	2 550	3 610
Scrutiny	45 845	20 217
Tender Fees	10 500	36 450
	<u>4 910 100</u>	<u>4 838 429</u>
<b>4. Government subvention</b>		
Government subvention	<u>711 000</u>	<u>675 450</u>
The subvention was received from the Government of Eswatini to finance operational costs of the Council.		
<b>5. Operating surplus</b>		
The expenses incurred by the Council during the year included the following:		
Audit fees	103 615	92 000
Councilor's allowances	362 370	466 983
Amortisation of intangible assets (note 8)	48 090	69 383
Depreciation (note 9)	2 436 165	1 694 241
Employee benefit costs (note 7)	6 633 483	5 249 271
Town planning expenses	133 400	133 400

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

	2023 E	2022 E
<b>6. Finance income</b>		
Interest received from:		
- Fixed Deposits	765 295	346 875
- Call accounts	75 913	144 481
	<u>841 208</u>	<u>491 356</u>
<b>7. Employee benefit expenses</b>		
Salaries and wages	6 633 483	5 249 271
Gratuity costs	246 278	149 340
Ex-Gratia costs	-	124 503
Leave provision	101 425	260 360
	<u>6 981 186</u>	<u>5 783 474</u>
<b>8. Intangible Assets</b>		
<b>2023</b>		
<b>Gross carrying amount</b>		
Balance at 1 April 2022		494 593
<b>Amortisation and impairment</b>		
Balance at 1 April 2022		(350 181)
Amortisation		(48 090)
Balance at 31 March 2023		<u>(398 271)</u>
<b>Carrying amount 31 March 2023</b>		<u>96 322</u>
<b>2022</b>		
<b>Gross carrying amount</b>		
Balance at 1 April 2021		494 593
<b>Amortisation and impairment</b>		
Balance at 1 April 2021		(280 798)
Amortisation		(69 383)
Balance at 31 March 2022		<u>(350 181)</u>
<b>Carrying amount 31 March 2022</b>		<u>144 412</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

### 9. Property, plant and equipment

	2023			2022		
	Cost/ Valuation E	Accumulated Depreciation E	Carrying Amount E	Cost/ Valuation E	Accumulated Depreciation E	Carrying Amount E
<b>2. Revenue</b>						
Land & Buildings	13 916 669	(848 195)	13 068 474	13 916 669	(592 196)	13 324 473
Motor Vehicles	3 508 117	(2 026 712)	1 481 405	2 015 224	(1 716 849)	298 375
Computer Equipment	246 215	(155 140)	91 075	245 156	(149 971)	95 185
Furniture & Fittings	395 961	(196 193)	199 768	392 489	(174 598)	217 891
Plant & Equipment	1 518 405	(991 210)	527 195	1 518 405	(815 478)	702 927
Abattoir renovations	8 825	-	8 825	-	-	-
Working Tools	209 759	(76 716)	133 043	259 715	(91 285)	168 430
Road Rehabilitation	40 497 642	(8 757 314)	31 740 328	40 497 642	(7 446 665)	33 050 977
Street Lights & High mast Lights	4 016 753	(1 636 866)	2 379 887	3 245 013	(1 386 726)	1 858 287
Market Rehabilitation	5 836	-	5 836	5 836	-	5 836
Waste skip bins	159 718	(6 476)	153 242	-	-	-
	<b>64 483 900</b>	<b>(14 694 822)</b>	<b>49 789 078</b>	62 096 149	(12 373 768)	49 722 381

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 March 2023

	Abattoir renovations E	Computer Equipment E	Furniture & office Equipment E	Land & Buildings E	Market Rehabilita- tion E	Motor Vehicles E	Plant & Equipment E	Road Rehabilita- tion E	Street light & High mast light E	Working tools E	Waste skip bins E	Total E
Balance at 01 April	-	77 896	220 693	9 525 423	5 836	178 033	861 202	28 634 296	1 798 776	169 666	-	41 471 821
2021	-	50 643	19 474	3 799 050	-	219 800	59 999	5 688 101	242 614	17 000	-	10 096 681
Additions	-	(33 352)	(22 276)	-	-	(99 458)	(218 274)	(1 271 420)	(183 103)	(18 238)	-	(1 846 121)
Depreciation	-	95 187	217 891	13 324 473	5 836	298 375	702 927	33 050 977	1 858 287	168 428	-	49 722 381
Carrying amount at 31 March 2022	-	91 075	199 768	13 068 474	5 836	1 481 405	527 195	31 740 328	2 379 887	133 043	153 242	49 789 078
<b>Additions/ Adjustments</b>	<b>8 825</b>	<b>41 259</b>	<b>4 370</b>	<b>-</b>	<b>-</b>	<b>1 548 893</b>	<b>-</b>	<b>-</b>	<b>771 740</b>	<b>16 240</b>	<b>159 718</b>	<b>2 551 045</b>
<b>Disposals</b>	<b>-</b>	<b>(8 272)</b>	<b>(429)</b>	<b>-</b>	<b>-</b>	<b>(1 136)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38 346)</b>	<b>-</b>	<b>(48 183)</b>
<b>Depreciation/ Adjustments</b>	<b>-</b>	<b>(37 099)</b>	<b>(22 064)</b>	<b>(255 999)</b>	<b>-</b>	<b>(364 727)</b>	<b>(175 732)</b>	<b>(1 310 649)</b>	<b>(250 140)</b>	<b>(13 279)</b>	<b>(6 476)</b>	<b>(2 436 165)</b>
<b>Carrying amount at 31 March 2023</b>	<b>8 825</b>	<b>91 075</b>	<b>199 768</b>	<b>13 068 474</b>	<b>5 836</b>	<b>1 481 405</b>	<b>527 195</b>	<b>31 740 328</b>	<b>2 379 887</b>	<b>133 043</b>	<b>153 242</b>	<b>49 789 078</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

Notes	2023 E	2022 E
<b>10. Financial Investments</b>		
Financial investments consist of:		
<i>Non-current balances</i>		
Status Capital - Fixed deposit	<u>10 000 000</u>	<u>10 000 000</u>

The Council made a fixed deposit of E10 million with Status Capital Building Society (SCBS) on 28 October 2021 for a 5-year period. The Council's investment is subject to significant credit risk because of the following issues that were alluded to in the audited financial statements of SCBS for the year ended 31 December 2021:

- ✓ **Impairment of Financial Assets:** Three entities that issued debentures to SCBS worth E 78 971 396 were behind with their interest payments in terms of their debenture agreements. The outstanding amount at 31 December 2021 was E 6 776 771. This is equivalent to 36% of the interest income recognised by SCBS in the year ended 31 December 2021. SCBS's auditors were unable to obtain the financial statements for the entities that issued the debentures and were thus unable to conclude whether an impairment provision was necessary for these investments.
- ✓ **Regulatory non-compliance:** SCBS received an instruction in October 2021 from the Regulator, the Financial Services Regulatory Authority (FSRA), to liquidate Investments held in seven (7) entities. These investments were worth E 112 887 773 at 31 December 2021. Two of these entities entered into settlement arrangements with SCBS. One of the entities committed to make a payment of E 2 738 779 per month over a period of 36 months towards settlement of the Investment commencing in July 2022. This entity only paid the agreed upon sum in the month of July and only made a payment of E 500 000 in the subsequent month of August 2022. No further payment had been received by 31 October 2022. The other entity ought to have paid E 14 800 000 by 31 October 2022 but only E 1 306 794 had been paid by 31 October 2022. All the entities had outstanding balances as at 31 October 2022.
- ✓ **Going concern:** Fixed deposit liabilities of E 17 187 502 were maturing in December 2022 and E 41 876 844 is due to mature on 30 September 2023. The auditors were unable to conclude on the ability of SCBS to settle these obligations as they fell due because management accounts were not provided by SCBS for the periods between 01 January 2022 to 31 October 2022 and cash flow forecast for the year ending 31 December 2023 were also not provided. SCBS was in the process of negotiating the extension of the terms for these deposits and the outcome of these engagements was uncertain on the audit report date of 30 November 2022. Additionally, SCBS incurred losses of E 9 557 652 in the year ended 31 December 2021, and its liabilities exceeded assets by E 4 641 897.

The Council has hedged against the potential impact of this risk exposure by concluding an agreement for the cession of the Society's investment in a Government Bond (SGO54) as security for the deposit.

## 11. Rates and other receivables

Rates receivables	<b>35 832 887</b>	25 801 796
Interest receivable	-	69 375
Staff loans	<b>45 524</b>	51 966
	<u><b>35 878 411</b></u>	<u>25 923 137</u>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 30 March 2023

	2023 E	2022 E
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand - Petty cash	5 000	706
Cash on hand - Collected funds to be banked	21 773	35 895
Eswatini Bank Current account	18 242	-
First National Bank Current account	226 964	-
MTN Mobile Money	424	2 525
Standard Bank Current account	667 418	624 810
Standard Bank Call account	3 234 768	5 874 185
Standard Bank CLGF funds (12.1)	3 802	6 441
Total cash and cash equivalents	<u>4 178 391</u>	<u>6 544 562</u>

## 12.1 Standard Bank CLGF funds

The Council has a current bank account with Standard Bank held on behalf of the Commonwealth Local Government Forum Programme. The funds held do not belong to the Council and are therefore recorded as a liability under the current liabilities of the Council.

## 13. Revaluation reserves

Revaluation reserves	<u>5 404 000</u>	<u>5 404 000</u>
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Revaluation reserves arise as a result of revaluation of the land and buildings of the Council. The revaluation of the properties was last performed on 23 March 2018 by a professional property valuer.

## 14. Capital reserves

	Opening balance	Amortisation	Closing balance
<b>2023</b>			
Capital reserves	<u>24 274 606</u>	<u>(2 427 461)</u>	<u>21 847 145</u>
<b>2022</b>			
Capital reserves	<u>26 971 784</u>	<u>(2 697 178)</u>	<u>24 274 606</u>

The capital reserves arise from the capitalisation of project costs paid out of grants received from the Government of Eswatini and World Bank Projects in the years 2016, 2017 and 2018. The capital reserves are amortised at 10%.

## 15. Designated funds

SLGP funds	<u>5 051</u>	<u>5 051</u>
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The designated funds are funds from the Eswatini Local Government Project (SLGP) earmarked for future projects.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

## 16. Provisions

### Reconciliation of provisions - 2023

	Opening balance E	Additions E	Utilised E	Closing balance E
Ex-Gratia	522 217	61 761	(583 978)	-
Gratuity	209 251	246 278	(296 454)	159 075
Leave pay	260 360	101 425	(67 377)	294 408
	<b>991 828</b>	<b>409 464</b>	<b>(947 809)</b>	<b>453 483</b>

### Reconciliation of provisions - 2022

	Opening balance E	Additions E	Utilised E	Closing balance E
Ex-Gratia	522 217	61 761	(583 978)	-
Gratuity	209 251	246 278	(296 454)	159 075
Leave pay	260 360	101 425	(67 377)	294 408
	<b>991 828</b>	<b>409 464</b>	<b>(947 809)</b>	<b>453 483</b>

Ex-gratia - Ex-gratia payments are made to Councillors who have been relieved of their duties.

Gratuity - The Council is obligated to pay gratuity to employees on their termination of employment, retirement or death. The amount of gratuity is calculated based on the employee's length of service and salary.

Leave pay - The Council's leave policy states that both managerial and non-managerial staff members are entitled to 1.67 days per completed calendar month of service. The amount is based on the number of days remaining as at year end.

	2023 E	2022 E
Property acquisitions accruals (includes transfer costs)	-	1 049 050
Retention fees – Roads rehabilitation	-	284 757
Trade payables	<b>587 322</b>	373 104
Rates paid in advance	<b>251 056</b>	350 270
Common wealth Local Government grant	<b>3 802</b>	6 441
Proceeds from property sales	<b>48 142</b>	48 142
Audit fees accruals	<b>103 615</b>	97 750
Sitting allowances accruals	-	-
Other payables	<b>2 083</b>	2 083
	<b>996 020</b>	<b>2 211 597</b>

Trade payables consists of the Council's suppliers who are mainly protective clothing suppliers, consumables suppliers, repairs and maintenance suppliers. Proceeds from property sales are proceeds from the sale of confiscated properties whose owners have not been paying rates. Rates paid in advance are rates prepaid by rate payers. The Common wealth Local Government grant are funds received in terms of Commonwealth Local Government Forum Programme agreement.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2023

## 18. Cash flows from operating activities

	2023 E	2022 E
<b>Surplus for the year</b>	<b>11 789 093</b>	11 686 271
<b>Adjustments for:</b>	<b>(784 414)</b>	(1 273 031)
Interest received	<b>(841 208)</b>	(491 356)
Amortisation – intangible assets	<b>48 090</b>	69 383
Depreciation	<b>2 436 165</b>	1 846 120
Loss on the sale of assets	-	-
Capital reserves amortisation	<b>(2 427 461)</b>	(2 697 178)
<b>Changes in working capital</b>	<b>(11 709 195)</b>	(7 437 746)
(Increase) in Rates and other receivables	<b>(9 955 274)</b>	(9 259 186)
(Decrease)/Increase in accounts payables	<b>(1 215 576)</b>	1 580 022
(Decrease)/Increase in provisions	<b>(538 345)</b>	241 418
<b>Cash flows from operating activities</b>	<b><u>(704 516)</u></b>	<u>2 975 494</u>
<b>19. Related parties</b>		
<p>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.</p>		
<b>19.1 Transactions with the Government</b>		
<p>The aggregate value of transactions and outstanding balances related to Government were as follows:</p>		
Government subvention – Operational (note 4)	<b>711 000</b>	675 450
Rates revenue billed to Government (note 2)	<b>9 231 064</b>	9 170 640
Rates revenue received from Government	<b>3 274 000</b>	3 863 320
<b>19.2 Transactions with Councillors</b>		
<p>Councillors receive monthly retainer fees and sitting allowances for all Council meetings attended.</p>		
Retainer fees, sitting and airtime allowances (note 5)	<b>424 988</b>	539 133
Ex-gratia provisions made on Councilors' behalf (note 16)	-	124 503
	<b><u>424 988</u></b>	<u>663 636</u>

# DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2023

	2023 E	2022 E
Revenue	<b>21 253 513</b>	20 206 168
Rates - Commercial	<b>4 868 853</b>	4 683 223
Rates - Residential	<b>4 261 482</b>	3 930 570
Rates - Government	<b>9 231 064</b>	9 170 640
Rates penalties/interest	<b>2 892 114</b>	2 421 735
<b>Government subvention</b>	<b>711 000</b>	675 450
<b>Other income</b>	<b>4 910 100</b>	4 838 429
Abattoir Fees	<b>62 108</b>	62 790
Advertising Boards	<b>-</b>	48 758
Capital reserves amortisation	<b>2 427 461</b>	2 697 178
Decrease in ex-gratia provision	<b>329 857</b>	-
Leasing/Rental Income	<b>150 163</b>	135 906
Market Fees	<b>319 622</b>	207 631
Other User Fees	<b>631 627</b>	820 824
Pound Fees	<b>24 852</b>	34 835
Public health penalties	<b>21 636</b>	21 210
Rates Clearance	<b>2 550</b>	3 610
Rates – Refuse	<b>758 720</b>	749 020
Scrutiny	<b>45 845</b>	20 217
Sundry income	<b>112 593</b>	-
Surplus on asset disposal	<b>12 566</b>	-
Tender Fees	<b>10 500</b>	36 450
<b>Operating expenses</b>	<b>(15 926 728)</b>	(14 525 132)
Abattoir fees	<b>(1 680)</b>	-
Advertising - Promotions	<b>(165 988)</b>	(245 775)
Amortisation - intangible assets	<b>(48 090)</b>	(84 283)
Audit Fees	<b>(103 615)</b>	(97 750)
Bad Debts written off	<b>-</b>	(339 670)
Bank Charges	<b>(126 975)</b>	(106 223)
Branding	<b>(20 765)</b>	(78 284)
Cleaning - General	<b>(116 975)</b>	(149 598)
Computer Expenses	<b>(40 829)</b>	(43 712)
Consulting Fees	<b>(123 554)</b>	(97 279)
Council fees	<b>(362 370)</b>	(545 483)
Customised Gifts	<b>(5 000)</b>	(28 500)
Depreciation	<b>(2 436 165)</b>	(1 831 220)
Electricity	<b>(756 179)</b>	(827 945)
Environmental Management	<b>(79 158)</b>	(180 560)
Hospitality	<b>(80 515)</b>	(72 096)
Insurance	<b>(231 564)</b>	(314 686)
Legal Fees	<b>(265 023)</b>	(222 825)
Local Government elections	<b>(300 000)</b>	-

## DETAILED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

for the year ended 31 March 2023

	2023 E	2022 E
<b>18. Cash flows from operating activities</b>		
Fuel and oils	(602 583)	(441 602)
Interest and penalties of transfer costs	(26 800)	-
Pothole Patching	(18 410)	-
Pound Expenses	-	(2 400)
Protective Clothing	(124 622)	(172 811)
Printing and Stationery	(100 652)	(107 755)
Quality Management System	30 050	(57 739)
Recruitment	(19 550)	(24 150)
Repairs and Maintenance - Administration	(130 036)	(207 612)
Repairs and maintenance -Motor Vehicle	(407 963)	(270 266)
Maintenance - Public structures, streetlights and roads	(251 519)	(315 302)
Repairs and Maintenance - Small tools	(10 221)	-
Road marking and Signage	(89 851)	-
Security	(429 250)	(370 500)
Sports and Recreation	(51 287)	(19 596)
Salaries and Wages	(6 633 483)	(5 249 271)
Salaries and Wages - Gratuity	(246 278)	(273 843)
Salaries and Wages - Leave pay provision	(34 048)	(260 360)
Staff Uniform	-	(7 800)
Staff Welfare	(74 448)	(39 761)
Subscriptions	(180 842)	(123 605)
Telephone and postage	(151 521)	(118 628)
Town Planning Scheme	(133 400)	(133 400)
Traveling and accommodation	(596 045)	(555 463)
Training costs	(62 618)	(60 404)
Supplementary Valuation	-	(116 918)
Water- Civic Centre	(316 906)	(330 057)
Finance Income	<u>841 208</u>	<u>491 356</u>
<b>Surplus for the year</b>	<b>11 789 093</b>	11 686 271

# DETAILED INCOME STATEMENT – BUDGET VS ACTUAL

for the year ended 31 March 2023

Revenue	Budget E	Actual E	Variance E
Commercial Rates	5 216 059	4 868 853	347 206
Residential Rates	4 479 258	4 261 482	217 776
Government Rates	9 626 730	9 231 064	395 666
Penalties and interest	1 285 548	2 892 114	(1 606 566)
	<b>20 607 595</b>	<b>21 253 513</b>	<b>(645 918)</b>
<b>Government subvention</b>	<b>711 000</b>	<b>711 000</b>	<b>-</b>
<b>Other income</b>			
Abattoir Fees	78 000	62 108	15 892
Advertising Boards	60 000	-	60 000
Capital reserves amortisation	-	2 427 461	(2 427 461)
Cemetery	15 000	-	15 000
Decrease in ex-gratia provision	-	329 857	(329 857)
Dumpsite waste	30 000	-	30 000
Leasing/Rental Income	247 396	150 163	97 233
Market Fees	250 000	319 622	(69 622)
Other User Fees	310 000	631 627	(321 627)
Inspection Fees	5 000	-	5 000
Pound Fees	-	24 852	(24 852)
Public health penalties	70 000	21 636	48 364
Rates Clearance	40 000	2 550	37 450
Rates – Refuse	1 551 600	758 720	792 880
Scrutiny	120 000	45 845	74 155
Sundry income	-	112 593	(112 593)
Surplus on asset disposal	-	12 566	(12 566)
Tender Fees	6 000	10 500	(4 500)
	<b>2 782 996</b>	<b>4 910 100</b>	<b>(2 127 104)</b>
<b>Interest received</b>	<b>60 000</b>	<b>841 208</b>	<b>(781 208)</b>
<b>Operating expenses</b>			
Abattoir fees	-	1 680	(1 680)
Advertising - Promotions	220 000	165 988	54 012
Amortisation - intangible assets	-	48 090	(48 090)
Audit Fees - External	120 000	103 615	16 385
Audit Fees - Internal	60 000	-	60 000
Bank Charges	100 000	126 975	(26 975)
Branding	120 000	20 765	99 235
Cleaning - General	120 000	116 975	3 025
Computer Expenses	30 000	40 829	(10 829)
Consulting Fees	690 000	123 554	566 446
Council - Sitting Allowances	174 672	71 796	102 876
Council - Retainer fees	387 324	271 674	115 650
Council - Airtime Allowance	51 600	18 900	32 700
Conference and Workshops	190 000	-	190 000
Council - Travel/Accommodation	228 264	114 544	113 720
Council - Nhlanguano Day	80 000	-	80 000
Conferences and Workshops	152 443	-	152 443

## DETAILED INCOME STATEMENT – BUDGET VS ACTUAL *(continued)*

for the year ended 31 March 2023

Revenue	Budget E	Actual E	Variance E
Convene a Nhlango Town Investment Indaba	50 000	-	50 000
Customised Gifts	30 000	5 000	25 000
Depreciation	-	2 436 165	(2 436 165)
Develop and Implement comprehensive Bye Laws	10 000	-	10 000
Early Voluntary Retirement	132 000	-	132 000
Electricity	800 000	756 179	43 821
Environmental Management	801 000	79 158	721 842
FINWARE Support	30 000	-	30 000
Hospitality	100 000	80 515	19 485
Insurance	281 643	231 564	50 079
LED programme	100 000	-	100 000
Legal Fees	206 400	265 023	(58 623)
Local Government elections	300 000	300 000	-
Fuel and oils	357 210	602 583	(245 373)
Interest and penalties of transfer costs	-	26 800	(26 800)
Internet and website development	36 000	-	36 000
Pothole Patching	129 240	18 410	110 830
Protective Clothing	120 000	124 622	(4 622)
Printing and Stationery	115 000	100 652	14 348
Quality Management System	120 000	(30 050)	150 050
Recruitment	48 000	19 550	28 450
Repairs and Maintenance - Administration	19 800	130 036	(110 236)
Repairs and maintenance -Motor Vehicle Maintenance - Public structures, streetlights and roads	75 500	407 963	(332 463)
Repairs and Maintenance - Small tools	857 230	251 519	605 711
Road marking and Signage	-	10 221	(10 221)
Security	129 240	89 851	39 389
Sports and Recreation	432 000	429 250	2 750
Salaries and Wages	280 000	51 287	228 713
Salaries and Wages - Gratuity and Ex gratia	6 683 959	6 633 483	50 476
Salaries and Wages - Leave pay provision	670 000	246 278	423 722
Staff Uniform	-	34 048	(34 048)
Staff Welfare	10 000	-	10 000
State functions	50 000	74 448	(24 448)
Subscriptions	50 000	-	50 000
Telephone and postage	145 000	180 842	(35 842)
Town Planning Scheme	174 000	151 521	22 479
Traveling and accommodation – Admin	300 000	133 400	166 600
Training costs	90 000	481 501	(391 501)
Water- Civic Centre	236 000	62 618	173 382
	360 000	316 906	43 094
	<b>17 053 525</b>	<b>15 926 728</b>	<b>(1 126 797)</b>
<b>Surplus for the year</b>	<b>7 108 066</b>	<b>11 789 093</b>	<b>(4 681 027)</b>









**NHLANGANO**  
TOWN COUNCIL

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