INTEGRATED

Annual Report

2019/20

Eswatini Revenue Authority

SRA


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ACRONYMS

ASYCUDA	Automated System for Customs Data
ASYPM	Automated System for Customs Data Performance Management
ATL	Alcohol and Tobacco Levy
AU	African Union
CARSC	Customs Automation Regional Support Centre
CBE	Central Bank of Eswatini
CIT	Company Income Tax
CMS	Customs Management Systems
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSI	Corporate Social responsibility
ERM	Enterprise Risk Management
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
ISO	International Standards Organisation
LUSIP	Lower Usuthu Smallholder Irrigation Project
MEPD	Ministry of Economic Planning and Development
MOUs	Memorandum of Understandings
NFTC	National Trade Facilitation Committee
OIT	Other Income Tax
PAYE	Pay As You Earn
PIT	Personal Income Tax
PTP	Preferred Trader Program
RSA	Republic of South Africa
RTIP	Regional Trade Information Portal
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SANU	Southern Africa Nursing University
SEDCO	Small Enterprise Development Company
SLAs	Service Level Agreements
SRACO	SRA Charity Organisation
TADAT	Tax Administration Diagnostic Assessment Tool
TINs	Taxpayer Identity Numbers
TIP	Trade Information Portal
TRF	Trade Related Facility
TRS	Time Release Study
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WCO	World Customs Organization
WTH	Withholding
YTD	Year-To-date

1.1 Chairman's Statement

"We continue to appreciate Government's support, in particular, His Excellency the Right Honourable Prime Minister and the Honourable Minister for Finance, in ensuring that the organisation continues to operate with the required resources."

DAVID M. DLAMINI
CHAIRMAN

The 2019/20 financial year saw the beginning of a new term of office of four members of the SRA Governing Board, myself included. This followed the end of term of other members who include his Excellency the Right Honourable Prime Minister Mr Ambrose Mandvulo Dlamini (Chairman) and Mr. S'thofeni Ginindza (Deputy Chairman). These members were serving on the Board that successfully launched SRA operations in January 2011. I would like to express my appreciation to all former members who contributed to the building this organisation.

We started the year 2019/20 aware of the difficulties the Government of Eswatini has been facing for a while now in funding its programmes. It was incumbent upon the Eswatini Revenue Authority (SRA) to ensure that we fulfil our revenue collection mandate, despite the various challenges the economy is facing.

We continue to appreciate the unwavering support of His Excellency the Right Honourable Prime Minister and the Honourable Minister for Finance. Our appreciation also goes to the entire Government and Parliament for seeing through the implementation of policy reforms that enable the organisation to close some of the gaps in revenue collection. These include the passing of the Alcohol and Tobacco Levy Act 2019, the Finance Act 2019 and the amendment to the Revenue Authority Act 2008. The strategic interventions we crafted have enhanced our efficiencies and have improved our engagement with our stakeholders. This is despite not meeting the revenue target of E10.295 billion where 96.6% (E9.950 billion) of the target was collected. This development not withstanding, this performance was an impressive 10.6% above last year's collection. Our cost of collecting revenue improved from 4 6% to 3.9% and we improved voluntary compliance from 60.5% in 2015 to 65 4%.

“We will continue to improve our operations to meet the ultimate vision of 100% voluntary compliance for a better Kingdom of Eswatini.”

We will continue to implement our strategic programmes in order to realise our ultimate vision of 100% voluntary compliance for a better Kingdom of Eswatini. We remain grateful to our Government for continued funding of our programmes.

The Governing Board has oversight over issues of staff integrity. There have been instances reported, also to the public through the media, of lapses in such integrity These practices undermine our efforts at instilling trust from taxpayers and consequently dampen the voluntary compliance culture in our taxpayers. It is our responsibility to rebuild that trust and credibility. I would like to assure all our stakeholders that these lapses in integrity have been reported to law enforcement agencies. Internally we are strengthening our systems and processes. The organisation has zero tolerance against collusion, fraud and corruption of any kind.

We ended the year on a very difficult note, and under very uncertain circumstances with the emergence of the COVID-19 pandemic. In addition to the effects on personal lives, this has resulted in serious disruptions to economic activity which will have a negative impact on the already struggling economy, and ultimately on our ability to mobilize revenue.

I’m happy to assure the nation that despite the all-round uncertainty associated with this pandemic, and the challenges it poses to both the welfare of our staff and the ability to deliver on the organisation’s mandate, the organisation was very pro-active in activating its Business Contingency Plans to respond to the COVID-19 pandemic. These were designed to ensure that business continues with minimum disruption to the revenue collection machinery. More so, the organisation placed the welfare of staff by immediately implementing the guidance issued by the Ministry of Health with the backing of the World Health Organisation. This gave the Governing Board comfort that the mandate of the organisation will be fulfilled while at the same time ensuring that the human resource is protected. To minimize disruptions to service delivery to taxpayers, the organization is actively promoting the use of digital channels. Digital channels provide convenience to taxpayers and reduce the spread of the virus by effectively eliminating physical contact.

In conclusion, I would like to thank Management and every single member of staff for remaining committed to the course of the organisation and working tirelessly towards fulfilling our mandate. I also thank all of our staff who continued to uphold the values of the organisation as we collectively worked towards achieving our mandate. Many thanks to the Members of the Governing Board for their continued support and effective engagement on critical issues.

DAVID M. DLAMINI
CHAIRMAN OF THE GOVERNING BOARD

1.1 Commissioner General's Statement

> **"The SRA managed to collect a total of E9.950 billion in revenue, an impressive 10.6% growth that is far above the rate of nominal GDP growth."**

DUMISANI E. MASILELA
COMMISSIONER GENERAL

The 2019/20 financial year marked the 2nd year into our three year strategic plan covering the period 2018/19 to 2020/21. The year was characterised by a weak global and regional economic environment where global growth estimates were lower, at 2.9% compared to 3.6% in 2018. Regionally, growth prospects had been revised downward several times to an eventual 3.1% for Sub-Saharan Africa. In this economic environment, a number of tax revenue administrations around the world struggled to raise revenues. On the domestic front growth was lower in 2019, at a preliminary estimate of 1.3% compared to 2.4% in 2018. The year ended with a bleaker outlook with the advent of the novel Corona virus (COVID-19) that resulted in significant restrictions in business activity and inevitably lower economic output. As there obviously is a strong relationship between tax revenue performance and the performance of the economy and this link becomes particularly evident in periods of slow economic growth and it is under this backdrop that the performance of the SRA should be considered.

With this operating context in mind, the performance of the SRA remained positive in terms of our strategic aims. Our levels of voluntary compliance increased from 60.5% to 65.4%, slightly moving us towards our vision to achieve 100% voluntary compliance. In line with this development the total number of returns filed on time increased by 18%, with notable improvement in on-time filing rates from 33.2% to 55% for Company Income Tax and 38.9% to 42.5% for PAYE. This was supported by our focus on the treatment of the identified risks through our newly developed compliance risk management framework.

The SRA managed to collect a total of E9.950 billion in revenue, an impressive 10.6% growth that is far above the rate of nominal GDP growth. This collection fell 3% below the target of E10.295 billion, being a shortfall of

E344 million, which is a close margin given the level of economic activity and delays in approval of planned policy related revenue improvements. In addition to this positive growth in revenue, our operational cost of collecting revenue, which is an important measure to determining our efficiency as an administration, decreased by 0.2 percentage points to 3.9% reaching the lowest since inception of the SRA, indicating an improvement in operations efficiencies.

We are currently in the process of developing our next strategic plan for the period 2021/22 to 2023/24, a consultative process involving our key stakeholders that is expected to conclude in the next financial year. This will assist us to effectively allocate our resources and efforts in dealing with the existing gaps in compliance while taking advantage of the changes that come with the 4th industrial revolution. This, together with technical support from our partners, will benefit us as we improve our performance.

Lastly, I would like to acknowledge the continuous support and assistance we continue to receive from our international and regional partners. These include the International Monetary Fund (IMF), the IMF's Technical Assistance Centre looking after Southern Africa (AFRITAC South), the World Bank, the African Tax Administration Forum (ATAF), the World Customs Organisation (WCO), the Common Market for Eastern and Southern Africa (COMESA), the United Nations Conference on Trade and Development (UNCTAD), the Southern African Customs Union (SACU), the Southern African Development Community (SADC), Tax Inspectors Without Borders (TIWB), the Organisation for Economic Cooperation and Development (OECD), the Global Forum, the International Centre for Tax and Development and the Republic of Finland. Without their support some of the outputs we achieved would not have been possible.

In accordance with the requirements of the Eswatini Revenue Authority Act, 2008 (as

"I am thankful to the SRA's Governing Board for the direction and support towards navigating the organisation to greater heights as we continually "raise the standard"."

amended) and the Public Enterprises (Control and Monitoring) Act No. 8 of 1989, I humbly present to you the Eswatini Revenue Authority (SRA) Annual Report for the Financial Year (FY) 2019/20.

I am thankful to the SRA's Governing Board for the direction and support towards navigating the organisation to greater heights as we continually "raise the standard". My appreciation goes to the Government of the Kingdom of Eswatini and the Minister of Finance for supporting the mandate of the SRA and providing the necessary policy and resources to drive our operations. To all the members of staff that tirelessly exert their efforts on a daily basis to the realisation of our goals, I sincerely appreciate your energies in bringing to life the mandate of the SRA. You are second to none country-wide.

DUMISANI E. MASILELA
COMMISSIONER GENERAL

1.3 About This Report

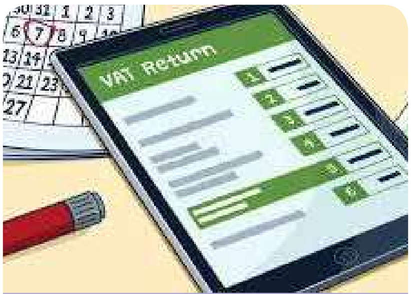
This integrated report reflects the performance of the Eswatini Revenue Authority (SRA) against its strategy and annual performance targets, compiled in line with our legislative and governance framework. In this report, the organisation demonstrates value created focusing on improvements and considering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

1.4 Performance Highlights

TAX COLLECTION
E9.950 Billion

COST TO REVENUE RATIO - **3.9%**

INCREASED TAXPAYER REGISTER - **5.7%**



VAT FILLING COMPLIANCE - **62.5%**

INCOME TAX FILLING COMPLIANCE - **55.0%**

TAX TO GDP RATIO
15.2%

PAYE TAX FILLING COMPLIANCE - **45.9%**

SYSTEMS UPTIME
99.38%

92% - Legal compliance level

Staff attrition rate - 4.2%

1.5 Organisational Overview

OUR VISION

100% voluntary compliance for a better Kingdom of Eswatini

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 MANDATE

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

Our Values

Performance Excellence: Strive for professionalism.

Relationships: Focus efforts on delivering high-level customer service and recognising the impact of actions on internal and external customers.

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

Integrity: Promote honesty, trust and openness.

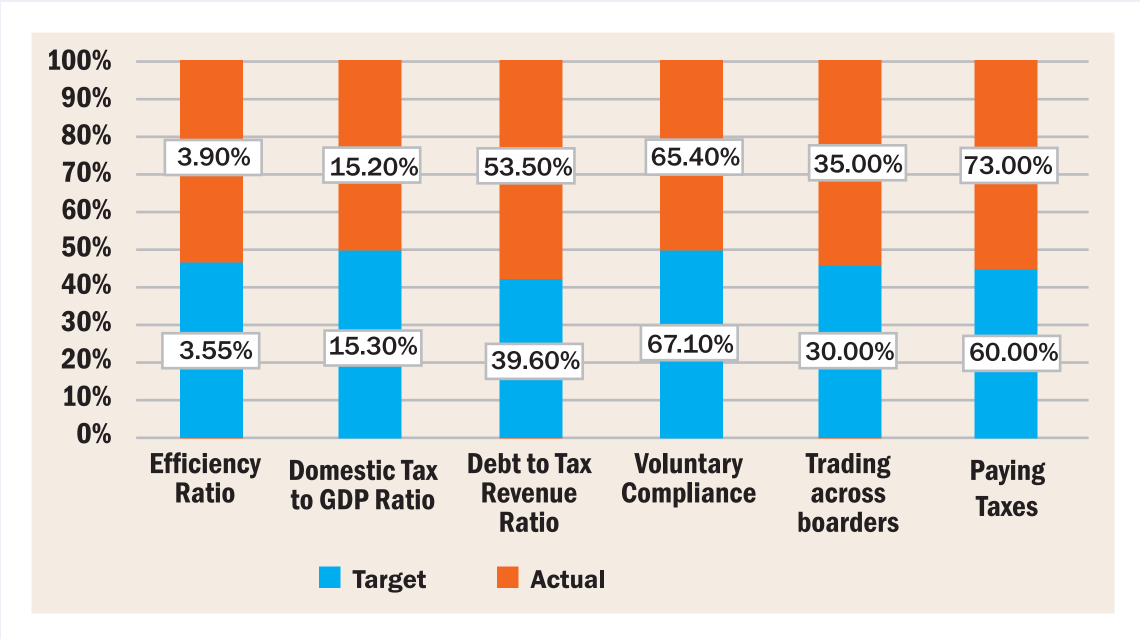
Transparency and Accountabilty: Open in operations and communication whilst being responsible for actions and decisions.

1.6 Our Strategic Focus

1.6.1. Strategic Programmes and Projects

The reporting period marks the second year of the organisation's three-year strategic plan for the period 2018/19 – 2020/21. The strategy reflects the actions the organisation intends to undertake in order to attain its vision. It also provides a basis for decision-making and achievement of core operational targets and strategic outcomes through implementation of the strategic programmes.

Figure 1.1 Core targets for 2019/20



Implementation of strategic initiatives continued as reflected in the strategic plan, however, limited funding has restricted the extent to which full implementation of strategic initiatives can be achieved. This development has a potentially adverse impact on the relevance and efficiency of the organisation in future. Projects are intended to ensure future relevance of the organisation to its mandate as it continues to perform. They are designed to fertilise and improve existing processes. For ease of monitoring and implementation, the projects are grouped into programmes based on what they intend to achieve. This summary, including the progress on implementation of each programme, is shown in *Table 1.1*.

1.6 Our Strategic Focus (continued)

Table 1.1 Implementation Progress on Strategic Projects for 2019/20.

Programme Name	Project Name and Purpose	Comment
1. Automation	**Revenue Management System Enhancements** • The project intends to improve the capacity of the system to support the changing tax compliance interventions.	• Complete: Scope for the year developed and functionality deployed in production environment. Capabilities delivered include: online submission of Income Tax Returns for individuals; automatic running and issuing of statement of account to taxpayers by email; refunds authorisation and approval levels; and, multiple-business nature registration.
	National Single Window • This is a facility that allows parties involved in trade and transport to lodge standardized information and documents through a single platform in order to fulfil all import, export, and transit-related regulatory requirements. Its main purpose is to enable communication of feedback among agencies and notification to traders on status of applications made to meet import and export requirements through linked interdependent processes.	• This project is still at the early planning phase: all relevant stakeholders have been engaged and project team members have been formally appointed; initiated external stakeholder engagement. It is supported by the World Bank under the WTO Trade Facilitation programme.
	ASYCUDA Performance Management (ASYPM) • Automation of performance measurement of Customs and Excise operations.	• The project is near completion: technical and functional configuration, and user training have been successfully completed; project sign-off has been completed with the UNCTAD Consultant. It is supported under the SADC Trade Related Facility project funded by the European Union.
2. Transformation	**Compliance Risk Programme** • The program seeks to bring a common understanding of the key compliance risks within our tax system. It also attempts to clarify how identified risks shall be mitigated within their different contexts. The programme introduces principles that ensure that responses to non-compliance are predominantly corrective than punitive. It also intends to bring to life the compliance triangle, where taxpayers are treated in accordance with their attitude to compliance.	• The project was supported by the IMF and was concluded during the year under review. What remained outstanding was its effective integration into operations.
	Self-Assessment • This is a system that aims to empower taxpayers to assess their tax liability and remit to SRA their declarations together with payments, with minimal or no interventions by SRA officers. Self-assessment is expected to contribute towards ensuring a better use of internal resources and improving the cash flow position for Government.	• The project was at execution stage; Taxpayer engagement and education planned for Q1 in 2020/21 financial year; IT systems under development to build in intelligence to detect fraudulent entries and inform SRA interventions.

Programme Name	Project Name and Purpose	Comment
	Business Process Re-engineering (BPR) • This project was designed for the organisation to rethink and redesign its business processes to better support the organisation's mission and enhance operational efficiencies.	• All business processes of the identified five systems were documented; focus in the financial year 2020/21 will be on the documentation of system and process briefs, which will enable the establishment of system KPIs.
3. Human Capital	**Human Resources (HR) System** • This project was to drive the replacement of the HR System as it was not sufficiently supported by the vendor, which caused some functionality challenges. It was also to deliver additional functionality to support online job application and integration capability with the finance system.	• The project was completed and closed and scope delivered within the contracted time and budget; all delivered modules are in operation; benefits being tracked.
4. Research	**Taxpayer Nudging** • The initiative was to produce robust evidence to inform policy-making and learn attributes of behaviour that influences taxpayer compliance.	• The project was run with the assistance of the ICTD. It was at the close-out stage; focus was to measure the impacts of the study and finalise the survey results report; COVID-19 pandemic disturbed the smooth closure of project.
5. Organisational Structure	**Organisational Structure Re-organisation (OSR)** • To develop and implement a structure of the organisation that will deliver the SRA mandate efficiently, and fully integrate the current tax structure and eliminate overlaps and duplications.	• The OSR project, as originally conceived, has been put on hold and is now being implemented incrementally.
6. Statutory Compliance	**SRA Rebranding** • To align with the organisation's desire to change taxpayers' perceptions of the organisation as a punitive one and also to comply with the national call to change the name of the country to Eswatini and develop new brand identifiers.	• The project was behind schedule as government priorities shifted to addressing the COVID-19 pandemic. Otherwise, a Cabinet Paper was drafted and sent to the Ministry of Finance.
	Presumptive Tax • To simplify compliance requirements for the informal sector	• The project is awaiting passing of the draft Bill into Law; all necessary preparations from processes, forms and internal awareness have already been made.
	Revenue Takeover • Bring the SRA to full compliance with the Eswatini Revenue Authority Act, 2008 (as amended) by taking over the administration of the balance of the legislation as listed in the schedule, limited to revenue collection, and improve efficiencies and service delivery relating to the collection of tax and non-tax revenue.	• Amendment to the SRA Act was approved. The project's governance structure was also revived and approved and all project teams formally appointed. Tentative go-live date is October 2021 as no budget was provided this financial year.

1.4 Our Strategic Focus (continued)

1.6.2. Construction Projects

The organisation continued to implement its construction projects during the year. The emergence of the COVID-19 pandemic affected most of the ongoing projects in the last quarter of the year and construction is likely to proceed in less favourable conditions due to the stringent conditions obtaining under the government-imposed lockdown. Construction projects for the year included: Ezulwini Headquarters; Mananga Border Re-construction; Mananga Border Staff Houses Construction; Manzini Service Centre; and, Mhlumeni Border Security Improvements.

Table 1.2 Construction Projects

Programme Name	Comment
1. Ezulwini Headquarters	The project is at the final stages of the defects and liabilities period. This involves the finalisation of some minor items of outstanding works. The final account of the original project package is complete with 0% cost overrun. Completed components have been capitalised to the tune of E478 million. Work-in-progress balance amounting to E118 million still existed by end of the reporting period.
2. Mananga Border Reconstruction.	The project is complete and the border is operational. The completed components have been capitalised at a cost of E116.6 million. The project's final account has been issued and contractor is due to be paid a final claim of E1.3 million.
3. Mananga Border Staff Houses Construction	Works on the project by J&E Construction were at 58%. There was a slight delay of 15 days on the programme by the contractor as at the end of the reporting period. The expectation was for the project to be completed by end of June 2020 at a total cost of E19.7 million of which 56% had been utilised. However, due to the COVID-19 pandemic, progress drastically slowed down and evidently, timelines were expected to be missed. This is mainly due to unavailability of specified roofing materials and other interior fittings, which are sourced across the borders.
4. Manzini Service Centre	The relocation of Manzini Service Centre to the new site at Sivuno Building of the Eswatini National Provident Fund (ENPF) was ongoing as at the end of the reporting period, with an anticipated completion date of June 2020. The whole scope of works is valued at E6 million and 60% of the budget had been utilised, while works were at 85% completion at the time of reporting.
5. Mhlumeni Border Security Improvements	The installation of security surveillance system and access control at the border post was near completion as work attained stood at 95% as at the end of the reporting period. The project was awarded to the value of E600,000 and 75% had been utilised as at the end of the reporting period. The end of May 2020 was the scheduled project handover date.

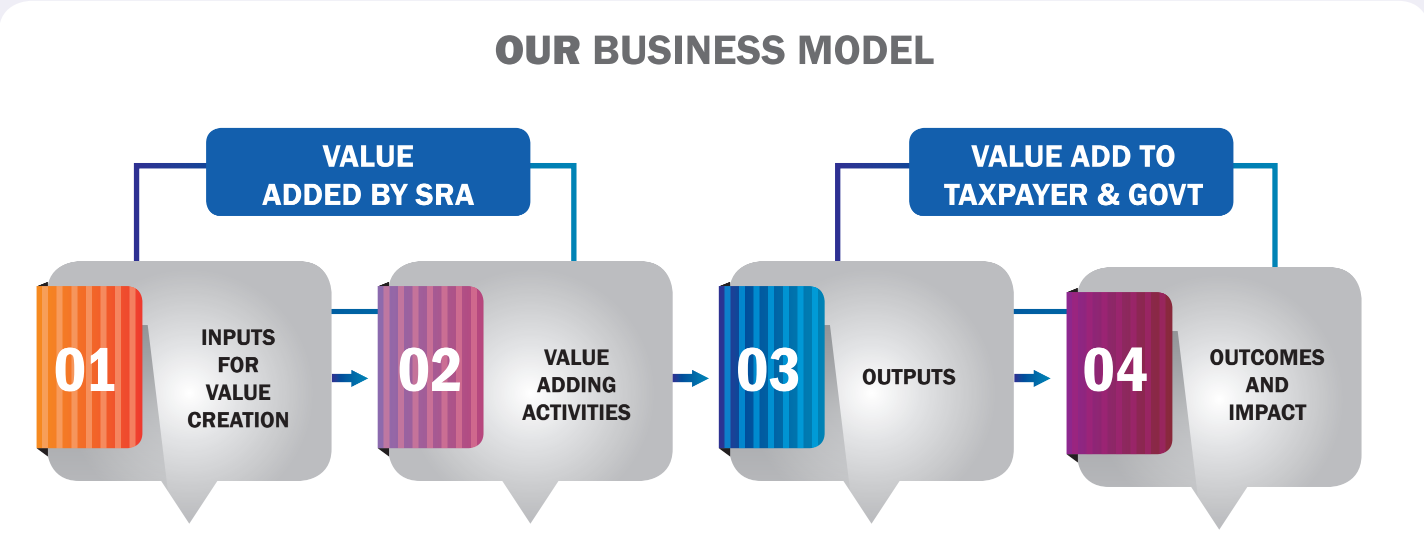
1.6.3. Strategy Development for 2021/22 – 2023/24

The organisation commenced the development of the next strategic plan for the period 2021/22 – 2023/24 during the reporting period. As part of the process, a Risk Exposure, Opportunities and Process (EOP) analysis was conducted in October 2019 to determine the status of the operating environment to provide a sound base for the development of a strategy frame and eventual crafting of strategic objectives with programmes and projects to deliver on determined strategic outcomes. For the first time, this environmental analysis involved both internal and external stakeholders for comprehensiveness and inclusivity. The strategy development process was approaching finality at the end of the reporting period, with a planned completion date of 31 July 2020. The strategy looks to significantly improve the organisation's efficiencies and allow better service delivery to the taxpayer as the organisation leverages digital technologies. The process followed was categorised into four (4) phases as depicted in *Figure 1.2.*

Figure 1.2 Strategy Development Process

1.7 Our Business Model

Figure 1.3 Our Business Model



- Human Resources
- Systems and processes
- Government subvention
- Buildings and Infrastructure
- Legislation

- Taxpayer education
- Taxpayer registration
- Return and Declaration processing
- Payment receipting (collections)
- Debt Management
- Audit and Investigations
- Refunds payments
- Risk Management
- Asset Management/Maintenance
- Organisational Culture Transformation

- Revenue Collections
- Voluntary Compliance
- Asset Maintenance
- Operational Efficiencies
- Refund to Taxpayers
- Sound Governance

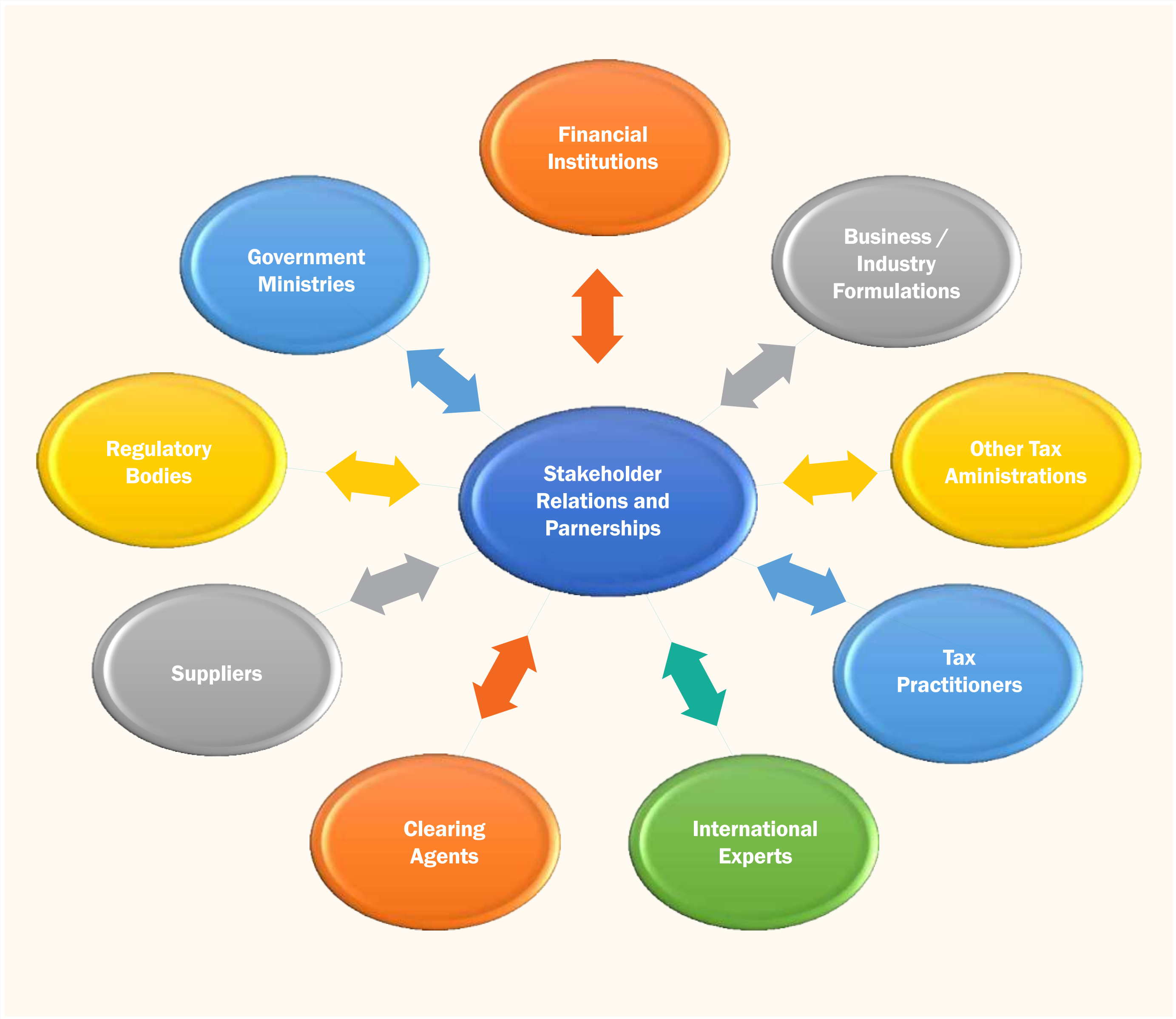
- Sustainable and efficient revenue collection
- Voluntary compliance
- Positive organisational image
- Fiscal sufficiency

1.8 Our Operating Model

Figure 1.4 Our Operating Model

1.9 Stakeholder Relationships

Figure 1.5 Stakeholder Relationships



1.10 Situational Analysis

1.11. Global and Regional Developments

In the year 2019, global economic growth was estimated at 2.9%; a decline from the 3.6% observed in 2018. This is reflective of the negative surprises to economic activity in a few emerging market economies, particularly India after its growth slowed sharply owing to stress in the non-banking financial sector and weak rural income growth. Trade policy uncertainty, geopolitical tensions, and typical stress in key emerging market economies continued to weigh on global economic activity in the second half of 2019. Additionally, higher tariff barriers between the United States, China and other trading partners led to a decline in business sentiment and spending. These effects extended to technology and jeopardising global supply chains. On a positive note, favourable movements on manufacturing activity, global trade (including intermittent news on USA-China trade negotiations), and diminished fears of a no-deal Brexit boosted market sentiments.

The world seemed to be going in a positive direction with an estimated growth rate of 3.3% in 2020. In the first quarter of the year 2020, the global economy experienced the biggest economic shock since the great depression, resulting from the COVID-19 pandemic. In light of this pandemic, early estimates by the International Monetary Fund (IMF) indicate a sharp contraction of the global economy by 3% in the year 2020, which is far worse than it was during the 2008-2009 financial crisis. Optimistic estimates, which assume that the pandemic fades in the second half of 2020, indicate that the global economy will grow by 5.8% in 2021 as economic activity normalises, aided by policy support.

In the Sub-Saharan Africa region, growth has been revised downward to 3.1% in 2019 further contracting to -1.6% in 2020. The sluggish growth is largely attributed to the region's two largest economies, Nigeria and South Africa, which are estimated to have grown at rates of 2.2% and 0.2% respectively in 2019 and are expected to contract -3.4% and -5.8% in 2020 in light of the COVID-19 pandemic.

World trade shrunk by 0.1% in 2019 even before the onslaught of the COVID-19 pandemic and it was held back by persistent trade tensions and slowing economic activity in major economies. The pandemic has resulted in a major trade slump, which has resulted in projected trade decline in world merchandise trade of between 13% and 32% in 2020. Restrictions that affect the movement of goods, the ongoing lockdowns as means to curb the spread of the virus, which also affect production negatively since firms are not operating at full capacity are exacerbating the slow trade growth. Early evidence of this was reflected in collapsing car sales and weak demand for traded goods in major economies, which led to drops in container shipping and airfreight. These economic and trade developments are likely to have adverse effect on the domestic economy and place pressure on revenue mobilisation and future tax revenues including SACU receipts.

1.12 Domestic Developments

Projections indicate that the domestic economy grew at a much slower 1.3% in 2019 compared to 2.4% in 2018, as the fiscal situation continued to remain challenging. On the positive side, improved regional demand for the country's major exports in key markets, including the Republic of South Africa (RSA) boosted the country's manufacturing activities. Inflationary pressures, as represented by the Consumer Price Index (CPI) subsided in 2019, which was largely due to the freeze in the tariffs for basic utilities. The average inflation rate for 2019 was 2.6%, a reduction from a rate of 4.8% in 2018 and 6.2% in 2017. The average exchange rate in 2019 increased from an annual figure of E13.23 against the U.S. dollar in 2018 to E14.29, an outcome that will result in both benefits (increased revenue from exports and therefore higher export demand) and costs (reduced profitability and increased prices of imports) for the economy.

Table 1.3 Economic Indicators (GDP Growth CPI Inflation)

Indicator	2018	At 2019	2020	2021
GDP Growth	2.4%*	1.3%	-6.2%	2.1%
CPI Inflation	4.8%*	2.6%*	3.5%	4.1%

*NB: * Indicates actuals*
Source: CSO and CBE

2. ORGANISATIONAL PERFORMANCE

2.1 Performance Against Our Capitals

Capitals	Capital Inputs/ Stock of Capital	Business Activities / Value Creation	Outcome	Performance in 2019/20
Financial	• Revenue collected. Government subvention.	• Collection of revenue • Registration. • Return Management. • Refunds payment. • Tax assessments and declaration processing. • Debt management. • Audits.	• Reduced cost of collection. • Regionally competitive tax to GDP ratio. • Higher revenue collections.	• E9,950,882,945 tax revenue collected. • 4.01% attained as Cost-To-Revenue ratio. • 15.20% obtained as Tax Revenue-To-GDP ratio. • 53.5% being Debt-To-Tax Revenue ratio. • 5.7% increase in registered taxpayers.
Human	• Expertise and knowledge. • Competent staff. • Experienced staff. • Motivated employees. • Safety and health of staff. • Training and development • Integrity of staff • Culture in line with company values.	• Staff development. • Recruit and retain the right skills and expertise. • Integrity awareness and assurance. • Organisational culture change activities. • Staff wellness programme implementation. • Compliance with safety regulations and implementation of SHE policy.	• Operational excellence. • Better customer service. • Productive and motivated staff. • Retention and attraction of required talent.	• 593 headcount recorded owing to 6.6% attrition rate and recruitment moratorium. • Invested in Management Development Initiatives to nurture management capabilities as well as support to staff development and training. • Conducted Culture Survey to determine baseline.
Intellectual	• Tacit and specialised knowledge and skills. • Healthy governance framework. • Enterprise risk framework. • Internal policies established processes and procedures. • Legislation. • Information management systems. • Own operations and revenue collection ICT Systems. • Disaster recovery systems.	• Intelligence and investigations. • Knowledge management and sharing from projects and activities. • Risk mitigation. • Strengthening/improving internal controls, policies, processes and procedures. • Continuous assessment and improvement of tax legislations. • Compliance with all laws and regulatory bodies. • Strengthening of governance.	• Good corporate citizenship with strong ethics and culture. • Organisational efficiencies.	• Continued with implementation of strategic risks and treatment actions to mitigate risks. • 9 audits completed with 87 findings and agreed corrective actions. • 92% attained on legal compliance management level. • 6 investigations were finalised with 6 pending cases, while processed 85 whistle blowing reports were turned into investigations.
Social and Relationship	• Relationships with Stakeholders. • Contribution to community (Corporate Social Investment). • Reputation of the organisation.	• Taxpayer engagement and education. • Segment relevant taxpayer service. • Stakeholder engagements. • Working with key partners to support tax compliance and trade facilitation. • Implement CSI programme. • Corporate image management.	• Customer satisfaction. • Improved voluntary compliance. • Improvement in ease of doing business. • Good corporate image.	• 26,095 communication traffic processed through call centre. • 932 business taxpayers reached through workshops. • 156,400 facebookers reached through taxpayer education.
Manufactured	• Assets. • Vehicles. • ICT hardware and software.	• Upgrade processes and systems. • Use latest technology. • Maintain and improve existing infrastructure.	• Sustainable operation of infrastructure, facilities and assets. • Reduced operational and occupational risks.	• Completed construction of Mananga Border Re-construction; Mananga Border Staff Houses Construction at 58%; relocation of Manzini Service Centre at 85% completion; and, Mhlumeni Border Security Improvements at 95%.

2.2 Cost of Collection

The cost of collection (cost-to-tax revenue ratio) was 3.9 cents per Lilangeni collected in 2019/20, an improvement of 0.2 percentage points compared to 2018/19 where the ratio was 4.1%. This is against a target of 3.55% for the year signifying an under performance against target mainly due to inability to meet the revenue target. The cost of collection is a critical measure to the organisation's efficiencies as it shows how much it costs to collect each Lilangeni of tax revenue where a smaller value of the ratio is desirable. While this ratio fell short of target, revenue mobilization saw a year-on-year increase of 10.6%, which reflects some efficiency gains. Other contributors to this ratio, from the cost side, include reduced domestic and international travel and training expenses due to precautionary measures to reduce the spread of the COVID-19 pandemic.

Figure 2.1 Cost-to-Tax Revenue Ratio for 2015/16 to 2019/20.

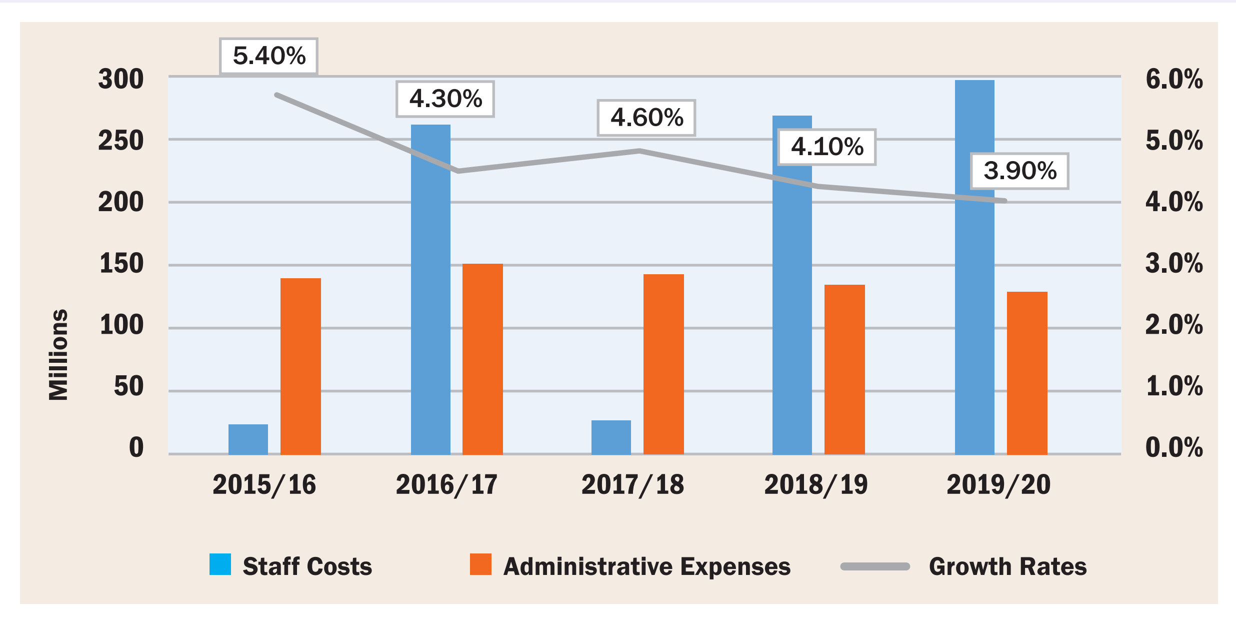
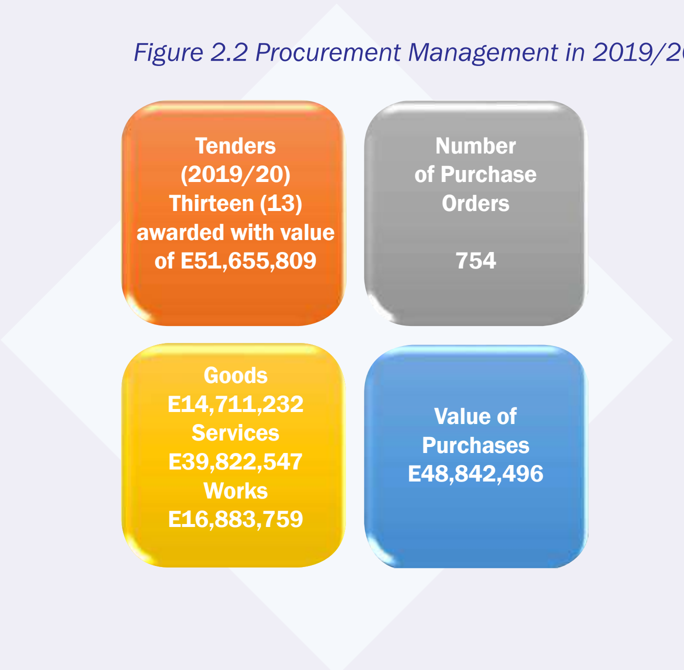


Figure 2.2 Procurement Management in 2019/20



2.3 Procurement of Goods and Services

The organisation handled several tenders to procure goods and services, in line with SRA policies and The Procurement Act, 2011. The total value of procured goods and services was (E48,842,496).

2.4 Revenue Collection Performance

Total tax revenue collection amounted to E9.950 billion against a target of E10.295 billion in 2019/20, leading to a 3% below target performance. The shortfall against target was E344 million, which was an improvement on the previous year's shortfall of E883 million. Mixed performances were observed on tax type performances with some recording collection above target, whilst some recorded negative performances. Company tax was above target due to improvements in compliance, while Road toll and Fuel taxes, also above target, benefitted from policy changes. On the other hand, Individual taxes, Other Income taxes and VAT recorded below target performances. Low compliance levels and an increase in VAT refunds paid out contributed to the below target performance for VAT. In terms of year-on-year growth, total tax revenue collections grew by 10.6% in 2019/20 from a growth of 6.4% in 2018/19. Drivers of this growth were improved compliance efforts, more particularly on Income taxes and policy changes that affected Fuel tax and Road toll. The introduction of a levy on alcohol and tobacco also enhanced total revenue performance for the year.

Company tax was above target due to improvements in compliance

2.4 Revenue Collection Performance (continued)

Table 2.1 Total Tax Revenue Collection for the years 2015/16 – 2019/20 (E'000)

REVENUES FOR THE PERIOD 2015/16 TO 2019/20 (E'000)									
REVENUE HEADING	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**		**Variance**		
	Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**	**2019/20 Actual-Target**	**2019/20-2018/19**	**As a % of Revenue in 2019/20**
Company Tax	1,371,839	1,498,626	1,373,916	1,457,714	1,563,097	1,707,480	9.2%	17.1%	17.2%
Individuals	2,175,819	2,662,405	3,044,976	3,260,639	3,662,053	3,482,891	-4.9%	6.8%	35.0%
Other Income Tax	276,643	384,226	440,652	493,600	517,020	487,875	-5.6%	1.2%	4.9%
Graded Tax	900	1,517	728	1,249	1,130	1,043	-7.7%	-16.5%	0.0%
Total Income Taxes	3,825,200	4,546,773	4,860,273	5,213,202	5,743,299	5,679,289	-1.1%	8.9%	57.1%
SALES TAX		1,495	779	335	0	7,429		2119.4%	0.1%
VAT	2,107,173	2,407,309	2,520,224	2,667,798	3,446,976	2,964,828	14.0%	11.1%	29.8%
OTHER TAXES									
Road Toll	30,179	30,359	31,705	33,215	33,981	56,275	65.6%	69.4%	0.6%
Lottries and Gaming	5,441	3,115	6,050	5,156	6,992	5,621	-19.6	9.0%	0.1%
Fuel Tax	666,808	732,283	1,004,629	1,050,338	1,054,265	1,201,966	14.0%	14.4%	12.1%
Import Motor Vehicle Levy				5,365	9,809	8,918	-9.1%	66.2%	
Alcohol & tobacco levy					0	15,972		100.0%	
Total Taxes on Goods and Services	**2,809,602**	**3,174,560**	**3,563,387**	**3,756,841**	**4,552,023**	**4,261,009**	**6.4%**	**13.4%**	**42.8%**
Immigration fines, penalties and unallocated funds	21,245	84,866	29,825	25,664	0	10,585		-58.8%	0.1%
GRAND TOTAL	**6,656,047**	**7,806,198**	**8,453,484**	**8,995,706**	**10,295,323**	**9,950,883**	**-3.3%**	**10.6%**	**100%**

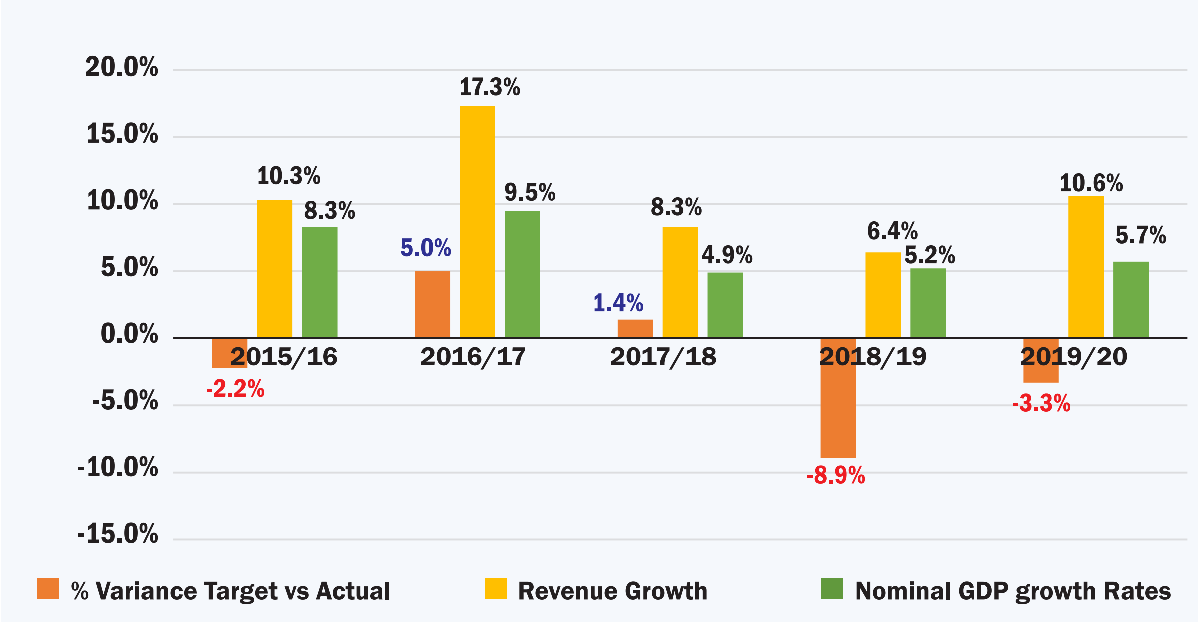
Tax revenue collections continue to increase faster than the rate of growth in the economy, a characteristic associated with a continuously improving administration. For the year 2019/20, the growth of 10.6% is higher than the nominal GDP growth of 5.7% as projected by the Central Bank of Eswatini (CBE) and the Ministry of Economic Planning and Development (MEPD).

The average domestic revenue growth rate for the past 5 years is 10.6%, improving by a slight 0.1 percentage points from the five-year average of 10.5%. The long-term average dating from the advent of the SRA in 2011 implies that revenue has grown by an average of 11% per year.

Revenue has grown by an average of 11% per year.

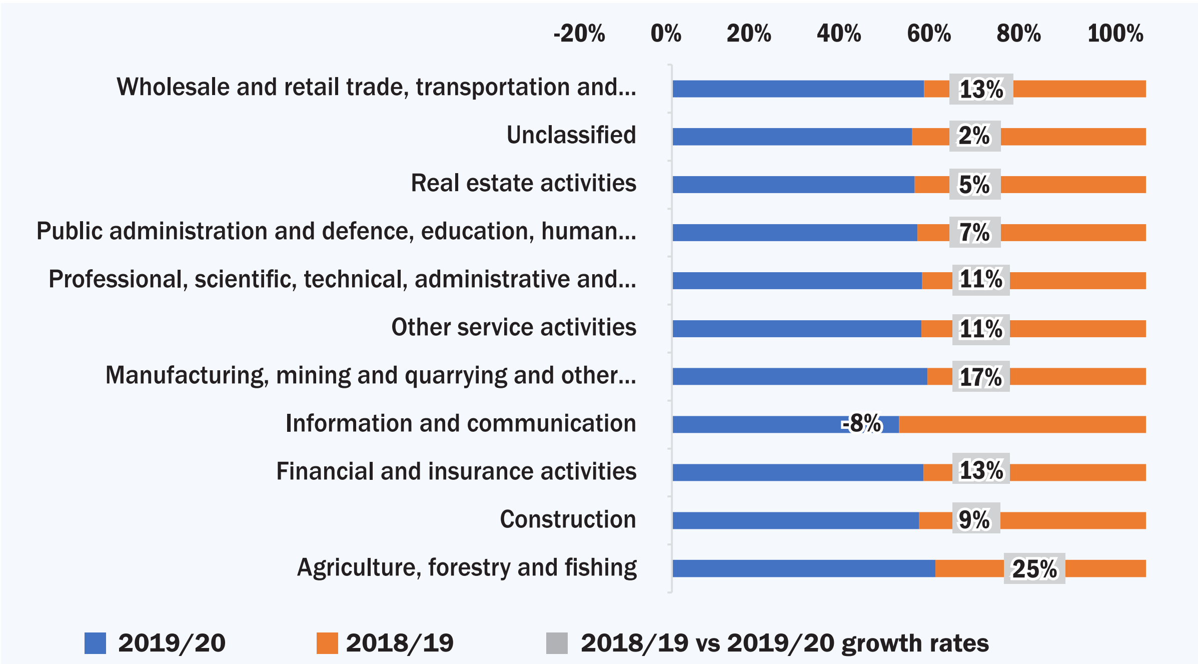
2.4 Revenue Collection Performance (continued)

Figure 2.3 Tax Revenue Collections Growth Trends from 2015/16 to 2019/20.



Sectors that had a large influence in the increase in revenue were manufacturing, wholesale and retail, and public administration sectors. However, declining revenue from the Information and Communications Technology (ICT) partially countered this growth.

Figure 2.4 Contribution to Total Tax Revenue by Sector in 2018/19 and 2019/20



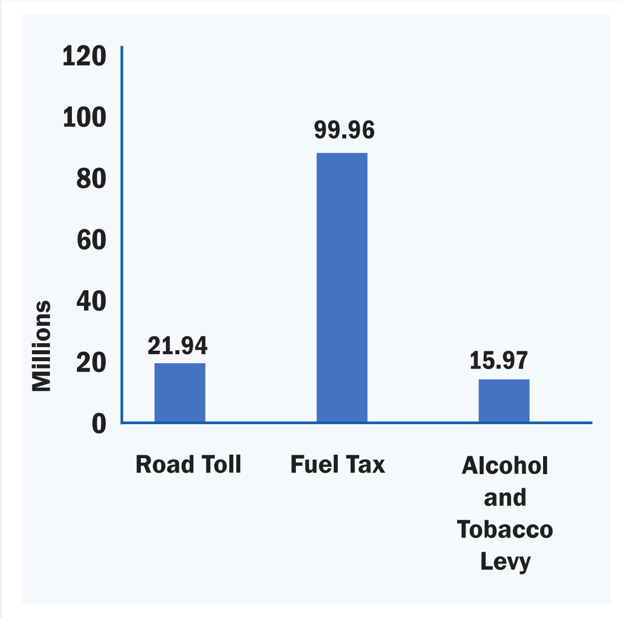
2.4 Revenue Collection Performance (continued)

2.4.1 Policy Measures to Increase Tax Revenue

Three (3) tax policy changes were implemented in the financial year (FY) 2019/20, all touching on taxes on goods and services. These were an increase in the fuel tax rate, an upward revision in road toll fees and the introduction of the Alcohol and tobacco levy. The fuel tax rate increased from E3.00 per litre to E3.85 per litre. Road toll fees for local commercial vehicles and foreign light vehicles were revised upwards from E15 and E50 to E50 and E100, respectively. Fees for foreign commercial vehicles entering from South Africa were increased from E80 to E300 while those entering from Mozambique were increased from E80 to E100 to address the misalignment between the rates applied by Mozambique on local commercial traffic entering that country and those applied by Eswatini on Mozambican vehicles.

Additionally, the Alcohol and Tobacco Levy (ATL) was introduced at 2% for local production and 7% on the free-on-board value of imports. The implementation date for ATL was the 1st October 2019, whilst the changes in the fuel tax rates and Road Toll fees came into effect on the 1st November 2019. Estimated revenue of E137.8 million was realised from the three policy changes implemented during the course of the fiscal year, contributing 1.4% to the increase in total tax revenue for the year 2019/20. The delayed implementation accounted for the slight shortfall against target.

Figure 2.5 Impact of Policy Changes on Tax Revenue in 2019/20



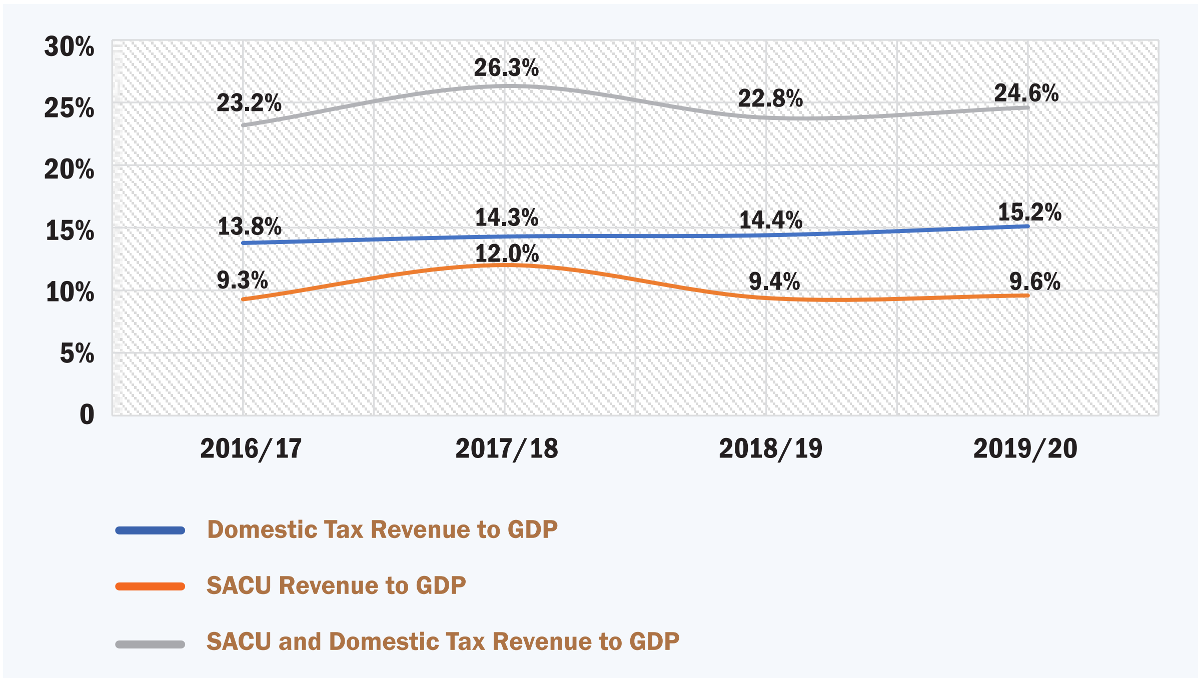
Total revenue-to-GDP ratio (including SACU revenue) stood at 24.6%

2.4.2 Tax Revenue to Gross Domestic Product

The tax-to-GDP ratio is another common measure of the efficiency of the tax administration and tax policy in an economy. An increasing tax-to-GDP ratio indicates improved efficiencies. This is a difficult measure to target for the SRA as while the organisation collects customs and excise duties, it does not account for these as revenue as they are transferred directly to the Common Revenue Pool and later get them back as part of the revenue sharing arrangement under the Southern Africa Customs Union (SACU).

The organisation achieved a domestic tax-to-GDP ratio of 15.2% in 2019/20, against a target of 15.3%. This shows a marked improvement from the tax-to-GDP ratio of 14.4% recorded in 2018/19 The below target performance in 2019/20 is mainly due to lower than target tax revenue collections in VAT, Pay As You Earn (PAYE) and Other Income Taxes (OIT). Total revenue-to-GDP ratio (including SACU revenue) stood at 24.6% in 2019/20, an improvement from the 23.8% recorded in the previous year, owing to better performance in both domestic revenue collections and SACU receipts.

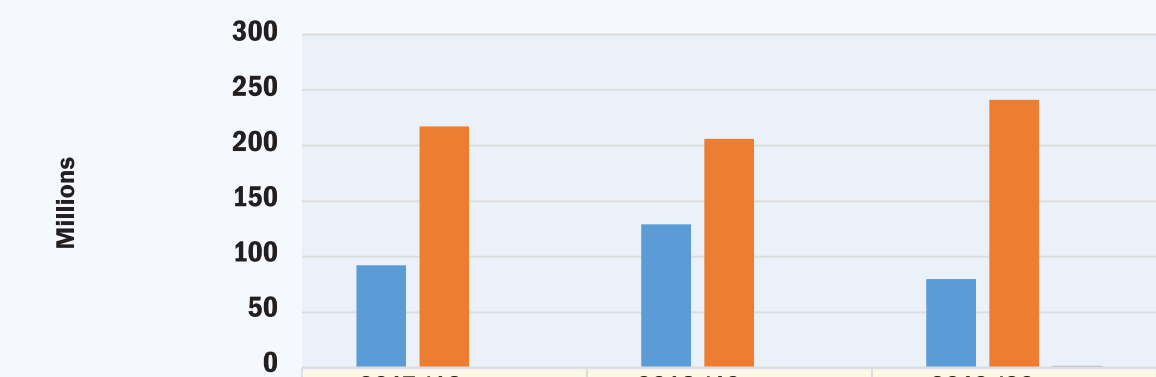
Figure 2.6 Domestic Tax Revenue and SACU Revenue Tax-to-GDP Ratio, 2016/17 to 2019/20



2.4.3 Tax Revenue Foregone

Tax revenue foregone resulting from exemptions declined by 3.9% to E322.9 million in 2019/20 from E335.9 million in 2018/19. This was due to a decrease in VAT exemptions over this period, which resulted from a decline in goods for diplomats and general rebates. Total exemptions amounted to E111.7 million whilst rebates amounted to E243.1 million. The highest tax revenue foregone was on customs duties, followed by VAT exemptions. VAT exemptions were mainly for Diplomatic Missions, precious metals and valuables supplied to the Central Bank of Eswatini (CBE), and re-imported goods. Customs revenue foregone was mainly on raw materials for textile companies and importation by Diplomatic Missions.

Figure 2.7 Tax Revenue Foregone through Exemptions in 2017/18 - 2019/20 (Emalangeni)



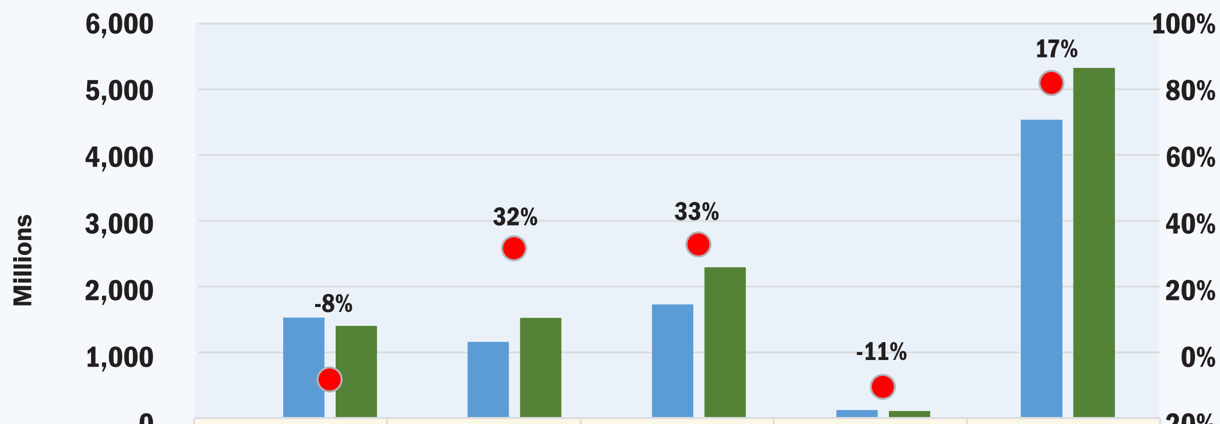
	2017/18	2018/19	2019/20
VAT	92,333,860	12,9208,931	79,830,721
Customs Duty	217,200,658	206,094,993	24,1263,544
Excise Duty Advalorem	647,778	559,517	1,794,327

2.4 Revenue Collection Performance (continued)

2.4.4 Debt to Tax Revenue Ratio

There was a mixed performance in the debt stock across all tax types, leading to an overall increase of 17.4% in tax arrears. As at 31st March 2020, the total debt stock was E5.326 billion from an opening balance of E4.536 billion. There was a decline of 8% on Income Tax debt, while there were significant increases in the VAT and PAYE debt at 33% and 32% respectively, during the year under review. PAYE faced pressure from non-paying public entities who were facing cash flow challenges, while VAT debt increased due to non-payment of filed returns, more especially by taxpayers in the manufacturing sector. As a percentage of GDP, tax arrears increased from 7.3% in 2018/19 to 8.5% in 2019/20. The debt to tax revenue ratio as at the close of the year was 53.5% against a target of 39.2%. A debt collection strategy was developed and implemented during the year resulting in vigorous collection of debts, which assisted in closing the gap on the target for the year.

Figure 2.8 Total debt for periods 2018/19 and 2019/20



	Income Tax	PAYE	VAT	WTH, Fuel tax, Sales	Total
Opening Stock	1,529,900,124	1,157,494,126	1,728,689,682	119,446,988	4,535,530,920
Closing Stock	1,402,411,639	1,523,069,662	2,293,872,210	106,716,636	5,326,070,147
Growth Rate	-8%	32%	33%	-11%	17%

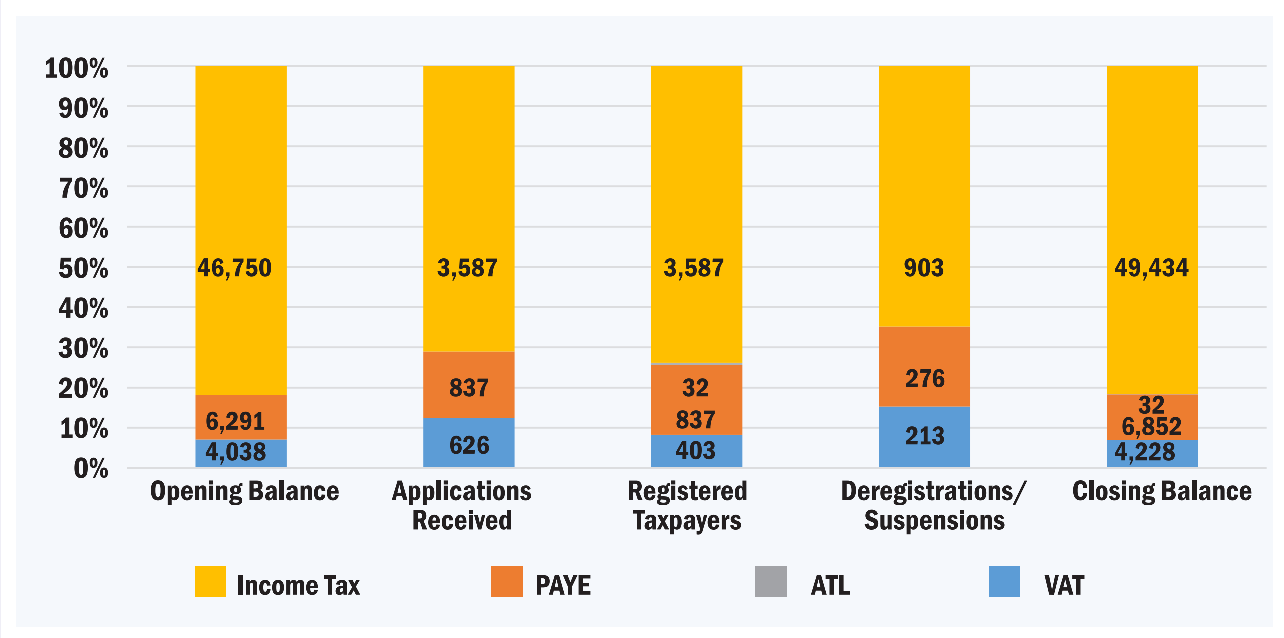
2.5 Voluntary Compliance

2.5.1. Registration Compliance

An up-to-date taxpayer registration database is paramount for effective administration of taxes. Taxpayer Registration is fundamental to key Compliance Processes associated with filing, assessment, payment and collection of debts; hence, it is also vital that adequate resources are allocated to maintain a database of sufficient accuracy to assist with taxpayer interactions. During the reporting period, the taxpayer database increased by 5.7% from 46,750 to 49,434.

Taxpayer database increased by 5.7% from 46,750 to 49,434.

Figure 2.9 Registration Outlook in 2019/20

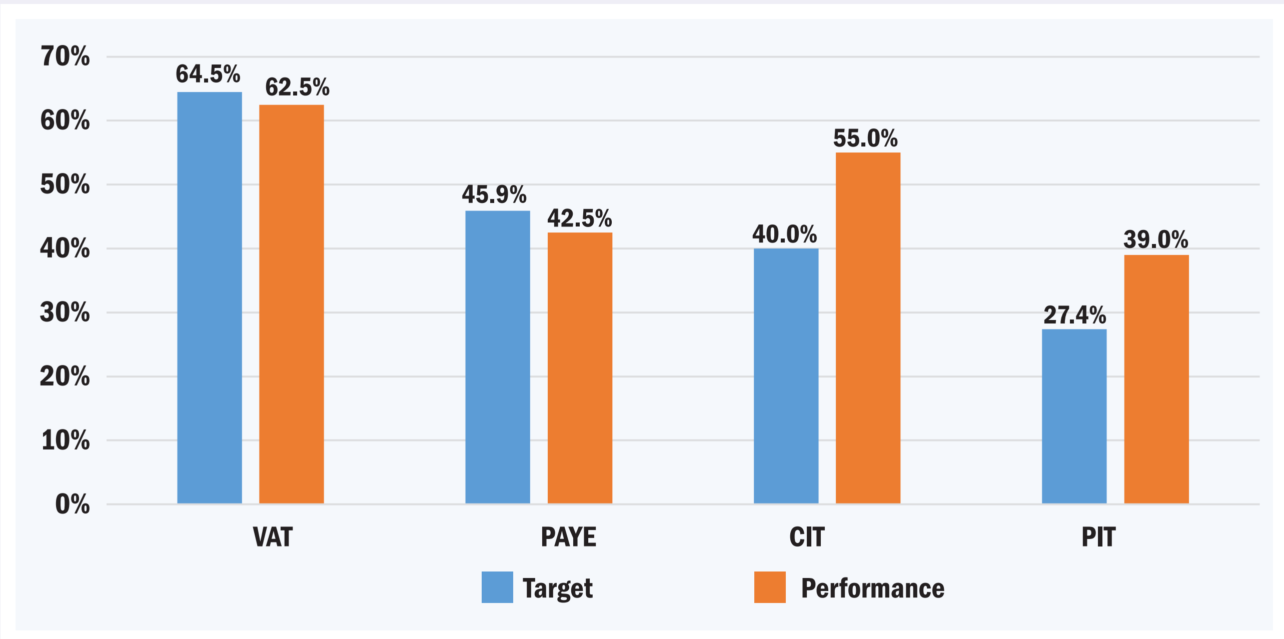


In the year 2019/20 a total of 503 Taxpayer Identity Numbers (TINs) were issued to entities registering for Company Income Tax, reflecting a 2.48% increase on the previous year but falling below the set target of 2.8%. For VAT registration, on the other hand, 94 TINs were issued, which reflects an increase of 2.3% against a target of 1.8%.

2.5.2. Filing Compliance

The number of returns filed on time increased by 17.62% when compared to previous year, mainly due to new registrations and pro-active enforcement. On-time filing was 55.5%, 39.0%, 62.5%, and 42.5% for CIT, PIT, VAT and PAYE, respectively. This was against the respective targets of 40.0%, 27.4%, 64.5% and 45.9%. Both CIT and PIT performed above target. General growth in returns submitted, whether late or on time, was 13.33%, reflecting improvement in filing compliance.

Figure 2.10 Filling Compliance Statistics in 2019/20



2.5 Voluntary Compliance (continued)

2.5.3. Payment of Refunds

Timely processing of refunds is important for businesses, as they need to be liquid for day-to-day operations. A total of E1.419 billion was processed in refunds for 2019/20 of which 98% were for VAT. In its quest to improve the paying taxes aspect of the ease of doing business index, the organisation improved the average time it takes to pay a VAT refund from 41 days to 25 days while the time to pay an income tax refund reduced from 75 days to 25 days. Timely availing of supporting documents through electronic platforms by some taxpayers and improved exchange of data within our systems.

Figure 2.11 Refunds Payment Summary

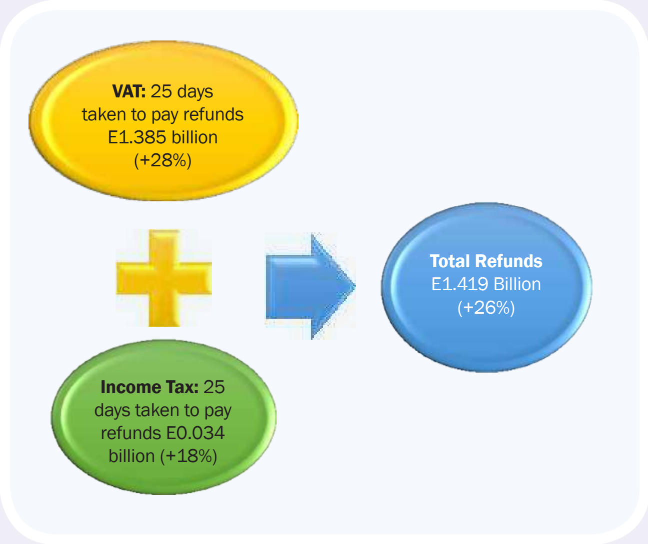
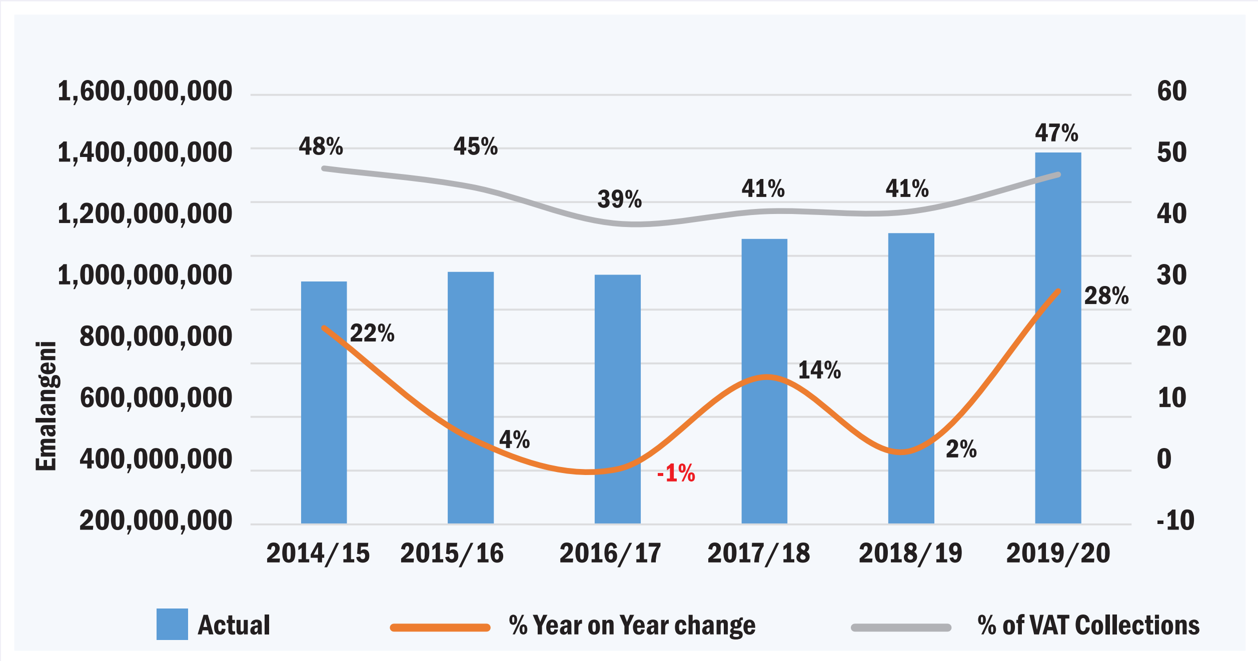


Figure 2.12 VAT Refunds in the period 2014/15 – 2019/20



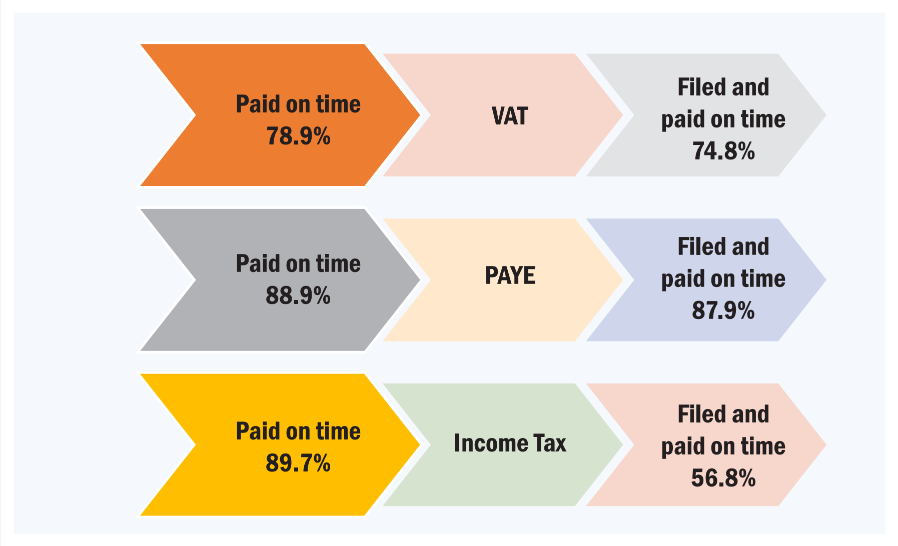
A total of E1.419 billion was processed in refunds for 2019/20 of which 98% were for VAT.

2.5.4. Payment Compliance

On-time payment for both CIT and PIT were above their respective targets whereas PAYE and VAT were below target.

The enrolment of taxpayers on Self-Assessment contributed to this improvement as their returns and payments are due on the same date, hence an increase in timely payment.

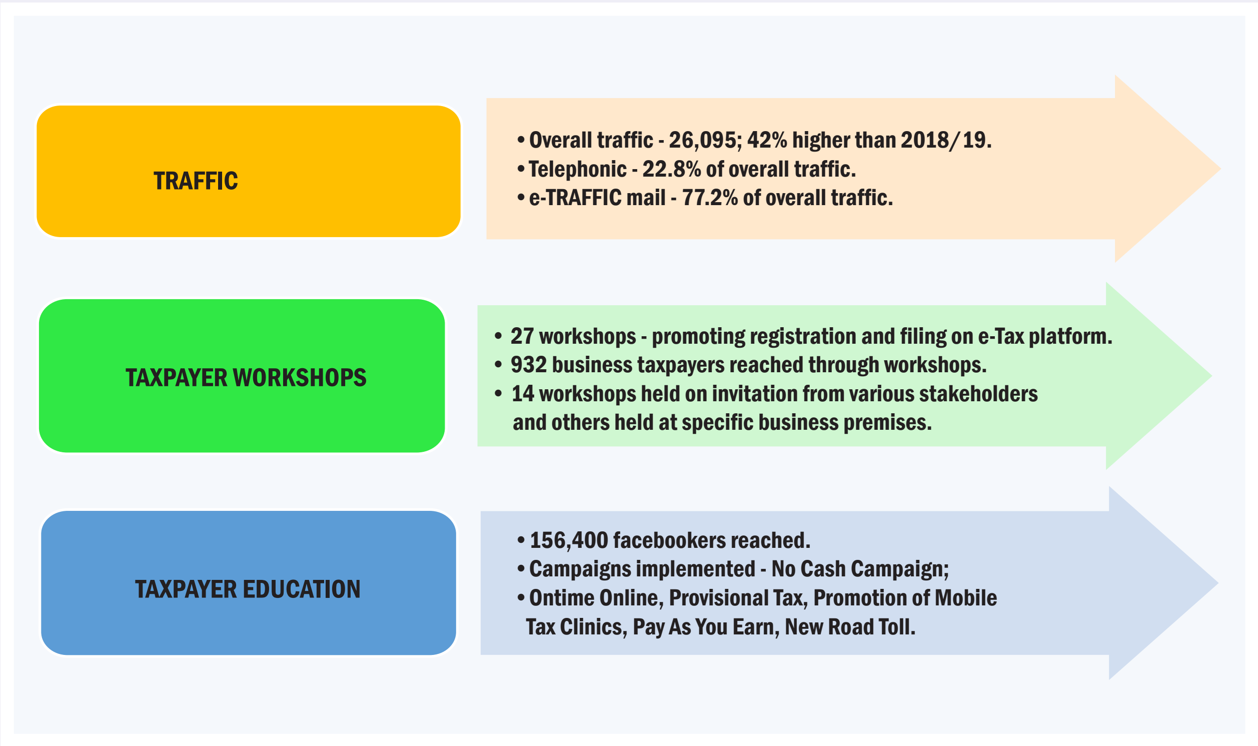
Figure 2.13 Payments Statistics in 2019/20



2.5.5. Taxpayer Engagements

The organisation continued to interact and communicate with various stakeholders through the available modes at its disposal.

The organisation's contact centre remained the main point of contact, receiving enquiries through email and telephone.



2.5 Voluntary Compliance (continued)

Major Events

Launch of 2019 Income Tax Filing Season by the Minister of Finance, Honourable Neal Rijkenberg on the 1st of July 2019, to mark the beginning of filing season.

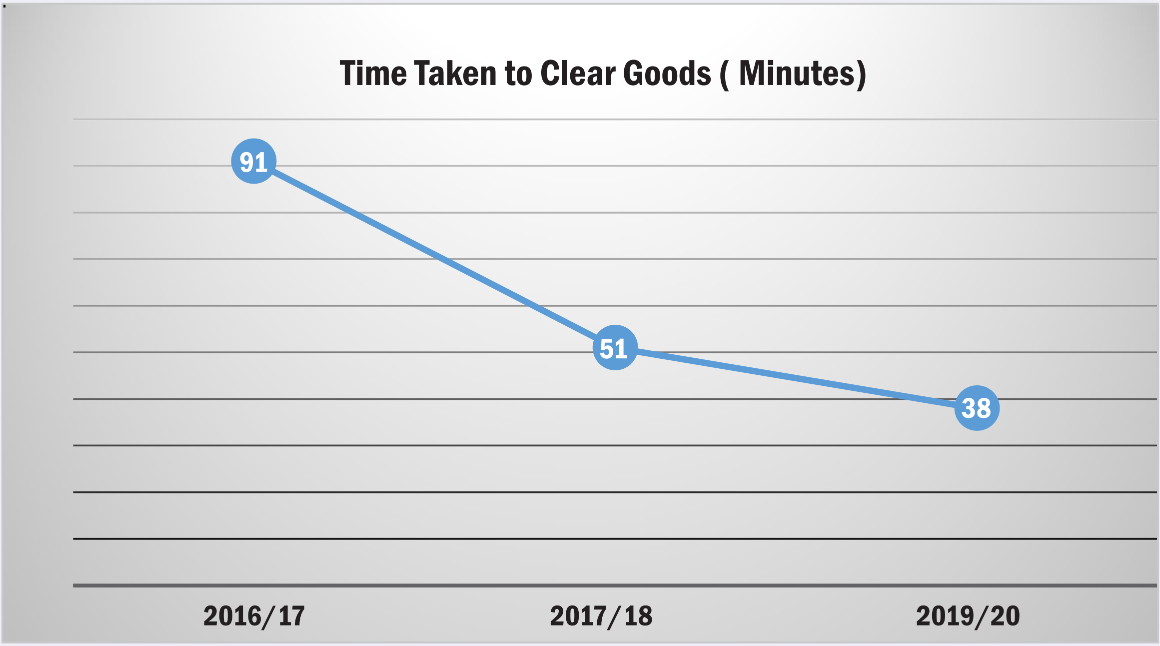
Online Public Filing of Income Tax Returns by Honourable Prime Minister. Honourable Prime Minister of the Kingdom of Eswatini, His Excellency the Right Honourable Ambrose Mandvulo Dlamini, publicly submitted his personal income tax returns on the 14th November 2019.

2.6 Trading Across Borders

2.6.1. Average time taken to release goods at borders

The results from the mini Time Release Study (TRS) that was undertaken within the FY indicated that the average time taken from when goods enter the customs controlled area to the point of exiting the boom gate showed an improvement by 12 minutes, from an average of 51 minutes recorded the previous year. The graph below depicts the foregoing.

Figure 2.14 Time Release Study Results

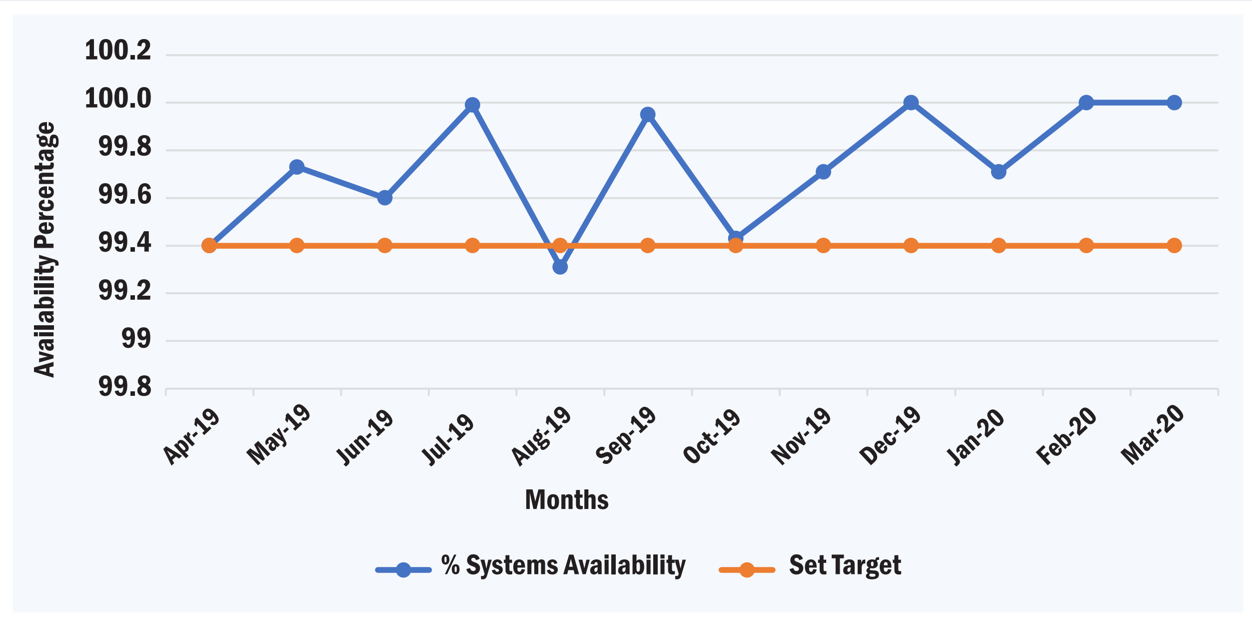


Activities that supported the improvement in the clearing times for goods are the regular engagements with clearing agents as well as between stakeholders at the border (operational efficiencies were improved) and accreditation of two (2) compliant traders under the Preferred Trader Programme. The enhancement and optimisation of ASYCUDA system to automate the release of declarations and integrate its functionality with controls implemented by other regulatory agencies added to the supporting actions to this improvement.

2.6.2. High Systems Availability

The organisation is increasingly reliant on Information Technology to do its business and interact with its clients. It is therefore imperative that there are minimal disruptions to its platforms. The organisation succeeded to surpass the targeted system uptime level that was set at 99.4% for the year. The average percentage systems uptime attained this financial year was 99.74%, which was a great improvement compared to last financial year where a rate of 99.38% was attained. In the first two quarters of the FY, ASYCUDA system challenges affected the performance of system uptime. An investigation of the root cause to the ASYCUDA challenges revealed the problem, rectification of the problem was in October 2019, and the system performance improved thereafter.

Figure 2.15 Systems Availability Chart



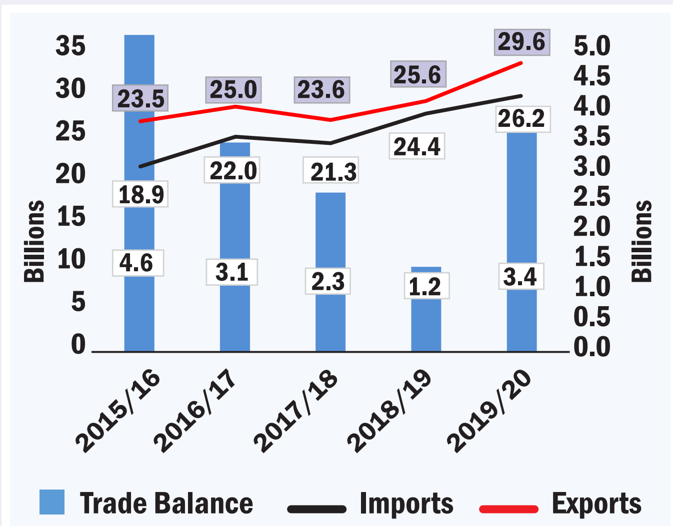
Strategically, the organisation continued to explore opportunities that come with disruptive technologies and aims at leveraging the fourth industrial revolution to ensure that the SRA remains relevant in its mandate. To this end preliminary work in-line with adopting cloud strategies has begun that will position the SRA for readiness to embark on digital transformation as per its strategic road map.

2.6.3. Trade and Merchandise Statistics

2.6.3.1. Total Trade in Goods

During 2019/20 FY, a positive trade balance of E2.64 billion was recorded for the country compared to the E0.41 billion surplus observed in 2018/19. Total exports to the world stood at E29.6 billion, which was a 15% increase from E25.62 billion recorded in 2018/19. Total imports from the world increased by 7% and were valued at E26.2 billion compared to E25.20 billion in 2018/19.

Figure 2.16 Visible Trade Balance 2015/16 – 2019/20



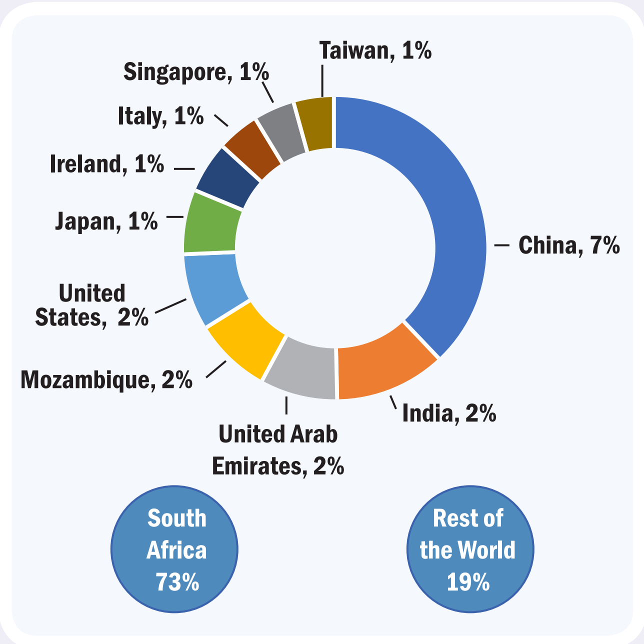
The visible trade balance, which is a major component of the country's balance of payments, reports on tangible exports less imports. It has been averaging positively at about E2.9 billion over the past 5 years wherein the country has been exporting more than what she imports.

2.6.3.2. Major Trading Partners

South Africa remains Eswatini's major source of imports, accounting for 73% of the country's total import bill. The second major import partner was China from which plain cotton weave was the biggest commodity being imported.

2.6 Trading Across Borders (continued)

Imports by Country 2019/20



Exports by Country 2019/20

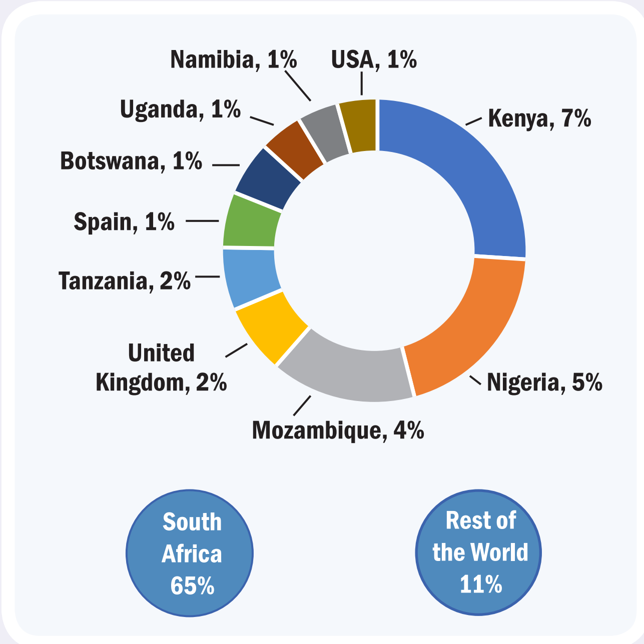
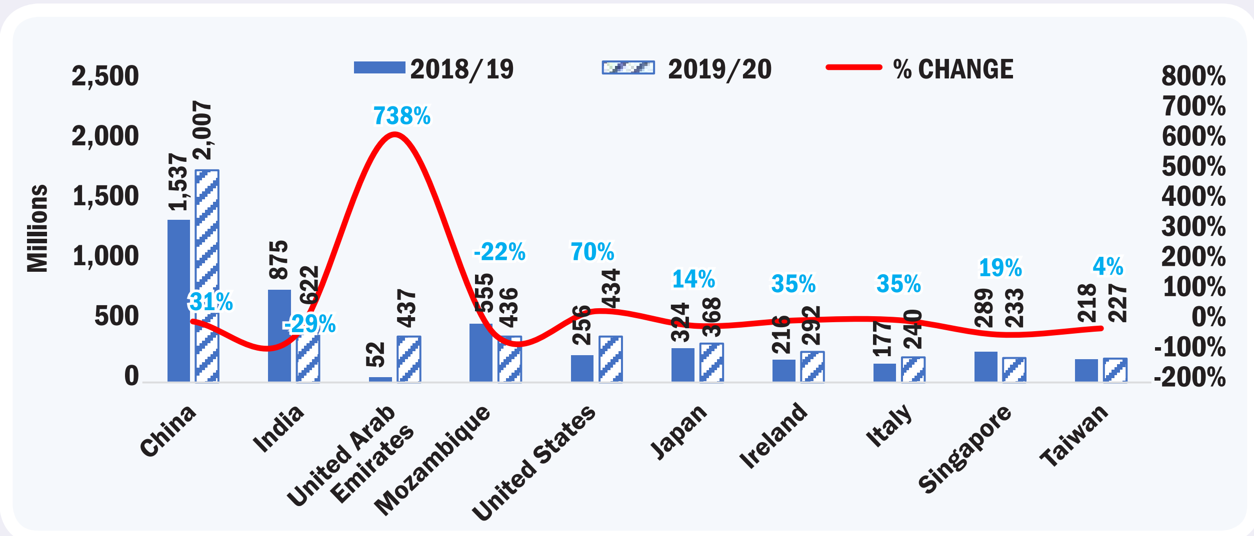


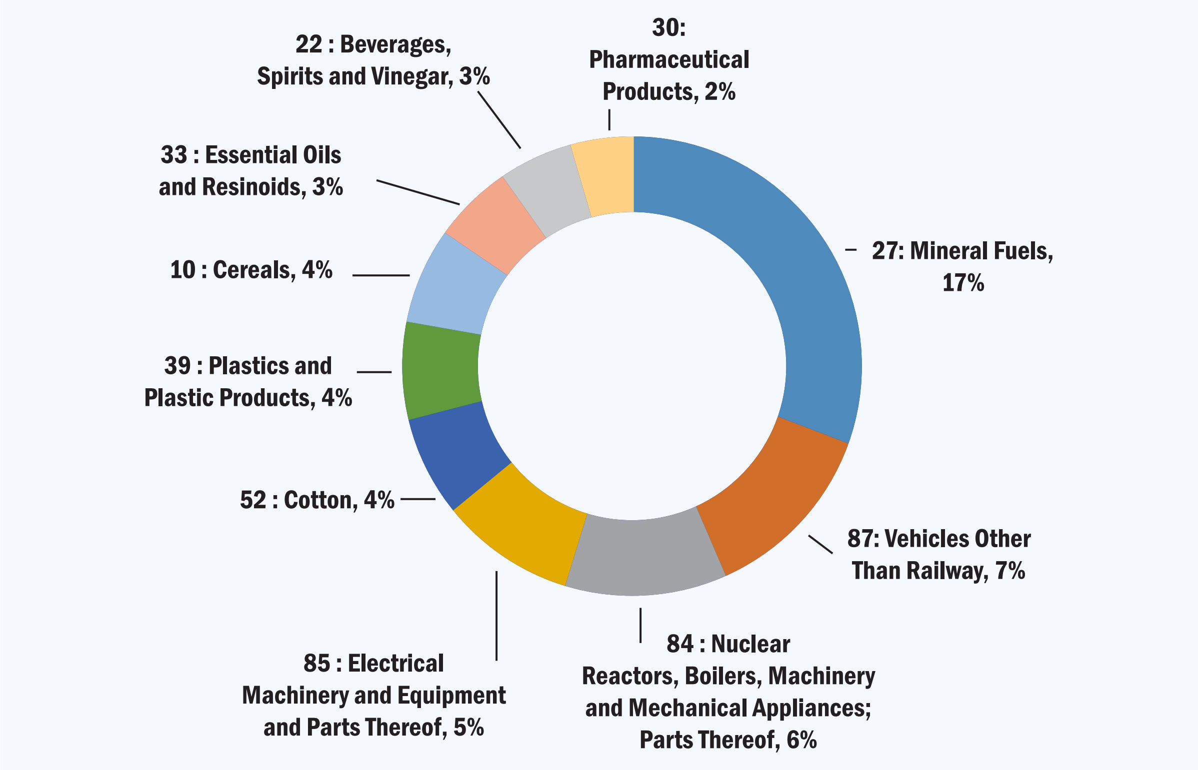
Figure 2.17 Major Import Partners (excl. South Africa)



2.6.3.3. Imports by product

Petroleum products were the leading import commodities for the country during the reporting financial year, amounting to E2.92 billion, an increase of 10% from the 2018/19.20.

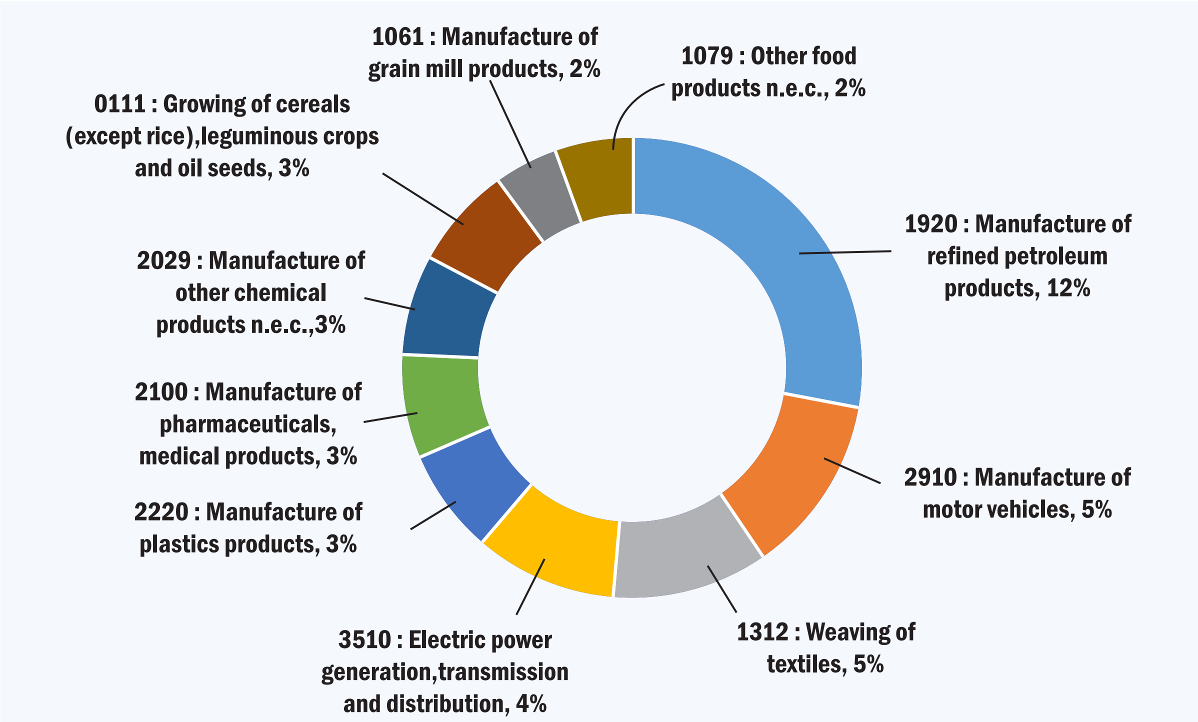
Figure 2.18 Top Imported Products



2.6.3.4. Classification of imports by industry

Imported goods classified by Internal Standard Industry Classification (ISIC) which were from the manufacturing sector were mainly *refined petroleum products* (12%), *motor vehicles* (5%) *weaving of textiles* (5%) and *electrical power generation* (4%) in 2019/20.

Figure 2.19 Top 10 Imported products classified by ISIC 2019/20

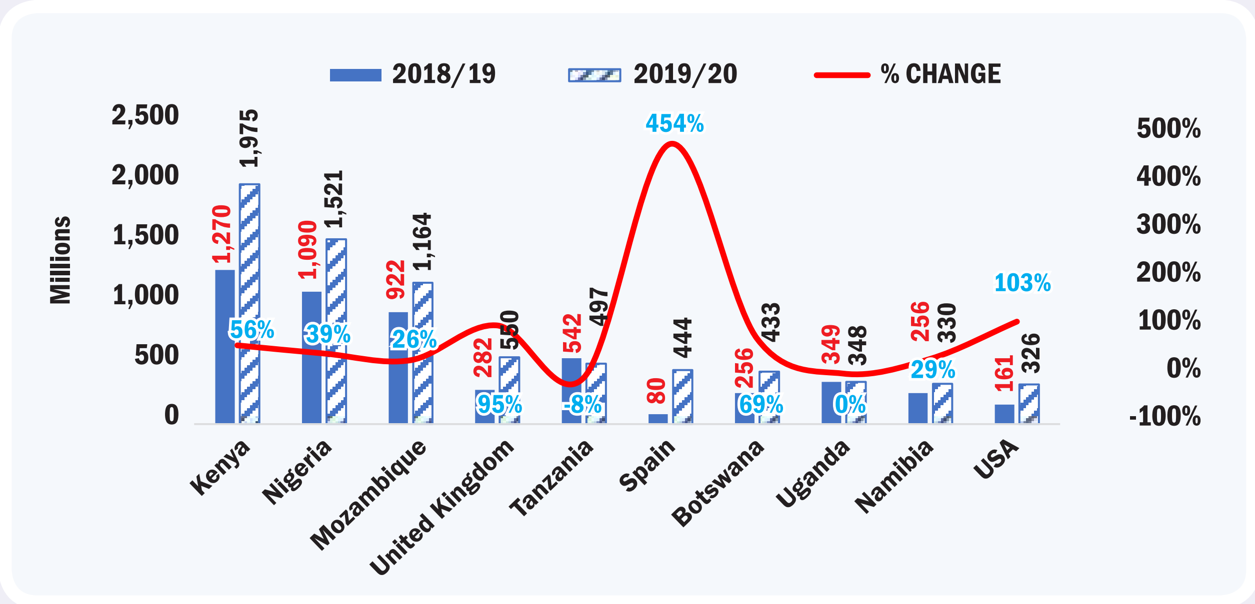


2.6 Trading Across Borders (continued)

2.6.3.5. Exports by Country of Destination

Exports for the reporting FY 2019/20 were recorded at E29.58 billion: this was a 15% increase compared to 2018/19 (E25.62 billion). South Africa accounted for 65% of the country's total exports.

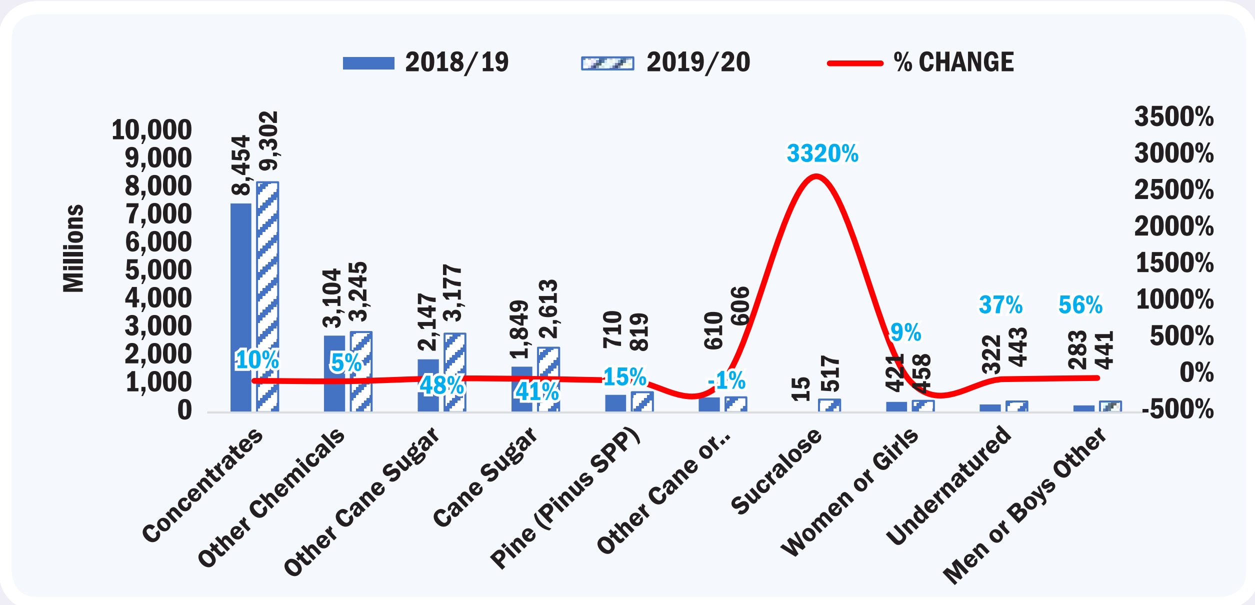
Figure 2.20 Major Export Partners (excl. South Africa)



2.6.3.6. Exports by Product

The major export products in 2019/20 mainly to African Union (AU) countries were chemical products comprising of solution for food and drinks and preparations of the chemical or allied industries. These are sometimes referred to as concentrates and accounted for 31% of total exports.

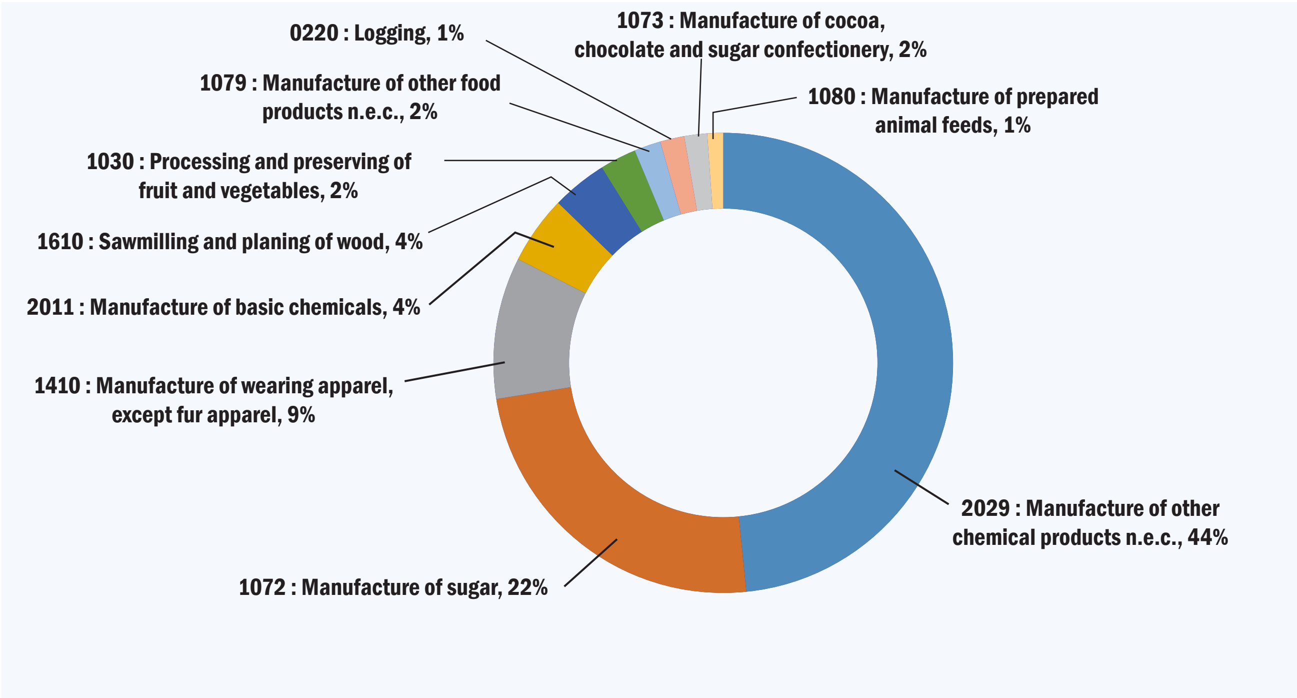
Figure 2.21 Top Exported Products.



2.6.3.7. Classification of exports by industry

Exported goods classified under the manufacturing sector such as other chemical products (44%), sugar (22%) wearing apparel except fur (9%) and Saw milling and planing of wood (4%) were the major exports in 2019/20.

Figure 2.22 Exported products 2019/20 classified by ISIC



2.6.4. Customs Modernisation Programme

The Customs Modernisation Programme continued in the year supported by technical assistance interventions from international organisations, mainly the World Customs Organisation, UNCTAD and the World Bank.

These modernisation initiatives helped the country to improve its operations while simultaneously aligning with the country's commitments under the WTO's Trade Facilitation Agreement. Initiatives that were implemented include the following:

- Implementation of the Trade Information Portal (TIP) which will provide a platform through which information on clearance requirements will be published for access by traders.
- Workshop was conducted with assistance from SACU to promote the Preferred Trader Program (PTP) and it sensitized business operators and stakeholders on the need for increased partnership and collaboration to improve compliance and facilitate trade.
- Enhancing risk management through practical sessions that assisted in analysing information and improving risk profiling.
- Implementation of the performance measurement system on ASYCUDA.
- The World Customs Organization (WCO), under the Mercator Programme support, facilitated a workshop to enhance understanding on the use of the system based audit approach.
- SRA to lead the implementation of Coordinated Border Management and the National Single Window to assist border agencies to operate in a coordinated approach and further streamline processes and establish a single portal through which clearance of goods can be facilitated.
- Development of a training curriculum to introduce an accredited programme for training of Customs Clearing and Freight Forwarding Agents.

3. GOVERNANCE

The organisation subscribes to the King Code on corporate governance combined with its compliance with relevant legislation. This has ensured high standards of corporate governance and compliance. The Governing Board provided oversight on the governance and operations of the organisation. The Minister of Finance appoints the SRA Governing Board as empowered by the Eswatini Revenue Authority Act, 2008 (as amended), based on the skills and experience and by virtue of positions of incumbents in the relevant government ministries. The Act also determines the composition of the Governing Board and prescribes how the members are appointed based on their integrity, knowledge, qualification, and experience. The Governing Board comprises eight (8) members, appointed in terms of Section 6 of the Eswatini Revenue Authority Act, 2008 (as amended), seven (7) of which are non-executive members.

3.1 Governing Board Composition

The beginning of the FY 2019/20 saw the appointment of three (3) new members to the Governing Board, namely:

1. Mr. David Dlamini – Chairman - (1st April 2019)
2. Dr. Phil Mnisi – Vice Chairman - (1st April 2019)
3. HRH Prince Lindani - Member - (1st June 2019)

This followed the end of the term of office of three (3) former members who were no longer eligible for re-appointment. There was also a change in membership with the appointment of Ms. Sizakele Dlamini as Principal Secretary in the Ministry of Finance effective 1st August 2019. She replaced Mr. Bheki Bhembe, whose membership to the Governing Board simultaneously terminated with his appointment as Principal Secretary in the Ministry of Economic Planning and Development.

The Governing Board was constituted as indicated below during the reporting period:

1. Mr. David Dlamini - Chairman
2. Dr. Phil Mnisi - Vice Chairman
3. Mr. Dumisani Masilela - Executive Member
4. Mr. Majozi Sithole - Non-Executive Member (ex-officio)
5. Mrs. Carol Muir - Non-Executive Member
6. Mr. Newman Ntshangase - Non-Executive Member (ex-officio)
7. His Royal Highness Prince Lindani - Non-Executive Member
8. Ms. Sizakele Dlamini - Non-Executive Member (ex-officio)

The Governing Board

Mr. David Dlamini
Chairman
(Appointed 1st April 2019)

Dr. Phil Mnisi
Vice Chairman
(Appointed 1st April 2019)

Mr. Dumisani Masilela
Commissioner General
(Appointed 1st April 2010)

Mrs. Carol Muir
Non Executive Member

Mr. Majozi Sithole
Non Executive Member
(ex-officio)

HRH Prince Lindani
Non Executive Member
(Appointed 1st June 2019)

Mr. Newman Ntshangase
Non Executive Member
(ex-officio)

Ms. Sizakele Dlamini
Non Executive Member
(ex-officio)

3.2 Governing Board Committees

In carrying out its oversight responsibilities, the Governing Board constitutes itself as sub-Committees with specific functions delegated to these sub-Committees. During its tenure, in the reporting period, the Governing Board approved the re-constitution of the composition of the Governing Board sub-Committees, as well as the reduction of the Committees from three to two. With this, the work of the Tender Committee was incorporated into the functions of the Audit and Risk Committee.

The Governing Board therefore now consists of two Committees, which assist the Governing Board to effectively discharge its duties in terms of the Eswatini Revenue Authority Act, 2008 (as amended) and other applicable legislation and governance principles that have been adopted by the organisation. The mandate of each Committee is contained in the Terms of Reference and Charters, as reviewed periodically.

Table 3.1 Terms of reference for newly constituted Committees of the Governing Board.

Audit and Risk Committee	Human Resource and Ethics Committee
• Assists the Governing Board in overseeing the assurance and integrity of financial reporting. • Has oversight over: - Risk management; - Legal compliance; - ICT governance; - Staff integrity-related risks. • Ensures that there is a combined approach to the assurance functions, which consist of internal audit, risk and assurance, internal affairs, legal compliance.	• Assists the Governing Board in overseeing the management of human capital and people risks and organisational ethics. • Appointment and remuneration of executive management. • Monitors the organisation's activities on corporate social investment.

3.3 Governing Board Business in 2019/20

3.3.1. Areas of focus in 2019/20

The Governing Board oversees, monitors and ensures accountability and also approves policies and strategy, assisted by the Committees. In 2019/20 the areas of focus by the Governing Board included the underlisted.

Table 3.2 Areas of focus in 2019/2020

Committee and Governing Board	Areas of focus
1. Audit and Risk Committee.	• Reviewed the revised Audit and Risk Committee Charter, which was subsequently approved by the Board. • Approved the 2018/19 audited annual financial statements. • Approved the 2017/18 audited annual financial statements on administered accounts produced by the Auditor General. • Recommended for approval to the Board the following policies and frameworks: - Revised Enterprise Risk Management Framework. - Risk Appetite and Tolerance Framework and limits. - ICT governance. - Revised Fixed Assets Policy. • Approved the 2020/21 Audit Plan and Fee. Reviewed quarterly internal performance reports.

Committee and Governing Board	Areas of focus
2. Human Resource and Ethics Committee.	• Reviewed the Human Resource and Ethics Committee Terms of Reference, which were subsequently approved by the Governing Board. • Recommended for approval to the Governing Board the following policies: - Revised Strategic Communications Policy. - Revised Safety, Health, Environment Policy. - Revised Retention of Scarce and Critical Skills Policy. - Security Policy. • Recommended the Corporate Re-branding proposal for approval by the Governing Board. • Reviewed the report on staff performance for the 2018/19 financial year.
3. Governing Board.	• Succession plan for the Executive Committee, which it reviews annually to ensure that succession is in place for key positions. • Reviewed the constitution of the Board Committees, and approved the abolishment of the Tender Committee, whose functions were incorporated into the Audit and Risk Committee. • Adopted Corporate Re-branding of the organisation and adoption of a new name and recommended for approval by Cabinet. • Adopted the annual board calendar and meeting schedule for 2020/21. • Adopted the salary benchmarking report recommendations following the exercise by Deloitte.

3.3.2. Governing Board Attendance in 2019/20

All Governing Board meetings took place as scheduled during the year in each quarter, with three (3) extraordinary meetings convened. The Audit and Risk Committee participated in a workshop on the development of the organisations' Combined Assurance Framework.

Table 3.3 Governing Board meetings

MEMBER	Date of Appointment	No. of Years in Office	Board Meetings	Audit and Risk Committee	Human Resource and Ethics Committee
David Dlamini (Chairman)	1st April 2019	1 year	5/6	N/A	4/5
Phil Mnisi (Vice Chairman)*	1st April 2019	1 year	6/6	5/5	N/A
Dumisani Masilela	1st April 2010	10 years	6/6	5/5	5/5
Majozi Sithole	1st November 2013	6 years 5 months	2/6	N/A	4/5
Carol Muir**	1st November 2017	2 years 5 months	5/6	3/5	5/5
Newman Ntshangase	1st November 2017	2 years 5 months	4/6	5/5	N/A
Prince Lindani	1st June 2019	10 months	1/5	1/5	N/A
Sizakele Dlamini	1st August 2019	8 months	1/5	1/4	1/4
Bheki Bhembe***	21st November 2014	4 years 8 months	1/1	0/1	1/1

** Audit and Risk Committee Chairperson.*
*** Human Resource and Ethics Committee Chairperson.*
**** Term ended 31st July 2019*

3.4 Executive Committee

The day-to-day leadership of the organisation rests on the Commissioner General (CG) to ensure execution of the strategy and oversee operations as approved by the Governing Board. The CG works with members of the Executive Committee (EXCO) who possess varied skills and valuable experience ideal for their relevant functions.

3.4 Executive Committee (continued)

Figure 3.1 SRA Executive Committee Members in 2019/20

Mr. Dumisani Masilela
Commissioner General

Ms. Thobile Dlamini
Chief Financial Officer

Ms. Thulie Tsela
Commissioner
Domestic Taxes

Ms. Gugu Mahlinza
Commissioner
Customs and Excise

Mr. Brightwell Nkambule
Head of Business Strategy
and Development

Mr. Leonard Nxumalo
Head of
Corporate Services

Ms. Nomcebo Marrengane
Chief Legal Officer

4. RISK MANAGEMENT AND ASSURANCE

4.1 Enterprise Risk Management and Assurance

The SRA's risk management practises align to the latest ISO 31000 (2018) standard. A review of the organisation's Enterprise Risk Management (ERM) Framework and policy statement was undertaken in the year under review to align to this new standard (previously ISO 31000: 2009). The aim was to ensure the risk management systems within the organisation are up-to-date with the latest developments in the industry and remain effective (i.e. fit for purpose). The SRA's Risk Appetite and Tolerance Framework and the related thresholds for the year to guide management's decisions on the organisation's key risks were also finalised.

This being the early stages in the process, extensive engagement on the framework were undertaken during the year, mainly at management level for understanding and buy-in. For sufficient integration of the process into key decision-making, engagements will continue into all the levels of the organisation. Monitoring and reporting on the limits performance as per the reporting matrix also commenced during the year. As at the end of the reporting period, four (4) risk appetite limits were reported as breaching the limits. These were escalated to Governing Board with the relevant treatment actions and controls having been identified and put in place.

Table 4.1 A summary of 2019-20 Strategic Risks with treatment plans.

SRA's Strategic Risks 2019/20	Treatment Plans
1. Irrelevant operating model.	• Initiated operationalisation of Innovation Framework; • Commenced review of ICT strategy in partnership with appointed industry experts.
2. Accelerated degradation of the organisation's image.	• Implemented Communication Plan and Strategy with focus on enhancing external communication that included indirect responses to media streams; • To introduce an automated social media-monitoring tool for real time and comprehensive monitoring.
3. Insufficient future skills to implement tax digitization initiatives.	• Partnered with World Customs Organisation to implement a People Development Programme (WCO Mercator Programme) to align the comprehensive job profiles with required competences and breach gap with a plan. • Prioritised strengthening of training needs analysis to include identification of both current and future skills gaps.
4. Cyberattacks.	• Prioritised enhancing of SLAs with service providers to include adherence to security standards and implementation of regular independent audits on information security. • To collaborate with specialists to verify compliance by service providers with security standards on its behalf. • Shared security awareness publications including training with plan to automate it.
5. Loss of control on systems (due to adopting cloud solutions).	• Commenced process of developing a Cloud Strategy and Digitization Strategy in partnership with industry experts to minimise exposure to risks. • Plans in place to appoint more than one service provider not from the same country and alliance, where possible. • Developing internal capacity on specialised contract management is one of the focus areas as the ICT environment evolves. • Review of major MOUs with key partners.
6. Emotional and mental health related illness.	• Prioritised staff empowerment in managing psychosocial matters and raise awareness. • Encouraged regular engagements with staff by line managers for early detection of problems on staff.
7. Failure to meet domestic revenue target.	• Collaborated with Government on tax defaulters. • Initiated a project in preparation of implementing Presumptive Tax. • Continued with VAT audit training for further equipping of tax auditors. • Conducted an independent best practise assessment on core functions of SRA by IMF (TADAT assessment). • Signing of MOUs with key ministries is ongoing for information sharing purposes (third party data). • Implemented enforcement activities especially for high-risk sectors.

4.1 Enterprise Risk Management and Assurance (continued)

SRA's Strategic Risks 2019/20	Treatment Plans
8. Inability to attract and retain the required talent (behaviour, skills, knowledge).	• Initiated engagements with the local university aimed at collaborating on enhancing the tax curriculum for students. • Implemented recommendations from the salary benchmarking exercise. • Through Governing Board approved the reviewed Retention Policy whilst the Talent Management Framework is still under review.
9. Increase in incidents of theft / fraud – internal.	• Built more capacity to enable implementation of (staff) lifestyle audits. • Strengthened internal disciplinary process to improve turnaround times. • Quarterly staff training on managing finances was conducted. • Started publishing staff who exit amid fraudulent allegations for protection of the tax community. • Reviewed payment process to close identified gaps.
10. Unsatisfactory levels of voluntary Compliance.	• of voluntary Compliance. Plans to develop the Advocacy strategy and plan are underway. Progressed in implementing the Compliance Risk Management Project. Embarked on a taxpayer-nudging project. Updating of the taxpayer database for information accuracy.

4.2 Business Continuity Management

Like the rest of the country and the world, the SRA business and staff faced the Corona virus pandemic in the last quarter of the year. The organisation established a response team to coordinate response plans, taking into consideration documented Business Continuity Plans of the organisation, Government and international guidelines as the circumstances evolved and presented new challenges to the organisation. This was done to manage the risks linked to the pandemic to staff, stakeholders and the organisation's critical processes and mandate. A number of initiatives have been introduced thus far and reviewed continuously as the risks emerge and go through assessment.

4.3 Internal Audit

The organisation's internal audit function provides independent and objective assurance on the adequacy and effectiveness of SRA's governance, risk management, and control processes. The SRA has adopted the Combined Assurance Framework incorporating the three lines of defence model to manage risk and give assurance to the Governing Board and Executive Management. The annual audit plan approved by the Governing Board is reviewed and reassessed on a quarterly basis. Nine (9) audits were completed during the reporting period with eighty-seven (87) findings and agreed corrective actions. The audits focused on high-risk areas within the Operations, Finance, Corporate Services, and IT departments.

4.4 Staff Integrity

A total of eighty-five (85) whistleblowing reports were processed. These were made up of seventy-eight (78) reports received in the reporting period and seven (7) that had remained pending review at the close of 2018/19. The processing of reports is as reflected in Figure 4.1 and Figure 4.2, respectively.

Figure 4.1 Whistleblowing reports handled in 2019/20.

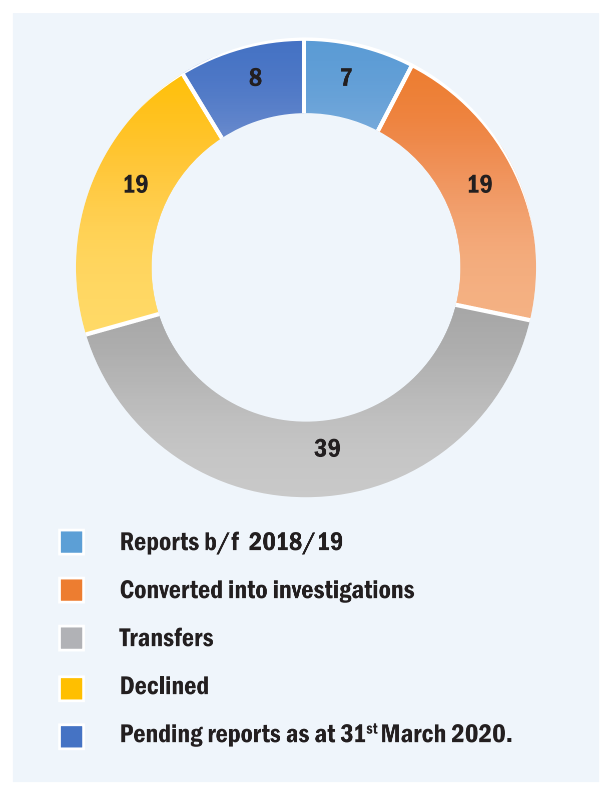
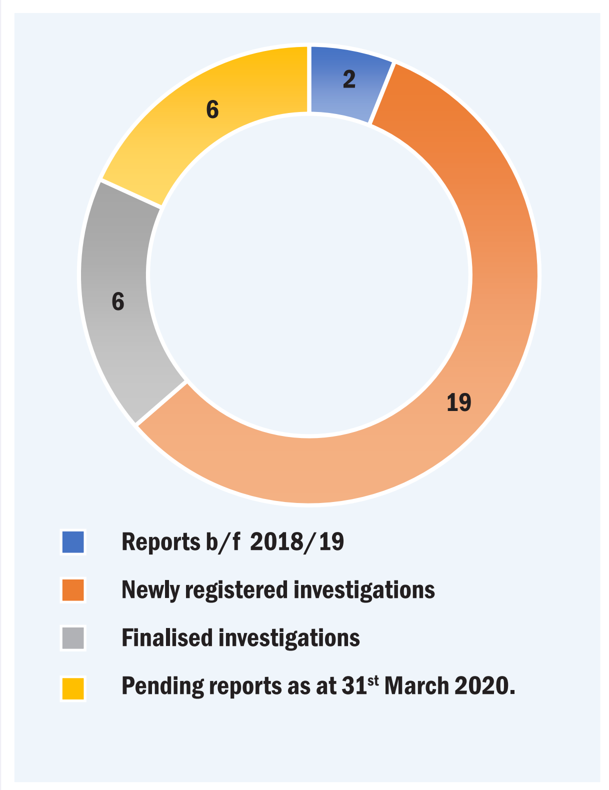


Figure 4.2 Active investigations handled in 2019/20



Out of the total active cases two (2) were brought forward from the previous FY; nineteen (19) were newly registered investigations; six (6) were finalised Investigations and another six (6) cases were pending as at the end of the FY.

4.4.1. Integrity Awareness and Education

Several activities towards educating and sensitising the public and staff on the dangerous effects of corrupt practices are shown below.

Figure 4.3 Integrity awareness activities undertaken in 2019/20.

Staff Workshop Presentation **April 2019 - February 2020**	• **Promoted whistleblowing.** • **Raised level of awareness of core value of integrity among staff.**
Electronic Signature **April 2019 – March 2020**	• **Promoted the SRA whistleblowing initiatives and toll free number.** • **Promoted UNMASK TAX CORRUPTION campaign.**
Radio Shows **November 2019 and March 2020**	• **Fostered public support in fighting tax corruption.** • **Promoted whistleblowing.** • **Promote UNMASK TAX CORRUPTION campaign and advertise toll free line.**

5. HUMAN CAPITAL DEVELOPMENT

5.1 Staff Movements

To manage costs within tight financial resources, the organisation continued to implement the partial moratorium on recruitment where consideration for recruitment is done on a case-by-case basis, depending on potential on the business.

Figure 5.1 Staff Complement as at 31st March 2020

Employee Statistics - March 2019
- 595 Permanent Employees
- 24 Contract Employees
- 46% Males
- 54% Females

Employee Statistics - March 2020
- 593 Permanent Employees
- 30 Contract Employees
- 47% Males
- 53% Females

Figure 5.2 Employee Exit Statistics as at 31st March 2020

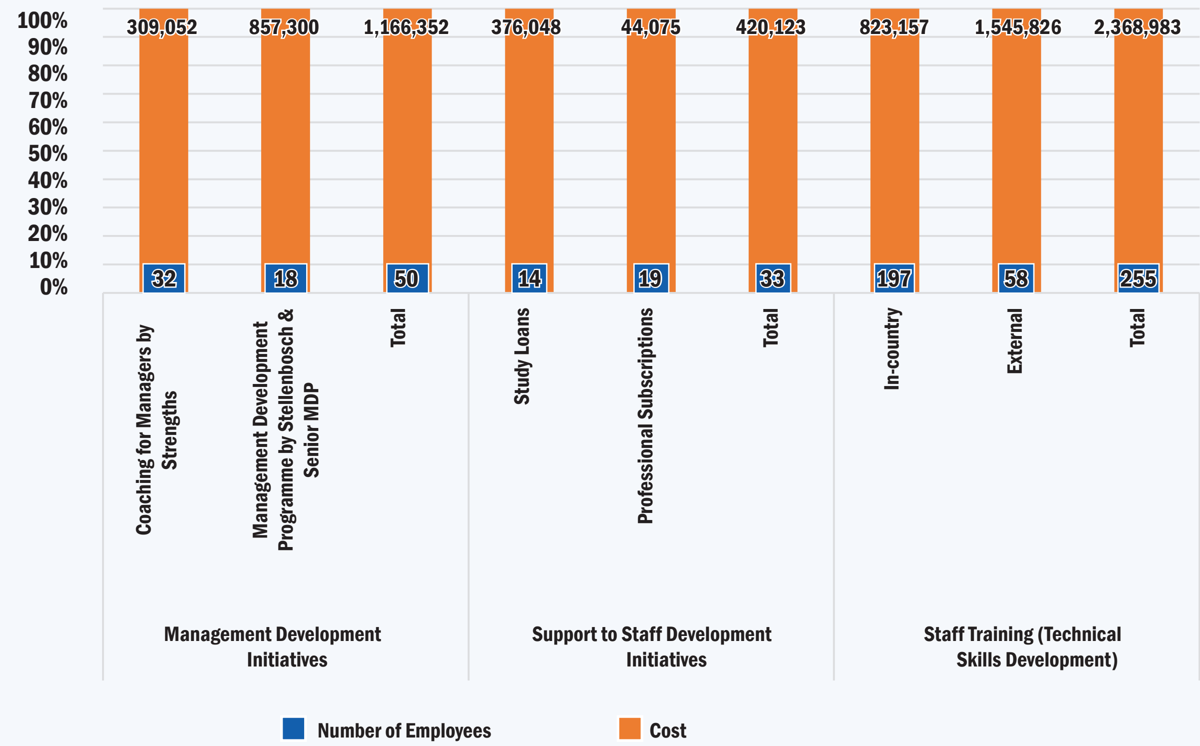
- 29 Resignations
- 3 Mutual separations
- 2 Deaths
- 5 Retirements

5.2 Employee Relations

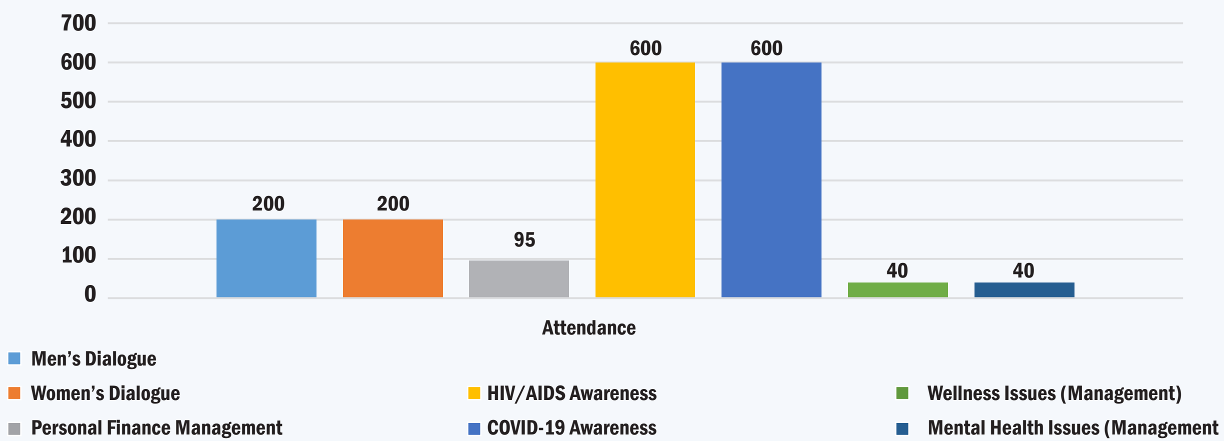
During the year under review, nine (9) labour cases were pending before the Industrial Court while three (3) had been finalised. Twelve (12) internal disciplinary cases were pending while thirteen (13) were closed. There were two (2) cases before the Conciliation Mediation and Arbitration Commission (CMAC) and all have since been finalised.

5.3 Employee Training, Leadership and Management Development 'Initiatives

Figure 5.3 Employee Training, Leadership and Management Development Initiatives ('000)



5.4 Employee Wellness Programmes

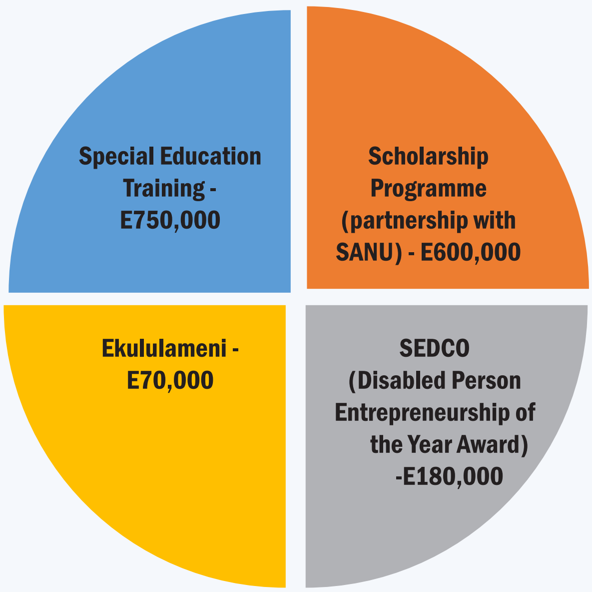


6. CORPORATE SOCIAL INVESTMENT

On the 17th October 2019 the Eswatini Revenue Authority launched the second phase of the Corporate Social Investment (CSI) Programme. The CSI programme is aimed at giving back to the society. It will span for a period of three (3) years from 2019 to 2022. This is a build-up to phase one and focus is on education for young people with disability. Speaking during the launch, SRA Governing Board Chairperson, Mr. David D. Dlamini, said, *"I am sure we all attest to the fact that our hearts will always tell us to do more for the disabled. However, resources are limited, and we cannot avoid hard choices as to where they are best spent. From the point of view of a family of a disabled child, no amount spent is too much. However, as an organisation, we have to decide how much we can afford to do at each point in time, and how much impact we can make."*

The Chairperson then pronounced a funding support of E1.84 million mainly in support of organisations articulated below.

Figure 6.1 (SRACO) disbursement to organisations



Through this programme, the organisation will also collaborate with the SRA Charity Organisation (SRACO) to drive social responsibility activities within the four special schools, which benefited under the first phase of the programme.

7. OUTLOOK

The outlook for 2020, in line with global developments, is very uncertain owing to weak economic activity in light of the COVID-19 pandemic. Early estimates indicate a likelihood of a contraction of 6.2% in the domestic economy, assuming the situation normalises in a period of about 8 to 12 months. The inflation pressures remain elevated while commodity prices, which our economy depends on, are on a downward trend. These economic conditions will undoubtedly have a huge negative impact on revenue collections for the year 2020/21, possibly extending to the medium term. Innovation, digital services and strategic partnerships will support the organisation as it strives to grow in these challenging times.

8. ANNUAL FINANCIAL STATEMENTS

ESWATINI REVENUE AUTHORITY
(Own Accounts)
FINANCIAL STATEMENTS

for the year ended 31 March 2020

CONTENTS

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Eswatini Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Board Members' Report in accordance with International Financial Reporting Standards and in a manner required by the Revenue Authority Act, 2008.

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

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

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

Approval of financial statements

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

BOARD CHAIRPERSON

08 July 2020

DATE

COMMISSIONER GENERAL

06 July 2020

DATE

INDEPENDENT AUDITOR'S REPORT

for the year ended 31 March 2020

To the Governing Board of Eswatini Revenue Authority

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Revenue Authority (the Authority) as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Eswatini Revenue Authority's financial statements set out on pages 60 to 94 comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Eswatini Revenue Authority Financial Statements for the year ended 31 March 2020". The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Partner in charge T Mason
Resident partner M Mhlanga
PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Eswatini
P O Box 569, Mbabane H100, Eswatini Telephone +268 2404 2861/3, Telephone or 2404 3143, Facsimile +268 2404 5015, www.pwc.com

pwc

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P.O. Box 569
Mbabane, Eswatini
Date: 31 July 2020

1. Nature of business

Eswatini Revenue Authority (SRA or the Authority) is a semi-autonomous statutory body established by an Act of Parliament (Revenue Authority Act, 2008) as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of:

a) Assessing and collecting tax on behalf of the Government,

b) Administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax and Value Added Tax.

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

2. Financial performance

The recurring expenditure for the year amounted to E390 210 309 (2019: E368 696 468). The Authority incurred capital expenditure of E71 460 021 (2019: E930 257 014) on property, plant and equipment and intangible assets. Of this amount, E27 655 136 relates to work in progress that was capitalized in the year under review. This is mainly the loan funded construction projects for the SRA permanent Headquarters and the Mananga Border.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E155.025 million (2019: E151.548 million). A detailed statement of cash flows is on page 63.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Eswatini and the Eswatini Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to SRA. Even though these assets were being utilised by SRA at 31 March 2020, the formal transfer process had not been undertaken by Government. These have however been capitalised on the basis of the right of use granted in terms of the Memorandum of Agreement and the Revenue Authority Act, 2008.

5. Corporate governance issues

Corporate Governance:

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

5. Corporate governance issues (continued)

Social Responsibility:

On 17 October 2019, the Eswatini Revenue Authority officially launched the second phase of its corporate social investment programme. The programme, which is aimed at giving back to the society, will span for a period of 3 years from 2019 to 2022. This is a build-up to phase one and focus is on education for young people with disability.

Through this programme, the organization will also collaborate with the SRA Charity Organization (SRACO) to drive social responsibility activities within the four special schools, which benefited under the first phase of the programme.

6. Events after reporting date

The members are aware of the extension of the national lockdown which was enforced before year end in response to the novel coronavirus pandemic. There was no material effect to these financial statements and no adjustments required in respect of the event. The members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

7. Going Concern

The members believe that the authority has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The members have satisfied themselves that the authority is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The members are not aware of any new material changes that may adversely impact the authority. The members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the authority.

Management has assessed the impact of Covid19 with regards to the going concern of the authority as well as IAS 10 Events after the reporting period that may need to be disclosed. The services offered by the authority have been seen as essential services throughout any lockdowns which has enabled the authority to maintain operating during the height of lockdowns. As such, management are of the opinion that there is no impact on the going concern of the authority and there are no events after the reporting period that need to be highlighted as a result of Covid19.

8. 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. David Dlamini

Board Members

Dr. Philemon Mnisi	-	Vice Chairperson
Prince Lindani	-	Member
Mr Majozi Sithole	-	Member
Ms Sizakele Dlamini	-	Member
Ms Carol Muir	-	Member
Mr Newman Ntshangase	-	Member
Mr. Bheki Bhembe	-	Member (resigned 1st August 2019)

Executive Member

Mr Dumisani Masilela	-	Commissioner General

9. Bankers

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

Business address
Nedbank Swaziland Limited
3rd floor Nedbank Centre
Corner of Dr. Sishayi and Sozisa Roads
Swazi Plaza, Mbabane
Eswatini

Postal address
Nedbank Swaziland Limited
P O Box 70
Mbabane
H100
Eswatini

10. Investment Managers

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

Business address
African Alliance
2nd Floor Nedbank Centre
Corner of Dr. Sishayi and Sozisa Roads
Swazi Plaza, Mbabane
Eswatini

Postal address
African Alliance
P O Box 5727
Mbabane
H100
Eswatini

Business address
Stanlib Eswatini Limited
1st Floor Ingcamu Building
Mhlambanyatsi Road
Mbabane
Eswatini

Postal address
Stanlib Eswatini Limited
P O Box A294
Swazi Plaza
Mbabane
Eswatini

11. Business and postal address of the Authority

Business address
Portion 419 of Farm 50
Along MR 103
Ezulwini
Eswatini

Postal address
P O Box 5628
Mbabane
H100
Eswatini

12. Auditors

The auditors of the Authority are:

Business address
PricewaterhouseCoopers
Rhus Office Park
Lot 195 Kal Grant Street
Mbabane
Eswatini

Postal address
PricewaterhouseCoopers
P O Box 569
Mbabane
H100
Eswatini

	Notes	2020 E	2019 E
Income			
Government funding for recurring expenditure	3	**390 210 309**	368 696 468
Other income	4	**873 571**	192 295
Profit / (Loss) on disposal of assets	5	**70 655**	(57 496)
Total income		**391 154 535**	368 831 267
Expenses			
Administrative expenses		**(119 045 742)**	(124 357 876)
Staff salaries and benefits	7	**(271 164 567)**	(244 338 592)
Total expenses		**(390 210 309)**	(368 696 468)
Operating surplus		**944 226**	134 799
Finance income	6.1	**7 437 876**	4 762 961
Finance cost	6.2	**(9 176 646)**	(1 298 000)
(Deficit) / surplus for the year		**(794 544)**	3 599 760

	Notes	2020	2019
		E	E
Assets			
Non-current assets			
Property, plant and equipment	8.1	**1 021 211 483**	956 895 677
Right-of-use assets	8.2	**7 188 623**	-
Intangible assets	9	**7 975 138**	9 916 622
		1 036 375 244	966 812 299
Current assets			
Inventory	11	**202 196**	205 346
Trade and other receivables	12	**7 233 037**	21 200 845
Cash and cash equivalents	13	**155 024 683**	151 548 029
Assets held for sale	10	**3 965 111**	3 973 593
		166 425 027	176 927 813
Total assets		**1 202 800 271**	1 143 740 112
Equity			
Accumulated Surplus		**50 505 792**	50 679 931
Liabilities			
Non-current liabilities			
Borrowings	17	**576 105 742**	624 054 317
Lease liabilities	8.2	**5 641 382**	-
Deferred grant income	15	**284 839 165**	312 151 390
Total Non-current liabilities		**866 586 289**	936 205 707
Current liabilities			
Trade and other payables	16	**32 192 357**	29 974 630
Employee benefits provision	14	**2 762 273**	4 635 721
Borrowings	17	**61 469 051**	12 655 735
Lease liabilities	8.2	**2 566 518**	-
Deferred grant income	15	**186 717 991**	109 588 388
Total current liabilities		**285 708 190**	156 854 474
Total liabilities		**1 152 294 479**	1 093 060 181
Total Equity and liabilities		**1 202 800 271**	1 143 740 112

	Notes	Accumulated Surplus E	Total E
Balance at 01 April 2019		**50 679 931**	**50 679 931**
Deficit for the year		**(794 544)**	**(794 544)**
Prior period adjustments	21	**620 405**	**620 405**
Balance at 31 March 2020		**50 505 792**	**50 505 792**
Balance at 01 April 2018		47 080 171	47 080 171
Surplus for the year		3 599 760	3 599 760
Balance at 31 March 2019		50 679 931	50 679 931

	Notes	2020 E	2019 E
Cash flows from operating activities			
Cash utilised by operations	18	**(289 493 430)**	(312 972 670)
Interest received	6	**12 169 797**	11 537 140
Interest paid	6	**(63 713 727)**	(55 543 899)
Net cash utilised in operating activities		**(341 037 360)**	(356 979 429)
Cash flows from investing activities			
Acquisition of property, plant and equipment	8.1	**(90 501 715)**	(286 322 807)
Proceeds from sale of property, plant and equipment		**70 685**	1 266 409
Acquisition of intangible assets	9	**(2 578 101)**	(2 543 526)
Decrease in lease liability		**(3 369 283)**	-
Net cash utilised in investing activities		**(96 378 414)**	(287 599 924)
Cash flows from financing activities			
Net grant funding received from the Government	15	**440 027 687**	425 374 077
Proceeds from borrowings		**66 217 318**	244 245 005
Repayment of borrowings		**(65 352 577)**	(53 923 853)
Net cash generated from financing activities		**440 892 428**	615 695 229
Net increase / (decrease) in cash and cash equivalents		**3 476 654**	(28 884 124)
Cash and cash equivalents at beginning of the year		**151 548 029**	180 432 153
Cash and cash equivalents at end of the year	13	**155 024 683**	151 548 029

1 General information

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

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

2.1 Basis of preparation

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

(b) *Basis of measurement*
The financial statements have been prepared on the historical cost basis.

(c) *Functional and presentation currency*
These financial statements are presented in Eswatini Lilangeni, which is the Authority's functional currency. All financial information presented in Lilangeni has been rounded to the nearest one.

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

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

2.1 **Basis of preparation** *(continued)*

(d) Use of estimates and judgements (continued)

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 8.1 – Property, plant and equipment (useful lives)
- Note 9- Intangible Assets

Assumptions and estimation uncertainties

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

Measurement of fair value

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

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

When measuring the fair value of an asset or a liability, the Authority uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

2.1 Basis of preparation *(continued)*

(e) New and amended standards adopted by the Authority

The Authority has applied the IFRS 16 Leases for the first time for their annual reporting period commencing 1 April 2019.

The Authority had to change its accounting policies as a result of adopting IFRS 16. The Authority elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 April 2019. This is disclosed in note 2.17.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Authority, the Authority intends to adopt these on their effective dates. These standards are not expected to have a material impact on the Authority in the current future reporting periods and on foreseeable future transactions. The Authority's assessment of the impact of these new standards and interpretations is set out below:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

2.1 Basis of preparation *(continued)*

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards.

2.2 Property, plant and equipment

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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 is capitalised only if it probable that future economic benefits associated with the expenditure will flow to the Authority.

Depreciation
Office furniture and fittings, office equipment, computer equipment, buildings, leasehold improvements, containers and motor vehicles are depreciated on a straight-line basis over their current anticipated useful lives.
The rates of depreciation used are based on the following estimated current useful lives:

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

The basis of depreciation, useful lives and residual values are assessed annually.
Land is not depreciated.

2.3 Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment loss is recognised for any initial or subsequent right down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less costs to sell, but not in excess of any cumulative impairment loss previously recognised. A gain/loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position

2.4 Intangible Assets

Computer software

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.

2.5 Financial assets

Classification

The Authority classifies its financial assets in the following measurement categories:

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

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

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

Recognition and derecognition

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

Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2.5 Financial assets (continued)

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

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

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

2.5 Financial assets (continued)

Impairment

The Authority assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Authority applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.6 Inventory

Inventories are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are measured using First in First Out (FIFO).

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

2.7 Finance income and finance costs

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

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

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

2.8 Leases

The Authority recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Authority's incremental borrowing rate.

The lease liability is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option.

2.8 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

As permitted under the standard, the Authority does not recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Authority recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the property and equipment items.

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

2.9 Employee Benefits

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

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

Contributions to the defined contribution plan are expensed when incurred.

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

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

2.9 Employee Benefits (continued)

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.

2.10 Government Grants

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

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

2.11 Foreign Currency

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

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

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

2.12 Capitalisation of borrowing costs

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

2.13 Trade receivables

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

2.13 Trade receivables (continued)

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

The expected credit loss rates are based on the historical credit losses experienced within this period, the historical credit losses are adjusted to reflect current and forward looking on macroeconomic factors affecting the debtors to settle their receivables. The Authority has identified the GDP to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in this factor.

When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the income statement.

2.14 Cash and cash equivalents

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

2.15 Trade payables

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

2.16 Provision

Provisions for legal claims and leave are recognise when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase is due to the passage of time is recognised as interest expense.

2.17 Financial Risk Management

(a) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(b) Risk management framework

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

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

The Board Members 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.

2.17 Financial Risk Management (continued)

(c) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

Risk Management
Credit risk is managed on a group basis:

- 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.

Impairment of financial assets
Whilst cash equivalents and trade receivables are subject to the impairment requirements if IFRS 9, impairment was identified to be immaterial.

(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.

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

2.17 **Financial Risk Management** (continued)

(d) **Liquidity risk** (continued)

Authority	**Less than 1 Year E**	**Between 2 and 5 years E**	**Over 5 years E**	**Total contractual cash flows E**	**Carrying amount at year end E**
Borrowings	96 805 727	333 005 761	519 177 502	948 988 990	637 574 793
Trade and other payables	32 192 357	-	-	32 192 357	32 192 357
Total	128 998 084	333 005 761	519 177 502	981 181 347	669 797 150

(e) **Market risk**

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

(i) **Currency Risk**

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

(ii) **Interest rate risk**

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

	Surplus or deficit 2020 E	**2019 E**
Base amounts- Borrowings	**637 574 793**	636 710 052
Increase of 50 basis points	**(3 187 874)**	(3 183 550)
Decrease of 50 basis points	**3 187 874**	3 183 550
Base amounts – Cash and bank	**155 024 683**	151 548 029
Increase of 50 basis points	**775 123**	757 740
Decrease of 50 basis points	**(775 123)**	(757 740)

2.17 Financial Risk Management (continued)

(f) Capital management

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

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

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

The Authority is not subject to externally imposed capital requirements.

2.18 Changes in accounting policies

The Authority has adopted IFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in retained earnings.

On adoption of IFRS 16, the Authority recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10.25%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Practical expedients applied

In applying IFRS 16 for the first time, the Authority has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2.18 Changes in accounting policies (continued)

Practical expedients applied (continued)

The Authority has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Authority relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease.*

	2020 E
Measurement of lease liabilities	
Operating lease commitments disclosed as at 31 March 2019	**14 077 733**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**11 801 152**
Add: finance lease liabilities recognised as at 31 March 2019	-
(Less): short-term leases not recognised as a liability	**(1 128 875)**
Lease liability recognised as at 1 April 2019	**10 672 277**
Of which are:	
Current	**3 222 433**
Non-current lease liabilities	**7 449 844**

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- right-of-use assets – increase by E9 828 798
- lease liabilities – increase by E 10 672 277

The net impact on retained earnings on 1 April 2019 was a decrease of E843 479.

		2020 E	2019 E
3	**Grant funding for recurring expenditure**		
	Government grant realised during the year	**390 210 309**	368 696 468
4	**Other income**		
	Re-imbursement of legal fees	**615 578**	-
	Other income	**257 993**	192 295
		873 571	192 295
5	**Operating surplus**		
	Results from operating activities for the year is stated after charging/(crediting) the following items:		
	Amortisation of intangible assets (note 9)	**4 519 586**	10 822 774
	Auditors' remuneration	**411 628**	247 169
	Depreciation on property, plant and equipment (note 8.1)	**26 185 878**	15 619 249
	Depreciation on right of use (note 8.2)	**3 545 081**	-
	Board Member expenses	**324 860**	319 994
	Foreign exchange loss-net	**-**	4 734
	Professional fees and consultancy	**6 272 733**	3 458 356
	(Profit) / Loss on disposal of assets	**(70 655)**	57 496
	Staff salaries and benefits (note 7)	**271 164 567**	244 338 592
6.1	**Finance income**		
	Interest income from financial assets held for cash management purposes:		
	Interest received – Nedbank Eswatini Limited	**6 080 928**	8 245 008
	Interest received – STANLIB Eswatini	**4 770 612**	3 291 307
	Interest received – African Alliance	**1 318 257**	825
	Total interest received	**12 169 797**	11 537 140
	Capitalised to property, plant and equipment	**(4 731 921)**	(6 774 179)
		7 437 876	4 762 961

		2020 E	2019 E
6.2	**Finance costs**		
	Interest and finance charges paid/payable for lease liabilities and financial liabilities at amortised cost		
	Interest expense	**63 713 727**	55 543 899
	Capitalised to property, plant and equipment	**(54 537 081)**	(54 245 899)
		9 176 646	1 298 000
7	**Staff salaries and benefits**		
	Salaries & wages and other allowances	**234 761 321**	215 535 923
	Gratuity provision	**-**	35 761
	Provident Fund contribution	**33 219 036**	28 359 190
	Pension contributions	**4 792 784**	4 257 851
	Leave pay provision	**(1 608 574)**	(3 850 133)
		271 164 567	244 338 592

The average number of employees during the year was 608 (2019:659)

8.1 Property, plant and equipment

Property, plant and Equipment	Land and Buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor Vehicles E	Leasehold Improvements E	Computer Equipment E	Work in progress E	Total E
Year ended 31 March 2020									
Cost or valuation									
Opening balance	876 497 887	1 822 486	34 512 011	20 688 522	9 997 125	14 914 798	9 956 854	71 669 841	1 040 059 524
Transfers from WIP	22 529 093	248 473	1 877 885	39 124	1 869 282	-	1 091 279	-	27 655 136
Additions	-	74 644	89 150	-	-	-	-	45 794 911	45 958 705
Borrowing costs capitalised	-	-	-	-	-	-	-	49 805 160	49 805 160
Disposal	-	-	-	-	-	-	(757 423)	-	(757 423)
WIP Expensed	-	-	-	-	-	-	-	(2 684 052)	(2 684 052)
Transfer to PPE & intangible assets	-	-	-	-	-	-	-	(30 233 237)	(30 233 237)
At 31 March 2020	899 026 980	2 145 603	36 479 046	20 727 646	11 866 407	14 914 798	10 290 710	134 352 623	1 129 803 813
Accumulated depreciation									
Opening balance	(26 786 912)	(360 262)	(22 396 886)	(3 188 414)	(7 236 199)	(14 830 448)	(8 364 726)	-	(83 163 847)
Charge for the year	(16 882 799)	(125 360)	(4 426 180)	(2 067 040)	(1 579 922)	(29 038)	(1 075 539)	-	(26 185 878)
Disposals	-	-	-	-	-	-	757 395	-	757 395
At 31 March 2020	(43 669 711)	(485 622)	(26 823 066)	(5 255 454)	(8 816 121)	(14 859 486)	(8 682 870)	-	(108 592 330)
Net carrying amount	855 357 269	1 659 981	9 655 980	15 472 192	3 050 286	55 312	1 607 840	134 352 623	1 021 211 483

A total of E9.2m cost of assets are held for sale as at end of the year. Right of use of assets have been recognised in line with IFRS 16.
Land under title deed 790 and 643 is security for the loan from Public Service Pensions Fund

8.1 Property, plant and equipment *(continued)*

Property, plant and Equipment	Land and buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor Vehicles E	Leasehold Improvements E	Computer Equipment E	Work in progress E	Total E
Year ended 31 March 2019									
Cost or valuation									
Opening balance	271 361 534	1 822 486	25 194 800	15 192 223	10 449 491	26 626 912	13 544 481	410 761 065	774 952 992
Transfers from WIP	605 794 413	-	6 631 053	16 073 646	-	-	1 546 570	-	630 045 682
Additions	-	-	-	-	-	-	-	250 205 293	250 205 293
Borrowing costs capitalised	-	-	-	-	-	-	-	47 462 513	47 462 513
Disposal	-	-	(17 193)	(2 459 382)	(452 366)	(11 712 114)	(729 674)	-	(15 370 729)
Reclassification	-	-	(1 085 003)	(8 132 692)	-	-	-	-	(9 217 695)
Adjustments	(658 060)	-	3 788 354	14 727	-	-	(4 404 523)	280 491	(979 011)
WIP Expensed	-	-	-	-	-	-	-	(3 768 647)	(3 768 647)
Transfer to PPE & intangible assets	-	-	-	-	-	-	-	(633 270 874)	(633 270 874)
At 31 March 2019	876 497 887	1 822 486	34 512 011	20 688 522	9 997 125	14 914 798	9 956 854	71 669 841	1 040 059 524
Accumulated depreciation									
Opening balance	(18 841 301)	(817 855)	(21 418 783)	(6 874 888)	(4 770 080)	(25 117 612)	(9 596 453)	-	(87 436 972)
Charge for the year	(7 936 065)	119 913	229 858	(1 757 482)	(2 596 396)	(1 562 383)	(2 116 694)	-	(15 619 249)
Disposals	-	-	13 514	1 256 161	336 121	11 712 114	728 925	-	14 046 835
Reclassification	-	-	1 083 440	4 160 664	-	-	-	-	5 244 104
Adjustments	(9 546)	337 680	(2 304 915)	27 131	(205 844)	137 433	2 619 496	-	601 435
At 31 March 2019	(26 786 912)	(360 262)	(22 396 886)	(3 188 414)	(7 236 199)	(14 830 448)	(8 364 726)	-	(83 163 847)
Net carrying amount	849 710 975	1 462 224	12 115 125	17 500 108	2 760 926	84 350	1 592 128	71 669 841	956 895 677

8.2 Right of use of assets and lease liabilities

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2020	2019
	E	E
Right of use assets		
As at 31 March 2020		
Acquisition cost	10 733 704	-
Accumulated depreciation	(3 545 081)	-
Net value	7 188 623	-
At 01 April 2019	9 828 798	-
Additions	904 906	-
Depreciation	(3 545 081)	-
Balance as at 31 March 2020	7 188 623	-
Lease liabilities	8 207 900	-
Current	2 566 518	-
Non-current	5 641 382	-
Maturity analysis of lease liabilities		
Less than one year	3 288 573	-
One year to five years	6 296 793	-
More than five years	-	-
	9 585 366	-
Less future finance charges	(1 377 466)	-
	8 207 900	-

8.2 Right of use of assets and lease liabilities *(continued)*

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases

	2020 E	2019 E
Depreciation charge for right of use assets	3 545 081	-
Interest expense (included in finance cost)	2 222 871	-
Expense related to short term leases (included in administrative expenses)	1 182 585	-

(iii) The Authority's leasing activities and how these are accounted for

The Authority leases various offices and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

9 Intangible assets

Capitalised computer software costs for the year ended:

Cost		
At the beginning of the year	**83 995 298**	81 451 772
Transfers from WIP	**2 578 101**	3 225 193
Adjustments	**-**	(681 667)
At the end of the year	**86 573 399**	83 995 298
Accumulated amortisation		
At the beginning of the year	**(74 078 675)**	(63 255 902)
Charge for the year	**(4 519 586)**	(10 822 774)
At the end of the year	**(78 598 261)**	(74 078 676)
Net carrying amount	**7 975 138**	9 916 622

10 Assets held for sale

Furniture	**3 972 029**	3 972 029
Canteen equipment	**1 564**	1 564
Disposal	**(8 482)**	-
	3 965 111	3 973 593

Furniture and equipment were originally acquired for the old head office. The Authority did not renew the lease which expired in December 2018. The Authority intends to sell these assets in an auction in the upcoming year.

11 Inventory

Consumables	**202 196**	205 346

12 Trade and other receivables

Prepayments and deposits	**6 440 683**	3 858 119
Related party	**-**	15 767 204
Other entities	**299 977**	876 424
Staff loans	**492 377**	699 098
	7 233 037	21 200 845

35

		2020	2019
		E	E
13	**Cash and cash equivalents**		
	Petty cash	**8 517**	27 521
	Nedbank Eswatini Limited	**39 924 581**	74 396 544
	African Alliance	**51 329 283**	-
	Stanlib	**63 762 302**	77 123 964
		155 024 683	151 548 029

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

		2020	2019
14	**Employee Benefits Provisions**		
	Short term provisions:		
	Leave pay	**2 762 273**	4 635 721

		Gratuity	Leave pay	Total
14.1	**31 March 2020**	**E**	**E**	**E**
	At the beginning of the year	**-**	**4 635 721**	**4 635 721**
	Amount utilised during the year	**-**	**(264 874)**	**(264 874)**
	Charged in profit or loss	**-**	**(1 608 574)**	**(1 608 574)**
	At the end of the year	**-**	**2 762 273**	**2 762 273**

	Gratuity	Leave pay	Total
31 March 2019	E	E	E
At the beginning of the year	1 499 725	9 135 438	10 635 163
Amount utilised during the year	(1 535 486)	(649 584)	(2 185 070)
Charged in profit or loss	35 761	(3 850 133)	(3 814 372)
At the end of the year	-	4 635 721	4 635 721

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.

14.1 **Employee Benefits Provision** *(continued)*

Gratuity provision

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

		2020 E	2019 E
15	**Deferred grant income**	**471 557 156**	421 739 778
15.1	***Current***		
	Balance at beginning of year	**109 588 388**	62 160 159
	Received from Government – cash	**439 612 420**	409 606 873
	Receivable from the Government	**-**	15 767 204
	Donation received – Institute of Development studies	**415 267**	-
	Grants realised in profit or loss for funding recurring expenditure excluding depreciation and amortisation	**(355 959 764)**	(342 254 445)
	Asset disposals for the year	**8 508**	1 323 904
	Grants utilised to defray capital expenditure (Note 8,9)	**(6 946 828)**	(37 015 307)
		186 717 991	109 588 388
15.2	***Noncurrent***		
	Balance at beginning of year	**312 151 390**	302 902 010
	Grants utilised to defray capital expenditure (Note 8,9)	**6 946 828**	37 015 307
	Asset disposals for the year	**(8 508)**	(1 323 904)
	Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 8,9)	**(34 250 545)**	(26 442 023)
		284 839 165	312 151 390

The Authority received grants amounting to E439 612 420 (2019: E409 606 873) from the Government of Eswatini to facilitate the funding of recurring and capital expenditure incurred and for its daily operations.

16 **Trade and Other payables**

	2020 E	2019 E
Retention	**20 327 825**	17 661 727
Accruals	**10 659 441**	10 298 043
Other Payables	**1 205 091**	2 014 860
	32 192 357	29 974 630

		Notes	**2020**	2019
			E	E
17	**Borrowings**			
	Current			
	Finance lease liabilities – Nedbank (a)		**1 230 090**	1 880 940
	Eswatini Development and Savings Bank (b)		**805 663**	603 305
	Public Service Pension Fund (c)		**55 750 914**	10 171 490
	Eswatini National Provident Fund (d)		**3 682 384**	-
			61 469 051	12 655 735
	Non-current			
	Finance lease liabilities	(a)	**652 040**	1 854 546
	Eswatini Development and Savings Bank	(b)	**5 850 244**	6 657 403
	Public Service Pension Fund	(c)	**569 603 458**	615 542 368
			576 105 742	624 054 317
	Total borrowings		**637 574 793**	636 710 052

(a) Finance Lease Obligation

Finance lease obligations are in respect of motor vehicles leased from Nedbank Swaziland. The lease duration is 60 months and the Authority has capitalized all the leased assets vehicles. Security held: Lien over motor vehicles and trucks financed under RCL facility and full comprehensive insurance over the vehicles with Nedbank Swaziland noted as first loss payee.

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

The loan attracts an interest rate of prime per annum (Prime currently 10.25%) and is payable in monthly installments for a period of 10 years.

(c) Public Service Pensions Fund – E567 Million

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

The loan is secured by assets (refer to note 8.1) and a guarantee from the Government of Eswatini.

(d) Eswatini National Provident Fund – E3.5 Million

The loan attracts an interest of prime plus 3% (Prime currently 10.25%). Interest is capitalized and interest and capital repayments are made quarterly over the 24 months duration of the loan.

The loan is unsecured.

			2020 E	2019 E
17.1	**Maturity analysis of the finance lease liabilities**			
	Less than one year		1 247 440	2 193 638
	One to five years		811 955	2 031 811
	More than five years		-	-
			2 059 395	4 225 449
	Less future finance costs		(177 265)	(489 963)
			1 882 130	3 735 486
18	**Cash flow from operating activities**			
	(Deficit) / Surplus for the year		(794 544)	3 599 760
	Adjustment for:			
	Depreciation and amortisation	8,9	34 250 545	26 442 023
	Loss / (Profit) on disposal of assets	5	(70 655)	57 496
	Interest paid	6.2	63 713 727	55 543 899
	Interest received	6.1	(12 169 797)	(11 537 140)
	Amortisation of Government grant	3	(390 210 309)	(368 696 468)
	Noncash – prior period adjustment	21	1 463 884	-
			(303 817 149)	(294 590 430)
	Changes in working capital		14 323 719	(18 382 240)
	Increase/(Decrease) in trade and other payables		2 217 727	(788 902)
	(Decrease) in employee benefits provision		(1 873 448)	(5 999 443)
	Decrease in inventory		3 150	1 774 517
	Assets held for sale		8 482	(3 973 592)
	Decrease/(Increase) in trade and other receivables		13 967 808	(9 394 820)
	Cash utilised in operating activities		(289 493 430)	(312 972 670)
18.1	**Cash flow from financing activities**			
	Borrowings at the beginning of the year		636 710 052	446 388 900
	- Current		624 054 317	443 593 654
	- Non – current		12 655 735	2 795 246
	Cash flows		864 741	190 321 152
	- Proceeds from borrowings		66 217 318	244 245 005
	- Repayment of borrowings		(65 352 577)	(53 923 853)
	Borrowings at the end of the year		637 574 793	636 710 052
	- Current		61 469 051	12 655 735
	- Non – current		576 105 742	624 054 317

19 Financial Instruments

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

	Amortised Costs E	Total Carrying Amount E
As at 31 March 2020		
Financial assets		
Trade and other receivables excluding prepayment	792 354	792 354
Cash and cash equivalents	155 024 683	155 024 683
	155 817 037	155 817 037
Financial liabilities		
Trade and other payables	32 192 357	32 192 357
Borrowings	637 574 793	637 574 793
	669 767 150	669 767 150

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

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

	Carrying amount E	Within 1 year E	Between 2 and 5 years E	More than 5 years E
31 March 2020				
Financial liabilities:				
Borrowings	**637 574 793**	**61 469 051**	**209 285 341**	**366 820 401**
Trade and other payables	**32 192 357**	**32 192 357**	**-**	**-**
	669 767 150	**93 661 408**	**209 285 341**	**366 820 401**
31 March 2019				
Financial liabilities:				
Borrowings	636 710 052	12 655 735	130 523 632	493 530 685
Trade and other payables	29 974 630	29 974 630	-	-
	666 684 682	42 630 365	130 523 632	493 530 685

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

	2020 E	2019 E
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Related party	**-**	15 767 204
Other entities	**299 977**	876 424
Staff loans	**492 377**	699 098
Cash and cash equivalents	**155 024 683**	151 548 029
	155 817 037	168 890 755

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:		
Related party customer	**-**	15 767 204
Other entities	**299 977**	876 424
Staff loans	**492 377**	699 098
	792 354	17 342 726

Related party customer relates to grant receivable from the Government in respect of PSPF loan repayment.

20 Related party transactions

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

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

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

The following transactions were carried out with related parties:

		2020 E	2019 E
20.1	**Government of Eswatini**		
	Grant Received – Cash	**439 612 420**	409 606 873
	Receivable due	**-**	15 767 204
20.2	**Board members fees**		
	Board Members fees	**324 860**	319 994
	The following balances were due to related parties for loans made to the Authority: -		
20.3	**Related party payable**		
	Public Service Pension Fund	**625 354 372**	625 713 858
	Eswatini Development and Savings Bank	**6 655 907**	7 260 708
	Eswatini National Provident Fund	**3 682 384**	-

21. Prior period adjustments

In 1 April 2019, the authority adopted IFRS 16 as well as wrote-off of long outstanding items in Purchase Order Clearing, below is the impact of the adjustments:

	31 March 2019 E	Increase/ (decrease) E	1 April 2019 E
Right of use assets	-	(9 828 798)	(9 838 798)
Lease liabilities	-	10 672 277	10 672 277
Trade and Other Payables	**29 974 630**	(1 463 884)	28 510 746
Net assets	**29 974 630**	(620 405)	29 344 225
Retained Earnings	**50 679 931**	620 405	51 300 336

22 Commitments

22.2 Operating lease commitments

The Authority entered into the following lease agreements:

Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the authority. The agreement was renewed on 1 September 2016 for a period of 5 years. The monthly rental is E24,904.25 with an escalation rate of 8%.

Lease agreement with J&E Construction (Pty) Ltd, in which J&E Construction (Pty) Ltd rented offices to the authority. The agreement was renewed on 1 April 2018 for a period three years. The monthly rental is E17,268.86 with an escalation of 10%.

Lease agreement with MBI Estates; MBI Estates rented offices tot eh authority. The agreement was renewed on 1 May 2017, for a period of three years. The monthly rental was E11 116.61 with an annual escalation of 8%.

Lease agreement with the Swaziland National Provident Fund, in which the fund rented offices to the authority. The agreement was renewed on 1 February 2015, for a period of five years. The monthly rental is E118 258,53 with an escalation of 9%.

Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the authority. The rental agreement was renewed on 1 July 2018, for a period of five years. The monthly rental is E162,612.30 with an annual escalation of 8%

Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the authority. The agreement commenced on 1 January 2017, for a period of five years. The monthly rental is E42 636,83

Lease agreement with Swaziland Railway, in which the Authority rented residential premises to the authority. The agreement commenced on 1 January 2017, for a period of five years. The monthly rental is E42,636.83.

Lease agreement with Ngonini Estate, in which the Authority rented out residential premises to the authority. The agreement was renewed on 1 April 2017 for a period of 1 year. The monthly rental is E10,575 with an escalation of 10%

	2019 E
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:	
Due within one year	6 122 080
Due between 1 and 5 years	9 750 693
	15 862 773

21.2 Capital commitments

The Authority entered into contracts to purchase property, plant and equipment and intangible assets of E80 409 899 (2019: E36 620 730).

22 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.

23 Contingent liabilities

The Authority has contingent liabilities amounting to E648 206 in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liabilities.

NOTES

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