SWAZILAND WATER SERVICES CORPORATION

ANNUAL REPORT 2013

HRH, PRINCESS TSANDZILE
Hon. Minister for Natural Resources and Energy:
The Ministry Responsible for Swaziland Water
Services Corporation

CONTENTS

#1 [INTRODUCTION]

Who we are - 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.

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.

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.

#2 [VISION & MISSION]

VISION

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

MISSION

"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"

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

DIFFERENTIATING SLOGAN "We do it through our people"

CHAIRMAN
Themba A. Maseko

#3 [CHAIRMAN'S STATEMENT]

The Board and Management of Swaziland Water Services Corporation (SWSC) take pleasure in presenting the 2012/13 annual report. The past year has had a lot of challenges and as a Corporation we pride ourselves in that we were able to meet stakeholder expectations whilst balancing social, economic and political goals.

Increasing access to water and sanitation is an integral part of the Poverty Reduction Strategy and Action Programme (PRSAP) and Millennium Development Goals (MDG). However, a major challenge facing the country is the security and sustainability of water supply. Success of the current and planned developments taking place in the country, which include the proposed Science and Technology Park, planned shopping mall at the old trade fair site, planned Millennium Convention Centre at Ezulwini and the township developments at Ezulwini to mention a few, all depend on the availability of water. Investment in water harvesting and storage is no longer an option given the dwindling sources of water as a result of changes in climatic patterns. The country needs to urgently invest in the construction of water storage dams to meet current and future demand. The provision of a budget to secure infrastructure projects aimed at sustainability of future water supply has become critical. Sustainability of water supply has positive spin-offs in terms of socio-economic development. Adequate raw water storage eliminates treatment pocket plants in the supply corridors and this may lead to a reduction in the unit cost of supplying water which is a key determinant in tariff setting.

Since Corporatisation in 1994, SWSC has played a critical role in the provision of water and sanitation resulting in over 90% of the urban population having access to clean water. Budgetary constraints have been a setback in project implementation and delivery. With enabling political support and adequate budget provisions, a 100% access to clean water in urban areas can be achieved.

Strengthening stakeholder relationships and working with communities is an important part of our corporate social responsibility programme. In addition to partnering with the University of Swaziland (UNISWA) Foundation, through the provision of scholarships for eligible students, SWSC has contributed to national events by erecting useful structures such as ablutions and by also providing bottled water to participants. On behalf of the Board, I would like to welcome Mr Clinton Simelane who was appointed as one of the independent non-executive directors on 1 November 2012.

My sincere appreciation goes to the Board, Management and Staff for their contribution to the sustainability of the business during these tough economic conditions. The Board remains committed to the success of the business and the attainment of corporate goals.

A.T. Maseko
Chairman of the Board

#4 CHIEF EXECUTIVE OFFICER'S REVIEW

INTRODUCTION

The year under review has been tough in terms of the economic climate and the uncertainties in the business environment. The Corporation had to employ strategies to deliver on customer expectations whilst retaining the confidence of suppliers, Government and other stakeholders. Despite the strong turbulence that comes with the rapid change in economic, social, political and business environment, the Corporation has managed to adapt and implement its annual business score card with strategic objectives, making notable achievements in the process.

FINANCIAL OVERVIEW

The Corporation's operating revenue for the year was E245.5 million (2012:E209.8 million), representing an increase of 17% (9% in 2012). The increase is mainly attributable to growth in revenue as a result of efficiency initiatives, new connections and timely increase in tariff.

The current ratio stood at 3.8:1 (2012: 1.8:1). The debtors' collection period stood at 82 days (compared to 88 days in the previous year). This is attributable to the slight improvement in the economic condition and Government's fiscal impasse.

Total assets surpassed the E1 billion mark which is a major achievement for the Corporation.

WATER LOSSES

SWSC participates in the regional initiative for the reduction of non-revenue water. The Non-Revenue Water Reduction is a programme aimed at reducing water losses in Africa. It is run by the African Water Association (AfWA) in partnership with the United States Agency for International Development (USAID)'s Blue Revolution Initiative. A total of twenty seven utilities from twenty four countries are involved in the programme of which seven are task force members. The programme is designed for a three year period and is divided into three parts; Diagnostic, Implementation, Monitoring and Evaluation. In the diagnostic part, the member utilities were visited by task force members to assess their NRW status and assisted them to develop a Performance Improvement Plan. In Implementation, the utilities are required to develop and implement an action plan resulting from the diagnostic visit. Task force members in the monitoring and evaluation stage will be required to make regular visits to the utilities. They will determine, evaluate and monitor if the various steps of the action plan are being implemented correctly.

CUSTOMER SERVICE

The Corporation thrives for service excellence and continuously explores new ways to better serve customers whilst ensuring ease and convenience of doing business. The introduction of the online and mobile water bill payment service has made it easier for customers to honor their monthly water bill payment obligations. Customers can now visit the corporate website, HYPERLINK "http://www.swsc.co.sz"www.swsc.co.sz, to register and enjoy benefits that include water bill balance enquiry and updating of personal details, while commercial customers can also use this service for new water connection applications. The Corporation subscribes to quality management systems and is working towards the environmentally friendly 'paperless' goal. As more ways to delight customers are explored, feedback is received through the Toll Free Number 800 5000, which is available 24 hours, 7 days a week and through the Facebook and Twitter pages.

INFORMATION TECHNOLOGY (IT)

The IT department has implemented an Electronic Document Management System (EDMS) to help streamline document process flows. Introduction of the system has improved efficiencies and reduced costs for the Corporation in terms of:

- Reduced printing of documents
- Improved and fast distribution of documents
- Improved administration and tracking of documents
- Improved search and flexible retrieval of documents
- Reduced document storage costs
- Improved protection of physical documents (less handling of original documents and therefore originals are preserved)
- Reduced time for document processing

ECOWATER BOTTLING UNIT

The business unit successfully embarked on contract bottling for clients requiring special labels. These included the Swazi Bank Cup, Greater Alpha group (Church) and KFC Swaziland. Product awareness was promoted to customers who from time to time require customised branded water.

The unit secured a market in Maputo, Mozambique, with stocks delivered in the third quarter of the reporting period. The demand for the Ecowater brand is growing in Maputo.

Following a market and customer survey, the need to improve on the product packaging, mainly the bottle and sleeve was highlighted. As a result, a new bottle and sleeve were developed and introduced in the market.

STAFF AND DEVELOPMENT

The Corporation has an equal opportunity policy designed to ensure equality in the work place. We also engage our employees in maintaining a conducive work environment. Training and development of employees is a priority. A performance management system is in place and employees are appraised and evaluated on an annual basis.

HEALTH AND SAFETY

Health and safety is an integral part of our business strategies and processes. The Corporation is committed to providing a safe and healthy working environment for all its employees, stakeholders and visiting members of the public. We comply with relevant legislation, codes of practice and safe operating procedures. We also provide an environment that enables all employees to participate in developing, promoting and improving health and safety at work. Continuous training on aspects of health and safety continues to be provided so that our employees commit to maintaining the highest standards on health and safety.

CHALLENGES FACING THE CORPORATION

The under-listed were problems and challenges facing the Corporation in 2012/13. These problems/challenges have had an adverse impact on the operations of SWSC and its ability to extend adequate services to its customers:

Sustainability of water supply: The sustainability of current and future water supply is under threat due to the lack of raw water storage dams. Investment in projects for water sustainability is critical given changing climatic conditions and unpredictable hydrological cycles. National development projects such as the proposed Technology Park will face serious challenges if the issue of raw water storage is not urgently addressed.

Population growth and urbanisation: More pressure is being exerted on water supply sources as a result of increased demand for water. This also raises the demand for proper sanitation. Population growth and urbanisation remain a key challenge especially when there is no investment in raw water storage.

Tough economic conditions: The tough economic conditions still affect the business of the Corporation. A turnaround on the current economic impasse should yield positive results for the Corporation and stakeholders.

Budget constraints: Water and sanitation affects all the pillars of the PRSAP and MDGs. Adequate national budget provisions need to be made for the development of proper infrastructure to support social and economic development.
Tariff approval process: The independent regulation of water and sanitation services is a pre-requisite for balancing financial, economic, social and political objectives through the application of a cost reflective tariff.

Costs of production inputs: Production costs such electricity, chemicals, materials and consumables often increase at a rate above inflation yet tariff determination is normally a function of the consumer price index (CPI) which Government uses as a base to set the "major rate".

Old and aging infrastructure: Old infrastructure is a major cause for water loss due to pipe bursts and leaks. Because of limited financial resources pipes are replaced as and when there is a burst or leak.

The implementation of the strategic plan and the monitoring of performance targets and key performance indicators is to a greater extent, addressing some of the above-listed challenges. The strategic implication on these challenges is reviewed annually with relevant action plans developed and tailored to mitigate the impact of such challenges.

ACKNOWLEDGEMENT

In a year that has been dominated by tough economic challenges, I am greatly honoured to lead a team of dedicated employees who have worked hard to steer the Corporation in the right direction. To me this is a reflection of our live values charter for which I am grateful. I am also deeply indebted to the support we have received from our Customers, Government, Contractors and Consultants and other stakeholders throughout the years and look forward to a good and fruitful relationship for many more years to come.

P.N. Bhembe
Chief Executive Officer

CEO
Peter N. Bhembe

#5 [BOARD OF DIRECTORS]

Mr Themba Maseko: Chairman; Dipl (Banking); BSc (Finance); MBA.

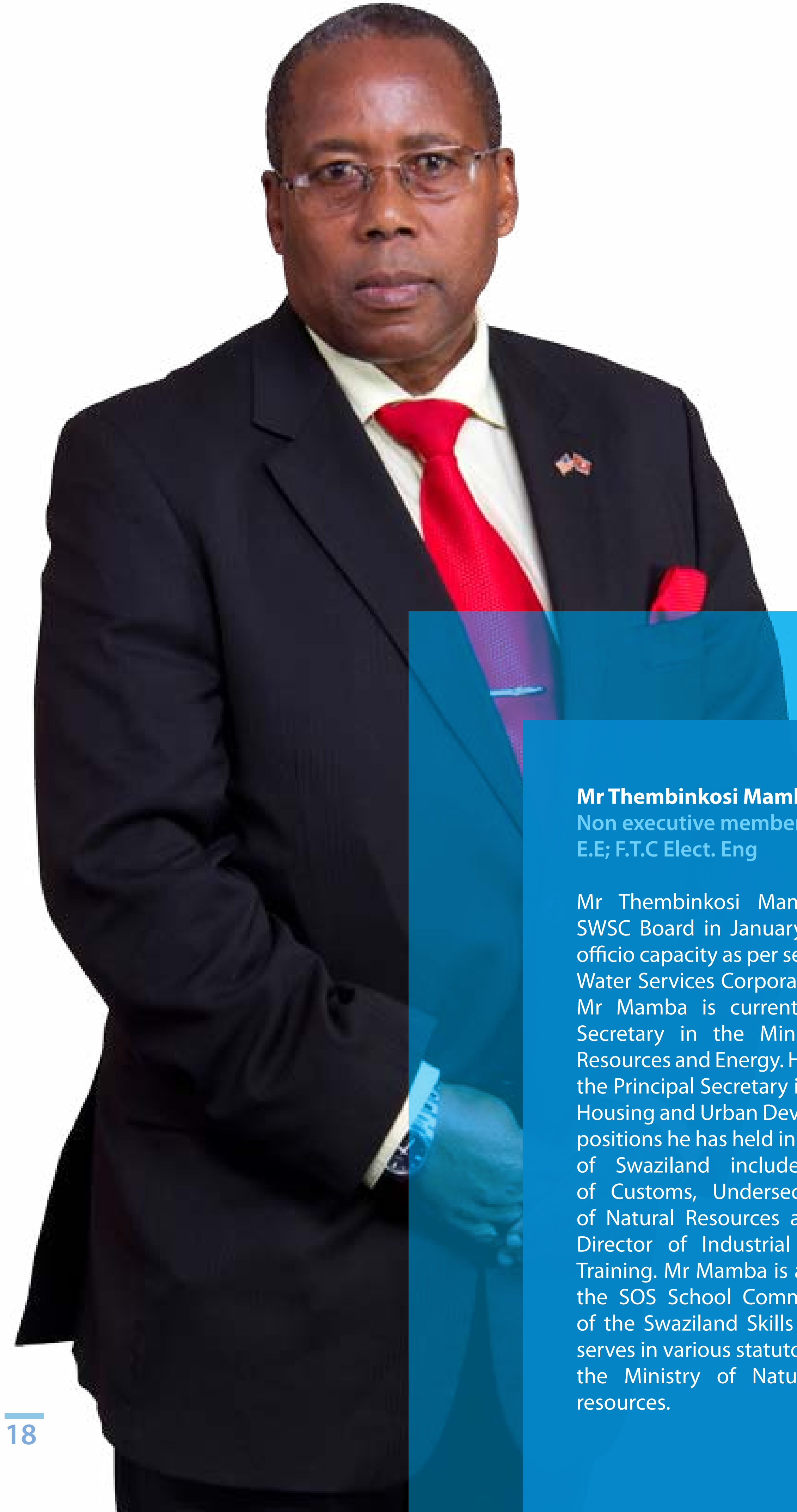
Mr Themba Maseko joined the SWSC Board as Chairman and non-executive member in January 2011. Mr Maseko is a businessman in the hospitality industry. He has served in various Boards of different organizations including Ezra – Tourism section (as Chairman); Southern Eastern Africa Tourism Committee (as 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).



Mr Thembinkosi Mamba:
Non executive member; B.Eng (Hons) E.E; F.T.C Elect. Eng

Mr Thembinkosi Mamba joined the SWSC Board in January 2011 in an ex-officio capacity as per section 4 (1) of the Water Services Corporation Act of 1992. Mr Mamba is currently the Principal Secretary in the Ministry of Natural Resources and Energy. He was previously the Principal Secretary in the Ministry of Housing and Urban Development. Other positions he has held in the Government of Swaziland include Commissioner of Customs, Undersecretary (Ministry of Natural Resources and Energy) and Director of Industrial and Vocational Training. Mr Mamba is also Chairman of the SOS School Committee, Chairman of the Swaziland Skills Centre and also serves in various statutory Boards within the Ministry of Natural Energy and resources.

Ms Cynthia Dlamini:
Non executive member; BS (Allied Health Ed); BS (Nursing); Masters (International Health)

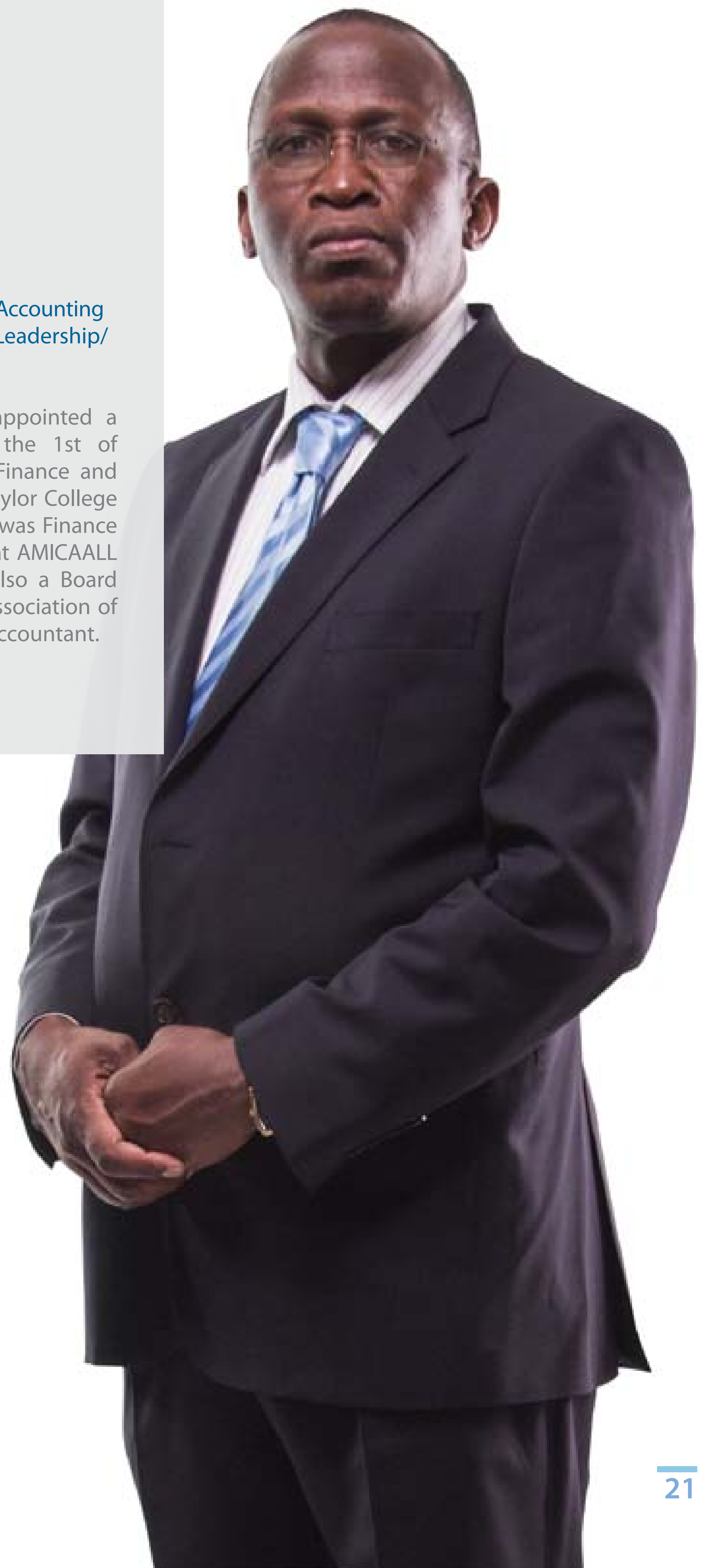
Ms Cynthia Dlamini joined the SWSC Board as a non-executive member in January 2011. She is currently a lecturer in the Faculty of Health and Sciences at the University of Swaziland. She was previously a clinical staff nurse at the Raleigh Fitkin Memorial Hospital. Ms Dlamini is a Registered Nurse and 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.

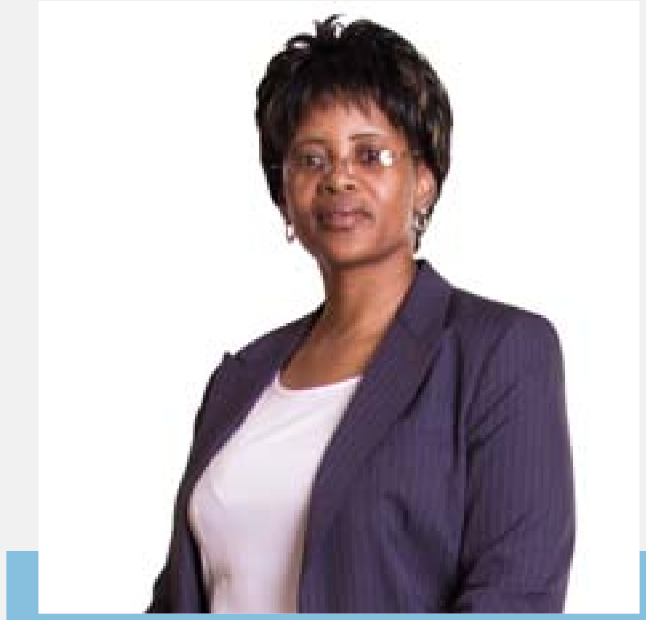
Mr Mmiseni Dlamini:
Non executive member; Dipl. In PC Engineering (Data Mngt) Associate Degree (Business Mngt) BS (Human Resource Development)

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.

#6 [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).

#7 [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)


Jonathan Muzulu
Mechanical and Electrical Engineer – B.Sc (Electrical Eng); MBA

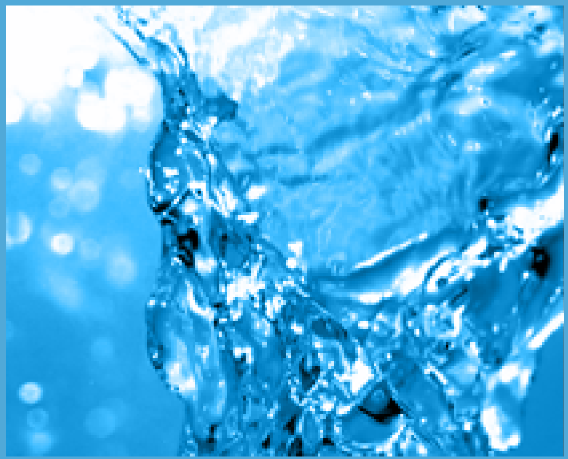

Bafana Sibandze
Survey Engineer: HND (Land Surveying)


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).

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

#8 OPERATIONS REVIEW

Overview of infrastructure - Focusing on production and operational efficiencies is vital in keeping costs low and under control. Planning and prioritizing investments is key in the provision of reliable supply of safe drinking water and sanitation services.

The Matsapha Water Treatment Plant (WTP), which is the largest water treatment plant operated and maintained by SWSC, with a design capacity of 1440 m3/hr, is currently operating at 98% of its full capacity. The supply areas fed by the Matsapha WTP include the entire Matsapha and Manzini and parts of Lozitha and Moneni to mention a few. The plant is almost operating at full capacity, and it now needs to be upgraded to increase production capacity. The abstraction quota of raw water from the Lusushwana river also needs to be reviewed to address the ever increasing demand for potable water.

The Corporation is working towards ISO 9001:2008 certification for the Matsapha WTP and the Head-Office at Ezulwini. This will streamline all process operations in a manner that will ensure quality, customer satisfaction and continuous improvement.

The central region offices have moved from the Swaziland National Association of Teachers (SNAT) offices in Manzini to Matsapha, where the Corporation acquired an industrial building. Part of the building houses the Ecowater business unit and storage. The new offices are located along King Mswati III avenue, next to S&B Construction at the Matsapha Industrial Estate.

NETWORK AND DISTRIBUTION

Water loss reduction is a key performance indicator in the Corporation's strategic plan. The Corporation continues to implement various projects to reduce non revenue water (NRW) to sustainable levels (<25%). One of the key projects is the piloting and introduction of Automatic Meter Reading. This system allows for realtime monitoring of the water network as well as key customers. The system will improve the Corporation's response time to pipe bursts as well as significantly assist in detecting areas which are prone to leakages.

Infrastructure improvement is also part of the actions aimed at reducing water losses. These improvements include the installation of appropriate water network devices at the appropriate locations to optimise water supply efficiency pressure. The efforts to reduce water losses have yielded a significant reduction in non revenue water figures which was recorded at 29% (2012/13 annual average).

As part of documenting SWSC standards for procedures and design criteria of waterworks and networks, three guideline documents were completed and are in operational use. These documents are:- Guidelines on the Pressure Testing of Medium Pressure Pipelines; Guidelines on Hydraulic Design – Thrust Blocks and Restraints and Guidelines on the Testing of Medium Sewer Pipelines.

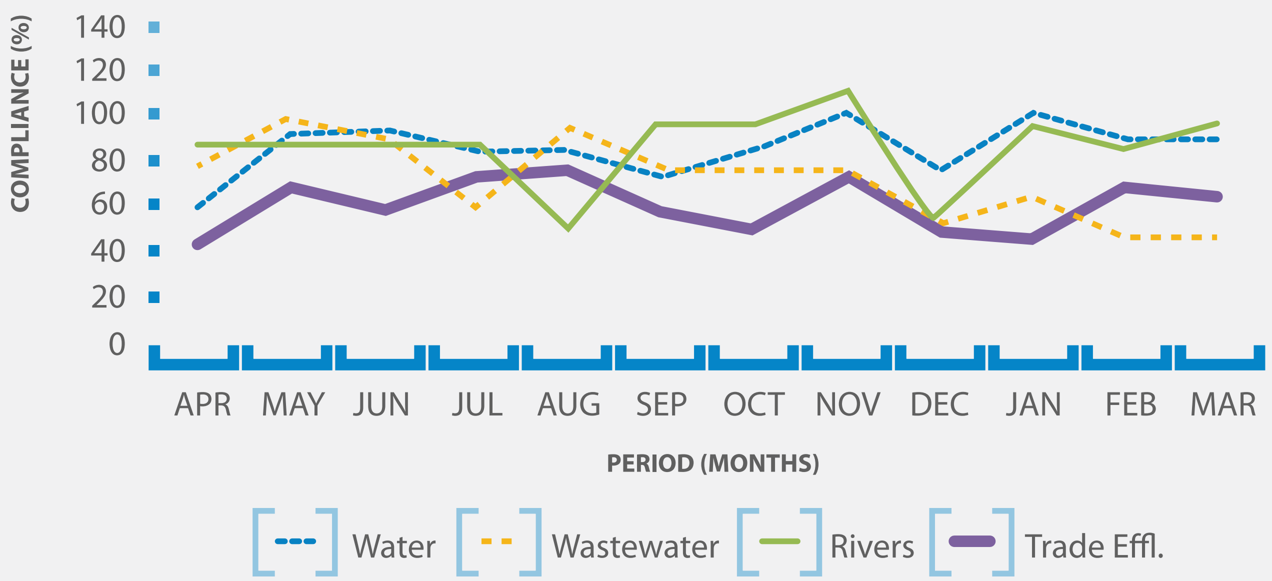
WATER AND WASTEWATER QUALITY MANAGEMENT

In line with national and international health and environmental standards, the quality of drinking water and wastewater discharge is one of SWSC's key performance measures. A great deal of focus is directed towards achieving high standards whilst ensuring that products and services remain affordable to our customers. One of SWSC's strategic goals is to be a recognized world class benchmark in quality and customer service. The implementation of the ISO 9001:2008 certification for the Matsapha Waterworks continued this year as part of the strategic plan goal. The maintenance of the SANAS 17025 quality management standard for the main laboratory is crucial for ensuring quality at all SWSC treatment plants.

The main laboratory has been vigorous in ensuring that the water/wastewater quality monitoring program covers the entire supply chain, especially in response to the requirements of the revised Wastewater Pollution Control Regulations (2010) which came into effect in May 2010. New sampling points have been added to the monitoring program. The average sampling frequency for the various sampling programs for the year were as follows:

Potable water: 88.9%
Wastewater: 73.2%
Rivers: 87.6%
Trade effluent: 61.0%

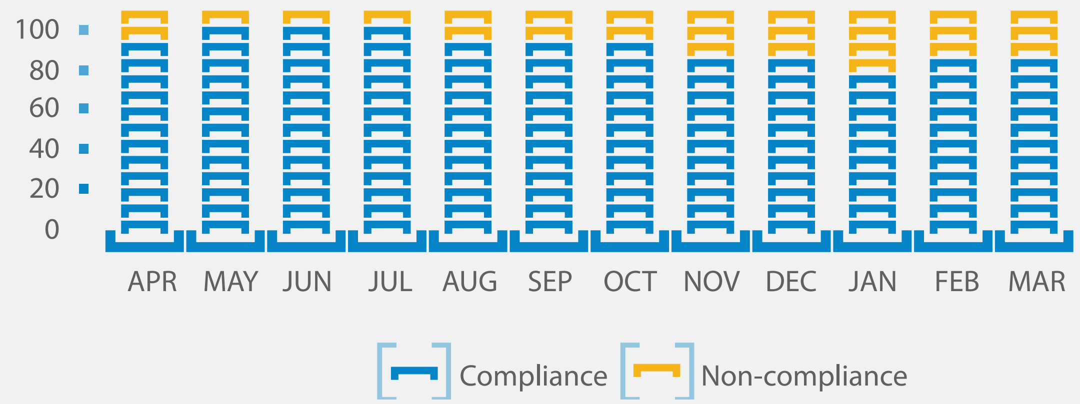
Figure 1: Monthly sampling frequency 2012/2013



POTABLE WATER

A total of 4, 410 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 were 211, 680. During the period under review, SWSC updated the in-house Drinking Water Guidelines (2012) following the new Drinking Water Guidelines published by the World Health Organization (WHO) in 2011. The SWSC Guideline is a more stringent hybrid of South Africa's SANS 241:2006 Drinking Water Specification and WHO Guidelines for Drinking Water (2011). The Guidelines define the physical, chemical and microbiological specifications for potable water and are used to assess the potability of the water produced by SWSC's plants across the country. Each of SWSC's twenty four waterworks has this Guideline as a standard document for operators on the expected product quality, thus assisting them to improve process controls.

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



The 2012/13 annual microbiological and physico-chemical compliance for potable water based on WHO Guidelines for Drinking Water (2011) was 92% (Figure 3), which reflects a 1% improvement compared to 2011/12.

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

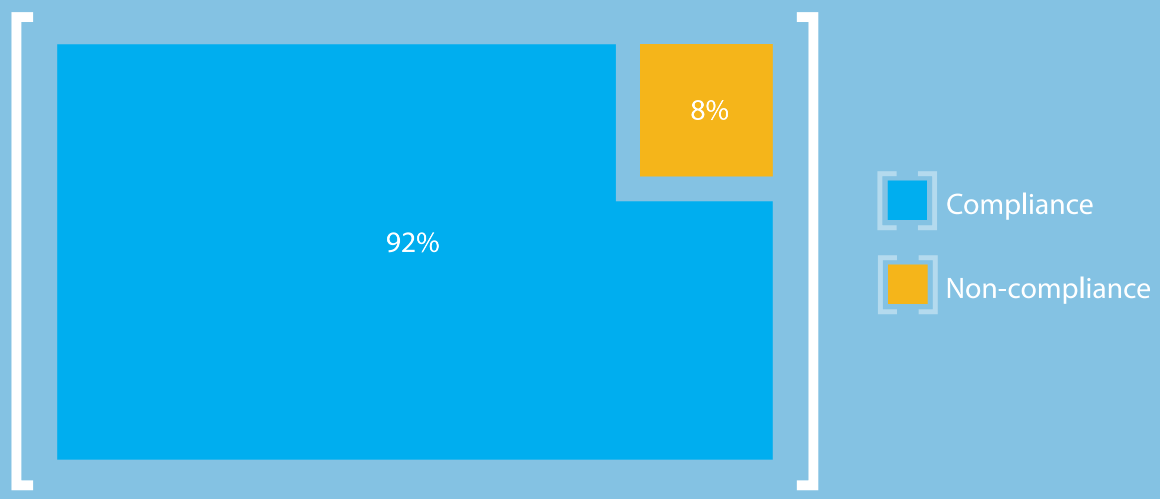
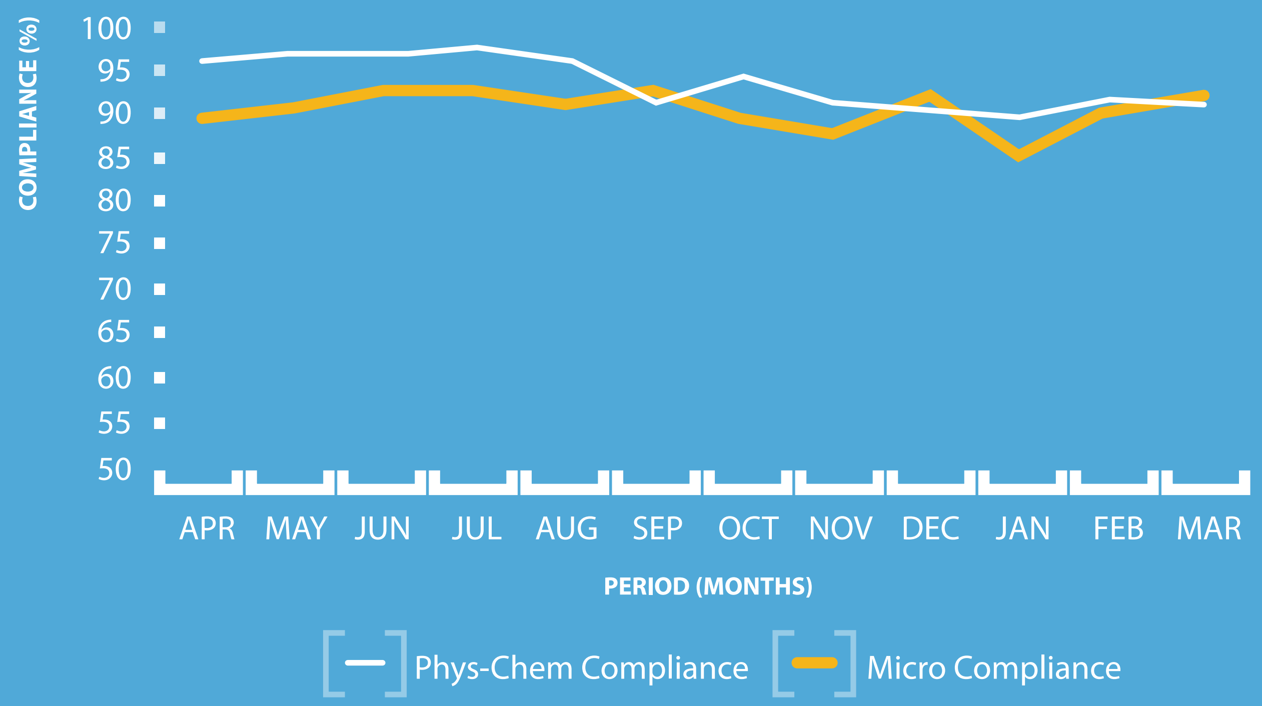


Figure 4: Average turbidity compliance with WHO Drinking Water Guidelines



WASTEWATER

Wastewater treatment plant discharges were monitored to evaluate compliance against the water pollution control regulations. A total of 943 wastewater samples were collected and analyzed over the 12-month period. The total number of tests conducted were 18, 860. The tests included physical, chemical, organic pollutants, trace metals and microbiological determinants.

The overall compliance of SWSC's effluent improved to 60.2% which is an increase of 7.6% compared to the previous year. The aim is to invest in operational processes and infrastructure over the next financial year so as to progressively improve the compliance levels.

TRADE EFFLUENT

A total of 966 trade effluent samples were collected and 3, 864 tests were conducted. Industries capable of generating poor effluent were regularly monitored and billed in the SWSC Industrial Effluent Monitoring Program (IEMP). Ten industries are currently being monitored in the IEMP. SWSC collaborated with industries with regard to trade effluent in an effort to promote efficient handling of industrial discharges. The cooperation resulted in some of these industries improving their on-site pre-treatment facilities. The Corporation has developed draft Effluent Bylaws. These regulations will facilitate the eventual incorporation of other key parameters in wastewater treatment such as pH, total dissolved solids, electrical conductivity, etc.

PLANT AUDITS

A total of 242 water treatment plant audits were conducted during the period under review, which represents a 3.8% 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 89.8% average turbidity compliance (figure 4).

RESERVOIRS

A new cleansing cycle for 2012/2014 commenced in April 2012 and by the end of the 2012/2013 financial year a total of 38 reservoirs had been cleansed, bringing the progress to date to 48.7%. For the Matsapha airport reservoirs, infrastructural modifications were done which allowed for the reservoirs to be by-passed in order to ensure that the supply is not disrupted during the cleansing of these reservoirs. The remaining 51.3% will be cleansed during 2013/2014

ECOWATER BOTTLING PLANT

Routine and periodical tests were

conducted on the Ecowater bottling plant processes to ascertain its efficacy and the product quality thereof. In order to service the customer's needs as required by the South African Bottled Water Association Guidelines (SANBWA), the laboratory developed new methods for testing parameters such as Yeast & Mould and Pseudomonas aeruginosa. In addition the laboratory began testing every batch of the product and giving feedback to the plant.

#9 [PROJECTS]

Work continued for projects aimed at increasing access to safe drinking water and sanitation supply coverage. These projects play a critical role in the reduction of poverty and the achievement of targets under the Millenium Development Goals (MDG).

GOVERNMENT FUNDED

New Sewer Treatment Plant for Matsapha Industrial Town

The project was under suspension for the better part of 2012/13 due to delayed interim payment certificates. The Civil and Mechanical Contractors had suspended works; however the contracts with the contractors were revived after successful negotiations. The civil works contractor was back on site and proceeded with the works as from February 2013. The Electrical contract is due for appointment of the electrical contractor.

The Government transferred the budgeted funds to the Corporation for ease of disbursement to contractors. Negotiations for the servitude of the outfall sewer line are still ongoing with the property owners.

Nhlangano Water Supply and Sewer Treatment

The potable water treatment plant project remained suspended by the contractor due to delayed payment of interim certificates. At the end of the financial year, negotiations with the Contractor to resume work had not been finalized. The award for the sewerage treatment plant tender remained suspended subject to Government's financial position improving.

Matsapha Waste Water Treatment Plant

Lomahasha Water Supply

The final designs for the Lomahasha water supply were completed in August 2012. The project cost is estimated at E125 million. The commencement of the project is dependent on the provision of a budget by Government.

The Lukhula and Lonhlupheko Booster stations were almost complete with progress at 99% and the station is operational.

LAB FACILITIES

Ezulwini Water Supply

INTERNALLY FUNDED

Ezulwini Water Supply

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 in Ngwane Park. A budget of E1.5 million was provided for under the SWSC Capital Expenditure Programme.

This budget was utilized to lay approximately 3500 meters of pipeline and to make 105 connections.

Logoba reservoir

The purpose of the project is to increase capacity to meet growth in demand and ensure potable water supply to Fairview, parts of Matsapha, Manzini, Logoba and surrounding communities. The project includes the design, construction and commissioning of a 3.2 megalitre reinforced concrete reservoir. The reservoir also provides capacity for the supply of water to the Lozitha area. The reservoir is 99 percent complete and commissioning is expected in the 2013/14 financial year.

Ezulwini Water Supply

The project started in August 2012 and it comprises of the River intake structure, Raw water pipeline (250mm diameter ductile iron pipe), Clean water treatment plant (75m3/hr package treatment plant), 1Megalitre reservoir and Gravity pipeline (250mm diameter ductile iron pipe) connecting to the Ezulwini existing water reticulation system. The project cost is E10.4 million.

Lobamba ablutions

The project comprised the construction of an ablutions block in Lobamba at the Mahhulumbeni site for national events. It is part of the Corporation's corporate social investment. The works were completed at a cost of E580 000.00 and the facility has been handed over to the Swaziland National Treasury (SNT).

Matsapha depot renovations

The project included rehabilitations works and modification of Lot 237 in Matsapha to house the Matsapha Depot, Central Regional Offices and the Ecowater storage unit. The works were completed and the Central Region staff have taken occupancy of the site.

Upgrading of 2.5 km 250mm pipeline in Nhlangano (Nhlangano water pipeline)

The Design, Construction and Commissioning of a 250mm trunk line off taking from the Nkawini-Nhlangano 400mm mild steel pipeline. The 250mm pipeline will off take at the CTA compound, span a distance of up to 2.5kilometres and terminate at the Mathendele Hill in Nhlangano (Southwest Region). A budget of E1,000,000.00 was utilized under the SWSC Capital Expenditure budget for the works. The pipeline is complete and operational.

PROJECTS- ISSUES FOR CONSIDERATION IN THE MEDIUM TO LONG TERM

Improving the reliability and sustainability of water supply has become critical for the current and future sustenance of the economy. As the sources of water supply become threatened and demand increases, investment in water storage infrastructure and the expansion of existing infrastructure has to be urgently considered. The proposed projects listed below have a great potential to contribute to social and economic development and should be considered for funding in the national budget.

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.

Ezulwini sewerage scheme

Ezulwini was declared a Town and the Corporation is mandated to provide both water and sewerage services to the Town. Presently the Corporation only provides limited water services. In order to meet its full mandate, the Corporation requires funds to construct a sewerage system for the Town. Presently, the Ezulwini Valley has no comprehensive sewer reticulation system. All existing developments have private sanitation arrangements comprising of either individual or communal septic tanks, private stabilization ponds or soak-pits. Septic tanks and ponds present an environmental risk as they contaminate ground water.

The proposed sewerage system comprises of the design and construction of a waterborne sewerage system for the area of Ezulwini. It will service the town of Ezulwini and portions of Lobamba i.e. from Mvutjini to Ludzidzini along the Old Manzini-Mbabane Highway corridor. The system will consist of a sewerage reticulation network, collectors, gravity mains, pumping mains, pump stations and a pre-treatment plant and an outfall sewer pipeline to Matsapha. The total estimated cost for the project is E100 million.

Ezulwini Water Supply

Ezulwini water supply

The Ezulwini water supply scheme is dependant on a small but perennial stream called Mkhondolwane. The source has intermittent supply during the winter and dry season resulting in an inadequate supply of raw water to the Corporation's treatment plant. This has led to frequent disruptions in water supply to Customers. There are also various parallel community water supply schemes that draw water from the same stream. The stream can no longer cope with the demands of both the Corporation and community.

The Corporation has conducted studies and preliminary designs to establish alternative sources of supply. Two options are currently under further investigation namely the construction of the Nondvo dam or abstraction from the Lusushwana river using the Luphohlo as a buffer.

The new water source would ensure reliable and adequate water supply to existing and upcoming developments in the Ezulwini area. The project would also satisfy the water demand requirements of the Ezulwini – Matsapha corridor and particularly the science and Biotechnology Park.

The total estimated cost for the Luphohlo dam option is estimated at E149 million and the Nondvo dam option is estimated at E170 million.

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 E30 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 E300 million.

#10 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 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.

BOARD COMMITTEES

To carry out its duties effectively, the Board operates through three Committees which are the Finance committee, Remuneration 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 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 2013.

Board attendance register

Name	Title	No. of normal Board meetings convened	No. of normal Board meetings attended	Percentage Attendance (normal meetings)
1. Mr. A.T. Maseko	Chairman	6	5	83%
2. Mr. T. Mamba	Member	6	5	83%
3. Mr. C. Simelane*	Member	6	2	33%
4. Mr. P.N. Bhembe	Member	6	5	83%
5. Mrs. C. Dlamini	Member	6	5	83%
6. Mr. S. Khumalo	Member	6	5	83%
7. Mr. A. Dlamini	Member	6	6	100%
8. Mr. M.B.C. Dlamini	Member	6	6	100%
9. Mr. M.J. Ntshangase	Member	6	6	100%

* Appointed November 2012.

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.

#11 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.

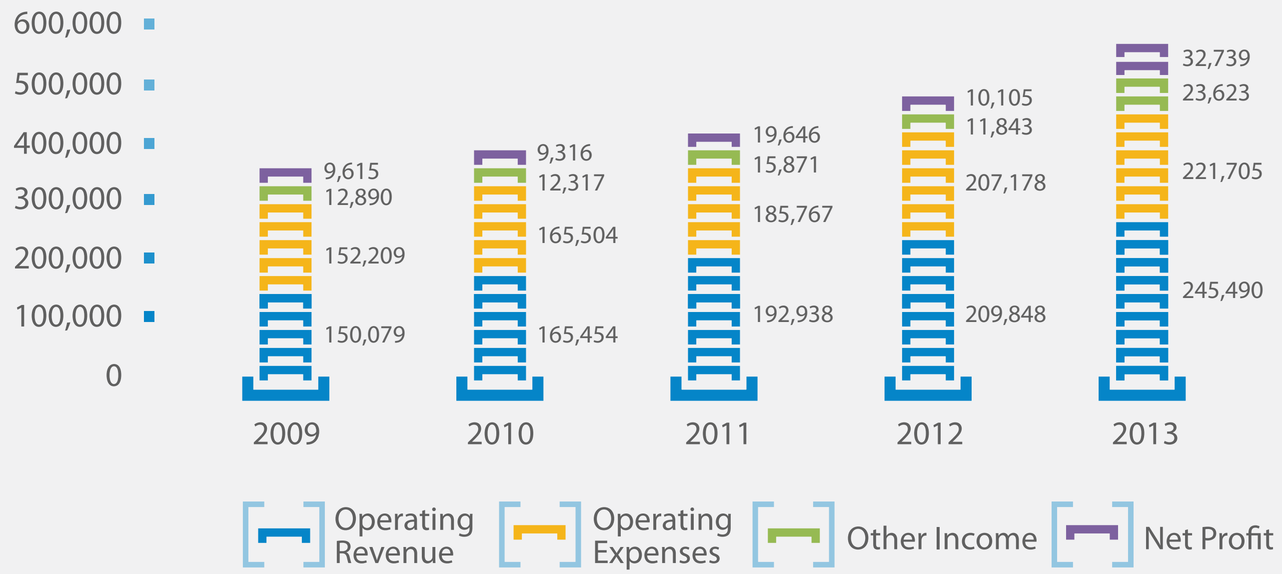
SWSC will integrate community investment considerations into decision-making processes and business practices, and will assist in local capacity building to develop mutually beneficial relationships with communities.

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.

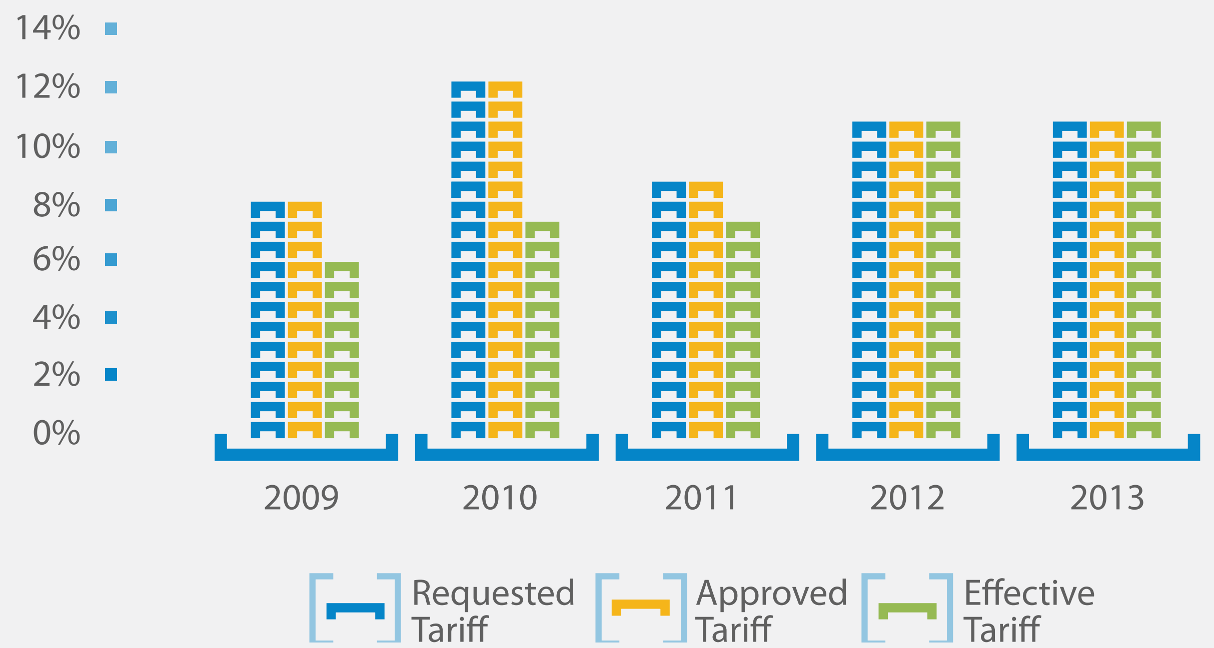
SWSC will strive to provide employment and economic opportunities in the communities where we operate.

#12 FINANCIAL AND OPERATING STATISTICS

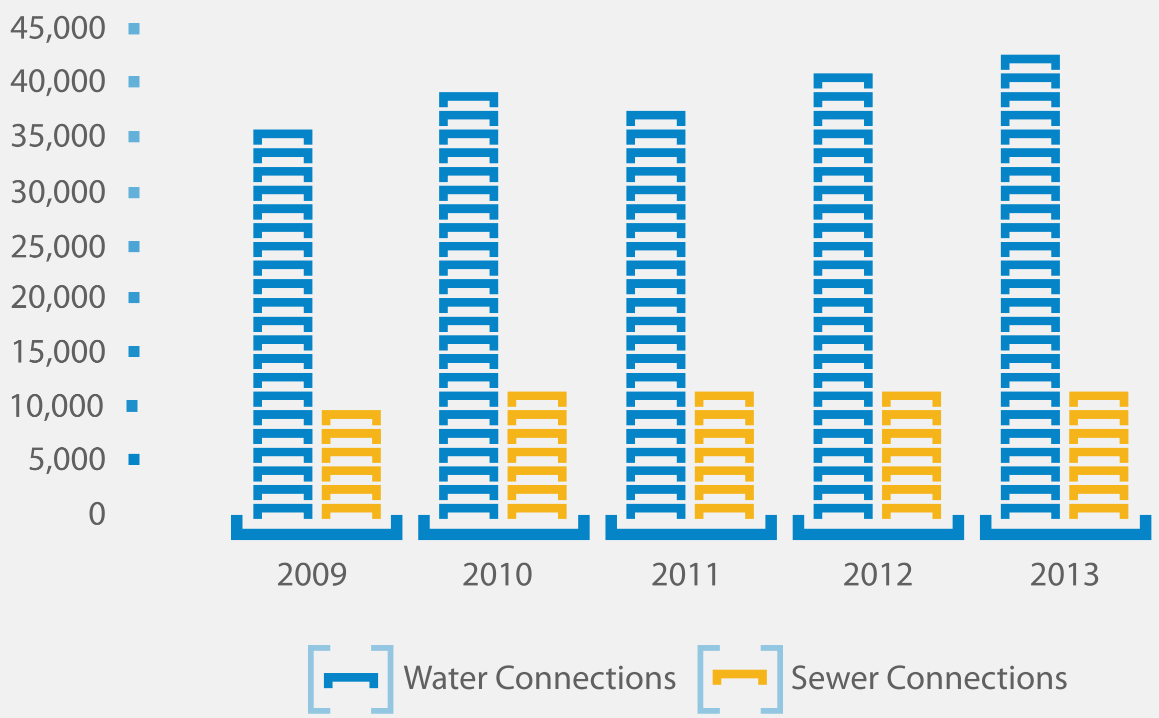
Five year performance at a glance (E000)



Tariffs (percentage)



Number of connections



Number of connections and water consumption

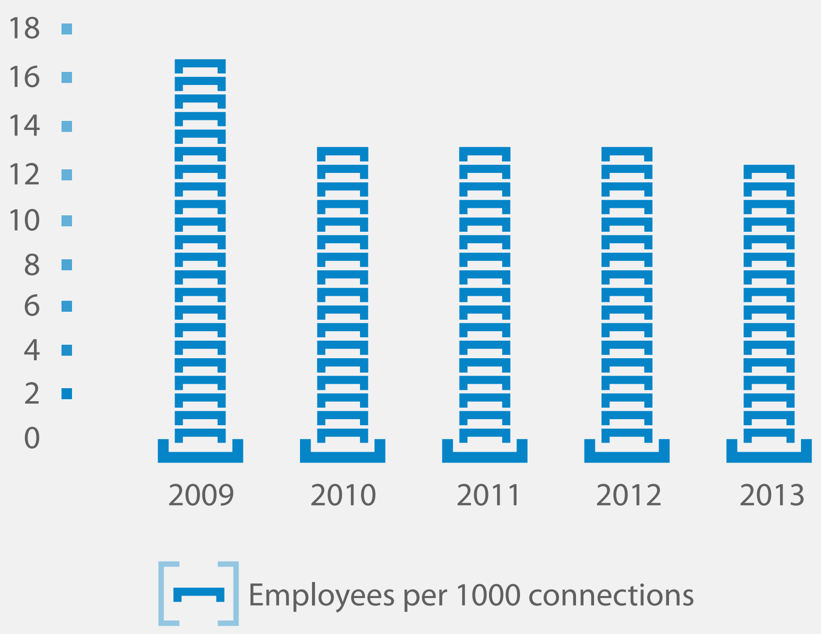
	2009	2010	2011	2012	2013
Water connections	35,911	37,617	36,895*	38,923	40,540
Sewer connections	8,836	9,423	9,356*	9,453	9,710
Total water consumption (m³)	12,005,000	12,160,000	12,630,000	12,885,000	13,228,000

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

Employee productivity

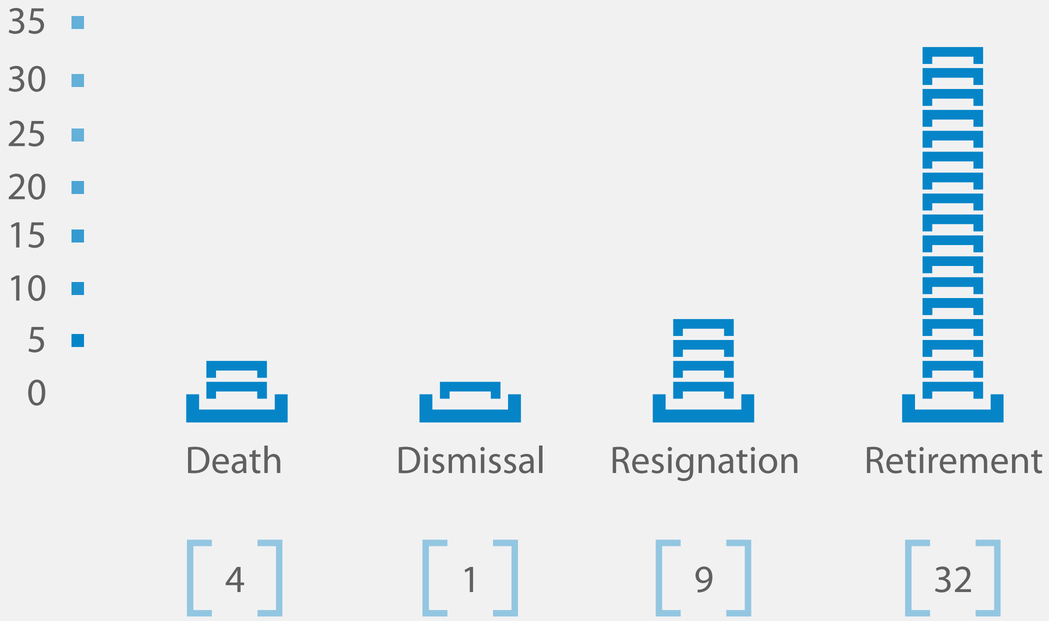
	2009	2010	2011	2012	2013
Number of employees	500	500	495	495	492
Sales turnover per employee (E000)	300	331	389	424	499
Net profit per employee (E000)	19	25	39	20	67
Average cost per employee (E000)	304	331	375	419	450
Employees per 1000 connections	16	13	13	13	12

Employees per 1000 connections

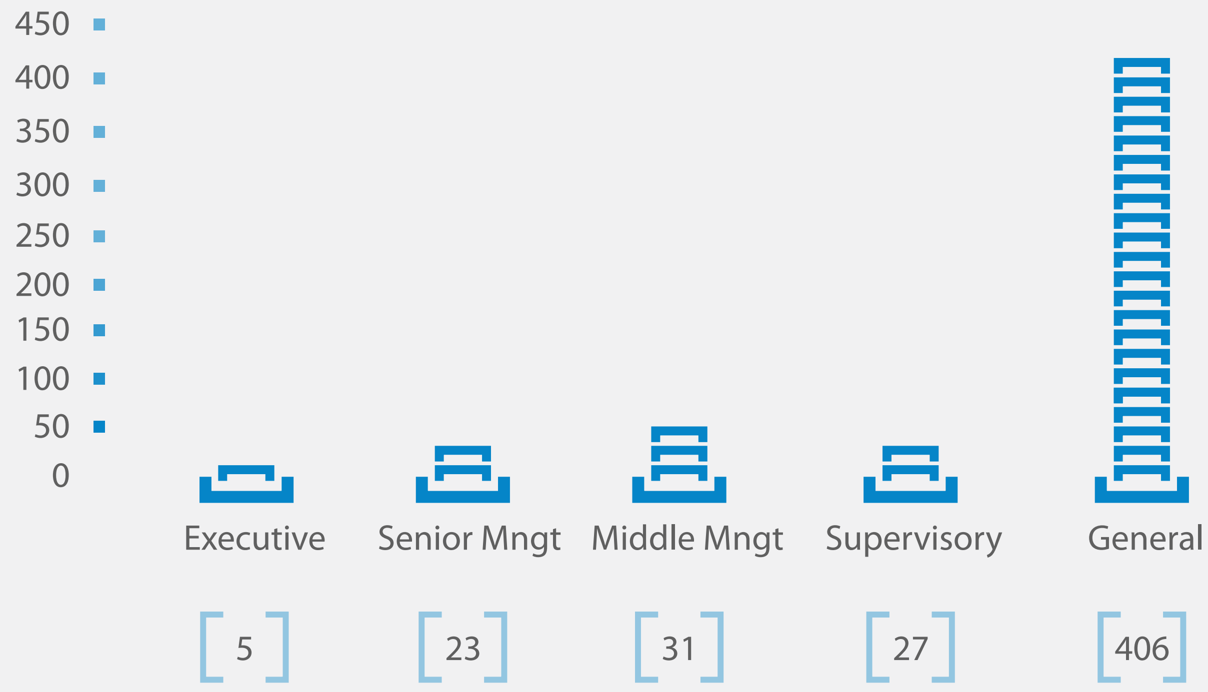


STAFF COMPLEMENT AND TURNOVER AS AT 31 MARCH 2013

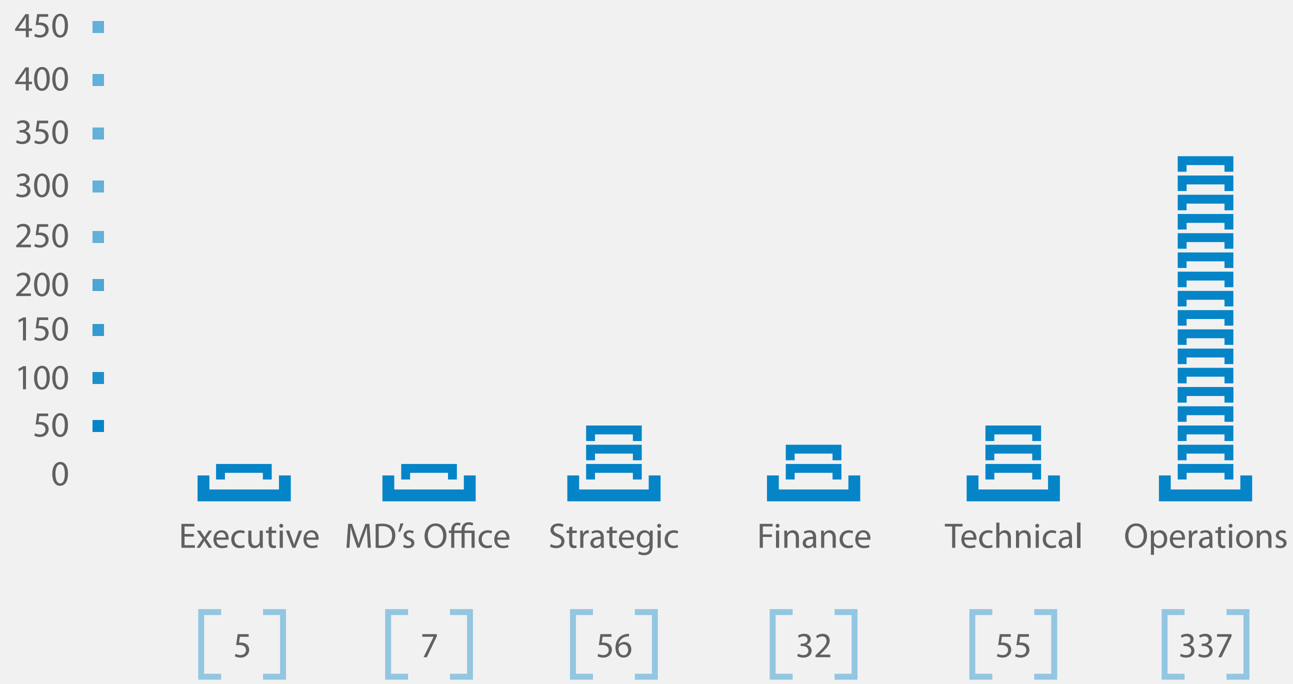
Staff turnover



Staff complement by structure



Staff complement by function



#13 [ANNUAL FINANCIAL STATEMENTS]

FOR THE YEAR ENDED MARCH 2013

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
for the year ended 31 March 2013

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Swaziland Water Services Corporation. The financial statements presented on pages 57 to 98 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

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

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 56.

The annual financial statements which appear on pages 57 to 98 have been approved by the board of directors and are signed on its behalf by:

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

INDEPENDENT AUDITOR'S REPORT
TO THE MINISTER RESPONSIBLE FOR NATURAL RESOURCES AND ENERGY

We have audited the financial statements of Swaziland Water Services Corporation, which comprise the directors' report, the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 98.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S 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 the directors, 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 the Corporation as of 31 March 2013, and of 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 2013

The Directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2013.

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 statistics to the financial position and profit and loss for the period are set out in the table below:

FINANCIAL POSITION

	2013 E'000	2012 E'000
Total assets	1 178 292	987 389
Total liabilities	921 082	762 919
OPERATING RESULTS		
Revenue	245 491	209 885
Profit for the year	32 740	10 105

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. Mamba (Representative of the Ministry of Natural Resources & Member)
M. Ntshangase (Member)
C. Simelane (Member) – Appointed 1 November 2012

DIRECTORS REPORT (CONTINUED)
for the year ended 31 March 2013

Secretary:

Mr P. N. Bhembe
P O Box 20
Mbabane

Auditors:

PricewaterhouseCoopers
P O Box 2513
MTN Office Park
Karl 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 2013

	Notes	2013 E	2012 E
Revenue	2	**245 490 637**	209 884 704
Other income	6	**23 632 014**	11 843 234
Changes in inventory		**143 582**	1 065 969
Raw materials and consumables used		**(67 355 586)**	(62 222 720)
Employee benefits expense	4	**(81 594 274)**	(80 160 822)
Depreciation expense	7	**(24 285 542)**	(21 332 582)
Other expenses		**(55 769 983)**	(47 245 579)
Finance income – net	3	**2 735 507**	146 159
PROFIT BEFORE INCOME TAX	1	**42 996 355**	11 978 363
Income tax expense	5	**(10 256 362)**	(1 872 886)
PROFIT FOR THE YEAR		**32 739 993**	10 105 477

STATEMENT OF FINANCIAL POSITION
at 31 March 2013

	Notes	2013 E	2012 E
Assets			
NON-CURRENT ASSETS			
Property, plant and equipment	7	877 734 732	837 362 562
Available for sale financial asset	10	3 046 811	3 046 811
		880 781 543	840 409 373
CURRENT ASSETS			
Inventories	12	4 699 419	4 555 836
Trade and other receivables	13	75 125 048	77 020 507
Financial asset at fair value through profit and loss	11	15 357 747	13 235 602
Cash and cash equivalents	14	202 328 486	52 167 918
		297 510 700	146 979 863
TOTAL ASSETS		1 178 292 243	987 389 236
Equity			
CAPITAL AND RESERVES			
Share capital	15	30 222 580	30 222 580
Retained earnings		226 987 502	194 247 509
		257 210 082	224 470 089

	Notes	2013 E	2012 E
Liabilities			
NON-CURRENT LIABILITIES			
Deferred government grants	16	782 233 989	632 640 707
Borrowings	17	26 251 910	23 418 956
Deferred income tax liability	18	34 197 088	23 940 725
		842 682 987	680 000 388
CURRENT LIABILITIES			
Trade and other payables	19	60 228 449	64 795 094
Borrowings	17	16 357 505	16 683 334
Provisions for other liabilities and charges	20	1 813 220	1 440 331
		78 399 174	82 918 759
TOTAL LIABILITIES		921 082 161	762 919 147
TOTAL EQUITY AND LIABILITIES		1 178 292 243	987 389 236

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013

	Share Capital E	Retained E	Total E
BALANCE AT 31 MARCH 2012	30 222 580	194 247 509	224 470 089
Net profit for the year	-	32 739 993	32 739 993
BALANCE AT 31 MARCH 2013	30 222 580	226 987 502	257 210 082
Balance at 1 April 2011	30 222 580	184 142 032	214 364 612
Net profit for the year	-	10 105 477	10 105 477
Balance at 31 March 2012	30 222 580	194 247 509	224 470 089

STATEMENT OF CASH FLOWS
for the year ended 31 March 2013

	Notes	2013 E	2012 E
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised)/generated from operations	21.1	51 796 141	(32 699 488)
Interest received		6 619 272	3 375 451
Interest paid		(3 883 765)	(3 229 292)
Net cash (utilised/ generated from operating activities		54 531 648	(32 553 329)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		-	175 391
Acquisition of property, plant and equipment	21.2	(68 023 619)	(101 825 560)
Net cash used in investing activities		(68 023 619)	(101 650 169)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/proceed of long term borrowings		2 507 124	3 756 940
Swaziland Government capital grant received		161 145 415	100 669 178
Net cash generated from financing activities		163 652 539	104 426 118
Net decrease in cash and cash equivalents		150 160 568	(29 777 380)
Cash and cash equivalents at beginning of the year		52 167 918	81 945 298
Cash and cash equivalents at the end of the year	21.3	202 328 486	52 167 918

1. Basis of preparation

The financial statements of Swaziland Water Services Corporation have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, 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.

(a) Standards and amendments effective in 2012

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the corporation.

(b) Standards, amendments and interpretations to existing standards have not been early adopted by the Corporation

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods, but the corporation has not early adopted them.

IAS 19, 'Employee benefits' was amended in June 2012. The impact on the corporation will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The standard has no impact on the corporation as the corporation has a defined contribution plan.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The corporation is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013.

1. Basis of preparation (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Corporation.

IFRS 10, consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard has no impact on the Corporation.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard has no impact on the corporation.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

2.Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the 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 or revalued amounts 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 equipment	**5 – 10**	**YEARS**
Furniture and equipment	**3 – 10**	**YEARS**
Motor vehicles	**5**	**YEARS**

2. Property, plant and equipment (continued)

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

3. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to depreciation or amortisation and are tested annually for impairment. 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 fair value 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).

4. 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.

(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.

4. Financial assets (continued)

(c) Available-for-sale financial assets (continued)

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 fair value plus transaction costs for all financial assets not 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 risks and rewards of ownership.

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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' 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.

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 in policy 7.

5. 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.

6. 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.

7. 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 within. 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.

8. Cash and cash equivalents

Cash and cash equivalents includes 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 within borrowings in current liabilities on the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
for the year ended 31 March 2013

9. Share capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

10. Government grants relating to purchase of property, plant and equipment

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and 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 government grants 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.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Corporation becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Corporation are not provided in advance.

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 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.

15. Revenue recognition (continued)

(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. Dividend distribution

Dividend distribution to the Corporation's shareholder is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholder.

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.

As at 31 March 2013, the Corporation was not exposed to any foreign currency exchange risk.

(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.

17. Financial risk management (continued)

17.1 Financial risk factors (continued)
(a) Market risk

The table below summarises the impact of increases/ decreases in the African Alliance Swaziland Managed Fund unit trust price on the Corporation's post-tax profit for the year. The analysis is based on the assumption that the unit trust price had changed by 5% with all other variables held constant.

	IMPACT ON POST-TAX PROFIT	
	2013 E	2012 E
African Alliance Swaziland Managed Fund unit trust price	767 872	661 780

(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 (note 17) 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.

(b) Credit risk

Credit risk is managed on Corporation basis. 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. See note 9 (B) and 13 for further disclosure on credit risk. Management does not expect any losses from non-performance by these counterparties.

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

17. Financial risk management (continued)

17.1 Financial risk factors (continued)

(c) Liquidity risk

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, Corporation Management aims to maintain flexibility in funding by keeping committed credit lines available.

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

	Less than 1 year	Between 1 and 5 years	Over 5 years
AT 31 MARCH 2013			
Borrowings	16 357 505	26 251 910	-
Trade and other payables	60 228 449	-	-
AT 31 MARCH 2012			
Borrowings	16 683 334	23 418 956	-
Trade and other payables	64 795 094	-	-

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 for shareholders and benefits for other 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. Financial risk management (continued

17.2 Capital risk management (continued)

The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013 E	2012 E
Total borrowings (note 17)	42 609 415	40 102 290
Total equity	257 210 082	224 470 089
TOTAL CAPITAL	299 819 497	264 572 379
Gearing ratio	14%	15%

17.3. Fair value estimation

The carrying value less impairment provision of trade receivables and 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 accounting 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.

There were no critical accounting estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

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) Provision for 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. Refer to note 13 for disclosure on the provision for impairment of trade receivables.

18. Critical accounting estimates and assumptions (continued)

(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 recognised 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.

19. Comparatives

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

	2013 E	2012 E
1. PROFIT FOR THE YEAR		
The following items have been included in arriving at profit for the year:		
Auditors' remuneration		
– Audit fees	519 292	528 311
Depreciation (Refer note 7)	24 285 542	21 322 582
Amortisation of grant - included in other income (Refer note 16)	(11 552 133)	(9 722 605)
Fees for services		
– Public Enterprise Unit management fees	3 276 304	1 628 824
Directors emoluments		
– For services as directors	314 028	388 252
Loss/(Profit) on disposal of property, plant and equipment	-	849 950
Staff costs (Refer note 4)	81 594 274	80 160 822
Inventory increase/(decrease)	143 582	1 065 969
Trade receivables – impairment charge for bad and doubtful debts	9 770 026	7 733 503
Rentals in respect of operating leases		
– Land and buildings	1 942 442	1 282 808
Repairs and maintenance expenditure		
– Property, plant and equipment	22 109 347	22 714 670

	2013 E	2012 E
2. REVENUE		
Analysis of revenue		
Water charges – commercial and residential customers	172 047 534	145 496 320
Sewer charges	42 219 259	37 532 375
Basic charges	17 669 542	15 142 579
Penalty charges	1 196 513	1 139 439
Miscellaneous water supply services	1 868 816	1 649 802
Connection charges – new customers	2 328 857	2 064 060
Connection charges – reconnected customers	189 407	173 095
Trade effluent charges	7 970 709	6 687 034
	245 490 637	209 884 704
3. FINANCE INCOME – NET		
Interest income	6 619 272	3 375 451
Interest expense	(3 883 765)	(3 229 292)
	2 735 507	146 159
4. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and allowances	71 942 474	70 794 628
Provident fund contribution	474 864	599 745
Medical aid contribution	3 280 442	2 860 122
Retirement benefits	5 896 494	5 906 327
	81 594 274	80 160 822
The average number of employees during the year was 497(2012: 495)		

	2013 E	2012 E
5. INCOME TAX EXPENSE		
– Current tax	-	-
– Deferred tax (note 18)	10 256 362	1 872 886
	10 256 362	1 872 886
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	42 996 355	11 978 363
Tax calculated at statutory tax rate (30%)	12 898 907	3 593 508
TAX EFFECTS OF:		
Expenses not deductable for tax purposes	841 880	1 196 160
Grant amortisation credited to the statement of comprehensive income	(3 484 425)	(2 916 782)
TAX CHARGE	10 256 362	1 872 886
6. OTHER INCOME		
Ecowater	1 882 397	1 240 940
Amortization of deferred grant income	11 552 133	9 722 605
Rental income	1 942 442	1 282 808
Profit/ (Loss) on disposal of fixed assets	-	(849 950)
Sundry income	8 255 042	446 831
TOTAL	23 632 014	11 843 234

7. PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED 31 MARCH 2013

	Opening net Carrying amount	Additions	Disposals	Transfers from Capital projects	Depreciation Charge (note 1)	Derecognised	Closing net Carrying amount
	E	E	E	E	E	E	E
Land and buildings	81 824 361	-	-	12 199 276	(1 899 040)	-	92 124 597
Dams and reservoirs	40 788 919	-	-	1 179 886	(1 378 749)	-	40 590 056
Treatment works	171 364 227	-	-	788 420	(3 331 130)	-	168 821 517
Mains and reticulation	244 631 066	-	-	7 826 904	(8 039 379)	-	244 418 591
Plant and machinery	52 209 861	-	-	10 609 704	(3 661 036)	-	59 158 529
Furniture and equipment	8 354 334	-	-	2 027 770	(2 203 507)	-	8 178 597
Motor vehicles	18 438 657	-	-	3 719 709	(3 772 701)	-	18 385 665
Capital work in progress (note 8)	219 751 136	68 023 619	-	(38 351 670)	-	(3 365 905)	246 057 180
Total	837 362 561	68 023 619	-	-	(24 285 542)	(3 365 905)	877 734 732

At 31 March 2013	Cost	Accumulated Depreciation	2013 Net carrying Amount	2012 Net carrying Amount
	E	E	E	E
Land and buildings	109 610 048	(17 485 451)	92 124 597	81 813 182
Dams and reservoirs	64 034 425	(23 444 369)	40 590 056	40 788 919
Treatment works	190 843 796	(22 022 279)	168 821 517	171 351 277
Mains and reticulation	303 377 647	(58 959 056)	244 418 591	244 641 529
Plant and machinery	82 877 257	(23 718 728)	59 158 529	52 229 926
Furniture and equipment	25 971 280	(17 792 683)	8 178 597	8 924 233
Motor vehicles	32 835 711	(14 550 046)	18 385 665	17 862 360
Capital work in progress	246 057 180	-	246 057 180	219 751 136
Total	1 055 607 344	(177 872 612)	877 734 732	837 362 562

7. Property, plant and equipment (continued)
Year ended 31 March 2012

	Opening net Carrying amount E	Additions E	Disposals E	Transfers from Capital projects E	Depreciation Charge (note 1) E	Derecognised E	Closing net Carrying amount E
Land and buildings	76 130 292	280 000	(202 248)	7 243 043	(1 626 726)	-	81 824 361
Dams and reservoirs	41 292 308	-	(267 295)	1 126 618	(1 362 712)	-	40 788 919
Treatment works	174 379 145	-	-	310 802	(3 325 720)	-	171 364 227
Mains and reticulation	183 594 002	-	-	67 259 365	(6 222 301)	-	244 631 066
Plant and machinery	49 760 656	-	(507 946)	6 314 291	(3 357 140)	-	52 209 861
Furniture and equipment	6 054 511	-	(13 141)	4 132 283	(1 819 319)	-	8 354 334
Motor vehicles	12 377 893	-	(34 710)	9 714 139	(3 618 664)	-	18 438 658
Capital work in progress (note 8)	215 372 298	101 545 560	-	(96 100 541)		(1 066 181)	219 751 136
Total	758 961 105	101 825 560	(1 025 340)	-	(21 332 582)	(1 066 181)	837 362 562

At 31 March 2012	Cost E	Accumulated Depreciation E	2012 Net carrying Amount E	2011 Net carrying Amount E
Land and buildings	97 410 774	(15 597 592)	81 813 182	76 130 292
Dams and reservoirs	56 638 751	(15 849 832)	40 788 919	41 292 308
Treatment works	196 621 064	(25 269 787)	171 351 277	174 379 145
Mains and reticulation	295 982 316	(51 340 787)	244 641 529	183 594 002
Plant and machinery	71 760 824	(19 530 898)	52 229 926	49 760 656
Furniture and equipment	24 115 378	(15 191 145)	8 924 233	6 054 511
Motor vehicles	28 669 389	(10 807 029)	17 862 360	12 377 893
Capital work in progress	219 751 136	-	219 751 136	215 372 298
Total	990 949 632	(153 587 070)	837 362 562	758 961 105

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2013 E	2012 E
Leased assets (motor vehicles and trailers) included in property, plant and equipment are as follows:		
Cost	7 135 919	10 434 612
Accumulated depreciation	(2 196 679)	(1 886 963)
Net carrying amount	4 939 240	8 547 649
Land and buildings comprise:		
Erf No4 – Second street Nhlangano	550 000	-
Plot 237 – Matsapha	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	77 627 297	68 435 861
	92 124 597	81 824 361
The cost of assets which are fully depreciated but still in use are as follows :		
Fencing	1 009 496	1 009 496
Mains & Reticulation	78 858	78 858
Motor vehicles	380 620	380 620
Furniture & equipment	4 989 474	4 968 731
	6 458 448	6 437 705

8. CAPITAL PROJECTS IN PROGRESS	2013 E	2012 E
Internal projects (note 8.1)	39 312 475	19 857 272
Government Funded Projects (note 8.2)	206 744 705	199 893 864
Total capital work in progress (note 7)	246 057 180	219 751 136

The movement in the capital projects in progress during the year is as follows:

8.1 INTERNAL PROJECTS

Opening net carrying amount	19 857 272	19 066 825
Additions	36 376 633	32 517 485
Commissioned – transfers to property, plant and equipment	(16 921 430)	(31 727 038)
Closing net carrying amount	39 312 475	19 857 272

8.2 GOVERNMENT FUNDED PROJECTS

Opening net carrying amount	199 893 864	196 305 473
Additions	22 700 032	67 824 845
Commissioned - transfers to property, plant and equipment	(15 849 191)	(64 236 454)
Closing net carrying amount	206 744 705	199 893 864

9. (A) FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts and fair value of each category of financial asset and liability as defined in IAS 39, and their fair values are as follows:

	Loans and Receivables	Assets at fair value through profit and loss	Available for sale	Total
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
Other financial assets at fair value through profit and loss	-	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
Liabilities as per statement of financial position				
Borrowings	42 609 415	-	-	42 609 415
Trade and other payables	60 228 449	-	-	60 228 449
	102 837 864	-	-	102 837 864

9. (A) FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and Receivables	Assets at fair value through profit and loss	Available for sale	Total
31 MARCH 2012 Assets as per statement of financial position				
Trade and other receivables	77 020 507	-	-	77 020 507
Available for sale financial assets	-	-	3 046 811	3 046 811
Other financial assets at fair value through profit and loss	-	13 235 602	-	13 235 602
Cash and cash equivalents	52 167 918	-	-	52 167 918
	129 188 425	**13 235 602**	**3 046 811**	**145 470 838**
Liabilities as per statement of financial position				
Borrowings	40 102 290	-	-	40 102 290
Trade and other payables	64 795 094	-	-	64 795 094
	104 897 384	**-**	**-**	**104 897 384**

9. (B) CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the credit rating about the counterparty. Where the counterparties do not have external credit ratings, the Corporation uses internal risk rating as described below:

	2013 E	2012 E
TRADE RECEIVABLES		
Counterparties without external credit ratings		
– Low risk (29% Government accounts)	23 311 805	10 620 839
– Medium risk (10% Corporate clients and companies)	7 932 417	7 080 559
– High risk (61% Mainly individual accounts)	48 515 173	53 104 193
TOTAL TRADE RECEIVABLES	79 759 395	70 805 591
CASH AT BANK AND SHORT-TERM BANK DEPOSITS		
Stanlib	62 663 809	30 392 935
Standard Bank Swaziland Limited	13 386 969	6 804 053
Nedbank Swaziland Limited	17 863 274	3 040 548
FNB Swaziland Limited	7 726 635	2 516 526
Swazi Bank	65 798 802	5 497 800
Swaziland Building Society	2 608 630	2 396 209
African Alliance	32 264 809	1 511 310
	202 312 928	52 159 381

The rest of the statement of financial position item 'cash and cash equivalents' is cash on hand.

	2013 E	2012 E
10. AVAILABLE FOR SALE FINANCIAL ASSETS		
Swaziland Building Society Permanent Shares (note 10.1)	3 046 811	3 046 811
	3 046 811	3 046 811

10.1 SWAZILAND BUILDING SOCIETY PERMANENT SHARES

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

11. FAIR VALUE THROUGH PROFIT AND LOSS FINANCIAL ASSET

	2013 E	2012 E
African Alliance – Managed Fund	15 357 747	13 235 602

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

	2013 E	2012 E
Chemicals	399 992	504 414
Building materials	78 912	126 504
Petrol and diesel	211 162	266 608
Spares, fittings and pipes	3 469 252	3 433 189
Ecowater	540 101	225 121
	4 699 419	4 555 836

Inventories are reported at the lower of cost or net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2013

13. TRADE AND OTHER RECEIVABLES	2013 E	2012 E
Trade receivable	79 565 250	70 805 591
Less Provision for impairment of receivables	(24 157 663)	(19 675 456)
Net trade accounts receivable	55 407 587	51 130 135
Swaziland Revenue Authority	41 777	-
Advance payments to contractors not yet utilised	13 380 924	20 558 951
Heptagon Cement	-	3 500 000
Insurance prepayments	-	48 888
Staff receivables	1 107 974	407 467
Sundry receivables	4 540 119	2 619 893
Less: Provision for impairment of other receivables	-	(1 244 827)
Accrued interest on fixed deposit	646 667	-
Net other receivables	19 717 461	25 890 372
	75 125 048	77 020 507
The fair values of trade and other receivables are as follows:		
Trade receivables	55 407 587	51 130 135
Sundry	19 717 461	25 890 372
	75 125 048	77 020 507

The above values of trade and other receivables approximate fair value. There is no concentration of credit risk with respect to trade receivables, as the Corporation has a large number of customers, regionally dispersed. The Corporation's historical experience in collection of accounts receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Corporation's trade receivables. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collateral as security.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2013 E	2012 E
As of 31 March 2013, trade and other receivables of E 24 157 663 (2012: E20 920 283) were impaired and provided for. The amount of the provision was E 24 157 663 as of 31 March 2013 (2012: E20 920 283). The individually impaired receivables mainly relate to residential accounts mostly disconnected for non-payment. The ageing analys is of these trade receivables impairment is as follows:		
Up to 3 months	2 210 654	1 275 064
3 to 6 months	2 380 810	1 187 097
6 to 12 months	3 748 801	2 707 874
Over 12 months	15 817 398	15 750 248
	24 157 663	20 920 283

The carrying amounts of the entire Corporation's trade and other receivables are denominated in local currency, Emalangeni (E).

Movements in the Corporation's provision for impairment of trade receivables are as follows:	2013 E	2012 E
Opening balance	20 920 283	20 951 164
Provision for receivables impairment	6 150 375	7 691 582
Receivables written off during the year as uncollectible	(2 912 995)	(7 722 463)
Closing balance	24 157 663	20 920 283

The creation and release of provision for impaired receivables have been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

14. CASH AND CASH EQUIVALENTS

	2013 E	2012 E
Cash at bank and in hand	117 455 047	48 260 400
Short term bank deposits (note 14.1)	84 873 439	3 907 518
	202 328 486	52 167 918

Cheques outstanding at year end have been classified to trade and other payable in line with the requirements of IAS 39. Of the above cash and cash equivalents, E138 547 428 has been allocated to the following ongoing capital projects: Nhlangano Water Supply - E68 814 120, Matsapha Treatment Relocation – E70 733 308.

14.1 SHORT TERM BANK DEPOSITS:

	2013 E	2012 E
Swazi Bank - Fixed deposit	50 000 000	-
African Alliance – Lilangeni Fund	32 264 809	1 511 309
Swaziland Building Society – Gold savings	2 608 630	2 396 209
	84 873 439	3 907 518

	2013 E	2012 E
15. SHARE CAPITAL		
Issued and fully paid up		
30 222 580 ordinary shares of E1 each	30 222 580	30 222 580

	2013 E	2012 E
16. DEFERRED GOVERNMENT GRANTS		
Swaziland Government:		
- Nhlangano – Water supply and treatment plant	149 217 863	72 332 648
- Urban Development Projects (Packages 6, 7, 8, 10, 18 A & B, and 20)	79 143 421	80 227 344
- Pigg's Peak Dam	3 594 814	3 700 723
- Hlatikhulu Treatment Works	2 539 974	2 623 479
- Siteki – Lomahasha water supply	163 082 118	164 562 458
- Ezulwini – Lobamba Water Supply	23 246 971	23 891 067
- Lukhaba Gravity Mains	4 363 882	4 497 838
- Mankayane Water Supply	10 791 082	11 097 222
- Enhlambeni Water Supply	12 999 819	13 254 360
- Government forex subvention	34 719 295	35 852 910
- Currency ratio subvention – Package 18	57 649 052	59 380 068
- Land transferred from the Government to SWSC	4 491 400	5 818 201
- Raw water for Tex Ray factory	6 071 562	6 251 241
- Sikhuphe Water Supply	84 003 983	84 003 983
- Matsapha Sewer treatment plan relocation	156 177 009	73 121 110
Swaziland National Housing Board Grants:		
Makholokholo Project	892 881	924 778
Swaziland National Trust Commission:		
Mlawula Workstation	800 996	823 882
Grant amortisation to statement of comprehensive income (Refer note 1 and 6)	(11 552 133)	(9 722 605)
Total deferred grants	782 233 989	632 640 707

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2013

	2013 E	2012 E
17. BORROWINGS		
Swaziland Government:		
- IBRD loan (note 17.1) Net trade accounts receivable	15 634 010	18 039 244
- Excess IBRD loan (note 17.1)	9 876 494	9 876 494
	25 510 504	27 915 738
Nedbank loan (note 17.2)	8 416 319	5 672 776
Stannic finance lease (note 17.3)	4 349 258	6 513 776
Standard Bank loan (17.4)	4 333 334	
	42 609 415	40 102 290
Due within one year		
- IBRD Loan	(3 607 852)	(3 607 852)
- Excess IBRD loan	(9 876 494)	(9 876 494)
- Stannic finance lease	(2 873 159)	(3 198 988)
Total due within one year	(16 357 505)	(16 683 334)
Total due after more than one year	26 251 910	23 418 956

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 E 43 294 200 to be used in financing rehabilitation and expansion of water and sewerage services in certain designated urban areas. At year end the balance outstanding was E25 510 504 (2012: E 27 915 738).

The loan is unsecured, bears interest at inflation rate plus 2% per annum and is repayable in semi-annual instalments of E 1 202 617 commencing January 2001. The final instalment is due in July 2018.

17.2 NEDBANK LOAN

The Nedbank Loan relates to an indirect facility of E23 775 808. The purpose of the facility is to meet the corporation's obligations to procure guarantees in favour of Swaziland Irrigation International (SII) in terms of the Hawane/Woodlands project. It bears interest at prime rate less 1.55% per annum, is repayable in monthly instalments of E281, 602.95 over 120 months once the final payment has been made by the Bank. Nedbank has a bond over the Corporation's Portion 80 (a portion of portion 61) of Farm 51, Hhohho District (refer to note 7).

17. BORROWINGS (CONTINUED)

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.

	2013 E	2012 E
Total liability	4 349 258	6 513 776
Less due within 1 year	(2 108 341)	(2 313 170)
Due after 12 months but not later than 5 years	2 240 917	4 200 606
Finance lease liabilities – minimum lease payments		
Not later than 1 year	2 108 341	2 557 607
Later than 1 year and not later than 5 years	2 613 488	4 561 351
	4 721 829	7 118 958
Future finance charges on finances	(372 571)	(605 182)
Present value of future finances liabilities	4 349 258	6 513 776

The leased assets are disclosed 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. The loan is paid on equal instalments of E83 333 per month

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:

	2013 E	2012 E
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	(50 599 377)	(61 898 594)
Deferred tax liabilities:		
- Deferred tax liability to be settled after more than 12 months	84 796 465	85 839 319
DEFERRED TAX LIABILITIES (NET)	34 197 088	23 940 725
The gross movement on the deferred income tax account is as follows:		
Beginning of year	23 940 725	22 067 839
Statement of comprehensive income charge (note 5)	10 256 363	1 872 886
END OF YEAR	34 197 088	23 940 725

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:

Deferred income tax liability	Accelerated tax depreciation E	Insurance Prepayments E	Total E
AT 31 MARCH 2012	85 824 653	14 666	85 839 319
Charged/(credited) to the statement of comprehensive income	(1 028 188)	(14 666)	(1 042 854)
AT 31 MARCH 2013	84 796 465	-	84 796 465
AT 1 APRIL 2011	73 845 379	290 769	74 136 148
Charged/(credited) to the statement of comprehensive income	11 979 274	(276 103)	11 703 171
AT 31 MARCH 2012	85 824 653	14 666	85 839 319
AT 1 APRIL 2011	73 845 379	290 769	74 136 148
Charged/(credited) to the statement of comprehensive income	11 979 274	(276 103)	11 703 171
AT 31 MARCH 2012	85 824 653	14 666	85 839 319
AT 31 MARCH 2010	74 608 330	-	74 608 330
Charged/(credited) to the statement of comprehensive income	(762 951)	290 769	(472 182)
AT 31 MARCH 2011	73 845 379	290 769	74 136 148

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

	2013 E	2012 E
19. TRADE AND OTHER PAYABLES		
Trade accounts payable and accruals	18 722 915	14 233 603
Capital projects accruals	3 981 712	13 486 754
Contractors' retention (note 19.1)	1 530 323	2 916 188
Consumer deposits	10 685 949	9 241 822
IBRD loan interest accrual	25 307 550	24 916 727
	60 228 449	64 795 094

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. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

PROVISION FOR LEAVE PAY	2013 E	2012 E
Balances at the beginning of the year	1 440 331	1 600 130
Raised during the year	372 889	7 298
Utilized during the year	-	(167 097)
Balances at year end	1 813 220	1 440 331

	2013 E	2012 E
20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)		
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.		
21. NOTES TO THE STATEMENT OF CASH FLOWS		
21.1 CASH GENERATED FROM OPERATIONS:		
Net profit for the year	42 996 356	11 978 363
Adjustment for items not involving cashflow:		
Grant amortisation	(11 552 133)	(9 722 605)
Depreciation (Refer note 7)	24 285 542	21 332 582
loss/(Profit) on disposal of property, plant and equipment	-	849 950
Fair value (gains) on available for sale investment	(2 122 145)	(580 591)
Interest income	(6 619 272)	(3 375 451)
Interest expenses	3 883 765	3 229 292
Derecognisation of assets	3 365 908	1 066 181
	54 238 021	24 777 721
Working capital changes:	(2 441 880)	(57 477 209)
Decrease/(increase) in inventories	(143 583)	(1 065 969)
(Increase) in trade and other receivables	1 895 459	(28 744 211)
Increase in trade and other payables	(4 566 646)	(27 507 231)
Increase in provisions	372 890	(159 798)
Cash(utilised)/generated from operations	51 796 141	(32 699 488)

	2013 E	2012 E
21.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Additions per note 7	68 023 619	101 825 560
21.3 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:		
Cash on hand and balances with banks	202 328 486	52 167 918
22. COMMITMENTS		
Capital expenditure:		
Contracted	63 998 000	163 903 000
Authorised but not yet contracted	178 744 694	9 097 000
Total future capital expenditure	242 742 694	173 000 000
This expenditure is to be financed as follows:		
- Internally generated funds	36 934	55 000 000
- Government capital grant	242 705 760	118 000 000
	242 742 694	173 000 000

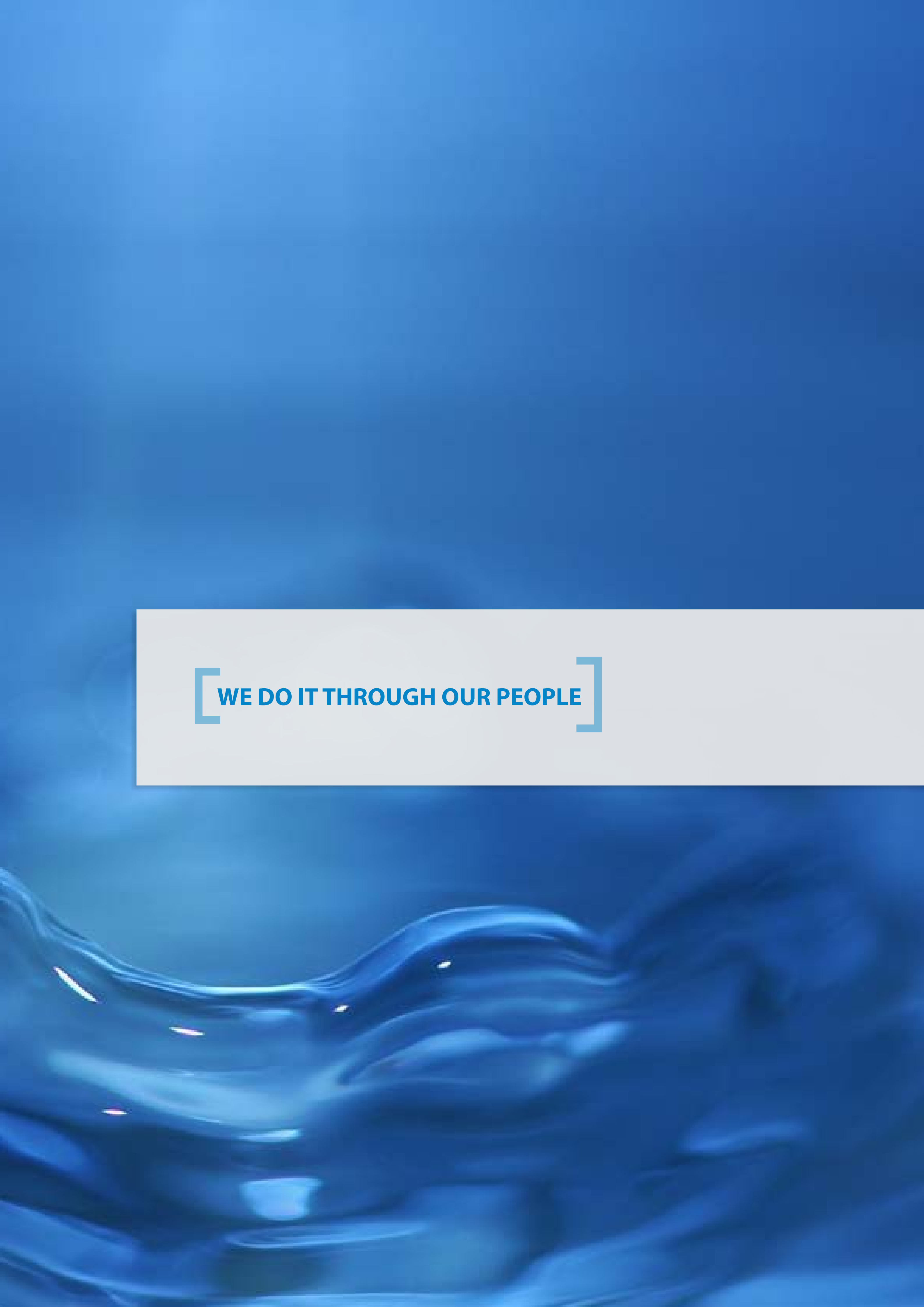
23. RETIREMENT BENEFITS

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 2013: 9 (2012:13) employees are still covered under the Public Service Pension Fund and 473 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.

24. CONTINGENT LIABILITIES

The Nhlangano Water Supply and Sewerage System project was suspended in the 2012 financial year. The suspension of the project emanated into penalties that will arise. As the adjudication process is still in progress between the contractor and SWSC, the penalties cannot be reliably quantified. It was further noted that since these projects are funded by a government grant, any liability that arises, will be borne by the Government of Swaziland, thus exonerating the Corporation of raising any liability.

[WE CONTINUALLY LOOK FOR **BETTER WAYS OF DOING THINGS**]



WE DO IT THROUGH OUR PEOPLE