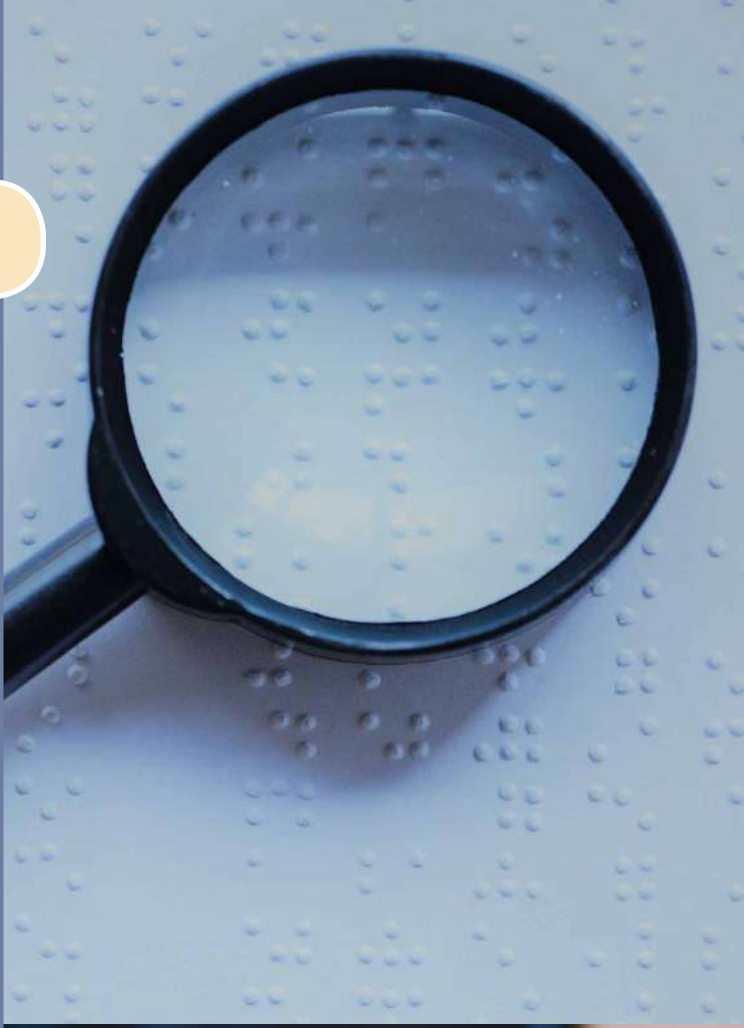
Integrated Annual Report 2020-21

IN THIS REPORT



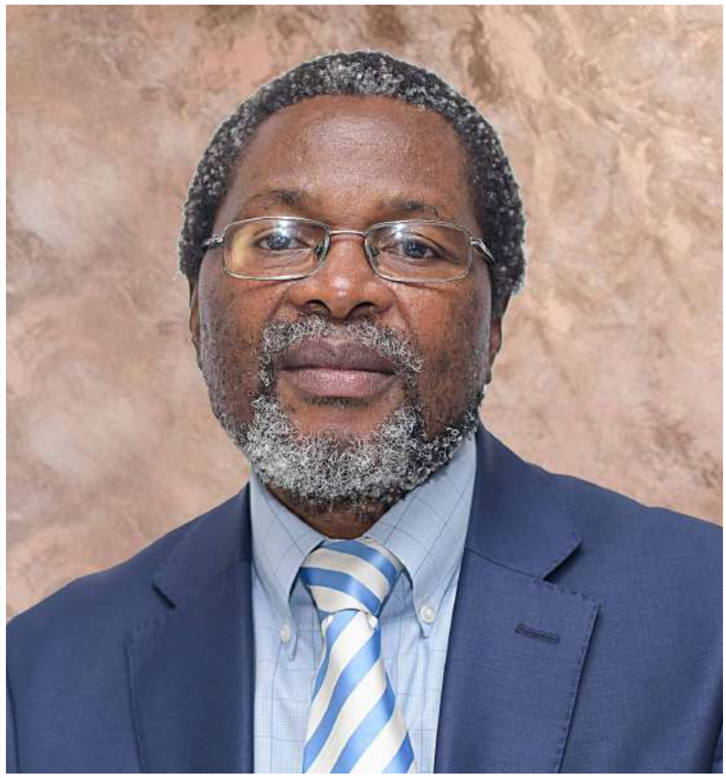
List of Tables & Figures

Acronyms & Abbreviations

ASYCUDA	-	Automated System for Customs Data
ASYPM	-	Automated System for Customs Data Performance Management
ATL	-	Alcohol and Tobacco Levy
AU	-	African Union
BSD	-	Business Strategy and Development
CARSC	-	Customs Automation Regional Support Centre
CBE	-	Central Bank of Eswatini
CIP	-	Compliance Improvement Plan
CIT	-	Company Income Tax
CMS	-	Customs Management Systems
COMESA	-	Common Market for Eastern and Southern Africa
COVID-19	-	Coronavirus
CPI	-	Consumer Price Index
CRM	-	Compliance Risk Management
CSI	-	Corporate Social Investment
DTA	-	Double Taxation Avoidance Agreement
ERM	-	Enterprise Risk Management
FY	-	Financial Year
GDP	-	Gross Domestic Product
ICT	-	Information and Communication Technology
IMF	-	International Monetary Fund
ISIC	-	Internal Standard Industry Classification
ISO	-	International Standards Organisation
LUSIP	-	Lower Usuthu Smallholder Irrigation Project
MEPD	-	Ministry of Economic Planning and Development
MOUs	-	Memorandum of Understandings
NFTC	-	National Trade Facilitation Committee
OIT	-	Other Income Tax
PAYE	-	Pay As You Earn
PIT	-	Personal Income Tax
PTP	-	Preferred Trader Program
RSA	-	Republic of South Africa
RTIP	-	Regional Trade Information Portal
SACU	-	Southern African Customs Union
SADC	-	Southern Africa Development Community
SANU	-	Southern Africa Nursing University
SEDCO	-	Small Enterprise Development Company
SLAs	-	Service Level Agreements
SRACO	-	SRA Charity Organisation
TADAT	-	Tax Administration Diagnostic Assessment Tool
TINs	-	Taxpayer Identity Numbers
TIP	-	Trade Information Portal
TRF	-	Trade Related Facility
TRS	-	Time Release Study
UNCTAD	-	United Nations Conference on Trade and Development
VAT	-	Value Added Tax
WCO	-	World Customs Organization
YTD	-	Year-To-date

1 General Information

1.1 Chairman's Statement



DAVID D. DLAMINI
Chairman of the Governing Board

> **As the country and the world at large continue to battle the Covid-19 pandemic and its effects on all spheres of life, I would like to acknowledge the resilience of our taxpayers who continued to strive towards compliance through very difficult circumstances. Not forgetting our members of staff whose resilience and continued loyalty to the organisation also made the work possible despite the challenges in the operational environment that everyone had to adapt to, as well as in their personal lives.**

The beginning of the year 2021 marked the 10th anniversary of the Eswatini Revenue Authority's existence. As the Board and the Authority mark this milestone, we can look back at numerous achievements that have been accomplished by what has proved to be a dedicated team under the leadership of the Commissioner General and the Management team.

Central to these was transforming the country's revenue collection mandate into a credible and reliable mechanism, thus enabling Government to also continue fulfilling its own mandate.

I therefore wish to thank Members of the Board for their continued support of the organisation throughout this period.

As the country and the world at large continue to battle the Covid-19 pandemic and its effects on all spheres of life, I would like to acknowledge the resilience of our taxpayers who continued to strive towards compliance through very difficult circumstances. Not forgetting our members of staff whose resilience and continued loyalty to the organisation also made the work possible despite the challenges in the operational environment that everyone had to adapt to, as well as in their personal lives.

The financial year 2020/21 was also the last year of the 2018/19 to 2020/21 organisational strategy; the Board is honoured to have been able to guide the organisation through the implementation of this strategy and will continue to provide support as the new one is rolled out.

DAVID D. DLAMINI
CHAIRMAN OF THE GOVERNING BOARD

General Information

1.2 Commissioner General's Statement

DUMISANI E. MASILELA
Commissioner General

"The year 2020-21 has been the most difficult in the history of the existence of the SRA. Total tax revenue collections amounted to E9.945 billion against a target of E11.403 billion, which was a 13% below target performance. The revenue collections showed a shortfall E1.458 billion on the set target and was also lower than prior year collections by 0.1%.

The Government of the Kingdom of Eswatini, through SRA, provided support through establishment of a E90million fund aimed at relieving businesses that were affected by COVID-19.

In accordance with the requirements of the Eswatini Revenue Authority Act, 2008 (as amended) and the Public Enterprises (Control and Monitoring) Act No. 8 of 1989, I humbly present to you the Eswatini Revenue Authority (SRA) Annual Report for the Financial Year (FY) 2020-21.

Revenue Collections

The year 2020-21 has been the most difficult in the history of the existence of the SRA. Total tax revenue collections amounted to E9.945 billion against a target of E11.403 billion, which was a 13% below target performance. The revenue collections showed a shortfall E1.458 billion on the set target and was also lower than prior year collections by 0.1%. Mixed performances were observed amongst the tax types with a few recording an above target performance whilst all major types recorded a below target performance. Other income taxes were above target due to an increase in taxes paid by non-residents, whilst import motor vehicle levy recorded an above target performance due to an upward revision of the levy in the later part of the financial year. Company taxes, Individual taxes, Graded tax, Road Toll, Lotteries and Gaming, Fuel Tax and Alcohol &Tobacco Levy were all below target, mainly due to the impact of the various restrictions put in place to combat the COVID-19 pandemic.

Sectors that observed noticeable increases in revenue collections were the construction, Agricultural and ICT sectors. However other sectors such as the Financial, Manufacturing and Other services sectors observed a decline in their contribution to revenue. The Government of the Kingdom of Eswatini, through the SRA, provided support through establishment of a E90million fund aimed at relieving businesses that were affected by COVID-19. This was later reduced to E45 million as the other half was repurposed by Government. The funds were disbursed in the form of refunds on income tax paid during the tax year that ended 30 June 2019 and the total amount of refunds paid under this relief fund was E794 071 where 55 taxpayers benefitted.

Regional and International Support

The continued support by our regional and international partners is on-going and very instrumental in giving specific direction on how to improve revenue collection over all sectors. What has been notable is the assistance provided by the International Monetary Fund (IMF) on the roll-out of our self-assessment initiative, which has not only been seamless but has released resources to be used in more intelligence, investigations and audit capacity. They have also supported our adoption of a risk-based approach to compliance management, through the development of a Compliance Risk Management

General Information

Commissioner General's Statement - continued

I remain appreciative of the support that the Governing Board provided during this challenging economic environment. The guidance provided was instrumental in ensuring that our operations remained resilient during the COVID 19 pandemic.

Framework (CRM), which culminated in the development of a Compliance Improvement Plan (CIP) for implementation during the year.

The use of our regional partner, the African Tax Administration Forum has also been very instrumental not only in building our capacity to drive compliance but also in enhancing our engagement in continental and global tax discussions to ensure that changes to the global tax rules are fit for purpose in Africa. With the world market getting bigger and more digital, there is now the need to fully integrate the international elements of revenue administration into the operating model of the SRA. It is against this background that His Majesty's Government has seen it fitting to strengthen these relationships.

The recently signed and ratified Convention on Mutual Administrative Assistance in Tax will provide the country with the necessary network from which to start to tackle the issues of transfer pricing, illicit financial flows and undeclared financial interest in foreign jurisdictions.

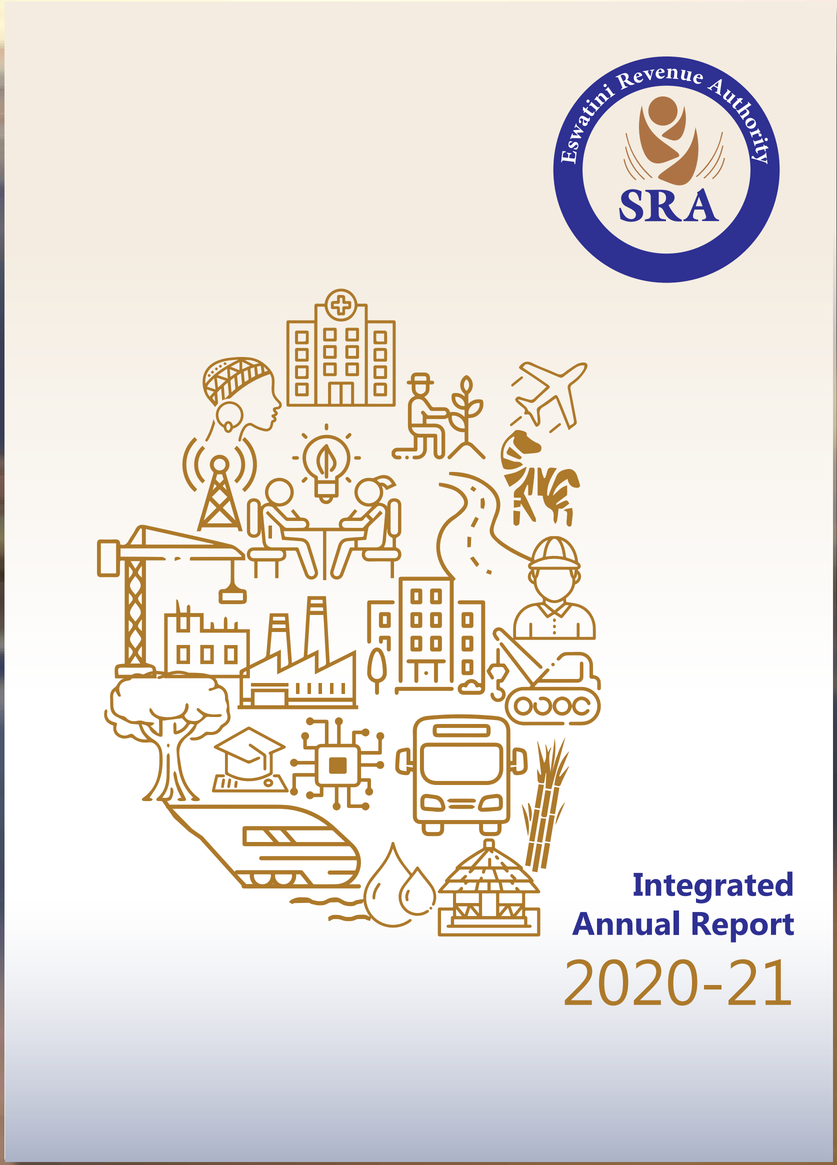
While some may view the performance against target as a failure on our part, I am very proud of the efforts made by the entire SRA team to get as close as possible to this target, which was never revised by the way even after realizing that the economy was going to be adversely affected by the pandemic. Initial forecasts were projecting a much steeper decline in revenue owing to the significant slow-down experienced in the economy. This, was, however, minimised owing to the great effort of the team. I am truly appreciative of this effort by the team.

Appreciation

I remain appreciative of the support that the Governing Board provided during this challenging economic environment. The guidance provided was instrumental in ensuring that our operations remained resilient during the COVID 19 pandemic. Finally, I am also grateful to His Majesty's Government, particularly the Honourable Minister for Finance, for the unrelenting efforts towards sustaining the economic viability of the country through the various fiscal initiatives put in place to assist the taxpaying community to fulfil their tax obligations and by supporting the SRA with the resources needed to fulfil its mandate.

DUMISANI E. MASILELA
Commissioner General

1.3 About This Report



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

General Information

1.4 Performance Highlights

Revenue Collection: **E9.945 Billion**

Cost to Revenue Ratio: **4.38%**

Increase in Taxpayer Registration: **1.03%**

Value Added Tax (VAT) Filing Compliance: **57.4%**

Income Tax Filing Compliance: **53.2%**

Tax to Gross Domestic Product (GDP) Ratio: **15.3%**

Pay As You Earn (PAYE) Tax Filing Compliance: **38.3%**

Legal Compliance: **98%**

Systems Uptime: **99.6%**

Staff Attrition Rate: **2.76%**

1.5 Organisational Overview

VISION

100% Voluntary Compliance for a better Kingdom of Eswatini

MISSION

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

MANDATE

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

Performance Excellence
Strive for professionalism and continuous improvement.

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

Integrity
Promote honesty, trust and openness

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

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

1.6 Our Business Model

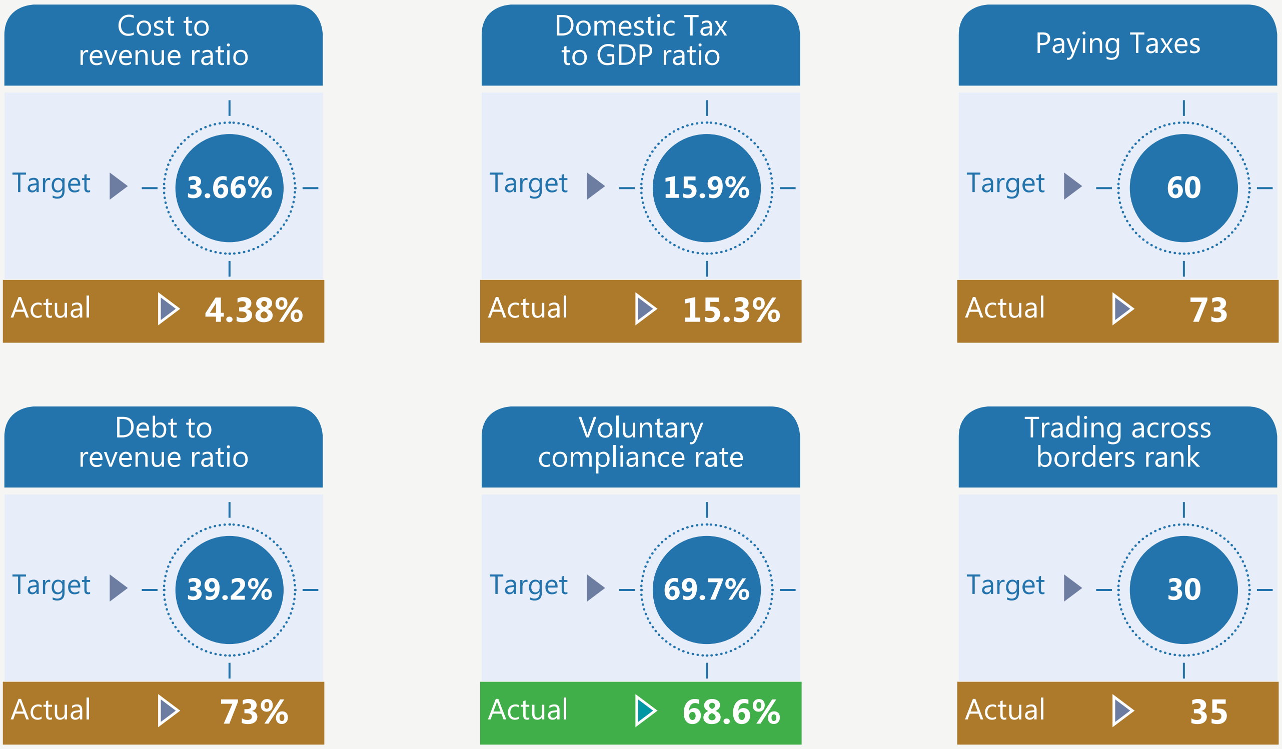
1.7 Our Operating Model

1.8 Stakeholder Relationships

1.9 Our Strategic Focus

The 31st of March 2021 marked the final year of the SRA Strategic Plan for 2018-19 – 2020-21. This strategy, with the theme of making compliance easier and costs less, reflected the actions the organisation intended to undertake in order to attain its vision. It also provided a basis for decision-making and achievement of core operational targets and strategic outcomes through implementation of the strategic programmes. Figure 1.4 highlights core targets and actual achievement against these targets.

Figure 1.1 Core targets for 2020-21 (Targets versus Actual)



The end of the current strategy meant that the organisation should have a new strategy to continue its quest to guarantee its relevance.
Development processes for the new strategy were completed during the year and the SRA's Strategic Plan for 2021/22 – 2023/24 received approval from Government, through the Ministry of Finance, on the 17th of November 2020. There was a review and evaluation of the outgoing strategy during the last quarter of the year with the aim of taking lessons from the previous strategy cycle into the implementation of the new strategy. This process included an internal survey of all management and a desktop assessment of strategic and operational performance.

Implementation of our strategy was through projects that were grouped under four Strategic Programmes; Intelligent Revenue System, Statutory Compliance, Human Capital and Organisational Structure. **The result of implementing these projects has been improvement in our efficiencies and improved taxpayer service.** The strategic objectives and progress attained on planned activities for the year are presented in Table 1.1.

The 2018-2021 Strategy had four Programmes namely Automation, Research, Human Capital, Business Transformation with a total of 16 projects. Year by year, new projects were introduced, and some old ones were completed, and some were deemed not to add value to the organization or viable in the strategic period. Consequently, that initiated changes on the programming of the projects which resulted in the programmes and projects in Table 1.1.

Table 1.1 Projects, Objectives and Achievements in 2020-21.

Strategic Programme	PROJECT			
Intelligent Revenue Collection	**Compliance Risk Programme Project** seeks to bring a common understanding of the key compliance risk within our tax system and shift SRA's responses to non-compliance from punitive to corrective treatments. Project closed within the financial year.	**Self-Assessment Project** aims to empower taxpayers to assess their tax liability and remit to SRA their declarations together with payments, with minimal or no interventions by SRA officers. Implementation of project is near completion at 97%.	**Digitalization Project** seeks to transform the SRA operating model using digital technologies. Project is at 90% of planning phase.	**Business Process Re-engineering (BPR) Project** seeks to rethink and redesign SRA business processes to better support the mission and enhance operational efficiencies. Project delivery schedule revised, and it is at 90% execution for activities planned for the financial year.
Human Capital	**SRA Re-branding Project** seeks to comply with the National Call to change the name of the country to Eswatini and this includes the development of new brand identifiers such as the full name, abbreviation, logo, tagline, colours and the development of a new Corporate Identity Manual. Project is at 58% implementation phase for activities planned for the financial year.		**Competency Based Human Resource Manage-ment (HRM) Project** has two key objectives which are; (1) to institutionalise a Competency-Based HRM methodology and embed it in the People Management Practices across the SRA value chain; and (2) to manage People Practices according to a Professional Framework and Best Practice. Project is at 38% for activities planned for the financial year.	
Statutory Compliance	**SRA Re-branding Project** seeks to comply with the National Call to change the name of the country to Eswatini and this includes the development of new brand identifiers such as the full name, abbreviation, logo, tagline, colours and the development of a new Corporate Identity Manual. Project is at 58% implementation phase for activities planned for the financial year.	**Presumptive Tax Project** is one of key strategic drivers to simplify compliance requirements for the informal sector. SRA has started some work to ensure a state of readiness for full rollout of Presumptive Tax once Parliament has approved the draft Bill. Project was put on hold pending the passing of the Draft Bill.	**Revenue Takeover Project** seeks to bring SRA to full compliance with the SRA Act of 2008 by taking over the administration of or collection under the balance of the legislation in the schedule (revenue collection, improvement in revenue office operations). Project is at 15% execution for activities planned for the financial year.	**National Single Window Project** will provide an electronic platform for traders to submit applications for certificate, permits and licenses required for cross-border movement of goods. The platform also enables single lodgement of information and documents that can be accessed by all agencies who need to make use of that information in their processes. Project is at 15% of planning phase.
Organisational Structure	Organisational Structure Re-organisation (OSR). Project seeks to develop and implement a structure of the organization that will deliver the SRA mandate efficiently. Implementation of project is near completion at 95%.			

In addition to strategic projects, the organisation continued to implement construction projects during the year.

Construction projects for the year included: Ezulwini Headquarters; Mananga Border Re-construction; Mananga Border Staff Houses Construction; and Matsamo Borehole Installation.

Figure 1.2 Construction Projects in 2020-21

Ezulwini Headquarters Development

Reconfiguration of part of the 2nd floor to allow better accommodation and practicality was completed and commissioned in November 2020.

- ✓ Reconfiguration of the 2nd Floor North wing (Intelligence and Investigation) - 100% complete and commissioned in November 2020.
- ✓ Construction of entrance canopy and control gates – 100% complete and commissioned in December 2020.
- ✓ Wellness, Learning and Development (L&D) and Documents Records Management (DRM) fixtures – 100% complete and commissioned in December 2020.
- ✓ Roof garden provision – progress is at 100%, and the full works completed at the end of March 2021.
- ✓ Heating Ventilation Air Conditioning (HVAC) Generator – The unit was installed

Mananga Border Staff Houses

Project is 100% complete at a total cost of E19,700,000.00.
2020-21:

- ✓ Practical Completion (PC) in December 2020. Occupation is expected in April 2021.
- ✓ Immigration and Customs Officers will be allocated the 12 units of bachelor's flats.

Matsamo Borehole Installation

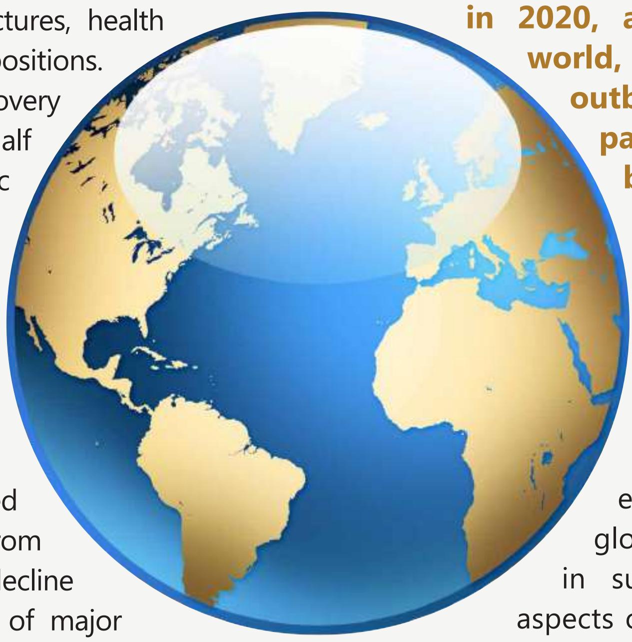
Project is 100% complete as of 31st March 2021 at a total cost of E231,952.49.
2020-21:

- ✓ The scope of the project entailed: surveying, borehole drilling, supply of electricity, and water reticulation network.
- ✓ Project has resolved the long-standing dependency of the border relying on water supply from South Africa.

1.10 Situational Analysis

Global and Regional Developments

The global economic growth slowed down significantly in 2020 due to disruptions in activity induced by the COVID-19 pandemic. Global output is estimated to have plummeted by 3.3 percent in 2020, from a growth of 2.9 percent in 2019, as economies implemented COVID-19 containment measures such as lockdowns, social distancing and travel restrictions, especially in the first half of the year. The economic effect of the COVID-19 pandemic varied across economies due to differences in underlying economic structures, health infrastructure and fiscal positions. A better than expected recovery was noticed in the last half of 2020 as the pandemic subsided and countries implemented bold policy measures which included fiscal, monetary, and regulatory policies.



Growth in the Sub-Saharan Africa region was recorded at -1.9 percent in 2020 (from 3.2 in 2019) owing to a decline in economic performance of major economies such as South Africa (which shrunk by 7%) and Nigeria (which declined by 1.8%). This negative growth is largely attributed to the adverse economic impact imposed by the COVID-19 pandemic that led to a fall in global commodity prices, trade disruptions, and a fall in financial inflows from tourism and remittances, amongst others. The South African economy saw a contraction in key economic sectors such as Construction, Transportation, Manufacturing and Mining, largely due to the pandemic.

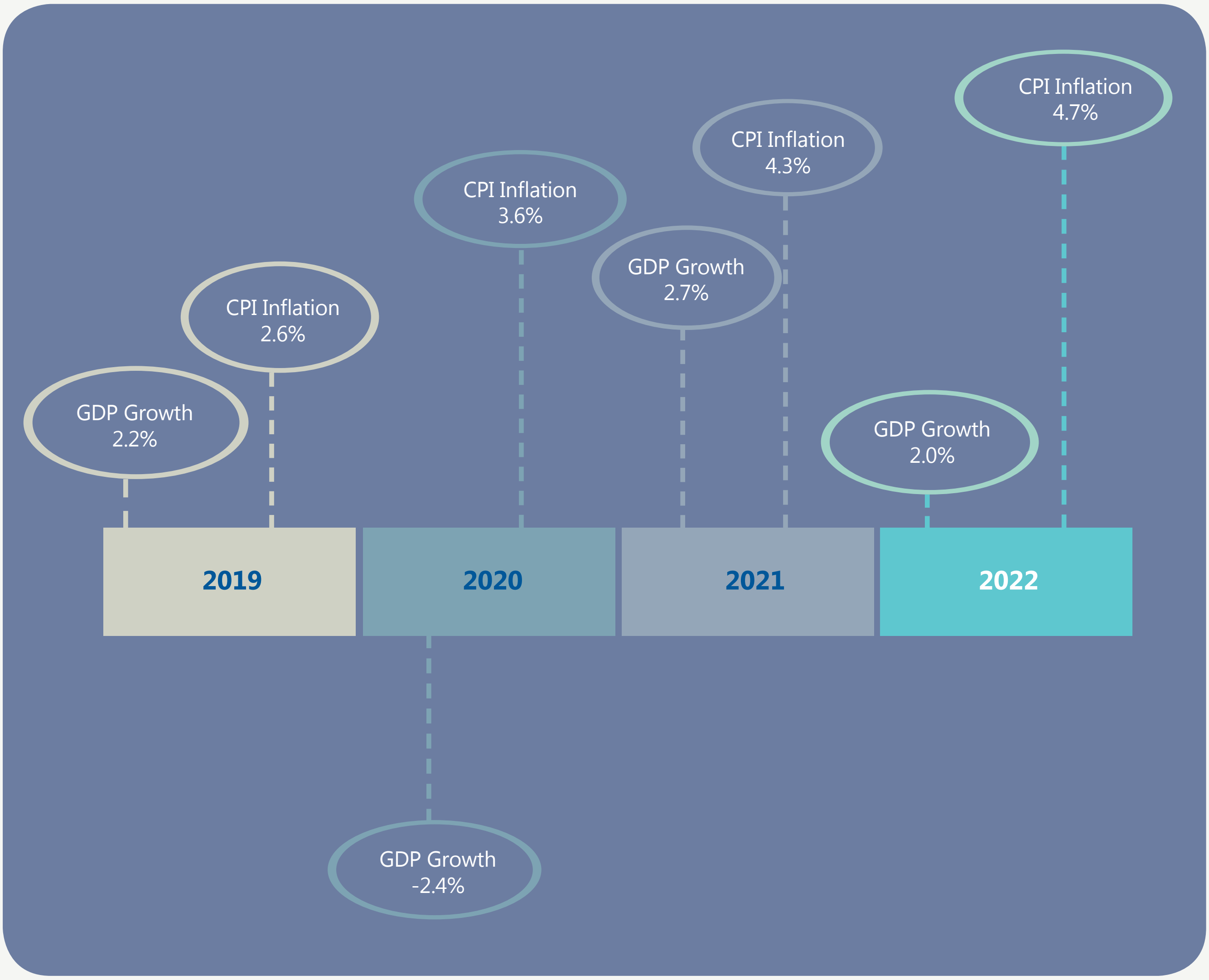
Consistent with developments in global economic activity, world trade contracted by 5.3% in 2020 due to the pandemic-induced collapse, which bottomed out in the second quarter of 2020. Several COVID-19 induced factors including subdued cross-border tourism and business travel, a fall in commodity prices led to a contraction of 35% in trade in fuels, and stubborn trade in services contributed to the decline in world trade. These economic and trade developments have adversely affected the domestic economy and have placed pressure on domestic revenue mobilisation and future tax revenues including SACU receipts.

Domestic Developments

The economic performance of Eswatini in 2020, as that of the entire world, was marred by the outbreak of the COVID-19 pandemic as reflected by a 2.4% contraction in economic activity in the year 2020 from a growth of 2.2% in 2019.

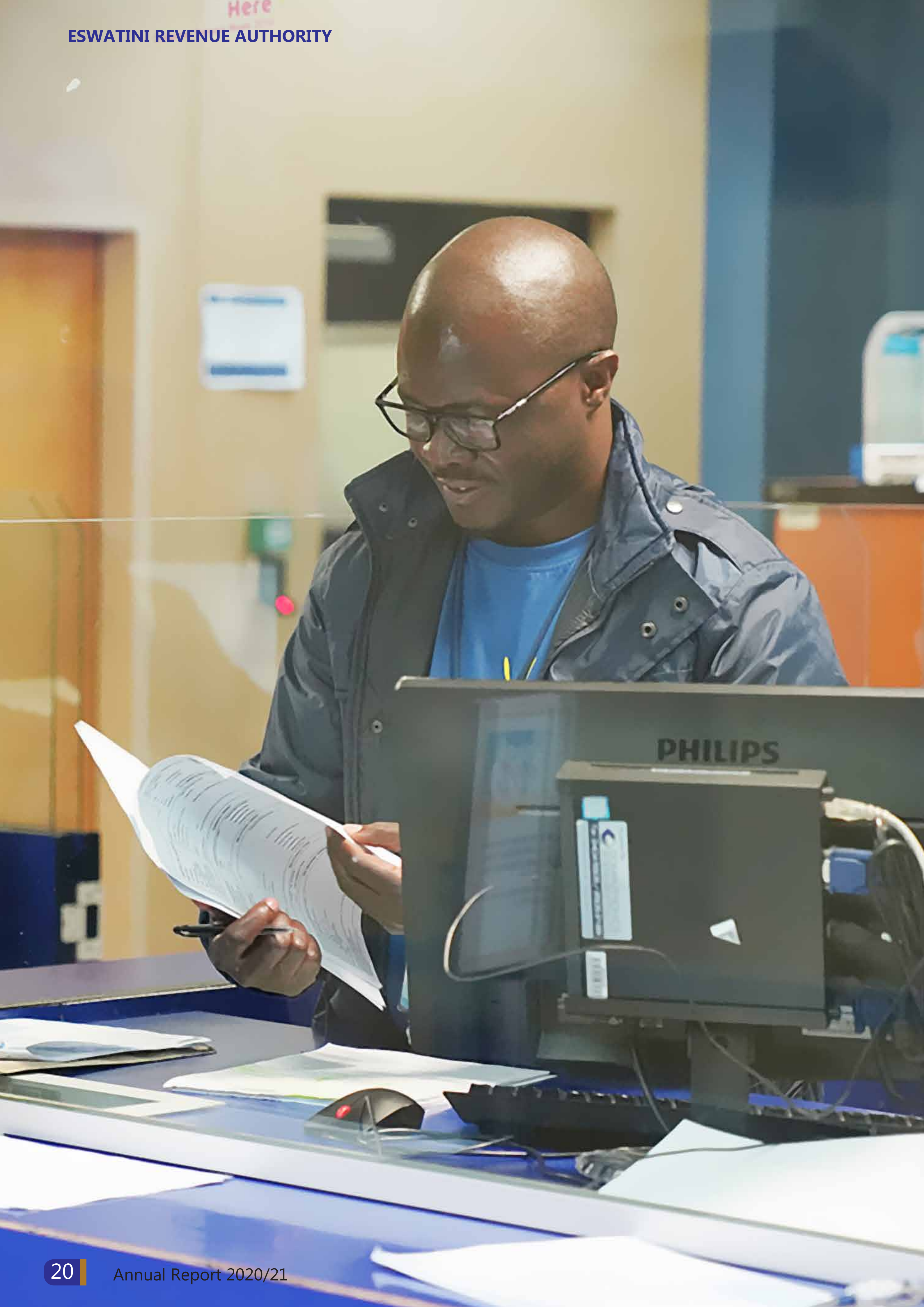
As global output slumped with most economies experiencing weakened global demand, disruptions in supply chains and other aspects of international trade, and tightened travel restrictions, these were transmitted into the domestic economy given the country's openness to trade. Sectors that were severely affected include Manufacturing, Wholesale & retail, Public administration, Transport, and Tourism & recreational activities. Inflation ticked up to an average of 3.9% in 2020 from 2.6% in 2019 mainly driven by increases in the Food, Transport and Health baskets. The average exchange rate in 2020 was recorded at E16.52 against the U.S. dollar, a 14% depreciation from the average of E14.48 in 2019. According to the central bank of Eswatini (CBE), this is mainly attributed to the pressures from the effects of the COVID-19 outbreak which influenced the patterns of global demand for goods and services.

Figure 1.3 Economic Indicators (GDP Growth CPI Inflation)



*NB: * Indicates actuals*

Source: CSO and CBE


PHILIPS

2 Organisational Performance

2.1 Performance Against Our Capitals

Capitals	Capital Inputs / Stock of Capital	Business Activities / Value Creation	Outcome	Performance in 2020-21
Financial	• Government subvention.	• Collection of revenue. • Registration. • Return Management. • Refunds payment. • Tax assessments and declaration processing. • Debt management. • Audits.	• Reduced cost of collection. • Regionally competitive tax to GDP ratio. • Higher revenue collections.	• E9,945 billion tax revenue collected. • 4.38% attained as Cost-To-Revenue ratio. • 15.30% obtained as Tax Revenue-To-GDP ratio. • 73.03% being Debt-To-Tax Revenue ratio. • 1.03% increase in registered taxpayers.
Human	• Expertise and knowledge. • Competent staff. • Experienced staff. • Safety and health of staff. • Culture in line with company values.	• Staff development. • Recruit and retain the right skills and expertise. • Integrity awareness and assurance. • Organisational culture change activities. • Staff wellness programme implementation. • Compliance with safety regulations and implement-ation of SHE policy.	• Operational excellence. • Better customer service. • Productive and motivated staff. • Retention and attraction of required talent.	• 579 headcount recorded owing to 2.76% attrition rate and recruitment moratorium. • Invested in Management Development Initiatives to nurture management capabilities as well as support to staff development and training.
Intellectual	• Tacit and specialised knowledge and skills. • Healthy governance framework. • Enterprise risk framework. • Internal policies established processes and procedures. • Legislation. • Information management systems. • Own operations and revenue collection ICT Systems. • Disaster recovery systems.	• Intelligence and investigations. • CRM and Data Matching • Initiative Knowledge management and sharing from projects and activities. • Risk mitigation. • Strengthening/improving internal controls, policies, processes and procedures • Continuous assessment and improvement of tax legislations. • Compliance with all laws and regulatory bodies. • Strengthening of governance.	• Good corporate citizenship with strong ethics and culture. • Organisational efficiencies.	• Continued with implement-ation of strategic risks and treatment actions to mitigate risks. • 18 audits completed with 146 findings and agreed corrective actions of which 5 were follow ups. • 98% attained on legal compliance management level. • 9 investigations were finalised with 1 pending case, while processed 55 whistle blowing reports were turned into investigations.
Social and Relationship	• Relationships with Stakeholders. • Contribution to community (Corporate Social Investment). • Reputation of the organisation.	• Taxpayer engagement and education. • Segment relevant taxpayer service. • Stakeholder engagements. • Working with key partners to support tax compliance and trade facilitation. • Implement CSI programme. • Corporate image management.	• Customer satisfaction. • Improved voluntary compliance. • Improvement in ease of doing business. • Good corporate image.	• 24, 414 communication traffic processed through call centre. • 426,766 Facebook users reached through taxpayer education.
Manufactured	• Assets. • Vehicles. • ICT hardware and software.	• Upgrade processes and systems. • Use latest technology. • Maintain and improve existing infrastructure.	• Sustainable operation of the business and a motivated team. • Reduced operational and occupational risks.	• Completed construction of Ezulwini Headquarters; • Mananga Border Re-construction; • Mananga Border Staff Houses and, • Matsamo Borehole Installation

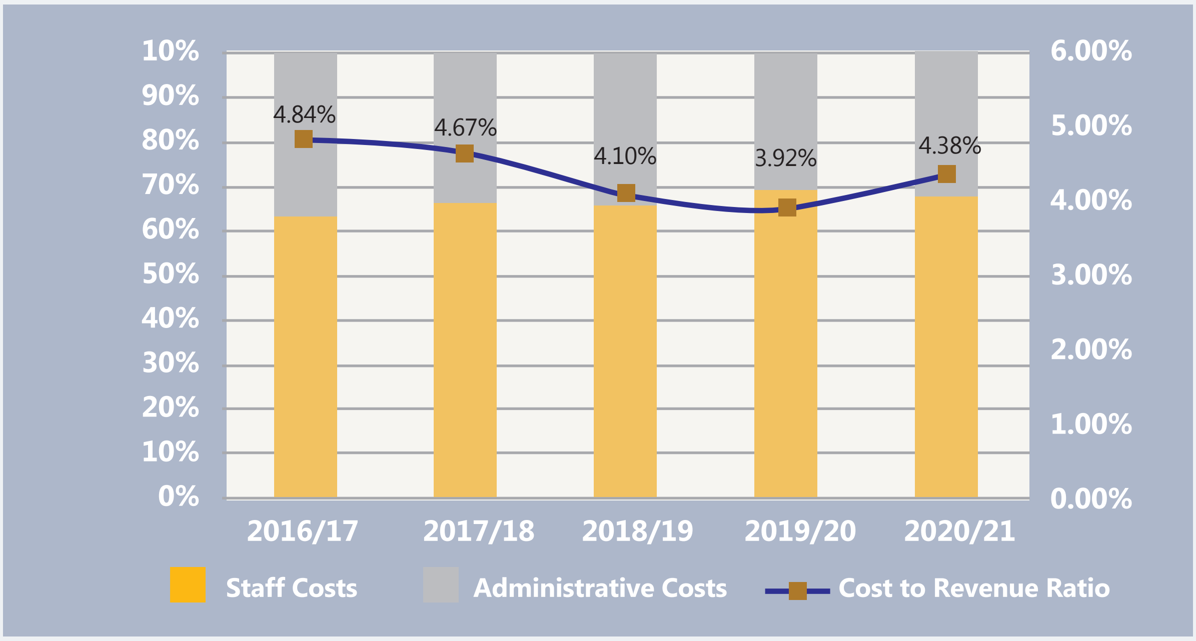
ESWATINI REVENUE AUTHORITY

2.2 Cost of Collection

The cost of collection (cost to tax revenue ratio) for the year 2020-21 was 4.38 cents per Lilangeni collected against a target of 3.67%.

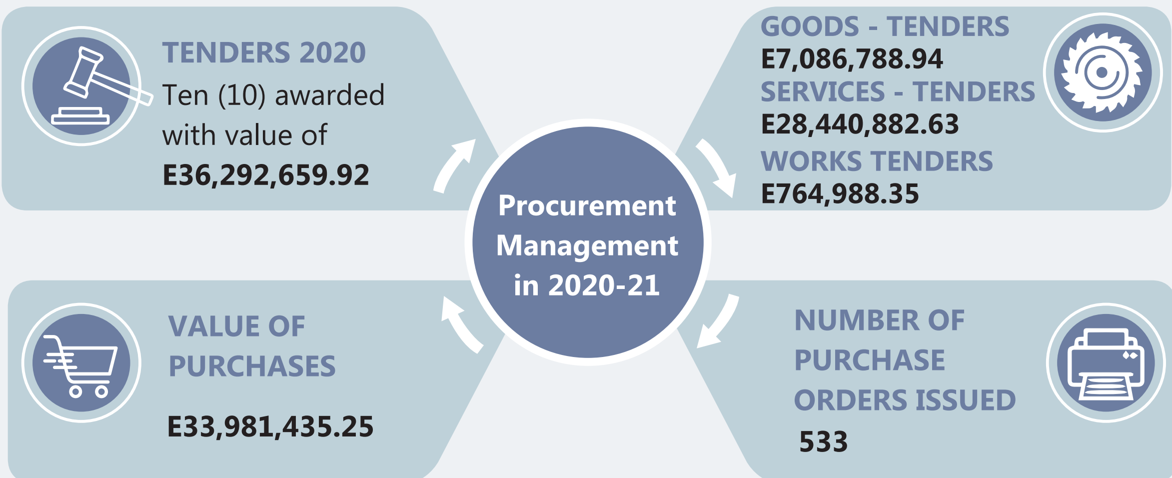
This is below the target for the year and shows a deterioration of 0.46 percentage points from 3.92% attained in the year 2019-20. Reasons for under performance on this critical measure of revenue administration efficiency was the failure to meet the annual revenue target along with increasing operational costs. Operational costs reflect an increase of 9% from 2019-20 mainly due to the finance costs relating to the PSPF loan for Ezulwini Headquarters construction and Mananga border extension, managing to discount the savings in expenditure on international travel and training resulting from restrictions to contain the COVID-19 pandemic.

***Figure 2.1** Cost-to-Tax Revenue Ratio for 2016-17 to 2020-21*



2.3 Procurement of Goods and Services

The organisation handled several tenders to procure goods and services, in line with SRA policies and The Procurement Act, 2011. The total value of procured goods and services was E33 981 435.25 .Figure 2.2 Procurement Management in 2020-21



2.4 Revenue Collection Performance

Total tax revenue collections amounted to E9.945 billion against a target of E11.403 billion, a shortfall against target was E1.458 billion, resulting in a 13% below target performance. Total collections were lower than 2019-20 collections by 0.1%.

This below target performance was mainly due to the lower than anticipated level of economic growth as a result of restrictions in economic activity as part of the efforts to contain the COVID-19 pandemic and extension of filing and payment deadlines as part of the relief provided to taxpayers to enable them to cope with the effects of the pandemic. The impact of this was to reduce the amount of taxable activity, constrict the cash flow of taxpayers and hence their ability to meet their tax obligations and further to delay and shift payments to later parts of the year.

***Table 2.1** Total Tax Revenue Collection for the years 2016-17 – 2020-21 (E'000)*

	2016/17	2017/18	2018/19	2019/20	2020/21		Variance		As a % of revenue in 2020/21
	Actual	Actual	Actual	Actual	Target	Target	2020/21 Actual-Target	2020/21 2019/20	
Company Tax	1,498,626	1,373,916	1,457,714	1,707,480	1,791,231	1,440,501	-19.6%	-15.6%	14.5%
Individuals	2,662,405	3,044,976	3,260,639	3,482,891	3,871,607	3,555,661	-8.2%	2.1%	35.8%
Other Income Tax	384,226	440,652	493,600	487,875	519,397	578,232	11.3%	18.5%	5.8%
Graded Tax	1,517	728	1,249	1,043	1,330	864	-35.1%	-17.2%	0.0%
Total Income Taxes	**4,546,773**	**4,860,273**	**5,213,202**	**5,679,289**	**6,183,565**	**5,575,258**	**-9.8%**	**-1.8%**	**56.1%**
SALES TAX	1,495	779	335	7,429	0	3,991	0.0%	-46.3%	0.0%
VAT	2,407,309	2,520,224	2,667,798	2,964,828	3,449,888	3,119,323	-9.6%	5.2%	31.4%
OTHER TAXES									
Road Toll	30,359	31,705	33,215	56,275	106,640	47,961	-55.0%	-14.8%	0.5%
Lotteries and Gaming	3,115	6,050	5,156	5,621	9,959	2,771	-72.2%	-50.7%	0.0%
Fuel Tax	732,283	1,004,629	1,050,338	1,201,966	1,607,279	1,261,264	-21.5%	4.9%	12.7%
Import Motor Vehicle Levy			5,365	8,918	8,781	12,334	40.5%	38.3%	0.1%
Alcohol & Tobacco Levy				15,972	37,294	29,440	-21.1%	84.3%	0.3%
Total Taxes on Goods and Services	**3,174,560**	**3,563,387**	**3,756,841**	**4,261,009**	**5,219,841**	**4,477,085**	**-14.2%**	**5.1%**	**45.0%**
Immigration fines, penalties and unallocated funds	84,866	29,825	18,662	10,585	0	-107,081	0.0%	-1 111.6%	-1.1%
GRAND TOTAL	**7,806,198**	**8,453,484**	**8,988,705**	**9,950,883**	**11,403,407**	**9,945,262**	**-12.8%**	**-0.1%**	**100%**

Individuals

+2.1% against prior year
-8.2% against target

E3.556 Billion

Company tax

-15.6% against prior year
-19.6% against target

E1.441 billion

Other

+18.5% against prior year
+11.3% against target

E0.578 billion

Graded Tax

-17.2% against prior year
-35.1% against target

E0.008 billion

Direct Taxes

-9.8% against target
-1.8% against prior year

E5.575 billion

VAT

+5.2% prior year
-9.6% against target

E3.119 billion

Fuel Tax

+4.9% prior year
-21.5% against target

E1.261 billion

Road Toll

- 55% against target
-14.8% against prior year

E0.048 billion

Alcohol & Tobacco

+84.3% against prior year
-21.1% against target

E0.0029 billion

Import Motor Vehicle Levy

+38.3% against prior year
+40.5% against target

E0.012 billion

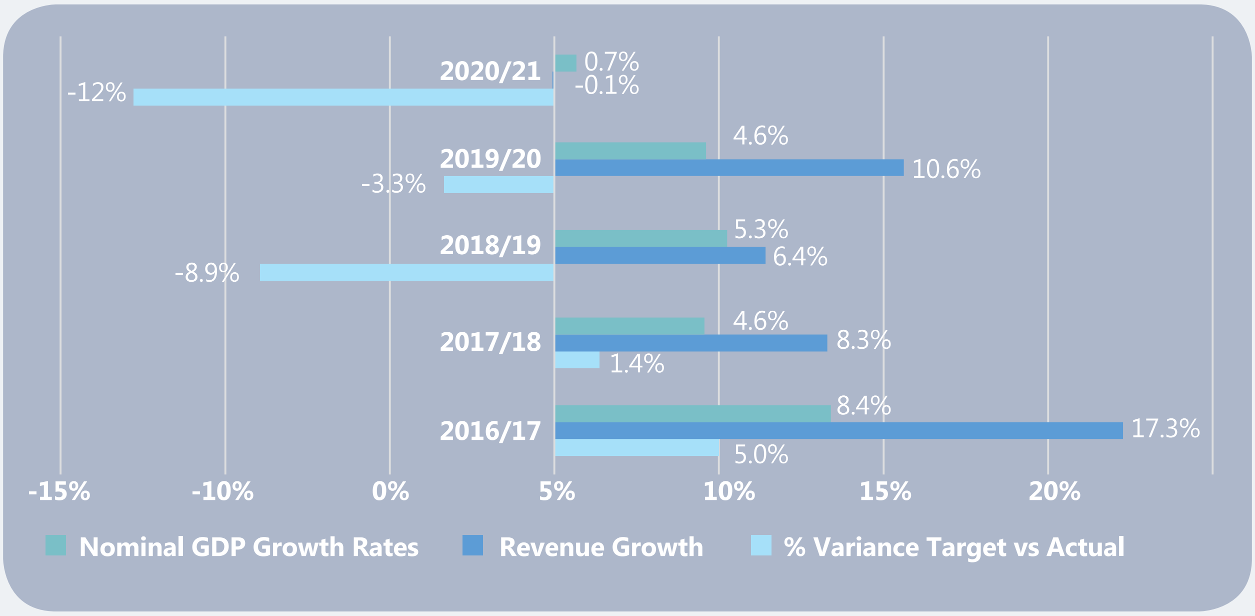
Indirect Taxes

+4.9% prior year
-21.5% against target

E1.261 billion

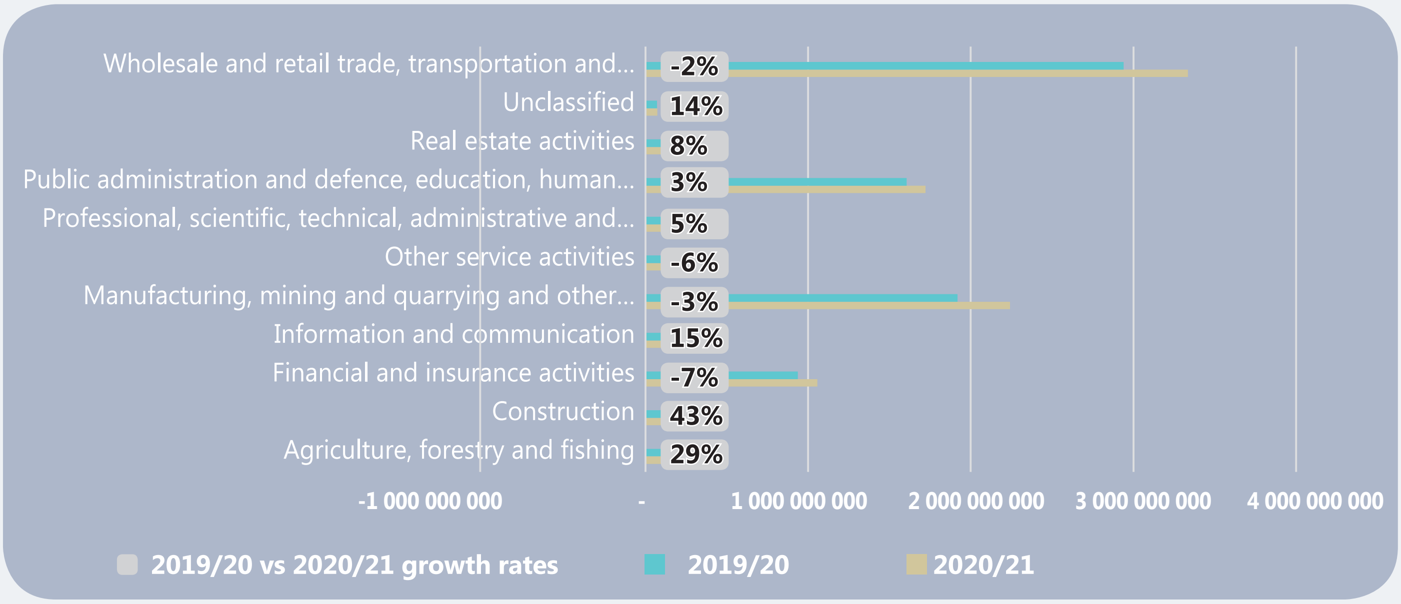
Mixed performances were observed amongst the tax types with Other Income Taxes and Import Motor Vehicle Levy (MVL) being the only tax types above their respective targets whilst all major types recorded a below target performance. Other income taxes were above target due to an increase in taxes paid by non-residents, whilst the Import Motor Vehicle Levy recorded an above target performance due to an upward revision of the levy in the later part of the financial year and improvement in the valuation mechanism to determine customs values for these vehicles.

Figure 2.2 *Tax Revenue Collections Growth Trends from 2016-17 to 2020-21.*



The weak economic performance had the largest impact on the Financial, Manufacturing, and Other services sectors that showed declines of 7%, 3% and 6% respectively in revenue. On the positive side, the Construction, Agriculture and ICT sectors showed increases of 43%, 29% and 15% respectively.

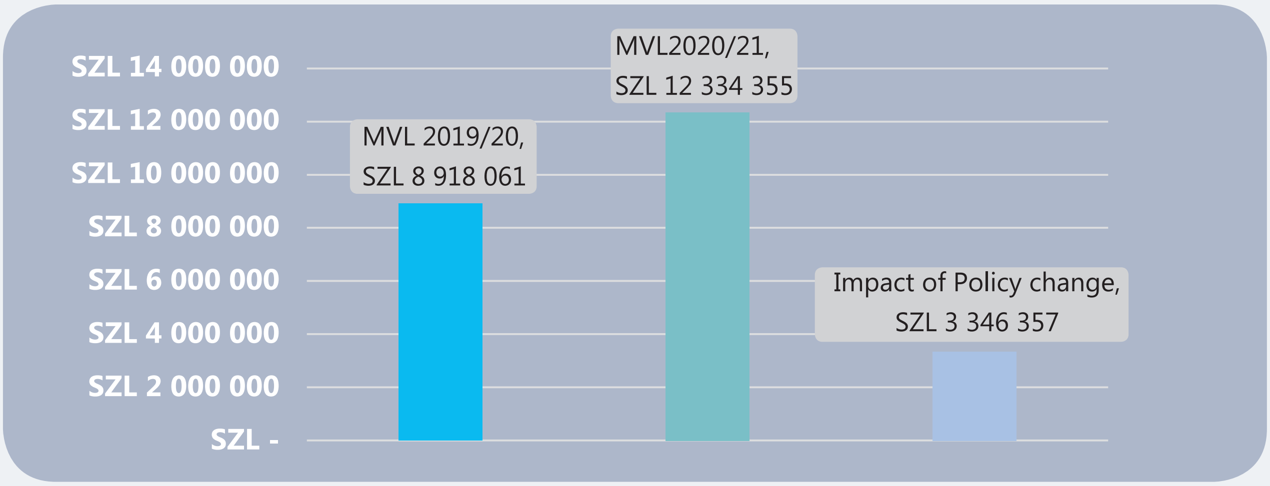
Figure 2.3 *Contribution to Total Tax Revenue by Sector in 2019-20 and 2020-21*



2.4.1 Policy Measures to Increase Tax Revenue

The review of rates for Import Motor Vehicle Levy (MVL) is the only Tax policy measure implemented to increase revenue in 2020-21. MVL rates were revised from 3% for imported vehicles between 5 and 10 years old; and 6% for vehicles above 10 years old; to new higher rates of 15% for vehicles between 4 to 8 years old; and 20% for vehicles above 8 years old. An additional E3.346 million in revenue was realised from this policy change.

Figure 2.4 Impact of Policy Change on Tax Revenue in 2020-21



The government through the Ministry of Finance made tax policy related pronouncements to assist taxpayers deal with the adverse effects of the COVID-19 pandemic. These measures include the VAT exemption of materials that support in prevention and mitigation of the effects of the virus.

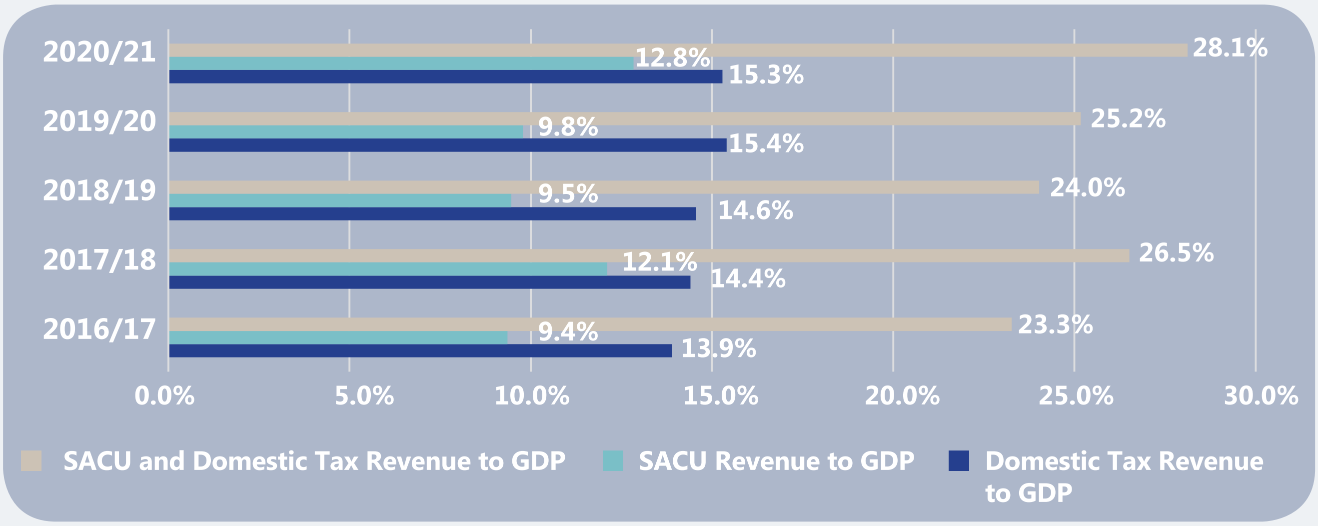
There was also an extension of filing deadlines for CIT, postponement of Provisional tax payments for CIT, waiver of penalties and interest for CIT old debts paid by 30 September 2020, CIT payment arrangements for taxpayers facing cashflow challenges and a relief fund in the form of refunds for company tax paid in 2019 tax year for compliant taxpayers with a turnover of up to E8 million. The total amount of refunds paid under this relief fund is E794 071.29 and 55 taxpayers benefitted.

2.4.2 Tax Revenue to Gross Domestic Product Ratio

The organisation achieved a domestic tax-to-GDP ratio of 15.3% in 2020-21, against a target 15.9%. This shows a slight decline from the tax-to-GDP ratio of 15.4% recorded in 2019-20. The below target performance is in line with the lower revenue performance across all tax types due to declining economic output probably coupled with some changes that delivered exemptions in an effort to combat the COVID-19 pandemic. The tax-to-GDP ratio is one of the measures for revenue administration efficiency where an increased rate implies improved efficiencies while a decline implies the reverse. Declines in Tax to GDP ratios are a common occurrence during times of negative economic growth as observed in the period under review. The total revenue-to GDP ratio (including SACU revenue) on the other hand improved from 25.2% in 2019-20 to 28.1% 2020-21, owing to an increase in SACU receipts.

This increase remains volatile given the current economic conditions and is likely to result in significant decline in SACU revenues in the short to medium term, as there might be a need for repayment in the event of a shortfall in the SACU revenue pool.

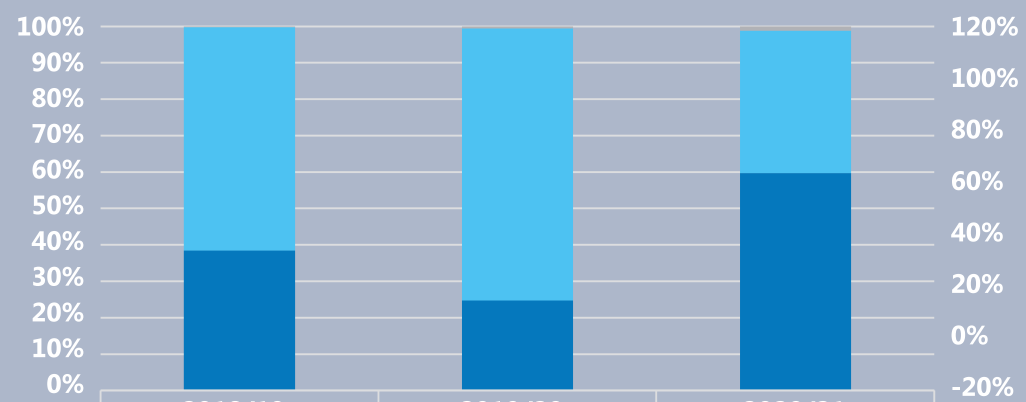
***Figure 2.5** Domestic Tax Revenue and SACU Revenue Tax-to-GDP Ratio, 2016-17 to 2020-21*



2.4.3 Tax Revenue Foregone

The amount of tax revenue foregone due to exemptions increased by E335 million and this translates to 103.9%. An increase in VAT exemptions on health products and goods for social relief led to this sharp upswing, VAT exemptions increased by 393% compared to 2019-20. Importation of these products increased as the country implemented measures to curb the spread and mitigate the effects of the COVID-19 pandemic. The highest revenue foregone was on VAT exemptions, followed by customs duties.

***Figure 2.6** Tax Revenue Foregone through Exemptions in 2018-19 – 2020-21*

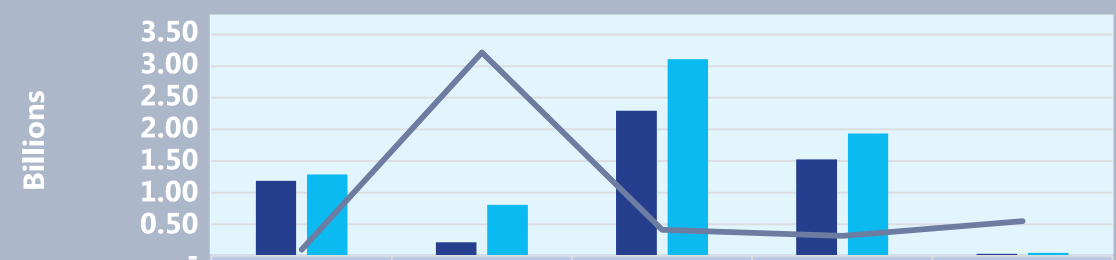


	2018/19	2019/20	2020/21
Excise Duty Advalorem	559 517	1 794 327	7 744 767
Customs Duty	206 094 993	241 263 544	257 371 019
VAT	129 208 931	79 830 721	393 244 888
Growth	8.3%	-3.9%	103.9%

2.4.4 Debt to Tax Revenue Ratio

Tax arrears increased across all tax types, leading to an overall increase of 36.4% in amounts owed by taxpayers. As at 31st March 2021, the total debt stock was E7.262 billion from an opening balance of E5.326 billion. There was a significant increase of 49.5% on Income Tax debts, while VAT and PAYE debts increased by 35.6% and 27.1% respectively, during the year under review. PAYE faced pressure from non-paying public enterprises who were facing cash flow challenges, while VAT debts increased due to non-payment of filed returns. Debts under Personal Income Taxes also saw a substantial growth by the end of 2020-21 due to individuals that saw increases in their declarations in this period. As a percentage of GDP, tax arrears increased from 8.5% in 2019-20 to 11.2% in 2020-21. **The debt to tax revenue ratio as at the close of the year was 74.8% against a target of 39.2%.** A debt collection strategy was developed and implemented during the year resulting in vigorous collection of debts.

Figure 2.7 Total debt for periods 2019-20 and 2020-21



	Income Tax-Companies	Income Tax-Individuals	Value Added Tax (VAT)	Income Tax - PAYE	Other Withholding taxes
Opening Stock	1.19	0.21	2.29	1.52	0.03
Closing Stock	1.29	0.81	3.11	1.94	0.05
Growth Rate	9%	276%	36%	27%	47%

2.5 Voluntary Compliance

2.5.1. Registration Compliance

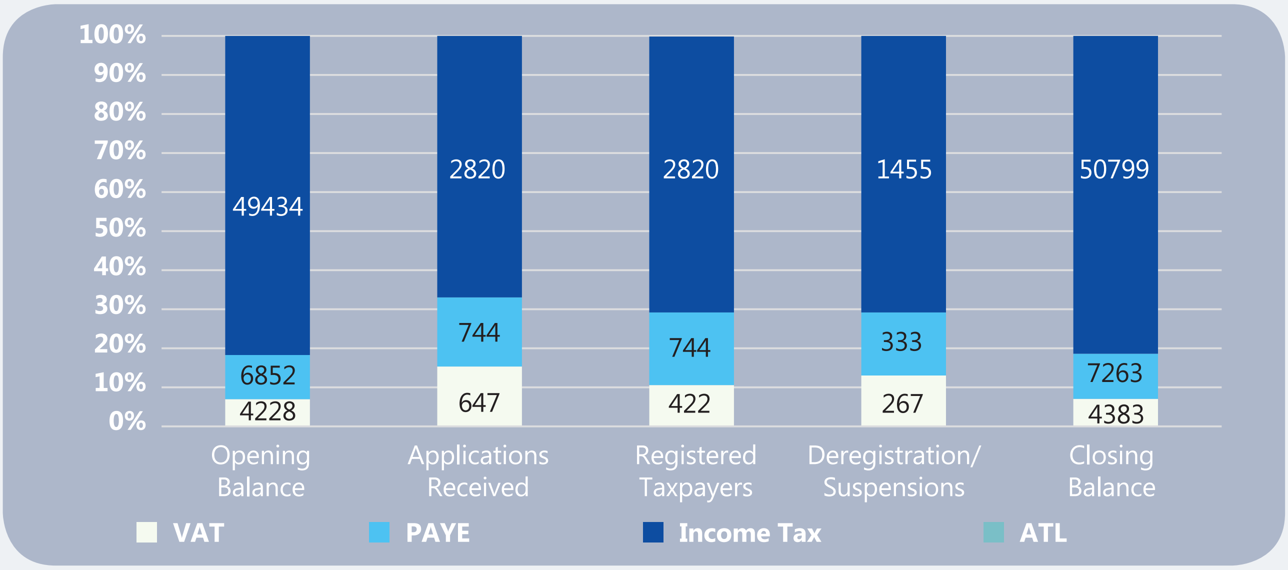
An up-to-date taxpayer registration database is paramount for effective administration of taxes.

Taxpayer Registration is fundamental to other key compliance processes like filing, assessment, payment, collection of debts and general tax enforcement; hence it is also vital to allocate adequate resources to maintain a database of sufficient accuracy to assist with taxpayer interactions.

During the reporting period, the taxpayer database increased by 1.03% from 49,434 to 50,799.

In the year 2020-21, 1,149 Taxpayer Identity Numbers (TINs) were issued to entities registering for Company Income Tax, reflecting a 3.8% increase from the previous year but falling below the set target of 9.6%. On the other hand, 422 VAT certificates were issued to VAT registered taxpayers, reflecting an increase of 3.8% against a target of 9.9%.

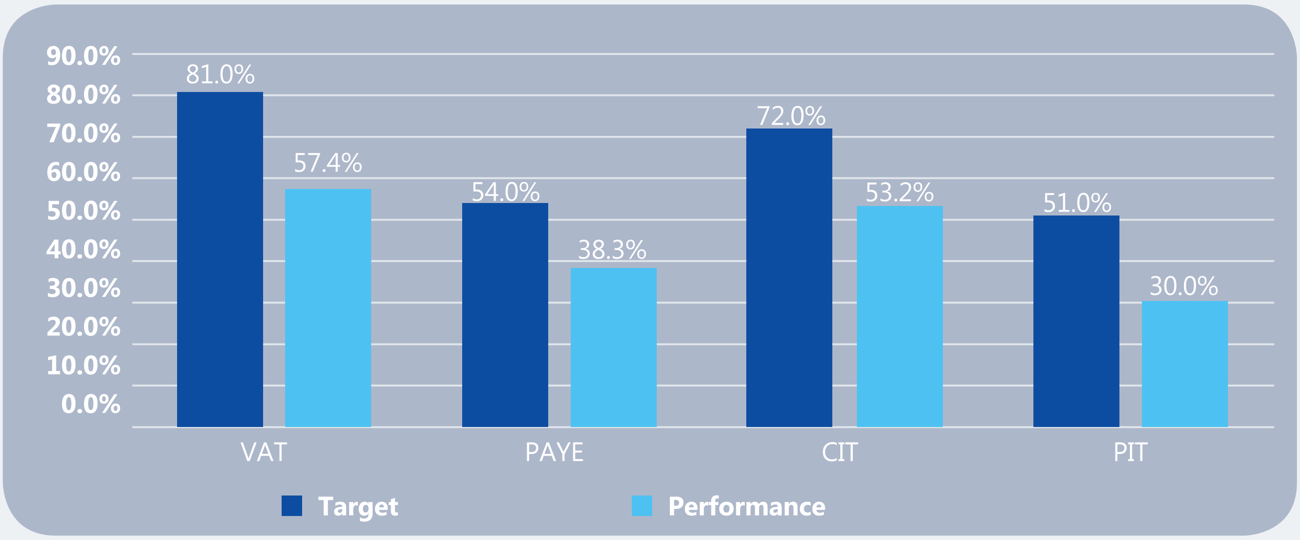
Figure 2.8 *Registration Outlook in 2020-21*



2.5.2. Filing Compliance

The number of returns filed on time decreased by 5% against 2019-20 and this may be due to effects of the COVID-19 pandemic. On-time filing was 53.2%, 30.3%, 57.4%, and 38.3% for CIT, PIT, VAT and PAYE respectively. This was against their respective targets of 72%, 51%, 81% and 54%. All tax types were below target.

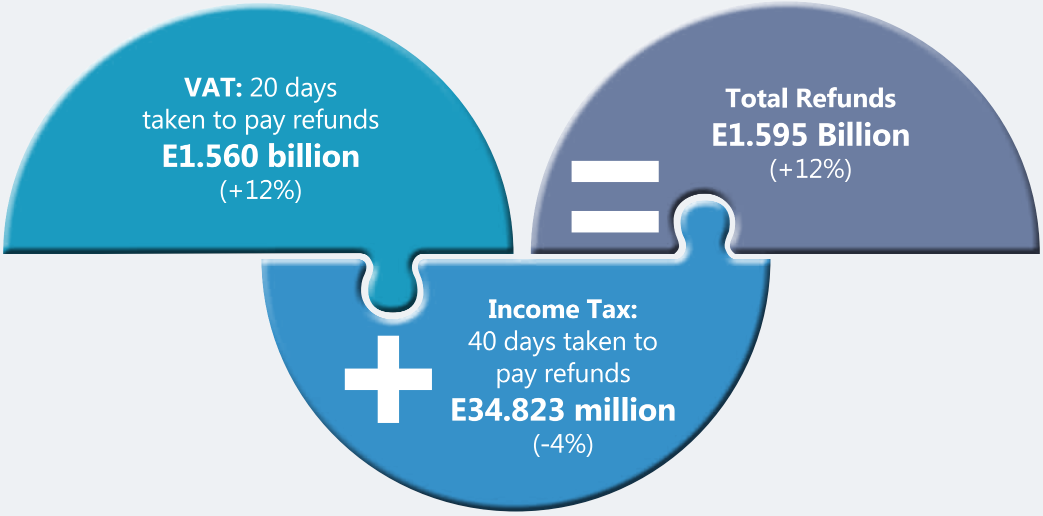
Figure 2.9 *Filing Compliance Statistics in 2020-21*

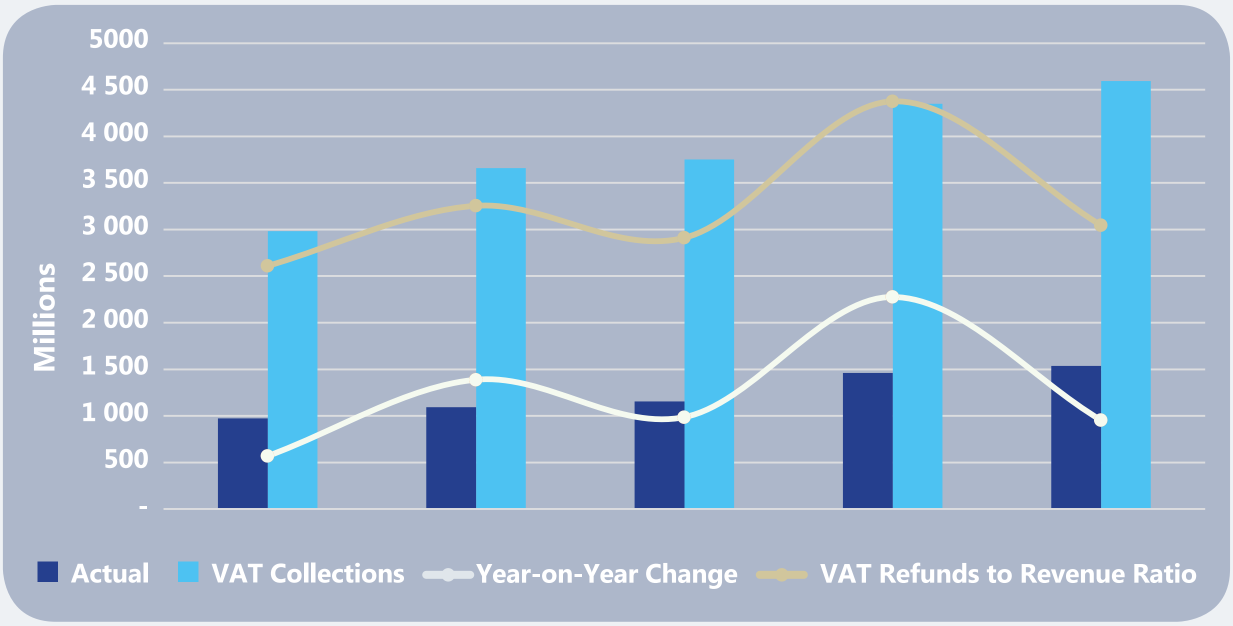


2.5.3. Payment of Refunds

Timely processing of refunds is important for businesses, as they need to be liquid for day-to-day operations. **A total of E1. 595 billion was processed in refunds for 2020-21** of which 98% were for VAT. In its quest to improve the paying taxes aspect of the ease of doing business index, the organisation improved the average time it takes to pay a VAT refund from 25.5 days to 20.1 days. However, the time taken to pay an Income tax refund increased from 25 days to 40 days due to system issues and measures to improve on these timelines are being implemented.

Figure 2.10 Refunds Payment Summary



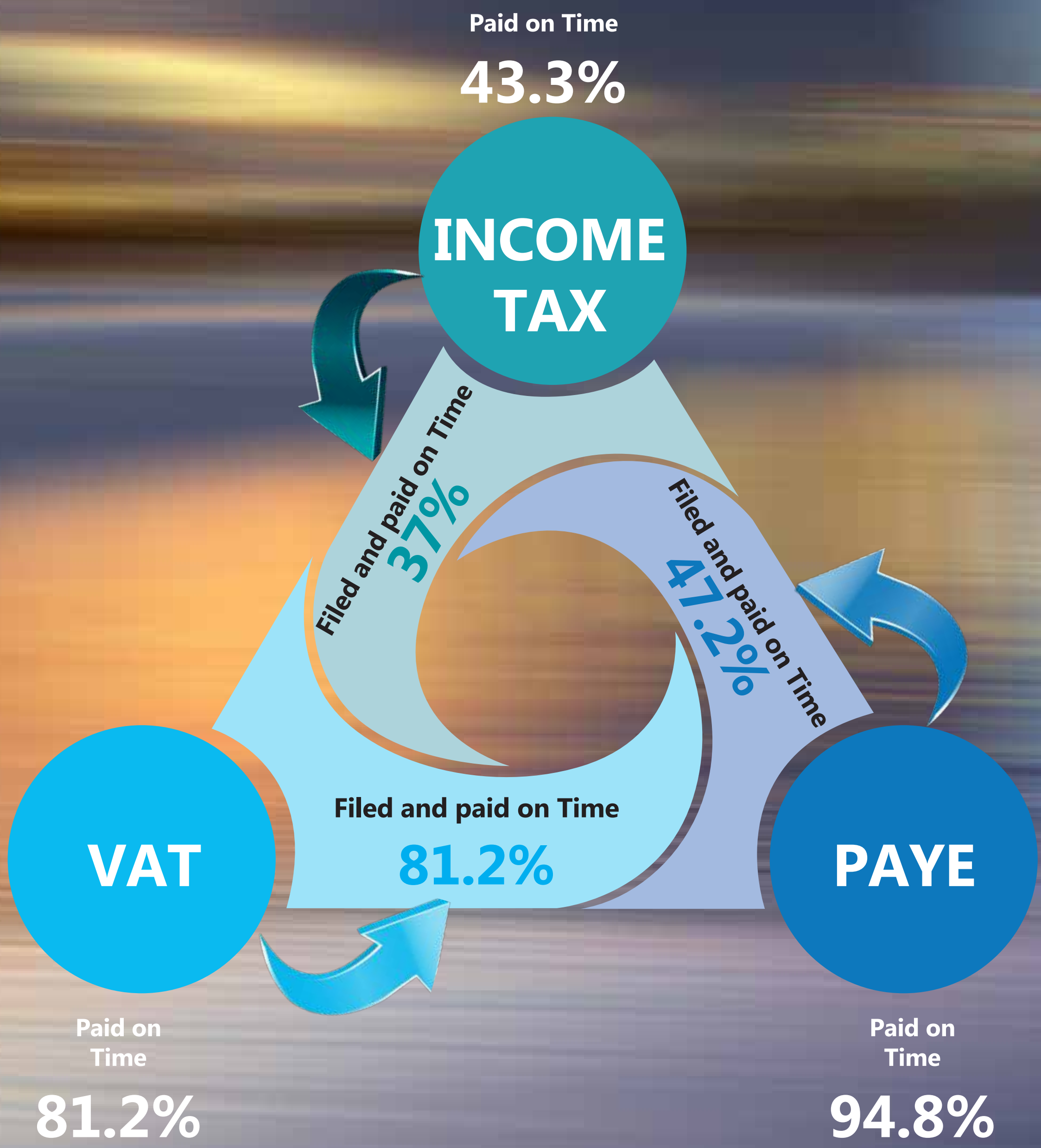


2.5.4. Payment Compliance

On time payment for VAT, PAYE and Income tax were all below their targets for 2020-21.

However, there was an improvement in on-time payments for VAT and PAYE when compared to the previous year. VAT benefitted from significant growth in the ICT and Wholesale and retail sectors while PAYE saw improvements from the Public administration, particularly health related services. On the other hand, Income tax recorded a deterioration compared to the previous year due to a decline in on-time provisional payments, mainly underpinned by reduced profitability and a shift in the deadlines. To promote compliance, bulk SMSs for on-time filing and payment reminders were sent to taxpayers.

Figure 2.11 *Payment Statistics in 2020-21*

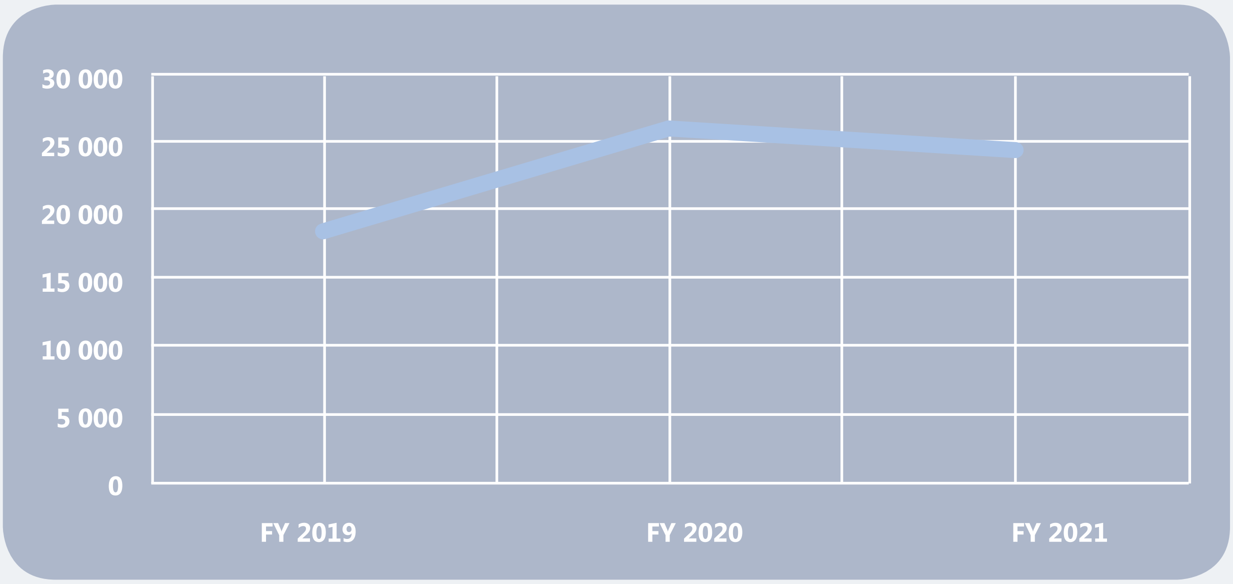


2.5.5 Taxpayer Engagements

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

The organisation's contact centre remained the main point of contact, receiving enquiries through email and telephone. An overall traffic of 24,414 was recorded in the Contact Centre during the year 2020-21. This is approximately 7% lower than the traffic recorded in the year 2019-20, and 33% higher than 2018-19 traffic, which were 26,095 and 18,378 respectively. The reason for the decrease in the 2020-21 figures included the introduction of the online platform, where taxpayers submit their returns through the e-Tax platform, who ordinarily would increase the Contact Centre traffic by submitting their returns through the Contact Centre email.

Figure 2.12 *Contract Centre Traffic 2018 - 2021*



SRA Commissioner General, Dumisani Masilela interacting with customers during customer service week October 2020

PUBLICITY CAMPAIGNS

NO ENTRY WITHOUT FACE MASKS

Held in April 2020 and reached 61,762 users, predominately on Facebook.

CUSTOMER SERVICE WEEK

Annual Customer service week held in October 2020 and all service centres and Border posts led the campaign.

E-TAX

Campaign run on social media platforms, outdoor media, print media and electronic platforms

MAJOR EVENTS

e-CUSTOMS

Launched in September 2020 in collaboration with World Customs Organisation.

MEDIA RELATIONS

TELEVISION

12 television shows aired.

RADIO

34 radio shows aired.

FACEBOOK NUMBERS

Reached 426,766 users which is 173% higher than previous reporting period. Increase due to publication of numerous adverts announcing closure and re-opening of Border posts due to Covid 19 cases.

2.6 Trading Across Borders

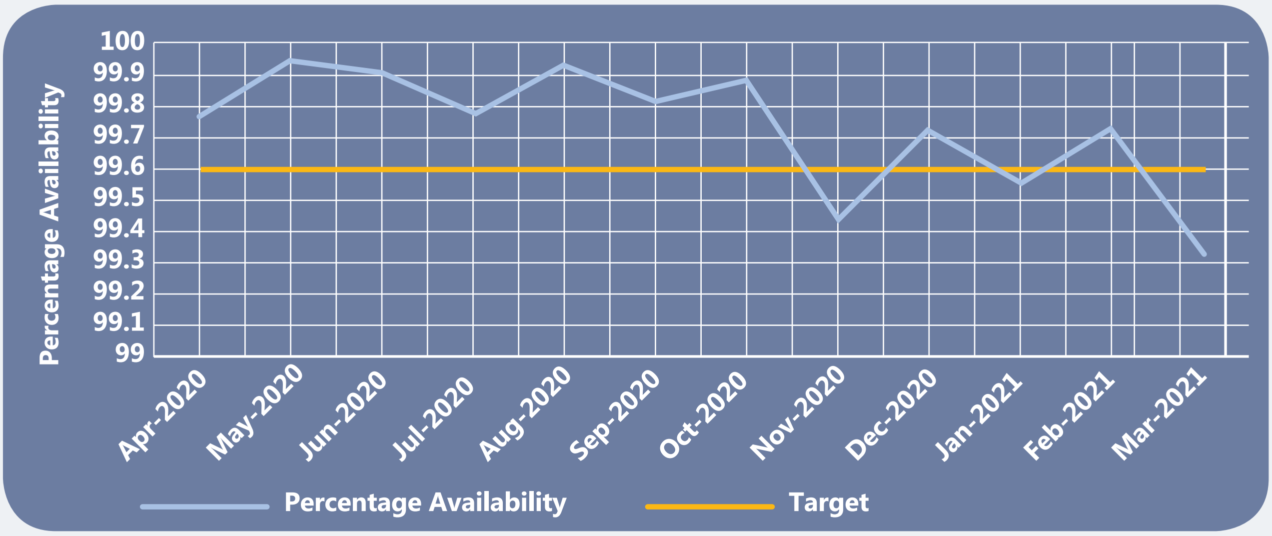
2.6.1 Average time taken to release goods at borders

Pursuant to the Time Release Study (TRS) that was undertaken in 2017, the SRA took a decision to conduct limited scope surveys to measure turnaround times on clearance of goods declarations. The surveys that focus on processing that is fully administered by the SRA are referred to as mini TRS and they assist in the identification of gaps and the implementation of measures to continuously improve processing efficiencies at our borders. In undertaking the mini TRS the SRA uses her internal officers in order to build capacity and institutionalise the culture of performance measurement. The results from the processing turnaround time (mini TRS) that was undertaken within the 2020-21 financial year indicate that **the modal time taken from when goods enter the customs-controlled area to the point of exiting stood at 28 minutes.** This shows an improvement of about 10 minutes when compared to the average time of 00:38:18 achieved in 2019-20. Activities that supported this improvement are the optimisation of the customs clearance system (ASYCUDA) and integrating its functionality with controls implemented by other regulatory agencies and continuous engagement including training of stakeholders and traders.

2.6.2. High Systems Availability

The Covid-19 pandemic has put enormous pressure on the organisation's Information Technology (IT) systems as most of business interactions with taxpayers had to be online. Further adding to this pressure was the practice of working from home. It was therefore imperative that IT platforms were always available with minimal disruptions. **The organization increased its percentage system availability target from 99.4% in 2019-20 to 99.6% in 2020-21 thus surpassing the target by 14%.** However, the systems availability uptime was frequently affected by the unreliability of our primary network service provider. Network outage challenges were mostly experienced during the summer season as depicted by the system availability graph below.

Figure 2.13 *System Availability Chart*



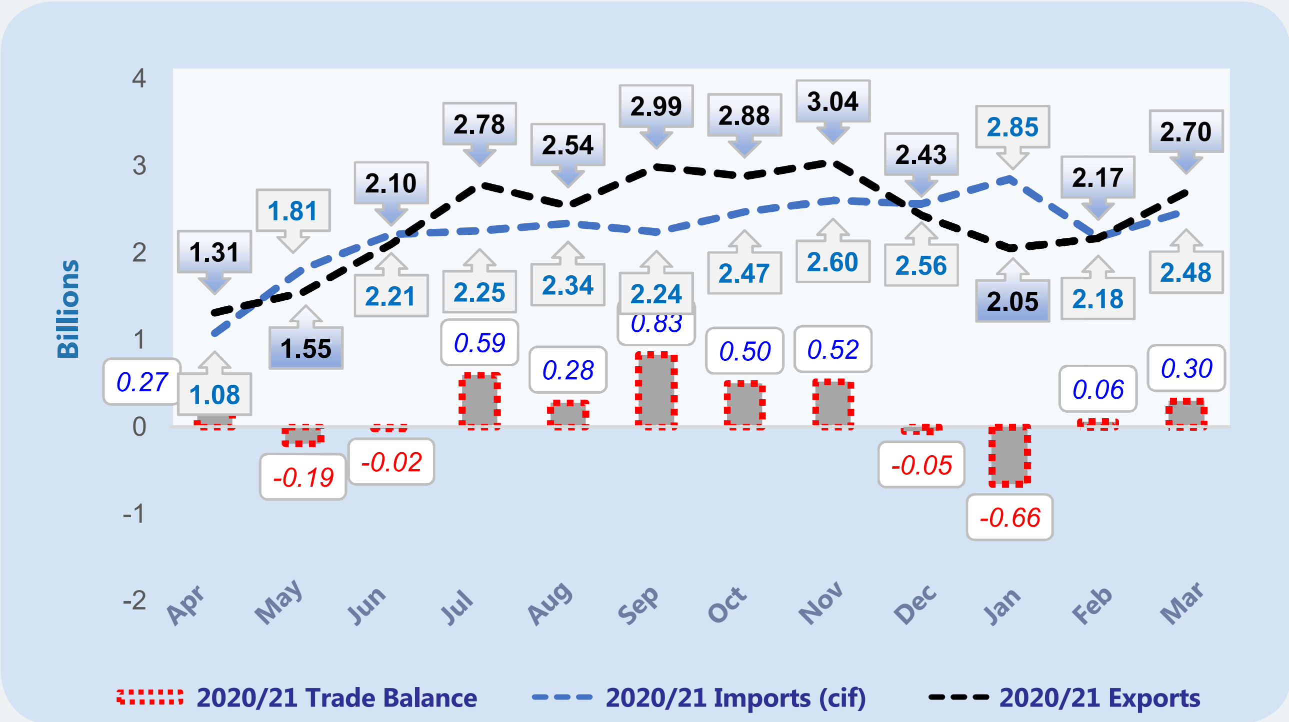
The organisation has enrolled an alternate net-work service provider that our network automatically switches to when the primary network fails. The project was still at implementation phase at the time of reporting, with a plan to have it completed within a few months. Strategically, the organisation is continuing to explore opportunities that come with fourth industrial revolution technologies to ensure that the SRA remains relevant in its mandate.

2.6.3. Trade and Merchandise Statistics

Total Trade in Goods

During 2020-21 FY, a positive trade balance of E2.42 billion was recorded for the country compared to the E3.27 billion surplus observed in 2019-20. Total exports to the world stood at E28.55 billion, which was a 3.5% decrease from E29.59 billion recorded in 2019-20. Total imports from the world decreased by 0.4% and were valued at E27.06 billion compared to E27.15 billion in 2019-20.

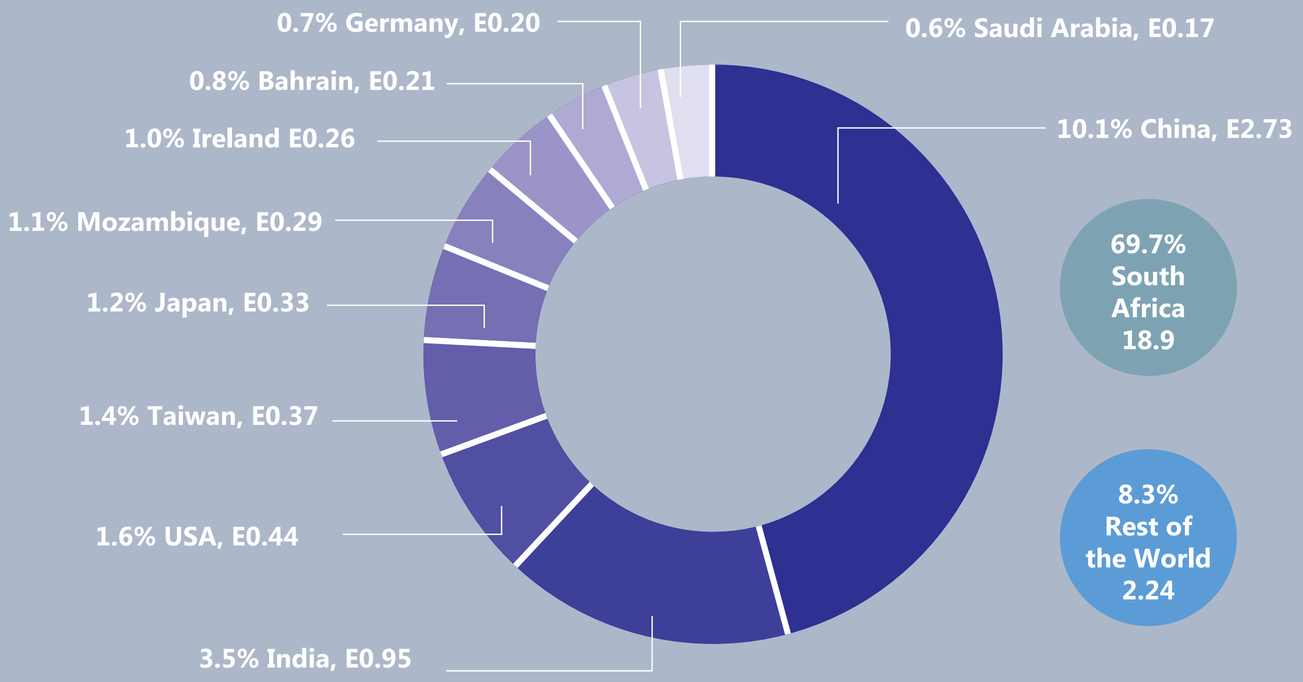
Figure 2.14 *Visible Trade Balance 2020-21*



Major Trading Partners

South Africa remained Eswatini's major source of imports, accounting for 69.7% (E18.87 billion) of the country's total import bill and had electrical energy (E906 million) topping commodities. The second major import partner was Mainland China, from which plain cotton weave was the biggest commodity being imported.

Figure 2.15 *Major Import Partners (Excl ZA) 2020-21 (E' Billion)*



2.6.3.3. Imports by Trade Classification

Petroleum products were the leading import commodity for the country during the reporting period, amounting to E2.23 billion, accounting for (8.2%) of imports for the FY. However, this was a 29% decrease from E3.12 billion for the same commodity in 2019-20.

Figure 2.16 *Top 10 Classification of Imported Goods (E' Billion)*

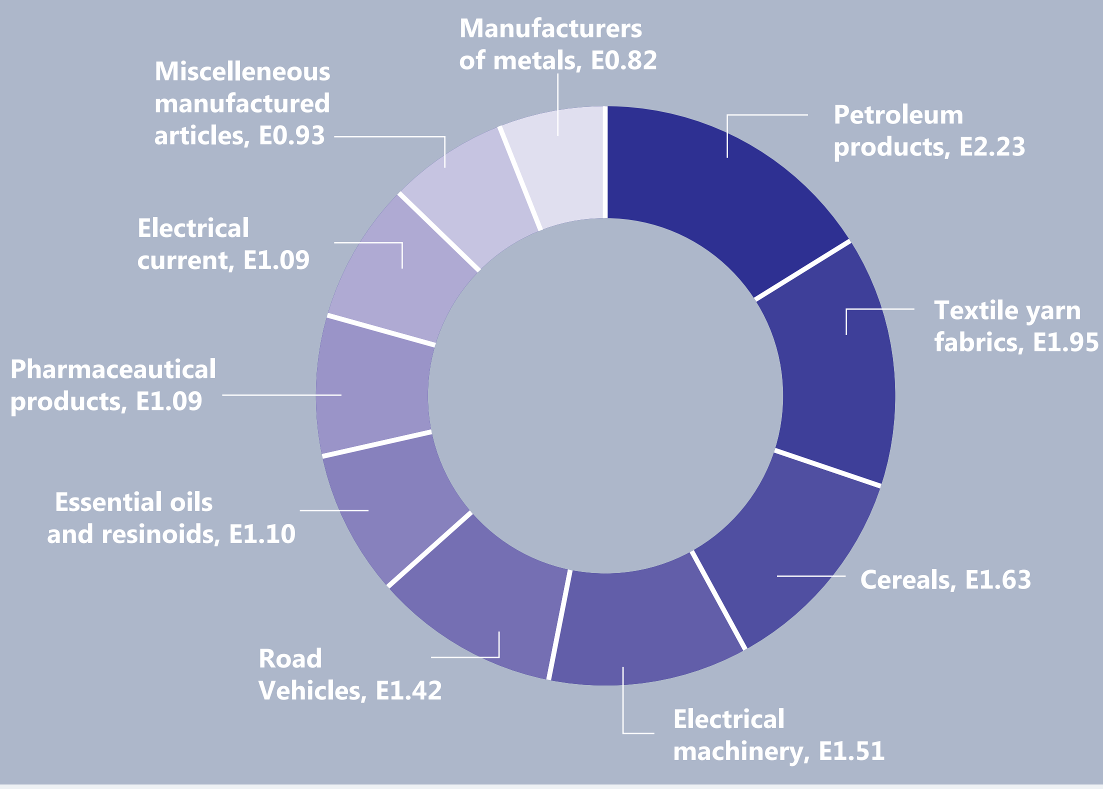


Figure 2.17 *Major Export Partners (excl. South Africa) (E' Billion)*

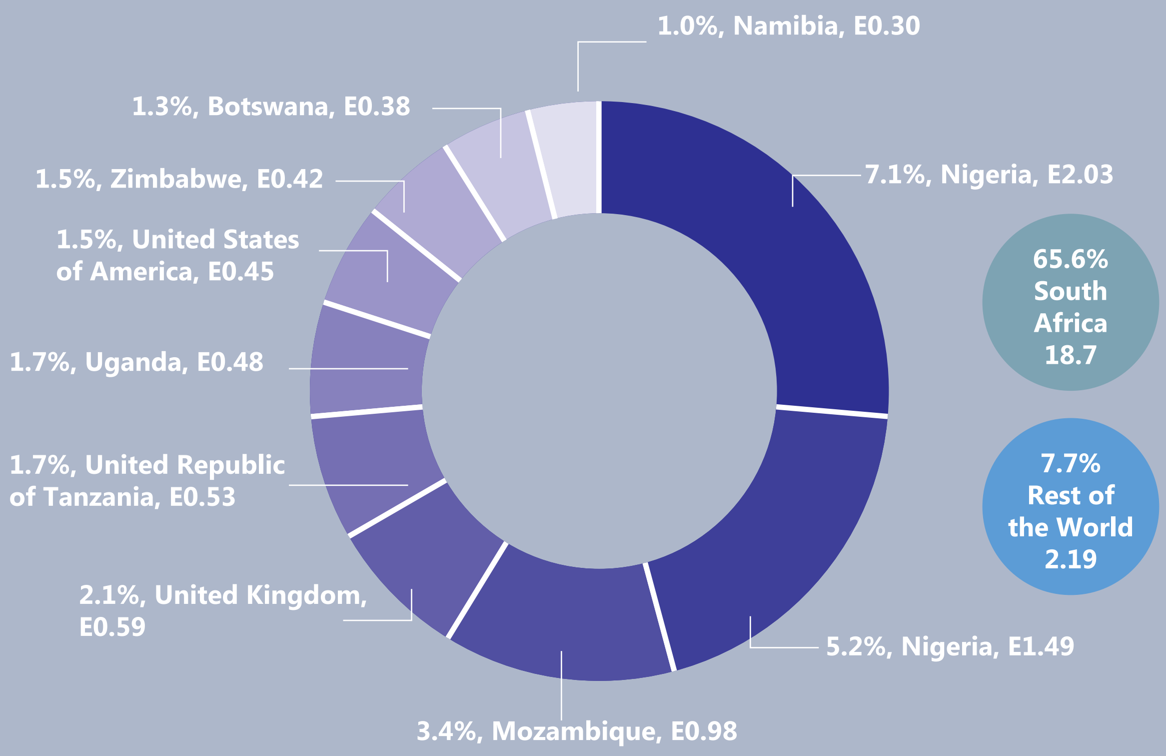
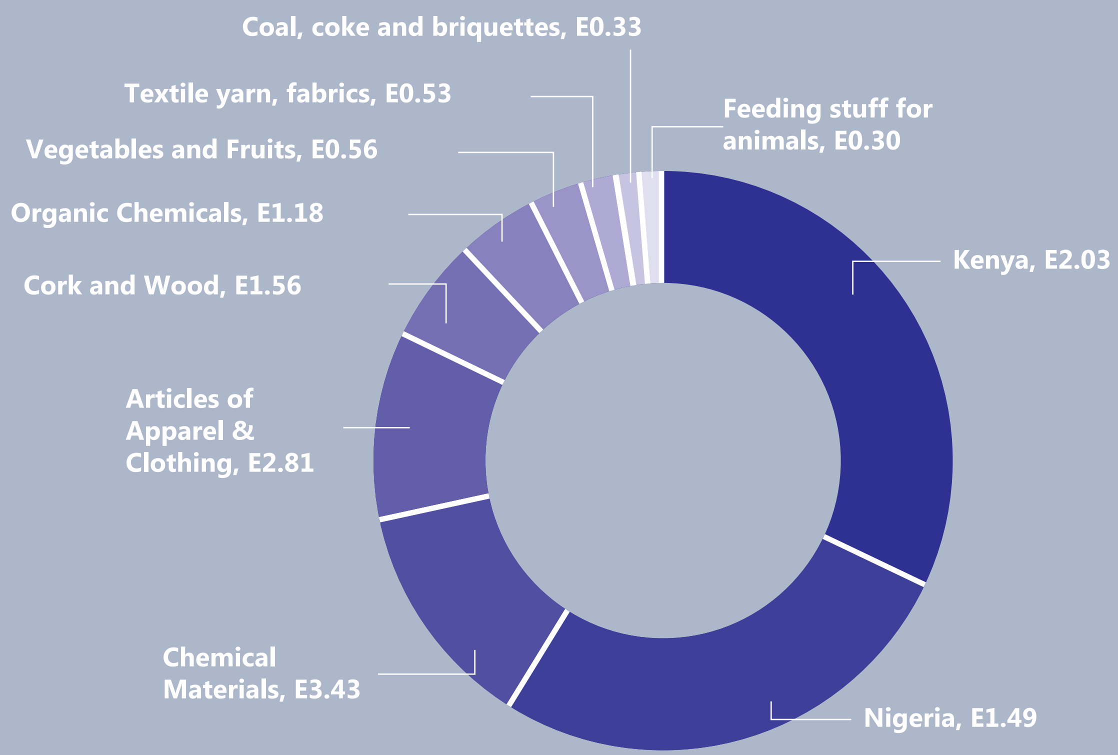


Figure 2.18 *Exports by Trade Classification*



2.6.4. Customs Modernisation Programme

The Customs Modernization Programme continued in the year supported by technical assistance interventions from international organisations, mainly the World Customs Organization, UNCTAD and the World Bank. These modernisation initiatives helped the country to improve its operations while simultaneously aligning with the country's commitments under the WTO's Trade Facilitation Agreement. Initiatives that were implemented include the following:

2.6.4.1. e-Customs Tariff

The SRA received support to implement the e-customs tariff under the European Union-World Customs Organisation Programme (EU-WCO) for Harmonized System (HS) in Africa. The Programme assists members to timely and harmoniously implement updates on the HS and supports African Member states implement electronic tariff tools. In the SRA, over and above availing the tariff online there was also the integration of the e-Customs tariff and the customs clearance system (ASYCUDA World) to ensure automatic updates.

The main benefits to the SRA include, amongst others, improved efficiencies in the Tariff Amendments process (timely amendment, which minimises the risk of incorrect collections and wrong classification of goods), easy access to tariff for reference purposes, etc. Benefits to the business community include easy access to the Tariff at anytime and anywhere, provided they have internet; up-to-date information on changes taking place in the tariff schedule as amendments are automatic and available on-line; and access to the duty estimator, which assists the business community to properly plan and budget before committing to any business transactions.

The e-customs tariff was launched in September 2020. The SRA further arranged for the delivery of training for Clearing agents as well as in-house declarants to build capacity in understanding principles of classification and use of the online tariff platform.

2.6.4.2. Advance Ruling System

As part of the EU-WCO HS Programme in Africa, the SRA initiated work on the development of the Advance Ruling System. The internal framework for identifying areas requiring advance rulings was developed.

2.6.4.3. SADC Electronic Certificate of Origin

The SRA continued to prepare for the implementation of the e-Certificate of Origin under SADC, which was however delayed due to the challenges posed by COVID-19. Technical specifications and systems configuration were completed. Training of officers on the e-Certificate of Origin as well as socialisation of the platform in order to familiarise the selected pilot companies was undertaken. The SADC Secretariat also held a 'training of trainer's workshop' to capacitate members in undertaking stakeholder engagements on the e-Certificate of Origin. The SRA's exporters' registration process was also revised to enable on-line registration in order to optimise the efficiency and benefits of attaining a fully electronic and paperless procedure as envisaged under the initiative.

2.6.4.4. Eswatini Trade Information Portal (ETIP)

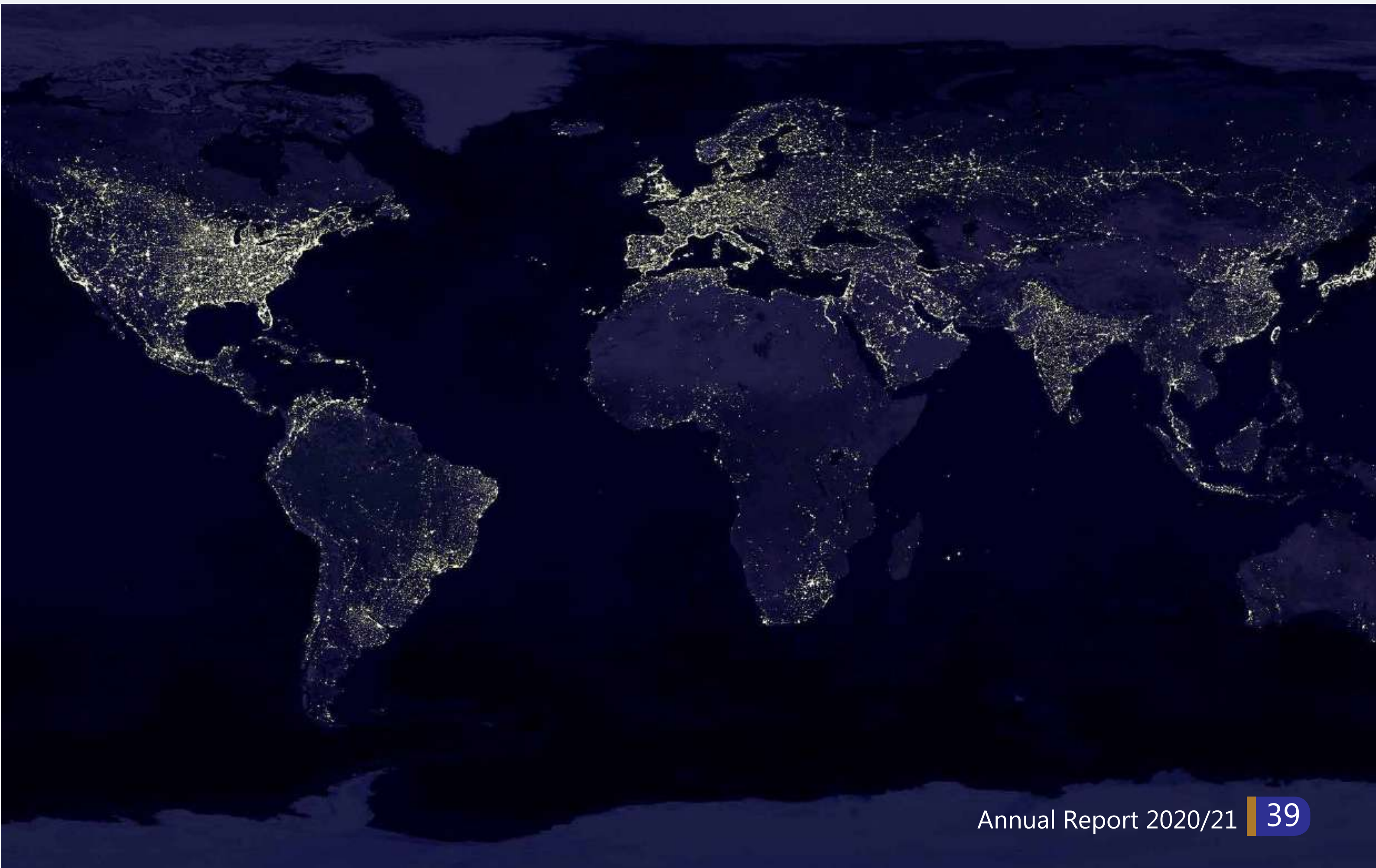
The ETIP is a single platform that allows traders, investors and consumers a smoother interface with the regulatory and procedural steps needed to facilitate cross-border trade. The ETIP allows businesses to easily access online and on demand, the information they need pertaining to clearance requirements at any given time. Supported by the World Bank Eswatini launched the Trade Information Portal (ETIP) in October 2020. Since the portal was launched as a live portal, the SRA continued with the comprehensive review of eight external guidelines provided as content for the Eswatini Trade Information Portal.

2.6.4.5. WCO Mercator Program

The SRA continued to receive support from the WCO under the Mercator Programme, which was designed to support member states implement the WTO Trade Facilitation Agreement (WTO-TFA). The SRA was identified as a beneficiary under this programme since its inception in 2016. An assessment mission was conducted during the year and subsequently the implementation plan was reviewed, ending in the year 2022. The development of the Human Resource Competency Based Framework has also been developed under the same program.

2.6.4.6. Coordinated Border Management (CBM) and the Single Window (SW)

The CBM and the SW are part of the strategic projects defined in the National Trade Facilitation (NTF) Roadmap 2019-22, under the governance of the National Trade Facilitation Committee (NTFC). The SRA is the lead agency for these projects. During this financial year the SRA led the development of the policy and legal documents to provide the supporting frameworks as a basis for implementing the CBM and the Single Window. The CBM concept paper and a high-level schematic diagram of the proposed model was developed. The SW Blue Print and the legal analysis and requirements were finalised during the reporting period. A change management strategy incorporating both CBM and SW activities was drafted.



3 Governance

The organisation voluntarily applies the King Code of Corporate Governance. It is also bound by its founding legislation, the Revenue Authority Act 2008, and being a public entity, it is also partially governed by the Public Enterprises (Control and Monitoring) Act 1989 and other policies applicable to public enterprises.

3.1 Governing Board Composition

Following the approval of the Revenue Authority (Amendment) Act 2019, which came into effect in November 2019, the constitution of the Board comprises a total of nine Members appointed in terms of Section 6 of the Revenue Authority Act 2008. The effect of the amendment to Section 6 was to increase the number of Board Members from eight to nine to address quorum issues. In line with the aforementioned amendment, the Minister for Finance appointed to the Board, Mr Lusekwane Dlamini, with effect from 1st November 2020. Mr Dlamini is not new to the SRA Governing Board as he had previously been engaged as an advisor to the Audit and Risk Committee from 1st April 2017 to 31st March 2020.

Re-appointments following the end of term of office were made as follows:

1. Carol Muir	-	(Non-Executive Member) – renewal of appointment effective 1st November 2020
2. Newman Ntshangase	-	(Non-Executive Member) – renewal of appointment effective 1st November 2020

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

1. Mr David D. Dlamini	-	Chairman
2. Dr Phil Mnisi	-	Vice Chairman
3. Mr. Dumisani Masilela	–	Executive Member
4. Mr. Majozi Sithole	–	Non-Executive ex-Officio Member
5. Mrs. Carol Muir	–	Non-Executive Member
6. Mr. Newman Ntshangase	–	Non-Executive ex-Officio Member
7. Prince Lindani	–	Non-Executive Member
8. Ms. Sizakele Dlamini	–	Non-Executive ex-Officio Member
9. Mr Lusekwane Dlamini	–	Non-Executive Member

THE GOVERNING BODY

Mr. David Dlamini
Chairman

Dr. Phil Mnisi
Vice Chairman

Mr. Dumisani Masilela
Executive Member

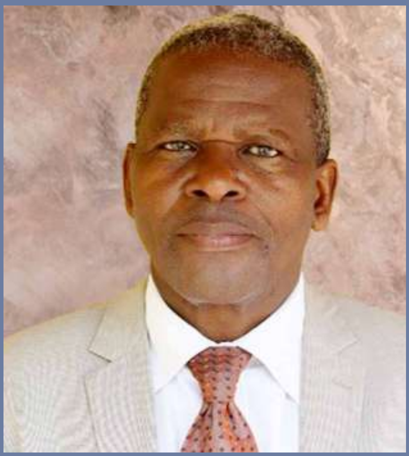
Mrs. Carol Muir
Non-Executive Member

Mr. Majozi Sithole
Non-Executive Member

HRH Prince Lindani
Non-Executive Member

Mr. Newman Ntshangase
Non-Executive Member

Ms. Sizakele Dlamini
Non-Executive Member



Mr. Lusekwane Dlamini
Non-Executive Member

3.2 Governing Board Committees

The Board was assisted in carrying out its oversight responsibilities by the following sub-Committees:

Figure 3.1 Board Sub-committees

Audit and Risk Committee

- **Oversight of the assurance and integrity of financial reporting which includes:**
  - Risk management
  - Legal compliance
  - ICT governance
  - Combined assurance and reporting

Human Resource and Ethics Committee

- **Assists the Board with oversight of:**
  - Ethics
  - Human capital and people risk
  - Corporate social responsibility
- Fair and responsible remuneration and the appointment and remuneration of executive management

3.3 Governing Board Business in 2020-21

3.3.1. Areas of focus in 2020-21

The Governing Board oversees, monitors and ensures accountability and also approves policies and strategy, assisted by the Committees. In 2020-21 the areas of focus addressed by the Governing Board included the underlisted:

a. Approval of the 2021 – 2024 Strategic Plan
b. Approval of the revised Corporate Social Responsibility Initiatives
c. Adopted the Combined Assurance Framework
d. Oversight over the organisation's performance, particularly in the context of issues brought on by COVID-19
e. Approval of the Organisational Structure Re-organisation
f. Combined Assurance Terms of Reference (ToR's)
g. Commemoration of the 10th anniversary of the SRA

Various Policies were also approved to improve operational efficiencies; these included:

- Revised Performance Management Policy
- The Revised Leave Policy
- The Student Internship Programme Policy
- The Graduate Trainee Policy

As part of the SRA's governance processes, the Board plays an oversight role in the awarding of tenders beyond a specific value stipulated in policy; to this end, the Board approved various tenders.

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3.3.2. Governing Board Attendance in 2020-21

The Board was able to continue carrying out its oversight function and held meetings without disruptions despite the Covid-19 restrictions imposed, through the agile adoption of technology availed in the form of virtual meetings. All Board meetings took place as scheduled during the year in each quarter, with an additional six extraordinary meetings convened. The meetings included a Board Strategy session on 10th September 2020, where the 2021-24 Organisational Strategy was presented and interrogated.

Table 3.1 *Governing Board meetings*

Governing Board or Committee	Ist Quarter	2nd Quarter	3rd Quarter	4th Quarter	Extraordinary meetings
Human Resource & Ethics Committee	3rd June 2020	12th August 2020	5th November 20200	3rd February 2021	4th December 2020 8th March 2021
Audit & Risk Committee	27th May 2020	19th August 2020	11th November 2020	15th February 2021	10th June 2020
Full Board	17th June 2020	26th August 2020	25th November 2020	24th February 2021	15th July 2020 4th December 2020 8th March 2021

Table 3.2 *Governing Board Attendance*

Member	Date of Appointment	No. of Years in Office	Board Meetings (8 meetings)	Audit & Risk Committee (5 meetings)	Human Resource & Ethics Committee (6 meetings)
David Dlamini (Chairperson)	1st April 2020	2 years	8/8	N/A	6/6
Phil Mnisi* (Vice Chairperson)	1st April 2020	2 years	7/8	5/5	N/A
Dumisani Masilela	April 2010	11 years	8/8	5/5	6/6
Majozi Sithole	1st November 2013	7 years, 5 months	6/8	N/A	5/6
Carol Muir**	1st November 2017	3 years, 5 months	8/8	5/5	6/6
Newman Ntshangase	1st November 2017	3 years, 5 months	7/8	5/5	N/A
Prince Lindani	1st June 2019	1 year 10 months	3/8	2/5	3/6
Sizakele Dlamini	1st August 2019	1 year 8 months	3/8	4/5	3/6
Lusekwane Dlamini	1stNovember 2020	5 months	4/4	2/2	N/A

* Audit and Risk Committee Chairperson. **Human Resource and Ethics Committee Chairperson. **N/A** – not a Member of the Committee

3.4 Executive Committee

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

Mr. Dumisani Masilela
Commissioner General

SRA Executive Committee Members in 2020-21

Ms. Thobile Dlamini
Chief Financial Officer

Ms. Thulie Tsela
Commissioner - Domestic Taxes

Ms. Gugu Mahlinza
Commissioner - Customs and Excise

Mr. Brightwell Nkambule
Head of Business Strategy and Development

Mr. Leonard Nxumalo
Head of Corporate Services

Ms. Nomcebo Marrengane
Chief Legal Officer

3.5 Governing Board Business in 2020-21

3.5.1 Legislative Reforms and Agreements

The drafting of legislative proposals done in collaboration with the Ministry of Finance in the 2020-21 financial year culminated in the finalisation of the following draft proposals:

Table 3.3 *Bills Developed in 2020-21*

Draft Proposal	Purpose	Effective Date
The Value Added Tax (Amendment of Schedule) Notice	Legal Notice No. 86 of 2020. To zero rate the supply of certain goods which are considered key in the fight against COVID-9.	24 April 2020
The Value Added Tax (Amendment) Bill	To stipulate the manner of dealing with bonded goods, delegation of powers by CG, introduction of additional assessments and to re-organise the Schedules.	Published in the Government Gazette on 28 August 2020 – pending approval
The Tax Administration Bill	To define the authority and powers of the Commissioner General in the administration of Acts listed in the Eswatini Revenue Authority Act Schedules.	Published in the Government Gazette on 2 October 2020 – pending approval.

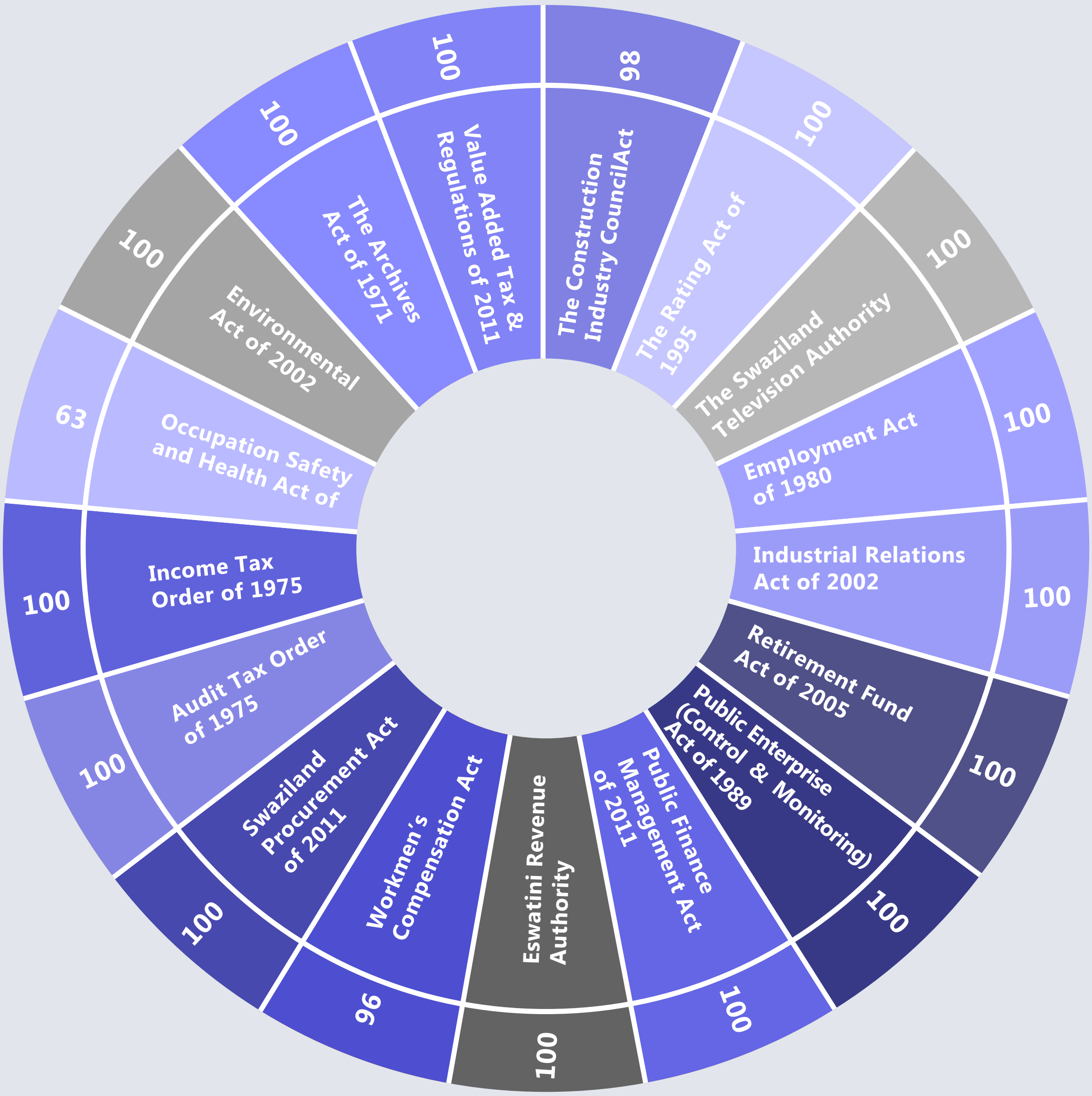
Table 3.4 *International Agreements in 2020-21*

Agreement	Status	Date of Commencement
Agreement for the Avoidance of Double Taxation with Lesotho	The DTA was signed on 6 September 2019	Entered into force on 6 September 2020
Multilateral Convention on Assistance in Tax Matters (MAC)	House of Assembly and The Senate in a joint sitting acceded to the Agreement on 14 November 2020.	Accession instruments deposited on 15 March 2020

3.6 Legislative Compliance

Organisational Compliance Assessment and Monitoring was conducted on the pieces of legislation contained in the organisation's Compliance Universe. The figure below shows the performance of the SRA during the 2020-21 Financial Year.

***Figure 3.2** SRA Compliance Level – 2020-21 Regulatory Requirements*



The overall Organisational Compliance level for the year 2020-21 was 98%, which shows an increase as in 2019-20 the level obtained was 92%.

4 Risk Management and Assurance

4.1 Enterprise Risk Management and Assurance

Embedding of effective Risk Management practises continued to be a priority at the SRA as a good business practise and key enabler in achieving the organization's objectives.

During the 2020-21 financial year, the Board approved a Combined Assurance Framework to guide assurance activities in the organization. The main purpose of this framework is to provide clarity of roles and responsibilities in the provision of assurance to the Board, ensuring efficient and effective use of resources, enabling the provision of a single view on key risks as well as ensuring a streamlined approach in providing assurance activities on key risks in the organization. This being the early stages in the process, there were extensive engagements undertaken on the framework, mostly at management level to ensure appreciation.

The Board approved the reviewed SRA's Risk Appetite and Tolerance thresholds for the year under review to guide management's decisions on the organization's key risks. These thresholds are reviewed annually (or when a need arises) and are monitored on an ongoing basis and reported to governance structures quarterly.

The year under review marked the first year where the Compliance Risk Management (CRM) initiative/process was implemented under business as usual (from project mode), after incorporation into the organizational planning cycle. The CRM governance structure was also established. Main activities undertaken in this process in the year under review involved reviewing and identification of key compliance risks, developing and obtaining approval of the Compliance Improvement Plan (CIP) and finally the development of operational plans and budget estimates to support the plan for the next financial year. Monitoring and evaluation are the next stages in the implementation stage.

Figure 4.1 *A Summary of 2020-21 Strategic Risks with Treatment Plans*

Loss of control of systems (due to adopting cloud solutions)

- Development of a Cloud and Digitisation strategy in partnership with Gartner is ongoing.
- Service Provider has been appointed to assist with building redundancy.

Accelerated degradation of the Organisation's image

- Piloting system for automating social media real time monitoring ongoing.
- Strategy of responding to media articles in an educative approach was adopted and implemented.

Insufficient future skills to implement tax digitisation initiatives

- Partnered with Gartner in the digitisation journey. Staff will be capacitated for sustainaibility.
- Partnered with World Customs Organization to implement a People Development Program (WCO Mercator Program) .

Cyber Attacks

- Procurement and deployment of a Secure Web Gateway to improve visibility and real time monitoring of network traffic was done.
- Enterprise Mobility and Security (EMS) was implemented.
- Procurement of an automated user awareness system is at an advanced stage.

Increase in incidents of theft / fraud- external

- Capacitated with data analytics and running of scripts and queries on the core system to support internal audit.
- Srategy for Whistle blowers suspended due to financial constraints
- Implementation of electronic confirmation of Tax Compliance Certificates is still being pursued.

Inability to attract and retain the required talent

- Agreement reached with UNESWA to introduce a Post Graduate Diploma in Taxation.
- Embarked on a Culture Transformation Programme to close the gap between the prevailing and the desired culture.
- HR Strategy incorporating a Talent Management framework under development.

Unsatisfactory levels of Voluntary Compliance

- Significant progress made in embedding the Compliance Risk Management (CRM) process in the planning cycle.
- Further technical assistance was received towards devel-oping a robust Risk Engine in the operational functions.
- Re positioning of the Intelligence and Investi-gation function for more effectiveness has been done.

Increase in incidents of theft / fraud–internal

- Documented Processes compliance audits were revived.
- Staff life-style audits have been prioritised.
- Staff training on managing finances is being conducted periodically.

Irrelevant Operating Model

- Innovation Framework due for operationalisation.
- Commenced Digitalisation Project.

Insufficient future skills to implement tax digitization initiatives

- Partnered with Gartner in the digitisation journey. Staff will be capacitated for sustainability.
- Partnered with World Customs Organization to implement a People Development Programme (WCO Mercator Programme).

4.2 Business Continuity Management

The organisation was presented with the need to continuously adjust operations and service delivery in response to the evolving environment caused by the government's response to the COVID-19 pandemic, which involved a continuous review by government of guidelines issued by the Ministry of Health to ensure staff and stakeholder safety. SRA was categorised as an essential service organisation. The cross-cutting Response Team that was established to coordinate response planning in the organisation in line with documented Business Continuity Plans, assisted the organisation in successfully navigating this uncertain period with minimal disruption to operations. Internal guidelines were developed supported by continuous communication throughout the year to manage exposure and the impact. The year under review saw a number of initiatives being introduced in the organisation. These included; working from home arrangements, staggered work arrangements and automation of some key processes to minimise the need to travel. The organisation continues to monitor the impact of the pandemic, adjusting its Business Continuity plans where necessary.

4.3 Internal Audit

The organisation's internal audit function leads the development and implementation of the Combined Assurance Framework of the organisation. It provides independent and objective assurance on the adequacy and effectiveness of SRA's governance, risk management, and control processes. The Governing Board approved an annual audit plan to guide the department's work. It proceeded to review and reassesses the plan on a quarterly basis. During the period under review, 65% of the plan was executed. This included follow-up audits on audits completed in the previous year, to monitor the progress in implementing corrective action.

Eighteen (18) audits were completed during the reporting period of which five (5) were follow ups. There were one hundred and forty-six (146) findings and agreed corrective actions. The audits focused on high-risk areas within the Operations, Finance, Corporate Services, and BSD departments.

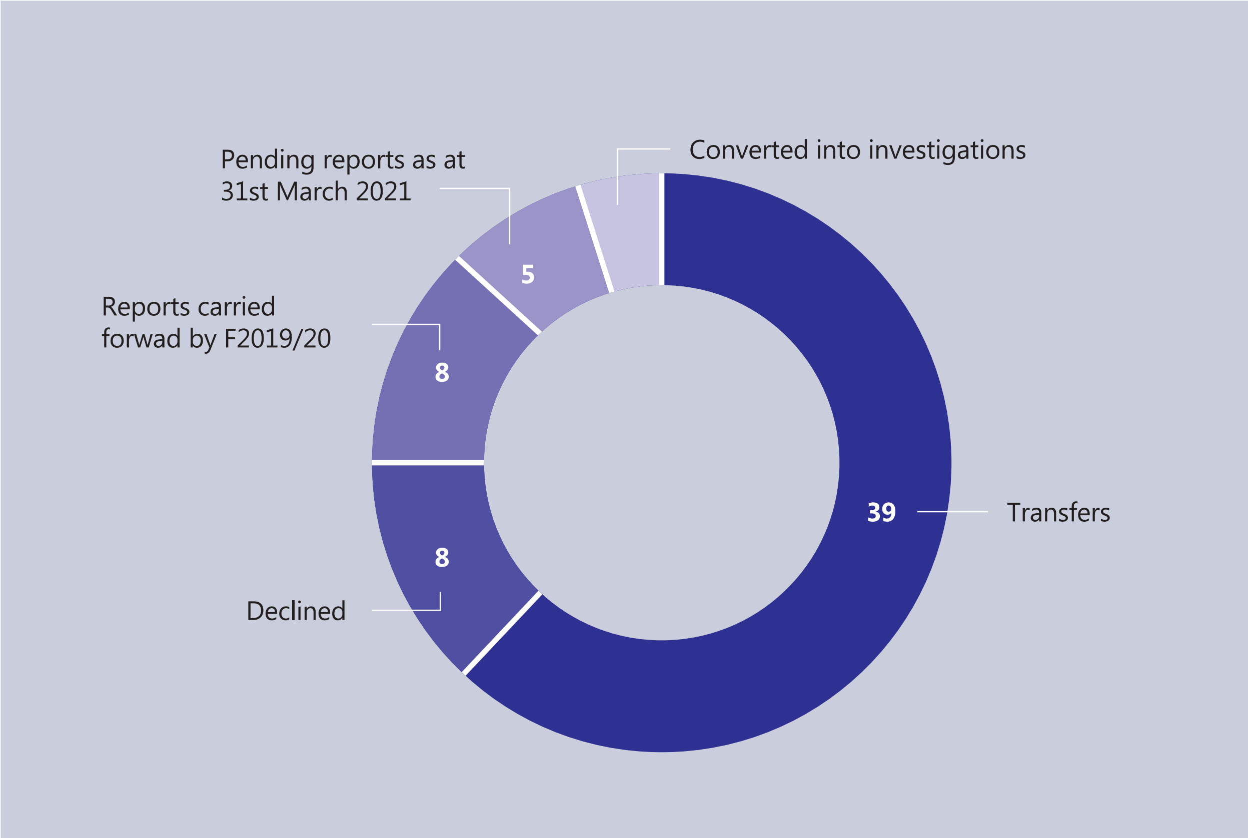
4.4 Staff Integrity

The SRA continues to display a culture that is open and supportive to staff, the taxpaying community and anyone who might want to report anything detrimental to its mandate.

There is a commitment to ensure that all reports received are handled with utmost confidentiality, resolved speedily and in a highly professional manner. A total of fifty-five (55) whistleblowing reports were processed during the year under review. These are made up of forty-seven (47) newly received reports and eight (8) that were pending review at the close of 2019-20.

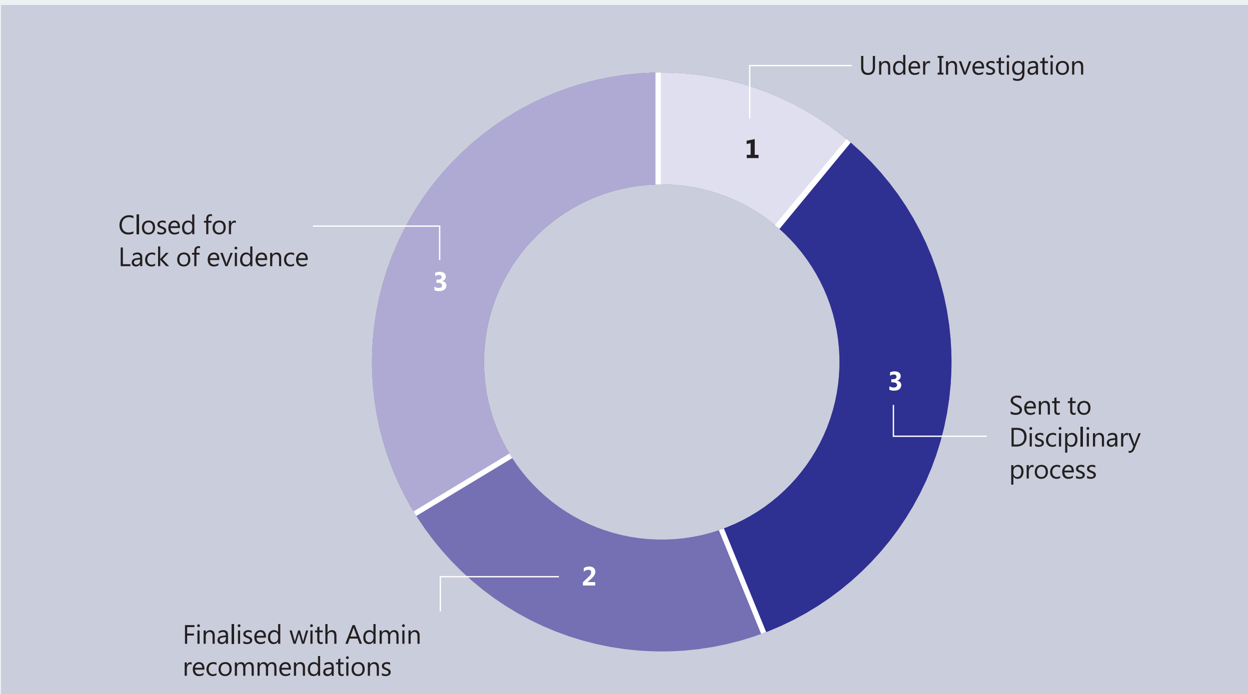
The reports carried forward from year end 2019-20 had remained unresolved as they required more information to substantiate the allegations by 31st March 2020. Three (3) of these reports were converted to investigations. Of the 39 that were transferred, one (1) was sent to Royal Eswatini Police Service (REPS), 1 to the Eswatini Anti-Corruption Commission (ACC) and the remaining 37 were transferred to other internal units for further processing. Eight (8) reports were declined for lack of substance to institute investigation of which some were found to be repeat reports that have been dealt with previously. The summary of processing of whistleblowing reports is as reflected in figure 4.2 below:

***Figure 4.2** Whistleblowing reports handled in 2020-21*



Reports that were converted into active investigations were processed speedily and within the set timelines. Nine (9) investigations were handled. Eight (8) of these were finalised (3 sent to disciplinary processes; 2 finalised with administrative recommendations; and 3 closed for lack of evidence). One (1) case remained under investigations at the end of the year. Figure 4.3 reflects a summary of active investigations:

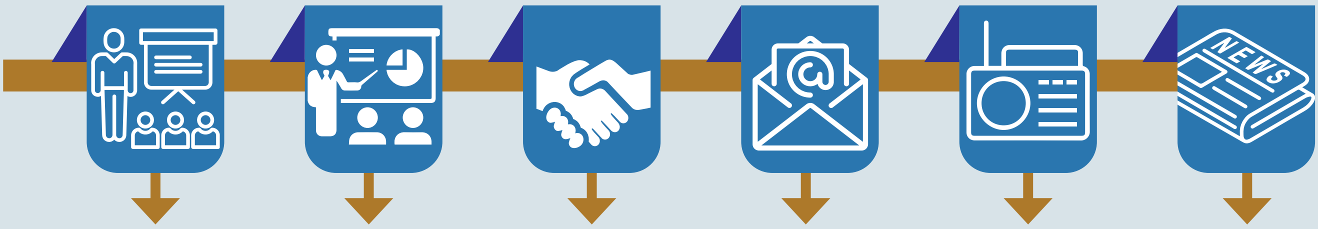
***Figure 4.3** Active Investigations*



4.4.1. Integrity Awareness and Education

An Integrity Champions Program that seeks to instil integrity as a core value of the organisation, which is designed to ensure that all SRA staff live and promote ethical culture as well as enforce ownership of all integrity initiatives across the organisation was established. Sixty-seven (67) officers were chosen as Integrity Champions and they will periodically undergo ethics and integrity training with the expectation that they will impart knowledge gained to their teams in both a formal and informal set up. The first training was combined with the launch of the program and had facilitators from Royal Eswatini Police Services (Fraud, Economic and Commercial Crime Unit) and Anti-Corruption Commission. Other awareness activities undertaken in the financial year are shown in the figure below:

***Figure 4.4** Integrity awareness activities undertaken in 2020-21*



Staff Workshop

June 2020, April 2019- March 2021

- Unpack ethics' policies;
- Raising staff members' level of awareness of integrity as a core value
- **Target:** SRA staff, all other stake-holders in all the border posts

Staff Induction Program

March 2021

- Engage new employees about the culture of the organisation;
- Unpack the code of ethics and conduct
- **Target:** SRA Staff

Integrity Champions Program

8th December 2020

- Peer to peer engagements on integrity, ethics at an informal and formal set up to ensure similar information is disseminated throughout the organisation.
- **Target:** SRA Staff

Electronic email signature

April 2020 – March 2021

- Staff email signature lines promoting the toll-free num-ber
- **Target:** Taxpayer community and general public

Radio Show

16th December 2020

- Foster public support of SRA initiatives
- Encourage and promote use of whistle blowing and reporting mechanism.
- **Target:** Taxpayer community and general public

Times of Eswatini and Eswatini Observer

6th April 2020, 5th May 2020, 10th Dec. 2020, 11th Dec. 2020

- Promote the SRA zero toler-ance to fraud and corruption stance
- Promote unmask tax corruption campaign
- Promote toll-free line.
- **Target:** SRA Staff, Taxpayer community and general public

4.4.2. Oversight tasks – Staff Income and Asset Declaration

Staff income and assets declarations were received from 579 employees and reviewed by the Internal Affairs Division. This exercise included reviewing staff outside involvement with regards to SRA business interest, mainly focusing on issues of conflict of interest, living beyond one's means and compliance with tax laws. Out of the 579 declarations reviewed, 2 were referred for further investigations.

5 Human Capital Development

5.1 Staff Movements

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

This has resulted in a 2% saving in staff costs and a 4.43% reduction in the number of employees.

Figure 5.1 *Employee Statistics as at 31st March 2021*

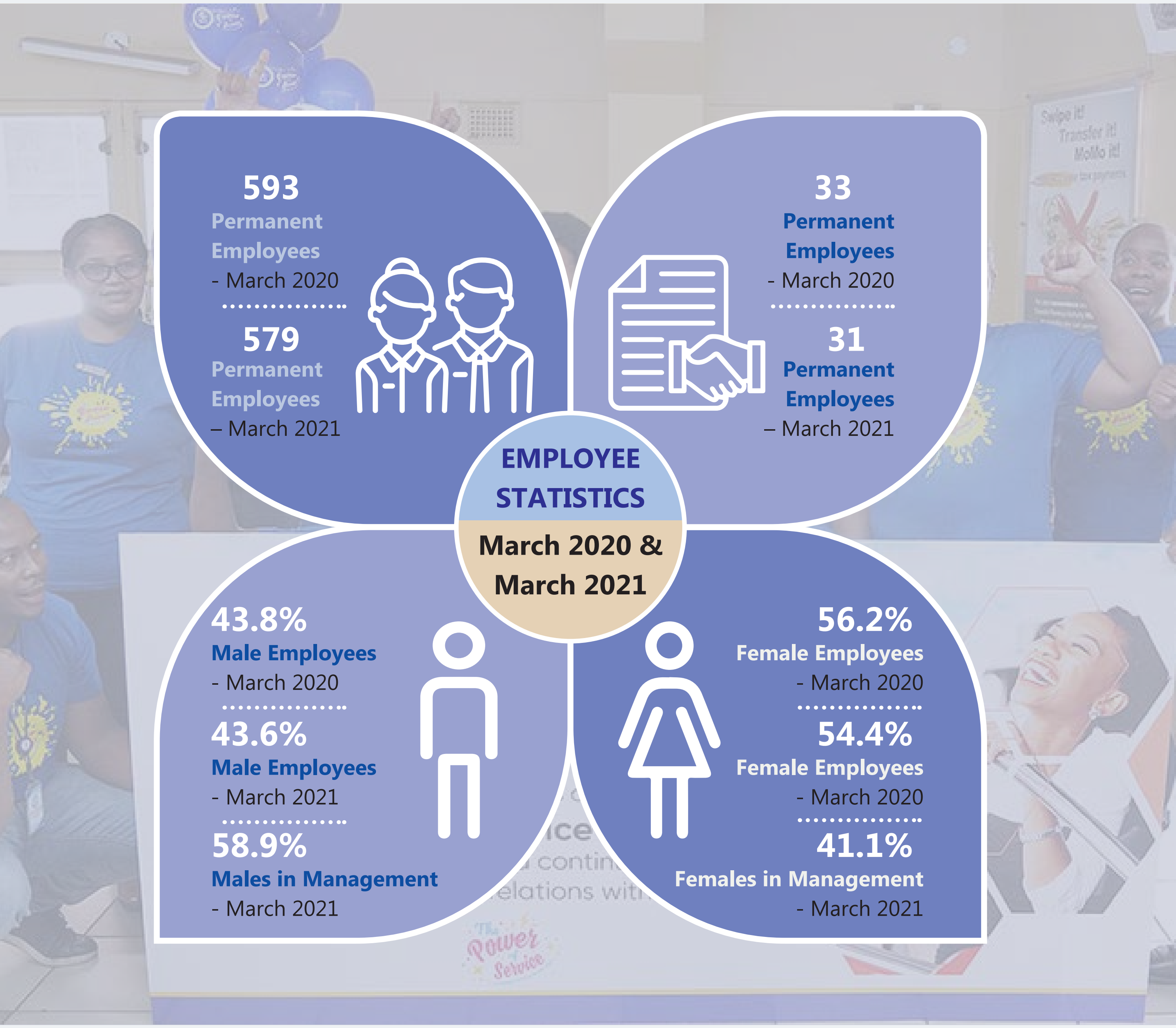


Figure 5.2 *Females vs Males in Management Hierarchy*

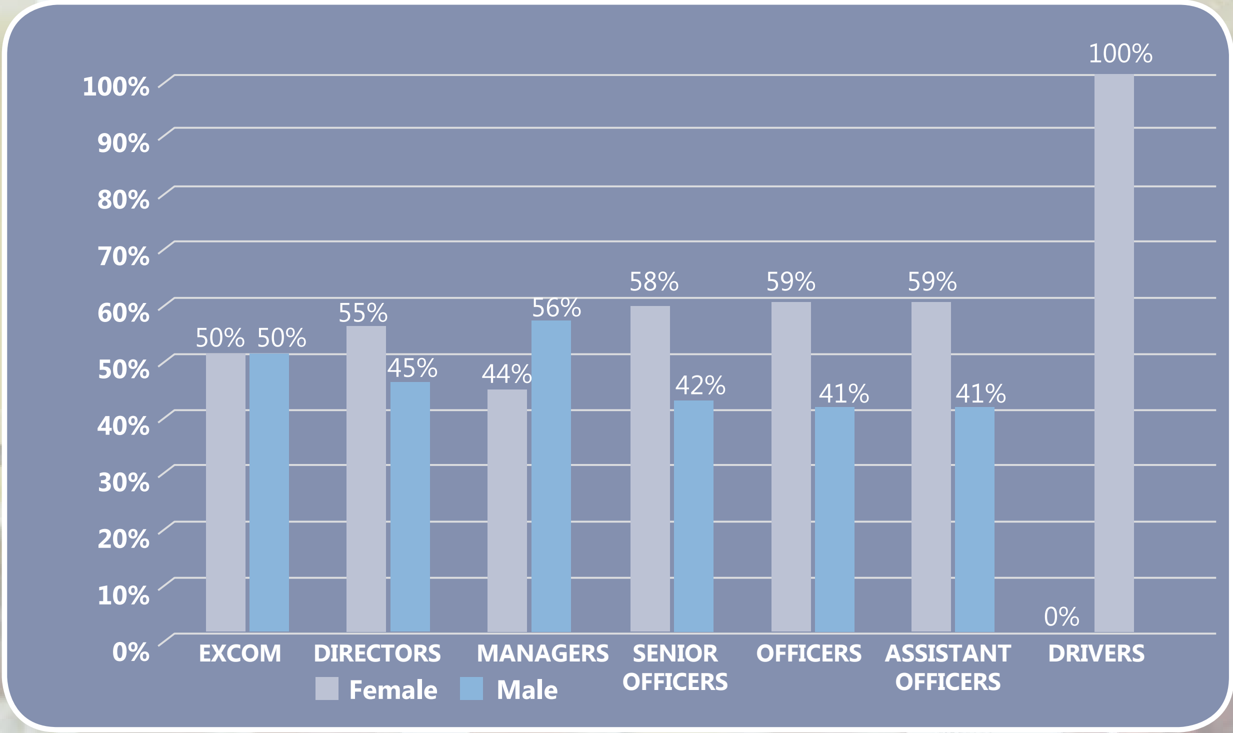


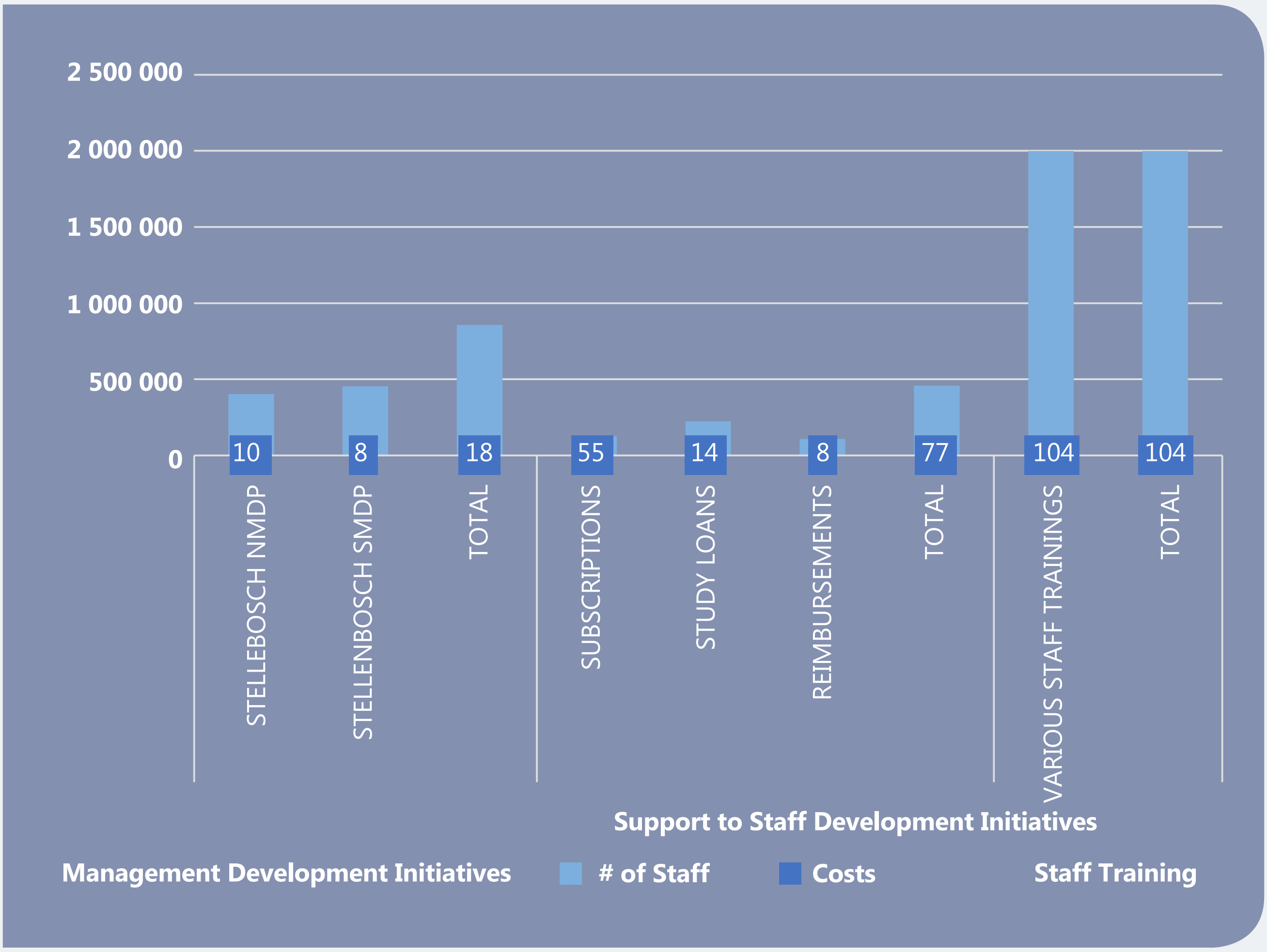
Figure 5.3 *Employee Exit Statistics as at 31st March 2021*

5.2 Employee Relations

The mandate of the organization calls for a disciplined work environment, that without which performance would decline while integrity would be on the low. In executing this function, there were thirteen (13) internal disciplinary matters during the year. Two (2) are still pending completion internally, two (2) are stalled by court processes, while on six (6) of the cases, the officers resigned while scheduled for their disciplinary hearings. Two (2) officers were dismissed during the period under review. At the beginning of the year, there were three (3) officers on suspension. However, as at end of the year under review, only one (1) officer was still on suspension, one (1) was dismissed and the other one (1) resigned. One of the dismissals resulted in the officer approaching CMAC, who declared an unresolved dispute. There were ten (10) cases registered in the Courts as at the beginning of the financial year and only one (1) of these cases was finalized in the year under review.

5.3 Employee Training, Leadership and Management Development Initiatives

Figure 5.4 *Employee Training, Leadership and Management Development Initiatives ('000)*



5.3 Employee Training, Leadership and Management Development Initiatives - continued

Figure 5.5 Employee Wellness Programmes

PERSONAL FINANCE MANAGEMENT

- CFO and Wellness staff
- 80 staff members reached

WELLNESS CHECK-UP (SCREENING FOR COMORBIDITIES)

- Lancet laboratories
- 69 staff members reached

HEALTH SCREENING (MOBILE CLINIC)

- Swaziland Business Coalition on HIV and AIDS (SWABCHA)
- All staff

COUNSELLING

- Wellness office and SWABCHA
- All staffd

COVID-19 RISK ASSESSMENT AND CONTACT TRACING TRAINING AND TRACING

- Training - Ministry of Health Public Health Unit: 3 staff members
- Tracing – Wellness Office: all staff

COVID-19 AWARENESS SESSIONS

- Wellness Office
- All staff

PERSONAL PROTECTIVE EQUIPMENT (PPE) DISTRIBUTION

- Operational Health and Safety Administration (OSHA).
- All staff

SPRING DAY

- Wellness office
- All staff

COVID-19 RETURN TO WORK CLEARANCE

- Wellness office and lancet laboratories
- 102 staff members

6 Corporate Social Investment (CSI)

Having officially launched the second phase of its corporate social responsibility programme in October 2019, the focus in 2020 was to put in place systems to ensure the implementation of key initiatives under the programme.

The area of focus remained the support of education of people living with disability. To this end, a Memorandum of Understanding was signed with the Southern Africa Nazarene University (SANU). Under this MOU, the SRA will provide funding for students living with disabilities who are admitted to SANU; the MOU is for a period of 36 months. Five (5) students with visual impairment were enrolled at SANU and admitted to the SANU/SRA Scholarship programme.

As part of the CSI programme, the organization donated masks, sanitizers and face shields to the pupils and teachers of the four special needs schools (St. Joseph's Primary and High; School for the Deaf Primary and High). This was in support of the government's fight against COVID-19 and the items were valued at E117,400.

7 Outlook

The global economic outlook for the year 2021 continues to be uncertain, primarily due to the undetermined path of the COVID-19 pandemic.

Despite this, due to the resurgence of economic activity, global growth is projected to grow at a rate of 6.0% in 2021, reflecting additional fiscal support in a few large economies and an anticipated vaccine-powered recovery in the second half of the year, as well as the unprecedented policy responses towards the movement of goods and services. Developments in international merchandise trade show a recovery to pre-pandemic levels while cross-border trade in services is expected to remain subdued in 2021. Growth in neighbouring South Africa is expected to strengthen to 4.2% in 2021 (from -7.0% in 2020), reflecting better sectoral growth performances and a more robust terms of trade.

Domestically, economic activity is expected to rebound to 2.7% in 2021, this will continue to place the level of GDP below pre-pandemic and potential levels. Risks to the outlook exist, including the prolonged uncertainty surrounding COVID-19, adverse weather conditions, fiscal pressures due to increased debt levels amongst others. The organisation will leverage digitalisation and continue to refine its operations and strategy to ensure its efficiency and impact.


SERVICE POINT 3

8 Eswatini Revenue Authority (Own Accounts) FINANCIAL STATEMENTS

for the year ended 31 March 2021

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS for the year ended 31 March 2021

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Eswatini Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Board Members' Report in accordance with International Financial Reporting Standards and in a manner required by the Revenue Authority Act, 2008.

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

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

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

Approval of financial statements

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

BOARD CHAIRPERSON

08 July 2021

DATE

COMMISSIONER GENERAL

08 July 2021.

DATE

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of Eswatini Revenue Authority

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Revenue Authority (the Authority) as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Eswatini Revenue Authority's financial statements set out on pages 67 to 103 comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Eswatini Revenue Authority Financial Statements for the year ended 31 March 2021". The other information does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT - Continued

To the Governing Board of Eswatini Revenue Authority

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

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT - Continued

To the Governing Board of Eswatini Revenue Authority

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the 2021 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P.O. Box 569
Mbabane
Date: 28 July

BOARD MEMBERS' REPORT

for the year ended 31 March 2021

1. Nature of business

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

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

2. Financial performance

The recurring expenditure for the year amounted to E 433 065 081 (2020: E390 210 309). The Authority incurred capital expenditure of E52 256 579 (2020: E71 460 021) on property, plant and equipment and intangible assets. Of this amount, E32 974 609 relates to work in progress that was capitalized in the year under review. This is mainly the loan funded construction projects for the Mananga Border.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E91.44 million (2020: E155.025 million). A detailed statement of cash flows is on page 70.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Eswatini and the Eswatini Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to SRA. Even though these assets were being utilised by SRA at 31 March 2021, the formal transfer process had not been undertaken by Government. These have however been capitalised on the basis of the right of use granted in terms of the Memorandum of Agreement and the Revenue Authority Act, 2008.

5. Corporate governance issues

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

BOARD MEMBERS' REPORT - Continued

To the Governing Board of Eswatini Revenue Authority

5. Corporate governance issues (continued)

Social Responsibility:
Having officially launched the second phase of its corporate social responsibility (CSI) programme in October 2019, the focus in 2021 was to put in place systems to ensure the implementation of key initiatives under the programme. The Eswatini Revenue Authority partnered with the Southern African Nazarene University for a Scholarship programme in support of education for young people with disability. At the end of the financial year, the institution had signed a memorandum of understanding. Five (5) students with visual impairment were enrolled by SANU and admitted to the SANU/SRA Scholarship programme.

As part of the CSI programme, the organization donated masks, sanitizers and face shields to the pupils and teachers of the four special schools (St Joseph's High; St Joseph's Primary; School for the Deaf High and School for the Deaf Primary). This was in support of the government's fight against COVID-19 and the items were valued at E117 400.

6. Events after reporting date

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

7. Going Concern

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

BOARD MEMBERS' REPORT - Continued

for the year ended 31 March 2021

8. Board Members

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

Non-executive Board Members

Chairperson

Mr. David Dlamini

Board Members

Dr. Philemon Mnisi	-	Vice Chairperson *(Resigned 31st March 2021)*
Prince Lindani	-	Member
Mr Majozi Sithole	-	Member
Ms Sizakele Dlamini	-	Member
Ms Carol Muir	-	Member
Mr Newman Ntshangase	-	Member
Mr Lusekwane Dlamini	-	Member *(Appointed 1st November 2020)*

Executive Member

Mr Dumisani Masilela	-	Commissioner General

9. Bankers

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

Business address	**Postal address**
Nedbank Swaziland Limited	Nedbank Swaziland Limited
2nd Floor Corporate Place	P O Box 70
Swazi Plaza	Mbabane
Mbabane	H100
Eswatini	Eswatini

BOARD MEMBERS' REPORT - Continued

To the Governing Board of Eswatini Revenue Authority

10. Investment Managers

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

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

Business address	**Postal address**
Stanlib Eswatini Limited	Stanlib Eswatini Limited
1st Floor Ingcamu Building	P O Box A294
Mhlambanyatsi Road	Swazi Plaza
Mbabane	Mbabane
Eswatini	Eswatini

11. Business and postal address of the Authority

Business address	**Postal address**
Portion 419 of Farm 50	P O Box 5628
Along MR 103	Mbabane
Ezulwini	H100
Eswatini	Eswatini

12. Auditors

The auditors of the Authority are:

Business address	**Postal address**
PricewaterhouseCoopers	PricewaterhouseCoopers
Rhus Office Park	P O Box 569
Lot 195 Kal Grant Street	Mbabane
Mbabane	H100
Eswatini	Eswatini

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Notes	2021 E	2020 E
Income			
Government funding for recurring expenditure	3	**433 065 081**	390 210 309
Other income	4	**184 021**	873 571
Profit on disposal of assets		**3 288 097**	70 655
Total income		**436 537 199**	391 154 535
Expenses			
Administrative expenses	5	**(114 837 387)**	(119 045 742)
Staff salaries and benefits	7	**(274 338 098)**	(271 164 567)
Total expenses		**(389 175 485)**	(390 210 309)
Operating surplus		**47 361 714**	944 226
Finance income	6.1	**6 118 010**	7 437 876
Finance cost	6.2	**(46 135 161)**	(9 176 646)
Surplus / (deficit) for the year		**7 344 563**	(794 544)

STATEMENT OF FINANCIAL POSITION

As at 31 June 2021

	Notes	2021 E	2020 E
Assets			
Non-current assets			
Property, plant and equipment	8.1	**999 042 373**	1 021 211 483
Right-of-use assets	8.2	**13 720 868**	7 188 623
Intangible assets	9	**11 397 100**	7 975 138
		1 024 160 341	1 036 375 244
Current assets			
Inventory	11	**150 139**	202 196
Trade and other receivables	12	**17 299 055**	7 233 037
Cash and cash equivalents	13	**91 444 622**	155 024 683
Assets held for sale	10	**-**	3 965 111
		108 893 816	166 425 027
Total assets		**1 133 054 157**	1 202 800 271
Equity			
Accumulated Surplus		**57 714 906**	50 505 792
Liabilities			
Non-current liabilities			
Borrowings	17	**507 821 679**	576 105 742
Lease liabilities	8.2	**9 991 528**	5 641 382
Deferred grant income	15.2	**267 391 323**	284 839 165
Provisions		**1 454 426**	-
Total Non-current liabilities		**786 658 956**	866 586 289
Current liabilities			
Trade and other payables	16	**6 392 251**	32 192 357
Employee benefits provision	14	**2 564 711**	2 762 273
Borrowings	17	**39 832 755**	61 469 051
Lease liabilities	8.2	**5 367 170**	2 566 518
Deferred grant income	15.1	**234 523 408**	186 717 991
Total current liabilities		**288 680 295**	285 708 190
Total liabilities		**1 075 339 251**	1 152 294 479
Total Equity and liabilities		**1 133 054 157**	1 202 800 271

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Notes	Accumulated Surplus E	Total E
Balance at 01 April 2020		**50 505 792**	**50 505 792**
Prior period adjustment	21	**(135 449)**	**(135 449)**
Surplus for the year		**7 344 563**	**7 344 563**
Balance at 31 March 2021		**57 714 906**	**57 714 906**
Balance at 01 April 2019		50 679 931	50 679 931
Prior period adjustment		620 405	620 405
Deficit for the year		(794 544)	(794 544)
Balance at 31 March 2020		50 505 792	50 505 792

STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Notes	2021 E	2020 E
Cash flows from operating activities			
Cash utilised by operations	18	**(366 107 459)**	(289 493 430)
Interest received	6.1	**6 118 010**	12 169 797
Interest paid	6.2	**(46 135 161)**	(63 713 727)
Net cash utilised in operating activities		**(406 124 610)**	(341 037 360)
Cash flows from investing activities			
Acquisition of property, plant and equipment	8.1	**(52 256 579)**	(90 501 715)
Proceeds from sale of property, plant and equipment		**4 701 286**	70 685
Acquisition of intangible assets	9	**-**	(2 578 101)
Decrease in lease liability		**(4 687 761)**	(3 369 283)
Net cash utilised in investing activities		**(52 243 054)**	(96 378 414)
Cash flows from financing activities			
Net grant funding received from the Government	15.1	**484 707 962**	440 027 687
Proceeds from borrowings	18.1	**3 343 736**	66 217 318
Repayment of borrowings	18.1	**(93 264 095)**	(65 352 577)
Net cash generated from financing activities		**394 787 603**	440 892 428
Net (decrease) / increase in cash and cash equivalents		**(63 580 061)**	3 476 654
Cash and cash equivalents at beginning of the year		**155 024 683**	151 548 029
Cash and cash equivalents at end of the year	13	**91 444 622**	155 024 683

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

1. General information

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the Authority's functional currency. All financial information presented in Emalangeni has been rounded to the nearest Lilangeni.

(d) Use of estimates and judgements

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements

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

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

Assumptions and estimation uncertainties

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

Measurement of fair value

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

(e) New and amended standards adopted by the Authority

The following new standard have been adopted by the authority for the first time for the financial year ending 31 March 2021.

- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Revised Conceptual Framework for Financial Reporting
- Covid-19-related Rent Concessions – Amendments to IFRS 16

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

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

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

Revised Conceptual Framework for Financial Reporting

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

(e) New and amended standards adopted by the Authority (continued}

Covid-19-related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

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

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 March 2021 year end and have not been applied in preparing these financial statements. The authority intends to adopt and apply these standards on their respective effective dates.

Number	Effective Date	Executive Summary
IFRS 17 *Insurance Contracts*	Developed an	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard will not have an impact as it is not applicable to the Authority.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

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

Number	Effective Date	Executive Summary
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022 [possibly deferred to 1 January 2023]	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

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

2.2 Property, plant and equipment

Recognition and measurement

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.2 Property, plant and equipment (continued)

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

Depreciation

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

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

Computer equipment	3 years
Office equipment	5 years
Motor vehicles (owned and leased)	5 - 7 years
Leasehold Improvements	5 years
Office furniture and fittings	10 years
Buildings	50 years
Containers	15 years

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

2.3 Non-current assets held for sale

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

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

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

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

2.4 Intangible Assets

Computer software

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.4 Intangible Assets (continued)

Computer software (continued)

Expenditure on internally developed software is recognised as an asset when the Authority is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life.

Internally developed software is measured at capitalised cost less accumulated amortisation and impairment.

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

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

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

2.5 Financial assets

Classification

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.5 Financial assets (continued)

Classification (continued)

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

Recognition and derecognition

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

Measurement

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

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

Debt instruments

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.5 Financial assets (continued)

finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

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

Equity instruments

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

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

Impairment

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

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

2.6 Inventory

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.7 Finance income and finance costs

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

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

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

2.8 Leases

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

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

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

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

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

Short-term leases and leases of low-value assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.8 Leases

Amortisation

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

Impairment

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

2.9 Employee Benefits

Defined contribution plans

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

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

Contributions to the defined contribution plan are expensed when incurred.

Short term employee benefits

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

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

Terminal gratuities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.10 Government Grants

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

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

2.11 Foreign Currency

Foreign currency translation

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

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

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

2.12 Capitalisation of borrowing costs

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

2.13 Trade receivables

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.13 Trade receivables (continued)

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

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

2.14 Cash and cash equivalents

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

2.15 Trade payables

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

2.16 Provision

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.17 Financial Risk Management

(a) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(b) Risk management framework

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

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

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

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

The Board Members oversee how management monitors compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.17 Financial Risk Management (continued)

(c) Credit risk

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

Risk Management
Credit risk is managed on a group basis:

- Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
- Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary
- The Authority does not have significant credit risk exposure.

Impairment of financial assets

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

(d) Liquidity risk

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

Authority	Less than 1 Year E	Between 2 and 5 years E	Over 5 years E	Total contractual cash flows E	Carrying amount at year end E
2021					
Borrowings	**89 218 523**	**314 817 880**	**502 874 545**	**906 910 948**	**547 654 434**
Trade and other payables	**6 392 251**	**-**	**-**	**6 392 251**	**6 392 251**
Lease liabilities	**16 343 115**	**1 094 258**	**-**	**17 437 373**	**15 358 698**
Total	**111 953 889**	**315 912 138**	**502 874 545**	**930 740 572**	**569 405 383**
2020					
Borrowings	96 805 727	333 005 761	519 177 502	948 988 990	637 574 793
Trade and other payables	32 192 357	-	-	32 192 357	32 192 357
Lease liabilities	3 288 573	6 296 793	-	9 585 366	8 207 900
	132 286 657	339 302 554	519 177 502	990 766 713	677 975 050

(e) Market risk

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

(i) Currency Risk

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

(ii) Interest rate risk

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

for the year ended 31 March 2021

2. Basis of preparation and accounting policies (continued)

2.17 Financial Risk Management (continued)

(e) Market risk (continued)

	Surplus or deficit	
	Surplus	Total
	E	E
Base amount- Borrowings	**547 654 434**	637 574 793
Increase of 50 basis points	**(2 738 272)**	(3 187 874)
Decrease of 50 basis points	**2 738 272**	3 187 874
Base amounts – Cash and bank	**91 444 622**	155 024 683
Increase of 50 basis points	**457 233**	775 123
Decrease of 50 basis points	**(457 233)**	(775 123)

(f) Capital management

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

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

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

The Authority is not subject to externally imposed capital requirements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- continued

for the year ended 31 March 2021

	2021 E	2020 E
3. Grant funding for recurring expenditure		
Government grant realised during the year	**433 065 081**	390 210 309
4. Other income		
Re-imbursement of legal fees	**-**	615 578
Other income	**184 021**	257 993
	184 021	873 571
5. Operating surplus		
Results from operating activities for the year is stated after charging/(crediting) the following items:		
Amortisation of intangible assets (note 9)	**3 262 117**	4 519 586
Auditors' remuneration	**572 846**	411 628
Depreciation on property, plant and equipment (note 8.1)	**27 189 559**	26 185 878
Depreciation on right of use (note 8.2)	**5 306 314**	3 545 081
Board Member expenses	**370 950**	324 860
Professional fees and consultancy	**3 331 893**	6 272 733
Profit on disposal of assets	**(2 754 044)**	(70 655)
Staff salaries and benefits (note 7)	**274 338 098**	271 164 567
6.1 Finance income		
Interest income from financial assets held for cash management purposes:		
Interest received – Nedbank Swaziland Limited	**4 535 822**	6 080 928
Interest received – Stanlib Eswatini Limited	**833 662**	4 770 612
Interest received – African Alliance	**748 526**	1 318 257
Total interest received	**6 118 010**	12 169 797
Capitalised to property, plant and equipment	**-**	(4 731 921)
	6 118 010	7 437 876

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021 E	2020 E
6.2 Finance costs		
Interest and finance charges paid/payable for lease liabilities and financial liabilities at amortised cost		
Interest expense	**46 135 161**	63 713 727
Capitalised to property, plant and equipment	**-**	(54 537 081)
	46 135 161	9 176 646
7. Staff salaries and benefits		
Salaries & wages and other allowances	**235 881 729**	234 761 321
Provident Fund contribution	**34 153 296**	33 219 036
Pension contributions	**4 262 023**	4 792 784
Leave pay provision	**41 050**	(1 608 574)
	274 338 098	271 164 567
The average number of employees during the year was 609 (2020:608)		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 - continued

8. Property, plant and equipment and right-of-use assets

8.1 Property, plant and equipment

Property, plant and Equipment	Land and Buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor Vehicles E	Leasehold Improve-ments E	Computer Equipment E	Work in progress E	Total E
Year ended 31 March 2021									
Cost or valuation									
Opening balance	899 026 980	2 145 603	36 479 046	20 727 646	11 866 407	14 914 798	10 290 710	134 352 623	1 129 803 813
Transfers from WIP	144 060 954	31 737	2 396 689	237 139	3 721 909	4 757 966	5 436 760	-	160 643 154
Additions	216 049	160 565	291 916	-	-	-	-	52 738 269	53 406 799
Disposal	-	-	(3 362 028)	(4 268 375)	(4 227 453)	(11 440 768)	(6 236 366)	-	(29 534 990)
Adjustments*	(42 050 903)	-	1 085 003	8 238 762	-	-	-	-	(32 727 138)
WIP Expensed	-	-	-	-	-	-	-	(1 150 220)	(1 150 220)
Transfer to PPE	-	-	-	-	-	-	-	(167 327 232)	(167 327 232)
At 31 March 2021	1 001 253 080	2 337 905	36 890 626	24 935 172	11 360 863	8 231 996	9 491 104	18 613 440	1 113 114 186
Accumulated depreciation									
Opening balance	(43 669 711)	(485 622)	(26 823 066)	(5 255 454)	(8 816 121)	(14 859 486)	(8 682 870)	-	(108 592 330)
Charge for the year	(17 100 081)	(144 395)	(3 126 521)	(2 375 204)	(1 661 571)	(713 835)	(2 067 952)	-	(27 189 559)
Disposals	-	-	3 341 994	2 341 707	4 227 453	11 440 761	6 235 836	-	27 587 751
Adjustments	-	-	(1 061 458)	(4 816 217)	-	-	-	-	(5 877 675)
At 31 March 2021	(60 769 792)	(630 017)	(27 669 051)	(10 105 168)	(6 250 239)	(4 132 560)	(4 514 986)	-	(114 071 813)
Net carrying amount	940 483 288	1 707 888	9 221 575	14 830 004	5 110 624	4 099 436	4 976 118	18 613 440	999 042 373

Land under Deed Transfer Number 790/2014 (Portion290, a portion of portion 96 of Farm No.50 situated in the district of Hhohho) is security for the loan from Public Service Pensions Fund.

*The adjustment mainly relates to the reversal of prior year capitalised borrowing costs amounting to E21 285 306 (Note 21) and retention of E20 765 597 relating to the Ezulwini Headquarters.

Included in property, plant and equipment are fully depreciated assets with an initial cost of E9 653 521 (2020: E37 234 868).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2021 - continued

8. Property, plant and equipment and right-of-use assets

8.1 Property, plant and equipment

Property, plant and Equipment	Land and Buildings E	Containers E	Office equipment E	Office furniture & fittings E	Motor Vehicles E	Leasehold Improve-ments E	Computer Equipment E	Work in progress E	Total E
Year ended 31 March 2021									
Cost or valuation									
Opening balance	876 497 887	1 822 486	34 512 011	20 688 522	9 997 125	14 914 798	9 956 854	71 669 841	1 040 059 524
Transfers from WIP	22 529 093	248 473	1 877 885	39 124	1 869 282	-	1 091 279	-	27 655 136
Additions	-	74 644	89 150	-	-	-	-	45 794 911	45 958 705
Borrowing costs capitalised	-	-	-	-	-	-	-	49 805 160	49 805 160
Disposal	-	-	-	-	-	-	(757 423)	-	(757 423)
WIP Expensed	-	-	-	-	-	-	-	(2 684 052)	(2 684 052)
Transfer to PPE & intangible assets	-	-	-	-	-	-	-	(30 233 237)	(30 233 237)
At 31 March 2020	899 026 980	2 145 603	36 479 046	20 727 646	11 866 407	14 914 798	10 290 710	134 352 623	1 129 803 813
Accumulated depreciation									
Opening balance	(26 786 912)	(360 262)	(22 396 886)	(3 188 414)	(7 236 199)	(14 830 448)	(8 364 726)	-	(83 163 847)
Charge for the year	(16 882 799)	(125 360)	(4 426 180)	(2 067 040)	(1 579 922)	(29 038)	(1 075 539)	-	(26 185 878)
Disposals	-	-	-	-	-	-	757 395	-	757 395
At 31 March 2020	(43 669 711)	(485 622)	(26 823 066)	(5 255 454)	(8 816 121)	(14 859 486)	(8 682 870)	-	(108 592 330)
Net carrying amount	855 357 269	1 659 981	9 655 980	15 472 192	3 050 286	55 312	1 607 840	134 352 623	1 021 211 483

A total of E9.2m cost of assets are held for sale as at end of the year. Right of use of assets have been recognised in line with IFRS 16.

Land under Deed Transfer Number 790/2014(Portion290, a portion of portion 96 of Farm No.50 situated in the district of Hhohho) is security for the loan from Public Service Pensions Fund.

Included in property, plant and equipment are fully depreciated assets with an initial cost of E37 234 868 (2019: E23 726 395).

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

8.2 Right of use of assets and lease liabilities

(i) Amounts recognised in the statement of financial position

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

	2021 E	2020 E
Right of use assets		
As at 31 March 2021		
Acquisition cost	22 572 262	10 733 704
Accumulated depreciation	(8 851 394)	(3 545 081)
Net value	13 720 868	7 188 623
At 01 April 2020	7 188 623	9 828 798
Additions	11 838 559	904 906
Depreciation	(5 306 314)	(3 545 081)
Balance at year end	13 720 868	7 188 623
Lease liabilities	15 358 698	8 207 900
Current	5 367 170	2 566 518
Non-current	9 991 528	5 641 382
Maturity analysis of lease liabilities		
Less than one year	16 343 115	3 288 573
One year to five years	1 094 258	6 296 793
	17 437 373	9 585 366
Less future finance charges	(2 078 675)	(1 377 466)
	15 358 698	8 207 900

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

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

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

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

	2021	2020
	E	E
Depreciation charge for right of use assets	**5 306 314**	3 545 081
Interest expense (included in finance cost)	**1 262 636**	2 222 871
Expense related to short term leases (included in administrative expenses)	**-**	1 182 585

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

	2021 E	2020 E
9. Intangible assets		
Capitalised computer software costs for the year ended:		
Cost		
At the beginning of the year	**86 573 399**	83 995 298
Additions	**-**	2 578 101
Transfers from WIP	**6 684 079**	-
Disposals	**(995 622)**	-
At the end of the year	**92 261 856**	86 573 399
Accumulated amortisation		
At the beginning of the year	**(78 598 261)**	(74 078 675)
Charge for the year	**(3 262 117)**	(4 519 586)
Disposal	**995 622**	-
At the end of the year	**(80 864 756)**	(78 598 261)
Net carrying amount	**11 397 100**	7 975 138

Included in intangible assets are fully amortized assets with an initial cost of E69 880 200 (2020: E78 598 261)

	2021 E	2020 E
10. Assets held for sale		
Furniture	**3 963 547**	3 972 029
Canteen equipment	**1 564**	1 564
Disposal	**(3 965 111)**	(8 482)
	-	3 965 111

Furniture and equipment were originally acquired for the old head office. The Authority did not renew the lease which expired in December 2018. The Authority sold all the assets during the year under review.

	2021 E	2020 E
11. Inventory		
Consumables	**150 139**	202 196
12. Trade and other receivables		
Prepayments and deposits	**14 903 018**	6 440 683
Other entities	**2 115 302**	299 977
Staff loans	**280 735**	492 377
	17 299 055	7 233 037

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

		2021 E	2020 E
13.	**Cash and cash equivalents**		
	Petty cash	**24 835**	8 517
	Nedbank Swaziland Limited	**68 746 049**	39 924 581
	African Alliance	**11 077 809**	51 329 283
	Stanlib Eswatini Limited	**11 595 929**	63 762 302
		91 444 622	155 024 683

Facilities

The Authority has an overdraft facility of E20 million and revolving credit line of E10 million held with Nedbank Swaziland Limited.

		2021 E	2020 E
14.	**Employee benefits provision**		
	Short term provisions:		
	Leave pay	**2 564 711**	2 762 273

	Leave pay E	Total E
Reconciliation		
31 March 2021		
At the beginning of the year	**2 762 273**	**2 762 273**
Amount utilised during the year	**(6 000 961)**	**(6 000 961)**
Additions	**5 803 399**	**5 803 399**
At the end of the year	**2 564 711**	**2 564 711**
31 March 2020		
At the beginning of the year	4 635 721	4 635 721
Amount utilised during the year	(264 874)	(264 874)
Charged in profit or loss	(1 608 574)	(1 608 574)
At the end of the year	2 762 273	2 762 273

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

		2021 E	2020 E
15.	**Deferred grant income**	**501 914 731**	471 557 156
15.1	***Current***		
	Balance at beginning of year	**186 717 991**	109 588 388
	Received from Government – cash	**484 612 423**	439 612 420
	Donation received – Institute of Development studies	**95 542**	415 267
	Grants realised in profit or loss for funding recurring expenditure excluding depreciation and amortisation	**(397 307 094)**	(355 959 764)
	Prior period grant for funding finance costs (Note 21)	**(21 285 306)**	-
	Asset disposals for the year	**1 949 785**	8 508
	Grants utilised to defray capital expenditure	**(20 259 933)**	(6 946 828)
		234 523 408	186 717 991
15.2	***Noncurrent***		
	Balance at beginning of year	**284 839 165**	312 151 390
	Grants utilised to defray capital expenditure	**20 259 933**	6 946 828
	Asset disposals for the year	**(1 949 785)**	(8 508)
	Transfer of depreciation and amortisation on funded assets (Note 8 & 9)	**(35 757 990)**	(34 250 545)
		267 391 323	284 839 165

The Authority received grants amounting to E484 612 423 (2020: E439 612 420) from the Government of Eswatini to facilitate the funding of recurring and capital expenditure incurred and for its daily operations.

		2021 E	2020 E
16.	**Trade and other payables**		
	Retention	**64 568**	20 327 825
	Accruals	**5 267 083**	10 659 441
	Other Payables	**1 060 600**	1 205 091
		6 392 251	32 192 357

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

			2021 E	2020 E
17.	**Borrowings**			
	Current			
	Finance lease liabilities –			
	Nedbank Swaziland Limited (a)		**1 343 770**	1 230 090
	Eswatini Development and Savings Bank (b)		**793 757**	805 663
	Public Service Pension Fund (c)		**36 117 554**	55 750 914
	Eswatini National Provident Fund (d)		**1 577 674**	3 682 384
			39 832 755	61 469 051
	Non-current			
	Finance lease liabilities	(a)	**2 509 750**	652 040
	Eswatini Development and Savings Bank	(b)	**5 031 529**	5 850 244
	Public Service Pension Fund	(c)	**500 280 400**	569 603 458
			507 821 679	576 105 742
	Total borrowings		**547 654 434**	637 574 793

(a) Finance Lease Obligation

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

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

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

The loan attracts an interest rate of prime per annum (Prime currently 7.25%) and is payable in monthly installments for a period of 10 years.

(c) Public Service Pensions Fund – E567 Million

The loan attracts an interest rate of prime per annum (Prime currently 7.25%). Interest for the first twelve months is capitalized and amortized over the loan duration thereafter paid quarterly. Capital repayments are semi-annual instalments over 15 years.
The loan is secured by assets (refer to note 8.1) and a guarantee from the Government of Eswatini.

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

The loan attracts an interest of prime plus 3% (Prime currently 7.25%). Interest is capitalized and interest and capital repayments are made quarterly over the 24 months duration of the loan.
The loan is unsecured.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

		Notes	2021 E	2020 E
17.1	**Maturity analysis of the finance lease liabilities**			
	Less than one year		**1 540 329**	1 247 440
	One to five years		**2 785 918**	811 955
			4 326 247	2 059 395
	Less future finance costs		**(472 727)**	(177 265)
			3 853 520	1 882 130
18.	**Cash flow from operating activities**			
	Surplus / (deficit) for the year		**7 344 563**	(794 544)
	Adjustment for:			
	Depreciation and amortisation	8,9	**35 757 990**	34 250 545
	Profit on disposal of assets	5	**(2 754 044)**	(70 655)
	Interest paid	6.2	**46 135 161**	63 713 727
	Interest received	6.1	**(6 118 010)**	(12 169 797)
	Amortisation of Government grant	3	**(433 065 081)**	(390 210 309)
	Non-cash – Property, plant and equipment		**38 604 809**	-
	Non-cash – prior period adjustment	21	**(21 420 755)**	1 463 884
			(335 515 367)	(303 817 149)
	Changes in working capital		**(30 592 092)**	14 323 719
	(Decrease) /Increase in trade and other payables		**(25 800 106)**	2 217 727
	Decrease in employee benefits provision		**(197 562)**	(1 873 448)
	Increase in other provisions		**1 454 426**	-
	Decrease in inventory		**52 057**	3 150
	Decrease in assets held for sale		**3 965 111**	8 482
	(Increase) / Decrease in trade and other receivables		**(10 066 018)**	13 967 808
	Cash utilised in operating activities		**(366 107 459)**	(289 493 430)
18.1	**Cash flow from financing activities**			
	Borrowings at the beginning of the year		**637 574 793**	636 710 052
	- Current		**61 469 051**	624 054 317
	- Non – current		**576 105 742**	12 655 735
	Cash flows		**(89 920 359)**	864 741
	- Proceeds from borrowings		**3 343 736**	66 217 318
	- Repayment of borrowings		**(93 264 095)**	(65 352 577)
	Borrowings at the end of the year		**547 654 434**	637 574 793
	- Current		**39 832 755**	61 469 051
	- Non – current		**507 821 679**	576 105 742

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

	Amortised Costs E	Total Carrying E
19. Financial Instruments		
The fair value of financial assets and financial liabilities together with the carrying amounts shown in the statement of financial position, are as follows:		
As at 31 March 2021		
Financial assets		
Trade and other receivables excluding prepayment	**2 396 037**	2 396 037
Cash and cash equivalents	**91 444 622**	91 444 622
	93 840 659	93 840 659
Financial liabilities		
Trade and other payables	**6 392 251**	6 392 251
Borrowings	**547 654 434**	547 654 434
Lease liabilities	**15 358 698**	15 358 698
	569 405 383	569 405 383

	Amortised Costs E	Total Carrying E
As at 31 March 2020		
Financial assets		
Trade and other receivables excluding receivables	792 354	792 354
Cash and cash equivalents	155 024 683	155 024 683
	155 817 037	155 817 037
Financial liabilities		
Trade and other payables	32 192 357	32 192 357
Borrowings	637 574 793	637 574 793
Lease liabilities	8 207 900	8 207 900
	677 975 050	677 975 050

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

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

	Carrying amount E	Within 1 year E	Between 2 and 5 years E	More than 5 years E
31 March 2021				
Financial liabilities:				
Borrowings	**547 654 434**	**83 119 178**	**146 922 499**	**317 612 757**
Trade and other payables	**6 392 251**	**6 392 251**	**-**	**-**
Lease liabilities	**15 358 698**	**5 367 170**	**9 991 528**	**-**
	569 405 383	**94 878 599**	**156 914 027**	**317 612 757**
31 March 2020				
Financial liabilities:				
Borrowings	637 574 793	61 469 051	209 285 341	366 820 401
Trade and other payables	32 192 357	32 192 357	-	-
Lease liabilities	8 207 900	2 566 518	5 641 382	-
	677 975 050	96 227 926	214 926 723	366 820 401

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

	2021 E	2020 E
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Other entities	**2 115 302**	299 977
Staff loans	**280 735**	492 377
Cash and cash equivalents	**91 444 622**	155 024 683
	93 840 659	155 817 037
The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:		
Other entities	**2 115 302**	299 977
Staff loans	**280 735**	492 377
	2 396 037	792 354

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

20. Related party transactions

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

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

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

The following transactions were carried out with related parties:

	2021 E	2020 E
20.1 Government of Eswatini		
Grant Received – Cash	**484 612 423**	439 612 420
20.2 Board members fees		
Board Members fees	**370 950**	324 860
The following balances were due to related parties for loans made to the Authority:		
20.3 Related party payable		
Public Service Pension Fund	**536 397 954**	625 354 372
Eswatini Development and Savings Bank	**5 825 286**	6 655 907
Eswatini National Provident Fund	**1 577 674**	3 682 384

21. Prior period adjustments

During the year, the authority received invoices for expenses incurred in the prior period and such expenses were posted against the accumulated surplus.

	31 March 2020 E	Decrease3 E	1 April 2020 E
Accumulated surplus	**50 505 792**	(135 449)	50 370 343

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

22. Commitments

22.1 Operating lease commitments

The Authority entered into the following lease agreements:

Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the authority for the Matsapha Service Centre. The agreement was renewed on 1 September 2019 for a period of 3 years. The monthly rental is E29,048.32 with an escalation rate of 8%.

On 1 November 2020, the authority rented additional floor space from Diesel Services (Pty) Ltd for Matsapha E-Tax Service Centre. The monthly rental is E13 396.68 with an escalation rate of 8%.

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

Lease agreement with MBI Estates; MBI Estates rented offices to the authority for the Siteki Service Centre. The agreement was renewed on 1 May 2020, for a period of three years. The monthly rental is E14, 781.71 with an annual escalation of 8%.

Lease agreement with the Eswatini National Provident Fund, in which the fund rented offices to the authority for the Manzini Service Centre. The agreement was renewed on 1 June 2020, for a period of five years. The monthly rental is E120, 290 with an escalation of 7%.

Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the authority for the Corporate Place Service Centre. The rental agreement was renewed on 1 July 2018, for a period of five years. The monthly rental is E182, 711.18 with an annual escalation of 8%.

Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the authority for the Internal Affairs offices. The agreement commenced on 1 January 2017, for a period of five years. The monthly rental is E48, 814.90.

Lease agreement with Eswatini Railway, in which the Eswatini Railway rented residential premises to the authority. The agreement was renewed on 1 April 2020, for a period of three years. The monthly rental is E10 233.68 with an annual escalation of 10%.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the year ended 31 March 2021

22. Commitments

22.1 Operating lease commitments (continued)

Lease agreements with Ngonini Estate, in which the Estate rented out residential premises to the authority. The agreements were renewed on 1 April 2020 for a period of three years. The monthly rental is E7 817 and E4 179 with an escalation of 10%.

Lease agreement with Eswatini Industrial Development Company, in which the EIDC rented storage space to the authority. The agreement was entered on 1 April 2020, for a period of three years. The monthly rental is E92 281.32 with an annual escalation of 10%.

	2021 **E**	2020 E
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Due within 1 year	**6 491 115**	5 187 902
Due between 1 year and 5 years	**10 946 258**	10 940 473
	17 437 373	16 128 375

22.2 Capital commitments

The Authority entered into contracts to purchase property, plant and equipment and intangible assets of E6 422 080 (2020: E80 409 899).

23. 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.

24. Contingent liabilities

The Authority has contingent liabilities amounting to E2 648 206 in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liabilities.

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