Swaziland Revenue Authority

SRA

Annual Report 2013

"Raising The Standard"

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ASYCUDA++	Automated System for Customs Data
ATAF	African Tax Administrators Forum
CATA	Commonwealth Association of Tax Administrators
CMAC	Conciliation, Mediation and Arbitration Commission
CRM	Customer Relations Management
CRP	SACU Common Revenue Pool
CSO	Central Statistics Office
DMS	Document Management System
EFT	Electronic Funds Transfer
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GRA	Ghana Revenue Authority
HR	Human Resources
ICT	Information and Communication Technology
IFMS	Integrated Financial Management System
IHRS	Integrated Human Resources System
IPM	Institute of People Management
IPR	Intellectual Property Rights
IMF	International Monetary Fund
IRAS	Integrated Revenue Administration System
IT	Information Technology
LMIC	Low Middle Income Country
LTU	Large Taxpayer Unit
MICs	Middle Income Countries
MIS	Management Information System
NGOs	Non-Governmental Organisations
PAYE	Pay As You Earn
PMS	Performance Management System
PRINCE2	Projects In a Controlled Environment
RECXPRESS	Reconciliation Express
RMS	Revenue Management System
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SARS	South African Revenue Service
SBIS	Swaziland Broadcasting and Information Service
SMEs	Small and Medium Enterprises
SRA	Swaziland Revenue Authority
SSA	Sub-Saharan Africa
TIN	Tax Identification Number

An exhibition at Riverstone Mall in Manzini to register businesses for VAT.

CORPORATE PROFILE

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

During the reporting period there were two operational departments: Domestic Taxes and Customs and Excise, with support from Modernisation, Information and Communication Technology; Human Resources; Legal Services; Internal Audit; Analysis, Planning and Statistics; Finance; Internal Affairs; Risk; Public Relations; and, Estates and Administration.

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

VISION

SRA's vision is "to be a modernised, credible and customer centric Revenue Authority."

MISSION

SRA's mission is "to provide an efficient and effective revenue and customs administration, driven by professional and motivated staff, that promotes compliance through fair, transparent and equitable application of the law."

VALUES AND CULTURE

The following are the core values identified for the SRA:

- Performance Excellence
- Customer Service
- Innovation

Below is the culture SRA wants to build:

- Performance Driven
- Customer Centric
- Accountability
- People Value
- Continuous Improvement

MAIN RESPONSIBILITIES OF THE SWAZILAND REVENUE AUTHORITY

The responsibilities of SRA are to:

i) Assess and collect all revenue on behalf of the Government;
ii) Administer and give effect to the laws or the specified provisions of the laws set out in the Schedule and account for all revenue to which those laws apply;
iii) Study the revenue laws and identify amendments which may be made to any revenue law for the purposes of improving the administration of, and compliance with, revenue laws;
iv) Educate the taxpayer on taxation and the value of voluntary compliance;
v) Put in place effective internal control systems that promote efficiency and effectiveness in the collection of revenue whilst minimising the risk of error and fraud;
vi) Take measures as may be required to counteract tax or revenue fraud and other forms of tax or revenue evasion;
vii) Facilitate trade.

Revenue laws administered by the Swaziland Revenue Authority

The Revenue Authority Act, 2008 gives the Swaziland Revenue Authority the responsibility to administer the following revenue laws:

i) The Transfer Duty Act,1902;
ii) The Companies Act,1912;
iii) The Customs and Excise Act, 1971;
iv) The Lotteries Act, 1943;
v) The Registration of Dogs Act, 1953;
vi) The Road Transportation Act, 1963;
vii) The Liquor Licence Act, 1964;
viii) The Cattle Export and Slaughter Tax Act, 1968;
ix) The Graded Tax Act, 1968;
x) The Income Tax Order, 1975;
xi) The Stamp Duties Act, 1970;
xii) The Trading Licences Order, 1975;
xiii) The Fuel Oil Levy Act, 1980;
xiv) The Sales Tax Act, 1983; (which was repealed on 1st April, 2012)
xv) The Sugar Export Levy Act, 1997;
xvi) The Value Added Tax Act, 2011;
xvii) Such other law as may be enacted from time to time for the purpose of mobilization and collection of revenue.

However, some of these laws are still being administered by relevant government institutions as delegated by the SRA.

Ambrose Dlamini
Board Chairman

S'thofeni Ginindza
Vice Chairman

Martin Dlamini
Member

Khabonina Mabuza
Member

Dumisani Masilela
Member

Phumelele Dlamini
Member

Mhlabuhlangene Dlamini
Member

EXECUTIVE COMMITTEE

Dumisani Masilela
Commissioner General

Faith Mazani
Commissioner of Modernisation

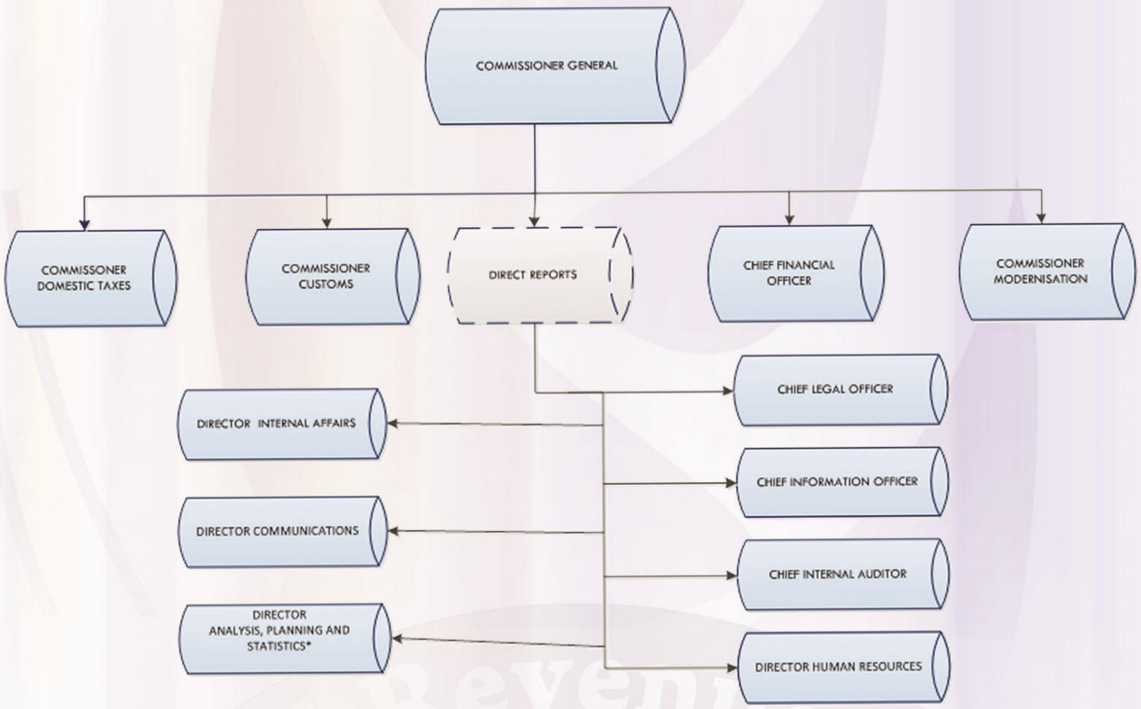
Isheunesu Mazorodze
Commissioner of Customs & Excise

Nompumelelo Dlamini
Chief Financial Officer

Maxwell Lukhele
Commissioner of Domestic Taxes

Nomcebo Marrengane
Chief Legal Officer

Antony Nxumalo
Director of Human Resources


COMMISSIONER GENERAL
COMMISSONER DOMESTIC TAXES
COMMISSIONER CUSTOMS
DIRECT REPORTS
CHIEF FINANCIAL OFFICER
COMMISSIONER MODERNISATION
CHIEF LEGAL OFFICER
DIRECTOR INTERNAL AFFAIRS
CHIEF INFORMATION OFFICER
DIRECTOR COMMUNICATIONS
CHIEF INTERNAL AUDITOR
DIRECTOR ANALYSIS, PLANNING AND STATISTICS*
DIRECTOR HUMAN RESOURCES

"We have continued to extend the reach of the Authority both regionally and internationally in an attempt to simplify cross border trade processes, curb cross border misconduct and to augment the influence of the Authority in the global tax and customs environment. Our regional and international partners continued to support us during this period through technical assistance, capacity building and closer cooperation......

The establishment of the Swaziland Revenue Authority in 2011 was a critical component in the implementation of the Fiscal Adjustment Roadmap and a conscientious effort to address with energy the challenges associated with public financing. During the period under review the Swaziland Revenue Authority continued to intensify efforts towards modernising revenue administration and collection in Swaziland and building the necessary capacity and capabilities to mobilise the much needed revenue towards realising the objectives set out in the National Development Strategy. The Swaziland Revenue Authority is looking towards ensuring that tax and custom compliance is made easier and tax and customs related services are made more accessible to all Swazis in order to promote and encourage voluntary compliance and widen the tax base.

The period was also characterised by the successful implementation of a Value Added Tax regime, the migration to a single taxpayer identification number and the migration to a functional organisational structure, bringing us close to attaining our goal of providing modern solutions to the taxpaying community. Significant investment has been made during the period to modernising our internal processes and procedures to ensure that the automated systems and platforms we have put in place are able to deliver on their intended benefits.

We have continued to extend the reach of the Authority both regionally and internationally in an attempt to simplify cross border trade processes, curb cross border misconduct and to augment the influence of the Authority in the global tax and customs environment. Our regional and international partners continued to support us during this period through technical assistance, capacity building and closer cooperation. We are grateful for the assistance received

"We are grateful for the assistance received most notably from the International Monetary Fund, the World Bank, South African Revenue Services, the World Customs Organisation, Swedish Customs and many other friends of Swaziland...

received most notably from the International Monetary Fund (IMF), the World Bank, South African Revenue Service (SARS), the World Customs Organisation (WCO), Swedish Customs and many other friends of Swaziland, who have assisted us in building the necessary expertise necessary to implementing our many objectives.

We remain mindful of the fact that the Swaziland Revenue Authority is not the panacea to the fiscal challenges we are currently faced with as a country, but I must assure the Government, Business and the Swazi people that the management and staff of the Swaziland Revenue Authority are committed to delivering on their mandate with excellence and precision.

AMBROSE DLAMINI
CHAIRMAN – SRA GOVERNING BOARD

"We have embarked on various key initiatives and one of them is the cleaning of the debt book in order to ascertain the size of the tax debt stock that is collectable and be able to measure compliance."

Introduction

The year 2012/13 marks the second year of full operation of the Swaziland Revenue Authority (SRA). While systems and special programmes are still being rolled out, improvements in revenue administration are already being realized and reflected in the growth of revenue collections. The 2012/13 financial year is a milestone for SRA as it is the first year of VAT operation in the country. As an organization, we are proud of the success we scored in the implementation of this tax. We have, however, seen some opportunistic use of VAT to hike prices in instances where it is not applicable. The vigorous taxpayer engagements that SRA embarked on during the period resulted in improved understanding from the business community of how to apply VAT. We have noted the need for continued engagement with our taxpayers in this regard.

The country's economic performance has been slow in the past two years. The economy has not grown by more than 3% in the two years of existence of the SRA which has implied that greater improvements in revenue collections could mainly be realized through efficiency gains. The organization's Strategic Plan was refined in order to ensure that more efficiency gains are achieved.
One of the major initiatives was the development of a modernisation programme. We have embarked on various key initiatives and one of them is the cleaning of the debt book in order to ascertain the size of the tax debt stock that is collectable and be able to measure compliance. Management and staff of the SRA have continued to work hard to deliver improved taxpayer services and increased revenue collections.
The organisation recognises that human resources are critical for ensuring that SRA achieves performance excellence and an equivalent 5% of personnel costs was set aside as a budget for capacity development in the 2013/14 financial year. At the same time the process of introducing a Performance Management System is expected to be finalised in 2013/14.

Trade data (especially imports figures), which plays a significant role in the determination of the country's SACU revenue shares, was improved with a specific intervention of identifying and capturing uncaptured customs forms for 2010/11 (when SRA was not yet in place).
Overall, SRA managed to achieve the revenue targets set by Government and in a second year in succession revenue targets were exceeded.

Highlights of SRA Achievements

Revenue Collections:

Even though the country's economy has not recorded strong positive growth, SRA managed to achieve its core mandate of collecting revenue according to the expectation (revenue target) of Government. In recognizing the economic constraints, in particular the challenging business environment and as a customer centric organisation, we have continued to work harmoniously with the Swazi business community. The implementation of VAT was successful and realized a significant increase in revenue collected. In the first year of VAT, a total of E1.623 billion (2012/13), compared to E1.338 billion under Sales Tax in 2011/12, was collected and this is a 21% increase. SACU revenue also improved due primarily to a rebound in the Common Revenue Pool (CRP) but also to the special initiative of capturing customs declarations forms that were not recorded, the allocation to Swaziland increased from E2.883 billion in 2011/12 to E7.064 billion in 2012/13 which is an over 200% improvement. Overall SRA exceeded target by 3% which translates to a 17% improvement from the 2011/12 collections. A total of E4.789 billion (excluding SACU revenue) was collected in 2012/13.

Compliance:

The compliance level on filing of returns was 15% for Income Taxes during the early months of SRA operations, while Sales Tax compliance was 25%. However, Income Tax compliance improved from 15% to 47% in 2012/13. The filing compliance for VAT is 79% for 2012/13. Continuous taxpayer engagement, amendment of tax legislation and improvements in administration including the introduction of self-assessment, SME tax regime and e-tax is expected to improve voluntary compliance and in turn revenue collections. A strengthened enforcement drive remains important in winning the compliance battle.

Governance:

SRA has a zero tolerance stance on corruption and other wayward conduct which has resulted in a number of dismissals of some employees and seizures of some goods. Some of the governance structures that the organisation has in place include the Audit, Human Resource & Ethics Committees of the Board and Executive Management Committee. The Internal Affairs Division also strengthens the governance structures through its oversight role on the ethical behaviour of our staff. As a new organisation we continue efforts to improve our governance structures.

Conclusion

I would like to express my appreciation to the Government of the Kingdom of Swaziland, in particular His Excellency the Right Honourable Prime Minister Dr Barnabas Sibusiso Dlamini and the Minister for Finance, Honourable Majozi V. Sithole for their continuous and inspirational support and guidance for the two years that SRA has been in existence. Such initiatives as the creation of a strong semi-autonomous revenue administration require a lot of political will and support, which was adequately demonstrated since the establishment of this organization. I wish to also thank the SRA Governing Board for their continuous steering of the organisation towards being a customer-centric organisation. My special appreciation goes to the over 500 members of staff who work tirelessly on a daily basis to bring to life the mandate of the organisation. The consistent exceeding of revenue targets since inception of this organization is a strong indication of the quality of the team we have put together and their dedication to the job at hand. Our greatest gratitude as SRA goes to the people of Swaziland who continue to fulfil their tax obligations that drive the country's economic development. Lastly, I wish to acknowledge with appreciation, the assistance received from various international institutions such as the IMF, WCO, Ghana Revenue Authority (GRA), the Commonwealth Association of Tax Administrators (CATA), Swedish Customs, World Bank, SARS, the Embassy of the Republic of China (Taiwan), African Tax Administrators Forum (ATAF) and United Nations Development Programme (UNDP). I implore them to continue supporting us as we continue on this rather long and arduous journey.

COMMISSIONER GENERAL

DUMISANI MASILELA

3.1 Global Developments

The sluggish growth experienced by the global economy in 2011 and 2012 is slowly subsiding and a recovery is underway. However, growth remains uneven with the main sources of recovery being emerging market economies and the United States of America (USA), where growth came up stronger than expected.

Positively impacted by a sustained recovery in the Euro area, global economic growth is projected to reach 3.5% during 2013 and 4.1% in 2014 from an estimated 3.2% in 2012 and 3.8% in 2011. Risks to the projected growth remain significant, dependent on decisions of European and USA policy makers in dealing with their major short-term economic challenges.

Real Gross Domestic Product (GDP) growth is estimated at 1.3% for 2012 from 1.6% in 2011 for developed economies and is expected to remain sluggish with projections of 1.4% for 2013 and 2.2% for 2014. Estimated at 1.4% in 2011 and -0.4% in 2012, economic growth in the euro area was softer than expected and is projected to show a -0.2% contraction in 2013 and is expected to grow by 1% in 2014. The USA is expected to grow by 2% in 2013.

Financial conditions stabilized towards the end of 2012. The prices for many risky assets, notably equities, increased globally. Headline inflation is expected to average 1.6% in 2013 and 1.8% in 2014 for advanced economies from 2% in 2012, reflecting the expected stability that will come with falling commodity prices. Growth in world trade continues to be affected by the sluggish performance of advanced economies. Trade growth has been falling over the past three years, from 12.7% in 2010, 5.9% in 2011 and 2.8% in 2012. Projections suggest a 3.8% growth in 2013 and this is expected to carry on to 2014 with a 5.5%. However, this is still below the 2008 pre-crisis levels.

3.2 Developing and Emerging Economies

Capital flows to emerging markets remained strong in 2012. Economic growth is on track but is, however, not projected to rebound to the high rates recorded in 2010 and 2011 and is expected to be 5.5% in 2013 from an estimated 5.1% in 2012. Supportive policies have underpinned much of the recent acceleration in activity in many economies.

Weakness in advanced economies will weigh on external demand, as well as on the terms of trade of commodity exporters given the expectation of lower commodity prices in 2013. A growth of 2.2% in imports is expected for emerging and developing economies in 2013. This is a slight improvement from 1.2% observed in 2012. Headline inflation projected to be 6.1% in 2013 for emerging and developing economies.

3.3 Regional Developments

Economic activity in Sub-Saharan Africa (SSA) has remained robust despite the global economic difficulties. This is expected to continue in the short-term, with differences in prospects for the different economies' varying with exposure to external shocks. Some food importers in the Sub-Saharan region have been hit by the sharp increase in global food prices leading to higher headline inflation and widening trade imbalances. Export diversification and prudent use of policy space in response to adverse shocks have been important elements in ensuring growth in these economies.

The SSA economy recorded a 4.8% growth in 2012 slower than the 5.1% observed in 2011. Economic growth is expected to improve reaching 5.8% in 2013 and 5.7% in 2014 for SSA. As elsewhere, external risks remain high, primarily because of global uncertainties.

Most SSA economies are participating in solid economic expansion, with the notable exception of South Africa, which has been hampered by its strong link to Europe. The labour disputes in the transport and mining industries also affected economic growth in South Africa, which is settled at 2.5% for 2012 as compared to 3.5% in 2011. Projections place growth at 2.7% in 2013 and 3.8% in 2014 for the South African economy.

3.4 Domestic Developments

While many countries in Sub-Saharan Africa have shown strong growth through 2012, the Swazi economy has remained depressed. Output growth was weighed down by the spill over-effects from the economic difficulties experienced by the advanced economies largely through the country's strong link with the South African economy which is affected by its exposure to the Euro area.

Domestic demand remained low in line with reduced buying power due to salary freezes and high inflation. The slow recovery has been prolonged by the lack of policy space for the government to influence output through spending. Economic growth is estimated at 0.2% for 2012 and is projected to recover in line with global economic trends and improvements in the Euro area to reach 0.8% in 2013. However, this is still significantly below pre-crisis levels and far below the growth rates required to impact on poverty in the economy.

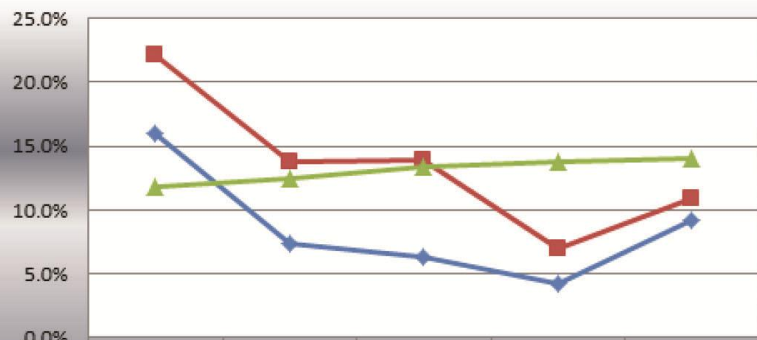
The strength of the domestic currency and strong macroeconomic fundamentals holding prices in check within the domestic economy. This further allowed the monetary authorities both locally and in South Africa to adopt an accommodative monetary policy to facilitate a faster recovery from the crisis. However, rising food and fuel prices increased inflation pressures resulting in an average headline inflation rate of 8.95% in 2012, higher than the 6.02% observed in 2011 and 4.51% in 2010. Projections show contained inflation pressures, leaving headline inflation within the single digits throughout 2013 to average 6.6% at the end of the year.

The country's export earnings increased in the year 2012 when compared to the year 2011 owing to a fall in the effective exchange rate during the year. The Lilangeni stood at 7.8 against the US Dollar in April 2012, weakening in the year to average 9.2 in March 2013. The exchange rate is expected to remain within the 8 and 9 range to average 8.5 in 2013 against the US Dollar as the developed world keeps interest rates low to sustain recovery from the financial crisis.

Tax revenues have grown faster than nominal GDP growth in the past five years reflecting a sound revenue mobilization drive. The margin in these growth rates is more pronounced in the year 2010/11 when SRA began operations. The ratio of tax revenue to GDP also continues to rise from year to year, from 11.8% in 2008/09 to 14.5% in 2012/13, as demonstrated in figure 1 (see next page).

SRA during a farmers' exhibition at Buhleni.

Figure 1: Growth in GDP, Tax Revenue and Tax to GDP ratio since 2008.



	2008/09	2009/10	2010/11	2011/12	2012/13
Nominal GDP Growth	16.0%	7.4%	6.4%	4.2%	9.2%
Growth in Tax Revenue	22.2%	13.8%	14.0%	6.9%	10.9%
Tax to GDP Ratio	11.8%	12.5%	13.4%	13.8%	14.0%

3.5 International Merchandise Trade

The total value of exports recorded by Swaziland is E16.1 billion for 2012/13 while imports were recorded as E14.1 billion. This is demonstrated in table 1 below.

Table 1: Swaziland Imports and Exports Values for 2012/13

Trading Country 2012/13	Imports Values for 2012/13 (E)	Rank	Trading Country 2012/13	Exports Values for 2012/13 (E)
ZA: Republic of South Africa	9,659,154,349.46	1	ZA: Republic of South Africa	9,446,451,498.75
CN: China	617,282,072.49	2	MZ: Mozambique	1,131,048,916.81
TW: Taiwan, Province of China	217,876,883.63	3	CN: China	199,298,850.38
IN: India	138,852,018.40	4	KE: Kenya	183,588,028.52
US: United States	135,275,646.80	5	US: United States	118,900,978.96
IE: Ireland	83,628,426.05	6	UG: Uganda	112,587,649.09
MZ: Mozambique	69,013,261.17	7	TZ: United Republic of Tanzania	97,959,215.39
GB: United Kingdom	67,436,319.37	8	GB: United Kingdom	96,420,177.84
JP: Japan	66,424,706.59	9	NA: Namibia	78,061,689.02
BR: Brazil	46,113,525.31	10	IT: Italy	67,075,534.80
Rest of the World (Various countries)	3,022,342,432.49		Rest of the World (Various countries)	4,622,343,227.16
TOTAL	**14,123,399,641.76**	**TOTAL**	**TOTAL**	**16,153,735,766.72**

[1] These are preliminary figures, which is subject to confirmation through audit processes.

The country's trade continues to be dominated by South Africa and Mozambique who jointly account for over 65% of 2012/13 exports. In comparison to the previous year, imports and exports recorded a growth of 8% and 13% respectively. South Africa remains the country's major trading partner, accounting for 58% of the country's total exports. Mozambique still ranks second and account for 7% of total exports.

As shown in table 2 below, the country's exports are dominated by primary products. Sugar and sugar confectionery, and essential oils and resinoid formed the key components of domestic exports. The opening of the iron ore mine at Ngwenya has ushered the ores, slag and ash into the top domestic exports for the country lately and accounted for 5% of the total exports. The main markets for this product are Mozambique, China and Taiwan.

Swaziland's imports are mainly from South Africa, with a share of 68%. The country's major imports include mineral fuels (petrol, diesel and paraffin), nuclear reactors (including boilers, machinery and mechanical appliances) and motor vehicles. Electrical machinery and equipment also formed a significant amount of the imports.

This machinery equipment includes television sets, sound recorders and producers.

Table 2: Swaziland's Major Imports and Exports Commodities in Emalangeni for the period 2012/13

Import Commodities	Imports Values for 2012/13 (E)	Export Commodities	Exports Values for 2012/13 (E)
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	2,157,059,821.02	Sugar and sugar confectionery	4,902,977,884.87
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1,022,667,990.21	Essential oils and resinoid; perfumery, cosmetic or toilet preparations	3,530,472,326.40
Vehicles others than railway or tramway rolling-stock, and parts and accessories thereof	999,905,339.40	Miscellaneous chemical products	2,020,574,008.19
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	662,573,779.86	Ores, slag and ash	847,510,554.03
Plastics and articles thereof	585,232,284.23	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	834,330,884.98
Cereals	407,477,020.92	Articles of apparel and clothing accessories, not knitted or crocheted	619,586,634.52
Articles of iron or steel	400,841,398.61	Wood and articles of wood; wood charcoal	491,685,037.82
Essential oils and resinoid; perfumery, cosmetic or toilet preparations	395,686,186.57	Organic chemicals	355,328,888.54
Paper or paperboard; articles of paper pulp, of paper or paperboard	392,189,187.88	Articles of apparel and clothing accessories, knitted or crocheted	327,761,389.55
Sugar and sugar confectionery	367,579,368.22	Preparation of vegetables, fruit, nuts or other parts of plants	244,022,336.25
Other Products	6,732,187,264.84	Other Products	1,979,485,821.57
TOTAL	**14,123,399,641.76**	**TOTAL**	**16,153,735,766.72**

4.1 TAX POLICY FRAMEWORK

The financial year 2012/13 experienced significant changes in legislation governing revenue administration. The Value Added Tax (VAT) Act came into effect on the 1st of April 2012. Following the promulgation of the legislation, when implementation started a number of issues were identified, which required some amendments or adjustments to the legislation. Two Legal Notices were issued exempting electricity and zero-rating fuel and Liquified Petroleum Gas (1st and 2nd Schedules) and also expanding the list/-definition of dairy products (2nd Schedule). Various amendments were made to the Income Tax Order (The Income Tax (Amendment) Act 2011), which became effective on the 1st July 2012.

4.2 REVENUE COLLECTIONS

Since taking over the revenue administration in the 4th quarter of 2010/11, the SRA has continued with its drive of adroit and cost effective revenue mobilization for the government of Swaziland. This mobilization function is being carried out in the trying conditions which the country has found itself in the past three years. Despite these domestic challenges, the SRA showed a stable performance as reflected by the consecutive attainment of the annual targets as set by the Government of Swaziland.

The SRA adopted the accrual basis of accounting for revenues with the introduction of VAT and as taxes are migrated onto the new Integrated Revenue Administration System (IRAS). For 2012/13 there was a mix of accrual and cash basis for the different tax types where revenues relating to prior years were reported on a cash basis (as and when receipted) and revenues relating to the current year were reported on an accrual basis (recognised on receipt of a return even if payment has not been received).

A total of E4,790,890,393 was transferred to government during the fiscal year 2012/13 against a target of E4,639,670,564 as indicated in table 3 below. This reflects a 3% above target collection which is E151,219,832 in additional revenue. An increase of 14% is observed in funds transferred when compared to the fiscal year 2011/12. Table 1 below showing actual collections by tax type since 2008/09 and targets for 2012/13 displays the foregoing.

Table 3: Total Revenue collection for the years 2008/09 - 2012/13 (E'000)

REVENUES FOR THE PERIOD 2008/09 TO 2012/13 (E'000)									
	2008/09	2009/10	2010/11	2011/12	2012/13		Variance 2012/13		As a % of
REVENUE HEADING	Actual	Actual	Actual	Actual	Target	Actual	Actual - Target	2011/12- 2012/13	Revenue in 2012/13
Company Tax	622,472	707,838	763,224	827,634	820,986	743,127	-9%	-10%	16%
Individuals	1,079,230	1,330,116	1,447,948	1,568,554	1,592,843	1,348,998	-15%	-14%	29%
Other Income Tax	215,052	268,726	308,188	301,635	348,119	265,943	-24%	-12%	6%
Graded Tax	3,258	3,089	4,100	3,416	4,754	2,086	-56%	-39%	0%
Total	**1,920,012**	**2,309,769**	**2,523,460**	**2,701,239**	**2,766,702**	**2,360,154**	**-15%**	**-13%**	50%
SALES TAX	984,001	997,644	1,255,389	1,338,190		133,188			
VAT					1,496,672	1,623,295	8%		35%
OTHER TAXES									
Sugar Export Levy	26,968	17,462							
Road Toll	19,680	24,691	24,200	28,090	28,361	27,431	-3%	-2%	1%
Lotteries and Gaming	22,974	20,651	18,123	18,135	3,442	7,427	116%	-59%	0%
Fuel Tax	73,949	91,300	147,560	206,034	344,493	381,457	11%	85%	8%
TOTAL	143,571	154,104	189,883	252,259	376,296	416,315	11%	65%	9%
Unallocated Funds*						257,939			5%
GRAND TOTAL	**3,047,584**	**3,461,517**	**3,968,732**	**4,291,688**	**4,639,671**	**4,790,890**	3%	12%	100%

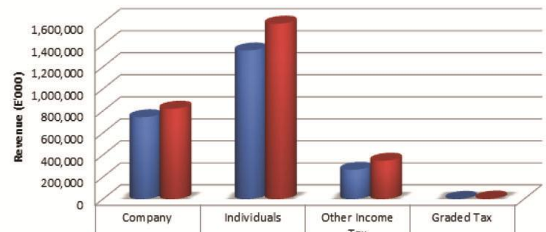
**The amount of E257,938,645 are funds transferred but not allocated to tax type.*

Domestic collections have shown an increase of 49% in a period of five years (2008/09 to 2012/13) reflecting a robust revenue collection drive despite economic challenges. The largest contributor to tax revenue continues to be income taxes accounting for 50% of total tax revenue. The second largest contributor to tax revenue is VAT accounting for 35% of the country's tax revenue in the year 2012/13. Income Tax contribution to tax revenue is 50% as compared to 63% in 2011/12. This reduced contribution is largely due to the introduction of VAT and the increase in fuel tax from E1 to E2 per litre.

4.2.1 Income Tax

The continued salary freeze by government including some large institutions and the slowed recovery of the domestic economy has weighed heavily on income tax collections in the year under review. This is largely because income taxes are very responsive to changes in the economy's output. Income Tax collections (net of refunds) for the year 2012/13 are recorded at E2,360,154,111 against a target of E2,766,702,167. This reflects an under performance of 15%. Besides the above mentioned factors, some of the underperformance of income taxes can be attributed to low return filing compliance for income taxes which is the driver for revenue performance under accrual accounting.

Figure 2: Income Tax Collections for FY 2012/13 (E'000)



	Company	Individuals	Other Income Tax	Graded Tax
Actual	743,127	1,348,998	265,943	2,086
Target	820,986	1,592,843	348,119	4,754

Income tax components fell below their respective targets in the year under review and also showed a decline when compared to 2011/12. However, the largest under achievement was from Graded Taxes at 56%. Graded Tax is being reviewed with the intention of repealing the Act as costs of collecting and administering it exceed the gains.

Individual taxes under performed by 15% against target. The performance of Company and Other Income Taxes was also not satisfactory as there was an under achievement of 9% and 24% respectively against target, as indicated in Table 4 and 5.

Table 4: Annual Tax Revenue Growth: 2008/09 – 2012/13

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax
2008/09	35%	14%	-8%	9%
2009/10	14%	23%	25%	-5%
2010/11	8%	9%	15%	33%
2011/12	8%	8%	-2%	-17%
2012/13	-10%	-14%	-12%	-39%

Table 5: Contribution of Income Tax items to Total Income Tax Revenue 2008/09-2012/13

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax
2008/09	32.42%	56.21%	11.20%	0.17%
2009/10	30.65%	57.59%	11.63%	0.13%
2010/11	30.25%	57.38%	12.21%	0.16%
2011/12	30.64%	58.07%	11.17%	0.13%
2012/13	31.49%	57.16%	11.27%	0.09%

4.2.2 Other Taxes

Fuel Tax recorded an improvement of 85% in the year 2012/13 when compared to financial year 2013/14. This was due to the increase in the fuel tax from E1 to E2 per litre and the improved administration of this tax type since being taken over by the SRA in the year under review. The Large Taxpayer Unit embarked on a one-on–one engagement exercise with the taxpayers in an effort to improve compliance. In the year under review there was reduced activity and in turn collections from casinos. The reason for reduced activity in this sector was the banning by the South African government of their citizens to do online gambling, which was contributing about 75% collections from Lotteries and Gaming. This resulted in an overall decline of 59% on collections from Lotteries and Gaming taxes.

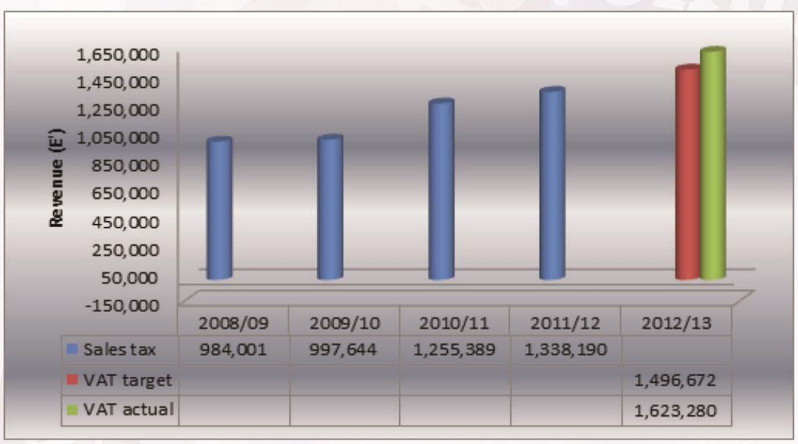
4.2.3 Value Added Tax and Sales Tax

On the 1 of April 2012, the Government of Swaziland introduced the Valued Added Tax (VAT) which replaced the Sales Tax. As expected, the VAT came with significant improvements in the collection of consumption taxes through an expanded tax net and its self-policing nature. This has resulted in a 21% increase in revenue when compared to Sales Tax collections made in 2011/12. VAT revenue consists of collections made at the country's entry points on goods imported into the country and also from domestic sales of goods and services. Total VAT collections are recorded at E1,623,294,868 for the year 2012/13 against a target of E1,496,672,085, as indicated in figure 3 below. This reflects an 8% above target performance which translates to E126,622,783 in additional revenue.

4.2.4 Taxpayer Registration

During the reporting year a total of 12,565 taxpayers were registered for the Taxpayer Identity Number (TIN). Out of these 2,816 registered for VAT, of which 489 are monthly filers and 2,327 are quarterly filers. A total of 11,626 taxpayers registered for Income Tax, of which 7,557 are individuals and 4,069 are business entities. A total of 3,733 taxpayers registered as employers during the year. A total of 48 requests were received for deregistration of which 39 were per taxpayer request and the remainder initiated by SRA. A total of 26 taxpayers have already been deregistered and the balance is still pending.

Figure 3: Sales Tax and VAT Trend from 2007/08 to 2012/13



This figure shows that the introduction of VAT resulted in a significant increase in revenue when compared with the Sales Tax era such as 2011/12.

4.2.5 Filing of Returns and Assessments

A total of 18,100 Income Tax returns were received during the year, of which 10,463 were from individuals and 7,637 from business entities. A total of 9,215 assessments were raised during the year, yielding total revenue of E333,609,305 (E196,061,609 from business entities and E137,547,696 from individuals). 4,793 VAT returns were received from monthly filers as compared to a target of 5,019 expected returns. This reflects a healthy compliance rate of 95%. A total of 5,177 VAT Returns were received from quarterly filers as compared to a target of 6,493 expected returns, reflecting a lower compliance rate of 79%. Non-Filers' notices sent to taxpayers amounted to 1,893 and default assessments raised for non-filers were valued at E82,726,880.

4.2.6 Refunds

A total amount of E578,187,538 was refunded to taxpayers, which mainly comprised VAT refunds to companies. The VAT refunds amounted to E564,094,141 with an amount of E558,572,852 for companies and E5,521,289 for diplomats. Income Tax refunds amounting to E4,321,352 were paid to taxpayers. Sales Tax refunds relating to previous years amounted to E9,772,045.

4.2.7 Compliance Initiatives

A number of initiatives were undertaken to improve compliance. These include the following:

a) **Audit and Investigation Cases:** Six (6) joint audits were conducted during the year and were all in draft stage at the time of reporting. There were six (6) audits completed under LTU, which resulted in additional tax of E29,956,428. Nineteen (19) PAYE audits on SMEs were completed in the reporting year amounting to E3, 778, 119.

b) **E-tax:** E-filing of VAT Returns was successfully piloted and launched during the last quarter of the financial year. Monthly filers are expected to commence filing on-line from 20th April 2013 and e-filing registration applications were already being received as at the 31st March 2013.

c) **Self-Assessment:** A project team was constituted and taxpayer engagements were initiated and are on-going.

d) **Presumptive Tax:** A policy paper was initiated. This is expected to be finalized during the course of the 2013/14 financial year. It is expected to deliver relief to small taxpayers and possibly generate more revenue for Government through improved compliance.

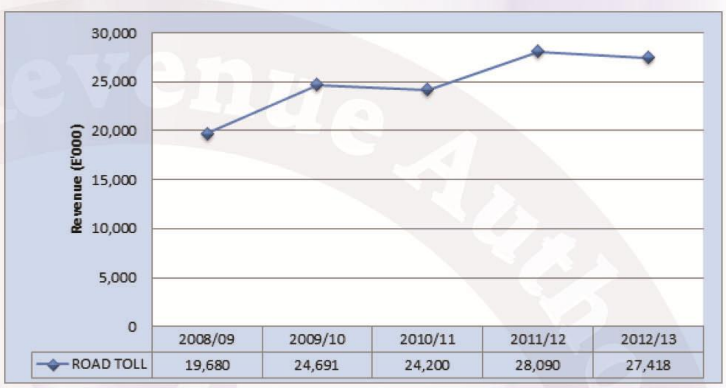
4.3 CUSTOMS AND EXCISE

4.3.1 Road Toll

Road Toll is collected at the country's entry points from foreign and local commercial vehicles, and private foreign registered vehicles. The rates vary; domestic commercial vehicles are charged E15, foreign commercial vehicles are charged E80 and private foreign registered cars are charged E50.

Total collections against the target of E28,361,237 for 2012/13 are recorded at E27,430,840 as shown in figure 4 below.

Figure 4: Road Toll collections 2008/09-2012/13 (E'000)



This is 3% below the annual target and presents a 2% decline from collections made in 2011/12. Factors contributing to the decline in road toll collections include the slowdown in economic activity which resulted in low volume of traffic when compared to 2011/12. Also the use of rail transport instead of road transport to transport iron ore from the Ngwenya Mine to

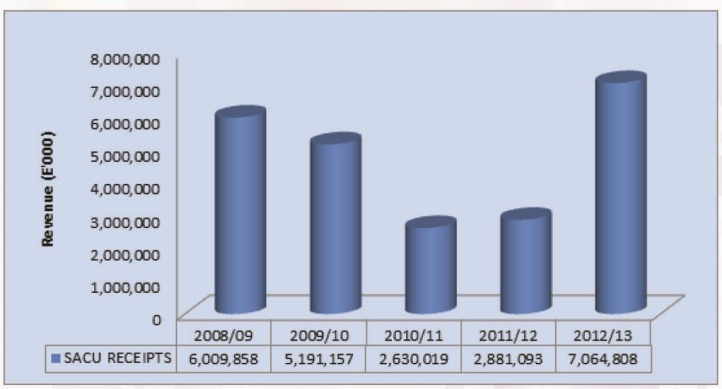
Mozambique led to lower foreign commercial vehicles entering the country yet this had earlier enhanced road toll collections.

4.3.2 Customs and Excise

Total collections for Customs and Excise duties made at the countries border posts and transferred to the SACU Common Revenue Pool (CRP) are recorded at E107, 569, 391, a 5% decrease from 2011/12 collections. The remittances to the CRP are in line with the SACU agreement as countries within the SACU pool are expected to remit their collections of Customs and Excise duties to the pool and these remittances are later shared by member countries through an agreed revenue sharing formula.

Swaziland remains highly dependent on the SACU receipts which have exposed the country during periods of poor performance of the pool. This was evident in 2010/11 where the country experienced 51% decline from 2009/10, which was carried forward to 2011/12 where E2,881,093,000 was received. However, there was a major improvement in 2012/13 where the country received E7,064,808,000, as indicated in Figure 5 below.

Figure 5: SACU receipts for the period 2008/09 - 2012/13 (E'000)



4.3.3 Enforcement Capability

As a means to curb revenue loss through smuggling and other offences, the SRA has strengthened its enforcement capabilities at points of entry and inland. These have yielded good results as officers are being trained on enforcement techniques. At Mhlumeni Border Post cigarettes to the value of E67,495 were seized on separate occasions. Furthermore, additional revenue of E422,746 was realised through duties and taxes. Other enforcement initiatives carried out included Operation Auto which yielded E601,422. In addition, six foreign registered trailers which were used by a local company were seized and penalties payable amounted to E93,757. Amongst other enforcement initiatives done, was the introduction of a mandatory bond for foreign grey cars (Dubais) in transit through Swaziland to Mozambique.

4.3.4 Improvement of Trade Data

A trade data quality improvement exercise targeted at ensuring that all Customs declarations are captured into the system was carried out in the year under review. This will be augmented by the introduction of a new web based Customs system in the future. This is meant to take advantage of the available technology to facilitate real time data exchange with other Customs Administrations in the region, mainly the South African Revenue Service (SARS).

4.3.5 Stakeholder Consultation

The Business Consultative Committee met 3 times in the year under review. This is a forum to facilitate an open dialogue between the SRA and its clients, particularly the business community. This is underpinned by two technical committees, the Customs to Business Forum and the Domestic Taxes Forum. This has proven to be a very good and reliable way of sharing information on challenges, successes and new initiatives/changes that SRA is undertaking to improve trade facilitation and general revenue administration. On the Customs side, it is anticipated that by September 2013, SRA will pilot the Preferred Trader / Authorized Economic Operator Project. This project is aimed at minimizing and later eliminating Customs requirements at border stations for compliant traders. This is a SACU-wide trade facilitation initiative in which SRA is also taking part. It is crucial that the private sector participates and understands this initiative fully.

4.3.6 Time Release Study

In pursuance of the objectives of Time Release Study, the World Bank has made commitment to fund all activities that were identified as crucial in improving trade facilitation. The World Bank committed to disburse funds (E60,000) prior to the final approval of the total budget to facilitate implementation of urgent activities. Other than procurement of equipment and payment of consultancy fees, a component of e-learning and attachments will be funded by the World Bank under the Time Release Study budget.

4.3.7 Investor Road Map

SRA participates fully in the Investor Road Map implementation initiatives spearheaded by the Ministry of Commerce, Industry and Trade. Participation was mainly through the Ease of Doing Business under the Trading Across Borders Sub-Group chaired by the Commissioner of Customs and Excise. The mandate of the Sub-Group is to find means of reducing the costs associated with importation / exportation of goods and the number of export / import documents. An assessment has been made and it has been verified that other documents requested by Customs are not necessarily a requirement for Customs but for other agencies. This has resulted in a considering being made to automating the other border agencies procedures under the Integrated Border Management initiative directed at eliminating paper permits and licenses and replacing those with online permits and licenses that will be linked to the Customs system.

PMS Training at Royal Villas.

Launch of New Referencing and E-tax campaign.

5.1 Information Technology Systems

A number of information technology initiatives centred on systems development and infrastructure improvement were undertaken in the year 2012/13 to support the organization in its Information, Communication and Technology (ICT) needs.

5.1.1 Integrated Revenue Administration System

The Integrated Revenue Administration System (IRAS) has been implemented in phases and after successfully completing the acceptance tests, the system is now operational and supported by the ICT personnel at first level. The Registration, Returns Processing and VAT Refunds Modules have been implemented. A web-based module that enables VAT Return Lodgement and Enquiries has been implemented, enabling the submission of returns online at the convenience of the taxpayer. The pilot targeted a few large taxpayers. The TIN is the building block of the Revenue Management System, enabling SRA to uniquely identify every taxpayer.

5.1.2 Automated System for Customs Data

The Automated System for Customs Data (ASYCUDA++) system for customs management is still in use. Efforts are underway to migrate to the web-based ASYCUDA World. In the year under review the risk management module was enabled, which will assist SRA in managing risk on imports and exports and facilitate more targeted searches.

5.1.3 Integrated Financial Management System

The Integrated Financial Management System (IFMS) has been implemented successfully and is currently on the final phase (phase three- Resource Manager). Completed modules include:

a) E-Workflow for purchase order requisitions, stores requisitions, budget capture and budget move
b) Accounts Payable (Reconciliation, Payments and Invoice);
c) General ledger;
d) Cashbook - EFT and RECXPRESS (Reconciliation Express);
e) Inventory management;
f) Assetware.

5.1.4 Integrated Human Resources Management System

To be able to manage Human Capital as part of the organization's strategic business process, SRA commenced the acquisition of an Integrated Human Resources Management System (IHRMS). This system will support Leave Management, Training and Development, Recruitment, Performance Management, and Employee Relations. Implementation of the project has started and is currently in phase two (Leave and Leave self-service).
Phase one has been completed and consisted of the implementation of the Organization and Job Modules.

5.1.5 Networks

All borders are now directly connected to the SRA network, enabling the availability of SRA systems, including the intranet, on all SRA sites.

Joint Audit reporting session.

5.2 Communications and Taxpayer Engagements

Communication with customers and various stakeholders was articulated through media relations programmes, management of the SRA corporate identity, dissemination of public information, coordination of taxpayer education programs, internal communication including publishing of the monthly newsletter and updating the intranet, implementing and managing programmes that enhanced customer centricity, managing promotional campaigns and updating of the SRA website. The following initiatives were undertaken in the course of the year 2012/13;

5.2.1 VAT Campaign

Intensive educational campaigns were conducted in preparation for the introduction of VAT. The purpose of the workshops was to educate the business community on VAT issues and awareness of VAT obligations as was scheduled to start on the 1st April 2012. Assistance was given to the registered businesses on the submission of a VAT return. Sixteen (16) workshops were held across the country between April and June 2012, covering both monthly and quarterly VAT filers.

5.2.2 Stakeholder Workshops

Fifteen (15) engagements were held for various stakeholders to discuss a variety of tax related issues. Various stakeholders were engaged on the new procedure for Customs Rules of Origin, the new system for remitting PAYE and submission of Income Tax Returns. The workshop audiences included the private sector, government agencies, NGOs, Tinkhundla Centres, Associations and individuals.

5.2.3 SRA Weekly Radio Shows

Weekly SRA's radio shows were aired every Wednesdays on SIBS's SiSwati Channel from 0615 to 0700hrs. Various issues relating to SRA business were discussed during these shows and it proved to be a very useful tool for educating the masses on their tax obligations as well making them aware of their rights. Over fifty (50) shows were aired in the course of the year and the show has been used both as a promotional tool and an educational tool. One of the most useful features of the show is that listeners are able to engage the presenters on the topic for the day.

5.2.4 Promotional Campaigns

Two (2) major promotional campaigns were held in the course of the year; these included one VAT and one Income Tax Returns Filing campaigns. The campaigns made use of billboards, print media, radio, posters, pamphlets and the SRA website for promoting the relevant messages. The core messages during these campaigns have been a reminder for VAT registered businesses to submit their returns on the due dates; and a call for taxpayers to submit their Income Tax Returns by the stipulated date. Coupled with the call for Income Tax Returns was also a reminder for employers to submit PAYE reconciliations. Ten (10) mall exhibitions were also conducted during the course of the year.

Engagement worskhop at The Tums George Hotel in Manzini.

5.2.5 Establishment of a Customer Service Unit

The Customer Service Unit was established in August 2012 with the appointment of a Manager. The major responsibility included managing the Customer Care Project. Achievements realised include:

a) The development of a system for serving taxpayers that would be used uniformly across the SRA.

b) The development of Customer Service Standards for the organization covering environment standards, communication standards, staff standards, customer standards, time standards and quality standards. These standards are embraced by all staff after an intensive training campaign.

c) The establishment of a Contact Centre for handling of all taxpayer queries. All queries received through the Contact Centre are logged into the Revenue Management System Taxpayer Assistance Module for effective reporting and for record keeping.

d) In-depth customer care training was conducted for all SRA staff.

5.2.6 Customer Perception Survey

A cross sectional quantitative research customer satisfaction survey was completed and a final report was produced for consideration by SRA Management. The survey intended to provide baseline information that would guide the development and implementation of a comprehensive and effective Customer Relations Management (CRM) Strategy. The objectives of the study were to identify and populate core indicators that will be monitored as SRA carries out its mandate; determine the perception of customers towards SRA service; establish customer's expectations from the SRA in respect to service in a bid to identify means on how the SRA can improve its service.

The study's population comprised of Corporate; Medium and Small Enterprises; Informal Traders; High Net-worth Individuals; other Individuals and key Stakeholder Agencies (including Clearing Agents; Legal Fraternity; NGOs; Government; Legislators and Business Fora). An action plan will be developed as guided by the findings of the survey. It is the SRA's intention to carry out this survey annually.

5.2.7 Official Launch of e-Tax, New Referencing Format and Contact Centre

SRA officially launched e-Tax, the New Referencing format and the Contact Centre on (DATE and venue). External stakeholders attended the launch during which these three (3) new offerings were explained to them and an invitation extended to them to utilise these facilities.

5.3 Analysis, Planning and Statistics

The Authority fulfilled its role of informing various stakeholders through the production of various reports. These included quarterly statutory Public Enterprise Unit (PEU) reports and Performance Targets Reports.

SRA periodically engaged the Ministry of Finance on discussions relating to the development of revenue forecasts and revenue reporting at periodic intervals. SRA also participated in SACU fora to discuss issues pertaining to the review of the revenue sharing arrangement. Trade statistics were produced in collaboration with other government agencies such as the Central Statistics Office (CSO) of the Ministry of Economic Planning and Development. Participation was also recorded in four (4) regional SACU meetings on: Task Team on GDP Harmonization Program; International Merchan-

CG addressing staff in one of the internal training.

dise Trade Statistics Workshop; and the Task Team on trade data reconciliation.

A Revenue Forecasting Model was developed through technical assistance of two consultants from the Ghana Revenue Authority (GRA). The purpose of developing the model is to ensure a scientific and reliable projection of revenue on a three-year rolling basis.
SRA continued to monitor the implementation of Business Plans which operationalize the Strategic Plan. Quarterly progress reports were produced and reviewed by internally established structures to inform implementation rate of proposed strategic initiatives. Monthly Management Information Systems (MIS) analysis reports were also produced to provide guidance on attainments of targets by operational departments.

The SRA also started preparations for the implementation of the Performance Management System (PMS), which would link individuals' performance to the Strategic Plan.

5.4 Human Resources

5.1.1 Performance Management System

A service provider was engaged by the Authority to facilitate the implementation of a robust Performance Management System (PMS). A vendor was engaged to assist with the exercise and the project is scheduled to commence implementation in the first month of the next financial year (2013/14) and projected to run for about 18 months. All SRA staff will be part of this system as a culture of promoting and managing performance.

5.1.2 Training

SRA has conducted various training activities for its staff across different Departments and Divisions. Training was conducted both in-house and externally. A breakdown of the training activities covered is enumerated in the table 6.

Table 6: SRA 2012/13 Staff Trainings

Target Group Trained	Training Topics Covered
1. CORPORATE	WCO Top Management Dialogue, 9th Annual HR African Summit, SADC Customs ICT Strategy, PRISA Workshop on Communication Strategy, Risk Based Auditing, The Balanced Score Card Course, 56th Institute of People Management (IPM) Convention & Exhibition, Task Team of Excise Experts, FATF/GIABA Joint Meeting Experts Meeting on Money Laundering and Terrorist Financing Typologies, SARS Service & Channel Workshop, SARS Study Visit, 20th International Annual Conference 2013, Seminar on Risk Based Compliance, 4th Session of the WCO Capacity Building Committee, The Service Level Agreements Training, Advanced Records Management and Archiving Systems Workshop, Cisco ASA Firewall Training, Microsoft SQL Server Training.
2. CUSTOMS	Intellectual Property Rights (IPR) Course, WCO Regional Workshop on rules of origin for the WCO ESA Region, Joint EC-SADC EPA Meeting, 4th Session of the WCO Capacity Building Committee. SACU Preferred Trade Verification Workshop, Harmonised System Valuation Workshop, Rules of Origin Training Programme, Customs Border Control Training, SACU Projects Management Meeting for National Project Manager, 7th Steering Committee Meeting of the SACU-WCO Customs Development Programme, 17th Regional Steering Group Meeting, SACU Customs "Operations Auto" Training, Green Customs Initiation Workshop; WCO Globally Networked Customs Connectivity Framework; SACU Risk Management and enforcement workshop, Second Africa Trade Forum (ATF II)
3. DOMESTIC TAXES	Workshop on Auditing Small and Medium Enterprises, Taxation of Financial Markets, JICA Training on Tax Examination Methodology, First Meeting of the OECD Global Forum on VAT, Lesotho Revenue Authority Site Visit, SARS Service & Channel Workshop, Business Process Management Workshop, IRBM-OECD: Tax Policy Analysis, SARS Study Visit, Governance, Risk Management and Compliance Master Class, Treaty Aspects of International Tax Planning, ATAF Technical Seminar on Transfer Pricing, IPA Course on Implementing Full Taxpayer Self-Assessment, SADC Training seminar (Advanced Application of Tax Agreement); Validation Workshop of the assignment to develop guidelines for tax incentives in the SADC Region; ATAF/OECD Workshop on negotiation of Tax Treaties. Return Processing, Taxpayer Enquiry, Customer Care Customs Training, Consolidated Cashiering, Induction Training for VAT Staff joining Domestic Taxes, SRA Customer Care Training for Commissioners and Directors, SRA-SARS Joint Audit Training, Senior Management Development Training, Customs TOT Training, Procurement Workshop, Debt Collection Training, SRA Customer Care Training for frontline officers.

5.1.1 Staff Complement

SRA's staff complement stood at 551 at the end of the reporting period compared to 563 in 2011/12. The staff turnover rate is 4.7%. This rate translates to a total of 26 staff members that left the Authority for various reasons. Mostly were resignations (some to pursue academic studies) followed by dismissals for dishonesty and misconduct. Twenty six (26) new staff members were recruited to serve across the various departments / divisions of the Authority.

5.3 Estates and Administration

The Authority acquired office space, initiated activities aimed at managing cash-handling risks and continued with projects aimed at refurbishing border posts and staff houses.

- **Facilities Management** - SRA acquired office space at Mbabane Office Park and Corporate Place, Swazi Plaza to be used as new Headquarters and Mbabane Service Centre, respectively. All teams in Mbabane shall relocate to the Headquarters building, with the Corporate Place office accommodating the Mbabane Tax Office and other customer frontline services (i.e. vehicle clearance, accounts maintenance, Returns lodgements and assessments) currently performed at the Income Tax and Inter-ministerial buildings.

- **Projects** – Refurbishment of the Ngwenya Border Post commenced in the year under review. Priority was given to the improvement of ablution facilities and cash collection cubicles. Staff houses were refurbished across all border posts save for Ngwenya Border Post. The Ngwenya border houses were excluded because they were in a habitable condition after being rehabilitated in 2010. Non-commercial border posts were refurbished to improve the general outlook; customized to meet customer expectations and suit business operations.

5.4 Modernisation Initiatives

The SRA has adopted Best Management Practices for the planning and implementation of initiatives that are in the strategic plan. These practices include the following:

- **Portfolio Management:** A coordinated collection of strategic processes and decisions that enable the most effective balance of organizational change and business as usual in order to deliver and realize Corporate Objectives. The Portfolio Board is responsible for Portfolio Management and it is chaired by the Commissioner General.

- **Management of Successful Programmes:** MSP offers best-practice guidance to help organization's to consistently achieve successful outcomes from transformational change (Strategic projects/programmes). The programmes have been grouped by department and the Programme Boards are headed

Commissioner Domestic Taxes at the launch of Perception Survey.

Staff listening attentively in one of the internal sessions.

by Commissioners. Their objective is to supervise their initiatives to ensure delivery of Departmental objectives as defined by the strategic plan

- **Projects In a Controlled Environment (PRINCE2):** PRINCE2 is a process driven project management methodology.

The initiatives in the strategic plan were prioritized and a group of twelve (12) initiatives were identified for the close supervision by the Portfolio Board. Progress on the prioritised initiatives is outlined below in table 7 below.

Table 7: Prioritised initiatives implemented as projects in 2012/13

Programme	Achievement in Financial Year ended March 2013
1. Integrated Revenue Administration System (IRAS)	1.1 The modules supporting the launch of VAT were commissioned in April 2012. 1.2 PAYE Module commissioned in June 2012. 1.3 Consolidated cashiering commissioned to centralize cashiering for all tax types. 1.4 Provisional Tax module commissioned in November 2012.
2. Customer Care	2.1 Taxpayer Assistance (Customer Relationship Management) module completed in June 2012. 2.2 A company-wide training initiative was launched to sensitive Management and staff on SRA customer service standards.
3. E-Tax	3.1 An E-Tax roadmap was developed and VAT was prioritized. The roadmap shall see E-Tax functionality rolled out up to June 2014. The modules supporting VAT were commissioned in September 2012. 3.2 E-Tax was launched in December 2012.
4. Self-Assessment	4.1 Development of the system module initiated. 4.2 Taxpayer engagements initiated.
5. Business Process Management	5.1 Domestic Taxes processes documented. The first group of processes to be implemented in June 2013. 5.2 BPM Methodology completed. 5.3 BPM Competency Centre established.
6. Presumptive Tax	6.1 Development of policy paper initiated.
7. Customs System	7.1 Business Case outlining the most effective approach for the program approved internally.
8. Strategy Cascading / Performance Management	8.1 Vendor appointed to be strategic partner. 8.2 The plan was approved to cascade the strategy from the corporate scorecard to individuals' performance contracts.
9. Change Management	9.1 Vendor appointed to be strategic partner. The programme shall deliver a strategy for managing change as well as building capacity within the SRA to manage change.
10. Skills Audit	10.1 The procurement process was initiated for appointed of a vendor to be strategic partner for the planning and execution of the Skills Audit programme.
11. Document Management	11.1 Procurement of a vendor to draft the document management strategy initiated.
12. Relocation into new SRA Office Building	12.1 Space plans completed and approved. 12.2 Procurement of major fixtures and fittings initiated.

6. ENHANCING CORPORATE GOVERNANCE AND IMAGE

6.1 Internal Audit

The Internal Audit function carried out fourteen audits. These included: Sales Tax audit; ICT security; Large Taxpayer Audit; Source and Application of ICT; Customer Service Reporting; Follow up audit on High Net Worth; Follow up audit on debt management and collection; Follow up audit on assets; Follow up audit on customer services; Adhoc audit at Mahamba Border Post; Adhoc revenue collection at border stations; Refund processing: Draft Governance audit: Reporting; Customer Services Audit: Reporting. Audits not performed included Procurement audit, Budgetary and control, Performance Information audit, Risk and Intelligence, Follow up on External Auditor (external audit collaboration) and Revenue analysis and collection. Road shows were successfully conducted to market the internal audit function. A three year strategic rolling plan was developed.

6.2 Internal Affairs

The SRA continued its drive to inculcate the culture of integrity and accountability among staff members. Despite this strategic drive some elements of fraud and theft still exist as reflected in the investigations undertaken. In 2012/13, SRA had in its register a total of one hundred and seventeen (117) complaints, a number that includes complaints inherited from the preceding reporting year. Out of the one hundred and seventeen (117) complaints, one hundred and two (102) complaints were converted into active investigations. Active investigations inherited from the preceding year were twenty five (25), which makes a total of one hundred and twenty-seven (127) active investigations held in the Register of Active Investigations for the year. A total of eighty-five (85) active investigations were closed for various reasons (8 finalised and referred to disciplinary proceedings; 59 closed for lack of evidence; 15 transferred to other internal departments for further processing; and 3 were referred to the police for criminal investigations). At the close of the financial year, forty-two (42) cases were under active investigations, whilst fifteen (15) complaints were pending review.

Significantly, the eight (8) cases referred to discipline involved fifteen (15) officers (3 from the Department of Domestic Taxes and 12 from the Department of Customs). The eight (8) cases constitute five (5) fraud cases, two (2) thefts and one (1) case of insolence. Out of the fifteen (15) officers, three (3) were dismissed and twelve (12) are awaiting disciplinary processes (including two officers who are on suspension).

To improve education and integrity awareness among staff members SRA developed a staff integrity programme, implemented through fora to sensitize and commit staff to uphold high levels of integrity in the execution of their duties. SRA staff are urged to acquaint themselves and adhere to internal policies and procedures, which are readily available on the organization's intra-net portal, to assist in upholding the expected standards of behaviour and conduct. Staff engaged were those stationed at eleven (11) border posts, six (6) inland stations, regional out-stations and all head-office based stations. The integrity awareness initiatives were rolled-out to newly recruited staff as well.

With a view to promote the Whistle-Blowing Toll-Free telephone line (i.e., 800 8000) and to garner public support for the SRA's integrity initiatives, SRA conducted morning radio phone-in talk-shows hosted by the SiSwati Channel of the Swaziland Broadcasting and Information Service (SBIS).

Training of Customs Officers at Thokoza.

For the period under review, members of staff declared and surrendered gifts of various kinds (stationery, monetary, edibles, clothing items, etc.) and all were disposed-off by being donated to charity. There is a tremendous decline of donated gifts to staff as compared to previous years and this could be attributable to the vigorous programme by SRA of administering the Gifts and Hospitality Disclosure Programme coupled with sensitization of stakeholders on the organization's No Gift Policy. Gifts that could not be declined are disclosed or declared and surrendered to the Internal Affairs Division for registration and disposal purposes.

In the reporting period a total of one hundred and three (103) staff members were vetted out of a total staff compliment of 665. The vetting includes among others authenticating academic certificates and checking backgrounds on any history of criminal activity of staff members.

7. LEGAL SERVICES AND LEGISLATIVE DEVELOPMENTS

7.1 Governing Board Meetings

The Revenue Authority Act, 2008, which establishes the SRA, stipulates that the SRA Governing Board shall have a minimum of one meeting every 3 months. The Board and its Committees met as required within each quarter during the year, approving various strategic initiatives, including policies, as indicated in table 8 below.

Table 8: Governing Board Sessions in 2012/13

Governing Board sub-Committee	2012/13 Governing Board meeting sessions undertaken			
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**
Finance and Tender Committee	21st May 2012	22nd August 2012	15th November 2012	6th February 2013
Human Resource and Ethics Committee	9th May 2012	16th August 2012	7th November 2012	6th February 2013 **12th February 2013 (Special Meeting**
Audit Committee	23rd May 2012	22nd August 2012	20th November 2012	28th January 2013
Main Board	6th June 2012 **20th June 2012 (Meeting with the Minister for Finance)**	29th August 2012	5th December 2012	13th February 2013

7.2 Tax Legislation

Following the coming into effect of the Value Added Tax Act No. 12 of 2011, a number of areas were identified on implementation that required some amendments or adjustments to the legislation. The following were therefore effected:

a) Legal Notice exempting electricity, and zero-rating fuel and handi-gas (1st and 2nd Schedules);

b) Legal Notice expanding the list/definition of dairy products (2nd Schedule);

c) A corrigendum to the Act, which corrected a number of mainly typographical errors in the Act; Various amendments to the Income Tax Order (The Income Tax (Amendment) Act 2011) came into effect on the 1st July 2012;

d) The Value Added Tax (VAT) Act came into effect on the 1st of April 2012.

7.3 Litigation Matters

Table 9 presents litigation matters handled in 2012/13. Various cases were either instigated by the SRA or by taxpayers or other stakeholders against the SRA, as follows:

Table 9: Litigation matters attended during 2012/13

CASES	Types of Cases	Number of Cases	Status
Instigated against SRA	Labour cases	4	All are still pending hearing in court or other for a (CMAC).
	Customs cases	6	2 cases were concluded in the SRA's favour, and 4 cases still pending hearing or judgment.
	Sales Tax cases	2	Both cases were concluded in the SRA's favour.
	VAT cases	2	Both cases were concluded in the SRA's favour.
	Income Tax cases	1	Case is pending hearing
Initiated by SRA	General civil cases	1	Case was decided in SRA's favour.
	Sales Tax cases	8	6 cases pending hearing, and 2 cases in which a settlement agreement has been reached.
	Income Tax cases	1	Case is pending hearing.

7.4 Memoranda and Agreements

SRA successfully negotiated with other countries and organisations various agreements and memorandum of cooperation. These include the following:

- The Double Taxation Avoidance Agreement with the Republic of the Seychelles was signed in October 2012, and is now in effect.
- Tax Information Exchange Agreements with the States of Guernsey and the Isle of Man are still pending signature, the parties having agreed.
- The Kyoto Convention was ratified by the Kingdom in 2012 on in 19th September 2012.

International Agreements were signed with the following entities:

1. Signing of a Memorandum of Co-operation with the Central Bank of Swaziland (on behalf of the Financial Intelligence Unit) - information exchange.
2. Signing of a Memorandum of Co-operation with the Tobacco Institute of Southern Africa – information exchange.
3. Signing of a Memorandum of Co-operation with the Zimbabwe Revenue Authority.
4. Accession by Swaziland to the African Tax Administration (ATAF) Agreement.
5. Customs Co-Operation Agreement with the Mozambique Customs Service was re-affirmed.

Memoranda of Understanding were also entered into with the following entities to facilitate relationships between the SRA and the various stakeholders located at the border:

1. Ministry of Tourism and Environmental Affairs.

2. Royal Swaziland Police.
3. Ministry of Natural Resources and Energy.
4. National Agricultural Marketing Board.

8. MAJOR CHALLENGES ENCOUNTERED

The SRA has enjoyed a very good working relationship with the Ministry of Finance, which has been crucial in the delivery of its mandate. However, there are delays in finalizing some very critical initiatives that are fundamental to the long-term sustainability of the organization. This is primarily related to the difficulty in coordinating other key stakeholders in Government to play their part.

The SRA has also experienced a relatively high staff turn-over owing to the freezing of salaries for all public entities. This again threatens the long term sustainability of the organization. On a positive note, the SRA has continued to enjoy a steady flow of resources as per it's appropriation unlike in previous years where this flow was highly erratic. It may be necessary to safeguard the resourcing of the Authority going forward as it is the mechanism through which Government's stated priorities can be financed.

SWAZILAND REVENUE AUTHORITY

ANNUAL FINANCIAL STATEMENTS (Own Accounts)
for the year ended 31 March 2013

CONTENTS **Page**

The Board Members are responsible for the preparation, integrity and fair presentation of the financial statements of the Swaziland Revenue Authority. The financial statements presented on pages 3 to 32 have been prepared in accordance with Swaziland and International Financial Reporting Standards, and include amounts based on judgements and estimates made by management. The Board Members also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The Board Members are also responsible for the Swaziland Revenue Authority's internal financial controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Board Members to indicate that any material breakdown in the functioning of these controls, procedures and any system has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Board Members have no reason to believe that the Swaziland Revenue Authority will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Swaziland Revenue Authority.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the Board Members and Committees of the Authority. The Board Members believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 2.

The annual financial statements which appear on pages 3 to 32 have been approved by the Board Members and are signed on its behalf by:

BOARD CHAIRPERSON

COMMISSIONER GENERAL

25th June 2013
DATE

25th June 2013
DATE

We have audited the accompanying financial statements of Swaziland Revenue Authority, which comprise the Board Members' report, the statement of financial position as of 31 March 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 32.

Board Members' Responsibility for the financial statements

The Authority's Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of 31 March 2013 and of its financial performance and its cash flows for the year then ended in accordance with Swaziland and International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008.

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: *Paul Lewis*
Chartered Accountant (Swaziland)
Date 02 July 2013
Mbabane

	Note	2013 E	2012 E
Revenue			
Government funding for recurring expenditure		**206 188 239**	174 984 147
Other income	1	**65 126**	486 817
Total revenue		**206 253 365**	175 470 964
Expenses			
Administrative expenses		**(61 348 928)**	(41 705 243)
Staff costs		**(144 839 311)**	(133 278 904)
Operating surplus	2	**65 126**	486 817
Finance income	3	**5 131 645**	2 052 780
Finance cost	3	**(414 836)**	(68 421)
Surplus for the year		**4 781 935**	2 471 176
Total comprehensive income for the year		**4 781 935**	2 471 176

STATEMENT OF FINANCIAL POSITION As at 31 March 2013

	Notes	2013 E	2012 E
Assets			
Noncurrent assets			
Property, plant and equipment	5	**132 633 451**	93 769 939
Intangible assets	6	**3 322 544**	35 367
		135 955 995	93 805 306
Current assets			
Other Assets	7	**2 201 889**	2 576 140
Cash and cash equivalents	8	**171 880 460**	48 221 178
		174 082 349	50 797 318
Total assets		**310 038 344**	144 602 624
Reserves			
Accumulated surplus		**12 182 204**	7 400 269
		12 182 204	7 400 269
Liabilities			
Non current liabilities			
Employee benefits provision	9	**40 969 293**	25 561 828
Borrowings	12	**2 190 994**	2 891 784
Deferred grant income	10	**135 955 997**	93 805 306
Total Noncurrent liabilities		**179 116 284**	122 258 918
Current liabilities			
Deferred grant income	10	**106 322 869**	1 316 249
Other payables	11	**6 630 230**	9 441 221
Employee benefits provision	9	**5 085 967**	3 566 695
Borrowings	12	**700 790**	619 272
Total current liabilities		**118 739 856**	14 943 437
Total liabilities		**297 856 140**	137 202 355
Total reserves and liabilities		**310 038 344**	144 602 624

BOARD MEMBERS' REPORT (continued)
for the year ended 31 March 2013

8. Investment Managers

The following financial institution was the investment manager of the Authority during the year:

African Alliance
P O Box 5727
Mbabane

9. Business and postal address of the Authority

Business address	Postal address
Imfumbe Building	P O Box 5628
MBABANE	MBABANE
Swaziland	H100
	Swaziland

10. Auditors

The auditors of the Authority are:

Business address	Postal address
PricewaterhouseCoopers	PricewaterhouseCoopers
MTN Office Park	P O Box 569
Karl Grant	MBABANE
Street	H100
MBABANE	Swaziland
Swaziland	

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2013

	Note	2013 E	2012 E
Revenue			
Government funding for recurring expenditure		**206 188 239**	174 984 147
Other income	1	**65 126**	486 817
Total revenue		**206 253 365**	175 470 964
Expenses			
Administrative expenses		**(61 348 928)**	(41 705 243)
Staff costs		**(144 839 311)**	(133 278 904)
Operating surplus	2	**65 126**	486 817
Finance income	3	**5 131 645**	2 052 780
Finance cost	3	**(414 836)**	(68 421)
Surplus for the year		**4 781 935**	2 471 176
Total comprehensive income for the year		**4 781 935**	2 471 176

STATEMENT OF FINANCIAL POSITION As at 31 March 2013

	Notes	2013 E	2012 E
Assets			
Noncurrent assets			
Property, plant and equipment	5	**132 633 451**	93 769 939
Intangible assets	6	**3 322 544**	35 367
		135 955 995	93 805 306
Current assets			
Other Assets	7	**2 201 889**	2 576 140
Cash and cash equivalents	8	**171 880 460**	48 221 178
		174 082 349	50 797 318
Total assets		**310 038 344**	144 602 624
Reserves			
Accumulated surplus		**12 182 204**	7 400 269
		12 182 204	7 400 269
Liabilities			
Non current liabilities			
Employee benefits provision	9	**40 969 293**	25 561 828
Borrowings	12	**2 190 994**	2 891 784
Deferred grant income	10	**135 955 997**	93 805 306
Total Noncurrent liabilities		**179 116 284**	122 258 918
Current liabilities			
Deferred grant income	10	**106 322 869**	1 316 249
Other payables	11	**6 630 230**	9 441 221
Employee benefits provision	9	**5 085 967**	3 566 695
Borrowings	12	**700 790**	619 272
Total current liabilities		**118 739 856**	14 943 437
Total liabilities		**297 856 140**	137 202 355
Total reserves and liabilities		**310 038 344**	144 602 624

	Accumulated Surplus E	Total E
Balance at 1 April 2012	**7 400 269**	**7 400 269**
Total comprehensive income for the year	**4 781 935**	**4 781 935**
Balance at 31 March 2013	**12 182 204**	**12 182 204**
Balance at 1April 2011	4 929 093	4 929 093
Total comprehensive income for the year	2 471 176	2 471 176
Balance at 31 March 2012	7 400 269	7 400 269

	Notes	2013 E	2012 E
Cash flows from operating activities			
Cash utilised by operations	13	**(180 398 327)**	(147 862 341)
Net cash utilised in operating activities		**(180 398 327)**	(147 862 341)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	**(48 921 423)**	(17 026 231)
Acquisition of intangible assets	6	**-**	(31 232)
Proceeds from sale of property, plant and equipment		**252 755**	545 219
Net cash utilised in investing activities		**(48 668 668)**	(16 512 244)
Cash flows from financing activities			
Net grant funding received from the Government	10	**353 345 550**	167 182 000
(Decrease)/Increase in finance lease liability		**(619 273)**	3 511 056
Net cash utilised in financing activities		**352 726 277**	170 693 056
Net increase in cash and cash equivalents and bank overdrafts		**123 659 282**	6 318 471
Cash and cash equivalents at beginning of the year		**48 221 178**	41 902 707
Cash and cash equivalents and bank overdrafts at end of the year	8	**171 880 460**	48 221 178

1. General information

Swaziland Revenue Authority (SRA) 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 financial statements are reported in Emalangeni. The Administered Government Revenue accounts are audited by the Auditor General.

2. Basis of preparation

The financial statements of Swaziland Revenue Authority have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations, and in compliance with the Revenue Authority Act of 2008. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed.

The accounting policies have been consistently applied to all years presented and all amounts are shown in Emalangeni unless otherwise stated.

2.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Authority

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the Authority.

2.1 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2012 and not early adopted

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on transfers of financial assets, promote transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost.
The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Authority is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Authority is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

3 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

5. Impairment of assets (continued)

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated to assets in the cash-generating unit on a pro rata basis.
A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount and if there is an indication that the impairment loss may have been reversed. The reversal is limited to an amount equal to the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised in previous years.

6 Financial assets

The Authority classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

A Financial assets at fair value through profit or loss
Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

B Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Authority's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

C Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any required impairment.

3. Property, plant and equipment (continued)

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

Computer equipment 3 years
Office equipment 3 years
Motor vehicles 5 years
Office furniture 10 years
Buildings 50 years

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

The Office furniture and equipment, Computer equipment and motor vehicles are stated after deducting government grants.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of construction overheads of normal capacity.

The Authority recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Authority and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income within other income.

4. 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. All other borrowing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

5. Impairment of assets

The carrying amounts of assets stated in the statement of financial position, other than inventories and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated as the higher of the fair value less costs to sell and its value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount exceeds the recoverable amount.

5. Impairment of assets (continued)

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated to assets in the cash-generating unit on a pro rata basis.
A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount and if there is an indication that the impairment loss may have been reversed. The reversal is limited to an amount equal to the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised in previous years.

6 Financial assets

The Authority classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

A Financial assets at fair value through profit or loss
Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

B Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Authority's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

C Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any required impairment.

6 Financial assets (continued)

D Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.
The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.
When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

7 Revenue recognition

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

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

Revenue is recognised as follows:

(i) Government funding
a) SRA is funded through funds appropriated by Parliament on an annual basis and disbursed by the Ministry of Finance and Ministry of Economic Planning and Development .
b) Government funding relating to the recurrent expenditure of SRA, disbursed for the purpose of giving immediate financial support to SRA with no future related costs, are recognised in the Statement of Comprehensive Income in the period in which they become receivable.
c) Capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, are recognised in the statement of changes in reserves and an amount equivalent to the depreciation determined on a historical cost basis is transferred from capital reserve to the accumulated surplus/(deficit).

(ii) Interest income
Interest income includes interest on bank deposits and is recognised in the Statement of Comprehensive Income on an accrual basis using effective interest method.

(iii) Commissions, auction sale proceeds, and other income earned
Commissions, auction sale proceeds and all other incomes are recognised on an accrual basis when it is probable that SRA will receive the income and the income can be measured reliably.

8 Finance income

Finance income comprises interest receivable on loans, advances, trade receivables and income from financial market investments. Interest is only recognised where it is probable that the economic benefits associated with the transaction will flow to the Authority. Finance income is recognised on a time-proportionate basis that takes into account the effective yield on assets. Finance income on impaired loans is recognised using the original effective interest rate.

9 Finance cost

Finance cost comprises interest payable on borrowings calculated using the effective interest rate method as well as interest resulting from the unwinding of discount on provisions.

10 Financial risk management

The Authority's activities expose it to a variety of financial risks including currency risk, fair value interest risk and price risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority.

10.1 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.

10.2 Interest rate risk

Financial Instruments that are sensitive to interest rate risk are bank balances and cash. A 1% increase in interest rates would result in an additional surplus for the year of E143 233 while a decrease in interest rates by a similar margin would result in an equal opposite effect.

10.3 Credit risk

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

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

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

10 Financial risk management (continued)

10.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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. Borrowings due over 1 year have been discounted using 12% which is the rate implicit in the lease agreement and was taken as a market rate.

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2013				
Financial Liabilities:				
Other payables	**6 630 230**	**-**	**-**	**6 630 230**
Borrowings	**700 790**	**2 190 994**	**-**	**2 891 784**
	7 331 020	**2 190 994**	**-**	**9 522 014**
31 March 2012				
Financial Liabilities:				
Other payables	9 441 221	-	-	9 441 221
Borrowings	619 272	1 975 210	-	2 594 482
	10 060 493	1 975 210	-	12 035 703

11 Provisions

Provisions are recognised 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 a reliable estimate of the amount can be made. Where the Authority expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Authority recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Authority becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Authority are not provided in advance.

12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short term high liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceed (net of transaction value) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

15 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries, gratuity and annual leave represent the amount that the Authority has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pension obligation

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.

Statutory obligations

Provision is not made for statutory termination obligations in terms of the Employment Act, 1980. It is considered that the Authority's contribution to the pension fund exceeds the contributions required by the employment act which can be recovered against such statutory obligations, at present.

16 Grants received

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

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

17 Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the assets has expired; or when the Authority has transferred its contractual right to receive the cash flows of the financial assets, and either:
– Substantially all the risks and rewards of ownership have been transferred; or
– The Authority has neither retained nor transferred substantially all the risks and rewards, but has not retained control.
Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

18 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

19 Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major area where management has used its judgment and accounting estimates are with regards to depreciation, amortisation of intangible assets and provisions.

20 Foreign Currencies

The financial statements of SRA are prepared and presented in Emalangeni(E), the currency of the primary economic environment in which SRA operates and the functional currency. Transactions in currencies other Emalangeni are recorded at functional currency rate ruling at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated.

21 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 statement of financial position date. For employees on a daily rate terms, an accrual is made for the severance benefits.

22 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to lessee. All other leases are classified leases.

a) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

b) Operating lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

c) Deposits and advance payments of operating leases are recognised in the statement of financial position under trade and other receivables.

		2013 E	2012 E
1	**Other income**		
	Tender deposits from approved suppliers	**27 908**	53 957
	Gain on disposal of assets	**37 218**	432 860
		65 126	486 817
2	**Operating surplus**		
	The operating surplus is arrived at after taking into account the following items:		
	Amortisation of intangible assets (note 6)	**744 529**	9 065
	Auditors' remuneration		
	Current year fees-interim audit fees provision	**121 837**	128 893
	Prior year fees	**167 659**	216 670
		289 496	345 563
	Depreciation on property, plant and equipment (note 5)	**5 810 667**	4 792 626
	Board Member expenses	**225 868**	234 751
	General Expenses	**-**	5 466
	Professional fees and consultancy	**5 430 006**	6 374 668
	Staff salaries and benefits (note 4)	**144 839 311**	133 278 904
3	**Finance income**		
	Interest received – Nedbank Swaziland Limited	**1 960 293**	793 710
	Interest received – African Alliance	**3 171 352**	1 259 070
		5 131 645	2 052 780
	Finance cost		
	Interest charged – Nedbank Swaziland Limited	**-**	31 731
	Finance lease charges	**414 836**	36 690
		414 836	68 421

		2013 E	2012 E
4	**Staff salaries and benefits**		
	Salaries & wages and other allowances	**120 495 635**	111 030 245
	Gratuity provision	**19 624 394**	17 669 522
	Pension provision	**2 471 092**	2 709 574
	Leave provision	**1 726 425**	1 869 563
	Severance provision	**521 765**	-
		144 839 311	133 278 904

The average number of employees during the year was 568 (2012:543)

Worskhop on New Referencing and E-Tax.

5 Property, plant and equipment

Property, Plant and Equipment	Land and buildings E	Containers E	Office Equipment E	Furniture & Fittings E	Motor Vehicles E	Leased Motor Vehicles E	IT Infrastructure E	Leasehold Improve-ments E	Computer Hardware E	Work In Progress E	Total E
Year ended 31 March 2013											
Cost or valuation											
At 1 April 2012	73 739 900	66 692	3 090 819	1 957 285	4 022 592	3 559 288	4 187 729	137 488	-	7 464 302	98 226 095
Reclassification	-	-	2 290 090	-	-	-	(4 187 729)	-	1 897 639	-	-
Restated at 1 April 2013	73 739 900	66 692	5 380 909	1 957 285	4 022 592	3 559 288	-	137 488	1 897 639	7 464 302	98 226 095
Additions	6 593 325	57 931	159 033	340 978	-	-	-	4 280 013	1 240 831	36 249 312	48 921 423
Disposals		-	-	-	(602 550)	-	-	-	-	-	(602 550)
Transfer from WIP		-	978 224	-	-	-	-	-	-	(5 009 931)	(4 031 707)
At 31 March 2013	**80 333 225**	**124 623**	**6 518 166**	**2 298 263**	**3 420 042**	**3 559 288**	**-**	**4 417 501**	**3 138 470**	**38 703 683**	**142 513 261**
Accumulated depreciation											
At 1 April 2012	(1 336 328)	(7 103)	(1 071 078)	(202 421)	(1 404 063)	(64 514)	(280 106)	(90 543)	-	-	4 456 156
Reclassification	-	-	455 688	-	-	-	280 106	-	(735 794)	-	-
Restated at 1 April 2013	(1 336 328)	(7 103)	(615 390)	(202 421)	(1 404 063)	(64 514)	-	(90 543)	(735 794)	-	(4 456 156)
Charge for the year	(1 347 528)	(18 125)	(1 907 941)	(199 412)	(729 594)	(774 059)	-	(52 138)	(781 870)	-	(5 810 667)
Disposals	-	-	-	-	387 013	-	-	-			387 013
At 31 March 2013	**(2 683 856)**	**(25 228)**	**(2 523 331)**	**(401 833)**	**(1 746 644)**	**(838 573)**	**-**	**(142 681)**	**(1 517 664)**	**-**	**(9 879 810)**
Net carrying amount	**77 649 369**	**99 395**	**3 994 835**	**1 896 430**	**1 673 398**	**2 720 715**	**-**	**4 274 820**	**1 620 806**	**38 703 683**	**132 633 451**

5

Property, plant and equipment *(continued)*

	Land and buildings E	Containers E	Office equipment E	Furniture and fittings E	Motor vehicles E	Leased Motor vehicles E	IT infrastructure E	Leasehold improvements E	Work in progress E	Total E
Year ended 31 March 2012										
Cost or valuation										
At 1 April 2011	-	21 800	2 003 019	1 640 229	2 099 491	-	166 740	95 583	-	6 026 862
Additions	73 739 900	44 892	1 087 800	317 056	2 694 813	3 559 288	4 020 989	41 905	7 464 301	92 970 944
Disposals	-	-	-	-	(771 712)	-	-	-	-	(771 712)
At 31 March 2012	73 739 900	66 692	3 090 819	1 957 285	4 022 592	3 559 288	4 187 729	137 488	7 464 301	98 226 094
Accumulated depreciation										
At 1 April 2011	-	(726)	(214 661)	(44 989)	(45 007)	-	(4 585)	(12 913)	-	(322 881)
Charge for the year	(1 336 328)	(6 376)	(856 418)	(157 432)	(2 018 408)	(64 514)	(275 520)	(77 630)	-	(4 792 626)
Disposals	-	-	-	-	659 352	-	-	-	-	659 352
At 31 March 2012	(1 336 328)	(7 102)	(1 071 079)	(202 421)	(1 404 063)	(64 514)	(280 105)	(90 543)	-	(4 456 155)
Net carrying amount	72 403 572	59 590	2 019 740	1 754 864	2 618 529	3 494 774	3 907 624	46 945	7 464 301	93 769 939

		2013 E	2012 E
6	**Intangible assets**		
	Capitalized computer software costs for the year ended 31 March 2013:		
	Cost		
	At the beginning of the year	44 432	13 200
	Additions transferred from WIP	4 031 707	31 232
	At the end of the year	4 076 139	44 432
	Accumulated amortisation		
	At the beginning of the year	(9 065)	-
	Charge for the year	(744 529)	(9 065)
	At the end of the year	(753 594)	(9 065)
	Net carrying amount	3 322 545	35 367
7	**Other assets**		
	Due from Swaziland Government	50 000	50 000
	Rental prepayment and deposits	373 353	335 702
	Consultancy fees prepayment	-	201 811
	Group Life Assurance expenses paid on behalf of SRA pension fund	1 396 023	1 851 100
	World customs organisation	-	97 981
	IT Licence	-	38 646
	Inventory control account	93 028	900
	Staff travel and other advances	244 889	-
	Sundry debtors	44 596	-
		2 201 889	2 576 140
8	**Cash and cash equivalents**		
	Petty cash	122 056	27 391
	Nedbank Swaziland Limited	26 883 072	4 060 617
	African Alliance	144 875 332	44 133 170
		171 880 460	48 221 178

Available cash is invested in interest generating bank accounts.

		2013 E	2012 E
9	**Employee Benefits Provisions**		
	Short term provisions:		
	Leave pay	**5 085 967**	3 566 695
	Long term provisions:		
	Gratuity	**40 447 527**	22 142 154
	Pension	**-**	3 419 674
	Severance	**521 766**	-
		40 969 293	25 561 828
	Total	**46 055 260**	29 128 523

		Gratuity	Pension	Leave pay	Severance	Total
9.1	**31 March 2013**				-	
	At the beginning of the year	**22 142 154**	**3 419 674**	**3 566 695**		**29 128 523**
	Amount paid out during the year	**(970 264)**	**(3 419 674)**	**(207 153)**	**-**	**(4 597 091)**
	Charged in the statement of comprehensive income	**19 275 637**	**-**	**1 726 425**	**521 766**	**21 523 828**
	At the end of the year	**40 447 527**	**-**	**5 085 967**	**521 766**	**46 055 260**
	31 March 2012					
	At the beginning of the year	4 519 257	-	1 792 478	-	6 311 735
	Charged in the statement of comprehensive income	17 622 897	3 419 674	1 774 217	-	22 816 788
	At the end of the year	22 142 154	3 419 674	3 566 695	-	29 128 523

Leave pay provision

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

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

Gratuity provision

This provision is made for payments in accordance with the contract basis renewable at expiry of each contract period. The provision is calculated at the rate of 25% of the value of total annual remuneration package of the contractor as at terminal date multiplied by the number of completed years of service.

9 Employee Benefits Provisions (continued)

Pension

The permanent staff of the authority qualifies for membership of the authority's pension fund The contributions to the fund are as follows; 15% contributions by the employer and 5% contributions by the employee. In April 2012 the Swaziland Revenue Authority Pension Scheme was established with Swaziland Royal Insurance Corporation as the administrators. The liability of E3,419,674 was transferred to the administrators as at that date.

Severance provision

The severance pay provision has been calculated based on an estimate of those staff who will retire within the foreseeable future.

		2013 E	2012 E
10	**Deferred grant income**	**242 278 866**	95 121 555
10.1	***Current***		
	Balance at beginning of year	**1 316 249**	21 261 810
	Received from Government - cash	**353 345 550**	167 182 000
	Received from Government – assets	**-**	75 944 711
	Grants realised in statement of comprehensive income for funding recurring expenditure excluding depreciation and amortization	**(199 633 043)**	(170 182 456)
	Asset disposals for the year	**215 537**	112 360
	Grants utilised to defray capital expenditure (Note 5,6)	**(48 921 423)**	(93 002 176)
		106 322 870	1 316 249
10.2	***Non -current***		
	Balance at beginning of year	**93 805 306**	5 717 181
	Grants utilised to defray capital expenditure (Note 5,6)	**48 921 423**	93 002 176
	Asset disposals for the year	**(215 537)**	(112 360)
	Transfer of depreciation and amortisation on funded assets (Note 5,6)	**(6 555 196)**	(4 801 691)
		135 955 996	93 805 306

The authority received a grant amounting to E353 345 550 from the Government of Swaziland to facilitate the funding of recurring & capital expenditure incurred and for its daily operations.

		2013 E	2012 E
11	**Other payables**		
	Accruals	**6 630 230**	9 441 221

			2013 E	2012 E
12	**Borrowings**			
	Current			
	Finance lease liabilities		**700 790**	619 272
	Non current			
	Finance lease liabilities		**2 190 994**	2 891 784
	Total borrowings		**2 891 784**	3 511 056
	Finance lease liabilities – minimum lease payments:			
	Not later than 1 year		**1 019 065**	1 019 065
	Later than 1 year but not later than 5 years		**2 571 275**	3 590 340
			3 590 340	4 609 405
	Future finance charges on finance leases		**(698 556)**	(1 098 349)
	Total minimum lease payments		**2 891 784**	3 511 056
13	**Cash flow from operating activities**	Notes		
	Surplus for the year		**4 781 935**	2 471 176
	Adjustment for non-cash items:			
	Depreciation and amortisation	5,6	**6 555 196**	4 801 691
	Gains of disposal of assets		**(37 218)**	(432 860)
	Amortisation of Government grant		**(206 188 239)**	(174 984 147)
			(194 888 326)	(168 144 140)
	Changes in working capital:		**14 489 999**	20 281 799
	Decrease in payables and provisions		**(2 810 989)**	(449 908)
	Increase in provisions		**16 926 737**	22 816 788
	(Decrease)/increase in other assets		**374 251**	(2 085 081)
	Net cash outflows from operating activities		**(180 398 327)**	(147 862 341)

14. Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IAS 39 and by statement of financial position heading.

	Loans, receivables and other assets E	Financial assets and liabilities at amortised cost E	Available For sale Investment E	Total E
As at 31 March 2013				
Financial assets				
Cash and cash equivalents	-	-	171 880 460	171 880 400
Other assets	2 201 889	-	-	2 201 889
	2 201 889	**-**	**171 880 460**	**174 082 349**
Financial liabilities				
Other payables	-	6 630 230	-	6 630 230
Borrowings	-	2 891 784	-	2 891 784
Deferred grant income	-	106 322 869	-	106 322 869
	-	**115 844 883**	**-**	**115 844 883**

	Loans, receivables and other assets E	Financial assets and liabilities at amortised cost E	Available For sale Investment E	Total E
As at 31 March 2012				
Financial assets				
Cash and cash equivalents	-	-	48 221 178	48 221 178
Other assets	2 576 140	-	-	2 576 140
	2 576 140	-	48 221 178	50 797 318
Financial liabilities				
Other payables	-	9 441 221	-	9 441 221
Borrowings	-	3 511 056	-	3 511 056
Deferred grant income	-	1 316 249	-	1 316 249
	-	14 268 526	-	14 268 526

15. Financial instruments – maturity analysis

The Authority's financial instruments are made up of the following financial assets and liabilities classified by maturity dates:

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2013				
Financial assets:				
Other assets	**2 201 889**	**-**	**-**	**2 201 889**
Cash and bank	**171 880 460**	**-**	**-**	**171 880 460**
	174 082 349	**-**	**-**	**174 082 349**
Financial liabilities:				
Borrowings	**700 790**	**2 190 994**	**-**	**2 891 784**
Other payables	**6 630 230**	**-**	**-**	**6 630 230**
Deferred grant income	**106 322 869**	**-**	**-**	**106 322 869**
	113 653 889	**2 190 994**	**-**	**115 844 883**

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2012				
Financial assets:				
Other assets	2 576 140	-	-	2 576 140
Cash and bank	48 221 178	-	-	48 221 178
	50 797 318	-	-	50 797 318
Financial liabilities:				
Borrowings	619 272	2 891 784	-	3 511 056
Other payables	9 441 221	-	-	9 441 221
Deferred grant income	1 316 249	-	-	1 316 249
	11 264 382	2 891 784	-	14 268 526

16. Related party transactions

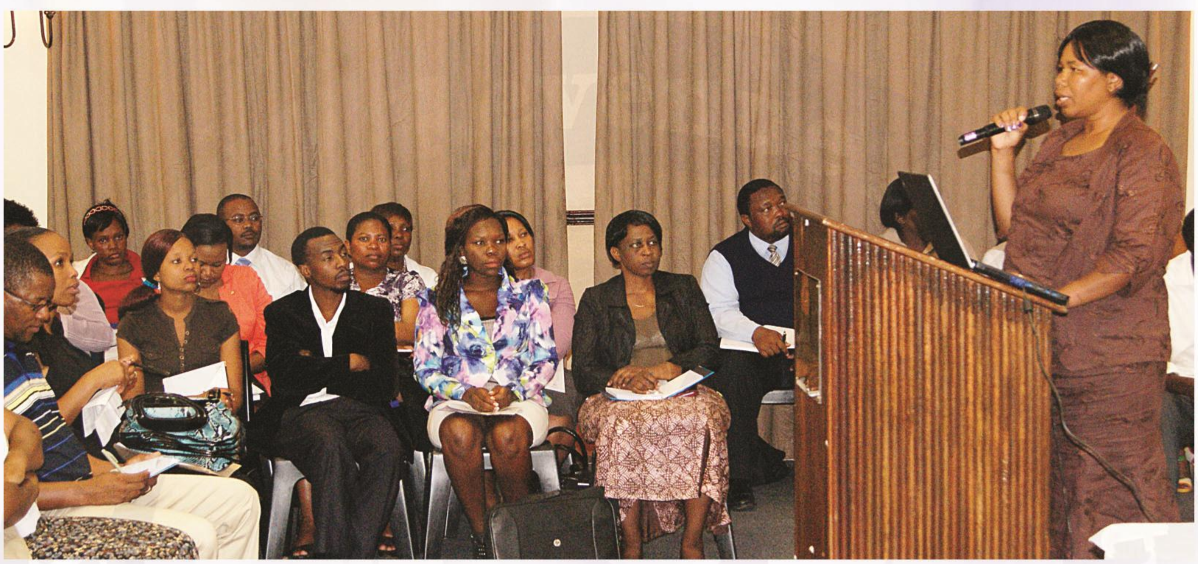
The Authority is wholly owned and controlled by the Swaziland Government.

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

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

The following transactions were carried out with related parties:-

		2013 E	2012 E
16.1	**Government of Swaziland**		
	Grant Received - Cash	**353 345 550**	167 182 000
	Grant Received - Assets	**-**	75 944 711
		353 345 550	243 126 711
16.2	**Board members fees**		
	Board Members fees	**225 868**	234 751



Philisiwe Mabuza making a presentation in a workshop.

17. Commitments

17.1 Operating lease commitments- company lessee (continued)

- Lease agreement with Bremersdorp Wholesalers (Pty) Ltd in which Bremersdorp Wholesalers rented out office blocks to the Authority. The agreement commences 1April 2011, and is for duration of 1 year. The monthly rental is E57 178.

- Lease agreement with Leites Motors (Pty) Ltd in which Leites Motors rented offices to the Authority. The agreement was renewed in 1 July 2012, and is for duration of 1 and a half years. The monthly rental is E27 588.

- Lease agreement with Matsapha Industrial Holdings (Pty) Ltd in which Matsapha Industrial Holdings rented offices to the Authority. The agreement was renewed in 1 April 2012, and is for duration of 3 years. The monthly rental is E16 940 with an annual escalation of 10%.

- Lease agreement with AIDA Swaziland (Pty) Ltd in which AIDA Swaziland rented offices to the Authority. The agreement commenced in 1 October 2011, and is for duration of 3 years. The monthly rental is E84 700 with an annual escalation of 10%.

- Lease agreement with MBI Estates Agents in which MBI Estates Agents rented offices to the Authority. The agreement commenced in 1 October 2011, and is for duration of 3 years. The monthly rental is E38 520 with an annual escalation of 8%.

- Lease agreement with Diesel Services (Pty) Ltd in which Diesel Services (Pty) Ltd rented offices to the Authority. The agreement commenced in 1 September 2012, and is for duration of 1 year. The monthly rental is E13 527.93.

- Lease agreement with the Central Bank of Swaziland in which the Central Bank of Swaziland rented out offices to the Authority. The agreement was renewed in 1 June 2012, and is for duration of 11 months. The monthly rental is E51 467.

- Lease agreement with J & E Construction (Pty) Ltd in which J & E Construction rented out offices to the Authority. The agreement commenced in 1 April 2012, and is for duration of 3 years. The monthly rental is E9 663.06 with an annual escalation of 10%.

17. Commitments (continued)

17.2 Operating lease commitments- company lessee (continued)

• Lease agreement with the Estate of the Late Calvin Ndlovu in which the Estate of the Late Calvin Ndlovu rented offices to the Authority. The agreement commenced in 1 May 2012, and is for duration of 3 years. The monthly rental is E6 600.

	2013 E	2012 E
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
Due within one year	**2 682 191**	3 215 842
Due between 1 and 5 years	**1 270 773**	2 705 183
	3 952 964	5 921 025

18. 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.

Annual Report **2013**

Swaziland Revenue Authority
P.O. Box 5628, Mbabane
Telephone: 2406 4050 **Fax:** 2406 4001
email: info@sra.org.sz **website:** www.sra.org.sz