



INTEGRATED **ANNUAL  
REPORT** 2018/19



# STRATEGY MODEL



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# LIST OF ACRONYMS

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ASYCUDA	Automated System for Customs Data	REPS	Royal Eswatini Police Service
ATAF	African Tax Administration Forum	RT	Revenue Treasury
ATO	African Tax Outlook	SACU	Southern African Customs Union
BPM	Business Process Management	SADC	Southern African Development Community
COE	Centre of Excellence	SARS	South African Revenue Service
CSI	Corporate Social Investment	SIDA	Swedish International Development Agency
DT	Domestic Taxes	EIPA	Eswatini Investment Promotion Authority
DTAA	Double Taxation Avoidance Agreement	SLA	Service Level Agreement
ERM	Enterprise Risk Management	SME	Small and Medium Enterprise
EU	European Union	EPTC	Eswatini Post and Telecommunications Corporation
FY	Financial Year	SRA	Eswatini Revenue Authority
GDP	Gross Domestic Product	SRASA	Eswatini Revenue Authority Staff Association
GZU	Great Zimbabwe University	SRAWU	Eswatini Revenue Authority Workers Union
ICT	Information and Communication Technology	SSA	Sub-Saharan Africa
IMF	International Monetary Fund	TFA	Trade Facilitation Agreement
IRDM	Institute of Research and Development Management	TRF	Trade Related Facility
ISO	International Standards Organisation	UB	Utility Block
IT	Information Technology	UCR	Unique Consignment Reference
KPI	Key Performance Indicator	UCT	University of Cape Town
LTPs	Large Taxpayers	UK	United Kingdom
MTN	MTN Swaziland	UNCTAD	United Nations Conference on Trade and Development
NFTC	National Trade Facilitation Committee	UPS	Uninterruptible Power Supply
OPEC	Organisation of Petroleum Exporting Countries	USA	United States of America
PAYE	Pay As You Earn	VAT	Value Added Tax
PCA	Post-Clearance Audit	VRA	VAT Refund Administration
PIT	Personal Income Tax	WCO	World Customs Organisation
PMS	Performance Management System	WTO	World Trade Organisation
PTP	Preferred Trader Programme		
REX	Registered Exporters		

# 'SRA has meaningfully contributed towards reducing reliance on SACU revenue'

## 1.1 Chairperson's Statement

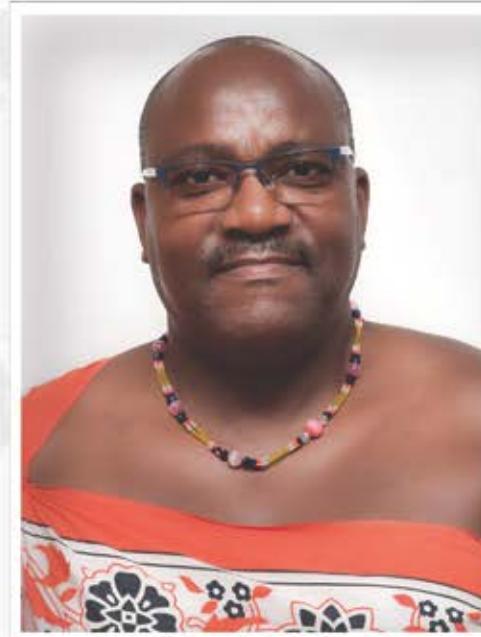
Taxes are the most sustainable source of funding for government, ahead of borrowing and donor funding. The SRA has meaningfully contributed towards reducing the reliance on SACU revenue, funding more than half of government expenditure compared to an average of about 40% contribution by domestic taxes before the Eswatini Revenue Authority (SRA) was established.

The organisation has consistently demonstrated strong performance in recent years, surpassing revenue targets year after year. The average revenue growth over the past five years has been above 11%.

However, non-implementation of planned policies, challenging economic conditions and operating environment in the year under review resulted in the organisation collecting 9% below the target, and remaining 6% above last year's collections.

Limited funding slowed down our modernisation and reform programme, placing the capacity for future revenue-generation at risk. On the operational side, there was a saving on operational costs; we achieved savings of 4% on the operational budget due to a reduction of costs in areas like staff costs. This, in particular, was through a moratorium on recruitment, a strategy that ensures minimisation of staff costs without having to resort to job cuts. On this note, I would like to express the Board's appreciation to management and staff as they continued to strive for performance excellence in spite of the trying conditions.

The SRA's strategic aim is to achieve 100% voluntary compliance in the country for improved outcomes, while the medium term strategic aim is to



**Mr. S'thofeni Ginindza**

make compliance easier and for it to cost less. Achieving this is all the more important in the prevailing climate as the operating conditions become tighter. I again thank our very important stakeholders, the taxpayers, in working together with us towards this goal, and their contribution to the fiscus.

# ‘A major achievement was the completion of the headquarters’

## Chairperson’s Statement (continued)

We welcomed, with pride, the appointment of our former Chairman, Mr Ambrose Dlamini as Prime Minister in November 2018. Mr Dlamini had been Chairman of the Governing Board since inception of the SRA in 2011. He was instrumental in ensuring that a solid team was recruited and all systems were in place to establish a strong organisation to execute this all important mandate. We are therefore grateful to have had his guidance in helping to steer the organization to where it is today.

The change in Government during the year also saw the appointment of the Honourable Minister for Finance, Mr Neal Rijkenberg, who we look forward to working with as we make our contribution to the fiscus.

The end of this financial year also sees the end of term of office of two Members of the Board – Mr Mhlabuhlangene Dlamini and myself, who have also served on the Board for nine years. Together with the former Chairman, these Members were also the first Board Members of the SRA, who were instrumental in ensuring that the organisation achieved efficiency from inception and beyond.

As a key aspect in strengthening governance, the Board went through an evaluation of the Board, its Committees and individual Members in October 2018 to assess its performance. The Board has taken it upon itself to carry out periodic evaluations that will assist in improving its effectiveness. I am proud to say that the evaluation report was positive; the recommendations and areas of improvement were taken into account for implementation in the

*The completion led to a seamless relocation of the complement of 381 officers based at the headquarters in January 2019.*

immediate future.

To enhance the organisation's corporate social investment strategy, the Board approved Phase Two of the CSI initiatives that were first rolled out in 2015. This phase will run from 2019 to 2021. Through collaboration with the relevant institutions, this programme has achieved its milestones in the area of focus, which is education for young people living with disabilities.

A major achievement was the completion of the headquarters at Ezulwini, a project that commenced in September 2016. The completion led to a seamless relocation of the complement of 381 officers based at the headquarters in January 2019. We are thankful for the support we received from government in this project.



S'THOFENI GINDZA  
CHAIRPERSON OF THE GOVERNING BOARD

# 'Our collections were 9% below annual target'

## 1.2 Commissioner General's Statement

In accordance with Section 25 of the Revenue Authority Act, 2008 I humbly present the 9<sup>th</sup> Annual Report of the Eswatini Revenue Authority, covering the financial year 2018/19. This report has been prepared in accordance with the requirements of the Revenue Authority Act, 2008 and the Public Enterprises (Control and Monitoring) Act No. 8 of 1989.

We ended financial year 2018/19 at E8,995,706,402 against a revenue collection target of E9,878,684,868. This was a shortfall of E882,978,466 and for the first time since inception our collections were 9% below the annual target. Year on year revenue growth was only marginal for the 2018/19 financial year at 6%, amounting to E542,222,398. We continue to forge strong strategic partnerships towards developing our capacity in generating revenue and this will serve us well in the medium term. Our teams continue to provide relevant data which is critically analysed and interpreted by our research team to facilitate a better understanding of our clientele. These research reports inform our medium-term plans and provide a solid platform from which to build. We have also received key insights into auditing high-risk industries. All these are helping to ensure increased revenue performance.

Our relationship ecosystem performed relatively well in the period under review. We continued to participate actively in the regional and international revenue administration space and contributed to the attainment of the Kingdom's foreign policy in the areas of trade facilitation and international tax transparency. My sincere appreciation goes to the



**Mr. Dumisani Masilela**

Government of the Kingdom of Eswatini for their continued support and guidance, the SRA Governing Board for steering this organisation to success and ensuring we live up to our motto of "Raising the Standard". My special appreciation goes out to the over 600 members of staff who work tirelessly on a daily basis to bring to life the mandate of the organisation.

# 'SRA thanks all compliant taxpayers'

### Commissioner General's Statement (continued)

The SRA extends its gratitude to all compliant taxpayers, traders and intermediaries who continue to fulfil their tax obligations and contribute to the development of this great nation. Honest and voluntary compliance ensures that we spend less in collecting the much needed resources while ensuring that these are collected effectively to support the country's development needs. I therefore encourage those that are currently struggling in this area to introspect and do the right thing. Lastly, I recognise the assistance we received from our international and regional partners most notably the; African Tax Administration Forum, South African Revenue Service, African Union, Southern African Development Community, International Monetary Fund, World Customs Organisation, Swedish Customs, Korean Customs, the World Bank and the International Centre for Tax and Development and all our in country partners. Without you supporting us, we could never have attained the results we delivered.

It is my pleasure to present the 2018/19 Integrated Annual Report of the Eswatini Revenue Authority.



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COMMISSIONER GENERAL  
DUMISANI E. MASILELA

## GENERAL INFORMATION

### The Report

#### 1.3 About this Report

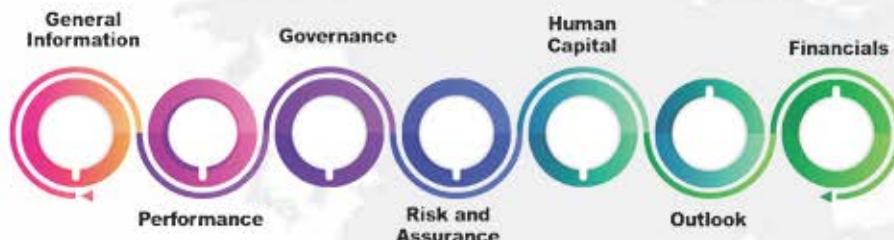
The compilation of this integrated annual report is in line with the legislative and governance framework and reports the performance of the Eswatini Revenue Authority (SRA) against its strategy and annual performance targets. In this report, the organisation demonstrates value created focusing on improvements and innovation. This report considers matters material to the creation of value in the short, medium and long term.

Progress reported in this report is against core performance measures set by the organisation in its strategic plan 2018/19 to 2020/21.



## Progress reported in this report is against core performance measures

The organisation is in the process of inculcating and embedding integrated thinking, value creation and integrated reporting into its operations. This is moving along with the organisation's commitment to align to the latest King Report on Corporate Governance.



### 1.4 Performance Highlights



**Revenue Collection:**  
E8,996 billion



**PAYE Compliance:**  
File on time: 39.9%  
Filed after due date: 24.9%



**VAT Compliance:**  
File on time: 64.3%  
Filed after due date: 20.8%

# Income Tax compliance shows that 32.2% filed on time

From previous page - Performance Highlights



**Income Tax Compliance:**  
File on time: 32.2%  
Filed after due date: 13.5%



**Taxpayers Increase:**  
7.1%



**Increase in Debt Stock:**  
30.9%

## 1.5 Organisational Overview

### VISION

100% Voluntary  
Compliance  
for a better  
Kingdom of Eswatini

### MISSION

To provide an effective  
and efficient revenue  
and customs administration,  
driven by a high performance  
culture that promotes compliance  
through fair, transparent and  
equitable application of the law.

### MANDATE

To assess and collect  
revenue on behalf of the  
Government of the  
Kingdom of Eswatini,  
administer and enforce  
the revenue laws listed in the  
schedule of the Revenue  
Authority Act of 2008.

### VALUES

Performance Excellence  
Innovation  
Integrity  
Relationships  
Transparency & Accountability

# Strategic plan serves as a framework for decision making

## 1.6 Our Strategic Focus

The organisation's strategic plan serves as a framework for decision-making and acts as a roadmap towards the fulfilment of the organisation's vision. It reflects the initiatives necessary to pursue the attainment of the vision and mission of the organisation.

### Core targets for 2018/19

No.	Key Performance Areas	Target	Actual
1.	Efficiency ratio.	4.5%	4.1%
2.	Domestic Tax to GDP ratio.	15.3%	14.4%
3.	Voluntary compliance.	60%	n/a*
4.	Trading across borders.	Top 30	32
5.	Paying taxes index.	Top 60	63
6.	Efficient HR management.	75%	n/a*

\* - surveys and research to be undertaken to determine achievement.

The approach adopted in the strategic plan is separating strategic projects from operational processes. Projects are grouped under different programmes and are geared towards improving our existing processes. Limited funding for our eight identified strategic projects resulted in the organisation implementing only some of the projects. Some progressed through assistance from our international partners. The strategic objectives and progress attained on planned activities for the year is highlighted.

Implementation Progress on Planned Activities of Strategic Projects during 2018/19.



### Projects and Their Intended Purpose

Project Name	Intended Purpose
Revenue Management System Enhancements	Improve the capabilities of the system to ensure it aligns and supports the key outcomes of improving compliance by taxpayers.
ABYCUDA Performance Management	Define key performance measurement indicators and identify bottlenecks for process enhancements to reduce transaction and clearance times.
Compliance Programme	To have a structured plan to address specific compliance risks linked to the major segments of the taxpayer population.
Information Management	Putting in place an efficient platform for the receipt and movement of documents in an electronic format across SRA.
Business Process Re-engineering	Align SRA processes to the SRA mission and deliver day-to-day operations as a single purpose.
Human Resources System	Replace the current HR System, which is not sufficiently supported by the current vendor.
Organisational Structure Re-organisation	To develop and implement a structure of the organization that will deliver the SRA mandate efficiently.
Staff Productivity	Build a culture of productivity management at the SRA.

# Major construction projects for the year

## 1.6.1 Other Projects

In addition to strategic projects, the organisation continues to implement other projects that are important to creating value. Systems development and construction projects fell under the category of these projects in 2018/19. Construction projects for the year were the SRA Headquarters at Ezulwini, Mananga Border Post and Manzini Service Centre.

### Systems Development

**PMS:** delivered a revised friendly and easily adaptable (organisational) scorecard that focuses on business operations, strategic projects and behavioural key performance indicators.

**Data Warehouse Project:** set up a dedicated and virtual server for centralized data repository and data analysis; and, developed a business intelligence tool focusing on accurate reporting of declarations and extending to picking up exception cases from the analysis to inform selection of audit cases.

### Relocation of Manzini Service Centre

The project has gone through the procurement stages. Awaiting formal award of main building contractor. Total construction cost for the project is estimated at E6,985,120.



**SRA Ezulwini Headquarters**

Sectional Beneficial Occupation on the 17<sup>th</sup> December 2018.

**Relocation from Mbabane to new structure at Ezulwini:** Commenced in December 2018 and concluded in January 2019.

Final completion projected for the 31<sup>st</sup> May 2019.

Total expenditure on project as at 31<sup>st</sup> March 2019: E364,405,000.



# Organisation exploits inputs for creation of value, implements value adding activities

## 1.6.2 Process Management

One year end compliance audit to assess the organisation's BPM maturity level which measured the business operational efficiency

The audit results indicate that the organization fell below the set maturity level 3 target.

## 1.7 Our Business Model

The organisation fulfils its purpose through its business model depicted below. The organisation exploits inputs for creation of value and implements value adding activities in the pursuit of adding value to taxpayers and the government.



# GENERAL INFORMATION

## 1.8 Our Operating Model



## 1.9 Stakeholders Relationships

Maintaining stakeholder relationships is one of the key components in driving voluntary compliance. The SRA embraces this concept and engages with stakeholders at both international and domestic levels, as shown in the stakeholder universe.



# World trade growth was slower in 2018

## Stakeholders Relationships

SRA's Group	Stakeholder	Why it is important for us to engage
• Government		To create an enabling environment that enacts tax and customs policies, which are implementable from an administration point of view. To also garner support for the funding of key tools to support the revenue collection mandate.
• Regulatory Bodies		Consists predominately of partners to the SRA, either at the points of entry, sharing of information and partnerships which assist in driving enforcement of legislation.
• Telecommunication Operators		Assist in the modernisation of revenue administration and are the backbone of our systems
• Suppliers		To ensure seamless delivery of service to our clients. Where the annual supplier's day aims to build relations and sensitize suppliers on requirements from the SRA
• International Experts		Multilateral organisations concerned with taxation assist as they spearhead modernisation of tax policy and development. The development partner space also requires closer coordination in order for the organisation to ensure that assistance received from our partners does not duplicate and address our priorities.
• Tax practitioners and clearing agents		To ensure high level of compliance amongst the clients, whilst adhering to domestic tax legislation. To also minimize disputes due to incorrect interpretation of legislation.
• Business / industry formations		Through establishment of the business consultative committee, the organisation engages these stakeholders to ensure collaboration towards dealing with industry issues relating to tax administration and policy.
• Law enforcement		To enhance the enforcement programme, through participation in the anti-money laundering committee led by FIU, partnership with Royal Eswatini Police (REPS) and Umhlufo Eswatini Defence Force in dealing with anti-smuggling at the Border posts and along the borderline.
• Financial institutions		Promote the use of the modern and convenient payment platforms (e.g internet platforms) to make tax payments and tax refunds
• Other Tax Administrations		To enable improved inter-country or regional relations as well as comparisons and benchmarking in order to do evidence based recommendations to reform tax policies and tax administration.

## 1.10 Situational Analysis

### 1.10.1 Global and Regional Developments

Global economic indicators had a strong start in 2018, following the recovery in economic growth for 2017. However, in the second half of the year economic growth started to slow down due to declining economic activity in major economies of Asia, Europe and Northern America. This deterioration was resultant from natural disasters in Japan, trade tensions across the globe arising from increased protectionist measures as well as value chain disruptions emanating from reduced demand. By early 2019, the economic conditions seemed to have eased as the United States of America's (USA) Federal Reserve signalled a more accommodative monetary policy stance and markets became more optimistic about the US-China trade deal.

Estimates by the International Monetary Fund (IMF) indicate a slower growth of 3.6%. In 2018 from 3.8% in 2017. An even slower growth of 3.3% in 2019 is anticipated and a recovery 3.6% is projected for 2020, reflecting developments in economies currently experiencing macroeconomic distress, accompanied by a slowdown in advanced and emerging market economies. Improvements in global financial markets sentiments, the waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market and developing economies will support recovery in 2020.

World trade growth was slower in 2018 at 3.0% from 3.6% in 2017. This was due to weaker demand in advanced economies, escalating trade tensions between the US and China, and uncertainty over BREXIT. These trade tensions and global economic developments are likely to lead to a slower growth of 2.6% in 2019.

# Domestic economy is estimated to have contracted

Growth in Sub-Saharan Africa recovered but remained constrained from its pre-crisis levels. Estimated economic growth in the region for 2018 is 3.0% and is expected to pick up to 3.5% in 2019 and 3.7% in 2020 from 3.0% in 2018. Economic performance prospects vary across the Sub-Saharan region reflecting heterogeneity of the economies, associated with disparities in the level of development, exposure to weather shocks, and commodity dependence. Consumer prices are expected to post a declining growth of 8.1% in 2019 from 8.5% in 2018; this is expected to continue to slow down to 7.4% in 2020. Middle-income countries in the region including Eswatini on the other hand are projected to increase their consumer prices from an average of 4.6% in 2018, to 5.1% in 2019 and 5.3% in 2020.

Within the region, South Africa, our major trading partner recorded growth of 0.7% in 2018 compared to 1.3% in 2017. Weaker growth in 2018 was a result of weaker investment outcomes, a more fragile recovery in household incomes as well as slower export demand due to a moderating global growth. The outlook for 2019 indicates a slight economic recovery towards 1.3% growth and 1.8% in 2020. This projected recovery is an indication that the economy has begun to recover from the political inertia and uncertainty that constrained investment and confidence in 2018.

## 1.10.2 Domestic Developments

The domestic economy is estimated to have contracted by 0.6% in 2018 from 1.9% growth in 2017. The negative growth rate was due to poor performance of critical sectors such as the construction, wholesale and retail where the ongoing government cash flow challenges led to slow activity. Government liquidity challenges resulted in accumulation of domestic arrears and more fiscal consolidation. Deteriorated external demand conditions severely hampered the export-oriented manufacturing subsectors of the economy. These economic conditions resulted in increasing tax arrears and challenged

revenue mobilisation by the SRA.

Supply side developments supported economic growth with agriculture, agro-processing, electricity and water supply subsectors experiencing a full recovery from drought as these benefited from investments such as the Lower Usuthu Smallholder Irrigation Project (LUSIP) project. A higher growth rate of 1.1% is anticipated for 2019 including a further improvement to 1.8% in 2020. The medium term outlook for Eswatini will depend heavily on government's ability to implement fiscal consolidation measures together with the private sector as well as insulating the country against potential international risks.

Indicator	2017	2018	2019	2020
<b>GDP Growth</b>	1.9%*	0.6%	1.1%	1.8%
<b>CPI Inflation</b>	6.2%*	4.8%*	5.99%	6.40%

NB: \* Indicates actuals

Source: CSO and CBE.

Inflationary pressures, as represented by the Consumer Price index (CPI) slightly subsided in 2018, allowing for a more accommodative monetary policy, which allowed for growth in credit extension to businesses. The average inflation rate for 2018 was 4.8%, a reduction from a rate of 6.2% in 2017 and 7.8% in 2016. Projections indicate that inflation will accelerate in 2019 and 2020, reflective of higher oil prices and a weaker exchange rate. The Lilangeni depreciated against major currencies recording an average of 13.32 per dollar in 2018 from 13.25 per dollar in 2017. The effect of the inflation and exchange rate developments was an increase in the value of our imports from non-CMA countries while benefiting the return on our export products.

# There was a reduction of 0.5% in cost collection

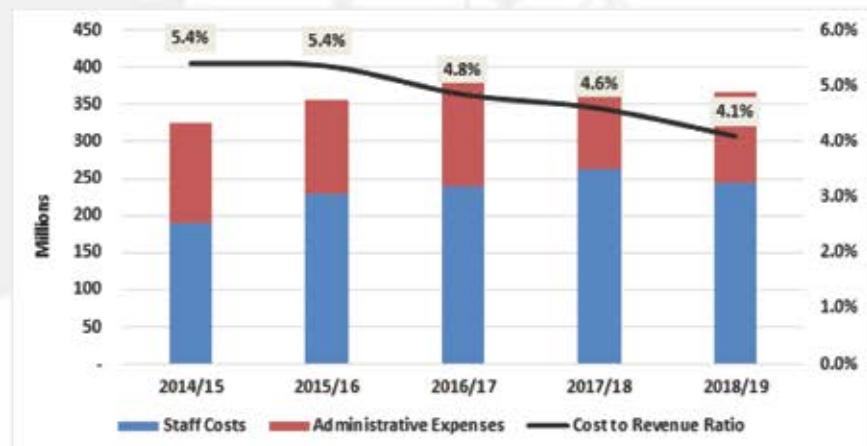
## 2.1 Performance against our capitals

Capitals	Capital Inputs / Stock Of Capital	Business Activities / Value Creation	Outcome	Performance
Financial	<ul style="list-style-type: none"> <li>Revenue collected.</li> <li>Government subvention.</li> </ul>	<ul style="list-style-type: none"> <li>Collection of revenue.</li> <li>Registration.</li> <li>Return Management.</li> <li>Refunds payment.</li> <li>Tax assessments and declaration processing.</li> <li>Debt management.</li> <li>Audits.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced cost of collection.</li> <li>Regionally competitive tax to GDP ratio.</li> <li>Higher revenue collections.</li> </ul>	<ul style="list-style-type: none"> <li>£15,990,708,402 revenue was collected.</li> <li>Cost-to-revenue ratio stood at 4.1%.</li> <li>Revenue to GDP ratio stood at 14.4%.</li> <li>Debt to revenue ratio stood at 50.42%.</li> <li>A 7.1% increase in registered taxpayers was recorded. The base increased to 57,008.</li> </ul>
Human	<ul style="list-style-type: none"> <li>Expertise and knowledge.</li> <li>Competent staff.</li> <li>Experienced staff.</li> <li>Motivated employees.</li> <li>Safety and health of staff.</li> <li>Training and development.</li> <li>Integrity of staff.</li> <li>Culture in line with company values.</li> </ul>	<ul style="list-style-type: none"> <li>Staff development.</li> <li>Recruit and retain the right skills and expertise.</li> <li>Integrity awareness and assurance.</li> <li>Organisational culture change activities.</li> <li>Staff wellness programme implementation.</li> <li>Compliance with safety regulations and implementation of SHE policy.</li> </ul>	<ul style="list-style-type: none"> <li>Operational excellence.</li> <li>Better customer service.</li> <li>Productive and motivated staff.</li> <li>Retention and attraction of required talent.</li> </ul>	<ul style="list-style-type: none"> <li>A Decrease in headcount to 620 was recorded, owing to a 6.1% turnover and a recruitment moratorium.</li> <li>Investment was made in various technical and management development interventions for staff and management respectively.</li> <li>We enrolled staff on diverse programmes to improve productivity and ensure a safe and healthy workforce.</li> </ul>
Intellectual	<ul style="list-style-type: none"> <li>Tacit and specialised knowledge and skills.</li> <li>Healthy governance framework.</li> <li>Enterprise risk framework.</li> <li>Internal policies, established processes and procedures.</li> <li>Legislation.</li> <li>Information management systems.</li> <li>Own operations and revenue collection ICT Systems.</li> <li>Disaster recovery systems.</li> </ul>	<ul style="list-style-type: none"> <li>Intelligence and investigations.</li> <li>Knowledge management and sharing from projects and activities.</li> <li>Risk mitigation.</li> <li>Strengthening/improving internal controls, policies, processes and procedures.</li> <li>Continuous assessment and improvement of tax legislations.</li> <li>Compliance with all laws and regulatory bodies.</li> <li>Strengthening of governance.</li> </ul>	<ul style="list-style-type: none"> <li>Good corporate citizenship with strong ethics and culture.</li> <li>Organisational efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic risks and treatment actions implemented.</li> <li>11 audits of high-risk areas were conducted, including five special audits requested by Governing Board.</li> <li>99% compliance rate attained on legislation universe identified for SRA.</li> <li>6 investigations finalized with 13 closed for lack of evidence and 13 whistleblowing cases converted to investigations on reported staff integrity issues.</li> </ul>
Social and Relationship	<ul style="list-style-type: none"> <li>Relationships with Stakeholders.</li> <li>Contribution to community (Corporate Social Investment).</li> <li>Reputation of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Taxpayer engagement and education.</li> <li>Segment relevant taxpayer service.</li> <li>Stakeholder engagements.</li> <li>Working with key partners to support tax compliance and trade facilitation.</li> <li>Implement CSI programme.</li> <li>Corporate image management.</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction.</li> <li>Improved voluntary compliance.</li> <li>Improvement in ease of doing business.</li> <li>Good corporate image.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged taxpayers through various platforms on diverse topics.</li> <li>Contact centre operations to handle queries from taxpayers.</li> <li>Promoted tax and customs agenda and mandate of the organisation through hosting events and commemorative gatherings.</li> </ul>
Manufactured	<ul style="list-style-type: none"> <li>Assets.</li> <li>Vehicles.</li> <li>ICT hardware and software.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade processes and systems.</li> <li>Use latest technology.</li> <li>Maintain and improve existing infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable operation of infrastructure, facilities and assets.</li> <li>Reduced operational and occupational risks.</li> </ul>	<ul style="list-style-type: none"> <li>Completed construction of SRA head office while continued with Mananga Border Post Phase 2 and procuring for relocation of Manzini Service Centre.</li> </ul>

## 2.2 Cost of Collection

The cost of collection is a measure of how much the organisation spends to collect each Lilangeni of tax revenue. There was a reduction of 0.5 percentage point in the cost of collection from 4.6 cents per Lilangeni in 2017/18 to 4.1 cents per Lilangeni in 2018/19 indicating an improvement in efficiency in the use of resources for revenue collection. The target for the year was 4.5%, which was exceeded by the current performance. The reduction in human resource cost in line with cost containment aided the reduction in the cost of collection. It must be noted that this ratio does not account for the cost incurred in the collection of customs duties because of the SACU arrangement, which may result in a misalignment with other revenue administrations.

Cost to Revenue Ratio for 2014/15 to 2018/19.

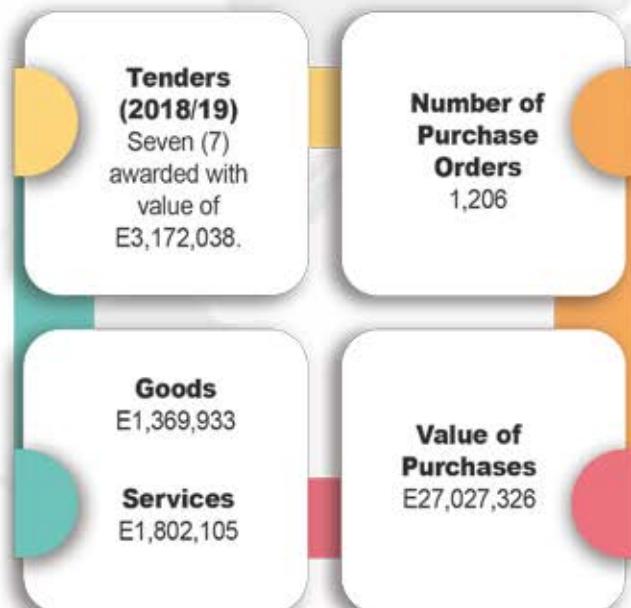


# Total revenue collected was E8.996 billion

## 2.2.1 Procurement of Goods, Works and Services

The organisation handled a number of tenders to deliver goods and services. All procurement of goods and services was done in line with SRA policies and The Procurement Act, 2011. The total value of procured goods and services was E27,027,326.

### Procurement Management in 2018



## 2.3 Revenue Collection Performance

### Total Revenue Collections

- E8.996 billion
- +6.4% Prior Year
- 8.9% Target

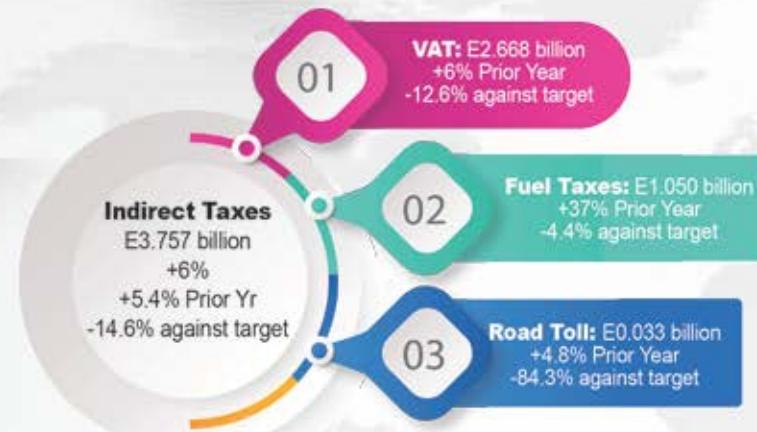


### Direct Taxes



# The deficit against the target was E883 million

## Indirect Taxes



## 2.4 Collections against Target

Total revenue collection amounted to E8.996 billion against a target of E9.878 billion in 2018/19, leading to a 9% below target position. The deficit against the target was E883 million compared to a surplus of E113 million in 2017/18. When compared to the previous year, revenue collection grew by 6% in 2018/19 from E8.453 billion in 2017/18.

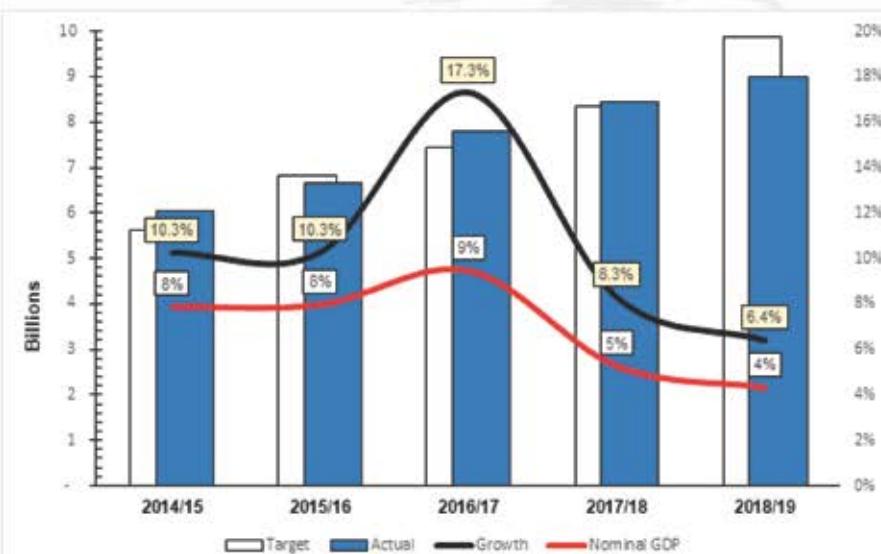
Total Revenue Collection for the years 2014/15 – 2018/19 (E' 000)

REVENUE HEADING	REVENUES FOR THE PERIOD 2014/15 TO 2017/18 (E'000)						Variance 2018/19 Actual – Target	As a % of Revenue in 2018/19
	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual		
Company Tax	1 483 248	1 371 839	1 498 626	1 373 916	1 636 894	1 457 714	-10.9%	6.1%
Individuals	2 048 530	2 175 819	2 662 405	3 044 976	3 291 051	3 260 639	-0.9%	7.1%
Other Income Tax	177 368	276 643	384 226	440 652	446 701	493 600	10.5%	12.0%
Graded Tax	1 066	900	1 517	728	7 643	1 249	-83.7%	71.5%
<b>Total Income Taxes</b>	<b>3 710 211</b>	<b>3 825 200</b>	<b>4 546 773</b>	<b>4 860 273</b>	<b>5 382 289</b>	<b>5 213 202</b>	<b>-3.1%</b>	<b>7.3%</b>
SALES TAX	11 631		1 495	779	0	335	0.0%	-57.0%
VAT	1 883 319	2 107 173	2 407 309	2 520 224	3 051 208	2 667 798	-12.6%	5.9%
Road Toll	29 829	30 179	30 359	31 705	211 041	33 215	-84.3%	4.8%
Lotteries and Gaming	4 141	5 441	3 115	6 050	19 521	5 156	-73.6%	-14.8%
Fuel Tax	572 993	666 808	732 283	1 004 629	1 096 310	1 050 338	-4.4%	4.5%
<b>Total Taxes on Goods and Services</b>	<b>2 501 912</b>	<b>2 809 602</b>	<b>3 174 560</b>	<b>3 563 387</b>	<b>4 380 080</b>	<b>3 756 841</b>	<b>-14.2%</b>	<b>5.4%</b>
Immigration fines, Motor vehicle levy, penalties and unallocated funds	-176 597	21 245	84 866	29 625	0	25 664	0.0%	-14.0%
<b>GRAND TOTAL</b>	<b>6 035 526</b>	<b>6 656 047</b>	<b>7 806 198</b>	<b>8 453 484</b>	<b>9 878 685</b>	<b>8 995 706</b>	<b>-8.9%</b>	<b>6.4%</b>
								<b>100.0%</b>

Revenue collection continued on an upward growth trend of 6% in 2018/19 although growing at the slowest pace since 2012/13, bringing down the average growth rate of the past 5 years to 11%. This rate of growth in collection is higher than the growth in nominal GDP of 5.4% as projected by the Central Bank of Eswatini and the Ministry of Economic Planning and Development, implying that revenue mobilisation remained strong despite weak economic performance.

# Govt only implemented two policy changes

Revenue collections growth for 2014/15 to 2018/19.



Growth in revenue was driven by increases in collection from the manufacturing, wholesale and retail, construction and professional services sectors. Declining revenue from the agricultural and ICT sectors had a counter effect on this growth.

Contribution to Total Revenue by Sector in 2017/18 and 2018/19

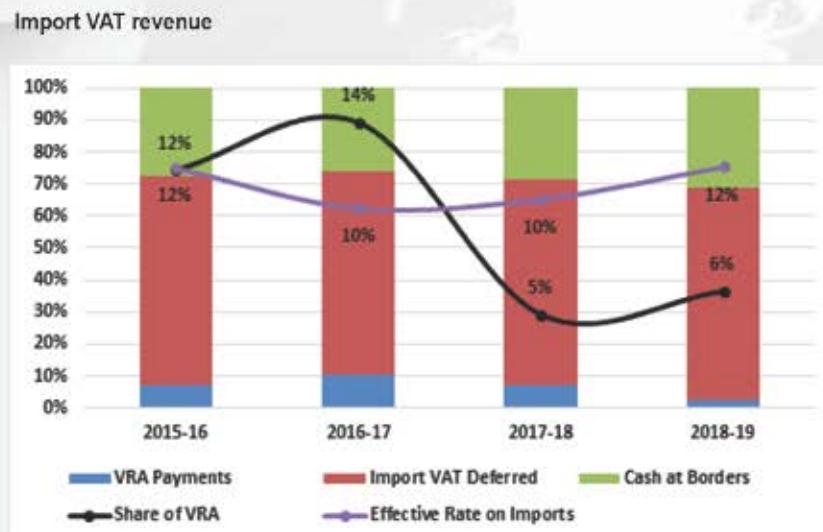


## 2.4.1 Policy Measures to Increase Revenue

The government implemented two policy changes out of eight proposed for domestic tax revenue enhancement at budget stage. The two policy changes that were implemented are the increase in the VAT rate from 14% to 15% and introduction of a motor vehicle levy on cars imported from outside SACU, which jointly yielded additional revenue of E110,652,113. These policies became effective in August 2018, much later than the anticipated April 2018 timeline. The increase in the VAT rate has helped counter the decline in benefits from the refund agreement with SARS from 12% of revenue in 2015/16 when the agreement commenced implementation to 6% in 2018/19. The decline in revenue from the

# Tax to GDP ratio stood at 14.4%

arrangement was due to the change in the administration of the agreement by the South African Revenue Services, which disqualified legitimate imports and introduced considerable delays in refunds processing. This caused an abandonment of this approach by traders as some reverted to their schemes of evading payment at the borders.



Government Gazette Extraordinary No.26, 01 March 2018 gave the SRA a mandate to collect revenue through a levy that is imposed on all vehicles imported from outside the SACU region. This is pitched at 3% on vehicles 6-10 years old and 6% on cars older than 10 years. This policy move resulted in additional revenue collection of E5.365 million.

**Motor Vehicle Import Levy Revenue Collections  
from August 2018 to March 2019**



## 2.4.2 Revenue to Gross Domestic Product

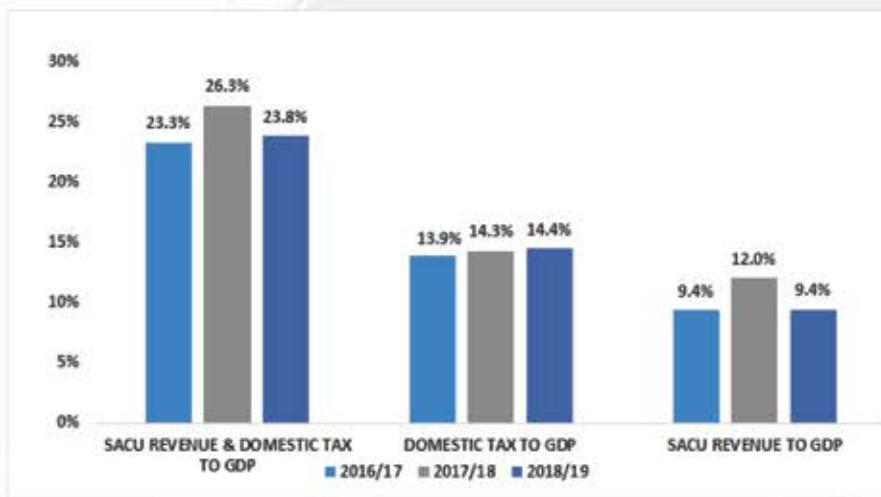
The revenue-to-GDP ratio is a measure of efficiency in the reach of the taxable capacity of the economy for tax revenue mobilisation. The higher the ratio, the more coverage by the administration of the taxable economy. The target the SRA set itself for domestic tax-to-GDP for 2018/19 was a ratio of 15.3% (excluding SACU revenue) and the organisation only managed to achieve 14.4%.

The below target achievement in the ratio is mainly due to the upward revision of nominal GDP by the relevant institutions. Including SACU, the revenue to GDP ratio stood at 23.8%, a decline from 26.3% in the previous

# Revenue foregone increased by 8 percent

year. The decline in the ratio was due to a sizeable decline in SACU revenue receipts. The average revenue to GDP ratio including SACU stands at 25.7% for the period covering 2014/15 to 2018/19.

**SACU Revenue and Domestic Tax-to-GDP Ratio 2016/17 to 2018/19**



## 2.4.3 Revenue Foregone

Revenue foregone resulting from exemptions increased by 8% from E310.2 million in 2017/18 to E335.9 million in 2018/19. The highest revenue foregone was under customs duties when compared to exemptions on VAT. Exemptions amounted to E60,880,565 whilst rebates amounted to E205,388,907. Exemptions were mainly for medical supplies, The King's Office and

Diplomatic Missions, Ministry of Health and Non-Governmental Organisations in the health sector. Rebates were mainly for textile companies, the King's Office, Diplomatic Missions and wheat importers.

**Revenue Foregone through Exemptions in 2017/18 and 2018/19 (Emalangeni)**



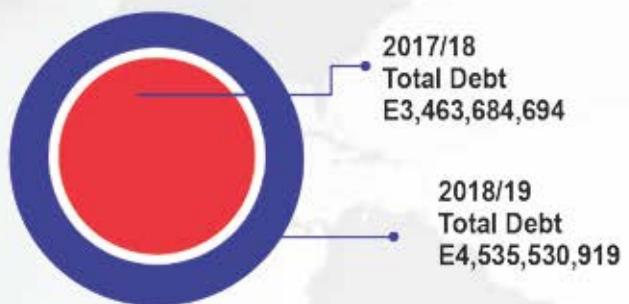
## 2.4.4 Debt to Revenue Ratio

There was an increase of between 21% and 37% in debt stock across all tax types, leading to an overall increase of 30.9% in tax arrears to E4.534 billion. The weak economic performance and government's fiscal position contributed significantly to the upward movement in tax arrears. As percentage of GDP, tax arrears increased from 6% in 2017/18 to 7.3% in

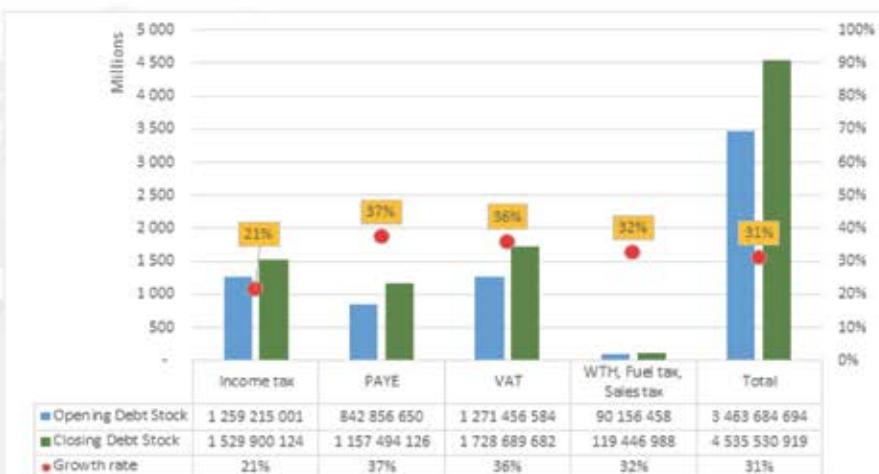
## A debt reduction & recovery strategy has been developed

2018/19. A debt reduction and recovery strategy has been developed for implementation in 2019/20 to counter the increasing stock of arrears. This strategy will of course rely heavily on government's response as it includes writing-off of some arrears, particularly those of public entities.

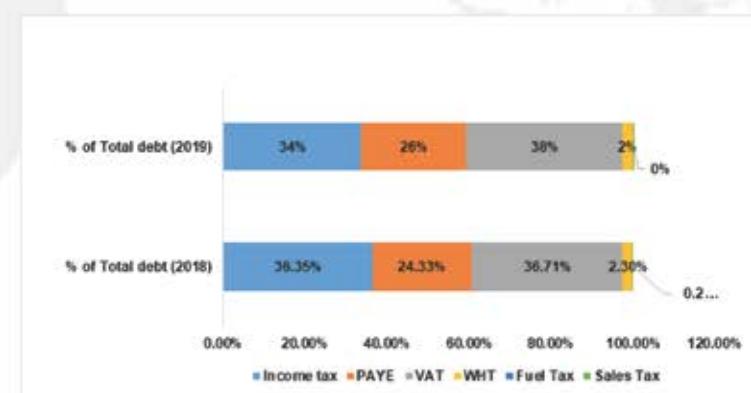
Total Debt for periods 2017/18 and 2018/19



Opening and Closing Debt Stock by Tax Type in 2018/19



Debt composition by tax type as at 31<sup>st</sup> March 2018/19



### Factors contributing to debt increase

- Non-payment of liabilities on filed returns (PAYE and VAT).
- Non-payment of liabilities from completed audits.
- Interest accumulation on existing debt.

# Number of taxpayer registrations increased by 7.1%

## 2.5 Voluntary Compliance

### 2.5.1 Registration Compliance

In support of voluntary compliance, the organisation strives to increase the number of registered taxpayers by making the tax registration process simpler and more efficient. Other activities towards increasing the taxpayer base include tax education and special door-to-door operations to encourage nonregistered taxpayers to register (*Operation Bakhumbute*).

The average turnaround time for income tax registration was 2.9 working days against a target of 2 working days, while for VAT registration it was 7.8 working days against a target of 15 working days. The inability to meet the target timeline for Income Tax registration was due to reduced capacity during some parts of the year and this was resolved through reprioritisation of resources within the organisation. The number of taxpayer registrations increased by 7.1% in 2018/19 as taxpayers made voluntary registrations and some were identified for registration through SRA's enforcement efforts.

### Taxpayer base as at end of 2018/19

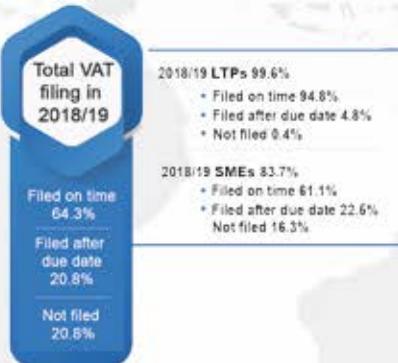
Tax Type	Income Tax	PAYE	VAT	E-Tax	Total Ex. E-Tax
Opening Balance	44 031	5 372	3 805	2 129	53 208
Registered Taxpayers	2 998	1 073	293	270	4 364
Deregistration / Suspensions	295	180	89		564
Closing Balance	46 734	6 265	4 009	2 399	57 008



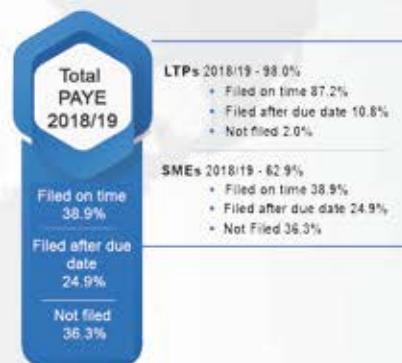
### 2.5.2 Filing Compliance

The level of filing compliance remained relatively the same in 2018/19. There are notable improvements in VAT and PAYE filing compliance; however, there was a decline in corporate income tax filing. Efforts to increase filing compliance include pro-active reminders through emails and phone calls to first-time filers and visits to non-compliant taxpayers.

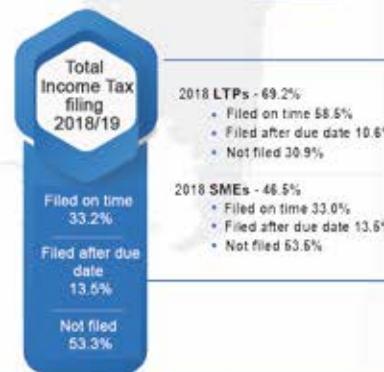
#### a) VAT filing rates



#### b) Pay As You Earn (PAYE) Filing Rates



#### c) Income tax filing rates



# Over E1 billion paid in VAT and Income Tax refunds

## 2.5.3 Payment of Refunds

Efficient and timely processing of refunds is a priority for the organisation and we endeavour to support compliance while contributing to the improvement of the paying taxes index in the ease of doing business index. A total of E1,113,995,965 was paid in refunds of which E1,085,075,665 was VAT and E28,920,300 was income tax.



VAT Refunds for period 2014/15 – 2018/19



## 2.5.4 Payment Compliance



# SRA wins quality taxpayer services awards

## 2.5.5 Taxpayer Engagements

The organisation engaged with taxpayers through a number of platforms including workshops, newspapers, digital and social media as well as electronic media (television and radio). One of the key achievements in recognition of our quality services to our taxpayers is the receipt of two awards; Customer Service Centre of the year and an individual award for Customer Service Executive for our Customer Service Manager.

Together with the taxpayer community and the rest of the Customs World, the organisation celebrated the International Customs Day 2018 in January 2019 under the theme; "SMART borders for seamless Trade, Travel and Transport." This event had attendance by various stakeholders from the private sector and partners including a representative of the Southern Africa Customs Union (SACU) Secretariat. The Minister of Finance, Honourable Neal Rijkenberg, was the guest of honour.

### Taxpayer Workshops

- 24 workshops.
- Pay As You Earn on calculations, new spreadsheets, and submission dates (450 employers, 67% Small and Medium Enterprises and 33% Large Taxpayers).
- Value Added Tax on the newly introduced standard rate of 15%.

### Taxpayer Education

- More than 65,000 facebook followers.
- 47 awareness raising shows on various topics (EBIS).

### Contact Centre

- Overall - 18,378 contacts.
- Telephonic - 14,052.
- Email - 4,326.

### Income Tax Returns

Launch of filing season by the Honourable Minister of Finance, Senator Martin G. Dlamini; Public filing of personal and companies' Income Tax Returns by the Right Honourable Prime Minister, Dr. Barnabas Sibusiso Dlamini. The Prime Minister was represented by the Deputy Prime Minister, Senator Paul Dlamini.



# It takes an average of 50.89 minutes to clear goods

## 2.6 Trading Across Borders

### 2.6.1 Mini Time Release Study

The organisation continued to monitor the time it takes to clear goods at its commercial border posts. Measurement of this timeline is important because it relates to the ease of doing business index, which measures the time and cost associated with the logistical process of exporting and importing goods and also it is the organisation's key performance indicator for monitoring the quality of service.

As part of the monitoring, the organisation undertook a mini time-release study (TRS), which was conducted from 18 to 22 December 2018, to ascertain the average time taken to process entries at selected border posts and to establish areas of improvement.

The border posts that were covered by the survey are; Ngwenya and Mhlumeni Border Posts and Matsapha Inland Container Depot (ICD). The results of the survey show that it takes an average of 50.89 minutes to clear goods at the borders, which is an improvement from the previous year's time of 91.20 minutes.

This includes the time to process declarations and the time taken by other border agencies to complete their relevant activities. Findings of this survey continue to be implemented such as engaging local clearing agents to use the pre-clearance facility, having floor Managers to assist declarants and motivation for the auto generation of the release note for green channel entries.

Mini TRS survey results in 2017/18 and 2018/19

Office	Average Time (Minutes) 2017/18	Average Time (Minutes) 2018/19
<b>Ngwenya</b>	01:38:00	00:49.12
Mhlumeni	-	00:48.05
Inland Container Depot	01:09:00	00:55.52
Lavumisa	01:47:00	-
<b>Average</b>	<b>01:31:20</b>	<b>00:50.89</b>



### Systems Availability

The average network uptime for priority sites was 99.58% which is above the target of 99.4% on availability in all systems; while the average uptime for the datacentre equipment (servers) was 100%. Sporadic incidents were experienced on some of the non-priority sites due to power outages and technical challenges faced by our network service providers.

# Total exports to the world stood at E25.66 bn

## 2.6.2 Trade and Merchandise Statistics

### 2.6.2.1 Total Trade in Goods

Total exports to the world stood at E25.66 billion, which was a 9% increase from E23.66 billion in 2017/18. Major contributors to the increase in exports include; cane sugar (158%) and chewing gum (89%). Total imports increased by 11% and were valued at E24.35 billion compared to E21.93 billion in the previous FY. The main commodities contributing to this increase were semi-milled or wholly milled rice, whether or not polished or glazed (202%) mainly from China and motor vehicles (38%) mainly from Japan.

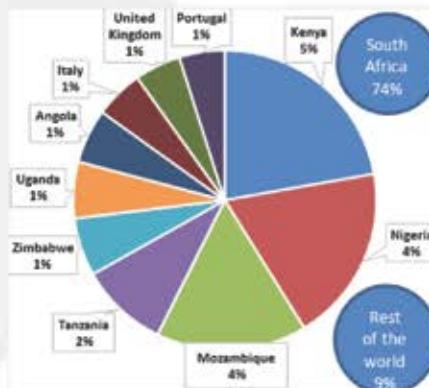
#### Visible Trade Balance 2017/18 – 2018/19



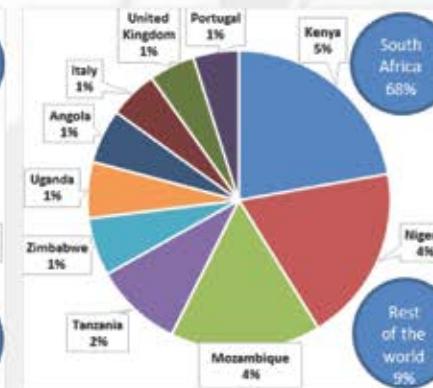
### Major Trading Partners

The country's major trading partner remained the Republic of South Africa, accounting for 73% of total imports and 69% of exports. Excluding South Africa, the country's major source of imports were China and India with Mozambique and Germany joining our top import sources replacing Lesotho and Turkey. Main export destinations are Kenya and Nigeria; this has remained the same as 2017/18 except Italy, Portugal and the United Kingdom, who entered our major export destinations replacing Namibia, Lesotho and the United States.

#### Imports by Country 2018/19



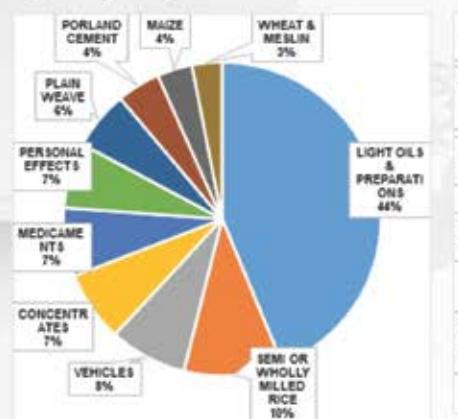
#### Exports by Country 2018/19



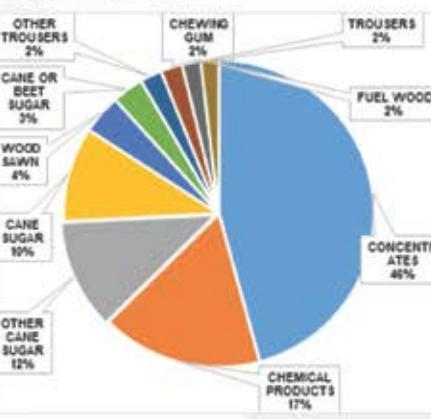
Key export commodities for the country remain concentrates, chemical products and cane sugar, accounting for 46%, 17% and 12% respectively of total exports. Petroleum products were the leading import commodities for the country during the reporting period, amounting to E2.66 billion, an increase of 24% from 2017/18, recorded at E2.15 billion.

# The share of SACU in total trade has decreased from 84%

Major import products for 2018/19

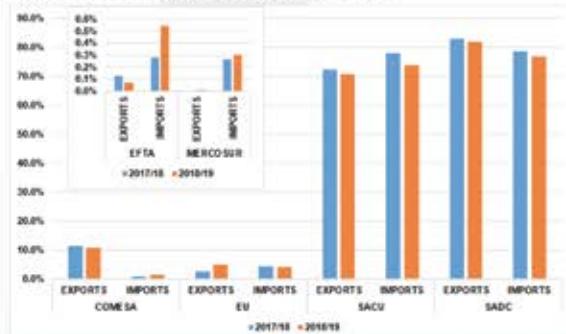


Major export products for 2018/19



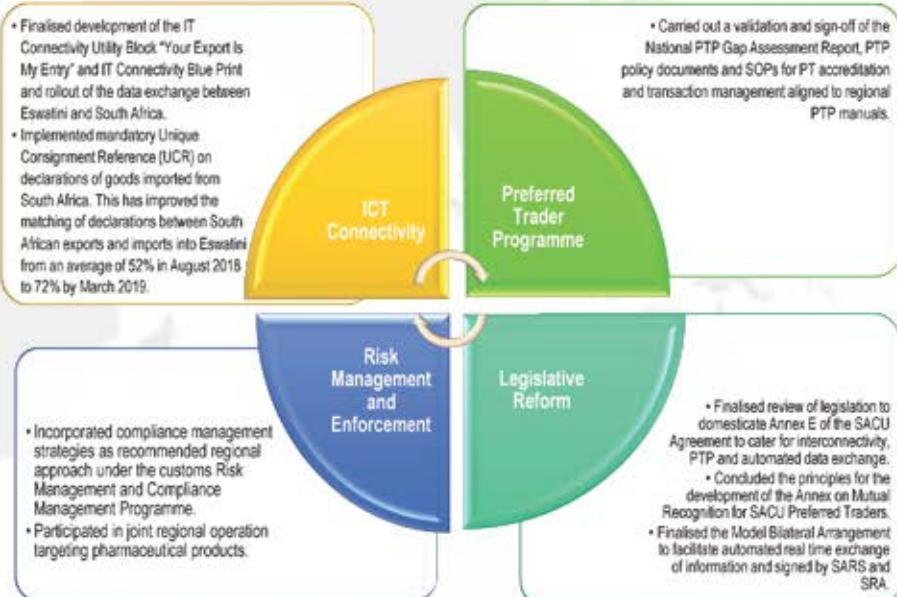
Composition of trade by economic block has been going through changes, remaining relatively unchanged. Notable changes are the decline in the relative share of SACU and SADC imports in total imports in favour of imports from outside Africa. The share of SACU in total trade has decreased from 84% in 2014/15 to 74% in 2018/19 and this trend poses a risk to future SACU revenue shares.

Trade by region for the 2017/18 and 2018/19 years.



## 2.6.3 Customs Development Programme: WCO – SACU Connect Project

Phase II of the WCO – SACU Connect Project ended in December 2018. The aim of the project was to enhance regional integration and trade facilitation. There were four components that were implemented namely, IT Connectivity, Preferred Trader Programme (PTP), Risk Management and Enforcement and Customs Legislation Reforms.





...Eswatini notified six (6) provisions under category A of the agreement and the assessment indicates that four of the articles are fully implemented while two of them can be enhanced.

# A scoping mission for the WCO Mercator Programme was undertaken

## 2.6.4 Trade Facilitation Agreement (TFA) Implementation

Work on the World Trade Organization's Trade Facilitation Agreement (TFA) is based on a gap assessment undertaken using a tool developed by the World Bank. The Kingdom of Eswatini notified six (6) provisions under category A of the agreement and the assessment indicates that four of the articles are fully implemented while two of them can be enhanced. Recommendations to roll out the Preferred Trader Programme and publish the related external guide will enhance further alignment.

A scoping mission for the WCO Mercator programme was undertaken in line with the TFA. The specific intention of the mission was to identify gaps in the implementation of the WTO TFA measures.

This programme is under the HMRC-WCO-UNCTAD partnership to increase internal capacity to manage and deliver relevant TFA-related reforms in line with the SRA reform and modernization priorities and the wider government and private sector positions as articulated by the National Trade Facilitation Committee (NTFC).

# Board provides oversight to SRA operations & governance

## 3.1 Governance

In line with the Revenue Authority Act, 2008, the Minister of Finance appoints the Governing Board of the organisation. The responsibility of the Governing Board is to provide oversight of the SRA governance and operations. The Revenue Authority Act, 2008, determines the composition of the Governing

Board. It prescribes how the members are to be appointed, based on their integrity, knowledge, qualification and experience. The Minister appoints board members based on skills and experience and by virtue of their positions in the relevant government ministries and institutions. The Governing Board consists of eight members.

### 3.1.1 Governing Board Composition

The Governing Board was constituted as indicated below in the reporting period up to March 2019.



**Mr. Ambrose Dlamini**  
(retired in November 2018)  
Chairperson of Governing Board  
Independent non-executive member (appointed)  
Year of appointment: April 2010



**Mr. S'thofeni Ginindza**  
Non-executive member (appointed)  
Year of appointment: April 2010

## Chapter 3

## GOVERNANCE

### Governing Board Composition



**Mr. Mhlabuhlangene Dlamini**

Non-executive member (appointed)

Year of appointment: April 2010



**Mr. Dumisani E. Masilela**

Executive member

Year of appointment: April 2010



**Mr. Majozzi Sithole**

Ex-officio

Year of appointment: March 2014



**Mr. Bheki Bhembe**

Ex-Officio

Year of appointment: November 2014



**Ms. Carol Muir**

Non-executive member (appointed)

Year of appointment: November 2017



**Mr. Newman Ntshangase**

Ex-officio (appointed to represent P.S. Ministry of Commerce)

Year of appointment: November 2017

# Chairperson of the board was appointed Prime Minister

A major development on the Governing Board within the year was the appointment of the chairperson, Mr. Ambrose Dlamini, to be the Prime Minister of the country in November 2018.

This resulted in the Vice Chairperson, Mr. S'thofeni Ginindza, taking the position of Governing Board chairperson until the end of the year. The term of office for the Vice Chairperson, Mr. S'thofeni Ginindza and Mr. Mhlabuhlangene Dlamini (Member) ended in March 2019.

## Governing Board Committees

The Revenue Authority Act 2008 enables delegation to any of the Board Committees the power and authority to carry out such functions and responsibilities as the Board may determine.

In executing its mandate, the Governing Board has established and approved the terms of reference of three Committees to assist the Governing Board to discharge its duties in terms of the Revenue Authority Act, 2008 and in line with the governance principles adopted by the organisation.

Committee	Responsibilities	Achievements in the year
1. Audit and Risk Committee.	<ul style="list-style-type: none"> <li>Oversees the financial reporting and integrity of those processes, as well as risk management, ICT and legal compliance activities.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed the 2017/18 audited annual financial statements, which the Committee was pleased to report to the Board were unqualified.</li> <li>Established the organisation's risk tolerance levels through the Risk appetite and Tolerance Framework.</li> <li>Nominated PwC Eswatini as the external auditors for a period of three years; taking over from KPMG.</li> <li>Approved the 2018/19 audit plan.</li> </ul>
2. Tender Committee.	<ul style="list-style-type: none"> <li>Responsible for promoting compliance with the Procurement Act 2011 and related internal policies.</li> <li>It approves tenders for goods and services in excess of E1,000,000.</li> <li>Recommends for Board approval those above E5,000,000.</li> </ul>	<ul style="list-style-type: none"> <li>Approved tenders for some major capital projects including Mananga Border staff accommodation.</li> <li>It also oversaw progress in the completion of the SRA Headquarters, to which the organisation relocated in January 2019.</li> <li>The award of tenders for contracts to support various activities.</li> </ul>
3. Human Resource and Ethics Committee	<ul style="list-style-type: none"> <li>Assists the Board in monitoring the organisation's activities in the following areas:</li> <li>The management of human capital to ensure that the organisation attracts and retains the right talent.</li> <li>To monitor people and reputational risk.</li> <li>The development and implementation of policies which provide for the desired ethical behaviour by all staff.</li> <li>The development and implementation of policies which provide employees with fair and meaningful employment in a safe workplace.</li> </ul>	<ul style="list-style-type: none"> <li>Developed and reviewed policies including the Performance Bonus Policy, Staff Turnover Framework, Merit Increase Framework, and the Job Evaluation Policy.</li> <li>Reviewed the Corporate Social Investment Policy and endorsed new initiatives under phase two of this programme.</li> <li>The Committee received reports on integrity and ethics activities, and on court cases relevant to its mandate.</li> <li>Assessed the organisation's performance for 2017/18, which informed the approval of the payment of performance bonuses by the Board.</li> <li>Recommended appointment Commissioner Domestic Taxes and Chief Internal Auditor.</li> </ul>

# Board evaluation shows no significant areas of concern

## 3.1.2 Governing Board Evaluation

During the reporting period the Governing Board conducted an evaluation of its sub-Committees beginning October 2018. The report indicated that there were no significant areas of concern, and the members were fulfilling their responsibilities as set out in the Audit Charter. The recommendations were considered for implementation. Furthermore, the assessment of revealed that it is effective and is supported by the relevant governance structures. Furthermore, the Governing Board was found to be fulfilling its mandate. Areas of improvement were identified and will be addressed going forward. In addition, the Governing Board attended a workshop on Risk Appetite and Tolerance of the organisation.

## 3.1.3 Governing Board Attendance in 2018/19

All statutory Governing Board meetings took place in each quarter, as outlined in table 3.1.

### Governing Board Attendance Register 2018/19

MEMBER	Date of Appointment	No. of Years in Office	Board Meetings	Audit and Risk Committee	Human Resource and Ethics Committee	Tender Committee
Ambrose Dlamini (Chairperson)*	April 2010	8 years, 5 months	1/2	N/A	2/2	N/A
Sthofeni Ginindza** (Vice Chairperson)	April 2010	9 years	5/5	5/5	N/A	3/3
Dumisani Masilela	April 2010	9 years	5/5	N/A	4/4	3/3
Majozi Sithole	2015	4 years	3/5	N/A	4/4	2/3
Mhlabuhlangene Dlamini**	April 2010	9 years	0/5	0/5	N/A	N/A
Bheki Bhembe	November 2014	4 years, 4 months	4/5	N/A	1/3	3/3
Carol Muir	November 2017	1 year, 5 months	4/5	5/5	4/4	N/A
Newman Ntshangase	November 2017	1 year, 5 months	3/5	5/5	N/A	2/3

\* Ceased to be a member in November 2018. \*\* Term ended 31 March 2019.

## 3.1.4 Our Leadership Team

The Commissioner General has the responsibility of leading the organisation in the execution of its strategy and overseeing its operations as approved by the Governing Board. To execute this role the Commissioner General works with the members of the Executive Committee (EXCO) and senior managers who possess diverse, relevant and valuable skills and experience aligned to their respective responsibilities.

### Executive Committee Members and Senior Managers



**Mr. Dumisani E. Masilela**  
Commissioner General



**Ms. Thobile Dlamini**  
Chief Financial Officer



**Ms. Thulie Tsela**  
Commissioner  
Domestic Taxes



**Ms. Gugu Mahlinza**  
Commissioner  
Customs and Excise



**Mr. Brightwell Nkambule**  
Head of Business Strategy and  
Development



**Mr. Leonard Nxumalo**  
Head of  
Corporate Services



**Ms. Nomcebo  
Marrengane**  
Chief Legal Officer



**Ms. Amanda Vilane**  
(Acting)  
Chief Internal Auditor



**Ms. Precious  
Nkambule**  
Chief Risk Officer



**Ms. Paulette Thwala**  
(Acting)  
Head of Internal Affairs

During the reporting period, the following movements were experienced:

- Ms. Nompumelelo W. Dlamini exited the organisation in May 2018;
- Ms. Thuli Tsela was appointed Commissioner Domestic Taxes effective September 2018;
- Ms. Amanda Vilane appointed Acting Chief Internal Auditor from September 2018 to February 2019.
- Ms. Paulette Thwala appointed acting Head of Internal Affairs in October 2018.

# SRA puts emphasis on risk management

## 4.1 Enterprise Risk Management and Assurance

An effective and inclusive risk management process is critical in the attainment of the SRA's strategic objectives. Therefore, the organisation has continued to put emphasis on risk management throughout the organisation in the year under review.

The organisation adopted an Enterprise-wide Risk Management framework based on ISO 31000:2009 and the Governing Board delegated the overall monitoring of the risk management process to the Risk Management Committee. The Audit and Risk Committee continues to look after the process. Development of the organization's Risk Appetite and Tolerance Framework and thresholds commenced during the year to help the organisation to achieve its objectives.

During the year under review, the ERM Maturity Index target was attaining Level 3.

### Level 3

- Continuous risk assessments aligned to strategy / business plans.
- Risk management activities coordinated across all business areas.
- A systematic process of improvement exists wherein the Organization learns from both successes and failures (incident management, root cause analysis) including automation to enable risk identification in all levels.
- Early warning indicators incorporated in the risk management process (key risk indicators).
- Monthly comprehensive reporting on risks. Treatment actions implemented within agreed timelines.



### SRA

- A comprehensive identification and management of risks involving stakeholders was done. There is a need to further cascade to lower business units.
- Management of incidents is still an area that needs further improvement.
- Key risk indicators were identified and adequately managed.
- There were some treatment actions that were carried onto the next FY.

# RISK MANAGEMENT AND ASSURANCE

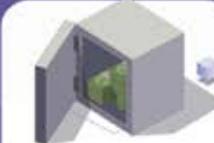
## SRA's Strategic Risks and Treatment Actions in 2018/19

### Strategic Risks and Treatment actions



**Unavailability of automated systems**

- Systems replicating every 4 hours were improved from 4 hours to 2 hours.
- DFT process was tested successfully in Dec 2018 during Data Centre migration to new HQ. Next plans are to involve end users more.
- Purchasing of an automatic fail-over was deferred due to budgetary constraints.
- Information system training was conducted during the year.
- Sequencing of the major operation system (RMS) source code is still work in progress.
- Retention of ICT source codes was initiated during the year.
- UPS maintenance vendor contracts were renewed.



**Insufficient funding from Government (budget and disbursement)**

- Budget briefing session was held with the Minister during the year.
- The proposed funding model negotiations are ongoing.
- None construction capital items were catered for in the budget.



**Inability to attract and retain required talent (behavior, skills and knowledge)**

- Internal staff were trained for conducting profiling assessments for junior staff.
- The proposed partnership with a local university regarding tax curriculum was initiated and will be pursued in the new financial year.
- Plans of introducing a 'New Manager Program' are underway.
- Salary review exercise is underway through a service provider.

### Strategic Risks and Treatment actions (continued)



**Low change success rate on the Portfolio of Strategic Programmes**

**TREATMENT:**

- Feedback from staff on changes being implemented were being monitored quarterly by Portfolio board.
- A workshop was conducted on Change Management.
- Simplification of Benefits Realization framework was done through a service providers. Roll out is the next step.
- A workshop was held with Extended EXCO to further unpack the case for change on Strategic Projects.



**Surge in illicit financial flows**

**TREATMENT:**

- The proposed income Tax amendments to improve on the legislation were submitted to the Ministry of Finance.
- A collaborative work relationship was established with the Central Bank on exchange control matters.
- The SRA became a member of the Global Forum to stay abreast on tax matters.



**Failure to meet Domestic Revenue target**

**TREATMENT:**

- Establishing a collaborative relationship on tax defaulter by Govt is still under discussion.
- The TCG issuance process was reviewed.
- Development of risk rules to support risk based case selection is still work in progress.
- A team was assembled to develop and implement strategies to improve revenue collection.



**Cyber Attack**

**TREATMENT:**

- Enhancement of security measures are ongoing. A fishing was sent to certain staff members to test level of awareness. The result showed a need for more awareness.
- Upskilling of ICT staff on cybersecurity is ongoing.
- ICT inventory count is done periodically and any software or hardware update helps in mitigate systems with out-of-date updates. These are disabled after 14 days.
- The log and events management solution was deferred due to budgetary constraints.

### Information Security

- To strengthen this area, the organisation implemented a number of information security measures, ranging from intrusion prevention and detection systems, wired and wireless authentication and mail filtering measures, to mention amongst others.
- These measures are an effort to ensure integrity, availability and confidentiality of the organisation information.

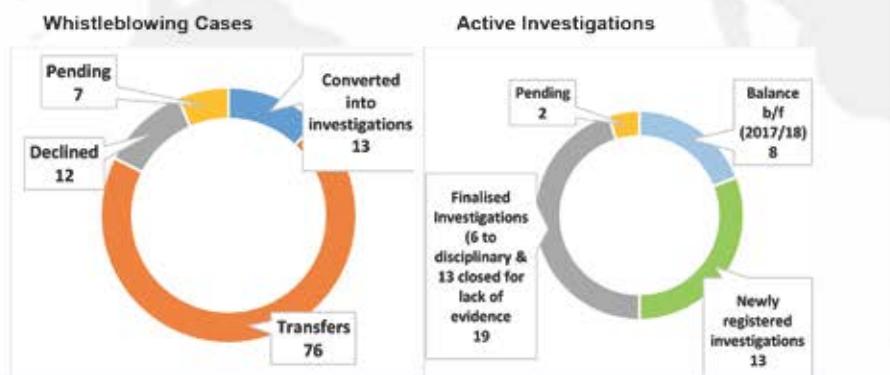
# SRA staff made income & assets declarations

## 4.2 Internal Audit

The organisation's internal audit function provides independent and objective assurance on the adequacy and effectiveness of SRA's governance, risk management and control processes. Managing risk remains a key responsibility of management. The organization follows a risk based auditing approach. The Governing Board approves the annual audit plan and further reviews and reassesses it on a quarterly basis. The organisation also performs special audits at the request of the Governing Board and Management. During the period under review, 50% of the annual audit plan was executed. This includes five (5) special audits at the request of the Governing Board.

## 4.3 Staff Integrity

The organisation has established policies and defined standards of conduct for all employees. Integrity and honesty is one of the key attributes expected from our people. Activities undertaken include public and staff education on integrity and investigations of suspected integrity lapses as reported from time to time through various channels. There was a call for all staff to make income and asset declarations as per the dictates of the SRA Employee Code of Ethics and Conduct. To monitor staff life-styles (unexplained wealth), issues of conflict of interest and corruption, there is an assessment of all declarations made.



### 4.3.1 Integrity Awareness

Outlined are activities undertaken in the course of the reporting period towards educating and sensitizing the public and staff on the dangerous effects of corrupt practices.

#### Internal staff roadshows and staff inductions

Sensitize staff on SRA ethics policies and promote whistle blowing.

#### External Engagements

Fraud Awareness - creating awareness of fraudulent activities committed involving the name of the SRA.

#### Electronic email signature

Staff email signature lines as a way of advertisement and promoting the SRA whistleblowing initiatives and toll free number.

#### Radio Talk-Shows

Foster public support of SRA integrity initiatives; toll-free reporting line 800 800.

#### Trade Fair Participation

Sensitize staff on SRA ethics policies and promote whistle blowing.

#### Pamphlets dissemination

Dissemination of SRA "I Refuse to be Silent" leaflet at strategic places to encourage whistleblowing on anything that could be damaging to the interest of the SRA.

#### Print Media

Advertising whistleblowing toll-free Line 800 8000.

# There has been reduction of the staff from 660 to 620

The SRA recognises that its sustainability and effectiveness lies in the capabilities and performance of its people. In an effort to manage the current cost of human resources while managing the potential impact of the Organisational Structure Reorganization project, the organisation continued to implement the partial recruitment moratorium with no new positions created and replacements done on a case-by-case basis, depending on potential impact on the business. This has resulted in a reduction of the staff numbers from 660 on the 1<sup>st</sup> April 2018 to 620 as at 31<sup>st</sup> March 2019.

Prioritisation of activities that maximise capabilities and performance of our people continued during the year. These activities included staff training on identified improvement areas, study loans and several employee wellness initiatives.

**Employee Statistics - April 2018**



**Employee Statistics - March 2019**

## 5.1 Employee Relations

During the year under review, Management and the Staff formations developed a framework for negotiating as a collective under the tripartite arrangement. Management and the staff formations continue to work cooperatively on matters of common interest.

## 5.2 Employee Training, Leadership and Management Development Initiatives

The organisation endeavours to empower staff to be competent. In the period under review, the organisation sponsored a number of employees to further their studies through advancing study loans, sponsored training activities as well as affiliations to professional bodies. A budget of E5,466,964 was set aside for training and development and as at the end of the reporting period E3,746,486 was expended.



# Wellness activities

In an effort to make the SRA a compelling place to work in, the organisation has invested in various management development interventions.

### Leadership and management trainings

Training	Service Provider	Number of Employees
Portfolio Board Training	SRA	20
Supervisors Training	SRA	159
Customer Centricity (Service Centres)	CBM Training	42
Negotiations Training	X-Factors Human Capital	13
Chairing Disciplinary Hearings	CMAC	30
TASK Job Evaluations	Deloitte	35
Job profiling	21 <sup>st</sup> Century Solutions	30

### 5.3 Employee Wellness Programmes

The organisation recognises the contribution of staff wellness to productivity. To this end, it supported a number of activities designed to ensure staff safety and health.

#### Staff Wellness Programmes undertaken as at 31<sup>st</sup> March 2019.



## HUMAN CAPITAL DEVELOPMENT

### Chapter 6 CORPORATE SOCIAL INVESTMENT

The organisation developed a Corporate Social Investment (CSI) programme that started in 2015/16. Phase 1 of the CSI programme ended in December 2018. This culminated in the graduation of eighteen (18) teachers trained at the Great Zimbabwe University and Southern African Nazarene University (SANU).

The teachers graduated with Bachelor of Arts degrees in Special Needs Education. The community of people with disability managed to utilise fully the library corner at the Manzini National Library as developed by the SRA for the visually impaired. This included students who were studying at tertiary level, SANU and University of Eswatini. The organisation took a decision to continue with this support as its CSI. The launch of the second phase of the Programme will proceed in the next financial year.

### Chapter 7 OUTLOOK

The global economic environment remains uncertain, affected by developments on the trade side as driven by trade tensions with a possible slight decline in growth. Regionally the economic situation remains fragile, dependent on improvements in advanced economies, political tensions and subdued investor confidence. Domestic economic growth projections indicate an outlook of below 1% in 2019 with a slight recovery anticipated in 2020, dependent on fiscal consolidation by government.

The economic conditions we find ourselves in will make revenue mobilisation even more challenging. Our Strategy will continue to guide the activities of the organisation with the goal of voluntary compliance driving our activities. Our compliance risk management programme and the various projects that the organisation has developed will be key to delivery of our mandate and achieving our strategic targets. This together with the skills and capacity that the organisation has will see us to a strong performance in 2019/20.



(Own Accounts)

## INTEGRATED ANNUAL REPORT 2018/19

Financial Statements  
for the year ended 31<sup>st</sup> March 2019



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## STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS for the year ended 31 March 2019

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Eswatini Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Board Members' Report in accordance with International Financial Reporting Standards and in a manner required by the Revenue Authority Act, 2008.

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

The Board Members have made an assessment of the ability of the Authority to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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

### **Approval of financial statements**

The financial statements of the Authority, as identified in the first paragraph, were approved by the Board Members and signed on its behalf by:



BOARD CHAIRPERSON

17 July 2019  
DATE



COMMISSIONER GENERAL

15 July 2019  
DATE



## Independent auditor's report

To the Governing Board of Eswatini Revenue Authority

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Revenue Authority (the Authority) as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Revenue Authority Act, 2008.

### What we have audited

Eswatini Revenue Authority's financial statements set out on pages 8 to 36 comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

### Independence

We are independent of the Authority in accordance with the requirements of the Eswatini Institute of Accountants (ESIA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini.

### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in Eswatini Revenue Authority Financial Statements for the year ended 31 March 2019. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## INDEPENDENT AUDITOR'S REPORT

### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Revenue Authority Act 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers  
Partner: Makhosazana Mhlanga  
Registered Auditor  
P.O. Box 569  
Mbabane, Eswatini  
Date: 29 July 2019

# BOARD MEMBERS' REPORT

for the year ended 31 March 2019

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## 1. Nature of business

Eswatini Revenue Authority (SRA or the Authority) is a semi-autonomous statutory body established by an Act of Parliament (Revenue Authority Act, 2008) as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax and Value Added Tax.

For financial reporting purposes, the financial statements of SRA are reported as: Administered Government Revenue Accounts and SRA Own Accounts. The Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government. The SRA Own Accounts cover those operational revenues, such as funding received from Government, which are managed by SRA and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of SRA in achieving its mandate. The financial statements are reported in Emalangeni. The administered Government Revenue accounts are audited by the Auditor General.

## 2. Financial performance

The recurring expenditure for the year amounted to E368 696 468 (2018: E394 439 230). The Authority incurred capital expenditure of E930 257 014 (2018: E240 282 689) on property, plant and equipment and intangible assets. Of this amount, E605 794 413 relates to work in progress that was capitalized to Buildings in the year under review. This is mainly the loan funded construction projects for the SRA permanent Headquarters and the Mananga Border Construction projects.

## 3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E151.548 million (2018: E180.432 million). A detailed statement of cash flows is on page 46.

## 4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Eswatini and the Eswatini Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to SRA. Even though these assets were being utilised by SRA at 31 March 2019, the formal transfer process had not been undertaken by Government. These have however been capitalised on the basis of the right of use granted in terms of the Memorandum of Agreement and the Revenue Authority Act, 2008.

## 5. Corporate governance issues

### Corporate Governance:

In compliance with good corporate governance principles, the Authority has operated and maintained the following Board Committees: Audit and Risk Committee, Tender Committee, Human Resources and Ethics Committees which remained effective throughout the accounting period.

# BOARD MEMBERS' REPORT

for the year ended 31 March 2019

## Social Responsibility:

Phase 1 of the organisation's Corporate Social Investment (CSI) programme ended in December 2018. This culminated in the graduation of eighteen (18) teachers who were trained by the Great Zimbabwe University and Southern African Nazarene University (SANU). The teachers graduated with Bachelor of Arts degrees in Special Needs. Moreover, the SRA sponsored library corner at the Manzini National Library was fully utilized by the community of people with disability. This included students who were studying at tertiary level, SANU and UNESWA. A second phase of the CSI Programme will be launched in the next financial year.

## 6. Board Members

The Board Members are appointed by the Minister of Finance. The following members served on the board during period under review:

Non-executive Board Members

Chairperson	Mr. Ambrose Dlamini – (Resigned)
Board Members	Mr S'thofeni Ginindza - Vice Chairperson Mr Majozzi Sithole - Member Mr Mhlabuhlangene Dlamini - Member Mr Bheki Bhembe - Member Ms Carol Muir - Member Mr Newman Ntshangase - Member
Executive Member	Mr Dumisani Masilela - Commissioner General

## 7. Bankers

The following financial institution was the banker of the Authority during the year:

Business address Nedbank Eswatini Limited 3 <sup>rd</sup> floor Nedbank Centre Corner of Dr. Sishayi and Sozisa Roads Swazi Plaza, Mbabane Eswatini	Postal address Nedbank Eswatini Limited P O Box 70 Mbabane H100 Eswatini
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## 8. Investment Managers

The following financial institutions were the investment managers of the Authority during the year:

Business address African Alliance 2 <sup>nd</sup> Floor Nedbank Centre Corner of Dr. Sishayi and Sozisa Roads Swazi Plaza, Mbabane Eswatini	Postal address African Alliance P O Box 5727 Mbabane H100 Eswatini
Business address STANLIB Eswatini Limited 1 <sup>st</sup> Floor Ingcamu Building Mhlambanyatsi Road Mbabane Eswatini	Postal address STANLIB Eswatini Limited P O Box A294 Swazi Plaza Mbabane Eswatini

## 9. Business and postal address of the Authority

Business address Portion 419 of Farm 50 Along MR 103 Ezulwini Eswatini	Postal address P O Box 5628 Mbabane H100 Eswatini
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## 10. Auditors

The auditors of the Authority are:

Business address PricewaterhouseCoopers (Eswatini) Rhus Office Park Lot 195 Kal Grant Street Mbabane Eswatini	Postal address PricewaterhouseCoopers (Eswatini) P O Box 569 Mbabane H100 Eswatini
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# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	2019 E	2018 E
<b>Income</b>			
Government funding for recurring expenditure	3	<b>368 696 468</b>	394 439 230
Other income		<b>192 295</b>	112 443
(Loss) / Profit on disposal of assets	4	<b>(57 496)</b>	26 944
<b>Total income</b>		<b><u>368 831 267</u></b>	<b><u>394 578 617</u></b>
<b>Expenses</b>			
Administrative expenses		<b>(124 357 876)</b>	(130 959 244)
Staff salaries and benefits	6	<b>(244 338 592)</b>	(263 479 986)
<b>Total expenses</b>		<b><u>(368 696 468)</u></b>	<b><u>(394 439 230)</u></b>
<b>Operating surplus</b>	4	<b>134 799</b>	139 387
Finance income	5	<b>4 762 961</b>	7 603 012
Finance cost	5	<b>(1 298 000)</b>	(1 612 500)
<b>Surplus for the year</b>		<b><u>3 599 760</u></b>	<b><u>6 129 899</u></b>

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 E	2018 E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>956 895 677</b>	687 516 020
Intangible assets	8	<b>9 916 622</b>	18 195 870
		<b>966 812 299</b>	<b>705 711 890</b>
<b>Current assets</b>			
Inventory	9	205 346	1 979 863
Trade and other receivables	10	21 200 845	11 806 026
Cash and cash equivalents	11	151 548 029	180 432 153
Assets held for sale		3 973 593	-
		<b>176 927 813</b>	<b>194 218 042</b>
<b>Total assets</b>		<b>1 143 740 112</b>	<b>899 929 932</b>
<b>Equity</b>			
Accumulated Surplus		<b>50 679 931</b>	<b>47 080 171</b>
		<b>50 679 931</b>	<b>47 080 171</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	15	624 054 317	443 593 652
Deferred grant income	13	312 151 390	302 902 010
<b>Total Non-current liabilities</b>		<b>936 205 707</b>	<b>746 495 662</b>
<b>Current liabilities</b>			
Trade and other payables	14	29 974 630	30 763 531
Employee benefits provision	12	4 635 721	10 635 163
Borrowings	15	12 655 735	2 795 246
Deferred grant income	13	109 588 388	62 160 159
<b>Total current liabilities</b>		<b>156 854 474</b>	<b>106 354 099</b>
<b>Total liabilities</b>		<b>1 093 060 181</b>	<b>852 849 761</b>
<b>Total Equity and liabilities</b>		<b>1 143 740 112</b>	<b>899 929 932</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Accumulated surplus E	Total E
<b>Balance at 01 April 2018</b>	<b>47 080 171</b>	<b>47 080 171</b>
<b>Surplus for the year</b>	<b>3 599 760</b>	<b>3 599 760</b>
<b>Balance at 31 March 2019</b>	<b>50 679 931</b>	<b>50 679 931</b>
Balance at 01 April 2017	40 950 272	40 950 272
Surplus for the year	6 129 899	6 129 899
<b>Balance at 31 March 2018</b>	<b>47 080 171</b>	<b>47 080 171</b>

**STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2019

	Notes	2019 E	2018 E
<b>Cash flows from operating activities</b>			
Cash utilised by operations	16	<b>(312 972 670)</b>	(344 536 690)
Interest received	5	<b>11 537 140</b>	19 178 995
Interest paid	5	<b>(55 543 899)</b>	(43 148 354)
<i>Net cash utilised in operating activities</i>		<b>(356 979 429)</b>	<b>(368 506 049)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		<b>(286 322 807)</b>	(229 969 012)
Proceeds from sale of property, plant and equipment		<b>1 266 409</b>	547 353
Acquisition of intangible assets	8	<b>(2 543 526)</b>	(10 313 677)
<i>Net cash utilised in investing activities</i>		<b>(287 599 924)</b>	<b>(239 735 336)</b>
<b>Cash flows from financing activities</b>			
Net grant funding received from the Government	13	<b>425 374 077</b>	402 810 000
Increase in borrowings		<b>190 321 152</b>	167 718 390
<i>Net cash generated from financing activities</i>		<b>615 695 229</b>	<b>570 528 390</b>
Net decrease in cash and cash equivalents		<b>(28 884 124)</b>	(37 712 995)
Cash and cash equivalents at beginning of the year		<b>180 432 153</b>	218 145 148
Cash and cash equivalents at end of the year	11	<b>151 548 029</b>	<b>180 432 153</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 1. General information

Eswatini Revenue Authority (SRA or the Authority) is a semi-autonomous statutory body established by an Act of Parliament (Revenue Authority Act, 2008) as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax, and the Value Added Tax, respectively. The Value Added Tax Act came into effect on 1 April 2012, replacing the repealed Sales Tax Act.

For financial reporting purposes, the financial statements of the Revenue Authority are reported as: Administered Government Revenue Accounts and SRA Own Accounts. The Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government. The SRA Own Accounts cover those operational revenues, such as funding received from Government, which are managed by SRA and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of SRA in achieving its mandate. The Administered Government Revenue accounts are audited by the Auditor General.

### 2.1 Basis of preparation

#### (a) Statement of compliance

The financial statements of Eswatini Revenue Authority have been prepared in accordance with International Financial Reporting Standards and in compliance with the Revenue Authority Act of 2008.

#### (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 Eswatini Lilangeni, which is the

Authority's functional currency. All financial information presented in Lilangeni has been rounded to the nearest one.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:

- Note 7 – Plant and equipment (useful lives)
- Note 8- Intangible Assets

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Authority's next financial statements are included in the notes.

#### Measurement of fair value

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Authority has established a control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Authority uses market observable data as far as possible. Fair values are categorised into

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identified assets or liabilities.

**Level 2:** Inputs other than quoted prices included under Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for assets and liabilities that are not based on observable market data (un-observable inputs).

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

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

## 2.1 Basis of preparation

### (e) New and amended standards adopted by the Authority

New standards adopted by the Authority for the first time for the financial year beginning on or after 1 April 2018.

Title of standards	Nature of change	Mandatory application date
IFRS 9 Financial Instruments	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Must be applied for financial years commencing on or after 1 January 2018.

### f) New standards, amendments and interpretations not yet effective and not early adopted by the Authority

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Authority. The Authority's assessment of the impact of these new standards and interpretations is set out below:

Title of standards	Nature of change	Mandatory application date
IFRS 16 – Leases	<p>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.</p> <p>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).</p> <p>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.</p> <p>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).</p> <p>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'</p>	Mandatory for financial years commencing on or after 1 January 2019

## 2.2 Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

#### **Subsequent expenditure**

Subsequent expenditure is capitalised only if it probable that future economic benefits associated with the expenditure will flow to the Authority.

#### **Depreciation**

Office furniture and fittings, office equipment, computer equipment and motor vehicles are depreciated on a straight line basis over their current anticipated useful lives.

The rates of depreciation used are based on the following estimated current useful lives:

Computer equipment	3 years
Office equipment	5 years
Motor vehicles (owned and leased)	5 years
Leasehold Improvements	5 years
Office furniture and fittings	10 years
Buildings	50 years
Containers	15 years

The basis of depreciation, useful lives and residual values are assessed annually.

Land is not depreciated.

## **2.3 Intangible Assets**

#### ***Computer software and capitalised development costs***

Software acquired by the Authority is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Authority is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is measured at capitalised cost less accumulated amortisation and impairment.

## **2.4 Intangible Assets**

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to six years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 2.5 Financial assets

### *Classification*

From 1 April 2018, the Authority classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Authority reclassifies debt investments when and only when its business model for managing those assets changes.

### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership.

### *Measurement*

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### *Debt instruments*

Subsequent measurement of debt instruments depends on the Authority's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Authority classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## for the year ended 31 March 2019

### *Equity instruments*

The Authority subsequently measures all equity investments at fair value. Where the Authority's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Authority's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### *Impairment*

From 1 April 2019, the Authority assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Authority applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **Accounting policies applied until 31 March 2018**

The Authority has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Authority's previous accounting policy.

Until 31 March 2018, the Authority classified its financial assets in the

following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

### **2.6 Inventory**

Inventories are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventory comprises consumables, IT spares, kitchen equipment, utensils and stationery.

### **2.7 Finance income and finance costs**

Interest income is calculated by the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit –impaired.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Finance costs comprise interest expense on borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 2.8 Leases

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Authority determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Authority the right to control the use of the underlying asset.

At inception or upon re-assessment of the arrangement, the Authority separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Authority concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Authority's incremental borrowing rate.

### *Leased assets*

Leases of property, plant and equipment that transfer to the Authority substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Authority's statement of financial position.

### *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance element is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

## 2.9 Employee Benefits

### *Defined contribution plans*

The Authority has a pension scheme in accordance with the local conditions and practices. The scheme is a defined contribution plan.

For the defined contribution plan, the Authority pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to the defined contribution plan are expensed when incurred.

### *Short term employee benefits*

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### *Terminal gratuities*

Employees on contract employment terms receive terminal gratuities in accordance with their contracts of employment. An accrual is made for estimated liability towards such employees up to the reporting date.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 2.10 Government Grants

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that are intended to compensate.

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

## 2.11 Foreign Currency

### *Foreign currency translation*

Transactions in foreign currencies are translated to the functional currency at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date.

The foreign currency differences arising on retranslation are recognised in profit or loss.

## 2.12 Capitalisation of borrowing costs

Borrowing costs attributable to the construction of qualifying assets less all investment income on the borrowings are capitalised as part of the cost of those assets over the period of construction to the extent that the assets are financed by financial instruments. The capitalisation rate applied is the weighted average of the net borrowing costs applicable to the net borrowings of the Authority. Where active development is interrupted for extended periods, capitalisation is suspended.

## 2.13 Trade receivables

Trade receivables are amounts due from employees and suppliers paid in advance for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Authority holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Authority applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Authority has applied IFRS 9 from 1 April 2018 and elected not to restate comparatives on transition, with the impact of adoption recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018.

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 against 'Operating expenses' in the income statement.

## 2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 2.15 Trade payables

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

## 2.17 Financial Risk Management

### (a) Overview

The Authority has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further qualitative disclosures are included throughout these financial statements.

### (b) Risk management framework

The Board Members have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Members oversee how management monitors compliance with

the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. SRA is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments as follows:

Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.

Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary

The Authority does not have significant credit risk exposure.

### (d) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

SRA manages its liquidity to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources. Since SRA is funded through Government subvention, it does not regard the liquidity risk to be high.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

## 2.17 Financial Risk Management (continued)

The table below analyses the Authority's non-derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

Authority	Less than 1 Year	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount at year end
	E	E	E	E	E
Borrowings	66 256 565	261 786 290	479 509 116	807 551 971	636 710 052
Trade and other payables	29 974 630	-	-	29 974 630	29 974 630
<b>Total</b>	<b>96 231 195</b>	<b>261 786 290</b>	<b>479 506 116</b>	<b>837 526 601</b>	<b>666 684 682</b>

### (e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### (i) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority may utilise foreign currencies in its operations and consequently may be exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. However, at year-end there were no significant foreign currency exposures.

#### (ii) Interest rate risk

Financial Instruments that are sensitive to interest rate risk are bank balances and borrowings. A change of 50 basis points in interest rates at the reporting date would have increased or (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Surplus or deficit	
	2019	2018
	E	E
Base amounts- Borrowings	636 710 052	446 388 898
Increase of 50 basis points	(3 183 550)	(2 231 944)
Decrease of 50 basis points	3 183 550	2 231 944
Base amounts – Cash and bank	151 548 029	180 432 153
Increase of 50 basis points	757 740	902 161
Decrease of 50 basis points	(757 740)	(902 161)

### (f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board Members monitor the return on capital, which the Authority defines as results from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Authority's approach to capital management during the year.

The Authority is not subject to externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019 E	2018 E		2019 E	2018 E
<b>3 Grant funding for recurring expenditure</b>			<b>6</b>	<b>Staff salaries and benefits</b>	
Government grant realised during the year	<u>368 696 468</u>	<u>394 439 230</u>		Salaries & wages and other allowances	215 535 923
<b>4 Operating surplus</b>				Gratuity provision	35 761
Results from operating activities for the year is stated after charging/(crediting) the following items:				Provident Fund contribution	28 359 190
Amortisation of intangible assets (note 8)	<u>10 822 774</u>	<u>10 980 171</u>		Pension contributions	4 257 851
Auditors' remuneration	<u>247 169</u>	<u>388 706</u>		Leave pay provision	(3 850 133)
Depreciation on property , plant and equipment (note 7)	<u>20 931 284</u>	<u>17 793 641</u>			<u>244 338 592</u>
Board Member expenses	<u>319 994</u>	<u>341 940</u>			<u>263 479 986</u>
Foreign exchange loss-net	<u>4 734</u>	<u>208 961</u>			
Professional fees and consultancy	<u>3 458 356</u>	<u>11 209 161</u>			
Loss / (Profit) on disposal of assets	<u>57 496</u>	<u>(26 944)</u>			
Staff salaries and benefits (note 6)	<u>244 338 592</u>	<u>263 479 986</u>			
<b>5 Finance income</b>				The average number of employees during the year was 659 (2018:681)	
Interest received – Nedbank Eswatini Limited	<u>8 245 008</u>	<u>11 579 742</u>			
Interest received – STANIIB Eswatini	<u>3 291 307</u>	<u>6 430 733</u>			
Interest received – African Alliance	<u>825</u>	<u>1 168 520</u>			
Total interest received	<u>11 537 140</u>	<u>19 178 995</u>			
Capitalised to property, plant and equipment	<u>(6 774 179)</u>	<u>(11 575 983)</u>			
	<u>4 762 961</u>	<u>7 603 012</u>			
<b>Finance costs</b>					
Interest expense	<u>55 543 899</u>	<u>43 148 354</u>			
Capitalised to property, plant and equipment	<u>(54 245 899)</u>	<u>(41 535 854)</u>			
	<u>1 298 000</u>	<u>1 612 500</u>			

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 7 Property, plant and equipment

Property, plant and Equipment	Land and buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor Vehicles E	Leaschold Improvements E	Computer Equipment E	Work in progress E	Total E
<b>Year ended 31 March 2019</b>									
<b>Cost or valuation</b>									
Opening balance	271 361 534	1 822 486	25 194 800	15 192 223	10 449 491	26 626 912	13 544 481	410 761 065	774 952 992
Transfers from WIP	605 794 413	-	6 631 053	16 073 646	-	-	1 546 570	-	630 045 682
Additions	-	-	-	-	-	-	-	250 205 293	250 205 293
Borrowing costs capitalised	-	-	-	-	-	-	-	47 462 513	47 462 513
Disposal	-	-	(17 193)	(2 459 382)	(452 366)	(11 712 114)	(729 674)	-	(15 370 729)
Reclassification	-	-	(1 085 003)	(8 132 692)	-	-	-	-	(9 217 695)
Adjustments	(658 060)	-	3 788 354	14 727	-	-	(4 404 523)	280 491	(979 011)
WIP Expensed	-	-	-	-	-	-	-	(3 768 647)	(3 768 647)
Transfer to PPE & intangible assets	-	-	-	-	-	-	-	(633 270 874)	(633 270 874)
<b>At 31 March 2019</b>	<b>876 497 887</b>	<b>1 822 486</b>	<b>34 512 011</b>	<b>20 688 522</b>	<b>9 997 125</b>	<b>14 914 798</b>	<b>9 956 854</b>	<b>71 669 841</b>	<b>1 040 059 524</b>
<b>Accumulated depreciation</b>									
Opening balance	(18 841 301)	(817 855)	(21 418 783)	(6 874 888)	(4 770 080)	(25 117 612)	(9 596 453)	-	(87 436 972)
Charge for the year	(8 409 854)	(121 497)	(4 847 987)	(1 773 319)	(2 382 791)	(2 418 260)	(977 576)	-	(20 931 284)
Disposals	-	-	13 514	1 256 161	336 121	11 712 114	728 925	-	14 046 835
Reclassification	-	-	1 083 440	4 160 664	-	-	-	-	5 244 104
Adjustments	464 243	579 090	2 772 930	42 968	(419 449)	993 310	1 480 378	-	5 913 470
<b>At 31 March 2019</b>	<b>(26 786 912)</b>	<b>(360 262)</b>	<b>(22 396 886)</b>	<b>(3 188 414)</b>	<b>(7 236 199)</b>	<b>(14 830 448)</b>	<b>(8 364 726)</b>	<b>-</b>	<b>(83 163 847)</b>
<b>Net carrying amount</b>	<b>849 710 975</b>	<b>1 462 224</b>	<b>12 115 125</b>	<b>17 500 108</b>	<b>2 760 926</b>	<b>84 350</b>	<b>1 592 128</b>	<b>71 669 841</b>	<b>956 895 677</b>

In the year under review the authority undertook an exercise to align its assets register to the general ledger and all assets were reviewed from the register to ensure proper classification and depreciation rates. A total of E9.2m cost of assets are held for sale as at end of the year.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 7 Property, plant and equipment (*continued*)

Property, plant and Equipment	Land and Buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor vehicles E	Leasehold improvements E	Computer equipment E	Work in progress E	Total E
<b>Year ended 31 March 2018</b>									
Cost or valuation									
Opening balance	270 933 340	1 199 904	18 373 805	14 856 328	11 851 508	26 626 912	13 973 844	191 191 938	549 007 579
Additions	428 194	622 582	6 820 995	335 895	2 136 611	-	55 608	189 609 256	200 009 141
Donations	-	-	-	-	285 300	-	-	-	285 300
Borrowing costs capitalised	-	-	-	-	-	-	-	29 959 871	29 959 871
Disposals	-	-	-	-	(3 823 928)	-	(484 971)	-	(4 308 899)
<b>At 31 March 2018</b>	<b>271 361 534</b>	<b>1 822 486</b>	<b>25 194 800</b>	<b>15 192 223</b>	<b>10 449 491</b>	<b>26 626 912</b>	<b>13 544 481</b>	<b>410 761 065</b>	<b>774 952 992</b>
Accumulated depreciation									
Opening balance	(14 214 084)	(384 639)	(18 001 299)	(5 346 884)	(6 035 907)	(20 684 309)	(8 764 699)	-	(73 431 821)
Charge for the year	(4 627 217)	(433 216)	(3 417 484)	(1 528 004)	(2 037 707)	(4 433 303)	(1 316 710)	-	(17 793 641)
Disposals	-	-	-	-	3 303 534	-	484 956	-	3 788 490
<b>At 31 March 2018</b>	<b>(18 841 301)</b>	<b>(817 855)</b>	<b>(21 418 783)</b>	<b>(6 874 888)</b>	<b>(4 770 080)</b>	<b>(25 117 612)</b>	<b>(9 596 453)</b>	<b>-</b>	<b>(87 436 972)</b>
<b>Net carrying amount</b>	<b>252 520 233</b>	<b>1 004 631</b>	<b>3 776 017</b>	<b>8 317 335</b>	<b>5 679 411</b>	<b>1 509 300</b>	<b>3 948 028</b>	<b>410 761 065</b>	<b>687 516 020</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019 E	2018 E
<b>8 Intangible assets</b>		
Capitalised computer software costs for the year ended:		
<b>Cost</b>		
At the beginning of the year	<b>81 451 772</b>	71 138 095
Transfers from WIP	<b>3 225 193</b>	10 313 677
Adjustments	<b>(681 667)</b>	-
At the end of the year	<b>83 995 298</b>	81 451 772
<b>Accumulated amortisation</b>		
At the beginning of the year	<b>(63 255 902)</b>	(52 275 731)
Charge for the year	<b>(10 822 774)</b>	(10 980 171)
At the end of the year	<b>(74 078 676)</b>	(63 255 902)
<b>Net carrying amount</b>	<b>9 916 622</b>	18 195 870
<b>9 Assets held for sale</b>		
Furniture	<b>3 972 029</b>	-
Canteen equipment	<b>1 564</b>	-
	<b>3 973 593</b>	-

Furniture and equipment was originally acquired for the old head office. The Authority did not renew the lease which expired in December 2018. There are parties whom have expressed interest and the sale of the furniture and equipment is expected to be completed before the end of March 2020.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 10 Inventory

Consumables	<b>205 346</b>	<b>1 979 863</b>
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## 11 Trade and other receivables

Prepayments and deposits	<b>3 858 119</b>	3 894 544
Related party	<b>15 767 204</b>	6 684 231
Other entities	<b>876 424</b>	-
Staff loans	<b>699 098</b>	1 227 251
	<b>21 200 845</b>	<b>11 806 026</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019 E	2018 E
<b>12 Cash and cash equivalents</b>		
Petty cash	27 521	11 646
Nedbank Eswatini Limited	<b>74 396 544</b>	74 710 439
African Alliance	-	15 843 650
Stanlib	<b>77 123 964</b>	89 783 108
Krediten Bank	-	83 310
	<hr/> <b>151 548 029</b>	<hr/> 180 432 153

## Facilities

Overdraft facility of E20 000 000 and revolving credit line of E10 000 000 held with Nedbank Swaziland.

## 13 Employee Benefits Provisions

Short term provisions:

Gratuity	-	1 499 725
Leave pay	<hr/> 4 635 721	<hr/> 9 135 438
	<hr/> <b>4 635 721</b>	<hr/> 10 635 163

### 13.1 31 March 2019

At the beginning of the year  
Amount utilised during the year  
Charged in profit or loss  
At the end of the year

	Gratuity E	Leave pay E	Total E
1 499 725	9 135 438	10 635 163	
(1 535 486)	(649 584)	(2 185 070)	
35 761	(3 850 133)	(3 814 372)	
-	<hr/> 4 635 721	<hr/> 4 635 721	

### 13.2 31 March 2018

At the beginning of the year  
Amount utilised during the year  
Charged in profit or loss  
At the end of the year

	Gratuity E	Leave pay E	Total E
2 643 551	3 742 444	6 385 995	
(2 510 684)	(336 460)	(2 847 144)	
1 366 858	5 729 454	7 096 312	
1 499 725	<hr/> 9 135 438	<hr/> 10 635 163	

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Leave pay provision

This provision is for employees' entitlements to annual leave recognised when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The provision is calculated on the number of days that the employees have not taken in respect of their leave entitlement. The anticipated utilisation of the amount is in the near future.

The leave policy dictates that only five days may be carried over to the new financial year. There are however, exceptions allowed due to work related pressures

## Gratuity provision

This provision is made for payments in accordance with the contract basis renewable at expiry of each contract period. The provision is calculated at the rate of 25% of the value of total annual remuneration package of the contractor. A number of contractors were converted to employees and their gratuity provision converted to the provident fund. At the end of the financial year no employee was on gratuity.

	2019 E	2018 E
<b>14 Deferred grant income</b>	<b>421 739 778</b>	<b>365 062 169</b>
<b>14.1 Current</b>		
Balance at beginning of year	62 160 159	38 714 347
Received from Government – cash	409 606 873	402 810 000
Receivable from the Government	15 767 204	6 494 383
Donated Assets	-	285 300
Grants realised in profit or loss for funding recurring expenditure excluding depreciation and amortisation	(342 254 445)	(365 665 418)
Asset disposals for the year	1 323 904	520 409
Grants utilised to defray capital expenditure (Note 7,8)	(37 015 307)	(20 998 862)
	<b>109 588 388</b>	<b>62 160 159</b>
<b>14.2 Non-current</b>		
Balance at beginning of year	302 902 010	311 197 369
Grants utilised to defray capital expenditure (Note 7,8)	37 015 307	20 998 862
Asset disposals for the year	(1 323 904)	(520 409)
Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 7,8)	(26 442 023)	(28 773 812)
	<b>312 151 390</b>	<b>302 902 010</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

The Authority received grants amounting to E409 606 873 (2018: E402 810 000) from the Government of Eswatini to facilitate the funding of recurring and capital expenditure incurred and for its daily operations. There were no assets received (2018: E285 300) through donations.

## 15 Trade and Other payables

Retention Provision	<b>17 661 727</b>	6 993 131
Accruals	<b>10 298 043</b>	22 872 884
Other Payables	<b>2 014 860</b>	897 516
	<hr/> <b>29 974 630</b>	<hr/> 30 763 531

## 16 Borrowings

### Current

Finance lease liabilities – Nedbank	<b>1 880 940</b>	2 255 901
Eswatini Development and Savings Bank	<b>603 305</b>	539 345
Public Service Pension Fund	<b>10 171 490</b>	-
	<hr/> <b>12 655 735</b>	<hr/> 2 795 246

### Non-current

Finance lease liabilities	(a) <b>1 854 546</b>	3 465 260
Eswatini Development and Savings Bank	(b) <b>6 657 403</b>	7 302 295
Public Service Pension Fund	(c) <b>615 542 368</b>	432 826 097
	<hr/> <b>624 054 317</b>	<hr/> 443 593 652

### Total borrowings

**636 710 052**

**446 388 898**

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

**(a) Finance Lease Obligation**

Finance lease obligations are in respect of motor vehicles leased from Nedbank Swaziland. The lease duration is 60 months and the Authority has capitalized all the leased assets vehicles.

Security held: Lien over motor vehicles and trucks financed under RCL facility and full comprehensive insurance over the vehicles with Nedbank Swaziland noted as first loss payee.

**b) Eswatini Development and Savings Bank – E8.04 Million**

The loan attracts an interest rate of prime per annum (Prime currently 10.25%)

and is payable in monthly installments for a period of 10 years.

**(c) Public Service Pensions Fund – E567 Million**

The loan attracts an interest rate of prime per annum (Prime currently 10.25%). Interest for the first twelve months is capitalized and amortized over the loan duration thereafter paid quarterly. Capital repayments are semi-annual instalments over 15 years.

The loan is secured by assets (refer to note 7) and a guarantee from the Government of Eswatini.

	2019 E	2018 E
<b>17 Cash flow from operating activities</b>		
<b>Surplus for the year</b>	<b>3 599 760</b>	6 129 899
<b>Adjustment for:</b>		
Depreciation and amortisation	7,8 <b>26 442 023</b>	28 773 812
Loss / (Profit) on disposal of assets	4 <b>57 496</b>	(26 944)
Interest paid	5 <b>55 543 899</b>	43 148 354
Interest received	5 <b>(11 537 140)</b>	(19 178 995)
Amortisation of Government grant	3 <b>(368 696 468)</b>	(394 439 230)
	<b>(294 590 430)</b>	(335 593 104)
<b>Changes in working capital</b>		
Decrease in trade and other payables	<b>(18 382 240)</b>	(8 943 586)
(Decrease)/Increase in employee benefits provision	<b>(788 902)</b>	(13 880 446)
Decrease/(Increase) in inventory	<b>(5 999 443)</b>	4 249 168
Decrease in deferred income	<b>1 774 517</b>	(608 984)
Assets held for sale	<b>-</b>	6 494 383
Increase in trade and other receivables	<b>(3 973 592)</b>	-
	<b>(9 394 820)</b>	(5 197 707)
<b>Cash utilised in operating activities</b>	<b>(312 972 670)</b>	(344 536 690)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 17.1 Cash flow from financing activities

Borrowings at the beginning of the year	446 388 898	278 670 508
- Current	443 593 652	1 705 420
- Non - current	2 795 246	276 965 088
Cash flows	190 321 154	167 718 390
- Proceeds from borrowings	244 245 007	180 287 703
- Repayment of borrowings	(53 923 853)	(12 569 313)
Borrowings at the end of the year	636 710 052	446 388 898
- Current	12 655 735	443 593 652
- Non - current	624 054 317	2 795 246

## 18 Financial Instruments

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

	Amortised Costs E	Total Carrying Amount E
<b>As at 31 March 2019</b>		
<b>Financial assets</b>		
Trade and other receivables excluding prepayment	17 342 726	17 342 726
Cash and cash equivalents	151 548 029	151 548 029
	<b>168 890 755</b>	<b>168 890 755</b>
<b>Financial liabilities</b>		
Trade and other payables	29 974 630	29 974 630
Borrowings	636 710 052	636 710 052
	<b>666 684 682</b>	<b>666 684 682</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 18 Financial Instruments (*continued*)

	Amortised Costs E	Total Carrying Amount E
As at 31 March 2018		
<b>Financial assets</b>		
Trade and other receivables excluding receivables	7 911 482	7 911 482
Cash and cash equivalents	<u>180 432 153</u>	<u>180 432 153</u>
	<u>188 343 635</u>	<u>188 343 635</u>
<b>Financial liabilities</b>		
Trade and other payables	30 763 531	30 763 531
Borrowings	<u>446 388 898</u>	<u>446 388 898</u>
	<u>477 152 429</u>	<u>477 152 429</u>

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements:

	Carrying amount E	Within 1 year E	Between 2 and 5 years E	More than 5 years E
<b>31 March 2019</b>				
<b>Financial liabilities:</b>				
Borrowings	636 710 052	12 655 735	130 523 632	493 530 685
Trade and other payables	<u>29 974 630</u>	<u>29 974 630</u>	-	-
	<u>666 684 682</u>	<u>42 630 365</u>	<u>130 523 632</u>	<u>493 530 685</u>
<b>31 March 2018</b>				
<b>Financial liabilities:</b>				
Borrowings	446 388 898	2 450 655	3 850 123	440 088 120
Trade and other payables	<u>30 763 531</u>	<u>30 763 531</u>	-	-
	<u>477 152 429</u>	<u>33 214 186</u>	<u>3 850 123</u>	<u>440 088 120</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

	2019 E	2018 E
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Related party	15 767 204	6 684 231
Other entities	876 424	-
Staff loans	699 098	1 227 251
Cash and cash equivalents	<u>151 548 029</u>	<u>180 432 153</u>
	<u>168 890 755</u>	<u>188 343 635</u>

## 18 Financial Instruments (*continued*)

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

	2019 E	2018 E
Related party customer	15 767 204	6 684 231
Other entities	876 424	-
Staff loans	<u>699 098</u>	<u>1 227 251</u>
	<u>17 342 726</u>	<u>7 911 482</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 19 Related party transactions

The Authority is wholly owned and controlled by the Eswatini Government.

The related party disclosure is required in terms of IAS 24, Related Parties Disclosures.

The related parties of Eswatini Revenue Authority consist mainly of Government departments, state-owned enterprises, as well as key management personnel and Board Members of Eswatini Revenue Authority and close family members of these related parties.

The following transactions were carried out with related parties:

	2019 E	2018 E
<b>19.1      Government of Eswatini</b>		
Grant Received – Cash	<u>409 606 873</u>	<u>402 810 000</u>
Receivable due	<u>15 767 204</u>	<u>6 494 383</u>
<b>19.2      Board members fees</b>		
Board Members fees	<u>319 994</u>	<u>341 940</u>
The following balances were due to related parties:-		
<b>19.3      Related party payable</b>		
Public Service Pension Fund	<u>625 713 858</u>	<u>432 826 097</u>
Eswatini Development and Savings Bank	<u>7 260 708</u>	<u>7 841 640</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 20 Commitments

### 20.1 Operating lease commitments - Authority lessee

The Authority entered into the following lease agreements:

- Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the authority. The agreement was renewed on 1 September 2016 for a period of three years. The monthly rental is E24, 904.25 with an escalation of 8%.
- Lease agreement with J & E Construction (Pty) Ltd, in which J & E Construction (Pty) Ltd rented offices to the authority. The agreement was renewed on 1 April 2018 for a period of three years. The monthly rental is E17, 268.86 with an escalation of 10%.
- Lease agreement with Buzzby Services (Pty) Ltd, in which Buzzby Services (Pty) Ltd rented offices to the authority. The agreement commenced on 1 May 2015, for a period of 5 years. The monthly rental is E11, 794.86 with an escalation of 10%.
- Lease agreement with MBI Estates, MBI Estates, rented offices to the authority. The agreement was renewed on 1 May 2017, for a period of three years. The monthly rental is E11, 116.61 with an annual escalation of 8%.
- Lease agreement with Swaziland Industrial Development Company, in which Swaziland Industrial Development Company rented offices to the authority. The agreement was renewed on 1 April 2017, for a period of three years. The monthly rental is E76, 265.55 with an escalation of 10%.
- Lease agreement with the Swaziland National Provident Fund, in which fund rented offices to the authority. The agreement commenced (renewed on 1 February 2015, for a period of five years. The monthly

rental is E118 258.53 with an escalation of 9%.

- Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the authority. The agreement was renewed on 1 July 2018, for a period of five years. The monthly rental is E162, 612.30 with an annual escalation of 8%.
- Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the authority. The agreement commenced on 1 January 2017, for a period of five years. The monthly rental is E42 636.83
- Lease agreement with Swaziland Railway, in which company rented residential premises to the authority. The agreement was renewed on 1 April 2017 for a period of 3 years. The monthly rental is E7, 419 with an escalation of 10%
- Lease agreement with Ngonini Estate, in which the company rented residential premises to the authority. The agreement was renewed on 1 April 2017 for a period of 1 year. The monthly rental is E10, 575 with an escalation of 10%

	2019 E	2018 E
<i>The future aggregate minimum lease payments under non-cancellable operating lease are as follows:</i>		
Due within one year	<b>6 112 080</b>	15 869 694
Due between 1 and 5 years	<b>9 750 693</b>	8 837 263
<hr/>		
	<b>15 862 773</b>	24 706 957

## 20.2 Capital commitments

The Authority entered into contracts to purchase property, plant and equipment and intangible assets of E36 620 730 (2018: E201 905 826).

## 21. Events after the reporting period

Events since the reporting period:

- (a) have been fully taken "into account insofar as they have a bearing on the amounts attributable to assets and/or liabilities at that date;
- (b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;
- (c) have not required adjustments to the fair value measurements and disclosures included in the financial statements.

## 22. Contingent liabilities

The Authority has contingent liabilities amounting to E1.235 million in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liabilities.







Eswatini Revenue Authority

**Contact Centre:** 2406 4050

**Email:** [info@sra.org.sz](mailto:info@sra.org.sz)

**Website:** [www.sra.org.sz](http://www.sra.org.sz)

**Facebook:** <https://www.facebook.com/EswatiniRevenueAuthority/>