ANNUAL REPORT //2014

SWAZILAND WATER SERVICES CORPORATION

ANNUAL REPORT 2014

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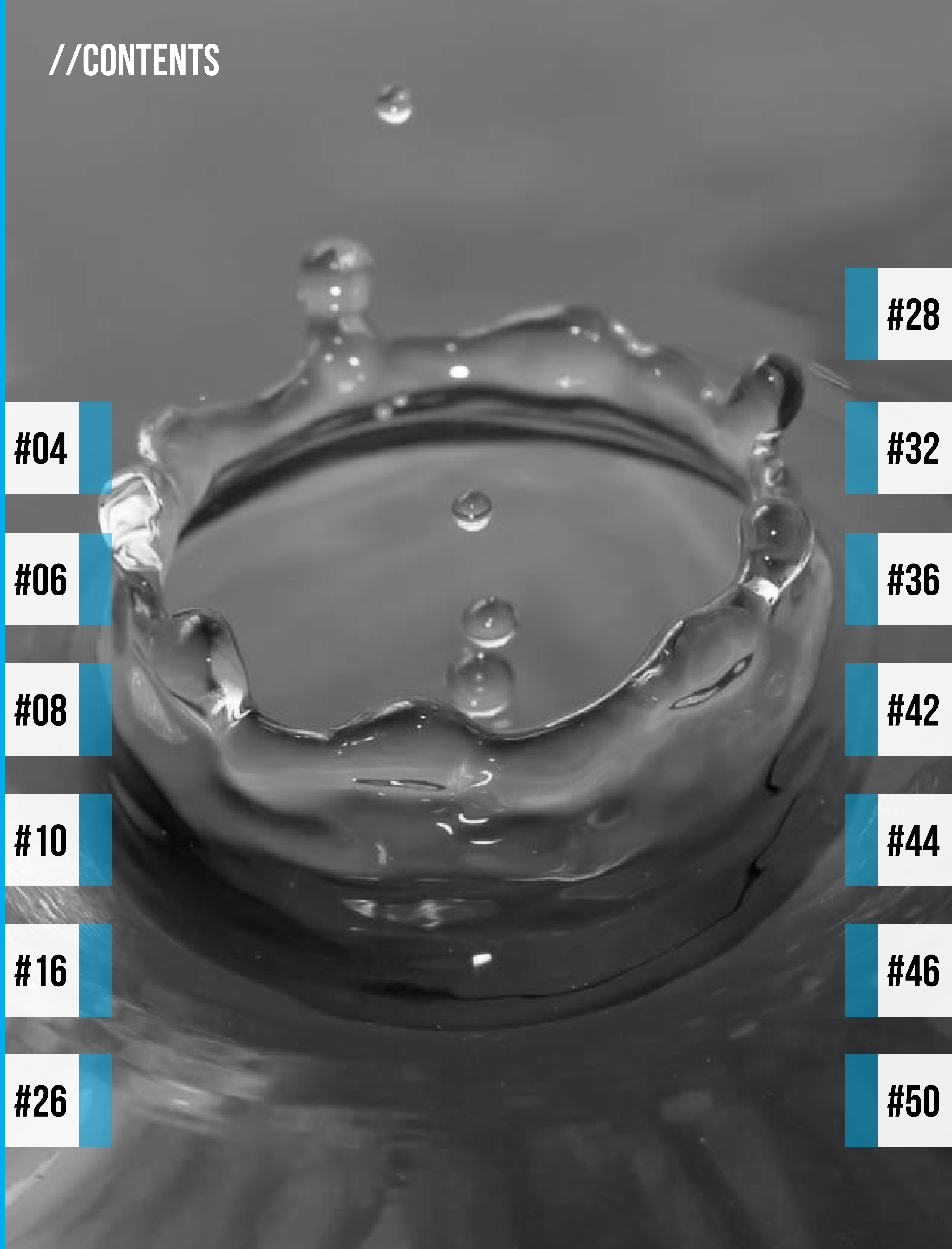

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SOCIAL AND ECONOMIC CONSIDERATIONS

The Corporation acknowledges that water is both a social and economic good. In terms of the Water Services Corporation Act No. 12 of 1992, the Corporation is expected to conduct its business on commercial principles so that it can realize an operating profit. However most of the SWSC's areas of supply are financially non-viable (i.e. the cost of supplying one unit of water cannot be recovered). This brings about the challenge of implementing a cost reflective tariff that balances social, political and economic goals.

Under the Millennium Development Goals, SWSC has a social obligation to reduce the number of people without access to water and proper sanitation irrespective of its commercial objective so that it can contribute to poverty alleviation in line with the Government of Swaziland Poverty Reduction Strategy and Action Programme (PRSAP). SWSC has also an economic obligation to provide water and sewer services to stimulate economic development where there are socio-economic benefits irrespective of business/financial viability.

WHAT WE DO

The objects of the Corporation is to abstract, purify, store, transport, and supply water and collect, convey, treat and dispose sewage in the following areas as specified in the schedule of the Water Services Act:- Croydon, Hlatikulu, Hluti, Kubuta, Kwaluseni, Lavumisa, Lobamba, Lomahasha, Lubuli, Malkerns, Mananga, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Nkoyoyo, Piggs Peak, Siphofaneni, Siteki and Vuvulane. The Corporation has also extended its services of providing water to Ntfonjeni, Nhlambeni, Ezulwini and Sithobela.

With regard to the above-mentioned areas the Corporation is mandated to:

- Prepare schemes for the development of water resources and for the supply of water and construct, maintain and operate such schemes
- Keep under constant review the quality, reliability and availability of water supplies
- Control and regulate the production, treatment, storage, transmission, distribution and use of water for public purposes
- Design, construct, acquire, operate and maintain water works for the purpose of supplying water for public purposes and
- Inspect and advise on the management, collection, production, transmission, treatment, storage, supply and distribution of water.

SWSC: AN INTRODUCTION

Swaziland Water Services Corporation (SWSC) is a body corporate duly established under the Water Services Corporation Act, No. 12 of 1992. The Corporation is a category 'A' Public Enterprise in terms of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 and therefore it is wholly owned by Government.

OUR DIFFERENTIATING SLOGAN

WE DO IT THROUGH OUR PEOPLE

OUR VISION

"To delight our customers in the provision of potable water, wastewater disposal and other services".

OUR MISSION STATEMENT

"To provide quality water and waste water services, effectively meeting customer needs in a growing market through sound management policies, strategies and improving technology, whilst maintaining a safe environment for our staff and community"

OUR CORE VALUES

- **Good Governance:** we ensure that all our actions are morally and legally fair whilst treating all with respect.
- **Performance and continuous improvement:** we continually look for better ways of doing things.
- **Ownership and accountability:** we respect the business as it if were our own and deliver on our commitments.
- **Communication and transparency:** we continuously communicate with and through our people in an honest and fair manner

CHAIRMAN'S STATEMENT

The Board and Management of Swaziland Water Services Corporation (SWSC) take pleasure in presenting the 2013/14 annual report.

This reporting period marks the 20th anniversary of the SWSC. It is encouraging to be associated with 20 years of the provision of a reliable water and sanitation service.

SWSC evolved from being a Government department to a corporatized and autonomous entity in 1994. At its initial start-up, the Corporation received a Government subvention but as operations improved, the subvention was stopped and the Corporation continued to operate without a Government subvention.

It is an honour to note that the Corporation has become a role model for other African Water Utilities. SWSC has attracted a great deal of interest from other utilities in the region and international bodies such as the International Water Association. SWSC was one of the African countries who hosted the International Water Association Leaders workshop. Recently, the Corporation also hosted a delegation from Taraba State (Nigeria), Bauchi State Water Board (Nigeria), Nkana Water (Zambia), Kuwasa (Tanzania), WASCO (Lesotho) and Botswana Water Utility. Other regional utilities that have been hosted by the Corporation include Nigeria, Lesotho, Tanzania, Rand Water, Botswana and Zambia. Such regional and international cooperation suggests that SWSC has accumulated a wealth of expertise and experience over time and has undoubtedly delivered an excellent service over the past 20 years.

A number of water and sanitation projects of national importance have been completed and delivered by the Corporation over the years coupled with the attainment of quality management systems.

The upgrading of water infrastructure is not just important for social and economic development but also for economic growth through the attraction of foreign direct investment. It is also appreciated that the continued sustenance and reliability of water supply requires huge investments in water infrastructure, especially storage dams. The Government of Swaziland's decision to explore the feasibility of constructing Ethemba and Nodvo Dam is a step in the right direction towards meeting the objective of security and reliability of potable water supply.

As we move towards the realization of Vision 2022 and international targets on water and sanitation we must understand that such requires commitment, cooperation and proper planning at national level. Water resources need to be harnessed to address the nation's water and sanitation needs.

CHAIRMAN OF THE BOARD
Themba A. Maseko

We do appreciate that the changes in climatic patterns are posing a greater challenge to the availability and/or sustainable supply of water. Sustainable development and the improvement on the quality of life strongly depend on the availability of water resources and water resource management strategies. As we sail through the 21st century, it is realised that the trend towards urbanisation and industrialisation is putting a strain on the already very limited water resources. In this regard we appeal to the nation to help conserve water and use it sparingly.

It is also important for us as a nation to come up with pro-active integrated strategies to address water and sanitation issues. We do note that the active involvement of relevant stakeholders and the role of Government is critical especially when building commitment for action and implementing frameworks for infrastructure development. Water scarcity if not addressed timeously, can have a ripple effect on the economy and can limit growth and economic development.

We also acknowledge the support from Government on capital projects aimed at reducing poverty alleviation whilst promoting economic and social development and a safe environment. Going forward I have no doubt that SWSC forms an integral part of Government's development agenda and will deliver on the action programme for Vision 2022.

I would like to take this opportunity to wish the Board, Management and Staff of Swaziland Water Services Corporation a happy 20th Anniversary.

CHIEF EXECUTIVE OFFICER'S REVIEW

INTRODUCTION

It is my great pleasure to congratulate the Staff and Management of the Corporation as it attains its 20th Anniversary. Looking back, one observes that SWSC has undergone a transformation process in its business model that has attracted a lot of local and international recognition. The architects for this transformation are none other than our competent and dedicated workforce and stakeholders including our loyal customers, Government, Financiers and Suppliers. We look back with pride at our growth and achievements since corporatization in 1994 and we look forward to the coming decades of continuous excellent service delivery. As a service provider we have developed a strong track record for delivering safe and quality water and sanitation. It is through this ability that we will maintain our commitment to excellence as we thrive through challenging business dynamics.

FINANCIAL OVERVIEW

The Corporation's operating revenue for the year was E271.5 million (2013:E245.5 million), representing an increase of 11% (17% in 2013). The increase is mainly attributable to growth in revenue and increase in tariff.

The current ratio stood at 4:1 (2013 3.8:1). The debtors' collection period stood at 87 days (compared to 82 days in the previous year). This is attributable to the slight improvement in the economic condition and Government's fiscal impasse.

Total assets stood at E1.5 billion (2013: E1.2 billion). Total projects commissioned amounted to E82.7 million.

CUSTOMER SERVICE

The Corporation has gone beyond typical customer service; we have integrated a focus on delighting our customers into our culture, practices and leadership. Service and support have always been key components of success stories in business. The Corporation has taken this to a whole new level based on the understanding that successful customers lead to a widely successful organisation.

The Corporation has redefined customer service which involves calling for a more flexible and intelligent service approach designed to delight and exceed customer expectations in a fast-changing, information-rich, multi social-centric world. To support our customer's journey and expectation, the Corporation has:

- Enabled multi-channel information (Facebook, Twitter etc) that allows our customers to interact with the Corporation on their own terms.

CHIEF EXECUTIVE OFFICER
Peter N. Bhembe

CHIEF EXECUTIVE OFFICER'S REVIEW
//Continued

- Connected both our customers and employees to the information and insight that foster a deeper understands of customer expectation.
- Facilitated collaboration and cooperation among employees to solve customer complaints faster and with greater accuracy.
- Elevated customer service though employee enablement by giving our employees quick and easy access to the information and tools to handle the most complex interactions right the first time.

The cycle of continual improvement is ongoing and customers are encouraged to use more of our toll free number 800 5000 for reporting faults, illegal connections, theft of meters and other assets and other queries.

WATER LOSSES
The Corporation continues to make great strides towards achieving Non-Revenue Water (NRW) of less than 20% by 2018. A number of strategies have been implemented to reduce NRW. These include the installation of Automatic Meter Reading (AMR) for district meters and key commercial accounts. This process is on-going and it has unparalleled rewards which include 24 hour monitoring of the water supply system. For selected key accounts the Corporation can monitor water consumption patterns and determine when they are short of water or have high water bills due to leakages after the meter. There have been intensified efforts in Active Leakage Control (ALC) and pressure management. Assets management remains a key focus for the Corporation to reducing NRW and as a result the Corporation has initiated steps towards complete preventative assets management for all linear assets including pipelines, isolation valves and pressure reducing valves.

PROJECTS IMPLEMENTATION
Implementation of capital projects continued unabated. Major projects include the New Matsapha Wastewater Treatment Plant and Nhlangano Water and Sewer Plants. The Government of Swaziland (GoS) and SWSC initiated securing of funding for the Ezulwini Water and Sanitation Project from the African Development Bank (AfDB). The project is aimed at improving social and economic development in Ezulwini and surrounding areas through the provision of adequate water and sanitation services. The project will also have positive spin offs in terms of health and the environment.

INFORMATION TECHNOLOGY (IT)
The AMR System for minimizing water losses is built with maximum intelligence within which it shows daily metering data:

- Hourly consumption values
- Daily flow-rate distribution (in volume and time)
- Real peak flow values with time of occurrences
- Back flow volume
- Meter is over-sized, under-sized
- Leakage detection
- Instant alarms when sensors are triggered, e.g. when meter is stopped, tampered with, etc.

The implementation of the system has improved efficiencies and the benefits include:

- Significant reduction in network "real" water losses, "apparent" losses
- Allows for precise District Meter (DMs) analysis.
- Allows monitoring of night line consumption, resulting in reduced travel costs and alleviating the high risk to employees who used to conduct night flow reading exercises.
- Reduced fraud by consumer and/or reader
- Meter reading rate of 100%
- Real index and consumption
- Reduced discrepancies
- Alarm on stopped, reversed, backflow, high/low consumption

GEOGRAPHIC INFORMATION SYSTEMS
Bursts and leakages monitoring in real time:

In the quest to proactively address non revenue water, the Corporation introduced a system that monitors the network and detects leakage and pinpoints the exact leakage location. This is all done in real time. The Gutermann system, known as Zone Scan ALPHA system, promptly monitors pipe bursts and leakages remotely. The system's user interface, which is accessible via an internet-based application, is also geographically referenced for GIS Maps.

The system operates by sending instant signals when possible leakages in the network under monitoring are detected. Through the system's real time GIS functionality, any suspected possible burst or leakage within the area under monitoring can be promptly located with ease for correction purposes. This has so far being piloted, and Matsapha was identified as the trial area for implementation. As a result, a portion of the Matsapha Industrial Sites has already identified areas of water losses as a result of bursts and consequently rectified the problems. It is intended that after a successful monitoring period the system will be rolled out to other strategic supply areas.

CHIEF EXECUTIVE OFFICER'S REVIEW
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QUALITY MANAGEMENT SYSTEMS

SWSC continues to be the pace setter in implementing ISO Management Systems. The Corporation has already been certified for ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health & Safety Management System), and this year it has acquired certification for ISO 9001 (Quality Management System). All these ISO Management Systems are internationally recognised and act as a benchmarking standard for all world class organisations.

SAFETY, HEALTH AND ENVIRONMENT

The Corporation values its employees, customers and all other stakeholders affected by its operations and is committed to their health and safety. SWSC has developed a Safety, Health and Environmental (SHE) audit tool which will be internally used to identify SHE Gaps and recommend corrective action. In so doing, the Corporation aims to fulfil its policy statement, that of minimising workplace incidents and negative environmental impacts. Whilst implementing its capital project the Corporation continues to take into consideration the country's legal requirements with respect to Safety, Health and Environment. Hence the corporation works closely with the regulating agency (Swaziland Environment Authority) in ensuring that all its capital project are properly categorised and the necessary studies / requirements are undertaken prior to project implementation. Continuous training on aspects of health, safety and environment will continue to be provided, so that our employees commit to maintaining the highest standards on health and safety.

STAFF TRAINING AND DEVELOPMENT

The Corporation is committed to the current and future development of staff skills and expertise. Whilst being an equal opportunity employer we also engage our employees in maintaining a favourable work environment. We recognise that effective staff development is not only vital to realising the organisation's vision through meeting strategic goals but also prepares our employees to meet challenges that may come with the ever changing environmental landscape.

P.N. Bhembe
Chief Executive Officer

CHALLENGES FACING THE CORPORATION

The under-listed were problems and challenges facing the Corporation in 2013/14. These problems/ challenges have had an adverse impact on the operations of SWSC and its ability to extend adequate services to its customers:

Aging infrastructure: The structures and materials used in piping systems are reaching the end of, or have exceeded, their life expectancy. Because maintaining and operating aging infrastructure is very costly, financial resources have to be allocated to more pressing needs such as attending to pipe bursts and leaks. Direct infrastructure costs continue to escalate for building, replacing, or improving treatment plants and laying or replacing pipes. Direct costs continue to increase in chemicals, labour, materials and consumables.

Delay in the implementation of tariff increment: The tariff approval process takes a longer time due to the number of approval structures. This results in tariffs being implemented well into the financial year resulting in revenues collected being less than budget.

Inadequate budget for capital projects: This slows down the implementation of projects aimed at increasing water and sanitation access to the populace in line with MDGs and National Development plans.

Rapid pace of urbanisation and industrialisation: The increase in population and industrial output has resulted in the challenge of matching the demand for water and sewer services.

Lack of adequate water storage: There is a critical need to increase raw water storage through the building of strategically located dams so that current and future water demand is met.

Locating water and sewer facilities: The acquisition of suitable land for locating water and sewer facilities and the related costs of acquisition is an impediment in infrastructural development.

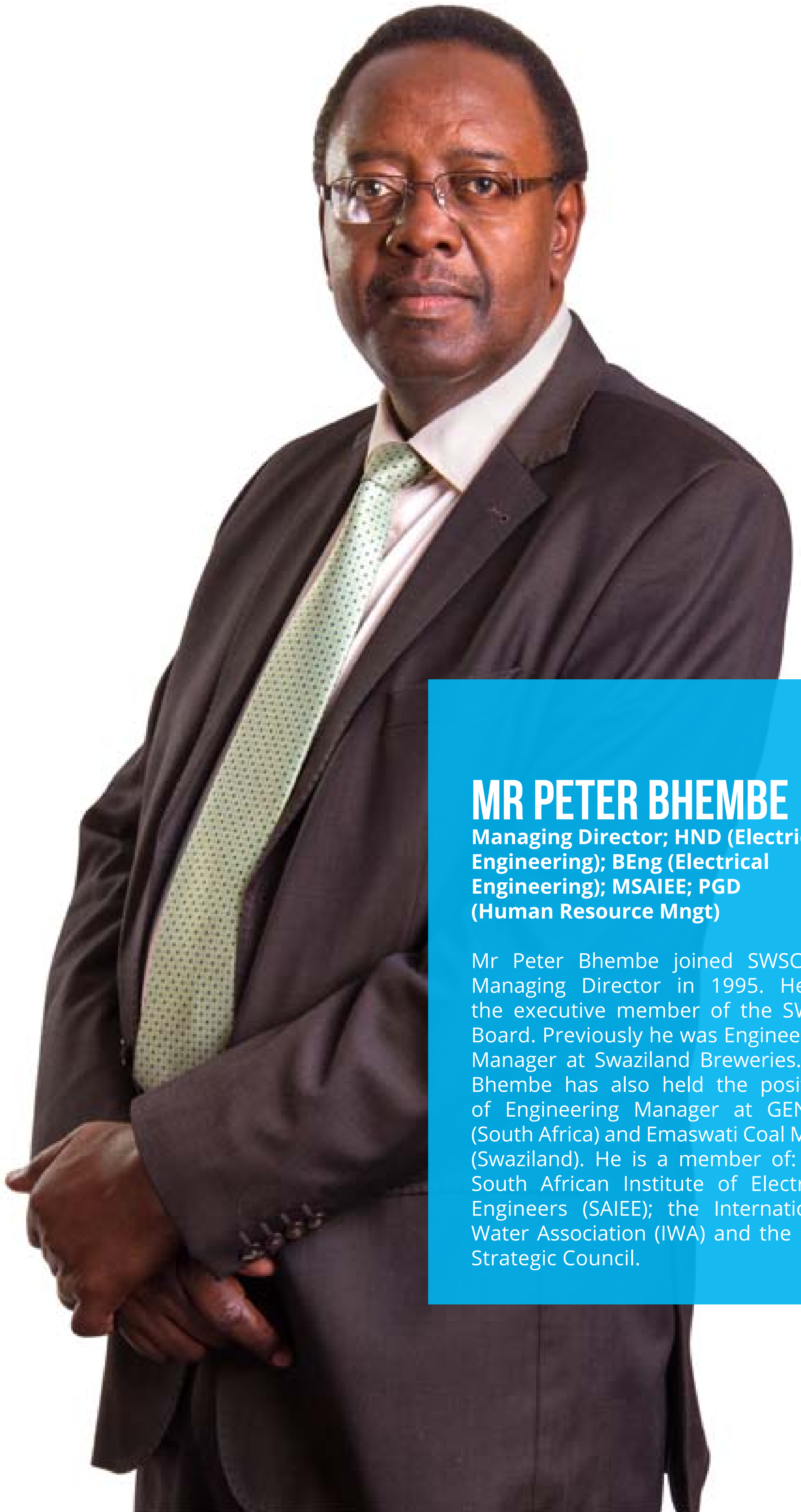
Escalating costs of production inputs: Production input costs such electricity, chemicals, and materials normally escalate at a rate above inflation yet tariff increments are heavily regulated and tagged to the consumer price index.

BOARD OF DIRECTORS

MR THEMBA MASEKO

Chairman; Dipl (Banking); BSc (Finance); MBA.

Mr Themba Maseko joined the SWSC Board as Chairman and non-executive member in January 2011. Mr Maseko is a businessman in the hospitality industry. He has served in various Boards of different organizations including Ezra – Tourism section (as Chairman); Southern Eastern Africa Tourism Committee (as Chairman); Technoserve BBB (as President). He was previously employed by Standard Chartered Bank as Head of Credit and was the Vice Chairman of the Swaziland Tourism Authority.



MR PETER BHEMBE

Managing Director; HND (Electrical Engineering); BEng (Electrical Engineering); MSAIEE; PGD (Human Resource Mngt)

Mr Peter Bhembe joined SWSC as Managing Director in 1995. He is the executive member of the SWSC Board. Previously he was Engineering Manager at Swaziland Breweries. Mr Bhembe has also held the position of Engineering Manager at GENCO (South Africa) and Emaswati Coal Mine (Swaziland). He is a member of: the South African Institute of Electrical Engineers (SAIEE); the International Water Association (IWA) and the IWA Strategic Council.

MR A DLAMINI

Non executive member; B.Com; Dipl(Public Sector Audit and accounting)

Mr Andreas Dlamini joined the SWSC Board as a non-executive member in January 2011. He is currently the Director of Internal Audit at the Ministry of Finance. Mr Dlamini has acted as Auditor General and has been Principal Auditor in the Auditor General's Office. He has served in various committees in the Auditor General's Office which include the Training Committee and Technical Committee (for the establishment of the new Internal Audit Department).

MS THOBILE MAVUSO

Non executive member; B.A (Social Science); M.A (Economics)

Ms Thobile Mavuso joined the SWSC Board in October 2013 in an ex-officio capacity (representing the Principal Secretary in the Ministry of Natural Resources and Energy) as per section 4 (1) of the Water Services Corporation Act of 1992. Ms Mavuso is currently the Principal Planning Officer at the Ministry of Natural Resources and Energy. She has worked as an Economist in various Government Ministries including the Ministry of Economic Planning and Development, Ministry of Tourism, Environment and Communications, Ministry of Regional Development and Youth Affairs and Ministry of Information, Communication and Technology.

MS CYNTHIA DLAMINI

Non executive member; BS (Allied Health Ed); BS (Nursing); Masters (International Health)

Ms Cynthia Dlamini joined the SWSC Board as a non-executive member in January 2011. She is currently a lecturer in the Faculty of Health and Sciences at the University of Swaziland. She was previously a clinical staff nurse at the Raleigh Fitkin Memorial Hospital. Ms Dlamini is a Registered Nurse and Midwife with the Swaziland Nursing Council and also a Registered Nurse with the State of Michigan (USA). She is active in community services and is currently a member of the Mbabane-Mbuluzi Rotary Club. Ms Dlamini is a supporter of children's education and is involved with the SOS children in Mbabane.

MR SIFISO KHUMALO

Non executive member; BA (Law); LLB

Mr Sifiso Khumalo joined the SWSC Board as a non-executive member in January 2011. Mr Khumalo is currently a Principal Crown Counsel in the Attorney General's Chambers having previously served as Crown Counsel in the same chambers. He is an admitted attorney of the High Court of Swaziland and a Member of the Law Society of Swaziland.

MR C SIMELANE

Non executive member; Dipl (Accounting and Bus Mng); BComm; Msc (Leadership/Change Mngt).

Mr Clinton Simelane was appointed a non-executive director on the 1st of November 2012. He is the Finance and Administration Director at Baylor College of Medicine. Prior to that he was Finance and Administration Director at AMICAALL Swaziland. Mr Simelane is also a Board Member at the Family Life Association of Swaziland and a Registered Accountant.

MR MANQOBA NTSHANGASE

Non executive member; Dipl (Journalism and Mass Communication); Associate Degree (Public Relations) BS Communication Studies (Public Relations)

Mr Manqoba Ntshangase joined the SWSC Board as a non-executive member in September 2011. Mr Ntshangase has worked as an intern at Swaziland Broadcasting and Information Services (SBIS). He was a Reporter and Editor for the Vincennes University International Newsletter and a Media Fellow at the United Nations Development Programme (UNDP). Mr Ntshangase has also worked for the Swazi Observer as a General News Reporter.

MR MMISENI DLAMINI

Non executive member; Dipl. In PC Engineering (Data Mngt) Associate Degree (Business Mngt) BS (Human Resource Development)

Mr Mmiseni Dlamini joined the SWSC Board as a non-executive member in September 2011. He has held a Supervisory position at Tisuka TakaNgwane and was Financial Manager at Malunge Transport.

EXECUTIVE MANAGEMENT

MR PETER BHEMBE

Managing Director; HND (Electrical Engineering); BEng (Electrical Engineering); MSAIEE; PGD (Human Resource Mngt)

Mr Peter Bhembe joined SWSC as Managing Director in 1995. Previously he was Engineering Manager at Swaziland Breweries. Mr Bhembe has also held the position of Engineering Manager at GENCO (South Africa) and Emaswati Coal Mine (Swaziland). He is a member of: the South African Institute of Electrical engineers (SAIEE); the International Water Association (IWA) and the IWA Strategic Council.

MS LUNGILE DLAMINI

Finance Director; BCOMM, Mngt. Adv.Prog, FCCA, CA (SD)

Ms Lungile Dlamini joined SWSC in October 2002 as Commercial Manager. In May 2006 she was appointed Finance Director, a position she still holds to date. Before joining SWSC she worked for KPMG as Finance and Administration Manager, having been Audit Supervisor in the same firm before. She has also worked as a Financial Manager at Swaziland Fruit Canners. Ms Dlamini is a member of the South African Institute of Directors, International Water Association and the Swaziland Institute of Accountants.

MS NONTOMBI MAPHANGA

Technical Services Director; BSc; BSc (Civil Eng); GDE (Civil Eng).

Ms. Nontombi Maphanga joined SWSC as Hydraulics Engineer in April 2006 and was appointed as a member of the SWSC Strategy Implementation Team soon after. In November 2008 she was appointed into the SWSC Executive Management Team as Technical Services Director. In her previous engagements in other organizations she has held the posts of Quality Assurance Chemist at Coca Cola Swaziland and being a Project Coordinator for an NGO. She is a member of the Swaziland Association of Architects, Engineers and Surveyors, the International Water Association (IWA) and has also held office in the IWA young water professionals committee.

MR SANDILE DLAMINI

Operations Director; BSc + CDE, Post Grad Dip. (Environmental Eng); Mngt.Dev.Prog

Mr Sandile Dlamini joined the Water and sewage Board (a Government department then) in 1990 as a Chemist. When the Department was corporatised into Swaziland Water Services Corporation he became Treatment Engineer. In 2001 he was appointed Regional Manager in charge of the South West Region. He is currently Operations Director, a position he has held since September 2006. Mr Dlamini has served in various SWSC working committees including the SWSC Pension Fund. He is member of the International Water Association (IWA) and a board member of the Human Settlements Authority (HSA).

MR LEONARD B. NXUMALO

Strategic Services Director; B.A. Social. Science, M.A Public Management; Post Grad. Diploma in Company Direction)

Mr. Nxumalo joined the SWSC Executive Team in July 2001 as Human Resources Director. In 2004 he assumed the position of Strategic Services Director: Prior to that he spent five years as Human Resources Manager in the FMCG industry, and eight years in the Sugar Industry Human Resources Division. He participates in a number of Boards. He is Chairman of the Board at LULOTE, an SME Business Entrepreneurial Development Organisation, Board member of the East & Southern African Water Association (ESAR), and Governing Board Member of the International Water Association (IWA).

SENIOR MANAGEMENT


Angeline Matsenjwa
Information Technology Manager: BSc; MBA; Mngt.Dev.Prog


Aubrey Mkhonta
Regional Manager – North West: Dip(Water Tech); HND (Civil Eng); MBA; Adv. Dip (Project Mngt)


Thobile Simelane
Regional Manager – South West: B.Comm; Mngt.Dev.Prog.


Sikelele Fakudze
Regional Manager – Central: BSc; Hons BSc


Elwyn Dlamini
Regional Manager – East: Dip.Gen.Agric; BSc


Susan Nkumane
Internal Audit Manager: BComm; ACCA; CIA


Ranganai Zizhou
Projects Engineer – B.Eng (Civil Eng)


Bongani Thusi
Mechanical and Electrical Engineer: Dip(Mechanical Eng.), B Tech(Mechanical Eng.), B.Sc. Hons (Energy Studies).


Mcebo A. G. Sigudla
Survey Engineer: BSc (Survey and Geodetic Engineering), MEngMngt (Urban Management)


Nhlanhla Dlamini
Production Manager–Ecowater Bottling plant: B.Sc; MBA


Malusi Dlamini
Water Loss Engineer: B.Sc (Civil Eng)


Ntokozo Nxumalo
Hydraulics Engineer: BSc (Civil Eng)


Lindiwe Madau
Financial Manager: BComm; MBA; Mngt.Dev.Prog.


Mandla Masina
Projects Engineer: BSc; BSc (Civil Eng).

SENIOR MENAGEMENT
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Bongani Mdluli
Projects Engineer: Dip(Civil Eng), B.Tech (Civil Eng).

Bernard Dube
Business Analyst: BComm; MBA; FCIS; Certified Utility Mngt Specialist

Sabelo Kunene
Process Engineer: Dip (Civil Eng); BSc (Civil Eng)

Musa Shongwe
Laboratory Manager: BSc; Hons BSc

Dumisa Dlamini
GIS Manager: BA; MSc (Bus Info Tech)

Nomahlubi Matiwane
Public Affairs Manager: Dip (Journalism and Mass communication.); BSocSc (Media and Communication); MBA

Phindile Nkomo
Purchasing Manager: ACCA; Mngt.Dev.Prog

Welcome Shabangu
Customer Services Manager: BA; Dip (Marketing)

Sithembile Majola
Ecowater Sales and Marketing Manager; Dip (Commerce) BComm; Mngt.Dev.Prog

Sizwe Dlamini
Commercial Manager: Bcomm: ACIS; R.A (SD)

Mfanasibili Simelane
Corporate Services Manager: Dip (Journalism & Mass Communication; B.A. (Comm Science); Mngt.Dev.Prog

OPERATIONS REVIEW

OVERVIEW OF INFRASTRUCTURE

The Corporation continues to invest in the upgrading and maintenance of infrastructure. Production and operational efficiencies are vital in keeping costs low and under control. Planning and prioritizing investments is crucial in the provision of reliable supply of safe drinking water and sanitation services.

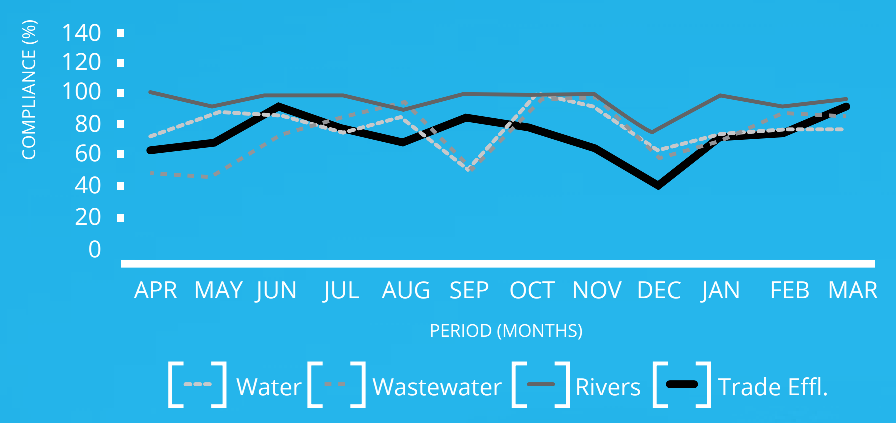
WATER AND WASTEWATER QUALITY MANAGEMENT

Customer Service and quality is one of the SWSC's key strategic focus areas. The Corporation is determined to provide world class products and services with regards to water quality and sanitation services whilst ensuring that operations do not have an adverse effect on the environment. In the pursuit for improved quality and customer service, SWSC received a recommendation for ISO 9001:2008 certification of the Matsapha Waterworks and the Head Office. The implementation of the Quality Management System (QMS) at this plant will enhance the delivery of quality potable water for our customers whilst the certification of the Head Office will also help to ensure that internal and external customers get excellent and consistent service from the service providers based at the Head Office. This will ultimately result in improved service delivery to all SWSC's customers. The SWSC's main laboratory maintained the ISO 17025:2005 accreditation status and increased its accreditation scope by having five methods (pH, turbidity, colour, electrical conductivity and Enterococci) added to the accreditation scope. The Corporation recognizes that quality management is an ongoing process and will continue to improve its processes and operations in line with strategic objectives.

MONITORING PROGRAM

The commissioning of the LaMgabhi waterworks and the new Ngwenya Wastewater Water Treatment Plant resulted in a slight increase (7) in the number of sampling points. The re-arrangements of routes to address long route challenges were also done as part of efficiency improvements. SWSC's monitoring program currently covers 193 sampling points.

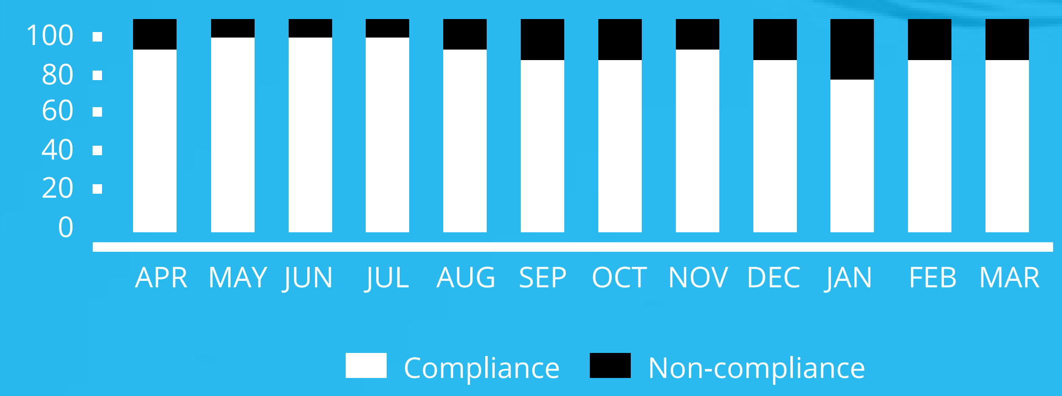
Figure 1: Monthly sampling frequency 2013/2014



POTABLE WATER

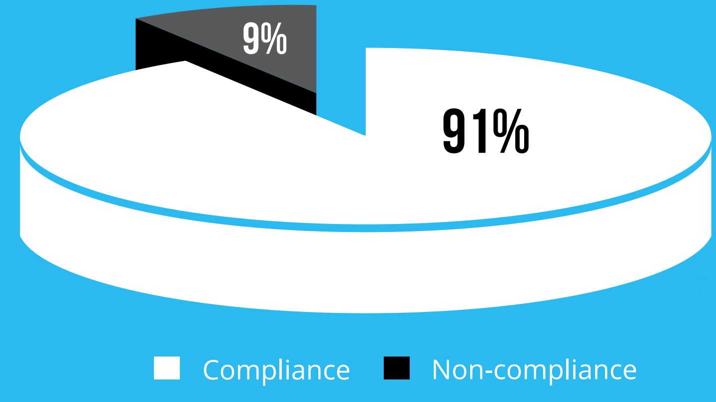
A total of 4,058 potable water samples were collected from all the SWSC service areas across the country and analyzed. The total number of tests conducted for potable water was 194,784.

Figure 2: Monthly Drinking Water Quality Compliance with WHO Drinking Water Guidelines (2011)



The 2013/14 annual microbiological and physico-chemical compliance for potable water based on WHO Guidelines for Drinking Water (2011) was 91% (Figure 3).

Figure 3: Overall Annual Drinking Water Quality Compliance with WHO Drinking Water Guidelines (2011)



OPERATIONS REVIEW
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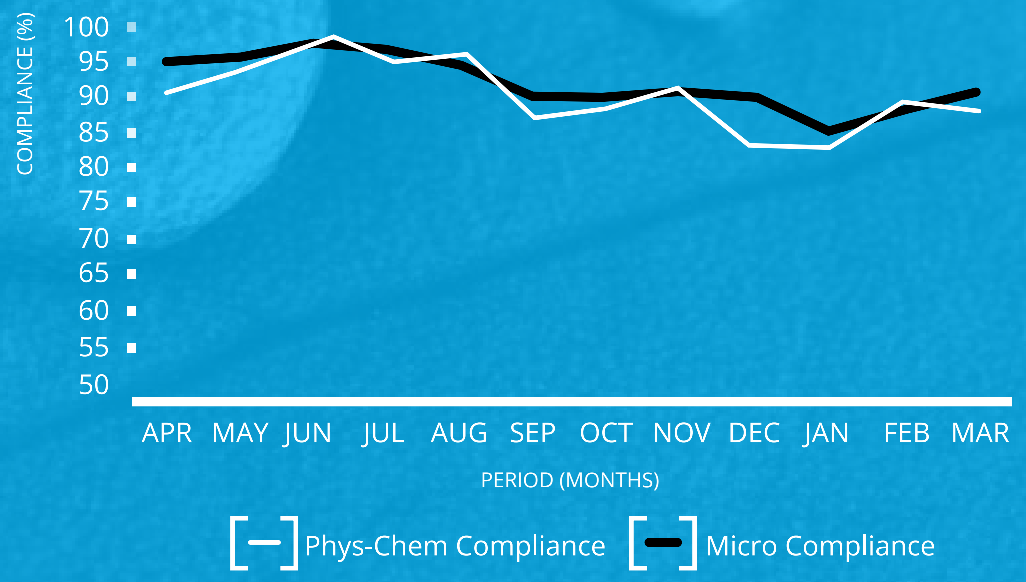
Figure 4: Average turbidity compliance with WHO Drinking Water Guidelines (2011)



WASTEWATER

Discharges emanating from SWSC's wastewater treatment plants were monitored on a regular basis to evaluate the compliance (against The Swaziland Environment Authority's Water Pollution Control Regulations, 2010). A total of 1, 045 wastewater samples were collected and analyzed over the 12-month period, which reflects a 10.8% increase compared to 2012/13 and the total number of tests conducted thereof was 15, 675. Tests done on wastewater samples are as per Schedule 2 of the Water Pollution Control Regulations (2010) and these include physical-chemical, organic pollutants, trace metals and microbiological determinants.

The overall compliance of SWSC's effluent stood at 48%. With the scheduled improvements at some of the wastewater treatment plants it is envisaged that the effluent compliance will increase in the next fiscal period. The impact of the increased pressure on the plants from effluent released by industries, sewage from newly connected customers should not be overlooked.

TRADE EFFLUENT

A total of 1, 065 trade effluent samples were collected during the 2013/14 fiscal year and 4, 260 tests were conducted thereof. The total number of samples collected reflects a 10.2% increase compared to 2012/13. The overall average annual COD for all the monitored industries' effluent stood at 4, 958.7mg/L, which is lower by 3.9% compared to 2012/13. However this is still a high COD average and this underpins the stress that the Matsapha WWTP has experienced as a result of poor effluent from the industries in Matsapha. This therefore means the Corporation should strengthen initiatives to raise awareness for industry about discharging compliant industrial effluent as SWSC is required by law to reduce the COD to less than 75mg/L before release to rivers and streams. The SWSC Laboratory assists industries in managing their discharges by timely giving feedback on COD test results whenever they are above the agreed limit.

PLANT AUDITS

A total of 253 water treatment plant audits were conducted during the period, which represents a 4.5% increase compared to the previous year. Most of the plants were within the acceptable 5NTU (as per WHO Guidelines) and this is reflected in the 91.8% average turbidity compliance (figure 4).

RESERVOIRS

The 2012/2014 reservoir cleansing cycle ended in March 2014. In the past year, 32 reservoirs were cleansed and by the end of this cycle a total of 70 reservoirs had been cleansed, bringing the success rate to 83%.

PROJECTS

The Corporation continued with the implementation of capital projects aimed at increasing access to safe drinking water and sanitation supply coverage. These projects are in line with the National Development Strategy (NDS), Poverty Reduction Strategy and Action Plan (PRSAP), Millennium Development Goals (MDG) and the Vision 2022 Programme of action.

GOVERNMENT FUNDED

NEW SEWER TREATMENT PLANT FOR MATSAPHA INDUSTRIAL TOWN

Purpose
The construction of a new sewer treatment plant for Matsapha Industrial Town. This is a 20Ml/day activated sludge wastewater treatment plant. The project is divided into three components which are implemented by three contractors: civil works, mechanical works and electrical works.

Progress Achieved
The civil works contract is 93 %complete, This contract comprises the following components, wastewater treatment works(inlet works, bioreactor, clarifier, pump station, chlorine contact tank, thickener, anaerobic digester, gas holder, sludge holding tank, dewatering building), building works (office building, operator dwellings, gate house, Chlorine room, MCC room, etc), and outfall sewer. The Outfall sewer which links the existing waste water treatment plant and the new one is 85% complete. The Mechanical and Electrical works contract have been appointed but actual site work has not commenced yet.

Challenges
There have been challenges encountered in the performance of the Mechanical contractor which are causing delays to the electrical contractor and the entire project's completion date. The challenges are being handled through the relevant provisions of the commercial terms of the contract. There has been an occurrence of an unforeseen marshy area which has also delayed progress on the outfall sewer component of the works. There are some outstanding land access issues which are yet to be resolved.

NHLANGANO WATER SUPPLY AND SEWER TREATMENT

Purpose
The construction of the water treatment plant and new sewer treatment plant for Nhlangano Town.

Progress Achieved
The Nhlangano water supply project is implemented under two contracts, wherein there is a water treatment plant and 10ML service reservoir contract and the pipeline. The overall progress of the water treatment plant and the reservoir contract which is a contract implemented by one contractor is 58% complete. This portion of the works comprises the water intake works, flocculator, two Clarifiers, One megalitre reservoir (sump), Filter block station; High lift pumping station 10ML reservoir and Gravity pipeline to Mahamba and Nhlangano.

The other component of the works is the pumping main which is a450mm pipeline which is being implemented internally. This portion of the works is 85% complete with the installation of flow control and pressure mitigation devices outstanding.

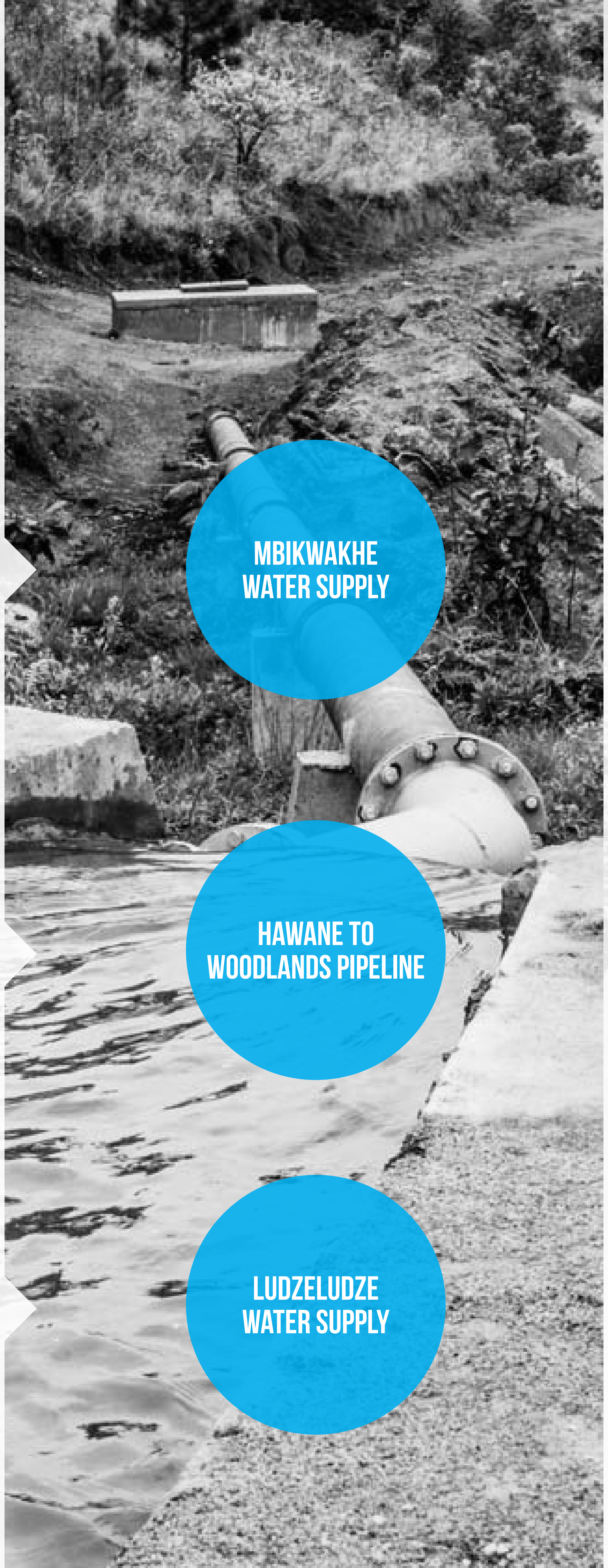
The Nhlangano Sewer Treatment Plant is currently at tender stage and is expected to commence towards the end of the 2014/15 financial year.

Challenges
There were scoping challenges in the water treatment plant design which led to omissions of some critical components of the works by the consultant and consequently the need for additional funding for the works.

There were also route challenges of the Mahamba gravity mains which required redesigning to accommodate existing archeological sites.

The servitude for the treatment works outfall sewer route needs to be finalised.

PROJECTS INTERNALLY FUNDED



MBIKWAKHE WATER SUPPLY

The Corporation in conjunction with the Microprojects Unit is executing the Mbikwakhe Zone A works. Mbikwakhe Zone A was 80 percent complete and the remaining 20 percent is expected to be completed by the end of November 2014. The Corporation is in the process of carrying out house connections for the completed portion of Mbikwakhe Zone A.

HAWANE TO WOODLANDS PIPELINE

The project comprises gravitation pipeline from Hawane to Woodlands. The aim of this project is to save on electricity costs due to pumping. Project completion is 80%.

LUDZELUDZE WATER SUPPLY

This is a community water supply scheme that is fully funded by the Corporation. There are about 400 homesteads to be connected in the first phase of the project, after the distribution main, sub main and reticulation have been done. The project is 78% complete.

NGWANE PARK SEWERAGE

The project comprises of the design, construction and commissioning of sewer mains, trunk mains, interceptors and outfall sewers to the Ngwane Park Pump station. The project is ongoing. 3500 meters of pipeline have been laid to make 105 connections.

MOTSHANE WATER SUPPLY

This project is undertaken by SWSC and about 600 homesteads will be connected to the system once the completion of the distribution main, sub main and reticulation are done. The project is 60% complete.

MANTSHOLO SEWER PIPELINE

The project scope covers the construction of an outfall to connect all the churches and schools as well as the dwellings along that area. The project is 80% complete.

NHLAMBENI WATER SUPPLY

The project involves the construction of a delivery main, sub main and reticulation. Project completion is 60%.

PROJECTS

ISSUES FOR CONSIDERATION IN THE MEDIUM TO LONG TERM

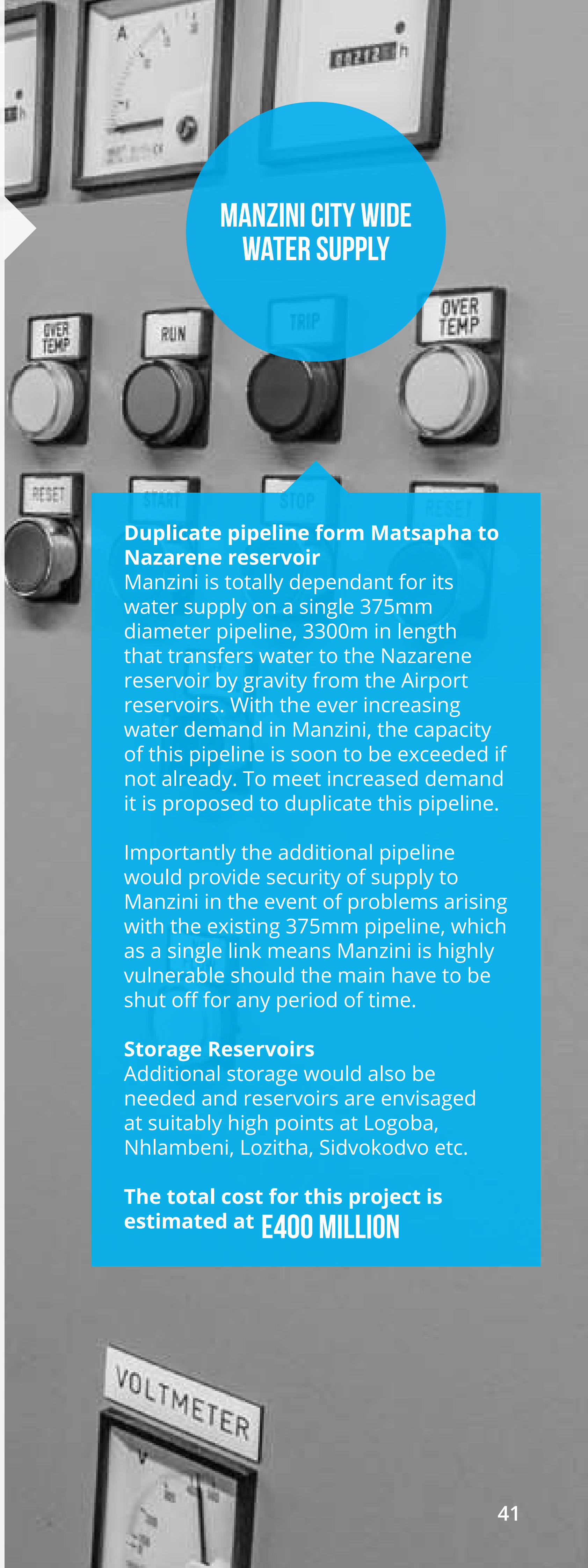
NONDVO DAM FEASIBILITY STUDIES

To sustain water supply in the medium to long term there is an urgent need for the construction of raw water storages, in particular, the proposed Nondvo Dam which will improve the reliability of water supply in the Mbabane-Manzini corridor. A budget provision for a feasibility study needs to be made. Projects like the new Bio-Tech Park stand to benefit from this dam for without it water supply to the Park and other upcoming projects will be compromised. This is because the Matsapha water treatment plant has almost reached maximum capacity whilst the quota for raw water abstraction from the Usushwana River has reached the limit.

SIDVOKODVO: NHLAMBENI WATER SUPPLY

The planned development between Sidvokodvo and Nhlambeni requires an extension of the Matsapha/Manzini water infrastructure. Developments in the pipeline include an industrial park at Sidvokodvo and a residential housing project by the National Housing Board in the area of Mhobodleni between the Nazarene reservoir and the Nhlangano Road. These areas will need water and a pipeline will need to be constructed from the Matsapha reservoir to follow the Nhlangano road past Nhlambeni up to Sidvokodvo, a distance of about 20km.

The project scope would include design and construction works whose total costs are estimated at about E35 million.



MANZINI CITY WIDE WATER SUPPLY

The water supply system for Manzini and Matsapha industrial estates and surrounding areas needs to be upgraded to increase security of raw water supply to meet current and future demand. The plant is currently operating at approximately 98% of its capacity, hence additional water demand is unlikely to be met. In addition, the Corporation abstracts directly from the Usushwana river and fluctuations in flows may cause disruptions in supply. The Nondvo dam solution has to be implemented for the long term stability of supply.

The following work components need to be undertaken to improve the capacity of the system:

Raw water intake works
A new intake structure needs to be constructed on the main river where water can be abstracted from the existing pond formed for diversion of the river into the canal. The existing canal intake structure would be rehabilitated and maintained as a stand by facility.

Matsapha Treatment Plant extensions
Further extensions of the plant could be effected by constructing additional clarifiers and filters on the present site. These extensions would raise the production capacity of the plant from the present 400 litres per second to 800 litres per second.

Treated Water Pump Station
A new treated water pump station would need to be constructed or the existing one upgraded to lift the additional production to the airport reservoirs.

Duplicate pipeline form Matsapha to Nazarene reservoir
Manzini is totally dependant for its water supply on a single 375mm diameter pipeline, 3300m in length that transfers water to the Nazarene reservoir by gravity from the Airport reservoirs. With the ever increasing water demand in Manzini, the capacity of this pipeline is soon to be exceeded if not already. To meet increased demand it is proposed to duplicate this pipeline.

Importantly the additional pipeline would provide security of supply to Manzini in the event of problems arising with the existing 375mm pipeline, which as a single link means Manzini is highly vulnerable should the main have to be shut off for any period of time.

Storage Reservoirs
Additional storage would also be needed and reservoirs are envisaged at suitably high points at Logoba, Nhlambeni, Lozitha, Sidvokodvo etc.

The total cost for this project is estimated at E400 MILLION

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION
The Board is committed to the highest standards of corporate governance throughout the Corporation. Effective corporate governance requires a clear understanding of the respective roles of the Board and management and their relationship with employees and stakeholders. It also requires a proactive, focused state of the mind on the part of directors, the Chief Executive Officer (CEO) and management, who all must be committed to business success through maintenance of the highest standards of responsibility and ethics. The Board of Directors have the overall responsibility of driving the Corporation's strategic plan; reviewing annual operating plans and budgets and reviewing the Corporation's annual financial reports.

The Corporation's senior management under the direction of the CEO, is responsible for the operations of the Corporation; implementation of the strategic, financial, operational and management plans of the Corporation; preparation of financial statements, annual reports, statutory reports, management accounts and other reports that accurately reflect requisite information about the Corporation and timely reports which inform the Board about foregoing matters.

TERMS OF OFFICE OF THE BOARD OF DIRECTORS
The Minister for Natural Resources and Energy appoints the Board of Directors of the Corporation in terms of section 6 of the Public Enterprises (Control and monitoring) Act No.8 of 1989 and section 4(1) of the Water Services Corporation Act No.12 of 1992 for a three year term.

STRUCTURE AND OPERATION OF THE BOARD
The Corporation has nine Board members and this complies with the requirements of both the Public Enterprises (Control and Monitoring) Act No.8 of 1989 and the Water Services Corporation Act No.12 of 1992 (which both prescribe a maximum number of nine members). The Board is unitary and is made up of an Independent Non Executive Chairman, the Chief Executive Officer, a representative from Government (Ministry of Natural Resources and Energy) and six non-executive directors. The Board of Directors meet at least four times a year and can meet as and when there is a need as determined by the Board Chairman.

COMPLIANCE STATEMENT
The Board and Management shall endeavour to uphold the rules and practices of good corporate governance and respond quickly to changing circumstances within a framework of solid corporate values to the benefit of all stakeholders.

BOARD COMMITTEES
To carry out its duties effectively, the Board operates through three Committees which are the Finance committee, Remunerations Committee and the Tender Committee. Each Committee reports to the Board on the results of each Committee meeting.

INTERNAL AUDIT
SWSC has an internal audit function whose purpose is to evaluate and improve the effectiveness of risk management, control and governance processes through; ensuring that internal control systems are operating effectively; ensuring compliance with policies, procedures, laws and regulations and that the policies in place adequately safeguard the Corporation's assets. The internal audit function coordinates with the Corporation's external auditors to ensure proper coverage of financial, operational and compliance controls.

RISK MANAGEMENT
The Board has overall responsibility over risk management and Management is accountable to the Board for developing, implementing and monitoring risk management processes. The Internal Audit Department carries out an independent review of the internal control systems. The Corporation performs a risk assessment exercise every three years.

REPORTING
The Corporation has a statutory obligation to report to its shareholder, the Government of Swaziland. Section 7(1) of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 requires the Corporation to submit on an annual basis a report on its operations together with annual audited financial statements and section 7(4) of the same Act requires the Corporation to submit a report on its operations on a quarterly basis.

BOARD MEETING ATTENDANCE
Below is a table showing the number of meetings attended by the individual members of the Board for the year ended 31 March 2014.

Name	Title	No. of normal Board meetings convened	No. of normal Board meetings attended	Percentage Attendance (normal meetings)
Mr. A.T. Maseko	Chairman	3	3	100%
Mr. S.N. Nkambule	Member	3	2	66%
Ms. T. Mavuso	Member	3	1	33%
Mr. C. Simelane	Member	3	2	66%
Mr. P.N. Bhembe	Member	3	3	100%
Mrs. C. Dlamini	Member	3	3	100%
Mr. S. Khumalo	Member	3	1	33%
Mr. M.B.C. Dlamini	Member	3	3	100%
Mr. M.J. Ntshangase	Member	3	3	100%

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

SWSC recognizes the importance of Corporate Social Responsibility (CSR) and is committed to fully implementing its CSR policy in the best interest of its stakeholders. Our policy applies to activities undertaken by or on behalf of SWSC. We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including shareholders, customers, suppliers and employees. SWSC management will ensure that appropriate organizational structures are in place to effectively identify, monitor and manage CSR issues relevant to our business. The Board takes full responsibility for CSR and is committed to developing and implementing policies that will maximize shareholder value.

BUSINESS ETHICS AND TRANSPARENCY

SWSC is committed to maintaining the highest standards of integrity and corporate governance practices in order to sustain excellence in its daily operations, and to promote confidence in our governance systems.

SWSC will conduct its business in an open, honest and ethical manner.

SWSC recognizes the importance of protecting all our human, financial, physical, information, social, environmental and reputational assets.

SWSC shall advise its customers, contractors and suppliers of its CSR policy, and shall work with them to achieve consistency with this policy.

SWSC is committed to measuring, auditing and publicly reporting performance on its CSR programs.

ENVIRONMENT, HEALTH AND SAFETY

SWSC is committed to protecting the health and safety of all individuals affected by its activities, including our employees, contractors and the public. The Corporation shall seek to provide a safe and healthy working environment, and will not compromise the health and safety of any individual. The Corporation's goal is to have no incidents and to mitigate impacts on the environment by working with our stakeholders, peers and others to promote responsible environmental practices and continuous improvement. SWSC is committed to environmental protection and stewardship. SWSC recognizes that pollution prevention, biodiversity and resource conservation are key to a sustainable environment, and will effectively integrate these concepts into business decision-making.

All employees shall be held responsible and accountable for providing a safe working environment, for fostering safe working attitudes and for operating in an environmentally responsible manner

COMMUNITY INVESTMENT

SWSC stresses collaborative, consultative and partnership approaches in its community investment and social responsibility programs.

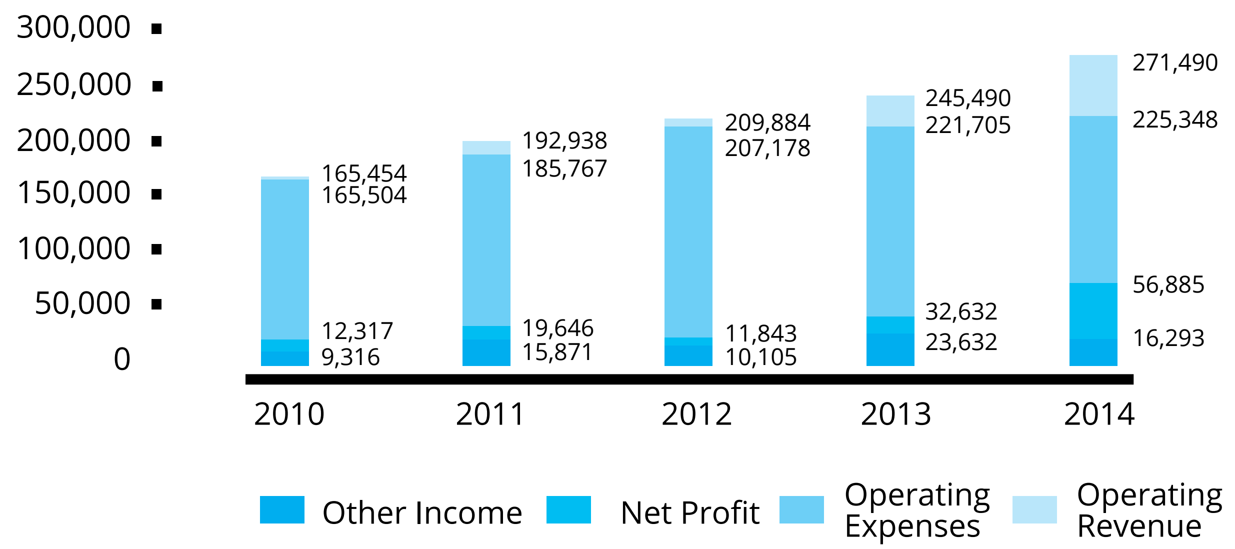
SWSC will integrate community investment considerations into decision-making processes and business practices, and will assist in local capacity building to develop mutually beneficial relationships with communities.

SWSC undertakes to contribute to the communities' quality of life by supporting innovative programs in health, HIV/AIDS, education, social services and the environment, as well as youth, cultural and civic projects.

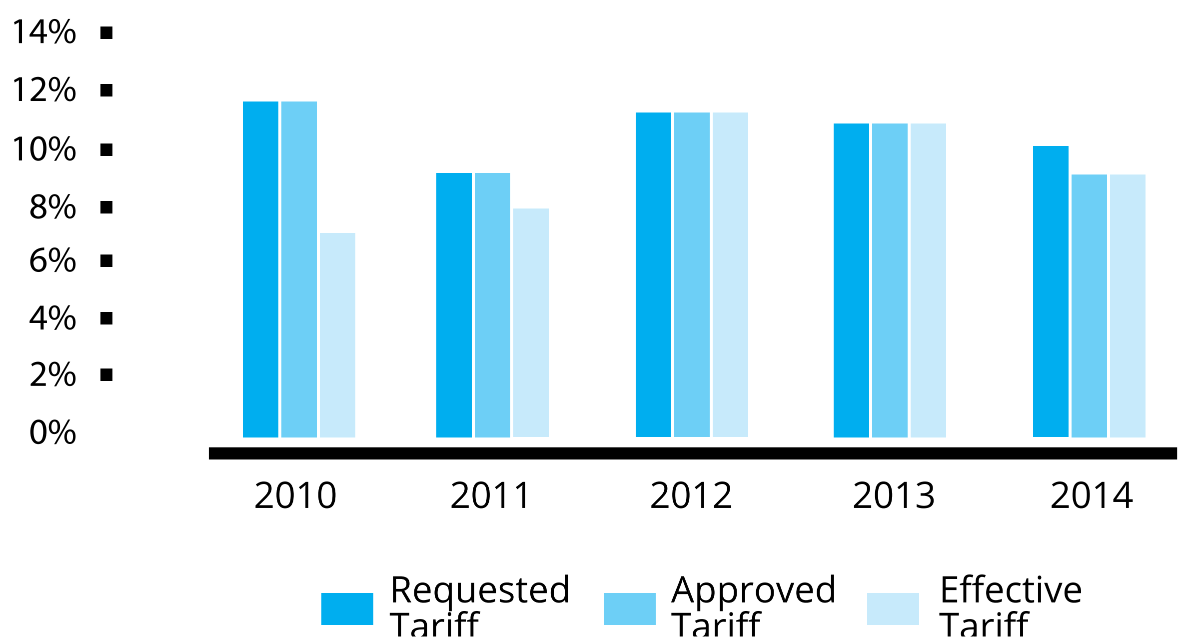
SWSC will strive to provide employment and economic opportunities in the communities where we operate.

FINANCIAL AND OPERATING STATISTICS

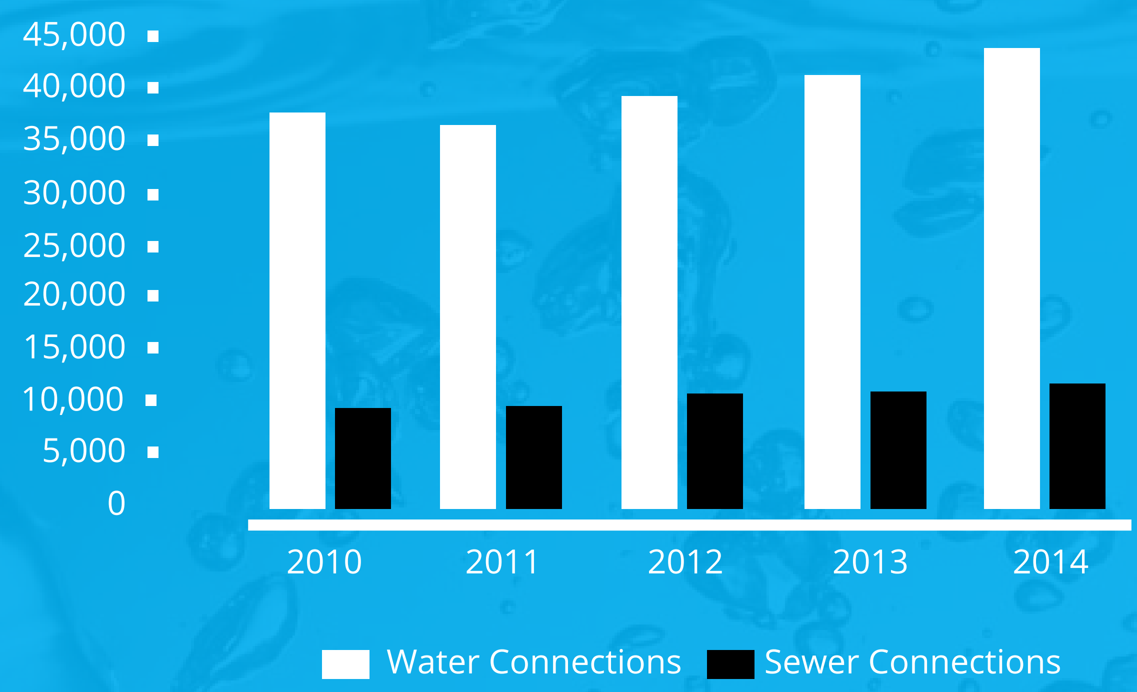
FIVE YEAR PERFORMANCE AT A GLANCE (E000)



TARIFFS (PERCENTAGE)



NUMBER OF CONNECTIONS



NUMBER OF CONNECTIONS AND WATER CONSUMPTION

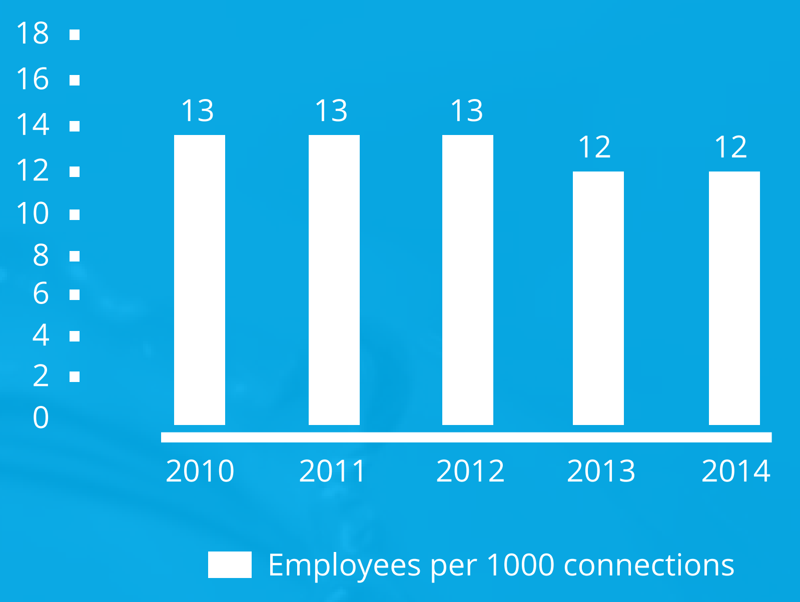
	2010	2011	2012	2013	2014
Water connections	37,617	36,895*	38,923	40,540	42,784
Sewer connections	9,423	9,356*	9,453	9,710	9,908
Total water consumption (m³)	12,160,000	12,630,000	12,885,000	13,228,000	

* Inactive connections were removed from the system in 2011 hence the decline in no. of connections

EMPLOYEE PRODUCTIVITY

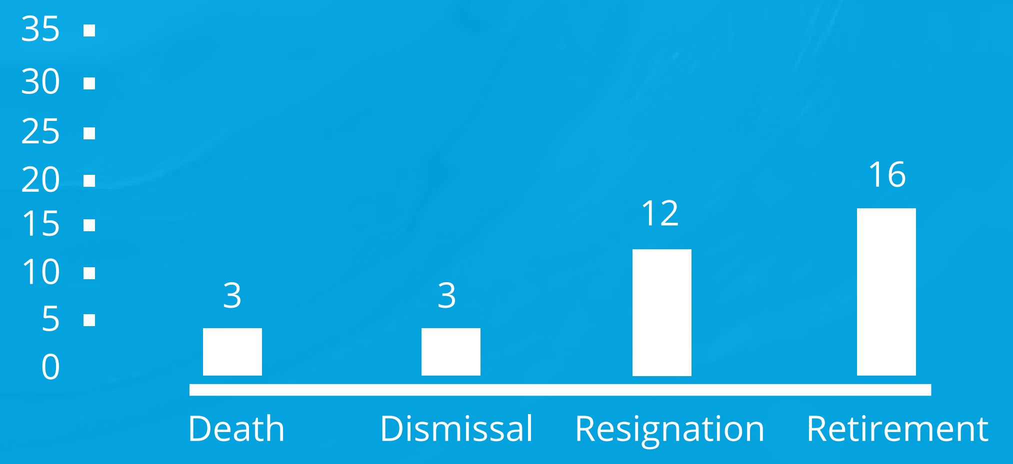
	2010	2011	2012	2013	2014
Number of employees	500	495	495	492	536
Sales turnover per employee (E000)	331	389	424	499	507
Net profit per employee (E000)	25	39	20	67	106
Average cost per employee (E000)	331	375	419	450	420
Employees per 1000 connections	13	13	13	12	12

EMPLOYEES PER 1000 CONNECTIONS



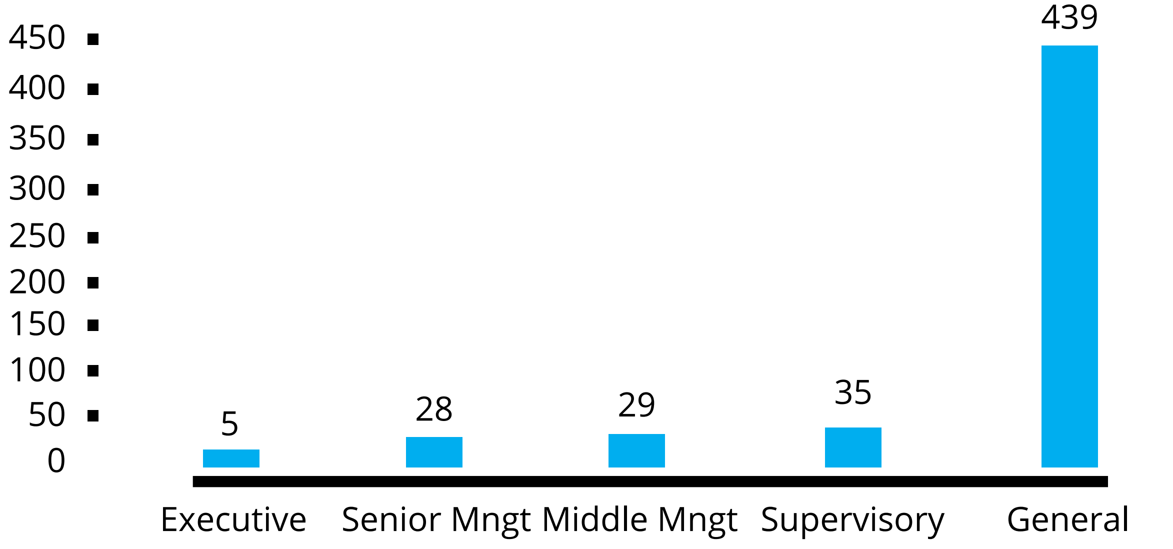
STAFF COMPLEMENT AND TURNOVER AS AT 31 MARCH 2014

STAFF TURNOVER

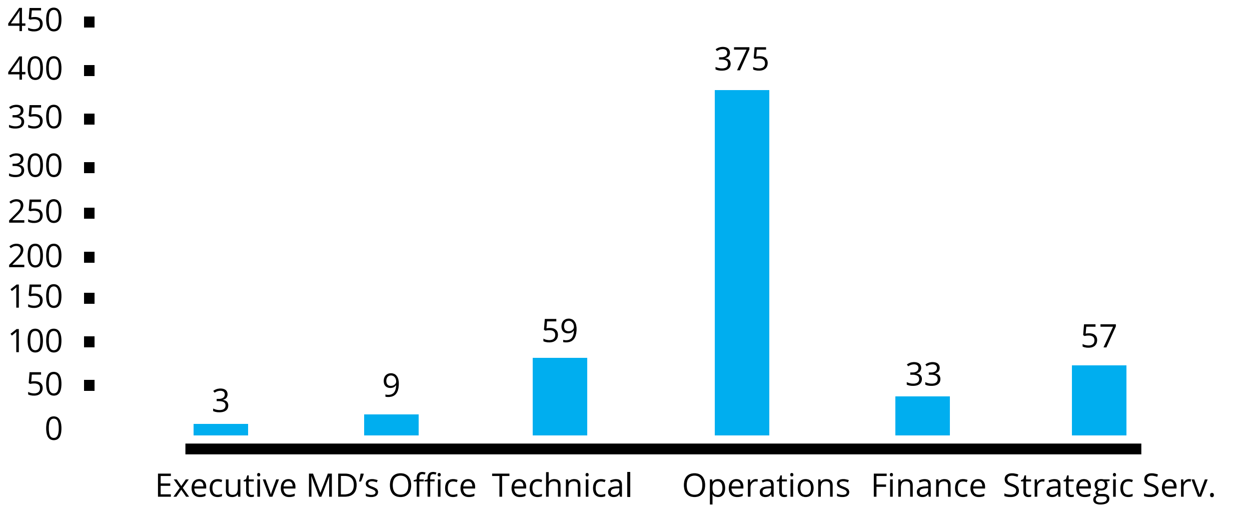


STAFF COMPLEMENT AND TURNOVER AS AT 31 MARCH 2014

STAFF COMPLEMENT BY STRUCTURE



STAFF COMPLEMENT BY FUNCTION



ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

The directors of the Corporation are responsible for the preparation and fair presentation of the financial statements of Swaziland Water Services Corporation comprising the statement of financial position as at 31 March 2014, the statements of comprehensive income and cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Water Services Corporation Act No. 12 of 1992.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Corporation's ability to continue as a going concern and have no reason to believe the Corporation will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are presented fairly in accordance with the applicable financial reporting framework.

Approval of the financial statements
The financial statements of Swaziland Water Services Corporation as identified in the first paragraph were approved by the board of directors and are signed on its behalf by:

DIRECTOR	DIRECTOR
28/6/2013	2013/06/28
DATE	DATE

INDEPENDENT AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR NATURAL RESOURCES AND ENERGY

We have audited the financial statements of Swaziland Water Services Corporation, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 4 to44.

Directors' responsibility for the financial statements
The Corporation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Water Services Corporation Act No. 12 of 1992, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Swaziland Water Services Corporation as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Water Services Corporation Act No. 12 of 1992.

Pricewaterhousecoopers

PricewaterhouseCoopers
Partner: Mvuselelo Fakudze
Chartered Accountant (Swaziland)
Mbabane
Date: 10/07/2013

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2014.

Nature of the Corporation's business
The Corporation is engaged in the supply of water and sewerage services in designated areas around Swaziland. The nature of the Corporation's business has not changed during the year under review.

Operating and financial review
Key features of the financial position and profit and loss for the period are set out in the table below:

	2014 E'000	2013 E'000
Financial position		
Total assets	1 458 149	1 214 026
Total liabilities	1 074 123	886 885
Operating results		
Revenue	271 490	245 491
Profit for the year	56 886	29 039

Prior period error
The Income Tax Order 1975, as amended prescribes the rates to be used by taxpayers in claiming wear and tear allowances for the various asset categories used in the production of income. In prior periods the Corporation applied incorrect rates in claiming wear and tear allowances and this was corrected in the 2014 financial year.

Certain amounts in the statements of comprehensive income and of financial position have been restated to correct the error. The effects of these corrections are disclosed in note 25 of the financial statements.

Directors
The following were directors of the Corporation during the year under review:

T A Maseko	(Chairman)*
P N Bhembe	(Managing Director and Secretary to the Board)
A Dlamini	(Representative of the Ministry of Finance & Member)*
C Dlamini	(Member)*
S Khumalo	(Member)*
MBC Dlamini	(Member)*
T Mavuso	(Representative of the Ministry of Natural Resources & Member)
M Ntshangase	(Member)*
C Simelane	(Member)

* The term of office of these directors ended on 30 November 2013. A new Board was subsequently appointed on 1 June 2014.

DIRECTORS' REPORT
for the year ended 31 March 2014
//Continued

SECRETARY
Mr P N Bhembe
P O Box 20
Mbabane

AUDITORS
KPMG
Umkhiwa House
195 Kal Grant Street
Mbabane

BANKERS AND INVESTEES
First National Bank of Swaziland Limited
Nedbank (Swaziland) Limited
Standard Bank Swaziland Limited
Swaziland Building Society
Swaziland Development and Savings Bank
African Alliance Swaziland
Stanlib (Swaziland) (Proprietary) Limited

REGISTERED OFFICE
Emtfonjeni Building
Below Gables Shopping Complex
Above Usushwana Bridge (MR103)
Ezulwini

SUBSEQUENT EVENTS
There are no events which have occurred between the statement of financial position date and the date of this report which have a material impact on these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 E	2013 E Restated
Revenue	2	271 490 305	245 490 637
Other income	6	17 548 818	23 632 014
Changes in inventory		639 354	143 582
Raw materials and consumables used		(68 253 607)	(67 322 308)
Employee benefits expense	4	(83 457 308)	(81 594 274)
Depreciation expense	7	(24 728 265)	(24 285 542)
Other expenses		(54 309 579)	(55 803 260)
Finance income – net	3	14 583 027	2 735 507
Profit before income tax	1	73 512 745	42 996 356
Income tax expense	5	(16 627 231)	(13 957 166)
Profit after tax		56 885 514	29 039 190
Other comprehensive income		-	-
Total comprehensive income for the year		56 885 514	29 039 190

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2014

	Notes	2014 E	2013 E Restated
Assets			
Non-current assets			
Property, plant and equipment	7	1 037 959 544	877 734 732
Deferred income tax asset	18	19 106 165	35 733 396
Available for sale financial assets	10	3 113 841	3 046 811
		1 060 179 550	916 514 939
Current assets			
Inventories	12	5 338 773	4 699 419
Trade and other receivables	13	77 566 279	75 125 048
Financial assets at fair value through profit and loss	11	18 150 102	15 357 747
Cash and cash equivalents	14	296 914 214	202 328 486
		397 969 368	297 510 700
Total assets		1 458 148 918	1 214 025 639
Equity			
Capital and reserves			
Swaziland Government Interest	15	30 222 580	30 222 580
Retained earnings		353 803 500	296 917 986
		384 026 080	327 140 566
Liabilities			
Non-current liabilities			
Deferred grant income	16	944 630 507	782 233 989
Borrowings	17	30 607 270	26 251 910
		975 237 777	808 485 899
Current liabilities			
Trade and other payables	19	78 496 418	60 228 449
Borrowings	17	18 865 747	16 357 505
Short term employee benefits	20	1 522 896	1 813 220
		98 885 061	78 399 174
Total liabilities		1 074 122 838	886 885 073
Total equity and liabilities		1 458 148 918	1 214 025 639

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Swaziland Government Interest E	Retained earnings E	Total E
Balance at 31 March 2013 as restated	30 222 580	296 917 986	327 140 566
Comprehensive income for the year	-	56 885 514	56 885 514
Balance at 31 March 2014	30 222 580	353 803 500	384 026 080
Balance at 1 April 2012 as previously reported	30 222 580	194 247 509	224 470 089
Effect of prior period error	-	73 631 287	73 631 287
Comprehensive income for the year as restated	-	29 039 190	29 039 190
Balance at 31 March 2013 as restated	30 222 580	296 917 986	327 140 566

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 E	2013 E
Cash flows from operating activities			
Cash generated from operations	21.1	82 906 670	51 796 141
Interest received		16 794 693	6 619 272
Interest paid		(2 211 666)	(3 883 765)
Net cash generated from operating activities		97 489 697	54 531 648
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		233 709	-
Acquisition of property, plant and equipment	7	(185 654 645)	(68 023 619)
Net cash utilised in investing activities		(185 420 936)	(68 023 619)
Cash flows from financing activities			
Net proceeds from long term borrowings		6 863 602	2 507 124
Swaziland Government capital grant received		175 653 365	161 145 415
Net cash generated from financing activities		182 516 967	163 652 539
Net increase in cash and cash equivalents		94 585 728	150 160 568
Cash and cash equivalents at beginning of the year		202 328 486	52 167 918
Cash and cash equivalents at the end of the year	21.2	296 914 214	202 328 486

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2014

01 / BASIS OF PREPARATION
The financial statements of Swaziland Water Services Corporation have been prepared in accordance with International Financial Reporting Standards and the provisions of the Water Services Corporation Act No.12 of 1992. They have been prepared on the historical cost basis, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies.

The significant accounting policies adopted in the preparation of these financial statements are materially consistent with those adopted in the previous financial year.

New Standards and Interpretations not yet adopted
At the date of authorisation of the financial statements of Swaziland Water Services Corporation for the year ended 31 March 2014, the following Standards and Interpretations were in issue but had not yet been adopted by the Corporation:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 10, IFRS 12 and IAS 27 amendment	Investment Entities	October 2012	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2014
IAS 36	Recoverable amount disclosures for Non-financial Assets	May 2013	1 January 2014
IAS 39*	Novation of Derivatives and Continuation of Hedge Accounting	June 2013	1 January 2014
IFRIC 21*	Levies	May 2013	1 January 2014
IAS 19*	Defined Benefit Plans: Employee Contributions	November 2013	1 July 2014
Amendments to 6 standards	Improvements to IFRSs 2010-2012 Cycle	December 2013	1 July 2014
Amendments to 4 standards	Improvements to IFRSs 2011-2013 Cycle	December 2013	1 July 2014
IFRS 14*	Regulatory Deferral Accounts	January 2014	1 January 2016
IFRS 9 (2009)	Financial Instruments	November 2009	To be decided
IFRS 9 (2010)	Financial Instruments	October 2010	To be decided

No material impact is anticipated from these Standards and Interpretations.
* Standard not applicable to the Corporation.

02 / PROPERTY, PLANT AND EQUIPMENT
Land and buildings comprise mainly of administrative offices. Buildings and all other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	50	Years
Dams and reservoirs	40 – 60	Years
Treatment works	60	Years
Mains and reticulation	40	Years
Plant and machinery	5 – 10	Years
Furniture and equipment	3 – 10	Years
Motor vehicles	5	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

03 / IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fairvalue less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

04 / FINANCIAL ASSETS
The Corporation classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Assets in this category are classified as current assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

04 / FINANCIAL ASSETS
//Continued

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Corporation commits to purchase or sell the asset. Investments are initially recognised at fairvalue plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Corporation's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Corporation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Corporation assesses at each statement of financial position date whether there is objective evidence that a financial asset or financial assets are impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is described inpolicy7.

(d) Financial assets carried at fair value through profit or loss
Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognised in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Corporation's right to receive payments is established.

05 / LEASES
Leases of property, plant and equipment where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

06 / INVENTORIES
Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

07 / TRADE RECEIVABLES
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

08 / CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under current liabilities in the statement of financial position.

09 / SWAZILAND GOVERNMENT INTEREST
The Swaziland Government interest represents amounts advanced to the Corporation by the Swaziland Government which are not expected to be repaid.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

10 / GOVERNMENT GRANTS RELATING TO PURCHASE OF PROPERTY, PLANT AND EQUIPMENT
Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and that the Corporation will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of comprehensive income on a straight line basis over the expected lives of the related assets.

11 / BORROWINGS
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

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

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

14 / PROVISIONS
Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Corporation expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Corporation recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

15 / REVENUE RECOGNITION
Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Corporation's activities.

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Corporation's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale or service have been resolved. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services
Revenue comprises the billed value of water, sewerage services rendered, and collection for water and sewer connections. The revenue is recognised upon performance of services.

Revenue from rendering of services is recognised by reference to the completion of the specific transaction assessed as the basis of the actual service provided as a proportion of the total services provided when it is probable that the economic benefits associated with a transaction will flow to the Corporation and the amount of revenue, and associated costs incurred or to be incurred can be measured reliably.

(b) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Dividend income
Dividend income is recognised when the right to receive payment is established.

16 / STAKEHOLDER DISTRIBUTIONS
Distributions to the Corporation's stakeholders are recognised as a liability in the financial statements in the period in which the distributions are approved.

17 / FINANCIAL RISK MANAGEMENT

17.1 FINANCIAL RISK FACTORS
The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest-rate risk and price risk), credit risk, and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. The Corporation currently does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk
From time to time the Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Corporation's functional currency.

(ii) Price risk
The Corporation is exposed to equity securities price risk because of an investment held by the Corporation and classified on the statement of financial position as at fair value through profit or loss financial asset. This asset is an investment in African Alliance Swaziland Managed Fund unit trusts. The unit trust prices of this managed fund are published in the local press on each business day.

(iii) Cash flow and fair value interest rate risk
As the Corporation has no significant interest-bearing assets, the Corporation's income and operating cash flows are substantially independent of changes in market interest rates. The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest-rate risk. The Corporation is not exposed to fair value interest rate risk because all the Corporation's borrowings are at variable rates. The Corporation does not consider the exposure to cash flow interest rate risk as significant to the Corporation. Therefore, the Corporation currently does not have formal mechanisms to mitigate this risk.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

17 / FINANCIAL RISK MANAGEMENT
17.1 FINANCIAL RISK FACTORS
//Continued

(b) Credit risk
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to commercial and residential customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high credit quality parties are accepted. If commercial customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash. Management does not expect any losses from non-performance by these counterparties.

The Corporation does not do credit vetting for new customers since it provides an essential service. Overdue accounts are disconnected for non-payment after 20 days from the statement due date as per the policies and procedures.

(c) Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Corporation's management aims to maintain flexibility in funding by keeping committed credit lines available.

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

Consistent with others in the industry, the Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

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

18 / CRITICAL ACCONTING ESTIMATES AND ASSUMPTIONS
The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of trade receivables
The Corporation considers all trade receivable balances that have been outstanding for over one year as impaired. The Corporation applies this policy consistently and the Corporation's management is of the view that, even though this is an accounting estimate, it is the best estimate of the amount that may not be recovered from the Corporation's customers.

(b) Review of useful lives
The Corporation depreciates items of property, plant and equipment based on the useful lives of these items. The useful lives of the items are management's best estimates. The useful lives are disclosed in accounting policy 2 and they are reasonable in management's view. These useful lives determine the amount of depreciation recognized in the statement of comprehensive income each year (refer to note 7).

(c) Income taxes
Judgement is required in determining whether the Corporation is liable for tax or not. There may be transactions and calculations for which the ultimate tax determination may be uncertain. The Corporation recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Fair value measurement
A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Corporation uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

19 / COMPARATIVES
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 E	2013 E
1. Profit for the year		
The following items have been included in arriving at profit for the year:		
Auditors' remuneration		
- Audit fees	558 190	519 292
Depreciation (Refer note 7)	24 728 265	24 285 542
Amortisation of grant - included in other income (Refer note 6)	(13 256 847)	(11 552 133)
Fees for services		
- Public Enterprise Unit management fees	2 659 655	3 276 304
Directors emoluments		
- For services as directors	276 276	314 028
Loss/(Profit) on disposal of property, plant and equipment	467 859	3 365 908
Staff costs (refer note 4)	83 457 308	81 594 274
Inventory increase	(639 354)	(143 582)
Trade receivables		
- Impairment charge for bad and doubtful debts	6 292 102	9 770 026
Rentals in respect of operating leases		
- Land and buildings	2 112 146	1 942 442
Repairs and maintenance expenditure		
- Property, plant and equipment	1 760 153	22 109 347
2 . Revenue		
Analysis of revenue		
Water charges – commercial and residential customers	191 537 938	172 047 534
Sewer charges	47 051 975	42 219 259
Basic charges	19 869 020	17 669 542
Penalty charges	1 216 463	1 196 513
Miscellaneous water supply services	2 082 924	1 868 816
Connection charges – new customers	2 659 330	2 328 857
Connection charges – reconnected customers	191 787	189 407
Trade effluent charges	6 880 868	7 970 709
	271 490 305	245 490 637

	2014 E	2013 E
3. Finance income – net		
Interest income	16 794 693	6 619 272
Interest expense	(2 211 666)	(3 883 765)
	14 583 027	2 735 507
4. Employee benefits expenses		
Salaries, wages and allowances	73 417 214	71 942 474
Provident fund contribution	543 968	474 864
Medical aid contribution	3 455 274	3 280 442
Retirement benefits	6 040 852	5 896 494
	83 457 308	81 594 274

	2014 E	2013 E Restated
5. Income tax expense		
- Current tax	-	-
- Deferred tax (note 18)	16 627 231	13 957 166
	16 627 231	13 957 166
The tax on the Corporation's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to companies in Swaziland as follows:		
Profit before income tax	73 512 745	42 996 356
Tax calculated at statutory tax rate of 27.5% (2013: 30%)	20 216 005	12 898 907
Tax effects of:		
Expenses not deductible for tax purposes	593 748	281 538
Income not subject to tax	(4 413 531)	(3 465 640)
Tax rate change	-	4 140 880
Other	231 009	101 481
Tax charge	16 627 231	13 957 166
6. Other income		
Sales of Ecowater bottled water	1 170 013	1 882 397
Amortization of deferred grant income	13 256 847	11 552 133
Rental income	2 112 146	1 942 442
Sundry income	1 009 812	8 255 042
Total	17 548 818	23 632 014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

7. Property, plant and equipment

	Land and buildings E	Dams and reservoirs E	Treatment works E	Mains and reticulation E	Plant and machinery E	Furniture and equipment E	Motor vehicles E	Capital work in progress (CWIP) E	Total E
Cost									
Balance at 1 April 2012	97 410 774	56 638 751	196 621 064	295 982 316	71 760 824	24 115 378	28 669 389	219 751 136	990 949 632
Additions	-	-	-	-	-	-	-	68 023 619	68 023 619
Transfer from WIP	12 199 274	7 395 674	(5 777 268)	7 395 331	11 116 433	1 855 902	4 166 322	(38 351 670)	(2)
Disposals	-	-	-	-	-	-	-	(3 365 905)	(3 365 905)
Balance at 31 March 2013	109 610 048	64 034 425	190 843 796	303 377 647	82 877 257	25 971 280	32 835 711	246 057 180	1 055 607 344
Balance at 1 April 2013	109 610 048	64 034 425	190 843 796	303 377 647	82 877 257	25 971 280	32 835 711	246 057 180	1 055 607 344
Additions	-	-	-	-	-	-	-	185 654 645	185 654 645
Transfer from WIP	4 737 005	8 138 501	9340 856	49 720 449	7 431 831	3 259 229	81 942	(83 092 219)	(382 406)
Disposals	(123 733)	-	-	-	(207 401)	-	(658 869)	-	(990 003)
Balance at 31 March 2014	114 223 320	72 172 926	200 184 652	353 098 096	90 101 687	29 230 509	32 258 784	348 619 606	1 239 889 580
Depreciation and impairment losses									
Balance at 1 April 2012	15 597 592	15 849 832	25 269 787	51 340 787	19 530 898	15 191 145	10 807 029	-	153 587 070
Depreciation for the year	1 899 040	1 378 749	3 331 130	8 039 379	3 661 036	2 203 507	3 772 701	-	24 285 542
Balance at 31 March 2013	17 496 632	17 228 581	28 600 917	59 380 166	23 191 934	17 394 652	14 579 730	-	177 872 612
Balance at 1 April 2013	17 496 632	17 228 581	28 600 917	59 380 166	23 191 934	17 394 652	14 579 730	-	177 872 612
Depreciation for the year	2 160 828	1 564 994	3 189 514	8 445 830	4 230 882	2 399 817	2 736 400	-	24 728 265
Disposals	(123 735)	-	-	-	(158 144)	-	(388 962)	-	(670 841)
Balance at 31 March 2014	19 533 725	18 793 575	31 790 431	67 825 996	27 264 672	19 794 469	16 927 168	-	201 930 036
Carrying amounts									
At 1 April 2012	81 813 182	40 788 919	171 351 277	244 641 529	52 229 926	8 924 233	17 862 360	219 751 136	837 362 562
At 31 March 2013	92 124 597	40 590 056	168 821 517	244 418 591	59 158 529	8 178 597	18 385 665	246 057 180	877 734 732
At 31 March 2014	94 689 595	53 379 351	168 394 221	285 272 100	62 837 015	9 436 040	15 331 616	348 619 606	1 037 959 544

	2014 E	2013 E
7. Property, plant and equipment		
//Continued		
Leased assets (motor vehicles and trailers) included in property, plant and equipment are as follows:		
Cost	6 059 909	7 135 919
Accumulated depreciation	(2 187 108)	(2 196 679)
Net carrying amount	3 872 801	4 939 240
Land and buildings comprise:		
Erf No4 – Second street Nhlangano	550 000	550 000
Plot 237 – Matsapha	1 558 800	1 558 800
Portion 1165 of Farm 188	195 000	195 000
Portion 80 (a portion of portion 61) of Farm 51, Hhohho	950 000	950 000
Portion 78 (a portion of portion 61) of Farm 51, Hhohho	1 320 000	1 320 000
Portion 387 (a portion of portion 300) of Dalriach No.188	2 150 000	2 150 000
Portion 8 of Farm No. 1194, Hhohho District	290 000	290 000
Portion 457 of Farm No. 2, Hhohho District	110 000	110 000
Lot No. 585 Extension 3 – Checkers, Hhohho	180 000	180 000
Lot No. 2437 Extension 23 – Golf Course, Hhohho	1 760 000	1 760 000
Portion 95 (a portion of portion 61) of farm 51 Ezulwini	4 500 000	4 500 000
Portion 1016 of Farm 2 Mbabane	650 000	650 000
Land purchased at Shiselweni Forest (Nkawini T/Works)	3 500	3 500
Portion 1259 of Farm Dalriach No.188	280 000	280 000
Buildings at depreciated cost	80 192 295	77 627 297
	94 689 595	92 124 597
The cost of assets which are fully depreciated but still in use are as follows :		
Fencing	1 009 496	1 009 496
Mains & Reticulation	26 213	78 858
Motor vehicles	380 620	380 620
Furniture & equipment	4 985 628	4 989 474
Electrical plant and system	11 752	-
Mobile plant	78 497	-
	6 492 206	6 458 448
8. Capital projects in progress		
Internal projects (note 8.1)	53 662 967	39 312 475
Government Funded Projects (note 8.2)	294 956 639	206 744 705
Total capital work in progress (note 7)	348 619 606	246 057 180

	2014 E	2013 E
The movement in the capital projects in progress during the year is as follows:		
Internal projects		
Opening net carrying amount	39 312 475	19 857 272
Additions	42 890 698	36 376 633
Commissioned – transfers to property, plant and equipment	(28 540 206)	(16 921 430)
Closing net carrying amount	53 662 967	39 312 475
Government funded projects		
Opening net carrying amount	206 744 705	199 893 864
Additions	142 381 540	22 700 032
Commissioned - transfers to property, plant and equipment	(54 169 606)	(15 849 191)
Closing net carrying amount	294 956 639	206 744 705

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

9. Financial instruments
Accounting classification and fair values
The following table shows the carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	CARRYING AMOUNT				FAIR VALUE			
	Loans and receivables E	**Assets at fair value through profit and loss E**	**Available for sale E**	**Total E**	**Level 1 E**	**Level 2 E**	**Level 3 E**	**Total E**
31 March 2014								
Assets as per statement of financial position								
Trade and other receivables	77 566 279	-	-	77 566 279	-	-	-	-
Available for sale financial assets	-	-	3 113 841	3 113 841	-	3 113 841	-	3 113 841
Financial assets at fair value through profit and loss	-	18 150 102	-	18 150 102	18 150 102	-	-	18 150 102
Cash and cash equivalents	296 914 214	-	-	296 914 214	-	-	-	-
	374 480 493	18 150 102	3 113 841	395 744 436	18 150 102	3 113 841	-	21 263 943
Liabilities as per statement of financial position								
Borrowings	49 473 017	-	-	49 473 017	-	49 473 017	-	49 473 017
Trade and other payables	78 496 418	-	-	78 496 418	-	-	-	-
	127 969 435	-	-	127 969 435	-	49 473 017	-	49 473 017
31 March 2013								
Assets as per statement of financial position								
Trade and other receivables	75 125 048	-	-	75 125 048				
Available for sale financial assets	-		3 046 811	3 046 811	-	3 046 811	-	3 046 811
Other financial assets at fair value through profit and loss	-	15 357 747	-	15 357 747	15 357 747	-	-	15 357 747
Cash and cash equivalents	202 328 486	-	-	202 328 486	-	-	-	-
	277 453 534	15 357 747	3 046 811	295 858 092	15 357 747	3 046 811	-	18 404 558
Liabilities as per statement of financial position								
Borrowings	42 609 415	-	-	42 609 415	-	42 609 415	-	42 609 415
Trade and other payables	60 228 449	-	-	60 228 449	-	-	-	-
	102 837 864	-	-	102 837 864		42 609 415		42 609 415

9. Financial instruments (continued)
//Continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014 E	2013 E
Trade and other receivables	77 566 279	75 125 048
Financial asset at fair value though profit or loss	18 150 102	15 357 747
Available for sale financial asset	3 113 841	3 046 811
Cash and cash equivalents	296 914 214	202 328 486
	395 744 436	295 858 092

Non derivative financial liabilities

The following are the contractual maturities of financial liabilities:

	Carrying amount E	Contractual cash flows E	6 months or less E	6 to 12 months E	1 to 2 years E
2014					
Trade and other payables	78 496 418	78 496 418	78 496 418	-	-
2013					
Trade and other payables	60 228 449	60 228 449	60 228 449	-	-

Variable rate instruments

At the reporting date the interest rate profile of the Corporation's interest bearing financial instruments was as follows :

	2014 E	2013 E
Cash and cash equivalents	296 914 214	202 328 486
Long term liabilities	(49 473 017)	(42 609 415)

A change of 100 basis points in interest rates would have increased/(reduced) income by the amounts shown below based on balances at year end for 12 months compounded monthly. The analysis is performed on the same basis for 2013.

	2013		2014	
	100 bp Decrease	100 bp Increase	100 bp Decrease	100 bp Increase
Variable rate instruments - net	(2 474 412)	2 474 412	(1 597 191)	1 597 191

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows :

	2013		2014	
	Carrying amount E	Fair value E	Carrying amount E	Fair value E
Trade and other receivables	77 566 279	77 566 279	75 125 048	75 125 048
Available for sale financial asset	3 113 841	3 113 841	3 046 811	3 046 811
Financial asset at fair value through profit and loss	18 150 102	18 150 102	15 357 747	15 357 747
Cash and cash equivalents	296 914 214	296 914 214	202 328 486	202 328 486
Trade and other payables	(78 496 418)	(78 496 418)	(60 228 449)	(60 228 449)
Borrowings	(49 473 017)	(49 473 017)	(42 609 415)	(42 609 415)
	267 775 003	267 775 003	193 020 228	193 020 228

The fair values of cash resources, receivables, payables and accrued expenses approximate fair value due to the short term nature of these instruments. The fair values of long term financial liabilities are not significantly different to the carrying value as they are carried at amortised cost.

	2014 E	2013 E
10. Available for sale financial assets		
Swaziland Building Society Permanent Shares	3 113 841	3 046 811
	3 113 841	3 046 811

Swaziland Building Society Permanent Shares

The Corporation is holding the investment at the Swaziland Building Society as security for housing loans provided to the Corporation's staff by the Swaziland Building Society. The Corporation is therefore holding this investment as a noncurrent asset. The shares are measured at fair value.

11. Financial assets at fair value through profit and loss

African Alliance – Managed Fund	18 150 102	15 357 747

The Corporation has invested this amount with African Alliance mainly for capital appreciation. The Corporation has ready access to these funds, and makes additions and withdrawals from time to time.

12. Inventories

Chemicals	597 271	399 992
Building materials	189 851	78 912
Petrol and diesel	320 014	211 162
Spares, fittings and pipes	3 817 024	3 469 252
Ecowater	414 613	540 101
Inventories are reported at the lower of cost or net realisable value.	5 338 773	4 699 419

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

//Continued

	2014 E	2013 E
13. Trade and other receivables		
Trade receivable	94 086 029	79 565 250
Less: Allowance for impairment of receivables	(28 865 583)	(24 157 663)
Net trade accounts receivable	65 220 446	55 407 587
Staff receivables	1 144 299	1 107 974
Sundry receivables	11 539 945	18 803 632
Less: Allowance for impairment of other receivables	(338 411)	(194 145)
Net other receivables	12 345 833	19 717 461
	77 566 279	75 125 048
The ageing for the impairment of trade and other receivables is as follows:		
Up to 3 months	2 606 941	2 210 654
3 to 6 months	2 525 768	2 380 810
6 to 12 months	6 414 059	3 748 801
Over 12 months	17 318 815	15 817 398
	28 865 583	24 157 663
Movements in the Corporation's allowance for impairment of trade and other receivables is as follows:		
Opening balance	24 157 663	20 920 283
Allowance for receivables impairment raised	4 707 920	6 150 375
Impairment loss recognised/(reversed)	-	(2 912 995)
Closing balance	28 865 583	24 157 663
14. Cash and cash equivalents		
Bank balances	110 972 366	107 439 490
Cash on hand	25 748	15 557
Short term bank deposits (note 14.1)	185 916 100	94 873 439
Net cash and cash equivalents	296 914 214	202 328 486
14.1 Short term bank deposits:		
First National Bank (Swaziland) Limited – fixed deposit	50 576 986	-
Nedbank (Swaziland) Limited – fixed deposit	50 475 228	20 000 000
Swazi Bank - Fixed deposit	63 377 041	40 000 000
African Alliance – Lilangeni Fund	18 665 640	32 264 809
Swaziland Building Society – Gold savings account	2 821 205	2 608 630
	185 916 100	94 873 439

	2014 E	2013 E
15. Swaziland Government Interest		
Loan Equity	30 222 580	30 222 580
These are amounts advanced to the Corporation by the Swaziland Government which are not expected to be repaid.		
16. Deferred grant income		
Swaziland Government:		
- Nhlangano: Water supply and treatment plant	223 217 863	149 217 863
- Urban Development Projects (Packages 6, 7, 8, 10, 18 A & B, and 20)	75 683 350	79 143 421
- Pigg's Peak Dam	3 488 904	3 594 814
- Hlatikhulu Treatment Works	2 456 469	2 539 974
- Siteki: Lomahasha water supply	158 657 556	163 082 118
- Ezulwini: Lobamba Water Supply	22 602 874	23 246 971
- Lukhaba Gravity Mains	4 229 926	4 363 882
- Mankayane Water Supply	10 484 942	10 791 082
- Enhlambeni Water Supply	12 554 681	12 999 819
- Government forex subvention	33 585 681	34 719 295
- Currency ratio subvention: Package 18	55 918 036	57 649 052
- Land transferred from the Government to SWSC	4 388 600	4 491 400
- Raw water for Tex Ray factory	5 891 882	6 071 562
- Sikhuphe Water Supply	84 003 983	84 003 983
- Matsapha Sewer treatment plan relocation	231 177 009	156 177 009
- Hlane Water Supply	25 000 000	-
- Impilo reservoir	1 157 839	-
Swaziland National Housing Board Grants:		
Makholokholo Project	860 985	892 881
Swaziland National Trust Commission:		
Mlawula Workstation	778 111	800 996
Micro Projects Grants:		
Nhlambeni Water Supply	611 790	-
Makhewu Water Supply	436 027	-
Mbikwakhe Water Supply	700 846	-
Grant amortisation to statement of comprehensive income (Refer note 1 and 6)	(13 256 847)	(11 552 133)
Total deferred grant income	944 630 507	782 233 989

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

	2014 E	2013 E
17. Borrowings		
Swaziland Government:		
- IBRD loan (note 17.1)	13 228 776	15 634 010
- Excess IBRD loan (note 17.1)	9 876 494	9 876 494
	23 105 270	25 510 504
Nedbank loan (note 17.2)	20 769 230	8 416 319
Stannic finance lease (note 17.3)	2 265 189	4 349 258
Standard Bank loan (17.4)	3 333 328	4 333 334
	49 473 017	42 609 415
Due within one year		
- IBRD Loan	(3 607 852)	(3 607 852)
- Excess IBRD loan	(9 876 494)	(9 876 494)
- Stannic finance lease	(1 781 779)	(2 873 159)
Nedbank loan	(2 547 283)	-
Standard Bank loan	(1 052 339)	-
Total due within one year	(18 865 747)	(16 357 505)
Total due after more than one year	30 607 270	26 251 910

17.1 IBRD Urban Development Project Loan
In December 1995 a subsidiary loan agreement was entered into with the Swaziland Government in terms of which the Corporation was granted E43 294 200 to be used in financing rehabilitation and expansion of water and sewerage services in certain designated urban areas.

The loan is unsecured, bears interest at inflation rate plus 2% per annum and is repayable in semi-annual instalments. The final instalment is due in July 2018.

17.2 Nedbank Loan
The Nedbank Loan relates to a facility of E23 775 808. The purpose of the facility is to meet the Corporation's obligations to procure guarantees for Hawane Gravity pipeline and ancillary works. It bears interest at prime rate less 1.55% per annum, is repayable in monthly instalments over 120 months. Nedbank has a bond over the Corporation's Portion 80 (a portion of portion 61) of Farm 51, Hhohho District (refer to note 7).

	2014 E	2013 E

17.3 Stannic loan
The loan bears interest at prime less one percent per annum, is repayable within a maximum period of five years and Standard Bank holds title to the leased assets for the duration of the lease period with ownership reverting to the Corporation upon settlement of the amounts owed.

	2014 E	2013 E
Total liability	2 265 189	4 349 258
Less due within 1 year	(1 753 833)	(2 108 341)
Due after 12 months but not later than 5 years	511 356	2 240 917
Finance lease liabilities – minimum lease payments		
Not later than 1 year	1 753 833	2 108 341
Later than 1 year and not later than 5 years	638 548	2 613 488
	2 392 381	4 721 829
Future finance charges on finances	(127 192)	(372 571)
Present value of future finances liabilities	2 265 189	4 349 258

The leased assets are included in note 7.

17.4 Standard Bank loan
The Standard Bank loan is for the purchase of land by the Corporation (Lot 237; Matsapha town, District of Manzini). The loan bears interest at prime less 0.5% on the outstanding balance per annum and interest is paid on a monthly basis.

18. Deferred income tax
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2014 E	2013 E Restated
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	46 425 301	59 961 655
Deferred tax liabilities:		
- Deferred tax liability to be settled after more than 12 months	(27 319 136)	(24 228 259)
Deferred tax asset (net)	19 106 165	35 733 396
The gross movement on the deferred income tax account is as follows:		
Beginning of year	35 733 396	49 690 562
Statement of comprehensive income charge (note 5)	(16 627 231)	(13 957 166)
End of year	19 106 165	35 733 396

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

18. Deferred income tax
//Continued

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated depreciation E	Provisions E	Tax losses E	Total E
At 31 March 2013 as restated	(24 228 258)	5 521 196	54 440 458	35 733 396
Charged to the statement of comprehensive income	(3 090 878)	920 924	(14 457 277)	(16 627 231)
At 31 March 2014	(27 319 136)	6 442 120	39 983 181	19 106 165
At 1 April 2012 as restated	(21 109 270)	5 124 496	65 675 336	49 690 562
Charged to the statement of comprehensive income	(3 118 988)	396 700	(11 234 878)	(13 957 166)
At 31 March 2013 as restated	(24 228 258)	5 521 196	54 440 458	35 733 396

	2014 E	2013 E
19. Trade and other payables		
Trade accounts payable and accruals	15 989 199	18 722 915
Capital projects accruals	26 552 109	3 981 712
Contractors' retention (note 19.1)	1 190 000	1 530 323
Consumer deposits	12 429 451	10 685 949
IBRD loan interest accrual	22 335 659	25 307 550
	78 496 418	60 228 449

19.1 Contractors' retention
The contractors' retention represents liabilities the Corporation owes to contractors in respect of completed projects which are still being observed to confirm non existence of faults. Once the agreed periods for observation have elapsed, the liabilities will be settled using government grants and internal funding.

20. Short term employee benefits
Provision for leave pay

	2014 E	2013 E
Balance at the beginning of the year	1 813 220	1 440 331
Raised during the year	-	372 889
Utilized during the year	(290 324)	-
Balance at year end	1 522 896	1 813 220

20.1 Provision for leave pay
The leave pay accrual is related to vested leave pay to which employees are entitled. The accrual arises as employees render services that increase their entitlement to future compensated leave. The accrual is utilised when employees, who are entitled to leave pay, leave the employment of the Corporation or when the accrued entitlement is utilised.

	2014 E	2013 E
21. Notes to the statement of cash flows		
21.1 Cash generated from operations:		
Net profit for the year	70 584 819	42 996 356
Adjustment for items not involving cashflow:		
Grant amortisation	(13 256 847)	(11 552 133)
Depreciation (Refer note 7)	24 728 265	24 285 542
Loss on disposal of property, plant and equipment	467859	3 365 908
Fair value gains on financial assets	(2 859 385)	(2 122 145)
Interest income	(16 794 693)	(6 619 272)
Interest expenses	2 211 666	3 883 765
	65 081 684	54 238 021
Working capital changes:	17 824 986	(2 441 880)
Increase in inventories	(639 354)	(143 583)
Decrease in trade and other receivables	186 571	1 895 459
Increase/(decrease) in trade and other payables	18 568 093	(4 566 646)
(Decrease)/increase in provisions	(290 324)	372 890
Cash (utilised)/generated from operations	82 906 670	51 796 141

21.2 Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and at bank, short term deposits and money market investments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2014 E	2013 E
Cash on hand and balances with banks	296 914 214	202 328 486

22. Commitments

	2014 E	2013 E
Capital expenditure:		
Contracted	88 736 387	63 998 000
Authorised but not yet contracted	25 000 000	178 744 694
Total future capital expenditure	113 736 387	242 742 694

This expenditure is to be financed with internally generated funds and Government capital grants

23. Retirement benefits
The staff pension fund, the SWSC Pension Fund, which is a defined contribution plan, was established on 1 April 1999 and is administered by Negotiated Benefit Consultant Pty Ltd. Membership of the pension plan was optional for the former Public Service Pension Fund members. As at 31 March 2014:7(2013:13) employees are still covered under the Public Service Pension Fund and 488 employees are members of the Swaziland Water Services Corporation Pension Fund. The last actuarial valuation of the Public Service Pension Fund was performed in 2010. No provision is made for statutory retirement benefits under The Employment Act of 1980 as such benefits are fully covered by The Corporation's contributions to the various pension funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
//Continued

24. Contingent liabilities
There were no contingent liabilities identified during year.

25. Prior period error
Section 14 of The Income Tax Order 1975, as amended prescribes the rates to be used by taxpayers in claiming wear and tear allowances for the various asset categories used in the production of income.

Swaziland Water Services Corporation has not applied the correct rates in claiming wear and tear allowances for a number of years and this was corrected in the 2014 financial year by a restatement of opening retained earnings and restatement of the 2013 balances through the Statement of Changes in Equity.

The effect of the changes on the 2012 closing balances and the 2013 amounts are disclosed below:

	2013 As previously reported E	Effect of prior period error E	2013 As restated E
Assets			
Deferred income tax asset	-	35 733 396	35 733 396
Other	1 178 292 243	-	1 178 292 243
	1 178 292 243	35 733 396	1 214 025 639
Equity			
Retained earnings	(226 987 502)	(69 930 484)	(296 917 986)
Other	(30 222 580)	-	(30 222 580)
	(257 210 082)	(69 930 484)	(327 140 566)
Liabilities			
Deferred income tax liability	(34 197 088)	34 197 088	-
Other	(886 885 073)	-	(886 885 073)
	(921 082 161)	34 197 088	(886 885 073
Total equity and liabilities	(1 178 292 243)	(35 733 396)	(1 214 025 639)

	2012 As previously reported E	Effect of prior period error E	2012 As restated E
Assets			
Deferred income tax asset	-	49 690 562	49 690 562
Other	987 389 236	-	987 389 236
	987 389 236	49 690 562	1 037 079 798
Equity			
Retained earnings	(194 247 509)	(73 631 287)	(267 878 796)
Other	(30 222 580)	-	(30 222 580)
	(224 470 089)	(73 631 287)	(298 101 376
Liabilities			
Deferred income tax liability	(23 940 725)	23 940 725	-
Other	(738 978 422)	-	(738 978 422)
	(762 919 147)	23 940 725	(738 978 422)
Total equity and liabilities	(987 389 236)	(49 690 562)	(1 037 079 798)

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