BOARD OF DIRECTORS

MR SIPHO J. SHONGWE	**GIDEON MAHLALELA**	**MR SIPHO VILAKATI**	**MR JOSEPH**	**MR BHEKI NDZINISA**	**MFANZILE DLAMINI**
Board Chairperson	Vice Chairperson	Board Member	Board Member	Board Member	Board Member

MANAGEMENT

MR.SICELO SIMELANE	**MRS LINDIWE MALAZA**	**MR THULANI FAKUDZE**	**OZZIE THAKATHA**
Company Secretary	General Manager - Support Services	General Manager - Technical	Acting CEO

Swaziland Communications Commission
Annual Financial Statements
for the year ended 31 March 2016

SCCOM DETAILS

Registered name:
Swaziland Communications Commission

Registered Office Address:
4th Floor North Wing,

Postal Address:
P.O. Box 7811
Mbabane
H100

Telephone Number:
+268 24067000

E-mail Address:
info@sccom.org.sz

Website Address:
www.sccom.org.sz

Auditors:
Kobla Quashie & Associates

1.0 GENERAL INFORMATION

1.1 LEGISLATIVE MANDATE

The Swaziland Communications Commission (SCCOM) is the regulatory authority for the Information and Communication Technology sector in Swaziland. The Commission was established in 2013 by the Swaziland Communications Act, No: 10 of 2013 to license and regulate telecommunications, radio communications, broadcasting and postal services in Swaziland. The Commission will play a critical role in the management and development of Swaziland's ICT sector. Through the Act, SCCOM is mandated to carry out, among other things, the following:

a. regulate and supervise the operation of electronic Communications networks and the provision of electronic communications services in Swaziland, including the regulation of data protection in electronic communications;

b. regulate and supervise the provision of postal services and electronic commerce;

c. regulate and supervise the provision of radio and television broadcasting services and the content of those services;

d. promote the development of innovative, secure, modern and competitive communications infrastructure and the delivery of related services;

e. ensure freedom of provision of communications services and further ensure that those services are not limited, except when strictly necessary;

f. ensure a wide range and variety of communications services;

g. ensure that all communications services are provided in a manner that will best promote economic and social development;

h. ensure non-discrimination and equality of treatment in all matters under the remit of the Commission;

i. promote efficient management and human resource development within the communications industry;

j. promote the interests of end-users and licensees as regards the quality of all communications services and equipment within the remit of the Commission;

k. administer certain aspects of the Competition Act, 2007, as they relate to the sectors regulated by the Commission; and

l. Administer certain aspects of the Fair Trading Act, 2001, as they relate to the sectors regulated by the Commission.

1.2 VISION, MISSION AND CORE VALUES

VISION
To be a dynamic regulator of Communications Services in Swaziland that facilitates the delivery of affordable, sustainable and quality services.

MISSION
To derive maximum socio-economic benefits for all Swazis from ICTs through the effective regulation of Telecommunications, Broadcasting and Postal Services in Swaziland.

CORE VALUES
Integrity
Transparency
Accountability
Teamwork
Innovation
Knowledgeable

MR SIPHO J. SHONGWE
Board Chairperson

2.0 CHAIRPERSON'S FOREWORD

The Swaziland Communications Commission is an institution established under the Swaziland Communications Act 2013 to regulate the communications sector in Swaziland. Regulation of the communication sector is a complex yet interesting mandate which requires the regulator to always strike a balance between the interests of the consumers of the services against the interests of the service providers while managing and fostering competition in the sector. The Commission is steadfast in its quest to advance the communication sector in Swaziland and aligns its strategic objectives to this cause which also espouses the 2022 vision.

This past year saw a major stride towards the attainment of the 2022 vision when the Commission issued the first LTE Spectrum license in Swaziland. This will enable end users to enjoy faster internet connection and thus improve internet access in the country. Furthermore, the Commission , in its continuing endeavour to advance the communication sector in the country, issued six general licences to new Internet Service Providers(ISPs) thus ensuring more players in this sector and encouraging fair competition.

The Commission is also mandated by the Electronic Communications Act, 2013, to convert and issue licenses to existing operators who were already in operation when the Commission was established. To this end the Commission has been able to convent all general licenses and individual licenses to be in line with the Electronic Communications Act. Final drafts of these licences are being discussed with the respective operators and this is itself a significant milestone that will see operators issued with technology neutral licenses that are in line with the Electronic Communication Act.

The scope of the Commission's mandate also includes regulating broadcasting and postal issues. The Commission is pleased that the past year saw the drafting of the Broadcasting Bill and the initiation of the Postal Bill by the Ministry of ICT as well as the drafting of the Broadband Strategy. These are interesting developments and the pieces of legislation will ensure that the Commission effectively regulate the broadcasting and postal sector while the Broadband Strategy will ensure that internet is accessible to the citizenry thus narrowing and ultimately eliminating the digital divide.

On behalf of the Board I would like to express my sincere gratitude to the entire Government of Swaziland, the Honourable Minister Dumisani Ndlangamandla, the Principal Secretary and the entire ICT Ministry officials who have relentlessly supported the Commission as it carries out its mandate. In the same vein, I would like to convey words of gratitude to the operators who fall within the ambit of the Commission's regulation and to the entire public who continue extending unwavering cooperation and support to the Commission.
Thank you.

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Sipho Shongwe
SCCOM Board Chairperson

OZZIE THAKATHA
Acting CEO

3.0 ACTING CHIEF EXECUTIVE OFFICER'S FOREWORD

This year's report focuses on the growth achieved by the Commission in its journey to establish itself as a regulator with all the requisite instruments to provide support to the sector. The pace of change in the sector seems to increase each year and operators have been required to adopt to the new era of regulation of the communications sector whilst seeking opportunities arising from the changes introduced in the sector.

Indeed, the sector is changing with numerous demands being put forward by the sector stakeholders. The ever changing consumer needs demanded more innovative means to deliver services by operators. Concerns over goods and services pricing are constantly raised. More complaints over customer service and the call to improve the quality of service is raised by consumers. There has been consistent call for the licensing of new telecommunications service providers to allow consumers choice when sourcing services. Changes in the telecommunications sector have called for the Commission to grant a Long Term Evolution/ 4G licence.

On the other hand, existing operators have had to adjust their business operations to align their activities to a number of new regulatory requirements in the form of industry guidelines, directives and finally regulations. The introduction of all these instruments sought to bridge regulatory gaps identified in the sector.

The licencing of more telecommunications service providers is long overdue and this will bring about great improvement in the sector in terms of pricing, improved quality of service, and economy growth. We anticipate that this process will be instituted within the following reporting period. Great stride needs to be taken in our efforts to have in place legal frameworks in the form of main legislation and regulations to support postal and broadcasting sectors in Swaziland.

Existing operators were also required to make intense investment to ensure compliance some of the requirements of the new industry regulations, ranging from operators having to register all their customers within 6 months of coming into force of the Subscriber registration regulations. This exercise requires operators to register, collect and store all their subscriber data. Intense investment is also required to ensure that the set quality of service standards are met going forward.

As a professional organisation, our activities and goals are focused on having the right people to guide the organisation to deliver the mandate of the Commission, give good advice both the consumers, operators and government through the Ministry from a policy perspective. We need to understand and be clear on how to go about making an impact that matters for the consumers, operators, the wider society and the economy of the country. We pride ourselves as an organisation that what we do has a positive impact and brings about the required change to the sector. This we will achieve through commitment to our work and shared responsibility by our employees.

My heartfelt thanks to everyone who took the time to contribute their valuable input to the report. I hope that you enjoy reading it.

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Ozzie Thakathi
Acting Chief Executive Officer
Swaziland Communications Commission

OZZIE THAKATHA
General Manager
(Legal & Compliance)

4.0 CORE DIVISIONS

4.1 LEGAL AND COMPLIANCE DEPARTMENT

The process adopted by the Commission towards regulating the industry started off with laying the groundwork in the form of legislative frameworks mainly legislations, regulations, guidelines to guide the process of regulating the industry. The two main legislations (The Swaziland Communication Commission Act and The Electronic Communications Act, have been passed into law, however, the supporting regulations have not yet been passed. This gap has through the past two years rendered the Commission unable to process applications for any licence required by service providers.

The Commission considered alternative means to address the absence of the regulations, and to this end the draft regulations were converted to industry guidelines and these are a mirror reflection of the actual regulations. Such a process is supported by The Swaziland Communications Commission Act, in particular section 38(b) on the powers to issue guidelines to be applied in the sector.

A sound legal framework is compulsory in the development of the sector especially when considering the fast changes related to the industry. In such a rapidly evolving field, it is necessary to ensure that regulation adopts to new developments. Countries around the world including Swaziland have been reviewing the existing frameworks, enacting legislation and creating new regulatory authorities to implement their legal and regulatory framework. The Government of Swaziland passed into law two pieces of legislations (The Swaziland Communications Commission and Electronic Communications Acts) one which established the Commission and the other which kick-starts the operations of the Commission setting out principles to guide all stakeholders participating the telecommunications arena.

The country has further formulated industry regulations which set out the different process to guide all activities in the sector. The highlight of this project has been that Parliament passed the Regulations during the course of July 2016 and we await their publication in the gazette. This process was initiated in 2013 and this is a clear milestone in the sector. A number of shortcomings will be addressed by this important development.

Passing of Industry guidelines

As reported earlier, industry guidelines were implemented by the Commission in consultation with all industry stakeholders. The validation of these guidelines was made on the 25th January 2016. The effective date for the guidelines was set to be the 1st February 2016. These guidelines are publicly accessible on the Commission's website and are applicable to both consumers and operator. These guidelines cover the following:- Licencing, Facilities sharing, Quality of service, Interconnection, numbering, frequency spectrum and universal access and service.

SADC Roaming project

The spectrum monitoring network has been designed making use of a combination of the Angle of Arrival (AoA) and Time difference of arrival (TDOA) techniques to ensure maximum system performance and has the capability of detecting signals between 20 MHz and 8 GHz, dually polarized. The automated spectrum management system (ASMS) with web-access capability provides the tools to carry out administrative functions including licensing, user management and billing.

FREQUENCY BANDS CHANNELING ARRANGEMENTS

Following the development and publishing of the National Frequency Plan, and realising the important need of efficient and equitable assignment of spectrum, the Commission undertook an exercise to develop a channelling arrangement for the key spectrum bands, specifically for IMT services. These bands include the Mobile and fixed series bands and the channel arrangements are being developed following the ITU-R Recommendations (M and F series) and the SADC regional frequency channelling plan. This band channelling arrangement (proposal) is yet to be discussed and finalised with industry stakeholders.

LONG TERM EVOLUTION (LTE) / 4G AND BROADBAND SPECTRUM ASSIGNMENTS

During the course of the current reporting period, the Commission received an application from Swazi MTN Limited, the sole operator currently providing mobile telecommunications services in the country, for the assignment of frequency spectrum for the rollout and provision of a LTE/4G network and services. In line with the Commission's responsibility to promote the development of innovative, secure, modern and competitive communications infrastructure and the delivery of related services as contained in section 6(d) of the Communications Commission Act, the Commission undertook an exercise review and consider this application. After careful consideration and based on the principles of equitable access to spectrum for current and future users of spectrum, efficient use of assigned spectrum and the current legal framework, the Commission made approved the application from Swazi MTN Limited. The Commission also viewed this application as an opportunity for the advancement of the communications sector in the country which should result in improvements in customer experience, more especially in internet and data services. The frequency spectrum assignment made in respect of this application was 2X10 MHz in the 1800 MHz.

FREQUENCY SPECTRUM LICENSING (RENEWALS AND NEW)

The issuance and renewal of spectrum use licenses continues to be one of the key activities of the Department related to spectrum management. The table below summarises the list of spectrum users in the country (renewed):

No.	Type of License	Total
1	Private Mobile Radio (PMR)	5
2	Amateur Radio	11
3	Aircraft Station	14
4	VSAT	6
5	Customer Premise Equipment (CPE) Dealers	7

During the period under review, the Commission also received a number of applications for new spectrum use licenses. The table below summarises the list of received applications and processed applications.

No.	Type of License	Total
1	Private Mobile Radio (PMR)	153
2	Amateur Radio	48
3	Aircraft Station	151
4	VSAT	27
5	Customer Premise Equipment Dealers	13

In line with the provisions of the Electronic Communications Act, the Commission is working on a licensing framework that will help in the conversion of old licenses into the new legal dispensation. The framework will include individual, general and spectrum licenses.

MR THULANI FAKUDZE
General Manager - Technical

4.2 TECHNICAL SERVICES DIVISION

The Technical Services department is responsible for developing, reviewing and implementing policy directives and guidelines concerning technical aspects of regulating the communications sector in Swaziland, including spectrum management, telecommunications, broadcasting and postal services to them in line with rapid developments in the sector. The Electronic Communications Act (2013) and Swaziland Communications Commission Act are the prevailing legal instruments in the regulation of electronic communications in Swaziland. In line with the Commission's strategic goals, the following activities were accomplished by Technical Services Division:

1. FREQUENCY SPECTRUM MONITORING AND MANAGEMENT:

During the period under review, the Commission was involved in the implementation of the of the National Frequency Spectrum Monitoring and Management System project. The spectrum monitoring and management system will aid in ensuring compliance to specified technical operating standards, resolve cases of harmful interference and eliminate illegal/unlicensed use of the frequency spectrum as well as automation of the spectrum management function including licensing. The project implementation stage involved the procurement, delivery/design and commissioning of the following components:

- 1 X Mobile Monitoring System unit (complete with all supporting equipment),
- 3 Monitoring Fixed Stations (including site construction works in Mbabane, Matsapha and Sikhuphe),
- 1 X Monitoring Sensor Site at Matsapha industrial Site
- the Monitoring Control Center in Mbabane, consisting of 3 monitoring stations and 2 workstations for engineering, administrative and licensing tasks;
- Automated Spectrum Management System (ASMS)
- Portable Monitoring Equipment and accessories;

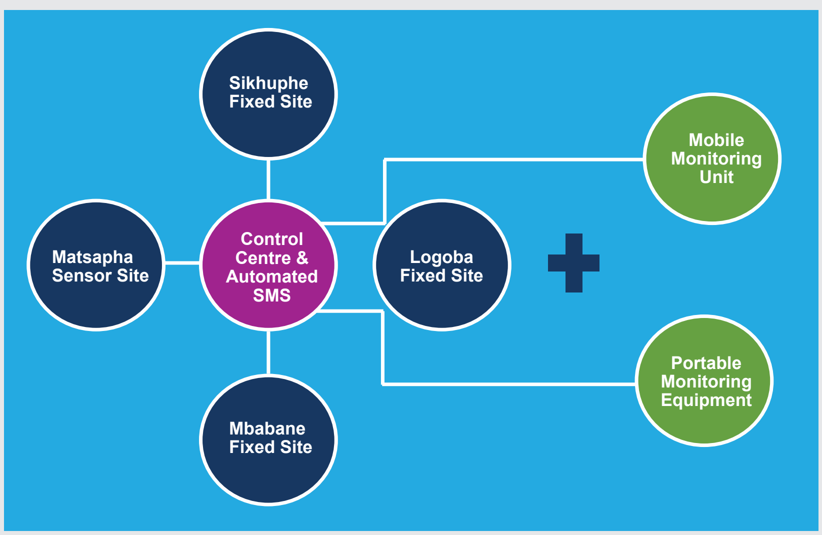

Figure 1: Frequency Spectrum Monitoring Project Deliverables

The SADC Roaming project's main aim is to provide an enabling environment for provision of affordable mobile roaming service in the Region. The project emanated from the concerns raised by the SADC Ministers Responsible for Telecommunications, Postal and ICTs in July 2007 in regards to non-affordable roaming services in the Region. SADC established the Regional Alliance Task Team (RATT) on SADC Home and Away Roaming in 2008. RATT then comprised of representatives of the SADC Secretariat, CRASA, GSM Africa, Southern Africa Telecommunication Association (SATA) and SADC Parliamentary Forum as an observer. The RATT assisted SADC in project implementation till on 21 November 2014 when the ICT Ministers dissolved the team. In March 2015, the CRASA Roaming Task Team (CRTT) was established to assist CRASA implement the project. Swaziland has been part of the CRTT and has fully participated in the drive to reduce roaming costs within SADC. To date Swaziland has applied the roaming glide path in a drive to reduce roaming costs and to this end, we managed to implement a 33% reduction of roaming costs within the SADC region. The support of the only mobile operator in Swaziland on this project has really put the country on a positive position within the SADC. The project shall continue to be implemented to further attain reduction in costs. The main aim of the project is to have a standard charge applicable for roaming services to all SADC countries. This will ensure that a Swazi travelling to South Africa or Botswana enjoys more or less of the prices applicable in Swaziland when travelling to these countries.

Licencing of the third telecommunications service provider

SCCOM continued to receive expression of interest from entities who wish to establish mobile telecommunications companies in Swaziland. The Commission could not accept and consider any application in the absence of industry regulations which prescribes the licencing process for the licencing of telecommunications service providers. It is important to note that the licencing process of operators is clearly set out and the Commission shall duly make public such a process for all interested parties to be aware of all developments in the sector.

Legal Proceedings by and against SCCOM

There were no legal proceedings which were instituted or brought against the Commission in the period reported on.

FREQUENCY SPECTRUM COORDINATION ACTIVITIES:
Another important aspect of managing the frequency spectrum is the coordination of its use and management with neighbouring countries to avoid harmful interferences. During the period under review, a number of requests and engagements were attended to from the Republic of South Africa for the co-ordination of frequencies along the borders, for private mobile radio (PMR) and FM applications. In doing this, co-channel interference was considered and all requests were approved by the technical department. The Commission is also in final stages of signing an MoU with the regulatory authority in the Republic of Mozambique on coordination activities.

2. TELECOMMUNICATIONS SERVICES

TELECOMMUNICATIONS SECTOR MARKET OVERVIEW
Compared to other countries, even within the SADC region, the country lags behind in the development of the ICT sector. This has put high expectations on the Commission to act swiftly and turn around the sector through levelling the playing ground among industry players, increasing its competitiveness and putting in place the necessary regulatory interventions in order to make a meaningful contribution to the socio-economic development of the country. The telecommunications market can is as summarised in the table below

<table>
<tr><td colspan="3">Population</td><td>1,300,000</td></tr>
<tr><td rowspan="4">Service Providers</td><td></td><td>Number of operators</td><td>Number of subscribers</td></tr>
<tr><td>Fixed telephony</td><td>1</td><td>55,000</td></tr>
<tr><td>Mobile telephony</td><td>1</td><td>889,839</td></tr>
<tr><td>Internet service providers (ISPs)</td><td>5</td><td></td></tr>
<tr><td colspan="4">Fixed telephony service provider: Swaziland Posts and Telecommunications Corporation (SPTC)
Mobile telephony service provider: Swazi MTN Limited.</td></tr>
<tr><td colspan="4">Internet Service Providers:
There are currently 4 licensed internet service providers, namely: Real Image Internet, Computronics Systems (PTY) Ltd, Data Network Services and POSIX. In addition, SPTC and Swazi MTN Limited also provide internet services. The Commission is currently considering a number of applications from interested applicants in this space, and as this type of service is non-exclusive, the number of internet service providers is most certainly going to change in the month or so.</td></tr>
</table>

During the year under review, the Commission has been working on processes aimed at changing the structure of the market, including the development of a licensing framework for the telecommunications sector.

TELECOMMUNICATIONS SECTOR GUIDELINES
In carrying out the Department's responsibility of developing, reviewing and implementing policy directives, and working with the Legal and Compliance Division, the Telecommunications Sector Guidelines (2016) were developed to be used as the regulatory framework in the country. The following guidelines were developed to close the regulatory framework vacuum that has been created by the delay in the passing of the sector regulations:

- Electronic Communications (Licensing) Guidelines, 2015;
- Electronic Communications (Radio Communications and Frequency Spectrum) Guidelines, 2015;
- Electronic Communications (Interconnection) Guidelines, 2015

- Electronic Communications (Facilities Sharing) Guidelines, 2015
- Electronic Communications (Quality of Service) Guidelines, 2015
- Electronic Communications (Universal Service and Access) Guidelines, 2015
- Electronic Communications (Importation, Type Approval and Distribution of Communications Equipment) Guidelines, 2015

The developed guidelines will remain in force an effective until the industry regulations, which are currently undergoing the legal process, have been passed into law.

INFORMATION AND COMMUNICATION TECHNOLOGY:
The Technical Services Department is charged with duties of designing, developing and implementing Information Technology systems for efficient and effective delivery of services for the Commission. This is achieved through ensuring that electronic data of the Commission is secure, and records are maintained regularly and that the Commission's website, email systems and ICT equipment are in good working condition at all times.

That said, SCCOM ICT policy was developed which serves to provide guidance in the usage and management of SCCOM's network and computing resources, as well, the accompanying ICT policy form and system access forms were developed.

TYPE APPROVAL, TECHNOLOGY AND STANDARDS:
This responsibility is concerned with the authorization of Radio and Telecommunications equipment to be used in Swaziland, through verification of the equipment's compliance to applicable requirements and standards. This requirement is applicable to all telecommunications equipment intended to work within the public telecommunications network in Swaziland.

To achieve this responsibility, the initial focus has been on documenting/developing the required type approval and certification procedures. In this regard, the Electronic Communications (Importation, Type Approval and Distribution of Communications Equipment) Guidelines, 2015 are being used as the regulatory instrument guiding this process. During the period under review the Commission has processed 123 equipment type approval applications.

BROADCASTING SERVICES:

BROADCASTING SECTOR MARKET OVERVIEW:
At the current moment, the Broadcasting services sector encompassing television and radio broadcasting is extremely under-developed. In the television broadcasting sector, there is one (1) state owned broadcaster (Swazi TV) and one privately-owned broadcaster (Channel S), both providing mainly news coverage, entertainment and information services. Similarly, in the radio broadcasting sector, there is one state-owned broadcaster (Swaziland Broadcasting and Information Services) and a community based radio station (Transworld Radio / Voice of the Church). The main contributor to the under-development of the sector is the absence of the necessary legal and regulatory instruments for the sector, and the Commission working with the Ministry of ICT is looking at ways of resolving this situation.

Consolidation of Broadcasting and Corporation Bills:
The Commission has been involved in a project spearheaded by the Ministry of ICT putting in place the requisite legislative and regulatory frameworks for the sector. The project is concerned with the crafting of the Swaziland Broadcasting Bill, which will be taken through the legislative route for passing into effective law.

Market Interests and Sector Development:
Over the past year, the Commission received huge interests from interested parties to participate in the sector, both television and radio broadcasting.

MRS LINDIWE MALAZA
General Manager - Support Services

4.3.1 SUPPORT SERVICES DIVISION

4.3.1 Human Resources Administration
The Human Resources division provides the organization with structure and the ability to meet business needs through managing your company's most valuable resources -- its employees.

Staff Compliment
At the end of the reporting period, the staff complement was 10 against an organisational structure of 30 positions. These consisting of:

- 4 Executive members
- 1 Professional Officer
- 1 Seconded officer
- 4 support staff members

The positions of Chief Executive Officer and Chief Financial Officer have not yet been filled. The Commission is awaiting a response from SCOPE on the appointments. Recruitment for the remaining positions remains suspended until the recruitment of the CEO and CFO is completed.

On the 4th of December 2015, the Commission held an Employee Welfare Day. The main purpose of the event was to educate employees on the following topics:

- SCCOM Pension - Swaziland Royal Insurance Corporation
- Workman's Compensation – Ministry of Labour
- Permanent Health Insurance - Liberty Life
- Investment Opportunities – Stanlib & Old Mutual
- Loans facilities available – Nedbank & FNB

Training and Development
Employers must provide employees with the tools necessary for their success which, in many cases, means giving new employees extensive orientation training to help them transition into a new organizational culture.

Against this background, employees of the commission participated in training for new regulators offered by the Commonwealth Telecommunications Organisation (CTO) and Postal, legal and compliance programmes organised by the Communication Regulatory Authorities in Southern Africa (CRASA).

4.3.2 COMMUNICATIONS & INTERNATIONAL RELATIONS

The Communications and international Relations section is responsible for corporate communications and international relations activities of the Commission.

Communications
The corporate communications activities of the Commission consist of external and internal communications aspects. During the reporting period, Corporate Communications was involved in the following activities:

Stakeholder Engagements
The commission met with various stakeholders to discuss amongst other issues; Pricing issues, Quality of Service delivery, licensing requirements, challenges experienced. The key stakeholders met included the parent ministry, Existing and prospective operators and the legislators.

Media Coverage
The commission held a Stakeholders and media update event wherein all the stakeholders were informed of the achievements of the commission to date. This generated extensive media coverage during this year.

Hosting of 2015 National Trade Fair
In 2015 the Commission again hosted a stand at the national trade fair. The main aim of the exercise was to sensitize the public, consumers of communications services and other key stakeholders on the progress achieved by the commission and the facilities available for them such as consumer complaints.

Brochures highlighting the mandate of the Commission and consumer rights were distributed. Media coverage was also achieved with interviews with the SBIS and STVA media houses were conducted.

International Relations
The Commission is party to a number of regional and international institutions involved in technical and spectrum management activities meant to develop and advance the communications sector for the benefit of all. During the past quarter, SCCOM Officials attended the SADC WRC-15 Preparatory Meetings: meant to come with up with common positions for SADC member states at the ITU World Radio Conference (WRC) 2015, pertaining to the allocation of spectrum to different services.

The key organisations in which the Commission was represented include:
- International Telecommunications Union (ITU);
- Communications Regulatory Association of Southern Africa (CRASA);
- AFRALTI
- Commonwealth Telecommunications Organisation (CTO)
- African Telecommunications Union (ATU)

Market Interests and Sector Development:
Over the past year, the Commission received huge interests from interested parties to participate in the sector, both television and radio broadcasting.

4.3.3 Consumer Affairs

The Consumer Affairs section is responsible for:

- Protecting the rights of consumers with respect to the provision of communication services;
- Filing consumer complaints for redress and adjudication;
- Conducting public education and awareness campaigns to inform consumers about the mandate of SCCOM as well as consumer rights with regard to communication services and
- Developing consumer protection regulations.

Consumer Education

Consumer Affairs printed and distributed copies of information brochures on Consumer education and advice and introduction of SCCOM as a Communications Sector regulator.

Consumer Complaints

The Commission receives, handles and facilitates the resolution of consumer complaints regarding communication services. During this financial year, the complaints were concerning the following categories:

- Network coverage
- Unsolicited / Irrelevant promotions
- Illegal price increases
- Poor service
- Long periods of down time

What was worth noting was that with the advent of the commission, consumers were now coming directly to the commission without exhausting all the channels within the operator. A complaint handling process has since been developed and is available on the commission's website.

4.4 FINANCE DIVISION

Financial Highlights

- Revenue was E55.42 million, 10.80% up compared to last year
- Surplus for the year was E2.74 million, 278.44% more compared to last year's surplus of E724 thousand
- Expenditure increased by 53.73% from E12.21 million to E18.77 million
- Total cash movement for the year was E7.30 million compared to E39.33 million last year
- Total assets grew by 62.67% from E76.57 million to E124.56 million

Results

SCCOMs revenue increased to E55.42 million from E50.02 million reported last year. This was attributed to the increase in turnover related fees and increased Spectrum fees from Public Telecommunications Operators. Additional revenue was derived from Swaziland Government Subvention. Interest income increased from E724 thousand to E2.74 million.

Operating expenses were E18.77 million as compared to E12.21 million in the previous year. The increase was mainly attributed to new employees being employed representing an increase in employee costs from E4.72 million in 2015 to E6.21 million in 2016. Major categories of operating expenses which also increased were: Communication costs, Insurance, Membership subscriptions, International conferences and meeting.

General Information

Nature of business and principal activities	To Regulate and Supervise Functions of all Electronic Communications, Postal, Radio and Television Broadcasting Services
Board of Directors	Mr. Sipho J Shongwe Chairman Mr. Gideon Mahlalela Vice chairman Members: Mr. Sipho Vilakati Mr. Joseph Waring Mr. Bheki Ndzinisa Mr. Mfanzile Dlamini Mr. Ozzie Thakatha (Acting Chief Executive Officer) Secretary: Mr. Sicelo Simelane
Business address	4th Floor, Sibekelo Building, Mbabane Office Park, Mbabane, Swaziland
Postal address	P. O. Box 7811, Mbabane, H100
Bankers	 Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Swaziland) Manzini
Registration number:	Act No: 10 of 2013

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The reports and statements set out below comprise the annual financial statements presented to the Board of Directors:

Directors' Responsibilities and Approval

The Directors are required in terms of the Swaziland Communications Act 10 of 2013 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Commission as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Commission and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring the Commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Commission's cash flow forecast for the 12 months to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Commission's annual financial statements. The annual financial statements have been examined by the Commission's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 August 2016 and were signed on its behalf by:

Chairperson **Acting CEO**

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Terminal benefits

Termination benefits are repayable whenever an employees' employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility or withdrawal or to provide termination benefits as a result of offer made to encourage voluntary redundancy. Benefits falling due more than 12 months are discounted to present values.

Statutory obligations

The Commission contributes to a statutory fund, Swaziland National Provident Fund (SNPF) in accordance with the Swaziland National Provident Fund Order of 1974.

1.10 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to SCCOM and the amounts of revenue can be reliably measured.

Interest income

Interest is recognised, in the income statement using the effective interest rate method. When a receivable is impaired, SCCOM reduces the carrying amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.11 Government grant

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Commission will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the cost they intended to compensate. Government grants relating to purchase of property, plant and equipment are included in non-current liabilities and credited in the income statement proportion to which depreciation to those assets is charged.

1.12 Related parties

The major related party to the Commission apart from its Directors is the Government of Swaziland which exercises a significant influence over its financial and operating decisions as it provides funding for its annual budget. The Commission received a subvention of E800,000 for the period under review.

Notes to the Annual Financial Statements

Figures in Emalangeni	2016	2015

2. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	850,749	(103,837)	746,912	825,151	(20,847)	804,304
Motor vehicles	2,732,904	(333,135)	2,399,769	697,613	(74,183)	623,430
Office equipment	175,386	(10,355)	165,031	20,451	(1,254)	19,197
IT equipment & software	1,324,089	(459,300)	864,789	960,572	(165,165)	795,407
Spectrum monitoring equipment	39,459,669	-	39,459,669	-	-	-
Leasehold improvements	835,758	(93,297)	742,461	731,538	(18,288)	713,250
Total	**45,378,555**	**(999,924)**	**44,378,631**	**3,235,325**	**(279,737)**	**2,955,588**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	804,304	25,598	(82,990)	746,912
Motor vehicles	623,430	2,035,291	(258,952)	2,399,769
Office equipment	19,197	154,936	(9,102)	165,031
IT equipment & software	795,407	363,517	(294,135)	864,789
Spectrum monitoring equipment	-	39,459,669	-	39,459,669
Leasehold improvements	713,250	104,220	(75,009)	742,461
	2,955,588	**42,143,231**	**(720,188)**	**44,378,631**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	825,151	(20,847)	804,304
Motor vehicles	195,761	491,549	(63,880)	623,430
Office equipment	-	20,451	(1,254)	19,197
IT equipment & software	-	960,572	(165,165)	795,407
Leasehold improvements	-	731,538	(18,288)	713,250
	195,761	**3,029,261**	**(269,434)**	**2,955,588**

3. Accounts receivable

	2016	2015
Trade receivables	1,263,720	-
Subvention receivable	-	2,000,000
Fuel deposit	15,000	15,000
Rental deposit	69,090	64,570
	1,347,810	**2,079,570**

Cash and cash equivalents consist of:

4. Cash and cash equivalents

Cash on hand	1,429	151
Bank balances	78,836,995	71,535,028
	78,838,424	**71,535,179**

Bank balances		
Nedbank (Swaziland) Limited - Current account	489,170	1,483,744
Nedbank (Swaziland) Limited - Call account	17,630,298	70,051,285
Nedbank (Swaziland) Limited - Universal current account	62	-
Nedbank (Swaziland) Limited - Universal call account	9,043,032	-
Stanlib Swaziland - Money Market Fund	34,086,682	-
Stanlib Swaziland - Money Market Fund - USOF	55,309	-
African Alliance Swaziland - Lilangeni Fund	17,532,442	-
	78,836,995	**71,535,029**

5. Designated funds

Details	Opening balance	Received during the year	Utilised during the year	Closing balance
Government subvention	1,000,000	800,000	(800,000)	1,000,000
Licensing fees	36,808,309	54,624,483	(17,956,226)	73,476,566
	37,808,309	**55,424,483**	**(18,756,226)**	**74,476,566**

The designated funds represent government grants and license fees earmarked for future projects of the Commission.

6. Universal Service Obligation Funds

Opening balance	15,751,289	11,343,700
Received during the period	4,600,636	4,407,589
	20,351,925	**15,751,289**

These are funds transferred from the Universal Service Obligation Fund (USOF) in terms of Section 56 of the Act.

6. Universal Service Obligation Funds

Opening balance	15,751,289	11,343,700
Received during the period	4,600,636	4,407,589
	20,351,925	**15,751,289**

7. Capital grant

Opening balance	136,826	152,029
Realised in the income statement	(15,203)	(15,203)
	121,623	**136,826**

Capital grant received represent a grant in a form of depreciable fixed assets which were bought by government to help set up the Commission. The grant is recognised in the income statement on a straight line basis over the useful life of the assets.

8. Accounts payable

Accrued expenses	229,681	459,023
VAT	4,076,187	483,000
	4,305,868	**942,023**

The balance of VAT payable was paid in full to the Swaziland Revenue Authority (SRA) in April 2016.

9. Provisions

Reconciliation of provisions - 2016

	Opening balance	Additions	Total
Leave days and other provisions	-	568,556	568,556

10. Operating surplus

Operating surplus for the period amounting to E2 740 840 is stated after accounting for the following:

Operating lease charges		
Premises		
⊠ Contractual amounts	843,711	809,708
Depreciation on property, plant and equipment	720,187	269,434
Employee costs	6,213,099	4,718,153
Auditor's remuneration	68,970	62,700

11. Cash generated from operations

Surplus for the period	2,740,840	724,272
Adjustments for:		
Depreciation and amortisation	720,187	269,434
Movements in provisions	568,556	-
Prior year adjustments	67,597	-
Changes in working capital:		
Accounts receivable	731,760	(1,384,638)
Accounts payable	3,363,845	399,784
Designated funds	36,668,257	26,464,609
	44,861,042	**26,473,461**

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract based five step anlaysis of transactions to determine whether, how much and when revenue is recognized.

This new standard will most likely not have a significant impact on the entity, which will include a possible change in the timing of when revenue is recognized. The entity is currently in the process of performing a more detailed assessment of the impact of this standard on the entity and will provide more information in the year ending 31 March 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 April 2017, with early adoption permitted under IFRS.

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

This standard will not have a significant impact on the entity, which will include changes in the measurement bases of the entity's financial assets to amortised cost, fair value through other comprehensive income or fair value through prfit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognized in the entity.

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

1.3 Property, plant and equipment
The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the commission; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.
When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.
Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.
The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Leasehold improvements	10 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment and softwares	3 years
Spectrum monitoring equipment	3 years

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

Effective for the financial year commencing 1 January 2016

IFRS 14 Regulatory Deferral Accounts

Accounts for Acquisitions of Interest in Joint Operations (Amendment to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Agriculture: Bearer Plant (Amendements to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendment to IAS 27)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Disclosure Initiative (Amendment to IAS 1)

Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 38)

Effective for the financial year commencing 1 January 2017

IFRS 15 Revenue from Contracts with Customers

Effective for the financial year commencing 1 January 2018

IFRS 9 Financial Instruments

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

IAS 16 amendment, IAS 10 amendment, IAS 27 amendment, IAS 28 amendment, IAS 38 amendment, IAS 41 amendment, IFRS 10 amendment, IFRS 11 amendment, IFRS 12 amendment, and IFRS 14 are not applicable to the business of the entity and will therefore have no impact on future financial statements.

The impact of the remaining statements on the financial statements has been estimated as follows:

Disclosure Initiative (Amendment to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 April 2016 and early application is permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue Barter of Transactions Involving Advertising Services

Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements
Swaziland Communications Commission (SCCOM) is a Government parastatal established in terms of the Swaziland Communications Act 10 of 2013. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 1.

Statement of compliance
The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of preparation

a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 entity's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure.

d) Use of estimates and judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables
The Commission assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the income statement, the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 New Standards and interpretations not yet adopted

Statement of Cash Flows

Figures in Emalangeni	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	11	44,861,042	26,473,461
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(42,143,231)	(3,029,261)
Cash flows from financing activities			
Movement in universal service obligation funds		4,600,636	15,751,289
Movement in capital grant		(15,203)	136,826
Net cash from financing activities		**4,585,433**	**15,888,115**
Total cash movement for the year		**7,303,244**	**39,332,315**
Cash at the beginning of the year		71,535,179	32,202,862
Total cash at end of the year	4	**78,838,423**	**71,535,177**

Statement of Financial Position

Figures in Emalangeni	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	44,378,631	2,955,588
Current Assets			
Accounts receivable	3	1,347,810	2,079,570
Cash and cash equivalents	4	78,838,424	71,535,179
		80,186,234	**73,614,749**
Total Assets		**124,564,865**	**76,570,337**
Reserves and Fund balances			
Reserves			
Accumulated reserves		24,740,327	21,931,890
Fund balances			
Designated funds	5	74,476,566	37,808,309
Universal Service Obligation Funds	6	20,351,925	15,751,289
Capital grant	7	121,623	136,826
		94,950,114	**53,696,424**
Current Liabilities			
Accounts payable	8	4,305,868	942,023
Provisions	9	568,556	-
		4,874,424	**942,023**
Total Liabilities		**99,824,538**	**54,638,447**
Total Equity and Liabilities		**124,564,865**	**76,570,337**

Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2016	2015
Income		21,512,269	12,933,950
Operating expenses		(18,771,429)	(12,209,678)
Operating surplus	10	**2,740,840**	**724,272**
Surplus for the period		**2,740,840**	**724,272**
Other comprehensive income		-	-
Total comprehensive income		**2,740,840**	**724,272**
Surplus for the period		2,740,840	724,272

Directors' Report

The Directors submit their report for the year ended 31 March 2016.

1.Review of activities

Main business and operations
The Swaziland Communication Commission (SCCOM) is an independent regulatory body established by an Act of Parliament (Swaziland Communications Commission Act 10 of 2013) as part of Government's reform strategy for communications. The Commission is engaged in the business to regulate and supervise functions of all electronic communications, postal, radio and television broadcasting services and operates principally in Swaziland. It is charged with the responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of electronic communications.

The operating results and state of affairs of the Commission are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern
The ability of the Commission to continue as a going concern depends on the long term sustainability of such results and further improvements.

3. Events after the reporting period
The Directors are not aware of any matter or circumstance arising since the end of the financial year period that could impact the amounts presented in the financial statements, and;

a) have been fully taken into account insofar as they have a bearing on the amounts attributable assets and/or liabilities at the 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 statement.

4. Board of Directors
The Directors of the Commission during the year and to date of this report are as follows:

Mr. Sipho J. Shongwe Chairperson Appointed February 2016
Mr. Gideon Mahlalela Vice Chairperson
Mr. Sipho Vilakati Member
Mr. Joseph Waring Member
Mr. Bheki Ndzinisa Member
Mr. Mfanzile Dlamini Member
Mr. Ozzie Thakatha Acting CEO

5. Secretary
The Secretary of the Commission is Mr Sicelo Simelane.

6. Auditors
Kobla Quashie and Associates
Chartered Accountants (Swaziland) Manzini.

Independent Auditors' Report

To the members of Swaziland Communications Commission

We have audited the annual financial statements of Swaziland Communications Commission, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 18.

Directors' Responsibility for the Annual Financial Statements
The Commission's Directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Act 10 of 2013. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion
In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Swaziland Communications Commission as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Act 10 of 2013.

Kobla Quashie and Associates
Chartered Accountants (Swaziland)
Manzini
Per: Daniel Bediako
31 August 2016

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Classification

The Commission classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

Loans to managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Commission's accounting policy for borrowing costs.

1.5 Tax
According to the Income Tax Order of 1975, as amended, under section 12 (1) (8) (a) (vii), the Commission is regarded as a non-profit making organisation and as such is exempt from taxation.

1.6 Leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.
Any contingent rents are expensed in the period they are incurred.

1.7 Impairment of assets
The Commission assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Commission estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.
If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.8 Share capital and equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Employee benefits

12. Related parties

Relationships

Parastal organisation	Government of Swaziland
Members of key management	Sipho J Shongwe Gideon Mahlalela Sipho Vilakati Joseph Waring Bheki Ndzinisa Mfanzile Dlamini

Related party transactions

Income		
Government of Swaziland subvention	800,000	2,000,000
Board expenses		
Retainer fees	83,700	66,450
Sitting allowances	66,294	145,050
Communication allowances	72,240	-
Transport claims	-	711

13. Risk management

Capital risk management

The Commission's objectives when managing capital are to safeguard the Commission's ability to continue as a going concern in order to provide returns for Commission and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Commission only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

14. Comparative figures

Certain comparative figures have been reclassified where necessary, to afford a proper presentation.

SCCOM

SWAZILAND
COMMUNICATIONS
COMMISSION

2015/16 ANNUAL REPORT

2015/16
ANNUAL REPORT

Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2016	2015
Income			
License fees		17,956,226	10,194,472
Swaziland Government Subvention		800,000	2,000,000
Capital grant		15,203	15,203
Interest received		2,740,840	724,275
		21,512,269	**12,933,950**
Operating expenses			
Advertising		873,824	717,295
Auditors remuneration		68,970	62,700
Bank charges		123,412	47,219
Board expenses		222,234	212,301
Corporate social responsibility		83,983	236,860
Computer expenses		32,480	36,572
Depreciation		720,187	269,434
Employee costs		6,213,099	4,718,153
General office expenses		37,818	32,678
Insurance		525,331	16,097
International meetings		3,172,536	916,393
Motor vehicle expenses		84,794	201,827
Printing and stationery		136,652	195,303
Professional fees		1,124,721	2,163,823
Rent		843,711	809,708
Staff welfare		38,753	12,500
Subscriptions		3,644,219	1,287,006
Telephone and fax		762,195	248,703
Utilities		62,510	25,106
		18,771,429	**12,209,678**
Surplus for the year		**2,740,840**	**724,272**

Supplementary Information

1. Auditors' remuneration

Kobla Quashie & Associates	68,970

2. Board expenses

Retainer fees	83,700
Sitting allowances	66,294
Communication allowances	72,240
	222,234

3. Rent

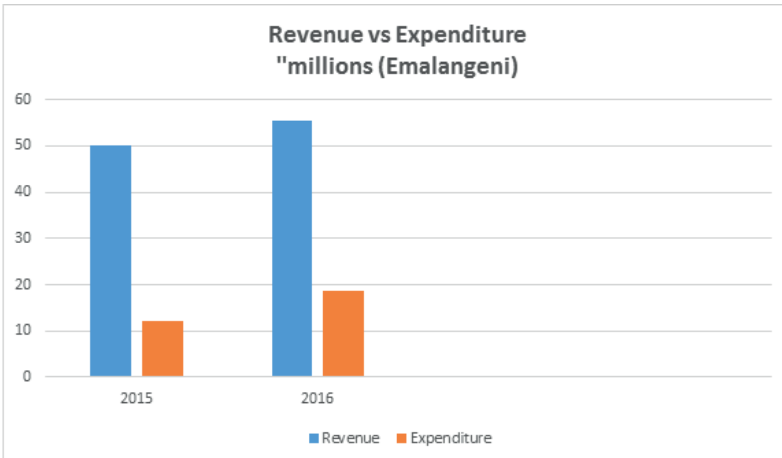
Public Service Pension Fund	843,711

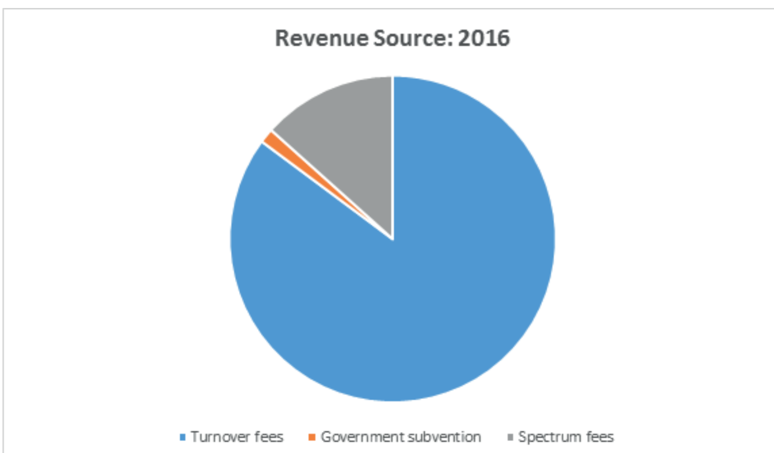
4. Subscriptions

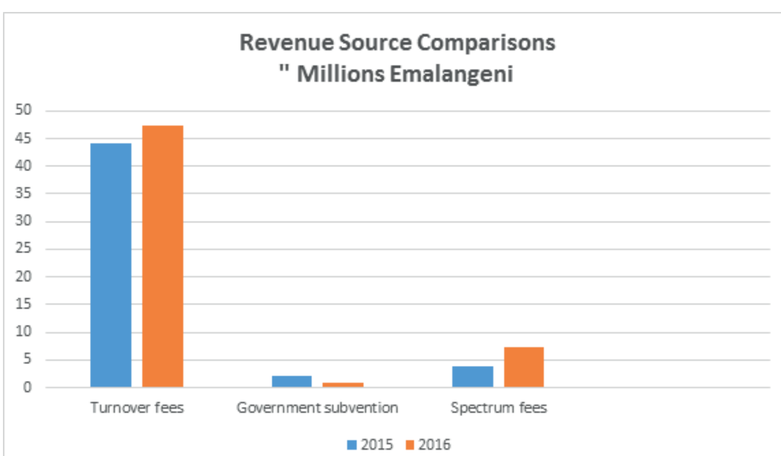
International Telecommunications Union	522,652
African Telecommunications Union	156,625
Communication Regulators Association of South-Southern Africa	578,174
AFRALTI	367,949
Universal Postal Union (UPU)	1,373,052
Pan African Postal Union (PAPU)	645,767
	3,644,219

5. Professional fees

Equinox Advisory	264,922
Pygma Consulting	577,619
ICT Consultants	71,400
Capital Management Consultancy	4,916
Spectrum Research Consultants	11,900
AM Recruitment Services	16,816
JBH Management Consultancy	75,569
Robinson Bertram	41,579
Michelle M. Le Roux	60,000
	1,124,721


Revenue vs Expenditure
"millions (Emalangeni)
60
50
40
30
20
10
0
2015
2016
Revenue
Expenditure


Revenue Source: 2016
Turnover fees
Government subvention
Spectrum fees


Revenue Source Comparisons
" Millions Emalangeni
50
45
40
35
30
25
20
15
10
5
0
Turnover fees
Government subvention
Spectrum fees
2015
2016

SCCOM

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