

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Kobla Quashie and Associates

CHARTERED ACCOUNTANTS (SD)

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Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

General Information

Nature of business and principal activities	To regulate the procurement of goods, works and services by procuring entities
Directors	Board appointed with effect from 1 July 2016 Dr. Gideon J. Mahlalela - Chairperson Ms. Doris Tshabalala - Vice Chairperson - Resigned in March 2017 Mr. Jabulani Hlatjwako - Member Mr. Albert Mhlanga - Member Mr. Harry Nxumalo - Member Ms. Reginah Masilela - Member Secretary: Mr. Madoda Mngomezulu - Acting CEO Mr. Bongani Motsa: Executive Director - Resigned in May 2017
Business address	First Floor, Nkhotfotjeni Building, Dzeliwe Street Mbabane, Swaziland
Postal address	P. O. Box 9665, Mbabane, H100
Bankers	Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Swaziland) Manzini
Attorneys	S S Mnisi Attorneys The Gables, Ezulwini



Swaziland Public Procurement Regulatory Agency

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Directors' Responsibilities and Approval

The directors are required in terms of the Public Procurement Act of 2011 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The directors have reviewed the Agency's cash flow forecast for the 12 months to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 5 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 24 July 2017 and were signed on its behalf by:


Dr. Gideon Mahlalela - Chairperson
Mr. Madoda Mngomezulu - Acting CEO



Independent Auditors' Report

To the Board of Directors of Swaziland Procurement Regulatory Agency

We have audited the annual financial statements of Swaziland Procurement Regulatory Agency, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 20.

Directors' Responsibility for the Annual Financial Statements

The Agency's Directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Public Procurement Act of 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of Swaziland Public Procurement Regulatory Agency as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Public Procurement Act of 2011.


Kobla Quashie and Associates
Chartered Accountants (Swaziland)
Manzini
Per: Daniel Bediako

24 July 2017

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata



Swaziland Public Procurement Regulatory Agency

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Directors' Report

The directors submit their report for the year ended 31 March 2017.

1. Review of activities

Main business and operations

The Swaziland Public Procurement Regulatory Agency (SPPRA) is an independent regulatory body established by an Act of Parliament (Public Procurement Act, 2011) as part of Government's reform strategy for public procurement. The Agency is engaged in the business to regulate the procurement of goods, works and services by procuring entities and operates principally in Swaziland. It is charged with the responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of public procurement.

The operating results and state of affairs of the Agency are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Agency to continue as a going concern is dependent on a number of factors. The most significant of these is that the Government continue to procure funding for the ongoing operations for the Agency in the form of annual subventions.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the Agency during the year and to the date of this report are as follows:

Name

Dr. Gideon Mahlalela - Chairperson

Ms. Doris Tshabalala - Vice Chairperson

Mr. Jabulani Hlatjwako - Member

Mr. Albert Mhlanga - Member

Mr. Harry Nxumalo - Member

Ms. Reginah Masilela - Member

Mr. Madoda Mngomezulu - Acting CEO

Resigned 31 March 2017

5. Secretary

The secretary of the Agency during the year was Mr Bongani Motsa.

6. Auditors

Kobla Quashie and Associates Chartered Accountants were the auditors for the year under review.



Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position

Figures in Emalangeni	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	2,152,308	1,111,631
Current Assets			
Accounts receivable	3	2,150,750	58,207
Cash and cash equivalents	4	92,977	5,640,388
		2,243,727	5,698,595
Total Assets		4,396,035	6,810,226
Reserves and Liabilities			
Reserves			
Accumulated funds		338,112	242,565
Liabilities			
Non-Current Liabilities			
Finance lease obligation	5	121,076	207,237
Designated funds	7	2,493,443	5,644,490
		2,614,519	5,851,727
Current Liabilities			
Finance lease obligation	5	117,944	116,713
Accounts payable	6	1,325,460	599,221
		1,443,404	715,934
Total Liabilities		4,057,923	6,567,661
Total Equity and Liabilities		4,396,035	6,810,226



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Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2017	2016
Income		11,517,593	6,138,384
Operating expenses		(11,389,368)	(5,953,150)
Operating surplus	8	128,225	185,234
Finance costs		(32,678)	(37,175)
Surplus for the year		95,547	148,059
Other comprehensive income		-	-
Total comprehensive income		95,547	148,059
Surplus for the year		95,547	148,059



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Statement of Changes in Funds

Figures in Emalangeni	Accumulated funds	Total equity
Balance at 01 April 2015	94,506	94,506
Changes in equity		
Total comprehensive income for the year	148,059	148,059
Total changes	148,059	148,059
Balance at 01 April 2016	242,565	242,565
Changes in equity		
Total comprehensive income for the year	95,547	95,547
Total changes	95,547	95,547
Balance at 31 March 2017	338,112	338,112



Swaziland Public Procurement Regulatory Agency

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Statement of Cash Flows

Figures in Emalangeni	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	9	(4,062,213)	3,189,893
Finance costs		(32,678)	(37,175)
Net cash from operating activities		(4,094,891)	3,152,718
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,367,591)	(614,365)
Cash flows from financing activities			
Finance lease obligation		(84,930)	(78,047)
Total cash movement for the year		(5,547,412)	2,460,306
Cash at the beginning of the year		5,640,388	3,180,082
Total cash at end of the year	4	92,976	5,640,388

Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements

Swaziland Public Procurement Regulatory Agency (SPPRA) is a Government parastatal established in terms of the Public Procurement Act of 2011. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act.

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 1.

Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and are consistent to those of the period.

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the entity's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure.

d) Use of estimates and judgements

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

Receivables

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

1.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the agency

No new standards have been adopted by the Agency for the first time for the financial year beginning on or after 1 April 2016 that have a material impact on the Agency:

(b) New standards, amendments and interpretations not yet effective and not early adopted by the Agency

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these annual financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Agency, except the following set out below:

Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

Summary of Significant Accounting Policies

1.2 Changes in accounting policies and disclosures (continued)

Amendment to IAS 12 – Income taxes

The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The standard is effective for annual periods beginning on or after 1 January 2017. The Agency is assessing the impact of this amendment.

Amendment to IAS 7 – Cash flow statements

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017. The Agency is assessing the impact of this amendment.

IFRS 9 – Financial Instruments (2009 & 2010) - Financial liabilities, derecognition of financial instruments, Financial assets, General hedge accounting.

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting, effective 1 January 2018.

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

Summary of Significant Accounting Policies

1.2 Changes in accounting policies and disclosures (continued)

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Agency is assessing the impact of IFRS 15.

IFRS 16 – Leases, effective 1 January 2019

After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Agency.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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Summary of Significant Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
Computer equipment & software	3 years

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

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

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

1.4 Financial instruments

Classification

The Agency classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

Loans to managers and employees

These financial assets are classified as loans and receivables.

Swaziland Public Procurement Regulatory Agency

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Summary of Significant Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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Summary of Significant Accounting Policies

1.5 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The Agency assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Agency estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Terminal benefits

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

Statutory obligations

The Agency contributes to a statutory fund, Swaziland National Provident Fund (SNPF) in accordance with the Swaziland National Provident Fund Order of 1974.

1.8 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to SPPRA and the amounts of revenue can be reliably measured.



Swaziland Public Procurement Regulatory Agency

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Summary of Significant Accounting Policies

1.8 Revenue (continued)

Interest income

Interest is recognised, in the income statement using the effective interest rate method. When a receivable is impaired, SPPRA reduces the carrying amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.9 Government grant

Grants from government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Agency will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the cost they intended to compensate. Government grants relating to purchase of property, plant and equipment are included in non current liabilities and credited in the income statement proportion to which depreciation to those assets is charged.

1.10 Related parties

The major related party to the Agency apart from its Directors is the Government of Swaziland which exercises a significant influence over its financial and operating decisions as it provides funding for its annual budget. The Agency received a subvention of E8,240,000: (8,240,000 - 2016) for the period under review.



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Notes to the Annual Financial Statements

Figures in Emalangeni

2017

2016

2. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	510,268	(94,321)	415,947	510,268	(48,105)	462,163
Motor vehicles	486,820	(233,674)	253,146	486,820	(170,387)	316,433
Office equipment	45,890	(10,731)	35,159	41,139	(6,825)	34,314
Computer equipment & software	782,179	(312,398)	469,781	417,380	(118,659)	298,721
Leasehold improvements	998,040	(19,765)	978,275	-	-	-
Total	2,823,197	(670,889)	2,152,308	1,455,607	(343,976)	1,111,631

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	462,163	-	(46,216)	415,947
Motor vehicles	316,433	-	(63,287)	253,146
Office equipment	34,314	4,752	(3,907)	35,159
Computer equipment & software	298,721	364,799	(193,739)	469,781
Leasehold improvements	-	998,040	(19,765)	978,275
	1,111,631	1,367,591	(326,914)	2,152,308

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	177,833	316,605	(32,275)	462,163
Motor vehicles	413,797	-	(97,364)	316,433
Office equipment	2,125	38,989	(6,800)	34,314
Computer equipment & software	128,813	258,771	(88,863)	298,721
	722,568	614,365	(225,302)	1,111,631

3. Accounts receivable

Subvention receivable	2,060,000	-
Deposits	90,750	58,207
	2,150,750	58,207

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	1,000	1,000
Nedbank (Swaziland) Limited - current account	83,985	1,076,931
Nedbank (Swaziland) Limited - call account	7,992	4,562,457
	92,977	5,640,388

Swaziland Public Procurement Regulatory Agency

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Figures in Emalangeni 2017 2016

5. Finance lease obligation

Nedbank Swaziland Limited

- within one year	117,944	116,713
- in second to fifth year inclusive	121,076	207,237

Present value of minimum lease payments	239,020	323,950
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Non-current liabilities	121,076	207,237
Current liabilities	117,944	116,713
	239,020	323,950

6. Accounts payable

Trade and other payables	1,325,460	599,221
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7. Designated funds

Reconciliation - 2017

Details

	Opening balance	Received during the year	Utilised during the year	Total
Government subvention	5,644,490	8,240,000	(11,391,047)	2,493,443

Reconciliation - 2016

Details

	Opening balance	Received during the year	Utilised during the year	Total
Government subvention	3,211,789	8,240,000	(5,807,299)	5,644,490

The designated funds represents funds earmarked to finance future activities of the Agency.

8. Operating surplus

Operating surplus for the period amounting to E95 546 (E148 059) is stated after accounting for the following:

Operating lease charges

Premises

• Contractual amounts	422,866	340,454
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Depreciation on property, plant and equipment	326,913	225,301
Employee costs	5,212,606	2,923,684
Auditor's remuneration	79,800	60,500
Directors' expenses	141,899	251,090



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Figures in Emalangeni	2017	2016
9. Cash used in operations		
Surplus for the year	95,547	148,059
Adjustments for:		
Depreciation and amortisation	326,913	225,301
Finance costs	32,678	37,175
Changes in working capital:		
Accounts receivable	(2,092,543)	1,560
Accounts payable	726,239	345,097
Designated funds	(3,151,047)	2,432,701
	(4,062,213)	3,189,893

10. Related parties

Relationships

Parastatal organisation

Government of Swaziland

Members of key management

Gideon Mahlalela
Doris Tshabalala
Jabulani Hlatjwako
Albert Mhlanga
Harry Nxumalo
Reginah Masilela

Related party transactions

Income

Government of Swaziland grant	8,240,000	8,240,000
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Board expenses

Retainer fees	64,950	45,751
Sitting allowances	69,945	202,612
Transport expenses	7,004	2,727

11. Risk management

Capital risk management

The agency's objectives when managing capital are to safeguard the agency's ability to continue as a going concern in order to provide returns for Board of Directors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The agency's risk to liquidity is a result of the funds available to cover future commitments. The agency manages liquidity risk through an ongoing review of future commitments and credit facilities.



Swaziland Public Procurement Regulatory Agency

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Figures in Emalangeni

2017

2016

11. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

12. Comparative figures

Certain comparative figures have been reclassified where necessary to afford a proper comparison.



Swaziland Public Procurement Regulatory Agency

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Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2017	2016
Income			
Swaziland Government subvention		11,391,047	5,807,299
Interest received		95,546	148,059
Review fees		31,000	183,026
		11,517,593	6,138,384
Operating expenses			
Advertising and promotions		306,424	416,243
Auditors remuneration		79,800	60,500
Bank charges		33,750	25,135
Board expenses		141,899	251,090
Communication expenses		344,093	242,469
Computer expenses		57,209	55,898
Consultancy Fees		972,896	139,911
Depreciation		326,913	225,301
Electricity and water		32,772	40,000
Employee costs		5,212,606	2,923,684
Independent Review Committee Expenses		352,613	308,467
Insurance		97,013	31,509
Legal expenses		127,405	206,134
Motor vehicle expenses		54,125	11,081
Office expenses		22,995	19,049
Printing and stationery		156,824	105,648
Rent		422,866	340,454
Repairs and maintenance		176,693	186,348
Stakeholder engagements		44,860	40,453
Subscriptions		92,460	8,980
Workshops, conferences and meetings		2,333,152	314,796
		11,389,368	5,953,150
Operating profit	8	128,225	185,234
Finance costs		(32,678)	(37,175)
Surplus for the year		95,547	148,059



Swaziland Public Procurement Regulatory Agency

Annual Financial Statements for the year ended 31 March 2017

Supplementary Information

1. Auditors Remuneration

Kobla Quashie and Associates	79,800
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2. Communication expenses

Telephone and fax	210,220
Cellphone expenses	95,995
	306,215

3. Consultancy fees

United Nations Development Programme (UNDP)	334,237
Institute of Development Management	164,000
SAMKHO T/A S M Corporate Services (Pty) Ltd	143,840
Derek Hendrikz Consulting	93,978
GDI Concepts & Project Management	68,250
Survey Warehouse	67,500
Technobrain	36,698
KQ Consulting (Pty) Ltd	22,800
SIMAV SHEQ Consulting & Training	19,868
Set and Go Investments (Pty) Ltd	14,201
Absolute Supplies Investments (Pty) Ltd	7,524
	972,896

4. Board expenses

Sitting allowances	69,945
Retainer fees	64,950
Transport expenses	7,004
	141,899

5. Rent paid

Tibiyo Properties (Pty) Ltd	301,228
Drew Investments (Pty) Ltd	121,638
	422,866



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Supplementary Information

6. Workshops, conferences and meetings

Staff training and development	864,452
Subsistence and travelling	812,000
Venues, facilities and catering	293,910
Benchmarking visits	228,361
SPPRA events - team building	123,153
Capacity building	11,276
	2,333,152

7. Finance costs

Nedbank Swaziland Limited	32,678
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