CONSTRUCTION INDUSTRY COUNCIL
(Act No. 14 of 2013)

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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LIST OF OFFICERS AND PROFESSIONAL ADVISORS FOR THE PERIOD ENDED 31 MARCH 2015

COMPOSITION OF COUNCIL

MEMBERS

Chairperson	Daniel Dlamini
Vice Chairperson	David Manyatsi
Members	Thulasizwe Dlamini Sidumo Dlamini Roberto Russo Dumsile Shongwe John Magagula Mkhululi Ray Mamba Derrick Shiba
SUBCOMMITTEE MEMBERS	Duduzile Dlamini-Nhlengetfwa Muzikayise Masina Zanele Mlambo Nhlanhla Maphanga

BANKERS

Swazi Bank

AUDITORS

FIPS
Chartered Accountants (Swaziland)

CONSTRUCTION INDUSTRY COUNCIL
(Act No. 14 of 2013)

STATEMENT OF RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Council is responsible for the maintenance of adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the Council's responsibility to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

The Council has reviewed the entity's cashflow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, the Council is satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on page 6 – 18 which have been prepared on the going concern basis, were approved by the Council on .... and were signed on its behalf by:

CHAIRPERSON: ....

VICE CHAIRPERSON ....

CHIEF EXECUTIVE OFFICER ....

Chartered Accountants (SD)

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Church Street
P.O. Box 6520
Mbabane, Swaziland
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONSTRUCTION INDUSTRY COUNCIL FOR THE PERIOD ENDED 31 MARCH 2015

We have audited the annual financial statements of Construction Industry Council, which comprise of the directors' report, the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity, and the statement of cashflows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 18.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Swaziland and International Financial Reporting Standards, and in the manner required by the Council Act No. 14 of 2013. 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 as to 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 judgment, 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 controls 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 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.

Resident Partner:
PAUL MULINDWA-LUBEGA

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2015 and of its financial performance and cashflow for the period then ended in accordance with Swaziland and International Financial Reporting Standards, in conformity with the Construction Industry Council Act No. 14 of 2013.

CHARTERED ACCOUNTANTS (SWAZILAND) **DATE:** 16/09/2015

CONSTRUCTION INDUSTRY COUNCIL
(Act No. 14 of 2013)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	Note	2015 E
ASSETS		
Non current assets		
Property, plant and equipment	2	471 683
Current assets		
Rent deposit		8 452
Cash and cash equivalents	6	2 403 127
		2 411 579
TOTAL ASSETS		2 883 262
EQUITY AND LIABILITIES		
Capital and reserves		
Accumulated fund		1 238 707
		1 238 207
Non current liabilities		
Loan – Swazi Bank car lease (payable in 12 months)	7	213 214
Current liabilities		
Prepaid subscription 2015/6	4	1 324 000
Payables	5	68 400
Swazi Bank car lease (payable in 12 months)	7	38 941
		1 431 341
TOTAL EQUITY AND LIABILITIES		2 883 262

CONSTRUCTION INDUSTRY COUNCIL
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STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	2015
	E
REVENUE	3 667 452
Operating expenses	(2 428 745)
Accumulated surplus carried forward	1 238 707

CONSTRUCTION INDYSRTY COUNCIL
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STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	2015
	E
Operating surplus for the period	1 238 707
Changes in working capital	
Rent deposit	(8 452)
Prepaid subscription	1 324 000
Payables	68 400
Cash generated by operations	2 622 655
Capital movements	
Swazi Bank loan	252 155
Acquisition of assets	(471 683)
Net cash and cash equivalents	2 403 127
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	2 403 127

SUMMARY OF ACCOUNTING POLICIES

A. General information

The Construction Industry Council was established by the Government of Swaziland with the objective of the promotion and development of the Construction Industry.

B. Statement of compliance

The 2015 financial statements of the Construction Industry Council are prepared in accordance with the International Financial Reporting Standards (IFRS). The following are the principal accounting policies adopted in the preparation of these financial statements as set out below. These policies have been consistently applied in all material respects with those of the previous year, unless otherwise stated.

C. Basis of preparation

The preparation of the financial statements in conformity with the IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying Council accounting policies. Although these estimates are based on management best knowledge of current events and actions, actual results ultimately may differ from those estimates.

D. Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowing. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Construction Industry Council classifies financial assets, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognized on the Council's balance sheet when the Council becomes party to the contractual provisions of the instrument.

Fair value determination

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 Fund 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31 MARCH 2015**

Fair value determination

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 Fund 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.

Financial risk management

Financial risk factors

The Council activities expose it to a variety of risks, credit risk, liquidity risk and cash flow interest risk. The Council's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the financial performance of the entity.

Risk management is carried out under policies approved by the Council, the Council identifies, evaluates and hedges financial risks in cooperation with the office's operations. The Council provides written principles for overall risks management, as well as for specific areas such as interest rate risk, credit risk, and investing excess liquidity.

Liquidity risk

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

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

Credit risk

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

Cash flow and fair value interest rate risk

The Council's income and operating cash flow are affected, but no to a significant extent, by changes in the market interest rates.

Fair value estimation

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

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.

E. **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank, short term investments and deposits held at call with banks. In the balance sheet, bank overdrafts are included in current liabilities.

F. **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated by a charge to income computed on a reducing line basis so as to write off the cost or amount of the valuation of the assets over their expected useful lives.

Residual values and useful lives are assessed and adjusted as appropriate at each financial year end. Expenditure on repairs or maintenance of property, plant and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred.

The depreciation rates applicable to each category of property, plant and equipment as follows:

Office equipment	10%
Furniture and fittings	10%
Motor vehicles	25%
Computer equipment	33.3%

G. Trade and other receivables

Trade and other receivables are carried at anticipated realizable values. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

H. Provisions

Provisions are recognized when the Council has a present legal or constructive obligation as a result of a past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Council has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructuring

A restructuring provision is recognized when the Council has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Council.

I. Taxation

The Council is a non-profit making organization and as such is exempted from taxation in terms of Section 12 of the Income Tax Order, 1975 as amended.

CONSTRUCTION INDUSTRY COUNCIL
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31 MARCH 2015

J. Impairment of assets

At each balance sheet date or more frequently where events or changes in the circumstances dictate, property, plant and equipment and intangible assets are assessed for impairment. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, which is the higher of the asset's or the cash generating unit's fair value less costs to sell, and its value in use.

Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in arm's length transaction evidenced by an active market or recent transaction for similar assets.

Value in use is calculated by discounting the expected future cashflows obtained as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis.

The carrying values of property, plant and equipment and intangible assets are written down by the amount of any impairment and this loss is recognized in the income statement in the period in which it occurs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows.

K. Investments, financial assets and liabilities

Financial instrument are initially measured at fair value and are subsequently carried as set out below. Transaction costs of instruments carried at fair value through profit and loss are recognized immediately through the income statement. For other categories of financial instruments, transactions costs(which includes incremental costs) and transaction income are capitalized to the initial carrying value.

Financial instruments are recognized when the Council becomes party to the contractual provisions of the financial instrument. All purchases and sales of financial instruments are recognized on the trade date i.e. the date that the Council commits to purchase the financial asset or assume the financial liability.

Trade and other receivables

Trade and other receivables are classified as "loans and receivables" in terms of IAS 39 Financial Instruments: Recognition and Measurement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are subsequently measured at amortised cost using the effective interest rate method. Gains and loses are recognized in the income statement when the loans are impaired, derecognized and through the amortization process.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31 MARCH 2015

Trade and other payables

Trade and other payables are classified as liabilities not at fair value through profit and loss in terms of IAS 39 Financial Instruments: Recognition and measurement and are carried at amortized cost using the effective interest method.

Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value. Cash and cash equivalents are measured at fair value.

Loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transactions costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method, less any impairment for loans receivable.

Impairments

Loans and advances are stated net of identified and unidentified impairments. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (known as the loss event) and that loss event for (or events) has an impact on the estimated future cash flows of the financial assets and can be reliably measured.

Fair values

The fair value of investments that are actively traded is determined by reference to the quoted market based price at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arms length market transactions, reference to market value of another similar instrument, discounted cash flow analysis and option pricing models.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognized where the right to receive cash flows from the asset has expired; the Council has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31 MARCH 2015

L. Designated Funds

Income received in advance from donors for projects to be undertaken in future periods, is deferred to the period in which expenditure will be incurred.

M. Revenue Recognition

(i) The Council Revenues primarily comprise of:

(a) Registration fees,
(b) Annual subscriptions and
(c) Levies

Registration fees are recognized when received. Annual subscriptions and levies are recognized on an accrual basis.

(ii) Government grants are recognized when there is reasonable assurance that:

- the Council will comply with the conditions attaching to them; and
- the grants will be received.

N. Pension and Employee Benefits

The Council has not yet set up a pension or provident scheme. However, employee retirement benefits are provided for in terms of each employee contract and under the obligations of the Employment Act of 1980.

O. Leases

Where the Council enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or term of the lease, whichever is shorter. Future installments under such leases, net of finance charges are included in the within creditors. Rentals payables are apportioned between the finance element, which is charged to profit and loss account, and the capital element which reduces the outstanding obligation for future installments. All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

CONSTRUCTION INDUSTRY COUNCIL
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31 MARCH 2015

2. PROPERTY, PLANT AND EQUIPMENT

	Cost			Accumulated depreciation			
	At 01.04.14 E	Addi-tion E	At 31.03.15 E	At 01.04.14 E	Charge of the period E	At 31.05.14 E	Net book Value E
Motor vehicle	-	284 274	284 274	-	-	-	284 274
Furniture & fittings	-	79 616	79 616	-	-	-	79 616
Other equipment	-	4 912	4 912	-	-	-	4 912
Computer equipment	-	102 881	102 881	-	-	-	102 881
	-	471 683	471 683	-	-	-	471 683

3. TAXATION

The income of the Council other than investment income is exempt from normal income tax under Section 12 (1) (a) (vi) of the Income Tax Order 21/1975. Tax exemption has not yet been sought for its investment and trading income.

4. ACCOUNTS RECEIVABLE

	2015 E
Prepaid subscription (2015/6)	1 324 000

5. PAYABLES

Audit and accounting fees	68 400

6. CASH AND CASH EQUIVALENTS

Swazi Bank – current	89 249
Swazi Bank – call	2 313 878
	2 403 127

CONSTRUCTION INDUSTRY COUNCIL
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31 MARCH 2015

7. SWAZI BANK LEASE

	2015 E
Due in 12 months	38 941
Due after 12 months	213 214
Balance at 31 March 2015	252 155

8. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date, the Council did not have any outstanding commitments or contigent liabilities.

CONSTRUCTION INDUSTRY COUNCIL
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DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	2015 E
INCOME	
Registration and subscription	3 659 000
Interest received	8 452
	3 667 452
OPERATING EXPENSES	
Advertising and promotion	120 845
Audit and accounting fees	68 400
Bank charges and interest	55 843
Council and Subcommittee allowances	520 965
Computer expenses	18 494
Cleaning	13 572
Electricity	1 150
General expenses	34 339
Insurance	21 494
LCC/Admin consultants	764 909
Legal fees	67 000
Meetings an conferences	150 974
Motor vehicle expenses	7 868
Printing and stationery	17 940
Rent	36 696
Technical consultants	298 016
Telephone and fax	7 262
Travelling and accommodation	5 187
Wages and salaries	217 791
	2 428 745
Surplus for the period	1 238 707