2016 ANNUAL REPORT

Swaziland Revenue Authority
SRA

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LIST OF ACROYNMS

ASYCUDA	Automated System for Customs Data
ATAF	African Tax Administration Forum
BCM	Business Continuity Management
BPM	Business Process Management
CATA	Commonwealth Association of Tax Administrators
CBM	Coordinated Border Management
CAF	Comesa Adjustment Facility
COMESA	Common Market for Eastern and Southern Africa
CRP	Common Revenue Pool
DTAA	Double Taxation Avoidance Agreement
EFT	Electronic Funds Transfer
EPM	Enterprise Project Management
EXCOM	Executive Committee
FY	Financial Year
FSE&CC	Federation of Swaziland Employers and Chamber of Commerce
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
HNWI	High Net-Worth Individuals
IMF	International Monetary Fund
ISO	International Organization for Standardization
KPIs	Key Performance Indicators
LRA	Lesotho Revenue Authority
LUSIP	Lower Usuthu Smallholder Irrigation Project
MCIT	Ministry of Commerce, Industry and Trade
MDP	Management Development Programme
MOET	Ministry of Education and Training
MOU	Memorandum of Understanding
MTC	Management Tender Committee
nCEN	National Customs Enforcement Network
NSC	National Steering Committee
OGA	Other Government Agencies
PAYE	Pay As You Earn
PTP	Preferred Trader Programme
REDI	Regional Excellence Development Initiative
RMS	Revenue Management System
RISM	Regional Integration Support Mechanism
RSA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
SANU	Southern Africa Nazarene University
SARS	South African Revenue Service
SBIS	Swaziland Broadcasting and Information Service
SCOPE	Sub-Committee on Public Enterprises
SIDA	Swedish International Development Cooperation
SIPA	Swaziland Investment Promotion Authority
SMEs	Small and Medium Enterprises
SNAD	Swaziland National Association for the Deaf
SOPs	Standard Operating Procedures
SRA	Swaziland Revenue Authority
SRC	Seychelles Revenue Commission
SSA	Sub-Saharan Africa
S&P	Standards & Poor
TRS	Time Release Study
USA	United States of America
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
VRA	Value Added Tax Refund Administration
WCO	World Customs Organisation
WTO	World Trade Organisation Agreement

COMPANY PROFILE

The Swaziland Revenue Authority (SRA) is a semi-autonomous institution established by the Revenue Authority Act, 2008 as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of assessing and collecting revenue on behalf of the Government and administering and enforcing the revenue laws according to the schedule of the Act. These include the Income Tax Order, 1975 (as amended); the Customs and Excise Act, 1971 (as amended); and, the Value Added Tax (VAT) Act, 2011. SRA officially took over the revenue collecting function on the 1st January 2011. The organization has been operating for five years as a function based entity, designed to improve operations, improve customer care and overall efficiency in the collection of revenue.

The organisation has two operational departments, Domestic Taxes and Customs and Excise, as well as seven support departments comprising of Finance, Corporate Services, Business Strategy and Development, Legal Services, Internal Audit, Internal Affairs and Risk and Assurance.

The operations of SRA are overseen by a Governing Board, which is appointed by the Minister of Finance. The Governing Board elects a Vice-Chairman among the members. The Commissioner General is appointed by the Minister of Finance, through a recommendation of the Governing Board. The Secretary to the Governing Board is appointed by the Governing Board and is the Chief Legal Officer of the SRA. The Governing Board has three (3) subcommittees:

- Audit and Risk;
- Human Resources and Ethics;
- Finance and Tender.

VISION, MISSION AND VALUES

OUR VISION
To be a Modern, Credible and Customer Centric Revenue Authority.

OUR 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.

OUR VALUES

Performance Excellence
Strive for professionalism and continuous improvement.

Customer Centricity
Focus efforts on delivering high-level customer service and recognizing the impact of actions on internal and external customers.

Innovative
Continuously implement new ideas that re-engineer service offering and the way in which SRA operates.

Integrity
Promote honesty, trust and openness in conducting business.

Transparency and Accountability
Open in operations and communication whilst being responsible for actions and decisions.

ORGANISATIONAL STRUCTURE

SRA GOVERNING BOARD

CHAIRPERSON
Ambrose Dlamini

VICE CHAIRPERSON
S'thofeni Ginindza

MEMBER ex-officio
Dumisani E. Masilela

MEMBER ex-officio
Majozi Sithole

MEMBER ex-officio
Bheki Bhembe

SECRETARY
Nomcebo Marrengane

MEMBER
Mhlabuhlangene Dlamini

MEMBER
Bonginkhosi Nsingwane

MEMBER ex-officio
Khethiwe Mhlanga

ORGANISATIONAL STRUCTURE

SRA EXECUTIVE COMMITTEE

Commissioner General
Dumisani E. Masilela

Commissioner Domestic Taxes
Nompumelelo W. Dlamini

Commissioner Customs & Excise
Isheunesu V. Mazorodze

Chief Financial Officer
Thobile E. Dlamini

Head of Corporate Services
Edward Sithole

Head of Business Strategy and Development
Brightwell Nkambule

Chief Risk Officer
Precious Nkambule

Chief Legal Officer
Nomcebo Marrengane

Director Communications
Vusi Dlamini

Chief Internal Auditor
Isabel Made

Secretary
Sihle Fakudze

CHAIRPERSON'S STATEMENT

The year under review marked the beginning of a new three year strategic plan for the Swaziland Revenue Authority (SRA) and another term in office for the SRA Governing Board. This is aimed at increasing revenue collections with a team that has been in office since inception of the SRA.

In the period under review the SRA has made significant gains in contributing to increased domestic revenue mobilization, trade facilitation and minimizing cross border crime. The launching of the Value Added Tax (VAT) Refund Arrangement with South Africa will contribute to minimizing the cost of doing business across our border and increase domestic revenue. The period under review also saw the SRA launch the customs systems ASYCUDA World which is aimed at simplifying the import and export clearance of goods at border posts.

On the regional and international fronts our focus still remains on improving bilateral relations. We have signed Memoranda of Understanding with South Africa, Botswana, Lesotho and Zimbabwe and had concluded negotiations with Mauritius but pending approval. We have reaffirmed our cooperation with South Africa and Zimbabwe, focusing on technical assistance and capacity building aimed at contributing to trade facilitation.

Chairperson of Governing Board
Ambrose Dlamini

We are grateful for the assistance received most notably from the World Customs Organisation (WCO), the International Monetary Fund (IMF), the Common Market for Eastern and Southern Africa (COMESA), World Bank, South Africa Revenue Service (SARS), Zimbabwe Revenue Authority (ZIMRA) and many other friends who have assisted us in building this organization.

We are also grateful to His Majesty's Government in particular His Excellency the Right Honourable Prime Minister Dr. Barnabas Sibusiso Dlamini and the Minister of Finance Senator Martin G. Dlamini for the confidence they have bestowed on us as a Governing Board to lead this organization. We are also grateful to His Majesty the King and Her Majesty the Queen Mother who continued to give us guidance in the execution of our duties and demonstrated strong support for the organization in very difficult times. On behalf of the Governing Board, I extend our gratitude to the management and staff of the SRA for all your effort and co-operation in ensuring the organization's mandate is achieved.

To the businesses and Swazi people, the SRA remains committed and with the assistance of the taxpaying nation will continue to "Raise the Standard" and contribute towards the development of Swaziland.

AMBROSE DLAMINI
CHAIRPERSON OF GOVERNING BOARD

COMMISSIONER GENERAL'S STATEMENT

In accordance with Section 25 of the Revenue Authority Act, 2008, I humbly present to you the 6th Annual Report of the Swaziland Revenue Authority covering the financial year 2015/16.

The year under review was the first of our second strategy covering the period 2015/16 to 2017/18. There are three (3) main themes of the strategy, namely:

- To build a sustainable organization of talented, competent and inspired people;
- Increase voluntary compliance; and,
- Innovation and continuous improvement.

I am happy to report that we continued to make progress in the implementation of measures and initiatives aimed at strengthening the organization to improve in the delivery of its mandate of efficiently mobilizing resources for Government. The main focus was in documentation and implementation of streamlined business processes, developing systems to support the implementation of these processes and capacitating the team to improve in the execution of their respective roles within the organization.

The Value Added Tax (VAT) Refund arrangement with South Africa was one of our key trade facilitation initiatives that was successfully launched on the 1st of April 2015. We are eternally grateful to the South African Revenue Service (SARS) for cooperating with us in finalizing this initiative. We are also grateful to members of the public who have fully embraced it and are cooperating fully with the Authority in declaring their purchases from South Africa, as evidenced by the improvement in the statistics and revenue in this regard.

The revenue target set by Government was at a very challenging E6.8 billion. This target had incorporated projected additional revenues that would have been generated from amendments of the Income Tax Order to remove some exemptions and the introduction of levies on tobacco and alcohol. These were, however, not effected by the end of the financial year. Despite this, revenue collection of E6.656 billion was attained against a Government target originally agreed at E6.4 billion (excluding the proposed policy changes). This is an improvement of 10% from the previous financial year's collection, which is mainly attributed to efficiency gains.

The dwindling receipts from the Southern African Customs Union (SACU) mean we have to redouble our efforts in exploring more ways to increase domestic revenues. For the SRA in particular, this means we have to continuously innovate and consistently look at strategies to improve compliance.

Increasing voluntary compliance still remains key to the operations of the SRA and this will ensure that our administration costs can be reduced and we have more money to spend on other initiatives that will benefit the taxpayer. While there is still a long way to go in this regard, the engagements with taxpayers, business community and in-country stakeholders and the roll-out of systems designed to make it easy for taxpayers to comply such as the electronic filing platforms have gone a long way in improving the levels of compliance. I want to

Commissioner General
Dumisani E. Masilela

take this opportunity to urge our taxpayers to approach us for advice on how to access these facilities as there are significant savings to be made on the cost of compliance.

The initiatives undertaken by the SRA to improve its business saw the launch of ASYCUDA World on the 1st February 2016. This system, which replaced ASYCUDA++, enables traders to declare their goods in the comfort of their business premises and homes and facilitates pre-clearance of goods before they arrive at the border. As with everything new, a few teething problems occurred and these included interconnectivity and training. I am grateful to the Ministry of Commerce, Industry and Trade (MCIT) and the Swaziland Post and Telecommunications Corporation (SPTC) for their unwavering support in this regard.

My appreciation also goes to the Government of the Kingdom of Swaziland, particularly His Excellency the Right Honourable Prime Minister Dr. Barnabas Sibusiso Dlamini and the Minister for Finance, Senator Martin G. Dlamini for their continuous and inspirational support and guidance. I was humbled when they agreed to undertake what seemed a small gesture, which I believe went a long way in demonstrating the importance of compliance with national laws regardless of status.

Let me also thank the people of Swaziland, particularly those who continue to fulfil their tax obligations. To them I want to say please keep this up as the attainment of this country's development goals hinges on us continuously improving our culture of compliance as a nation.

Lastly, I wish to acknowledge with appreciation, the assistance received from various international and regional partners. The International Monetary Fund (IMF), the World Bank, African Tax Administration Forum (ATAF), World Customs Organization (WCO), Commonwealth Association of Tax Administrators (CATA), Common Market for Eastern and Southern Africa (COMESA) and the United Nations Conference on Trade and Development (UNCTAD). From our sister revenue administrations such as SARS, Zimbabwe Revenue Authority, Lesotho Revenue Authority, Mauritius Revenue Authority and Botswana Unified Revenue Service I say thank you for the continued support and collaboration.

My special appreciation goes to the over six hundred (600) members of staff of this organization that continue to work tirelessly on a daily basis to ensure this organization realizes its mandate. We have conducted a few independent assessments of various initiatives in the organization and our assessors have been amazed at the levels we have attained. This demonstrates not just the effort but the good quality work that the team is doing.

I would also like to thank the SRA Governing Board for their continuous guidance and support of our efforts towards realisation of our goal of being an efficient and customer-centric organization.

DUMISANI E. MASILELA
COMMISSIONER GENERAL

1.0 ECONOMIC PERFORMANCE

1.1 Global Developments

Global trends in 2015 were characterised by loss of growth momentum as a reaction to the major macroeconomic realignments. These affected prospects differently across countries and regions, with growth slowing to 2.4% in 2015 from 2.6% in 2014 on an annual basis, as reported in the World Bank's January 2016 Global Economic Prospects. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016/17.

Three key transitions continue to influence the global outlook: firstly the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services; secondly, the lower prices for energy and other commodities; and thirdly, the gradual tightening in monetary policy in the United States of America (USA) in the context of a resilient USA recovery as several other major advanced economy's central banks continue to ease monetary policy. If these challenges are not successfully managed, global growth could be derailed.

The USA's Gross Domestic Product (GDP) slowed down in the last quarter of the year due to the decline in consumer spending growth, contraction in business investment and the strong growth in housing investment. However, the annual real GDP growth for 2015 remained unchanged at 2.4% and is projected at 2.2% for 2016 and 2017, and 2.0% in 2018.

Economic growth in the Euro zone expanded towards the end of the year as the value of exports increased, which were enhanced by the Euro's depreciation and a moderate improvement in production. The updated forecast for global growth is projected at 3.4% in 2016 and 3.6% in 2017.

1.2 Regional Developments

Macroeconomic indicators suggest that economic activity in Sub-Saharan Africa also fell short of expectations, a result of the drop in oil prices, declines in other commodity prices, and geo-political and domestic strife in the region. The estimated growth for 2015 is 3.5%, which is a notable decline from 5.0% recorded in 2014. Growth prospects in most countries in Sub-Saharan Africa (SSA) will see a gradual improvement but at rates that are lower than those seen over the past decade owing to lower commodity prices. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria, and South Africa) as well as a number of smaller commodity exporters.

South Africa's economic performance was poor as the year ended, resulting in increased policy uncertainty. The country's credit rating was downgraded one notch by Fitch Ratings to BBB-, bringing it in line with the rating of Standard & Poor's (S&P). At the same time S&P also changed its rating outlook from stable to negative. Both Fitch and S&P cited the country's poor growth prospects and mounting debt as factors in their decisions. According to the IMF World Economic Report, South Africa's estimated growth for 2015 is 1.3% and is projected to be

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0.6% in 2016 and 1.2% in 2017. The economic slowdown in South Africa was largely attributed to the recent drought, lower export prices, elevated policy uncertainty, and tighter monetary and fiscal policy.

1.3 Domestic Developments

The local economy is estimated to have grown by 1.7% in 2015 with the backdrop of weak global and regional growth challenges, particularly the decline in oil prices and the effects of the drought. The growth was supported by the value added on livestock production and forestry sub-sectors under agriculture as well as the mining and quarrying sector.

The sound monetary policy have held inflation in check to average 5% in 2015, decelerating from the 5.7% recorded in 2014. This is against the backdrop of the negative effects of the weakening exchange rate, effects of the El Nino phenomenon and falling crude oil prices. The outlook remains fragile for the domestic economy and this situation will be worsened by the volatility of SACU receipts which are expected to decline by about E506 million in 2016/17 and consequently impact on the fiscal balance.

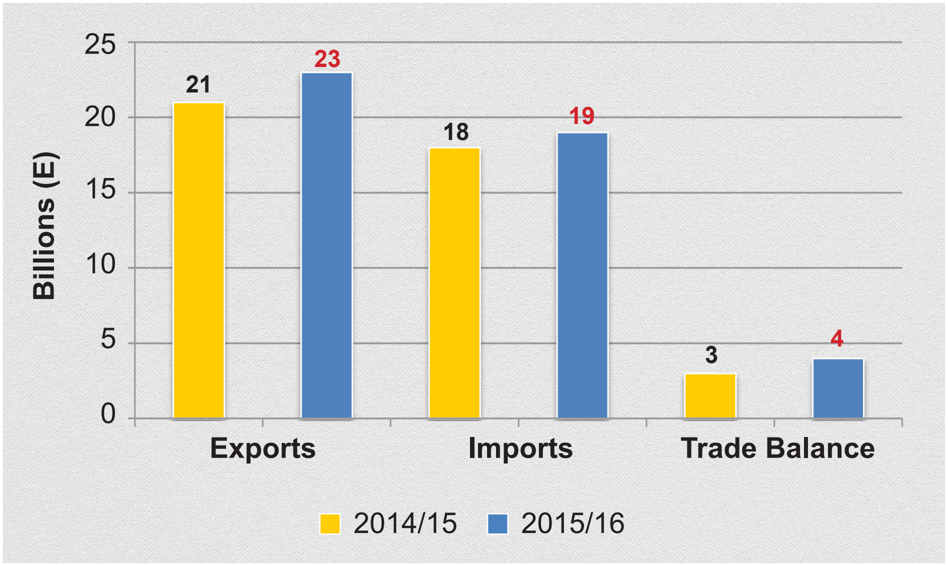
2.0 INTERNATIONAL MERCHANDISE AND TRADE

2.1 Trade in Goods

During the 2015/16 Financial Year (FY), a favourable balance of trade was observed for the country and this was also the case in the previous financial year (2014/15). Total exports were recorded at E22.6 billion which was a 9% growth from the previous FY mainly driven by export of chemicals and related products and sugar.

Total imports grew by 7% and were recorded at E19.1 billion compared to E17.9 billion the previous FY as depicted in figure 1.0. The imported commodities were mainly mineral fuels; vehicles other than railway or tramway and nuclear reactors/boilers and machinery and mechanical appliances.

Figure 1.0: Visible Trade Balance 2014/15 - 2015/16 (Preliminary)



Source: Swaziland Revenue Authority

2.2 Swaziland's Top Trading Partners

2.2.1 Imports by Country of Origin

South Africa remains Swaziland's major source of imports accounting for 80% of total imports for the country, which were recorded at E15.2 billion for the 2015/16 FY.

Other major import partners during the FY, were China ("man-made staple fibres and cotton"); India ("pharmaceutical products"); United States, Ireland and Germany ("essential oils and resinoid; perfumery, cosmetic or toilet preparations"), and Taiwan ("cotton") as shown in figure 2.0.

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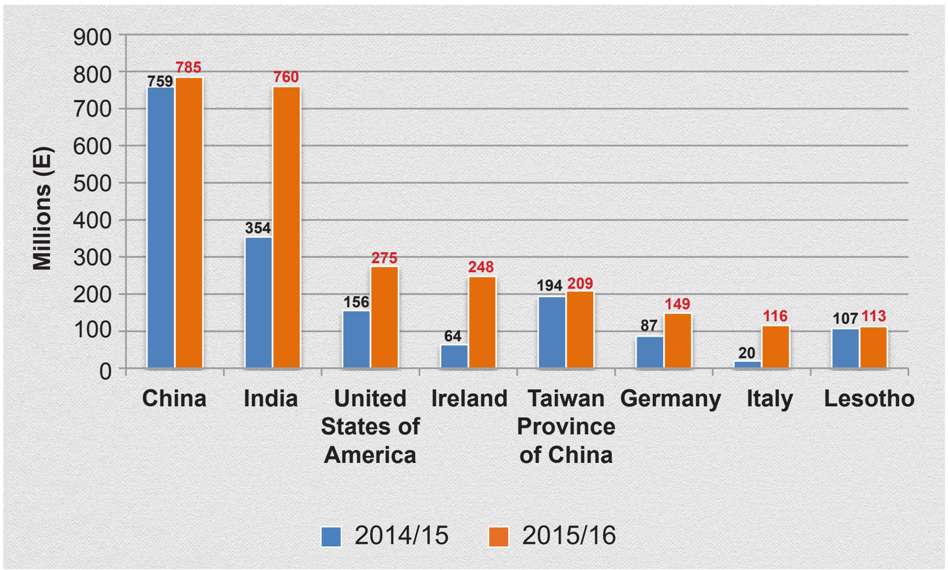
Figure 2.0: Major Import Partners (excl. South Africa)

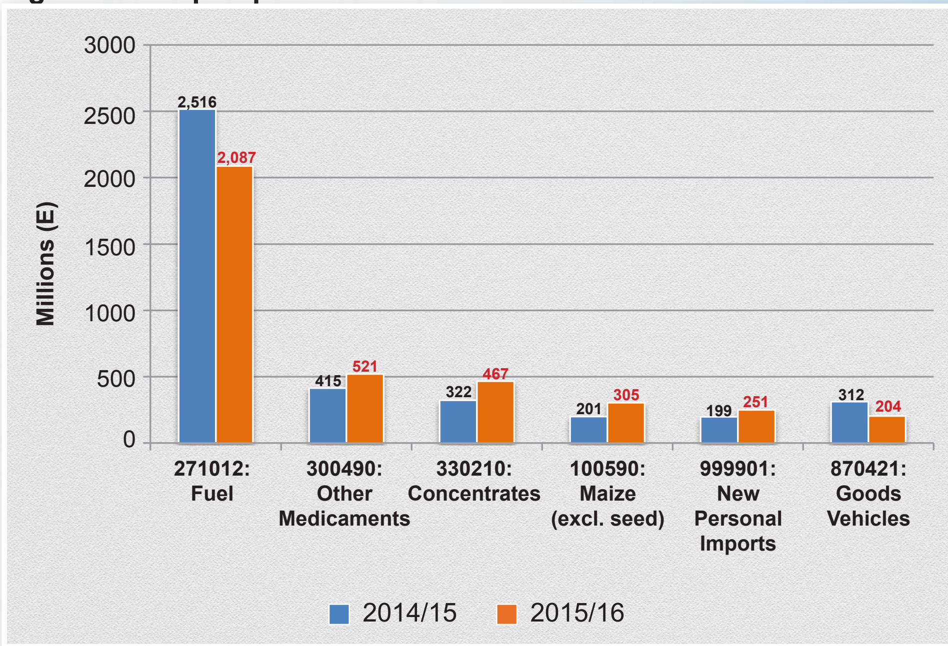


Source: Swaziland Revenue Authority

2.2.2 Imports by Product

Petroleum products were the leading imports for the country in the reporting period. However, petroleum products and motor vehicles declined by 17% and 35% in 2015/16 compared to 2014/15 respectively. All other products increased during the reporting period when compared to 2014/15. Figure 3.0 depicts the performance for the two periods.

Figure 3.0: Top Imported Products



Source: Swaziland Revenue Authority

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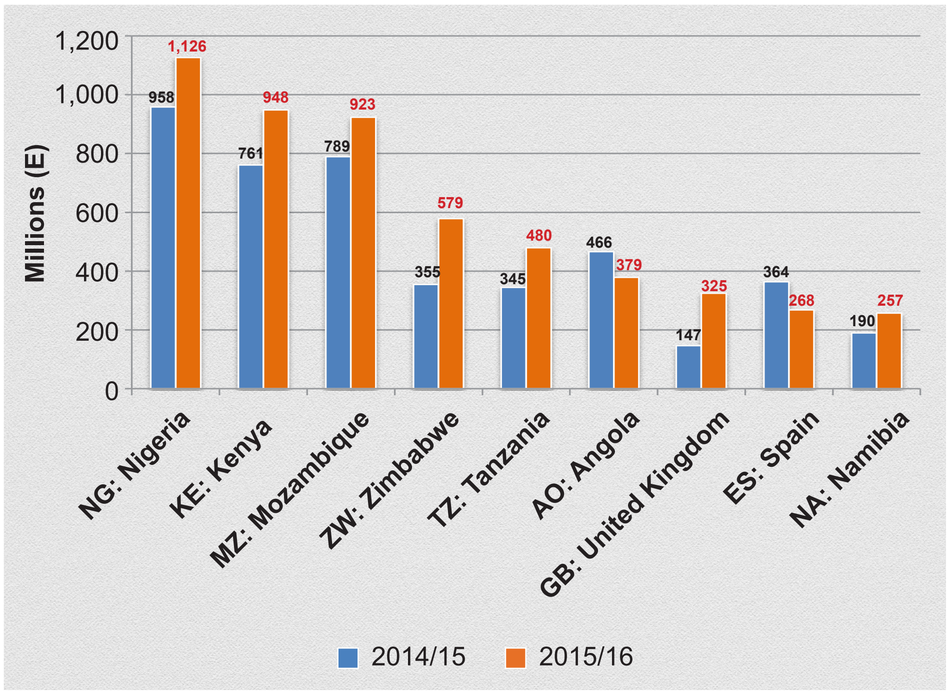
2.2.3 Exports by Country of Destination

In the 2015/16 financial year, South Africa imported about 67% of the country's exports and they were recorded at E15.1 billion. Nigeria, Kenya, Mozambique, Zimbabwe, Tanzania (mainly concentrates) and United Kingdom and Spain (sugar) were also major export partners for Swaziland and this is shown in figure 4.0.

Figure 4.0: Major Export Partners (excl. South Africa)

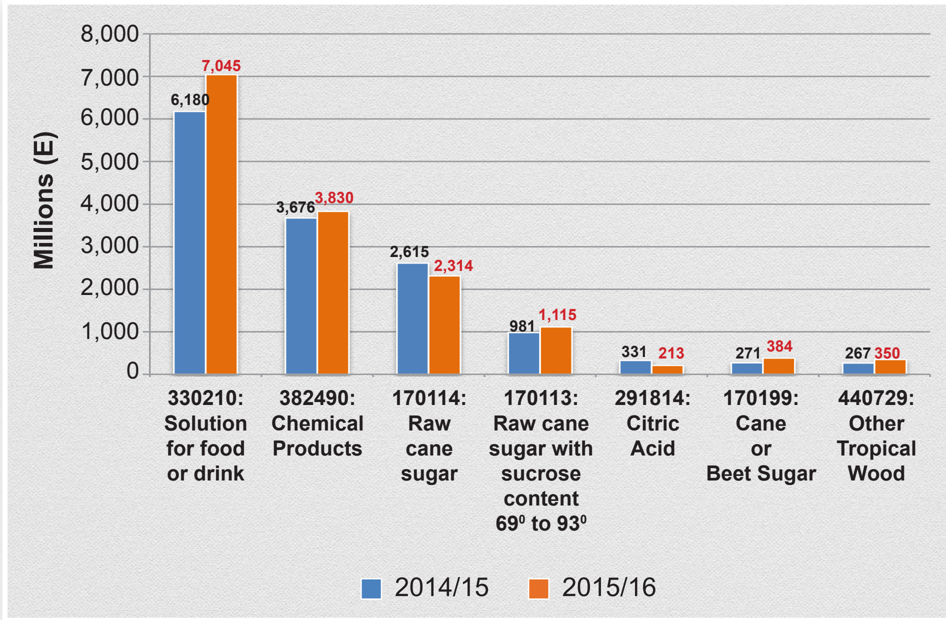


Source: Swaziland Revenue Authority

2.2.4 Exports by Product

Solution for food and drinks and sugar to South Africa remained the major export commodities during the 2015/16 financial year as shown in figure 5.0.

Figure 5.0: Top Exported Products



Source: Swaziland Revenue Authority

3.0 REVENUE PERFORMANCE

3.1 Taxpayer Base and Registration Compliance

As at 31st March 2016, the taxpayer database stood at 46,055 from 40,153 observed in the same period in the last financial year, showing a 14.7% increase on the number of registered taxpayers. A total of 5,667 were registered and 434 were suspended. These figures represent three tax types; VAT, Pay As You Earn (PAYE) and Income Tax. Table 1.0 shows the foregoing.

Table 1.0: Taxpayer Base by Tax Type as at 31st March 2016

Tax Type	Opening Balance	Registered Taxpayers	Suspensions	Closing Balance
VAT	3,330	447	169	3,608
PAYE	3,856	445	54	4,247
Income Tax	32,967	5,667	434	38,200
Total	40,153	6,559	657	46,055

Source: Swaziland Revenue Authority

3.2 Revenue Performance

The SRA has made good progress over the years since inception in its mandate of administering revenue laws. One of the key indicators is the annual revenue growth. Revenue collections continue to increase year on year. In 2012/13, 2013/14, 2014/15 revenue collections reflected a growth of 12%, 14%, 10% respectively. The same positive performance was also witnessed in 2015/16 as overall collections totalled E6.656 billion translating into growth of 10%.

For the year 2015/16, total revenue collections were recorded at E6,656,047,036 against a target of E6,806,282,007 being a shortfall of E150,234,971 and an increase of E620,520,699 against 2014/15 actual. This is indicated in table 2.0. It must be noted however, that this was not failure to meet the target on the part of the Authority. The target that was agreed initially with the Ministry of Finance was E6.4 billion and excluded the policy changes anticipated for approval; Income Tax amendment and the Tobacco and Alcohol Levy. These changes did not happen, which means the target against which to measure the organization's performance is the E6.4 billion that was agreed initially. This performance reflects an annual revenue growth of 10.3% against 2014/15 which is higher than nominal GDP growth of 8.2%.

REVENUE PERFORMANCE

Continued

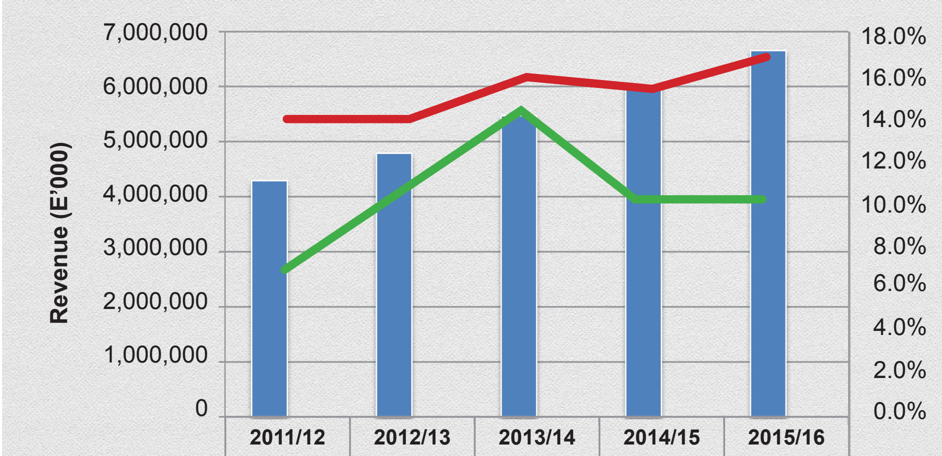
Table 2.0: Total Revenue Collections for the Years 2010/11 - 2015/16 (E' 000)

REVENUES FOR THE PERIOD 2010-11 TO 2015/16 (E'000)									
REVENUE HEADING	2011/12	2012/13	2013/14	2014/15	2015/16		Varianve 2015/16		As a % of Revenue in 2015/16
	Actual	Actual	Actual	Actual	Target	Actual	Actual Target	2014/15 2015/16	
Company Tax	827,634	743,127	1,070,385	1,483,248	1,651,143	1,371,839	-16.9%	-7.5%	20.6%
Individuals	1,568,554	1,348,998	1,751,682	2,048,530	2,005,667	2,175,819	8.5%	6.2%	32.7%
Other Income Tax	301,635	265,943	297,644	177,366	263,119	276,643	5.1%	56.0%	4.2%
Graded Tax	3,416	2,086	1,258	1,066	1,049	900	-14.2%	-15.6%	0.0%
Total	**2,701,239**	**2,360,154**	**3,120,969**	**3,710,211**	**3,920,977**	**3,825,200**	**-2.4%**	**3.1%**	**57.5%**
SALES TAX	1,338,190	133,188	35,843	11,631					
VAT		1,623,295	1,695,188	1,883,319	2,143,515	2,107,173	-1.7%	11.9%	31.7%
OTHER TAXES									
Road Toll	28,090	27,431	28,589	29,829	31,436	30,179	4.0	1.2	0.5%
Lotteries and Gaming	18,135	7,427	5,235	4,141	7,012	5,441	-22.4	31.4	0.1%
Fuel Tax	260,034	530,000	549,427	572,993	646,359	666,808	3.2	16.4	10.0%
TOTAL	**252,259**	**564,858**	**583,251**	**606,963**	**741,790**	**702,429**	**-5.3**	**15.7**	**0.3%**
Unallocated Funds/Funds Relating to Previous Periods		257,939	39,063	-176,597		21,268			0.3%
GRAND TOTAL	**4,291,688**	**4,939,433**	**5,474,313**	**6,035,526**	**6,806,282**	**6,656,047**	**-2.2%**	**10.3%**	**100.0%**

Source: Swaziland Revenue Authority

Growth in revenue was mostly due to strong performance by Income Taxes which remain the major contributor to total revenue accounting for 57.5%. The second largest contributor to total revenue is VAT with 31.7% and the remaining 10.8% is shared amongst Fuel Tax, Road Toll and Lotteries and Gaming. Revenue performance has remained robust even against sluggish economic performance. This could mainly be attributed to efficiency gains in tax administration as reflected by the tax to GDP ratio which has been consistently increasing from year to year, as indicated in figure 6.0.

Figure 6.0: Growth in GDP, Tax Revenue and Tax to GDP ratio since 2011/12



	2011/12	2012/13	2013/14	2014/15	2015/16
Tax Revenue	4,291,688	4,790,890	5,474,313	6,035,526	6,656,047
Tax Revenue as % of GDP	13.8%	14.0%	15.6%	15.2%	16.7%
Growth in Tax Revenue	6.9%	10.9%	14.3%	10.3%	10.3%

Source: Swaziland Revenue Authority

3.3 Direct Taxes

Income Taxes continued to be the highest contributor to domestic revenue with a relative contribution at 57.5% of total revenue collections. This however is a slight decrease from the 61.5% recorded in 2014/15, as FY 2014/15 collections

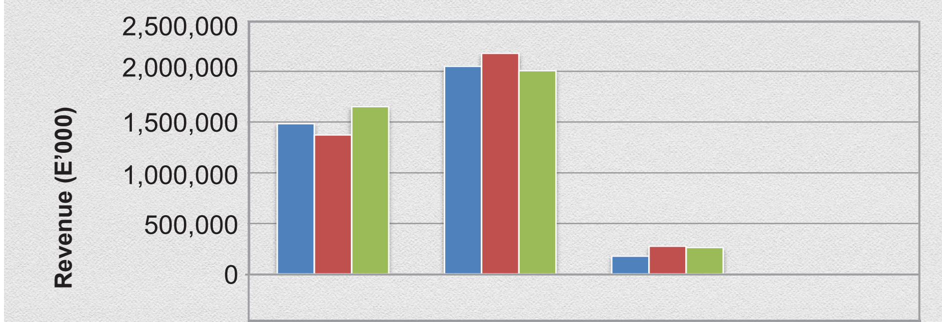
Continued

were inclusive of individual income tax payments relating to previous periods. Overall, direct taxes have underperformed slightly at 2.4% below target and increased by 3.1% against 2014/15. This has resulted from the downward revision of the company tax rate from 30% to 27.5% in fiscal year 2013/14. Indirect taxes also were below target by 5.3% following the non-implementation of the Tobacco and Alcohol Levy.

A total collection of E3.825 billion was made for Income Taxes in 2015/16 against a target of E3.921 billion reflecting a 2.4% shortfall to target collection. Individual Taxes surpassed their target by 8.5% and company tax collections missed the target by 16.9%, as indicated in figure 7.0.

Company Tax collections were affected by the inclusion in the targets of potential revenue gains from the proposed amendments to the Income Tax Order that were not implemented. This resulted in a collection of E1.372 billion against a target of E1.651 billion, which is 16.9% below target. Furthermore, the under performance in company taxes was also influenced by the increase in the number of companies declaring losses and filing zero returns. The latter was particularly noted for companies under self-assessment, an arrangement where companies' own declaration of income tax liability due is considered final until an audit is conducted.

Figure 7.0: Income Tax Collections for FY2015/16 (E'000)



	Companies	Individuals	Other Income Tax	Graded Tax
Actual 2014/15	1,483,248	2,048,530	177,366	1,066
Actual 2015/16	1,371,839	2,175,819	276,643	900
Target 2015/16	1,651,143	2,005,667	263,119	1,049
2015/16 Actual to Target in %	-16.9%	8.5%	5.1%	-14.2%

Source: Swaziland Revenue Authority

Individual Income Taxes on the other hand exceeded target by 8.5%, recording E2.176 billion against a target of E2.006 billion. This tax-type benefitted from improved compliance for Pay As You Earn (PAYE) and salary increments during the year. It should be noted however, that some organisations that rely on Government subvention faced financial difficulties and were unable to remit PAYE that had been deducted from employees, thus negatively affecting collections. The Other Income Taxes category also exceeded the target by 5.1%. As shown by tables 3.0 and 4.0, Company Taxes have all along been showing the highest growth amongst the Income Taxes since the takeover by the SRA until the implementation of the Company Tax rate reduction which was effected on the 1st July 2013 (2013/14 FY).

Continued

The effects of the rate cut began impacting revenue from October 2015, which has influenced the negative growth in the current year.

Table 3.0 Year on Year Growth in Income Tax Revenue: 2011/12 - 2015/16

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax	Total Revenue
2011/12	8%	8%	-2%	-17%	8%
2012/13	-10%	-14%	-12%	-39%	12%
2013/14	44%	30%	12%	-40%	14%
2014/15	39%	17%	-40%	-15%	10%
2015/16	**-8%**	**6%**	**56%**	**-15%**	**10%**

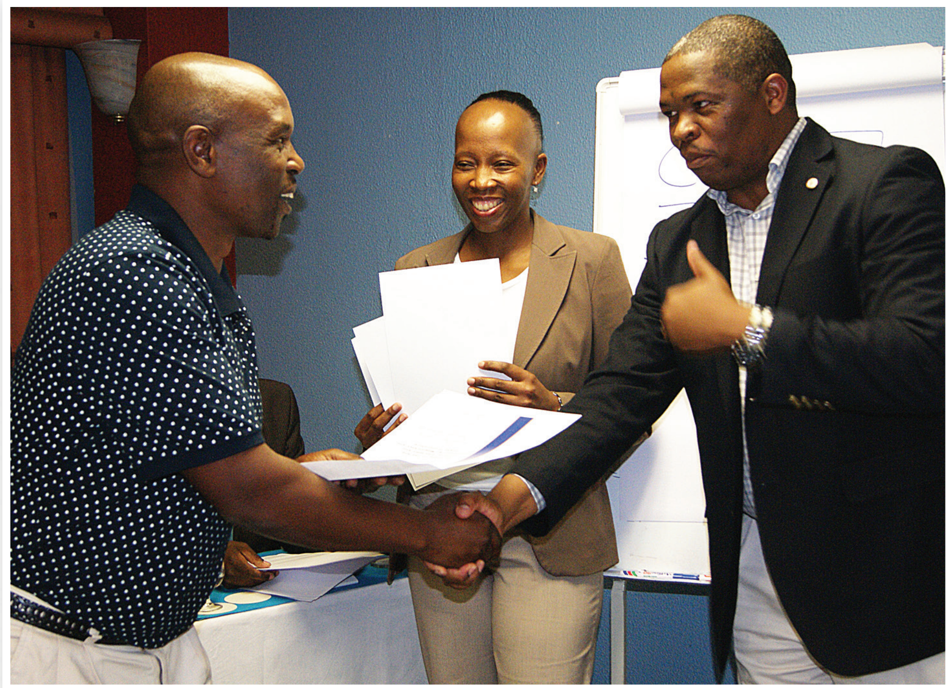
Source: Swaziland Revenue Authority

Furthermore, Company Tax's relative contribution to total income taxes has increased from 30% in 2010/11 to 36% in 2015/16 reflecting increasing compliance and positive results of the SRA enforcement drive.

Table 4.0 Contribution of Income Tax items to total Income Tax Revenue

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax
2011/12	30.64%	58.07%	11.17%	0.13%
2012/13	31.49%	57.16%	11.27%	0.09%
2013/14	34.95%	55.88%	9.13%	0.04%
2014/15	39.98%	55.21%	4.78%	0.03%
2015/16	35.86%	56.88%	7.23%	0.03%

Source: Swaziland Revenue Authority



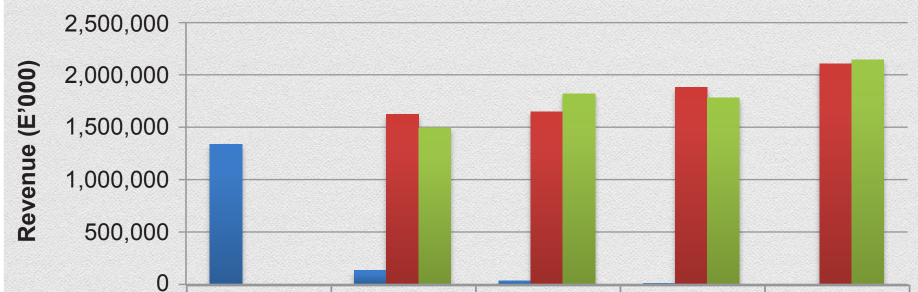
3.4 Indirect Taxes

3.4.1 Value Added Tax

The main contributors to indirect taxes continued to be VAT and Fuel Taxes with a total contribution of 99%. The relative contribution of these two tax types to indirect taxes is 75% for VAT and 24% for Fuel Taxes. VAT under performed by 1.7% against the set target of E2.144 billion, coming in at E2.107 billion. VAT collections were affected by the 4% increase in refunds paid compared to FY 2014/15. Figure 8.0 shows the foregoing.

Continued

Figure 8.0: Sales Taxes - VAT Trend from 2011/12 - 2015/16



	2011/12	2012/13	2013/14	2014/15	2015/16
Sales Tax	1,338,190	133,188	35,452	11,631	(23)
VAT Actual		1,623,280	1,648,519	1,883,31	2,107,173
VAT Target		1,496,672	1,819,627	1,782,899	2,143,515

Source: Swaziland Revenue Authority

3.4.2 Road Toll

Road Toll collections are administered at the entry points of the country and the collections are reliant on the volume of foreign vehicle traffic entering the country.

Amounts paid at the borders vary and depend on the origin, size of the vehicle as well as the purpose for which the vehicle is entering the country. Actual Road Toll collections for 2015/16 are recorded at E30.179 million against a target of E31.436 million reflecting a 4% under performance. However, this year's collections reflect an increase of 1.2% from the collections made in 2014/15. Figure 9.0 shows the trend of collection under this item to 2015/16.

Figure 9.0: Road Toll Collections based on Levy Charged: 2011/12 - 2015/16

	2011/12	2012/13	2013/14	2014/15	2015/16
Road Toll	28,090	27,431	28,589	29,829	30,179

Source: Swaziland Revenue Authority

Continued

3.5 Refunds

The total refunds paid in the reporting period are 15% of the total revenue collected and of the total refunds paid VAT accounts for the highest proportion at 97%. Most refunds were issued in the third and fourth quarters of the financial year to exporters in the sugar and textile industries. A total of E972,805,158 was refunded to taxpayers in the period under review.

The refunds paid show a 4% increase compared to the 2014/15 financial year, which recorded E933,782,027. The paid refunds were in respect of VAT, Income Tax and withholding taxes as indicated in table 5.0.

Table 5.0: Refunds to Taxpayers in 2015/16

Refunds Paid - 31st March 2016	Amount (E)
Refunds Exempt Taxpayers	46,882,982
VAT Refunds	983,654,695
Import VAT	133,138
Temporal Imports	2,637,603
Total VAT Refunds	**943,308,418**
Income Tax - Companies	12,923,087
Income Tax - Individuals PAYE	6,693,695
Withholdings Tax - Dividents	7,679,820
Sales Tax Refunds	2,200,138
Total Refunds	**972,805,158**

Source: Swaziland Revenue Authority

3.6 Other Taxes

Collections of fuel and lotteries and gaming taxes, on the other hand, were above their respective targets for the year. However, it should be noted that administration of the Lotteries and Gaming legislation remains a challenge due to the absence of punitive measures that may be invoked where non-compliance is identified.

In spite of the above-target performance in fuel and lotteries and gaming tax collections, indirect taxes collected by the Authority were below target given that VAT is the highest contributor to taxes on goods and services. Given the above discussed position, a policy engagement might be required in order to re-look at the VAT exemptions granted in the period, which contributed significantly to the under performance.

3.7 Forgone Revenue

The Authority monitors exemptions given under various pieces of legislation such as VAT and Income Tax. The VAT exemptions are monitored and reported monthly. On the other hand the exemptions under Income Taxes are reported every two years after carrying out a Tax Expenditure Analysis. The last report done was for 2013/14 and the next report will be undertaken in the new financial year, 2016/17. The value of VAT exemptions granted during the reporting period amounted to E563.44 million, resulting in forgone revenue of E2.07 million. These exemptions related to donor funded projects. Objections allowed and waivers granted during the year were E37.19 million and E12.69 million, respectively.

4.0 INTERNATIONAL TRADE TAXES AND LEVIES

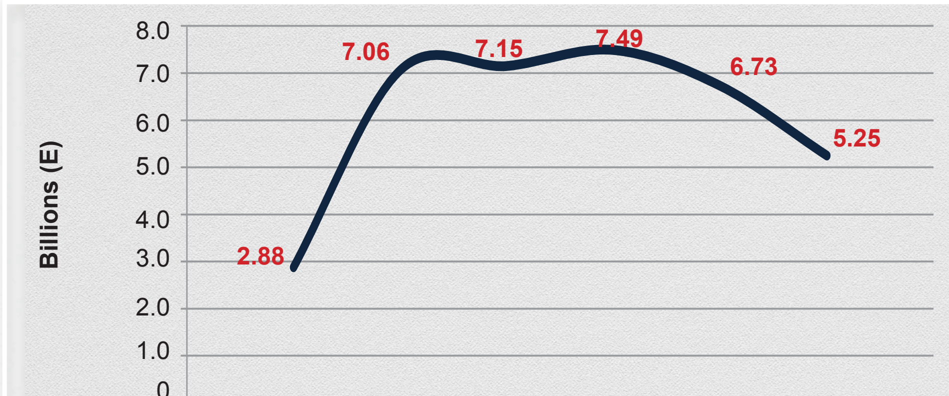
4.1 Customs and Excise

Customs and Excise duties collected and transferred to the SACU Common Revenue Pool (CRP) are recorded at E206,493,334, translating to a 4% increase from the E198,469,204 recorded in 2014/15. The transfers to the CRP are in line with the SACU Agreement as Member States are expected to remit their collections of Customs and Excise duties to the pool and these transmittals are later shared amongst Member States through the agreed revenue sharing formula. Some of the goods that goods that Customs and Excise duties are collected from include alcoholic beverages, petroleum products, perfumery goods and motor vehicles (originating from outside SACU). Domestically, excise duties are collected from alcoholic beverages manufactured locally and consumed within SACU.

4.1.1 SACU Receipts

Funds in the CRP continued to be shared in accordance with the existing revenue sharing formula. The country's SACU receipts reflected a decline to E5,252,103,452 against receipts of E7,486,667,413 in 2014/15 as indicated in figure 10.0. This reduction translates to a 30% decline. This decline is attributed to, among others, the poor performance of the CRP which resulted in recoveries from Member States, prevailing global and regional developments coupled with the global trade liberalization agenda.

Figure 10.0 SACU Revenue for Period 2011/12 - 2015/16



Financial Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Year Calculated	2010	2011	2012	2013	2014	2015

Source: Swaziland Revenue Authority

4.2 Customs Operations

4.2.1 Migration from ASYCUDA++ to ASYCUDA World

In October 2014, the project to upgrade the Automated System for Customs Data (ASYCUDA++) to ASYCUDA World was launched.

Continued

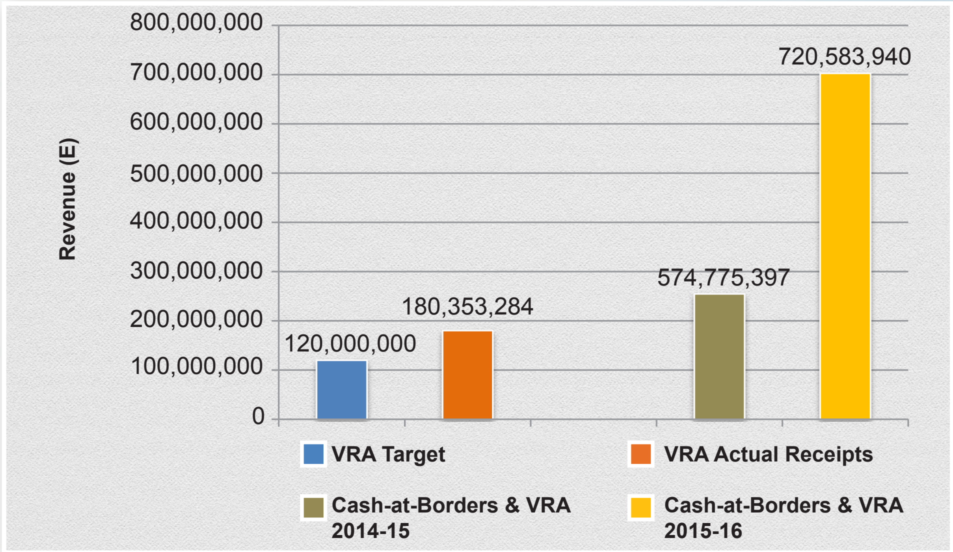
The ASYCUDA World system was switched on to support operations on the 1st February 2016, effectively retiring the ASYCUDA++. The "Go-Live" date was announced by the Minister of Finance; the Honourable Senator Martin G. Dlamini. The system "Go-Live" event followed a number of engagements of external and internal stakeholders to gather information to facilitate configuration of the system. Following the system cut-over, there is monitoring of the performance of the system and collection of feedback from the business community in order to determine additional enhancements and opportunities for further optimisation.

The ASYCUDA World project is funded by the EU through COMESA to the tune of €947,411 under the COMESA Adjustment Facility (CAF) under the Fourth Call for submissions of the Regional Integration Support Mechanism (RISM). The first project Steering Committee meeting between SRA, COMESA, UNCTAD and the Ministry of Commerce, Industry and Trade (MCIT) was held in conjunction with the signing ceremony of the Grant Agreement and the ASYCUDA World Project Implementation Agreement on the 21st October 2014. The Minister of Finance signed the Grant Agreement on behalf of Swaziland Government whilst the Secretary General Mr. Sindiso Ngwenya signed for COMESA. The Commissioner General Mr. Dumisani E. Masilela and Mr. Adnan T. ISSA signed the ASYCUDA World Project on behalf of the SRA and UNCTAD, respectively.

4.2.2 Sekulula VAT Easy Refund Administration

The SRA and SARS agreed to launch the VAT Refund Scheme on the 1st April 2015. Under this scheme, traders and travellers who paid VAT in South Africa merely declare their goods and surrender their invoices to the SRA. The SRA then, through a SARS approved agent, submit these invoices to SARS and claims the VAT paid thereon. Morisk Investment (Proprietary) Limited was appointed as the Claims and Refund Administration Manager to perform all functions relating to the processing and submission of VAT refund claims of the SRA to SARS. Sekulula VAT Easy has collected an amount of E180,353,284 against a target of E120,000,000 resulting in an overall growth of 23% in import VAT collected at borders. The Sekulula VAT Easy collections are depicted on figure 11.0.

Figure 11.0: Sekulula VAT Easy Collections against Target for Period 2014/15 and 2015/16



Source: Swaziland Revenue Authority

Continued

4.2.3 National Customs Enforcement Network (nCEN)

The WCO conducted a mission in December 2013 to determine requirements for implementing the nCEN. This is a database for storing information on detained or seized goods with additional attributes for further analysis and to share results with other border and enforcement agencies. The reporting period marked the second year of implementation.

A total of two hundred and thirty one (231) officers received training on the nCEN including sensitization engagements in all border posts. This has added to the improved usage of the system which was also complemented by the improvement of network connectivity. Officers are now able to log into the system with ease and this is evident by the total of three hundred and sixty eight (368) cases that have been captured and validated in the system. These comprise of illicit importation of cigarettes at 50%, motor vehicles at 35%, prohibited cosmetics (skin lightening) at 8%, cannabis (dagga) at 5%, and beverages at 2%.

4.2.4 Time Release Study Update

4.2.4.1 Coordinated Border Management

The Commissioner General of the SRA led a high level delegation for a study tour to Finland on the 21st to 23rd April 2015, following an invitation from WCO and the Finnish Government. The main purpose of the study tour was to observe how Finland has implemented the Coordinated Border Management initiative. The delegation included officials from the SRA, Principal Secretaries from Ministry of Information, Communication and Technology (MICT), Commerce, Industry and Trade, Home Affairs; an official from the Office of the National Commissioner of Police, the Chief Executive Officer of Federation of Swaziland Employers and Chamber of Commerce (FSE&CC) and a representative of the Swaziland Investment Promotion Authority (SIPA). The Swaziland delegation participated alongside delegates from Mozambique and Rwanda.

After the visit to Finland, WCO commissioned a diagnostic mission carried on the 26th to 29th October 2015, to make an assessment on the level of readiness for SRA to implement Coordinated Border Management (CBM) concept. This included meetings with stakeholders including the National Steering Committee (NSC) on Trade Facilitation and undertaking of a study tour of the Komati Port / Ressano Garcia to familiarize the NSC on the One Stop Border Post concept and to learn from the Republic of South Africa (RSA) and Mozambique experience.

Following these study tours a Diagnostic Mission Report with findings and recommendations was presented to the NSC on the 15th February 2016. It highlighted two key recommendations to the NSC, proposing the following for action and implementation:

- Establishment of a Multi - Border Agency Working Group that will oversee the development of a Border Management Framework and Process Review.
- Appointment of a lead Agency at the border - preferably SRA.

4.2.4.2 Preferred Trader Programme (PTP)

A Preferred Trader Programme (PTP) Manual and Procedure document for providing guidance on acceptance of applications, evaluation and management of the accreditation of preferred traders was developed. A meeting was convened by SACU for legal experts on the 29th February to 2nd March 2016, where the text of the Mutual Recognition Agreement to be annexed to the Mutual Assistance Annex was finalised and will be submitted for review and approval by the SACU Council of Ministers. This agreement will facilitate the exchange of information amongst member states. The organisation participated in SACU workshops on the 14th to 16th March 2016 where the governance framework manual for the Utility Blocks that will enable exchange of information on Preferred Traders was developed.

4.2.4.3 Data Exchange with SARS

A Memorandum of Agreement (MOA) was signed by the SRA Commissioner General and the Commissioner of SARS. The MOA will serve as an interim instrument for the exchange of automatic data / information between Swaziland and South Africa, pending the ratification of SACU's Annex E by Swaziland. The Annex E has been approved by Cabinet and subsequently submitted to Parliament for ratification.

5.0 REVENUE ADMINISTRATION

5.1 Tax Policy

5.1.1 Proposed Amendments

The organisation made contributions into the drafting of various amendments relating to the Income Tax Order of 1975 (as amended) and submitted to the Ministry of Finance the following:

(a) Introduction of tax on disposal of business assets;
(b) Filing of PAYE returns;
(c) Small Taxpayer Regime as well as penalty clauses;
(d) Scrapping of some capital allowances;
(e) Introduction of taxation of worldwide income; and,
(f) Introduction of binding rulings, amongst other areas.

5.1.2 Practice Notes and Guidelines

Seven (7) Practice Notes were developed and shared with taxpayers during the period under review. They covered areas such as advance payment of VAT, recovery of taxes in cases of default, treatment of mortgage interest, reverse charge mechanism for sugarcane farmers and tax directives in respect of lump-sum payments, amongst other areas. Additionally, one (1) guideline and four (4) notices were finalized and published. The guideline was on waiver and abatement of penalties while the notices were in relation to application of extension on time, tax treatment of employees that work part year, filing of returns and the importance of keeping proper books of accounts in Swaziland. Practice notes and guidelines are also available on the SRA website for ease of access to taxpayers.

5.2 Technical Assistance

An IMF Consultant, Mr Bruce Irving, made a follow-up visit to the SRA from the 23rd November to the 4th December 2015. The main focus of the Technical Assistance visit was to assist on the following:

- Profiling and selection of entities to audit, with tools and methodologies for data mining, risk analysis;
- Construction of profiles on commercial transaction;
- Training in security of information / intelligence gathering with emphasis on sources of information including the use of third party data;
- Training in production of good research methodology to identify trends in non-compliance;
- Assist with the methodology for the development of the valuation database and how the database can inform trap rules on the system.

5.2.1 Benchmarking Attachments

As a beacon of excellence and performance in revenue administration, the SRA hosted a number of missions from other revenue administrations for benchmarking purposes. In this regard SRA hosted the under-listed attachments and missions:

(a) From 23rd to 24th April 2015 the Malawi Revenue Authority was hosted for a site visit for the purpose of bidder evaluation for the provision of an integrated revenue administration system.
(b) The Namibia Revenue and Customs delegation was hosted on the 6th to 7th August 2015 in response to their request for assistance on setting up a Revenue Authority.

Continued

5.2.2 Hosted Meetings and Workshops

As part of the agreed action plan of cooperation for 2015/16, the organisation hosted SARS Experts for a transfer pricing training in October 2015.

5.2.3 Memorandum of Cooperation Agreement

In November 2015 a Cooperation Agreement between SRA and Tanzania Revenue Authority was finalized and signed. Areas of cooperation between the two parties under the memorandum shall include the following:

- Education and training of staff of either party on tax administration and related fields with respect to both short and long-term programmes;
- Staff exchange in the area of tax administration, tax modernization and tax reforms;
- The sharing of information and other resources related to tax administration;
- Provision of tax administration consultancy services; and,
- Any other form of cooperation as the two parties may deem appropriate.

5.2.4 Technical Missions

Technical missions received during the year were mainly sponsored by the IMF. During the missions, consultants assisted with strategies for information gathering and analysis for compliance management, development of a comprehensive compliance framework, and development of risk parameters, amongst other areas. A breakdown of the missions undertaken during the year include the following:

(a) From the 12th to 30th October 2015, a consultant from the ATAF, Mr. R.C. Terblanche, trained teams on exchange of information and assisted with the development of a process for exchange of information.

(b) Between the 16th and 30th April 2015, an IMF external expert, Mr. Norman Gillanders, visited Swaziland to assist with implementing modern compliance management methods. The mission's objective was to continue the work begun in February 2015, namely to:

- Assess the state of compliance for self-assessment Phase 2 taxpayers and devise an action plan for improvement;
- Work with the risk model owners to plan the completion of the model and to institutionalize its operation within the organization in 2015;
- Develop a plan for pilot compliance projects to improve;
- Filing and payment compliance,
- Compliance in selected economic sectors.

(c) Technical assistance visit from the 20th April 2015 to 2nd June 2015 by a consultant from the Uganda Revenue Authority, Mr Antony Mwandha, funded by the IMF African Regional Technical Assistance Centre (Afritac) South for a continued mission as a follow-up to the compliance support mission previously undertaken. The consultant focused on:

Continued

- Work with audit and investigation teams to profile information sources useful for revenue administration and develop guidelines for information acquisition and preservation;
- Providing practical use of computer aided audit tools, including advanced Microsoft Excel and dedicated tools for data analysis as a case study, to a nominated Large Taxpayer Unit (LTU) group;
- Demonstrating to the staff from the LTU the data acquisition and extraction process from selected taxpayers' Information Technology (IT) systems and demonstrate the templates for the analysis of the data to ensure completeness, accuracy and relevance.

(d) A Customs focused diagnostic mission by the IMF Afritac South team Mr. Gilles Montagnat-Rentier, Mr. Gilles Parent and Stephen Mendes was provided to assist the SRA from the 16th to 26th June 2015. The main purpose of this mission was to review the customs reform and modernization processes in its entirety and provide independent advice.

The recommendations of the report include:

- The SRA to work on developing and implementing a revised model of clearance of imports and exports, utilizing a national processing hub to support field offices, and supported by the newly acquired ASYCUDA World.
- Review and prioritize existing projects. Give high priority to securing a reliable communication network and introducing data exchange with SARS for both compliance and facilitation.

(e) A pilot project on exchange of information by the African Tax Administration Forum (ATAF) was undertaken for the SRA in October 2015. The purpose of the ATAF Pilot Project was to increase awareness and frequency in exchange of information, establish sustainable exchange of information processes in its member states and to review the existing legal framework related to exchange of information. The report findings indicated that the existing exchange of information process within the SRA does not function optimally and a recommendation was made that SRA ensures that accountability and responsibility is allocated to a single business owner.

5.3 Tax Enforcement Initiatives

Enforcement initiatives conducted during the year included Operation Bakhumbute, field visits and audits targeting the sugar industry, motor vehicle dealers, and liquor retailers. Operation Bakhumbute had the main objective of reminding and encouraging taxpayers to timeously file their returns and make payments (where applicable).

The enforcement initiatives were able to uncover forty two (42) taxpayers who were charging VAT without being registered, ninety eight (98) companies in operation who were not registered with the SRA and seven (7) companies who were under reporting their incomes through filing of nil returns, amongst other things. To rectify the non-compliance, teams facilitated the registration of taxpayers and re-submission of returns for taxpayers that had under-stated their income. Ultimately, the compliance initiatives led to improved filing rates for

Continued

taxpayers. Income tax filling rates increased from 38% to 48% and VAT filing rates improved from 74% to 85%. The filing rates, especially for income tax, are an indication that a lot more needs to be done to promote tax compliance in the country.

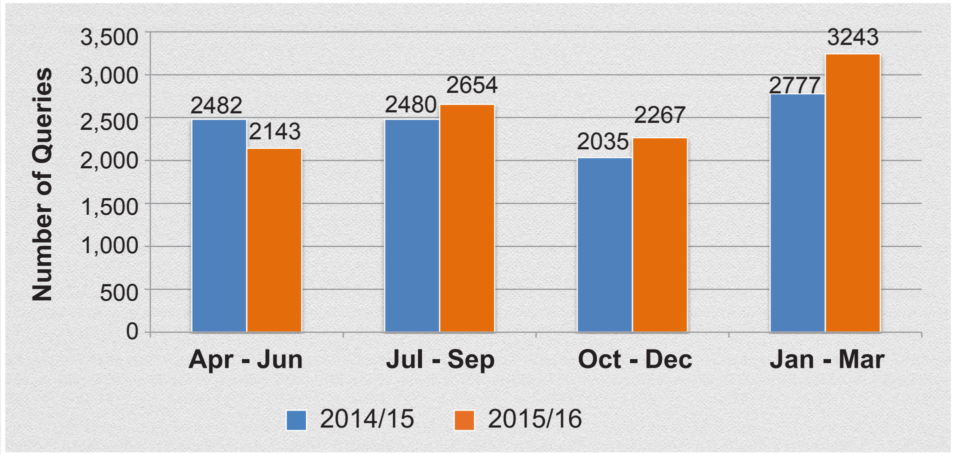
Going forward, compliance initiatives will continue to be targeted as it was the case this year. While some initiatives will focus on taxpayers that are already registered with the SRA, others will have the objective of broadening the tax base by promoting registration compliance. The goal will be to match or even better the 16.4% increase in taxpayer registrations realised this year.

5.4 Customer Services

The SRA Contact Centre continued operating effectively in the year under review. Following are the four (4) channels for submitting a query: email, telephone, fax and walk-ins. Most queries were received through the e-mail address info@sra.org.sz. There were a total of 10,307 queries of which 68.9% were through e-mail and the remaining 31.1% were walk ins and telephone. The traffic in the contact centre increased by 5.5% from 9,774 in 2014/15 to 10,307 in the reporting period. The major areas of taxpayer inquiries included: refunds enquiries; statements requests; VAT Sekulula procedures; vehicle import procedures intra and extra SACU and the use of ASYCUDA World.

The graphic presentation in figure 12.0 shows the comparison on number of queries on a quarterly basis.

Figure 12.0: Contact Centre Traffic-Quarterly Comparison for 2014/15 and 2015/16



5.4.1 Engagement Workshops

The Authority's taxpayer education programme to drive voluntary compliance continued during the reporting period. Workshops meant to sensitize taxpayers on their tax obligations were conducted during the year under review. The main focus of these workshops was submission of income tax returns and introduction of ASYCUDA World. A total of thirty three (33) business workshops were held in the four (4) regions of the country, compared to the twenty five (25) workshops held in the previous year. These were hosted in most major towns and covered topics such as taxation business and employment income, provisional taxes, self-assessment, VAT and tax treatment of retirement funds as depicted in figure 13.0 and figure 14.0.

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Figure 13.0 Taxpayer Engagement Workshops by Location in 2015/16

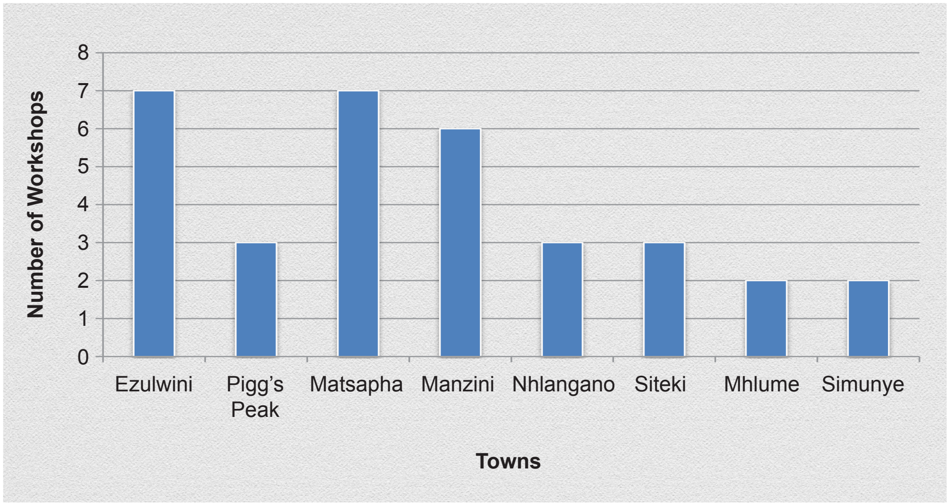
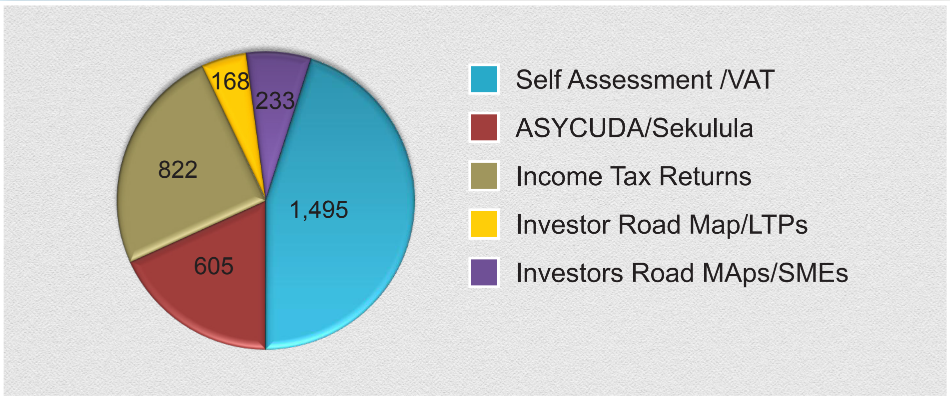


Figure 14.0: Number of Workshop Attendants by Subject Area in 2015/16



5.4.2 Public Filing by Leadership

In a bid to sensitize the public and business community on submission of income tax returns, His Excellency, The Right Honourable Prime Minister, Dr. Barnabas Sibusiso Dlamini and the Honourable Minister of Finance, Senator Martin G. Dlamini, were hosted by the SRA to submit their tax returns. This event was hosted at the Consultation Centre located in the SRA Headquarters on 26th October 2015. It was later followed by a media briefing where the Prime Minister emphasized the importance of paying taxes and that of full compliance with legislation. The occasion was witnessed by representatives of the business community and other key stakeholders.

5.4.3 Advertising Campaigns

The SRA ran a number of advertising campaigns which were either meant to promote the image, create awareness on new services or drive compliance. Five (5) campaigns were conducted in the financial year which include the continuation of Sekulula VAT Easy, with a tag-line *"Paid VAT in South Africa, just declare and don't pay"* and the Income Tax Returns Campaign which was christened; *"Don't wait do it now"*. Another campaign to promote compliance with provisional tax payment was run between November and December 2015. The last campaign, which was intended to promote the image of the SRA, was launched by the Commissioner General in the last quarter. This campaign, which aimed to promote giving of feedback by the taxpayers and general public, was termed *"Talk to Us"*. All these campaigns were run through outdoor and print media platforms.

Continued

5.4.4 Branding and Signage

The branding and signage of SRA offices and border posts continued during the year under review. Mainly the focus was on Mhlumeni and Mahamba Border Posts as well as Ngwenya Border Post, which was started in the year 2014/15. The newly established Document and Records Management Centre in Matsapha was also branded.

5.4.5 Live Radio Shows

The organization continued to use the local radio service as a mode of engaging with the taxpayers as well as the general public. This was through airing of forty six (46) radio shows on Swaziland Broadcasting and Information Service (SBIS) compared to forty eight (48) shows undertaken in 2014/15. Topics covered ranged from Income Taxes, Value Added Tax, Customs and integrity related subjects.

5.4.6 Corporate Social Investment

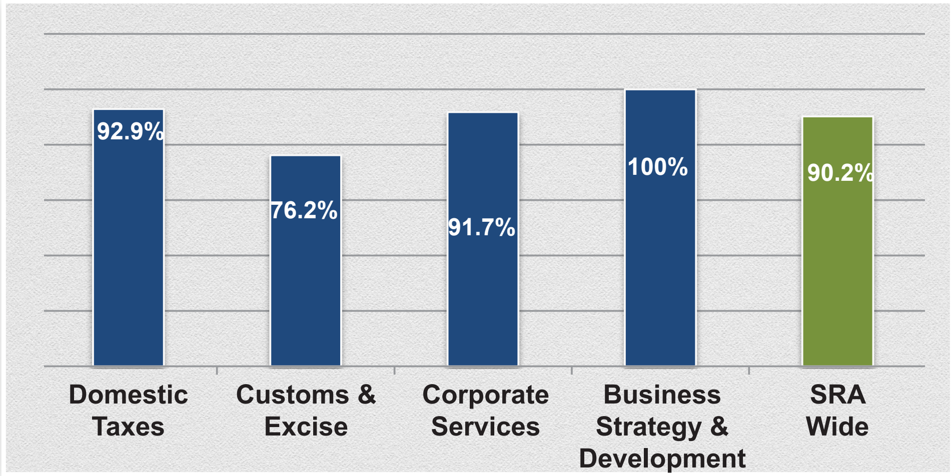
During the year under review, the organization's Corporate Social Responsibility programme was fully implemented. This was in partnership with the Ministry of Education and Training (MOET), where a total of thirteen (13) teachers were supported to study Special Needs Education. Nine (9) of the teachers are with the Great Zimbabwe University, one (1) with the University of Swaziland and three (3) with Southern Africa Nazarene University (SANU). The teachers are employed by the MOET at the four (4) special needs schools, being St Joseph's Primary and High Schools as well as Schools for the Deaf Primary and High. A sign language training was also sponsored and conducted by the Swaziland National Association for the Deaf (SNAD). The target audience for the training were teachers and parents from the Special Needs Schools. Lastly, the first Disabled Business Woman of the Year was supported and awarded through the Business Woman of the Year Event hosted by the Regional Excellence Development Initiative (REDI).

Continued

5.4.7 Implementation of Customer Service Survey Recommendations

Following the carrying out of the second customer satisfaction survey the organization committed to implement the recommendations and action items. A total of thirty four (34) items were duly implemented during the year 2015/16. Most of the items due for implementation touched on Domestic Taxes and Customs and Excise Departments and general Customer Service. On average 90.2% of the initiatives were implemented by the close of the year. It is expected that the implementation of the items will improve the organisation's rating when the third survey is conducted in the 2016/17 financial year. Figure 15.0 summarizes implementation rates in the respective areas that were surveyed.

Figure 15.0 Implementation Percentages of Customer Service Survey Recommendations for 2015/16



5.5 Estates and Administration

5.5.1 Infrastructure Development and Refurbishments

The SRA implemented a number of capital projects as part of the organisation's strategy to refurbish infrastructure to enhance operational efficiencies. Below is a summary of progress attained as at the end of the reporting period.

(a) **Extension of Lavumisa Border Post**
The project was 90% complete in terms of the overall plan and the expected completion month is July 2016. The Exit Cargo Inspection facility and truck parking will be commissioned in the new cycle. Inspection canopy was

Continued

extended incoming into Swaziland and is aimed at facilitating searching during bad weather conditions.

(b) **Extension of Ngwenya Border Post**
The overall project was 75% complete and is expected to be completed in 2016/17 financial year, resources permitting. The project was split into three (3) phases: phases one and two were completed. Phase three is the last phase of the development in terms of the master plan and entails the construction of cargo inspection facilities (both incoming and outgoing), control guard houses, security fencing and refurbishment of Immigration Back Office. This phase was at procurement stage during the reporting period, and award of the tender will be done in the coming cycle.

(c) **Refurbishment of Mahamba Border Post**
The medium to long term requirements of the border post have been delivered with the completed refurbishment. The scope of the refurbishment included installation of Immigration and Customs cubicles, secured cash office, air conditioning, signage and improved flooring.

(d) **Reconstruction of Mananga Border Post**
In the year under review negotiations with the property owners where the border post will be constructed were finalised and compensation agreements were signed with the affected owners who were then compensated. The tendering process for both building and civil works took place as well and the civil contractor (Inyatsi Construction) was appointed. The project will be divided into two phases; civil engineering and building works. The first phase (civil engineering) will start in the new financial year and is anticipated to take a maximum of six months while the building works is planned to take 18 months to completion.

(e) **Development of SRA HQ**
The implementation of the project had not commenced pending approval of funding. The construction works and relocation of Head Office is projected to be completed by December 2018.

5.5.2 Procurement of Goods, Works and Services

The Management Tender Committee (MTC) approved the appointment of suppliers to provide various goods and services to SRA, including construction services. Acquisitions valued at E493,371,268 were awarded for the provision of goods, works and services for the financial year with 95% going to construction. Table 6.0 indicates the value of tenders awarded by SRA to provide for various types of goods, services and construction services.

Table 6.0: Procurement Statistics for 2015/2016

Procurement Type	Value (E)				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY205/2016
Goods	-	213,243	3,518,168	3,336,555	7,067,966
Service	3,019,468	288,690	5,074,934	8,772,916	17,156,008
Construction	24,680,694	396,381,428	48,085,172	469,147,294	469,147,294
Total	**27,700,162**	**396,883,361**	**12,109,471**	**493,371,268**	**493,371,268**

6.0 STRATEGY AND MODERNIZATION PROGRAMMES

6.1 Strategy Execution and Development

The year 2015/16 marked the commencement of the 2nd Strategic Plan running for three (3) years from 2015/16 to 2017/18. The implementation of the strategy is anchored on a performance scorecard which embraces the Balanced Scorecard (BSC) methodology. This framework focuses on four perspectives; financial, customer, internal processes and learning and growth requirements of the organisation. The framework facilitates the creation of a system of linked objectives, measures, targets and initiatives which collectively facilitate the implementation of a coordinated and balance strategy.

In order to ensure there is sufficient time for effective planning and budgeting, the development of the Strategic Plan for the period 2018/19-2020/21 has been initiated early, 24 months in advance. This exercise will be facilitated internaly, a departure from the approach adopted in the development of previous strategy documents, which were facilitated by external consultants. Localising the skill for strategy development shall make it possible to cost effectively convert strategy development from being a once in three years event to a continuous process that incorporates into the strategy lessons learned and changes in the operational environment. The process will be augmented with targeted input from external consultants with expertise in general strategy, customs and taxation.

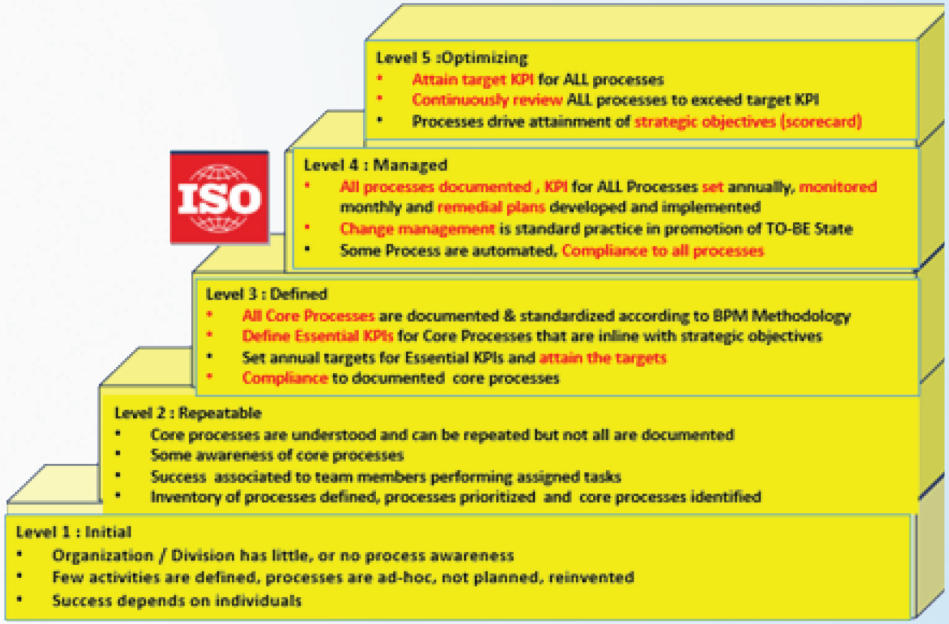
6.2 Modernisation Programme

The SRA continued to implement projects that seek to improve organizational efficiencies and support the realisation of the organisation's mandate. Programmes undertaken include the following:

6.2.1 Business Process Management (BPM)

The SRA launched the BPM Practice in 2013, whose roadmap is summarised in figure 13.0.

Figure 13.0: SRA Business Process Management Maturity Levels



In the 2015/16 to 2017/18 strategic plan, BPM is a vehicle for attaining the strategic objective to "Standardise operations and pursue continuous improvement." The target is to document all processes by the end of the strategy period and have the BPM Practice ready for ISO 9001 certification.

Continued

In the financial year under review, 33% of the organisation's business processes were documented and the Level 3 was partially attained.

The organisation has set a target to have the BPM Practice attain ISO 9001 certification by March 2018. An ISO 9001 certification gap analysis has been carried out and the outcome showed that the organisation could be ready for certification by March 2017. An action plan has been developed to close the gaps in readiness for certification.

6.2.2 Middleware Projects

For the SRA to improve taxpayer compliance, it is essential to have a 360 degrees view of taxpayer. To achieve this target, it is essential to connect all taxpayer activities within the SRA and outside. This requires consolidating taxpayer data in databases for tax, customs and other external third parties.

The Middleware Project has successfully concluded a Proof of Concept phase for linking data from different databases. The platform shall enable automated exchange of information for updating taxpayer records, such as payments from the banks, as well as for populating databases configured to support compliance activities.

In the financial year 2016/17 a roadmap for the data warehouse shall be developed to guide the development and usage of the system. In the medium to long term, the data warehouse system shall mature to drive business intelligence in support of "Working Smart" initiatives.

6.2.3 Revenue Offices Takeover Project

The Government of Swaziland has expressed the desire to have the SRA takeover the operations of all Revenue Offices currently under the supervision of the Treasury Department. The transfer of these revenue offices shall bring the SRA to administer all the revenue streams outlined by the SRA Act of 2008.

A project governance structure has since been configured to plan and implement the project. The governance structure includes a steering committee and a programme team. The steering committee is made up of senior officials from the SRA and the Principal Secretaries in the Ministries of Finance, Labour, Public Service and Information. The Government and SRA are committed to transferring such functions with minimum disturbance to operations. This project is expected to achieve the following:

- Improve customer service in revenue offices;
- Full compliance to the SRA Act of 2008; and,
- Reform the operations of the revenue offices to realise efficiencies.

It is anticipated that the transfer shall be completed once these major milestones are achieved:

- Amendment of the SRA Act of 2008;
- Engagement of affected units within government;
- Preparation of processes; and,
- Preparation of a structure to run and supervise the operations of the new unit within the SRA.

6.2.4 Productivity Study Project

One of the key performance indicators for efficiency in the current strategic plan is the "Cost to Revenue Ratio" and the target to be attained by the end of the 2017/2018 financial year is 4.5%. While the SRA has been consistently meeting the target on revenue collection, the corresponding reduction in costs has not materialised. This has necessitated thorough analysis of the major cost elements. A preliminary analysis revealed that the major cost items are made up of personnel costs, rentals, security and software. A project team has been commissioned to do in-depth analysis that shall recommend a programme of action to deploy resources in a manner that yields maximum benefits.

6.2.5 Documents and Records Strategy Implementation

The first stage of the Documents and Records Management System project was completed on the 20th November 2015. The scope of this stage of the project was on records management and included the deployment of scanners with a complementing system for storage and retrieval of scanned records. The project received financial assistance from the Republic of China, Taiwan. Scanners have been deployed in strategic locations around the organisation to capture records into the system's database to facilitate fast and convenient electronic retrieval.

Having completed the records management stage of the project, the focus has shifted to document management. This shall essentially require the introduction of practices and systems that shall promote collaboration on development of documents as well as workflow to support the processing of developed documents.

7.0 GOVERNANCE

7.1 Legal Services

7.1.1 Governing Board Business

The Governing Board and its sub-committees met as stipulated in the Revenue Authority Act of 2008 for approval of various strategic initiatives and policies. The schedule of meetings carried out during the year under review is depicted in table 7.0.

Table 7.0: SRA Governing Board Schedule of Meetings for 2015/16

Board and Sub-Committees	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Finance and Tender Committee	Wednesday 27 May 2015	Wednesday 5 August 2015	Wednesday 25 November 2015	Wednesday 27 January 2016
Audit Committee	Wednesday 27 May 2015	Wednesday 5 August 2015	Wednesday 25 November 2015	Wednesday 27 January 2016
Human Resources and Ethics Committee	Thursday 4 June 2015	Wednesday 12 August 2015	Wednesday 4 November 2015	Wednesday 10 February 2016
Full Board	Wednesday 24 June 2015	Wednesday 19 August 2015	Wednesday 2 December 2015	Friday 26 February 2016

7.1.2 Development of Legislation

(a) **Revenue Appeals Tribunal Bill**

The Revenue Appeals Tribunal Bill was gazetted in September 2015 and the bill is still being taken through the Parliament approval processes. The implementation will start when the bill has been approved by Parliament and the target commencement date is December 2016.

(b) **Customs and Excise (Amendment) Bill**

The bill was tabled before Parliament and subsequently made available to the public for comments. It is still going through the Parliament approval processes.

(c) **Agreements Signed by the SRA**

There were eighty six (86) Third Party Agreements handled during the 2015/16 financial year; sixty five (65) of these were concluded and twenty one (21) were pending as at the end of the period. These were either still undergoing negotiations or awaiting signature. Table 8.0 reflects the breakdown of the outturn.

Table 8.0: Third Party Agreements as at 31st March 2016

Service	Concluded	Pending
Consultancy	11	3
Construction	15	3
Leases	4	3
Purchases	2	0
SLA	30	4
MOUs	3	8
Total	**65**	**21**

As at the end of the reporting period, the organisation was also in negotiations with various Ministries, other Government entities as well as other Revenue Authorities for the conclusion of MOUs on cooperation and information sharing. These MOUs will enhance the SRA's relationship with these entities and also enhance the organisation's compliance initiatives.

Continued

7.1.3 Litigation Matters

Litigation matters attended in the period under review are outlined in table 9.0.

Table 9.0: Litigation Matters for Period 2015/16

DEPARTMENT	NO. OF CASES	NATURE OF CLAIM	AMOUNT OWING / REMARKS	AMOUNT RECOVERED	STATUS OF CASES
CUSTOMS	10	Challenging customs laws/ tax evasion	Carried over cases pending	N/A	5 Finalized 5 Pending
INCOME TAX	3	Challenging tax law	Carried over cases pending	N/A	2 Finalized 1 Pending
SALES TAX VAT	3	Recovery of Tax	Carried over cases pending	E250,000	0 Finalized 3 Pending
LABOUR	3	Challenging dismissal/ challenging tax on terminal benefit	Carried over cases pending	N/A	3 Finalized
SRA	-	SRA is an incidental party	Carried over cases pending	E11,005.94	
TOTALS	**19**			**E261,005.94**	**10 Finalized 09 Pending**

7.2 Enterprise Risk Management

During the year under review, a Risk Maturity Index was developed to assist the organization monitor its growth path towards embedding effective risk management practices and culture in the organization. The Index has four levels and has been developed based on the ISO 31000 principles. The target for the current year for the whole organization was attaining Level 2 and as at year end, the overall rating was at 89%. There were few areas of improvement noted in some areas of operation and these will be incorporated in the 2016/17 plans to ensure attainment.

A comprehensive identification and evaluation of risks is a cornerstone for controlling and managing risks. The organization managed to identify its top ten strategic risks and these were managed and monitored throughout the year. Departmental and Divisional risks were also identified in line with planned objectives continuously throughout the year, managed and actively monitored monthly.

The Audit and Risk Committee assists the Governing Board in reviewing the risk management processes and the organization's maturity in this process, the effectiveness of the risk management activities, the key risks facing the organization as well as the responses to these risks to ensure that they are all adequately addressed by management. In this regard, the Committee met quarterly to review performance on the risk management process.

7.2.1 Business Continuity Management

The organization adopted Good Practice Guidelines in embedding Business Continuity processes. Having completed the foundational step in the business continuity process in the previous year, the focus in the year under review was on documenting business continuity plans for all the SRA's

Continued

critical processes, finalizing the establishment of the disaster recovery site and preparing for the establishment of a work-area recovery site. Much progress has been achieved in this regard as a total of sixteen (16) business continuity plans were documented and desktop tests conducted on the plans.

7.3 Internal Audit

The SRA Audit and Risk Committee approved the SRA annual internal audit plan for 2015/16 and implementation started immediately. This plan is based on an assessment of a number of factors. These include: key risk areas identified through the formulation of the strategic risk register, risk areas as identified by management, assessment of the control environment, as well as focus areas highlighted by the Audit Committee. The plan is reviewed and re-assessed on a quarterly basis to make sure that it is relevant in addressing emerging risks in the organisation and the environment.

During the year a coordinated approach, on risks affecting the organization, was applied through the combined assurance model. The Internal Audit function coordinated audit coverage with other assurance providers being Revenue Assurance under the Risk Function, Legal and Compliance, Internal Affairs and the External Auditors. This approach resulted in maximized control efficiencies and overall assurance to the Audit and Risk Committee. It also eliminated duplications and minimized intrusion on the auditees.

7.3.1 Assurance Work

A total of thirteen (13) audits were planned for the year and all audits were concluded as planned. Out of the thirteen (13) audit reports issued 77% of them received a "significant improvement required" audit opinion and 23% received "minor improvement required" audit opinions. Issues raised in the audit reports are continually tracked to ensure timely implementation of agreed remedial actions.

Based on the audit work that has been performed during the year, there were no audit findings that reflected adversely on the adequacy and effectiveness of the organisation's system of internal controls and risk management as covered by the annual audit plan, other than the issues reported to Management and the Audit Committee.

7.4 Integrity and Ethical Issues

For an organisation entrusted with a public responsibility of revenue administration it is critical to undertake integrity and relevant behaviour modifying initiatives. Several initiatives were monitored in the period under review towards ensuring that integrity and ethical behaviour is promoted. These included:

- Detection and investigation of corruption and related unethical vices;
- Regular integrity education drives;
- Corruption preventative oversight tasks (such as staff gifts, benefits and hospitality management process; and Staff Asset, Income and Liabilities Declaration programme).

Continued

7.4.1 Complaints and Investigations

There were a total of seventy three (73) complaints registered during the year under review compared to the thirty two (32) in 2014/15 which shows an increase of 56%. Thirty six (36) complaints were converted into new investigations whilst thirty seven (37) were either declined for being false on preliminary enquiry or transferred to other internal or external units. There is no complaint pending review.

A total of fifty two (52) investigations were handled in the reporting period. Thirty six (36) investigations were registered from reviewed complaints while sixteen (16) investigations were brought forward from the previous reporting year. Thirty one (31) investigations were finalized while four (4) were transferred to internal and external units. The number of pending investigations stood at seventeen (17) as at the end of the year.

7.4.2 Integrity Awareness

Various integrity awareness reach-outs were initiated targeting both the taxpayers and staff. These initiatives were aimed at addressing the recommendations of the last Customer Perception Survey and the Staff Climate Survey.

The Customer Perception Survey highlighted that there is unavailability of information on modes and channels of reporting integrity issues. This then warranted the launching of a campaign under the theme: *"I REFUSE TO BE SILENT"*. Through this campaign, the public was encouraged to report corruption, fraud, or anything which may be damaging to the interests of the SRA. The Toll Free Line Number 800 8000 is given as one of the safe reporting modes. On the other hand, the Staff Climate Survey raised various integrity concerns including the need to demystify ethics as well as highlight the consequences of unethical practices whilst balancing it with the positives of behaving ethically. This primarily targeted SRA staff. Table 9.0 demonstrates the integrity awareness activities undertaken during the period under review.

Table 9.0: SRA Integrity Awareness Activities in 2015/16

EXTERNAL	INTERNAL
Radio Shows Five (5) phone-in radio talk-shows hosted with SBIS 1 on the 26th August. 2nd and 9th September 2015, 7th and 24th February 2016.	**Staff Road Shows** Twenty three (23) targeted staff engagements integrity and ethics were done by way of presentations. These covered border based Customs Officers, Officers stationed at the SRA Service Centres as well as other business units.
Information Leaflets Dissemination Information leaflets encouraging the public to report corruption and unethical behavior within the organization were disseminated through various places including the commercial border posts and Service Centres.	**Extended Executive Committee Presentation** An intergrity presentation to Extended EXCOM, comprising of Senior Management and Directors was done on the 7th March 2016.
Drop-Down Screen Messages Various integrity promotion messages were displayed for the taxpayer public on drop-down window screens within selected Service Centres.	**Staff Induction Workshop** Sixty Five (65) temporal employees under the Department of Customs and Excise were indiced on SRA ethics policies on the 9th and the 16th September 2015 as well as January 4th January 2016.
Trade Fair Participation SRA participated at the 2015 Swaziland International Trade Fair from the 28th August 2015 until 7th September 2015. The Trade Fair was an opportunity to foster public support on the SRA integrity initiatives, in particular the promotion of whistle blowing and the modes of reporting corruption, fraud and related unethical practices occuring within or affecting the interests of the organization.	

Continued

7.4.3 Income and Asset Declarations

In line with the Employee Code of Ethics and Conduct, staff members submitted their annual assets, income and liabilities declaration forms at the beginning of the financial year. These declarations were reviewed to finality. Issues that were being monitored included:

(a) Areas of unexplained wealth or property by staff;
(b) Conflict of interests;
(c) Non-tax compliance by staff; and,
(d) Any breaches of the Code of Ethics and Conduct.

This year's reviews on the declarations raised a few issues which are being investigated. These issues can be categorized as conflict of interest; unexplained wealth/property, potential conflict of interests with staff operating tax consultancy and import and export clearing companies and staff on tax compliance concerns.

7.4.4 Gifts and Hospitality

During the period under review, various gift / hospitality items were declared by staff and these include money, edibles and stationery in line with the SRA Gifts, Benefits and Hospitality Policy that regulates issues of gifts or hospitality from taxpayers and service providers. In terms of this policy, members of staff are generally prohibited from soliciting or receiving gifts from taxpayers: gifts that are not declinable forthrightly are to be declared and surrendered.

8.0 ORGANIZATIONAL GROWTH AND LEARNING

8.1 Performance Management

The organization continued monitoring staff performance through the performance management system (PMS) based on the balanced scorecard principles. Two (2) interim / progress reviews and one year-end performance appraisal were conducted to review and assess performance as well as identify areas of development and support. The organisation continued to work on the process to ensure that it is simple, entails frequent interactions, focuses on the future and encourages self-tracking. The results on the PMS enhanced continued monitoring of staff performance where tracking is done at individual level and is linked to departmental and organisational performance. The PMS has further assisted in bringing to light gaps in capacity and the implementation of capacity enhancing measures which is evidence and needs based as captured on the performance scorecards of respective staff members.

8.2 Staff Recruitment and Retention

At the end of the financial year, the organization's staff compliment stood at six hundred and eighty two (682). The organisation developed a recruitment strategy which provides a roadmap for managers on how to select talent and find the right fit between an employee's talent and the role. SRA's belief is that even a great employee in the wrong position will struggle and likely leave. The strategy recognises that the right talent, more than experience, more than brain power, and more than willpower, alone is a prerequisite for excellence in all roles. The launch of the Staff Recognition Programme which is intended to encourage a culture of recognition was introduced during the year while the development of the SRA Employee Value Proposition (EVP) is in progress as an initiative towards talent recognition and retention. The organisation also put in place an On-Boarding Procedure to ensure that every employee that joins the organisation will have a consistent and welcoming on-boarding experience.

8.3 Learning and Growth

The organisation focused learning on achieving optimum value for the employee and the organization. Learning became ultimately about development for the employee resulting in portable skills and sustainability for the organization. The organization used a strategy based on that value is created when both the employee and the organization experience a positive shift in performance. Skills development was regarded as a key pillar to achieving the organisation strategy. A total number of six hundred and five staff (605) was trained on various subject areas, including: Leadership and Management Development; Taxation of International Transactions; Forensic Investigations; various ITC fundamentals; ASYCUDA World; Budgeting Forecasting and Cost Control; as well as in Employee Relations and Knowledge Management.

The primary source of information for the learning and growth plan were the personal development plans completed, following the performance conversations that were held between employees and their managers. The organisation crafted a Learning and Development Strategy which helped to ensure that training is not done in a random fashion. An organized and outlined training

Continued

plan was used so that it made sense for the organisation and the employees.

8.4 Employee Remuneration, Recognition and Reward

The organisation did some work on some reward initiatives such as the salary benchmarking and development of a new remuneration structure. The organisation appointed Deloitte Consulting (Pty) Ltd to conduct a salary benchmarking on the basis of which to develop a remuneration structure. Deloitte presented the salary survey report and the remuneration structure to management at the end of the reporting period. Management will present the outcome to the Governing Board and subsequently submit it to Cabinet's Sub-Committee on Public Enterprises (SCOPE) for approval to implement the new remuneration structure in the coming financial year.

8.5 People and Culture

During the 2014/15 cycle the organisation had commissioned Maurice Kerrigan Africa to conduct a staff climate survey. In the reporting period management developed and executed the staff climate survey results action plans. The objective was to promote effective management which is key in pursuit to developing a high-performance culture and in understanding how the organization's staff perceive, feel and are experiencing the organization to enable the achievement of the vision and creating a high performance culture.

8.6 Employee Relations

The relationship between the employee and their direct supervisor is central to employee satisfaction within the context of business requirements. Exceptional employee performance is essential to SRA's success. SRA acknowledges that a critical driver of employee performance is employee satisfaction. The organisation therefore developed an Employee Relations Strategy which provides a documented organizational philosophy in respect of employee relations. The organisation up-skilled management and employee representatives on handling employee relations matters in a unionized environment; within the constraints of business survival, a fair and equitable system of employment practice that embraces equal opportunity and non-discrimination and also acknowledges the rights of employees to representation, freedom of association and collective bargaining. Management and the Staff Association negotiated the recognition and procedural agreement.

8.7 Knowledge Management

Today, it is essential to recognize the value of "knowledge" and to strive for an improved return on investment and better management of the organization's knowledge assets. During the reporting period the organization took steps to formalize the collection of valuable knowledge gained from experience and organized the knowledge in ways that benefit the entire organization. The organisation put in place practices to establish and cultivate a knowledge-sharing, knowledge-driven culture. A knowledge management repository was created and employees were encouraged to upload new knowledge into the knowledge repository and use communities of practice to share the knowledge.

8.8 Employee Wellness

The SRA Employee Wellness Programme continued to offer a holistic solution that focuses on all aspects of the individual functioning. The programme provides assistance and support with a range of issues such as emotional and personal difficulties; alcohol and drug abuse; HIV/AIDS; violence and trauma; bereavement and loss.

SRA hosted the 2016 Southern Africa Inter Revenue Administration Games in which five countries, inclusive of the host, participated with sister Revenue Authorities being Botswana, Lesotho, Zimbabwe and Zambia. The main sporting codes represented were soccer, netball and volleyball. There was also pool and tug of war. The SRA performed as follows:

- Soccer – 1st place.
- Netball – 2nd place.
- Pool – 3rd place.
- Tug of war – 3rd place.

SWAZILAND REVENUE AUTHORITY
(Own Accounts)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

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STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS
for the year ended 31 March 2016

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Swaziland Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2016, 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, 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

29th July 2016

DATE

COMMISSIONER GENERAL

29th July 2016

DATE

INDEPENDENT AUDITOR'S REPORT
To the Governing Board of Swaziland Revenue Authority

We have audited the financial statements of Swaziland Revenue Authority, which comprise the statement of financial position at 31 March 2016, 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, as set out on pages 42 to 78.

Board Members' Responsibility for the financial statements

The authority's board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Swaziland Revenue Authority at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008.

KPMG

Auditors

1. Nature of Business

Swaziland 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 the 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 E356 356 007 (2015: E325 545 409). The Authority incurred capital expenditure of E129 377 895 (2015: E83 701 310) on property, plant and equipment and intangible assets. Full details of the financial results are set out on pages 45 to 78.

3. Cashflow for the Year

Cash and cash equivalents at the end of the financial year were E38.177 million (2015: E115.496 million). A detailed statement of cash flows is on page 49.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Swaziland and the Swaziland 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 the SRA. Even though these assets were being utilised by the SRA at 31 March 2016, 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 Committee, Finance and Tender Committee, Human Resource and Ethics Committees which remained effective throughout the accounting period.

5. Corporate Governance Issues *(continued)*

Social Responsibility:

The Authority is totally committed to putting back into the community it serves. This is done through the implementation of its Corporate Social Responsibility programme. To this end in 2016 the Authority partnered with the Ministry of Education and Training (MOET), where it supported a total of thirteen (13) teachers to study in Special Needs Education with the Great Zimbabwe University. One (1) is enrolled with the University of Swaziland and three (3) with the Southern Africa Nazarene University (SANU). The teachers are employed by the MOET with the four Special Schools, i.e, St Joseph's Primary and High School and School for the Deaf Primary and High. Sign language training was also conducted for teachers and parents from the Special Schools by the Swaziland National Association for the Deaf (SNAD). Lastly, the first Disabled Business Woman of the Year was awarded through the Business Woman of the Year event conducted by Regional Excellence Development Initiative (REDI).

The Authority's fully-fledged Wellness Office continues to service the needs of its staff and enhance their wellbeing to continue its mission in a healthy environment.

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

Board Members

Mr. Sthofeni Ginindza	-	Vice Chairperson
Mr. Majozi Sithole	-	Member
Mr. Mhlabuhlangene Dlamini	-	Member
Mr. Bonginkosi Nsingwane	-	Member
Ms. Khethiwe Mhlanga	-	Member
Mr. Bheki Bhembe	-	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	**Postal Address**
Nedbank Swaziland Limited	Nedbank Swaziland Limited
3rd floor Nedbank Centre	P O Box 70
Corner of Dr. Sishayi and	
Sozisa Roads	Mbabane
Swazi Plaza, Mbabane	H100
Swaziland	Swaziland

8. Investment Managers

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

Business Address	Postal Address
African Alliance	African Alliance
2nd Floor Nedbank Centre	P O Box 5727
Corner of Dr. Sishayi and Sozisa Roads	Mbabane
Swazi Plaza, Mbabane	H100
Swaziland	Swaziland

Business Address	Postal Address
STANLIB Swaziland Limited	STANLIB
	Swaziland Limited
1st Floor Ingcamu Building	P O Box A294
Mhlambanyatsi Road	Swazi Plaza
Mbabane	Mbabane
Swaziland	Swaziland

9. Business and Postal address of the Authority

Business address	Postal address
Sibekelo Building	P O Box 5628
Mbabane Office Park	Mbabane
Mbabane	H100
Swaziland	Swaziland

10. Auditors

The auditors of the Authority are:

Business Address	Postal Address
KPMG Chartered	KPMG Chartered
Accountants	Accountants
(Swaziland)	(Swaziland)
Umkhiwa House	P O Box 331
Lot 195 Kal Grant Street	Mbabane
Mbabane	H100
Swaziland	Swaziland

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2016

	Note	2016 E	2015 E
Income			
Government funding for recurring expenditure	7	**356 356 007**	325 545 409
Other income	8	**349 735**	453 523
Profit on disposal of assets	8	**35 096**	432 216
Total Income		**356 740 838**	326 431 148
Expenses			
Administrative expenses		**(127 983 800)**	(136 006 877)
Staff salaries and benefits	10	**(228 372 207)**	(189 538 532)
Operating Surplus	8	**384 831**	885 739
Finance income	9	**4 746 951**	10 734 841
Finance cost	9	**(682 705)**	(382 324)
Surplus for the Year		**4 449 077**	11 238 256
Other comprehensive income			
Items that will never be reclassified to profit or loss		**-**	-
Items that are or may be reclassified to profit or loss		**-**	-
Total Comprehensive Income for the Year		**4 449 077**	11 238 256

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2016

	Notes	2016 E	2015 E
Assets			
Non-current Assets			
Property, plant and equipment	11	**325 909 431**	242 422 346
Intangible assets	12	**41 120 194**	28 616 750
		367 029 625	271 039 096
Current Assets			
Inventory	13	**653 739**	628 793
Trade and other receivables	14	**2 987 902**	5 622 730
Cash and cash equivalents	15	**38 177 192**	115 495 962
		41 818 833	121 747 485
Total Assets		**408 848 458**	392 786 581
Equity			
Accumulated Surplus		**36 241 879**	31 792 802
		36 241 879	31 792 802

	Notes	**2016 E**	2015 E
Liabilities			
Non-current Liabilities			
Employee benefits provision	16	**-**	6 838 045
Borrowings	19	**3 099 140**	4 670 094
Deferred grant income	17	**335 120 045**	271 039 096
Total Non-current Liabilities		**338 219 185**	282 547 235
Current Liabilities			
Trade and other payables	18	**18 771 124**	32 487 312
Employee benefits provision	16	**14 045 906**	7 766 882
Borrowings	19	**1 570 364**	1 756 903
Deferred grant income	17	**-**	36 435 447
Total Current Liabilities		**34 387 394**	78 446 544
Total Liabilities		**372 606 579**	360 993 779
Total Equity and Liabilities		**408 848 458**	392 786 581

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

	Accumulated Surplus E	Total E
Balance at 31 March 2015	**31 792 802**	**31 792 802**
Total comprehensive income for the year	**4 449 077**	**4 449 077**
Balance at 31 March 2016	**36 241 879**	**36 241 879**
Balance at 31 March 2014	20 554 546	20 554 546
Total comprehensive income for the year	11 238 256	11 238 256
Balance at 31 March 2015	31 792 802	31 792 802

STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Notes	2016 E	2015 E
Cash flows from operating activities			
Cash utilised by operations	20	**(334 334 137)**	(328 024 478)
Interest received		**4 746 951**	10 734 841
Interest paid		**(682 705)**	(382 324)
Net cash utilised in operating activities		**(330 269 891)**	(317 671 961)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(101 675 871)**	(74 890 058)
Proceeds from sale of property, plant and equipment		**85 000**	679 304
Acquisition of intangible assets		**(15 120 015)**	(6 323 879)
Net cash utilised in investing activities		**(116 710 886)**	(80 534 633)
Cash flows from financing activities			
Net grant funding received from the Government	17	**371 419 500**	339 300 000
(Decrease)/increase in borrowings		**(1 757 493)**	4 236 004
Net cash generated from financing activities		**369 662 007**	343 536 004
Net decrease in cash and cash equivalents		**(77 318 770)**	(54 670 590)
Cash and cash equivalents at beginning of the year		**115 495 962**	170 166 552
Cash and cash equivalents at end of the year	15	**38 177 192**	115 495 962

1. General Information

Swaziland 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. Basis of Preparation

(a) Statement of Compliance
The financial statements of Swaziland 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 Swaziland 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 11 - Plant and equipment (useful lives)
- Note 21 - Receivables impairment allowance
- Note 12 - 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 company's next financial statements are included in the notes.

2. Basis of preparation *(continued)*

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 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 (ie as prices) or indirectly (ie 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.

Further information about assumptions made in measuring fair values is included in note 5.

3. Summary of significant accounting policies

(e) 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 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.

3. Summary of significant accounting policies *(continued)*

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	3 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.

(f) 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.

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.

(g) Financial Instruments

(i) Non-derivative Financial Assets
The Authority initially recognises loans and receivable deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction

3. Summary of significant accounting policies *(continued)*

in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously. The Authority has the following non-derivative financial assets:

Loans and Receivables:
Loans and receivables are financial assets with fixed determinable payments that are not quoted on an active market. Such assets are recognised initially at fair value plus any directly attributed transactions costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and Receivables Comprise Trade and Other Receivables.
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management are included as part of cash and cash equivalents for the purposes of the statement of cash flows.

(ii) Non-derivative Financial Liabilities
Non derivative financial liabilities are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.
The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Authority has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(h) Impairment

(i) Financial Assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably measured.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount owing to the Authority on terms that the Authority would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

3. Summary of Significant Accounting Policies *(continued)*

(i) 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.

(j) Revenue

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Authority's activities.

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

Revenue is recognised as follows:

Government Funding
SRA is funded through funds appropriated by Parliament on an annual basis and disbursed by the Ministry of Finance and Ministry of Economic Planning and Development.

Government funding relating to the recurrent expenditure of SRA, disbursed for the purpose of giving immediate financial support to SRA with no future related costs, are recognised in profit or loss in the period in which they become receivable.

(k) Finance income and finance costs

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

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

(l) 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

3. Summary of Significant Accounting Policies *(continued)*

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.

(m) 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 Company 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.

3. Summary of Significant Accounting Policies *(continued)*

(n) Government Grants

Grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the Authority will comply with the conditions attached to the grant and that the grant will be received.

Property, plant and equipment acquired from the proceeds of grants are depreciated in accordance with the Authority's property, plant and equipment accounting policy. Grants utilised to acquire property, plant and equipment are initially recognised as deferred grant and subsequently recognised in the statement of comprehensive income on a systematic and rational basis over the useful lives of the assets. Grants received to defray operating expenditure are recognised in the statement of comprehensive income when the expenditure has been incurred.

(o) 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.

4. New standards and interpretations not yet adopted

At the date of approval of the financial statements of Swaziland Revenue Authority for the year ended 31 March 2016, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2017
- *Disclosure Initiative (Amendments to IAS 7)*
- *Investment Entities: Recognition of Deferred Tax Assets for Unrealised Losses (Ammendments to IAS 12)*

Effective for the financial year commencing 1 April 2018
- *IFRS 15 Revenue from Contracts with Customers*
- *IFRS 9 Financial Instruments*

Effective for the financial year commencing 1 April 2019
- IFRS 16 Leases

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the Authority).

IAS 12 and IFRS 15 are not applicable to the Authority and will therefore have no impact on future financial statements. The Board Members are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. The amendments apply for annual periods beginning on or after 1 April 2017 and early application is permitted.

IFRS 9 Financial Instruments
On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

This standard will have a significant impact on the Authority, which will include changes in the measurement bases of the Authority's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Authority.

The standard is effective for annual periods beginning on or after 1 April 2018 with retrospective application, early adoption is permitted.

IFRS 16 Leases
IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 April 2019. The transitional requirements are different for lesees and lessors. The Authority is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

5. Determination of Fair Values

A number of the Authority's accounting policies and disclosures require the determination of fair values, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iii) *Property, plant and equipment*
The market value of property, plant and equipment is the estimated amount for which such item of property, plant and equipment could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

6. 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.

(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 cash. A 1% increase in interest rates would result in an

additional surplus for the year of E381 772 (2015: E1 154 960) while a decrease in interest rates by a similar margin would result in an equal opposite effect.

(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.

	2016 E	2015 E
7. Grant Funding for Recurring Expenditure		
Government grant realised during the year	**356 356 007**	325 545 409
	356 356 007	325 545 409
8. Operating Surplus		
Results from operating activities for the year is stated after charging/(crediting) the following items:		
Amortisation of intangible assets (note 12)	**15 198 580**	12 610 914
Auditors' remuneration		
	392 886	334 963
Audit fees	**-**	67 430
Other fees	**392 886**	402 393
Depreciation on property, plant and equipment (note 5)		
Board Member expenses	**241 400**	203 145
Foreign exchange loss-net	**176 288**	73 717
Professional fees and consultancy	**8 593 011**	18 677 291
Profit on disposal of assets	**(35 096)**	(432 216)
Tender deposits from approved suppliers	**(349 735)**	(453 523)
Staff salaries and benefits (note 10)	**228 372 207**	189 538 532

	2016 E	2015 E
9. Finance Income		
Interest received – Nedbank Swaziland Limited	**2 031 295**	4 181 359
Interest received – STANLIB Swaziland	**1 309 738**	1 021 118
Interest received – African Alliance	**1 405 918**	5 532 364
	4 746 951	10 734 841
Finance Cost		
Finance Lease Charges	**682 705**	382 324
10. Staff Salaries and Benefits		
Salaries & Wages and Other Allowances	**195 234 054**	162 819 503
Gratuity Provision	**5 037 740**	13 034 950
Provident Fund Contribution	**21 525 324**	11 002 915
Pension Contributions	**4 048 133**	2 655 086
Leave Pay Provision	**2 526 956**	26 078
	228 372 207	189 538 532

The average number of employees during the year was 684 (2015:646)

11. Property, Plant and Equipment

Property, plant and equipment	Land and Buildings E	Containers E	Office Equipment E	Office Furniture & Fittings E	Motor Vehicles E	Leased Motor Vehicles E	Leasehold improve-ments E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2016										
Cost or valuation										
Opening balance	**172 812 116**	**524 116**	**15 800 733**	**14 227 846**	**2 099 492**	**9 723 218**	**26 482 257**	**10 179 308**	**29 367 836**	**281 216 922**
Additions	**85 251 404**	**93 890**	**1 996 855**	**530 587**	**-**	**-**	**-**	**2 367 460**	**11 435 675**	**101 675 871**
Disposals	**-**	**-**	**-**	**-**	**(332 057)**	**-**	**-**	**-**	**-**	**(332 057)**
At 31 March 2016	**258 063 520**	**618 006**	**17 797 588**	**14 758 433**	**1 767 435**	**9 723 218**	**26 482 257**	**12 546 768**	**40 803 511**	**382 560 736**
Accumulated depreciation										
Opening balance	**(6 554 284)**	**(156 811)**	**(10 026 201)**	**(2 401 007)**	**(1 724 454)**	**(2 924 536)**	**(10 860 855)**	**(4 146 428)**	**-**	**(38 794 576)**
Charge for the year	**(2 869 541)**	**(106 737)**	**(4 613 373)**	**(1 457 397)**	**(314 084)**	**(1 998 138)**	**(4 414 759)**	**(2 364 853)**	**-**	**(18 138 882)**
Reclassifications to P/L	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**282 153**	**-**	**-**	**-**	**-**	**282 153**
At 31 March 2016	**(9 423 825)**	**(263 548)**	**(14 639 574)**	**(3 858 404)**	**(1 756 385)**	**(4 922 674)**	**(15 275 614)**	**(6 511 281)**	**-**	**(56 651 305)**
Net carrying amount	**248 639 695**	**354 458**	**3 158 014**	**10 900 029**	**11 050**	**4 800 544**	**11 206 643**	**6 035 487**	**40 803 511**	**325 909 431**

There are no restrictions or encumbrances over property, plant and equipment as at the reporting date and the Authority is not part to any contractual commitments to acquire property, plant and equipment.

11. Property, plant and equipment *(continued)*

Property, plant and equipment	Land and Buildings E	Containers E	Office Equipment E	Office Furniture & Fittings E	Motor Vehicle E	Leased Motor Vehicles E	Leasehold improve-ments E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2015										
Cost or valuation										
Opening balance	126 561 864	328 699	9 493 118	14 459 596	3 420 042	3 559 288	25 392 250	7 014 541	16 002 945	206 232 343
Additions	14 076 392	195 417	6 307 615	87 552	-	6 163 930	-	3 164 767	48 332 952	78 328 625
Disposals	-	-	-	(319 302)	(1 320 550)	-	-	-	-	(1 639 852)
Reclassifications to P/L	-	-	-	-	-	-	-	-	(753 000)	(753 000)
Transfer from WIP	32 173 860	-	-	-	-	-	1 090 007	-	(34 215 061)	(951 194)
At 31 March 2015	172 812 116	524 116	15 800 733	14 227 846	2 099 492	9 723 218	26 482 257	10 179 308	29 367 836	281 216 922
Accumulated depreciation										
Opening balance	(4 327 739)	(69 822)	(5 628 491)	(1 089 352)	(2 419 368)	(1 612 521)	(5 018 047)	(2 569 284)	-	(22 734 624)
Charge for the year	(2 226 545)	(86 989)	(4 397 710)	(1 419 422)	(590 083)	(1 312 015)	(5 842 809)	(1 577 144)	-	(17 452 717)
Disposals	-	-	-	107 767	1 234 997	-	-	-	-	1 392 764
At 31 March 2015	(6 554 284)	(156 811)	(10 026 201)	(2 401 007)	(1 724 454)	(2 924 536)	(10 860 855)	(4 146 428)	-	(38 794 576)
Net carrying amount	166 257 832	367 305	5 774 532	11 826 839	375 038	6 798 682	15 621 402	6 032 880	29 367 836	242 422 346

	2016 E	2015 E
12. Intangible Assets		
Capitalised computer software costs for the year ended 31 March 2016:		
Cost		
At the beginning of the year	**43 436 071**	37 112 192
Additions	**27 702 024**	5 372 685
Transfers from WIP	**-**	951 194
At the end of the year	**71 138 095**	43 436 071
Accumulated amortisation		
At the beginning of the year	**(14 819 321)**	(2 208 407)
Charge for the year	**(15 198 580)**	(12 610 914)
At the end of the year	**(30 017 901)**	(14 819 321)
Net carrying amount	**41 120 194**	28 616 750

13. Inventory

	2016 E	2015 E
Consumables	**653 739**	628 793
	653 739	628 793

14. Trade and other receivables

	2016 E	2015 E
Due from related parties	**-**	3 090 500
Prepayments and deposits	**2 007 394**	1 641 366
Other receivables	**980 508**	890 864
	2 987 902	5 622 730

15. Cash and cash equivalents

	2016 E	2015 E
Petty cash	**26 472**	149 939
Nedbank Swaziland Limited	**16 373 843**	56 739 107
African Alliance	**18 286 894**	36 834 441
Stanlib	**2 330 856**	21 021 118
Kredient Bank	**1 159 127**	751 357
	38 177 192	115 495 962

Available cash is invested in interest generating bank and investments accounts.

	2016 E	2015 E
16. Employee Benefits Provisions		
Short term provisions:		
Gratuity	**9 649 381**	5 705 377
Leave pay	**4 396 525**	2 061 505
	14 045 906	7 766 882
Long term provisions:		
Gratuity	**-**	6 838 045
Total	**-**	14 604 927

	Gratuity E	Leave pay E	Leave pay E	Total E
16.1 31 March 2016				
At the beginning of the year	12 543 422	2 061 505	2 061 505	14 604 927
Amount utilised during the year	(7 931 781)	(191 934)	(191 934)	(8 123 715)
Charged in profit or loss	5 037 740	2 526 954	2 526 954	7 564 694
At the end of the year	9 649 381	4 396 525	4 396 525	14 045 906

	Gratuity E	Leave pay E	Leave pay E	Total E
16.2 31 March 2015				
At the beginning of the year	48 391 698	2 253 904	2 253 904	50 645 602
Amount utilised during the year	(48 883 226)	(218 477)	(218 477)	(49 101 703)
Charged in profit or loss	13 034 950	26 078	26 078	13 061 028
At the end of the year	12 543 422	2 061 505	2 061 505	14 604 927

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.

	2016 E	2015 E
17. Deferred Grant Income	**335 120 045**	307 474 543
17.1 Current		
Balance at beginning of year	**36 435 447**	73 584 073
Received from Government – cash	**371 419 500**	339 300 000
Donated Assets	**12 582 009**	1 734 376
Grants realised in profit or loss for funding recurring expenditure excluding depreciation and amortization	**(323 018 545)**	(294 728 778)
Asset disposals for the year	**49 904**	247 088
Grants utilised to defray capital expenditure (Note 11,12)	**(129 377 895)**	(83 701 312)
Recovery from non-current	**31 909 580**	-
	-	36 435 447
17.2 Non – current		
Balance at beginning of year	**271 039 096**	218 401 503
Grants utilised to defray capital expenditure (Note 11,12)	**129 377 895**	83 701 312
Asset disposals for the year	**(49 904)**	(247 088)
Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 11,12)		
Excess utilisation on capital expenditure	**(31 909 580)**	-
	335 120 045	271 039 096

	2016 E	2015 E

The authority received a grant amounting to E371 419 500 (2015: E339 300 000) during the period the year from the Government of Swaziland to facilitate the funding of recurring and capital expenditure incurred and for its daily operations. The Authority also received E12 582 009 (2015: E1 734 376) worth of assets through donations.

18. Trade and Other Payables

	2016 E	2015 E
Retention Provision	**6 147 498**	6 967 884
Accruals	**6 506 296**	14 220 706
Other Payables	**6 117 330**	11 298 722
	18 771 124	32 487 312

19. Borrowings

	Notes	2016 E	2015 E
Current			
Finance lease liabilities		**1 570 364**	1 756 903
Non-current			
Finance lease liabilities		**3 099 140**	4 670 094
Total borrowings		**4 669 504**	6 426 997
Finance lease liabilities – minimum lease payments:			
Not later than 1 year		**1 930 507**	2 290 327
Later than 1 year but not later than 5 years		**3 481 773**	5 106 118
		5 412 280	7 396 445
Future finance charges on finance leases		**(742 776)**	(969 448)
Total present value of minimum lease payments		**4 669 504**	6 426 997

	Notes	**2016** **E**	2015 E
Cash flow from operating activities			
Surplus for the year		**4 449 077**	11 238 256
Adjustment for:			
Depreciation and amortisation	11,12	**33 337 462**	30 063 631
Profit on disposal of assets	8	**(35 096)**	(432 216)
Interest paid	9	**682 705**	382 324
Interest received	9	**(4 746 951)**	(10 734 841)
Amortisation of Government grant	7	**(356 356 007)**	(325 545 409)
		(322 668 810)	(295 028 255)
Changes in working capital:		**(11 665 327)**	(32 996 223)
(Decrease)/increase in trade and other payables		**(13 716 188)**	5 079 966
(Decrease) in employee benefits provisions		**(559 021)**	(36 040 675)
Increase in inventory		**(24 946)**	(441 716)
Decrease/(increase) in trade and other receivables		**2 634 828**	(1 593 798)
Net cash outflows from operating activities		**(334 334 137)**	(317 671 961)

21. Financial Instruments

Fair value accounting and classification

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

	Loans and receivables E	Other financial liabilities E	Total carrying amount E	Fair Value E
Financial assets				
Trade and other receivables	2 987 902	-	2 987 902	2 987 902
Cash and cash equivalents	38 177 192	-	38 177 192	38 177 192
	41 165 094	-	41 165 094	41 165 094
Financial liabilities				
Trade and other payables	-	18 771 124	18 771 124	18 771 124
Borrowings	-	4 669 504	4 669 504	4 669 504
	-	23 440 628	23 440 628	23 440 628

21. Financial instruments *(continued)*

	Loans and receivables E	Other financial liabilities E	Total carrying amount E	Fair Value E
As at 31 March 2015				
Financial assets				
Trade and other receivables	5 622 730	-	5 622 730	5 622 730
Cash and Cash equivalents	115 495 962	-	115 495 962	115 495 962
	121 118 692	-	121 118 692	121 118 692
Financial liabilities				
Trade and other payables	-	32 487 312	32 487 312	32 487 312
Borrowings	-	6 426 997	6 426 997	6 426 997
	-	38 914 309	38 914 309	38 914 309

21. Financial instruments *(continued)*

Liquidity Risk

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

	Carrying amount E	Contractual cash flows E	Within 1 year E	Between 2 and 5 years E
31 March 2016				
Financial liabilities:				
Borrowings	**4 669 504**	**5 412 280**	**1 930 507**	**3 481 773**
Trade and other payables	**18 771 124**	**18 771 124**	**18 771 124**	**-**
	23 440 628	**24 183 404**	**20 701 631**	**3 481 773**
31 March 2015				
Financial liabilities:				
Borrowings	6 426 997	7 396 445	2 290 327	5 106 118
Trade and other payables	32 487 312	32 487 312	32 487 312	-
	38 914 309	39 883 757	34 777 639	5 106 118

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

21. Financial instruments *(continued)*

Loans and receivables	**2 987 902**	5 622 730
Cash and cash equivalents	**38 177 192**	115 495 962
	41 165 094	121 118 692

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

Related party customer	**-**	3 090 500
Other	**2 987 902**	2 532 230
	2 987 902	5 622 730

During the year, an amount of E 3 090 500 (2015:E nil) which was due from the Government of Swaziland was written off by the Authority after the Government had not refunded the Authority despite numerous attempts to recover the debt.

22. Related Party Transactions

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

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

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

The following transactions were carried out with related parties:-

	2016 **E**	2015 E
22.1 Government of Swaziland		
Grant Received - Cash	**371 419 500**	339 300 000
22.2 Board Members Fees		
Board Members fees	**241 400**	203 145
The following balances were due from related parties:-		
Related part receivable		
Government of Swaziland	-	3 090 500

23. Commitments

23.1 Operating Lease Commitments - Company 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 commenced on 1 September 2014 for a period of three years. The monthly rental is E15 788.92 with an escalation of 8%.

23. Commitments *(continued)*

23.1 Operating lease commitments- company lessee (continued)

- Lease agreement with Leites Motors (Pty) Ltd in which Leites Motors rented offices to the Authority. The agreement was renewed in 1st January 2014, and is for a duration of 3 years. The monthly rental is E36 140.80.
- Lease agreement with J & E Construction (Pty) Ltd, in which J & E Construction (Pty) Ltd rented offices to the Authority. The agreement commenced on 1st October 2012 for a period of three years. It has since been reviewed for another 3 years. The monthly rental is E12 861.54 with an escalation of 10%.
- Lease agreement with the Swaziland National Pension Fund, in which fund rented offices to the Authority. The agreement commenced on 1 February 2015, for a period of five years. The monthly rental is E84 570.65 with an escalation of 8%.
- Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the Authority. The agreement commenced on 1st February 2013, for a period of five years. The monthly rental is E111 779.05 with an annual escalation of 8%.
- Lease agreement with MBI Estates, in which Swazi Plaza Properties, rented offices to the Authority. The agreement commenced on 1st May 2014, for a period of three years. The monthly rental is E8 100 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 commenced on 1st April 2014, for a period of three years. The monthly rental is E56 081.18 with an escalation of 10%.
- Lease agreement with Ngonini Estates (Pty) Ltd, in which Ngonini Estates (Pty) Ltd rented residential premises to the Authority. The agreement commenced on 1st September 2014 for a period of one year. The monthly rental is E7 700.00.
- Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the Authority. The agreement commenced on 1st March 2013, for a period of five years. The monthly rental is E1 151 400.00.
- Lease agreement with Swaziland Railway, in which the company rented residential premises to the Authority. The agreement commenced on 1st April 2014, for a period of three years. The monthly rental is E1 090.00 with an escalation of 10%.
- Lease agreement with Swaziland Railway, in which the company rented residential premises to the Authority. The agreement commenced on 1st April 2014 for a period of three years. The monthly rental is E1 090.00 with an escalation of 10%.

23. Commitments *(continued)*

23.1 Operating lease commitments- company lessee (continued)

- Lease agreement with Swaziland Railway, in which company rented residential premises to the Authority. The agreement commenced on 1 April 2014 for a period of three years. The monthly rental is E1 090.00 with an escalation of 10%.

- Lease agreement with Swaziland Railway, in which company rented residential premises to the Authority. The agreement commenced on 1 April 2014 for a period of three years. The monthly rental is E1 755.00 with an escalation of 10%.

	2016 **E**	2015 E
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
Due within one year	**17 894 835**	17 977 019
Due between 1 and 5 years	**22 330 543**	39 649 904
	40 225 378	57 626 923

24. 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.

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