

SADCAS



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE

ANNUAL REPORT
2010/11

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AFRAC	African Region Accreditation Cooperation
ARIPO	African Regional Intellectual Property Organization
BOBS	Botswana Bureau of Standards
CBAP	Certification Bodies Accreditation Programme
CEO	Chief Executive Officer
CLAP	Calibration Laboratory Accreditation Programme
DRC	Democratic Republic of Congo
EU	European Union
FAC	Finance and Audit Committee
FRAC	Finance, Risk and Audit Committee
HRRC	Human Resources and Remuneration Committee
IBAP	Inspection Bodies Accreditation Programme
IAF	International Accreditation Forum
IEC	International Electrotechnical Commission
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organization for Standardization
MLA	Multilateral Arrangement
MLAP	Medical Laboratories Accreditation Programme
MOU	Memorandum of Understanding
MRA	Mutual Recognition Arrangement
NA	Norwegian Accreditation
NAFP	National Accreditation Focal Point
NORAD	Norwegian Agency for Development Cooperation
QMS	Quality Management Systems
SADC	Southern African Development Community
SADCA	Southern African Development Community Cooperation in Accreditation
SADCAS	Southern African Development Community Accreditation Service
SANAS	Southern African National Accreditation System
SBS	Seychelles Bureau of Standards
SQAM	Standardization, Quality Assurance, Accreditation and Metrology
TLAP	Testing Laboratories Accreditation Programme
TBS	Tanzania Bureau of Standards
TBT	Technical Barriers to Trade
TPA	Twinning Partnership Arrangement

Vision, Mission, Mandate, Company Values And Value Proposition

SADCAS Vision

SADCAS vision is to be a leading regionally accepted and internationally recognized regional accreditation body aimed at supporting and enhancing industry and governments' efforts and to be at the cutting edge of accreditation service delivery.

SADCAS Mission

SADCAS mission is to provide internationally recognized cost effective, regional accreditation services for SADC member states aimed at supporting regional and international trade, enhance the protection of consumers and the environment and improve the competitiveness of SADC products and services in both the voluntary and regulatory areas.

SADCAS Mandate

The objects, powers and rules for the operation of SADCAS are set out in the Memorandum and Articles of Association lodged with the Registrar of Companies, Botswana. SADCAS is recognized by the Southern African Development Community (SADC) Council of Ministers as a subsidiarity organization of SADC hence an agency of SADC. A Memorandum of Understanding (MOU) between SADC and SADCAS serves as the basis for the recognition of SADCAS, by SADC member states, as a multi economy accreditation body.

SADCAS Company Values

In its service delivery, SADCAS upholds the following core values:

- ❖ Impartiality;
- ❖ Transparency;
- ❖ Non discrimination; and
- ❖ Integrity.

SADCAS Value Proposition

- ❖ Delivering confidence
- ❖ Assuring competence
- ❖ Guaranteeing quality

The Southern African Development Community Accreditation Service (SADCAS) is a multi-economy accreditation body incorporated in Botswana under the Botswana Companies Act Ch. 42:01¹ as a non-profit limited company. SADCAS was established in terms of Articles 10(1) and 10(2) of the SADC Memorandum of Understanding on standardization, quality assurance, accreditation and metrology (SQAM MOU). The SADC SQAM MOU has since been superseded by the Technical Barriers to Trade (TBT) Annex to the SADC Protocol on Trade. SADCAS is recognized by the SADC Council of Ministers as a subsidiarity organization of SADC. The relationship between SADCAS and SADC is formalized through a Memorandum of Understanding (MOU) on general cooperation.

Governance

SADCAS is governed by a General Assembly which comprises of:

- ❖ Subscribers to the Memorandum and Articles of Association;
- ❖ Members of the Board of Directors;
- ❖ Duly appointed SADC Cooperation in Accreditation (SADCA) Committee members from each SADC Member State;
- ❖ Appointed representatives of National Accreditation Focal Points (NAFPs) in each SADC Member State using the service of SADCAS; and
- ❖ Individuals or organizations who apply for admission as members of SADCAS.

Drawn out of the General Assembly is the Board of Directors which oversees the running of SADCAS and fulfills any function that the SADCAS General Assembly may delegate to it. The SADCAS Chief Executive Officer (CEO) who reports to the Board of Directors leads the company and is responsible for the day-to-day operation of SADCAS.

SADCAS Organization

SADCAS is composed of three functional units. The **technical unit** which is headed by the Technical Manager is responsible for technical aspects of accreditation including the management of assessors. The **administration unit** is responsible for ensuring that all administration needed to effect the assessment processes are effectively managed. The **financial administration unit** is responsible for financial management of the company, human resources and general administration of the company. National Accreditation Focal Points established in SADC member states using the services of SADCAS serve as the administrative link between SADCAS and clients/potential clients in Member States. A pool of qualified and registered assessors undertake assessments on behalf of SADCAS.

SADCAS Services

SADCAS provides accreditation services and training in accreditation associated activities.

SADCAS offers the following **accreditation programs** for conformity assessment bodies:

- ❖ Calibration laboratories in accordance with ISO/IEC 17025;
- ❖ Testing laboratories in accordance with ISO/IEC 17025;
- ❖ Medical laboratories in accordance with ISO 15189;
- ❖ Management systems certification bodies in accordance with ISO/IEC 17021;¹
- ❖ Product certification bodies in accordance with ISO/IEC Guide 65;
- ❖ Personnel certification bodies in accordance with ISO/IEC 17024; and
- ❖ Inspection bodies in accordance with ISO/IEC 17020.

SADCAS will broaden its scope of accreditation programs as needs arise.

SADCAS also offers **training on accreditation related activities**. Training courses can be conducted in house or as open courses. SADCAS currently offers the following accreditation courses:

- ❖ Five days' Requirements and Internal Auditing courses on the following key accreditation standards:
 - ISO 15189 for medical laboratories;
 - ISO/IEC 17020 for inspection bodies;
 - ISO/IEC 17021 for management system certification bodies; and
 - ISO/IEC 17025 for calibration/testing laboratories.

The objective of the five days courses is to provide an insight into the respective system standards requirements and implementation as well as to guide conformity assessment bodies' personnel on how to prepare and carryout an internal audit so as to monitor compliance with the system standard.

- ❖ One day Awareness training courses on the various key accreditation standards:
 - ISO 15189 for medical laboratories;
 - ISO/IEC 17020 for inspection bodies; and
 - ISO/IEC 17025 for calibration/testing laboratories.

The objective of the one- day awareness training courses is to create awareness on the benefits and importance of accreditation and the requirements of the respective accreditation standards. Besides the above courses SADCAS can also offer courses depending on needs. SADCAS' trainers are drawn from a pool of qualified and experienced experts who have up to date involvement in accreditation matters. In order not to compromise its impartiality and status in training service delivery, SADCAS does not give specific advice for the development of an organization's operations. Furthermore the training delivered or facilitated by SADCAS are not a pre- condition of accreditation neither do they guarantee accreditation by SADCAS.

SADCAS Regional and International Connections

SADCAS is

- ❖ An ordinary member of the SADC Cooperation in Accreditation (SADCA);
- ❖ An associate member of the International Laboratory Accreditation Cooperation (ILAC); and
- ❖ An observer member of the International Accreditation Forum (IAF).



Dr Tomaz A. Salomão

I am delighted to have the opportunity of once again introducing the 2010/11 Annual Report of the Southern African Development Community Accreditation Service (SADCAS).

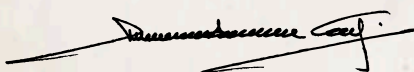
SADCAS, a multi economy accreditation body, was established as part of the SADC infrastructure for standardization, quality assurance, accreditation and metrology (SQAM) in order to meet the accreditation needs of SADC Member States without own national accreditation bodies. SADCAS is now in its third year of operation having been incorporated in 2005 and launched in 2009. Within the SADC region, only South Africa and Mauritius have their own national accreditation bodies. The remaining 13 countries namely Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe do not have national accreditation bodies hence are serviced by SADCAS.

Since my last foreword for the 2009/10 SADCAS Annual Report, I recognize that further significant progress has been made in fulfilling SADCAS' mandate. SADCAS has now accredited its first three facilities in Botswana, Seychelles and Tanzania respectively and has twenty three (23) accreditation applications from six SADC countries namely Botswana, Namibia, Seychelles, Tanzania, Zambia and Zimbabwe, at the various stages of consideration. SADCAS has

successfully held thirteen (13) training courses on accreditation related activities in five SADC countries namely Botswana, Democratic Republic of Congo, Seychelles, Tanzania and Zimbabwe. These activities have been undertaken in concert with trained and qualified assessors and trainers from the region and in partnership with credible internationally recognized accreditation peers viz, the South African National Accreditation System (SANAS) and the Norwegian Accreditation body (NA) and with the support of international cooperating partners, the Norwegian Agency for Development Cooperation (NORAD), PTB Germany and the European Union. The continued support to SADCAS reflects increasing confidence in the work of SADCAS as a practical and cost effective means for SADC Member States to access accreditation services.

From the progress made so far and the plans for the future, I remain confident that SADCAS will play its key role in supporting the freedom of world trade, protecting the consumers and the environment we live in as well as enhancing the competitiveness of SADC goods and services thus contributing to the SADC ultimate goal of achieving economic growth, alleviating poverty and enhancing the standard and quality of the life of its people. The challenges faced by our governments and society in trade, health, consumer and environmental protection and even security all call for the need for technical competence.

Accreditation is increasingly accepted worldwide as the most transparent, non discriminatory mechanism to assure technical competence. Our continued support for SADCAS initiative will benefit the region.



Dr Tomaz A Salomão
Executive Secretary, SADC

Board of Directos



Mr Riundja Ali Kaakunga (Othy)
Chairman



Mrs Masego Marobela
Vice Chairman



Mrs Maureen Primrose Mutasa
Chief Executive Officer (Member)



Mr Stuart Heldrey Carstens
Member



Mr Cyprian Tlhako Mokhoru
Member



Mr Ali H. M. Tukai
Member



Mr Steven B. Sidney
Member



Mr Viki Mbuya Kanama
Member



Mrs Christine E. Gadzikwa
Member



Ms Verily Molatedi
Member

Board of Directors/Committees' Meetings Attendance

Board Meetings

During the period under review, the SADCAS Board of Directors held five meetings, one of which was a special Board meeting. The records of attendance to these meetings are shown in Table 1.

Table1 – Record of attendance to Board meetings held during the 2010/11 financial year

Name	Status	Meeting Dates				
		2010-04-23	2010-08-20	2010-11-19	2011-02-25	2011-03-10 (Special)
Mr Riundja Ali Kaakunga (Othy) <i>Chairman</i>	Non Executive Director	✓	✓	✓	✓	✓
Mrs Masego Beatrice Marobela <i>Vice Chairman</i>	Non Executive Director	✓	✓	✓	✓	✓
Mr Stuart Heldrey Carstens	Non Executive Director	✓	✓	✓	✓	✓
Mr Cyprian Tlhako Mokhorro	Non Executive Director	✓	✓	✓	✓	✓
Mr Ali Hassan Mavere Tukai	Non Executive Director	✓	✓	✓	✓	✓
Mr Steven Bruce Sidney	Non Executive Director <i>Co-opted on 2010-04-23</i>	—	✓	✓	✓	✓
Mr Viki Mbuya Kanama	Non Executive Director	✓	✓	✓	✓	✓
Mrs Christine Eve Gadzikwa	Non Executive Director	✓	✓	✓	✓	✓
Ms Verily Molatedi	Non Executive Director	✓	✓	✓	✓	✓
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓	✓

Finance, Risk and Audit Committee Meetings

During the period under review, the Finance, Risk and Audit Committee (FRAC) met four times to assist the Board in discharging its responsibilities relating to budget preparation, expenditure control and financial reporting, compliance with established policies, plans and procedures, safeguarding assets and maintenance of sound and adequate internal control system and ethical conduct. The records of attendance to these meetings are shown in Table 2.

Table 2 - Record of attendance to FRAC meetings held during the 2010/11 financial year

Name	Status	Meeting Dates			
		2010-04-22	2010-08-19	2010-11-18	2011-02-14
Mr Stuart Heldrey Carstens (Chairman)	Non Executive Director	✓	✓	✓	✓
Mr Cyprian Tlhako Mokhorro	Non Executive Director	✓	✓	✓	✓
Ms Verily Molatedi	Non Executive Director	✓	✓	✓	✓
Mr Steven Bruce Sidney	Non Executive Director	Apologies	✓	✓	✓

Human Resources and Remuneration Committee Meetings

During the period under review, the Human Resources and Remuneration Committee (HRRC) met four times to assist the Board in discharging its responsibilities of developing and implementing a comprehensive human resources and remuneration policy and strategy so as to ensure that SADCAS is able to attract, develop and retain the best possible skills required to support credible services to its clients. The records of attendance to these meetings are shown in Table 3.

Table 3 – Record of attendance to HRRC meetings held during the 2010/11 financial year

Name	Status	Meeting Dates			
		2010-04-22	2010-08-19	2010-11-18	2010-02-24
Mrs Masego Beatrice Marobela (Chairman)	Non Executive Director	✓	✓	✓	✓
Mr Ali Hassan Mavere Tukai	Non Executive Director	✓	✓	✓	✓
Mr Stuart Heldrey Carstens	Non Executive Director	✓	✓	Apologies	✓
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓

Bankers

First National Bank of Botswana
Ground Floor, Capitol Building
Plot 1108, Main Mall
Private Bag BO 52
Gaborone, Botswana
Tel: +267 395 9422
Fax: +267 391 2596

Auditors

PWC
Plot 50731
Fairgrounds Office Park
Gaborone
P O Box 294
Gaborone, Botswana
Tel: +267 395 2011
Fax: +267 397 3901

Company Secretary

UPT Secretarial Services (Proprietary) Limited
1st Floor, Time Square
Plot 134 Independence Avenue
Gaborone
P O Box 46699 Village
Gaborone, Botswana
Tel: +267 390 6855
Fax: +267 390 6860

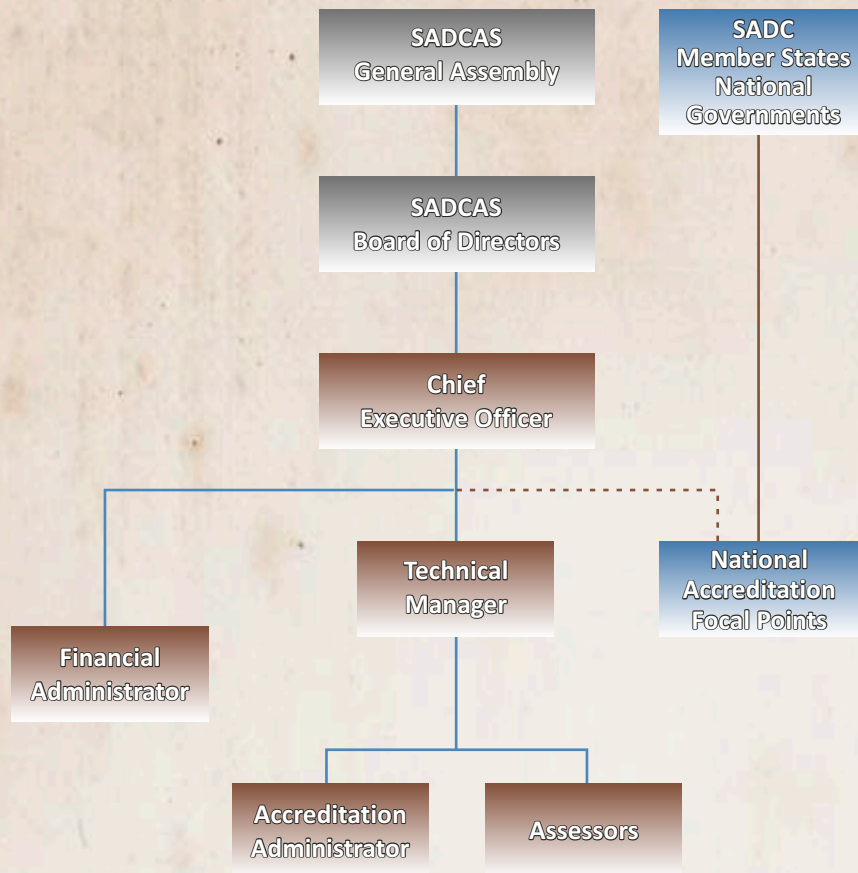
SADCAS Registration Number – 2005/6912

SADCAS Registered Office

Plot 50676, First Floor Block B
BIFM/Fairgrounds Office Park
Gaborone
P O Box 00320
Gaborone, Botswana
Tel: +267 313 2909/313 2910
Fax: +267 313 2922
Mobile: +267 7125 0042

National Accreditation Focal Points Offices

<p>NAFP- Angola Instituto Angolano de Normalização e Qualidade (IANORQ) P O Box 3709 OR P O Box 594 Luanda, Angola Tel: +244 222 337 294/ +244 925 058 184 Fax: +244 222 396 745</p>	<p>NAFP-Mozambique Institute Nacional de Normalização e Qualidade P O Box 2983 Maputo, Mozambique Tel: +258 21 303 822 / 21 303 823 / 82 464 9260 Fax: +258 21 304 206</p>
<p>NAFP-Botswana Ministry of Trade and Industry Private Bag 0014 Gaborone, Botswana Tel: +267 395 7406/ +267 7130 7993 Fax: +267 397 2910</p>	<p>NAFP-Namibia Ministry of Trade & Industry (MTI) P/Bag 13340 Windhoek, Namibia Tel: +264 61 283 7111/ +264 812 610 906 Fax: +264 61 222 576/ 222 227</p>
<p>NAFP-Democratic Republic of Congo Office Congolais de Contrôle BP 8614-8806 Kinshasa 1 Democratic Republic of Congo Tel: +243 89 892 2727 Mobile: +243 81 508 2006 Fax: +243 512 682 2162</p>	<p>NAFP-Seychelles Seychelles Bureau of Standards Standards House Providence Industrial Estate P O Box 953 Victoria, Mahe, Seychelles Tel: +248 380 402/ 527 590 Fax: +248 373 826</p>
<p>NAFP-Lesotho Standards and Quality Assurance Department Minsitry of Trade and Industry, Cooperatives & Marketing P O Box 747, Maseru 100, Lesotho Tel: +266 223 17 454/ + 266 59 093 332 Fax: +266 223 10 326</p>	<p>NAFP-Swaziland Ministry of Enterprise and Employment Standardization & Quality Assurance Section P O Box 451 Mbabane, Swaziland Tel: +268 404 7510 or 404 3201 Fax: +268 404 3055</p>
<p>NAFP-Madagascar Bureau de Normes de Madagascar BP 1316, Antananarivo 101 Madagascar Tel: +261 20 22 279 70 Cell: +261 32 02 205 00</p>	<p>NAFP-Tanzania Tanzania Bureau of Standards P O Box 9524 Dar es Salaam, Tanzania Tel: +255 222 450 206/ +255 756 590 360 Fax: +255 222 450 959</p>
<p>NAFP-Malawi Malawi Bureau of Standards P O Box 946, Blantyre, Malawi Tel: +265 1 870 488 or +265 999 695 705 Fax: +265 1 870 756</p>	<p>NAFP-Zambia Zambia Bureau of Standards P O Box 50259 Lusaka, Zambia Tel: +260 211 227 075/ +260 211 231 385 +260 977 435 020 Fax: +260 24 284 283</p>
<p>NAFP-Mauritius Ministry of Industry, Science and Research MAURITAS 6th Floor Air Mauritius Centre President John Kennedy Street Port Louis, Mauritius Tel: + 230 2107100/ 2110128 (D) Fax: + 230 2106101</p>	<p>NAFP-Zimbabwe Ministry of Industry & International Trade Legal Metrology Directorate Private Bag 7708, Causeway Harare, Zimbabwe Tel: +263 4 702 735/ +263 4 707 735/ +263 772 118 720 Fax: +263 4 707 540</p>



Management and Staff



Mrs Maureen P. Mutasa
Chief Executive Officer



Ms Jeanne F. Ranorovelo
Technical Manager



Mrs Lauren R. Gudo
Financial Administrator



Ms Linda Dirorimwe
Accreditation Administrator

National Accreditation Focal Points



Mr Carmo dos Santos
(NAFP - Angola)



Mr Goitseone Seitshiro
(NAFP - Botswana)



Mr Viki Mbuya Kanama
(NAFP - DRC)



Mr Azael Motjoka Makara
(NAFP - Lesotho)



Mr Séraphin A. Razafimahafaly
(NAFP - Madagascar)



Mr Isaac M. D. Chirwa
(NAFP - Malawi)



Mr Chankar Bheekhun
(NAFP - Mauritius)



Mrs Guilhermina Nhampulo
(NAFP - Mozambique)



Ms Jaanda Edla Maharero
(NAFP - Namibia)



Mrs Amy Quatre
(NAFP - Seychelles)



Mr Henson N. Dlamini
(NAFP - Swaziland)



Ms Stella Mrosso
(NAFP - Tanzania)



Mr Njebe N. Muzandu
(NAFP - Zambia)



Mr Christopher Ngwenya
(NAFP - Zimbabwe)



Mr Riundja Ali Kaakunga (Othy)

On behalf of the SADCAS Board of Directors, management and staff, I have the honour and privilege to present the 2010/11 Annual report, the third published annual report for SADCAS covering the period 1 April 2010 up to 31 March 2011.

Significant developments have taken place in SADCAS over the period under review. SADCAS accredited its first three facilities namely the Botswana Bureau of Standards' (BOBS) Industrial Metrology Unit, the Tanzania Bureau of Standards' (TBS) and the Seychelles Bureau of Standards' (SBS) Metrology Laboratories all of which fall under the Calibration Laboratory Accreditation Program. By 31 March 2011, SADCAS also had 23 accreditation applications from six SADC countries namely Botswana, Namibia, Seychelles, Tanzania, Zambia and Zimbabwe and one non SADC country, at the various stages of the accreditation process. Furthermore SADCAS had by 31 March 2011 successfully conducted 13 training courses on accreditation related activities in five SADC Countries namely Botswana, Democratic Republic of Congo, Seychelles, Tanzania and Zimbabwe and had a number of courses lined up in the 2011/12 financial year.

The marketing and promotional activities undertaken in the past coupled with the ongoing promotional and marketing efforts in particular the targeted marketing visits to conformity assessment bodies initiated in the 2010/11 financial year are beginning to bear fruit as SADCAS business is now picking up. SADCAS is also now starting to get the attention of policy makers. For the first time since its set up, SADCAS was invited to attend and present a report on progress to the SADC senior officials meeting held on 10 February 2011 in Windhoek, Namibia. Further progress was noted in the registration of the SADCAS trademark which forms the core of the SADCAS accreditation mark. The SADCAS trademark has now been registered in 12 countries whilst registration in Seychelles is well underway and still on hold in Madagascar.

Additional new National Accreditation Focal Points' (NAFPs) appointments were made by respective Member States' Government to either support or compliment existing officers or as replacements. Seven out of the 14 NAFP offices are now manned by two officers each. A general improvement has been noted in national action plan implementation as objectively measured from the quarterly reports submitted by NAFPs to SADCAS. We appreciate the contributions that NAFPs are making in pursuit of SADCAS' goals and national accreditation plans particularly in promotional and marketing activities.

A further four assessors were registered bringing the total number of registered assessors to seven Technical Assessors and one Lead Assessor. A pool of 16 trainers who undertake training on behalf of SADCAS have now been qualified and are in the process of being registered. The pool of trainers cover the three official languages used in SADC i.e. English, French and Portuguese.

The SADCAS quality manual which provides the springboard for quality service delivery continues to be developed with additional new and revised documents being issued to ensure compliance with ISO/IEC 17011. The SADCAS/SANAS Twinning Partnership Arrangement which was signed on 3 December 2009 to kick start SADCAS accreditation service is reviewed regularly to monitor implementation and effectiveness. By 31 March 2011 four review meetings had been held.

Turning to governance issues, during the period under review, the SADCAS Board of Directors held five meetings in April 2010, August 2010, November 2010, February 2011 and March 2011. During the meetings, the Chief Executive Officer (CEO) reported on activities of SADCAS thus enabling the Board to monitor progress and to discuss strategic issues including SADCAS application for diplomatic immunities and privileges a matter which is still under consideration by the host Government, the Republic of Botswana. The Finance and Audit Committee's (FAC) name was changed to the Finance, Risk and Audit Committee (FRAC) in order to correctly reflect its scope.

The FRAC met four times to monitor financial performance, undertake a risk analyses and monitor implementation of risk mitigating action program, review audited financial statements for the year ended 31 March 2010, review External Auditor performance, consider the 2011/12 budget and ensuring the provision of financial reports to the Board. The Human Resources and Remuneration Committee (HRRC) also met four times during which human resources issues were discussed and taken up to the Board as necessary.

Regarding Board membership, Mr Steven Bruce Sidney who had been co-opted onto the FRAC in 2009 was also co-opted onto the Board in May 2010 in his personal capacity to provide expertise on financial issues and risk management. Mr Sidney brings to the Board a wealth of experience having served as the treasurer of the South African National Accreditation System (SANAS) for a long time, is an experienced Lead Assessor and is the Chairman of the International Laboratory Accreditation Cooperation (ILAC) Laboratory Committee. We are privileged to have Mr Sidney as a member of the SADCAS Board of Directors. Mr Sidney was, at the 6th SADCAS Annual General Meeting, elected to serve as a SADCAS Board member for a three year term of office. Mrs Masego Marobela, Mr Cyprian Mokhorro and myself Riundja Ali Kaakunga (Othy) were also elected, at the same annual general meeting, to serve for the second three years' terms of office.

Please join me in thanking the SADCAS Board of Directors, General Assembly members, the SADCAS CEO, staff and NAFPs for their hard work and our partners for these achievements. Special tribute goes to SANAS the twinning partner through which SADCAS has managed to kick start its accreditation services. Special thanks goes to the Norwegian Agency for Development Cooperation (NORAD) for their continued support, a sign of confidence in the SADCAS' vision and the achievements made so far.

Looking ahead we have to:

- ❖ Build on and retain our most important asset the intellectual capital, skills, experience, knowledge and expertise of our staff, assessors and trainers;
- ❖ Consolidate our services; and
- ❖ Continue to work towards and achieve signatory status in ILAC and the International Accreditation Forum (IAF).

Phase II of the SADCAS project which started in 2007 is coming to an end on 31 March 2012 at a time when SADCAS would not yet have achieved break- even point on operational costs. Indeed we should be proud of the achievements so far in that SADCAS is now operational, the most challenging phase in the development of any organization. The Board's thrust now has to focus on future funding for SADCAS beyond 2012 in order to achieve the above. With the successes so far we hope the donor community will be forthcoming. Ultimately SADCAS is a regional initiative and its continued survival and growth requires tangible bridging financial inputs from within the SADC region.

Riundja Ali Kaakunga (Othy)
Chairman SADCAS Board of Directors

Chief Executive Officer's Review of 2010/11 Year



Mrs Maureen P Mutasa

This year marks the third year since SADCAS office was set up in Gaborone, Botswana in 2008. SADCAS was subsequently launched in April 2009 and started offering services in October 2009. The further significant developments relating to operationalization of SADCAS, capacity development and promotion and marketing positioned SADCAS to effectively pursue its mission of providing internationally recognized, cost effective accreditation services for SADC Member States without own national accreditation bodies. SADCAS services are aimed at supporting regional and international trade, enhance the protection of consumers and the environment and improve the competitiveness of SADC products and services in both the voluntary and regulatory areas.

Operations

This has been an exciting and gratifying year in that SADCAS, the first multi economy accreditation body in the world, accredited its first three facilities namely:

- ❖ Botswana Bureau of Standards' (BOBS) Industrial Metrology Unit in the scopes of temperature and dimensional metrology;
- ❖ Tanzania Bureau of Standards' (TBS) Metrology Laboratory in the scope of mass; and
- ❖ Seychelles Bureau of Standards' (SBS) Metrology Laboratory in the scope of mass.

We are delighted that all the first three facilities accredited fall under the Calibration Laboratory Accreditation Program (CLAP). Metrology which is defined as the science and practice of measurements is the cornerstone of any credible accreditation process. When we test, inspect or certify a product or a service, we measure. When we trade whether you buy something in your local shop, nationally or internationally, we measure.



Mrs Masego Marobela, BOBS Managing Director (right) receiving the accreditation certificate from SADCAS CEO, Mrs Maureen P. Mutasa

As at 31 March 2011, SADCAS had 23 accreditation applications at various stages of the accreditation process. In terms of accreditation field, eight of the applications fall under the Inspection Bodies Accreditation Program (IBAP), eight under the Testing Laboratory Accreditation Program (TLAP), four under the CLAP, two under the Medical Laboratories Accreditation Program (MLAP) and one under the Certification Body Accreditation Program (CBAP) (Refer to Figure 1). In terms of country, two of the accreditation applications are from Botswana, two from Namibia, one from Seychelles, two from Tanzania, one from Zambia, 14 from Zimbabwe and one from Uganda (Refer to Figure 2).

Figure 1 - Breakdown of Applications by Accreditation Program

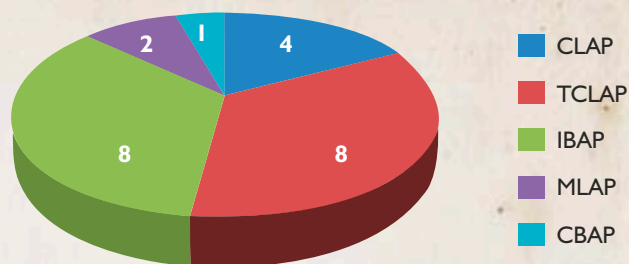
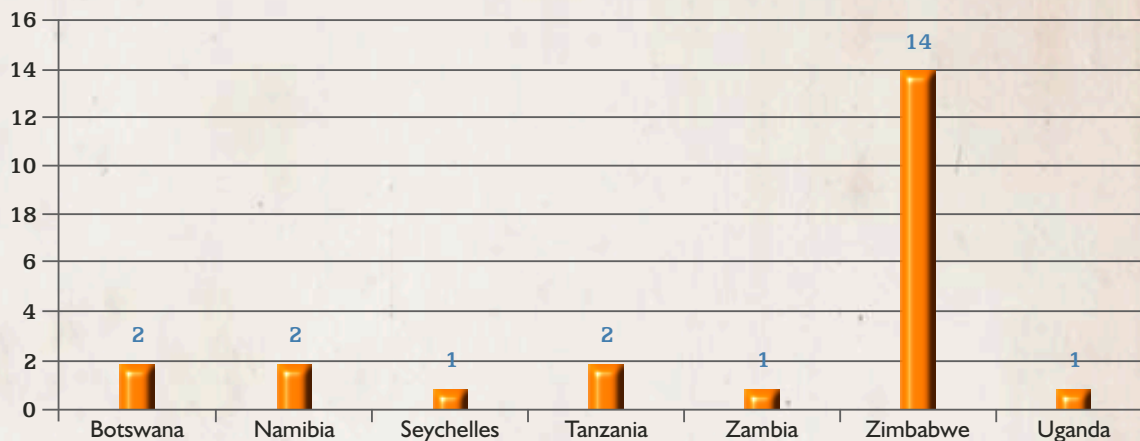


Figure 2 - Breakdown of Accreditation Applications by Country



A total of nine training courses were successfully organized during the period under review as follows:

- ❖ four x ISO/IEC 17025 requirements and internal auditing for calibration/testing laboratories held in Zimbabwe, Tanzania and DRC with the latter course being conducted in French;
- ❖ two x ISO 15189 requirements and internal auditing for medical laboratories held in Tanzania and Zimbabwe;
- ❖ one x ISO/IEC 17020 requirements and internal auditing for inspection bodies held in Zimbabwe;
- ❖ one x Marketing, communications and presentation skills course held in South Africa and attended by NAFPs and SADCAS staff; and
- ❖ Attachment training arranged at an accredited testing laboratory in Pretoria, South Africa.

(Refer to Figure 3). This brings the total number of courses organized by SADCAS to 13 since SADCAS started offering services in October 2009.

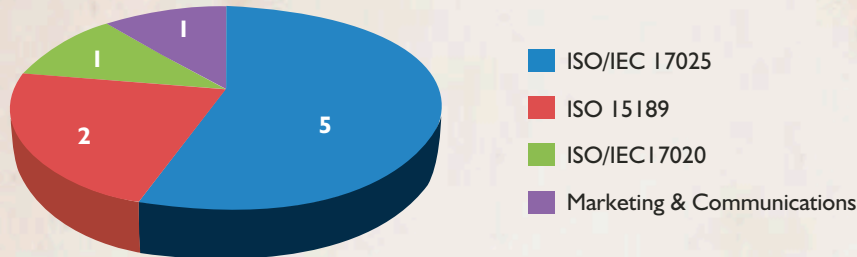


Participants at a training course held in Dar es Salaam, Tanzania



Participants at a training course held in Lubumbashi, DRC

Figure 3 - Breakdown of Training Course by Field

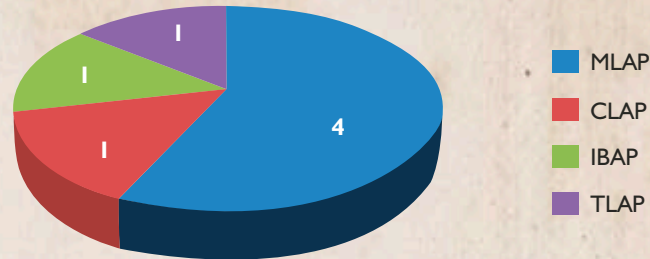


The SADCAS' policy manual which provides the springboard for quality service delivery was revised in order to address issues raised from a gap analysis undertaken by the Norwegian Accreditation (NA) in August 2010 so as to ensure compliance with ISO/IEC 17011, the international standard which SADCAS has to meet in order to be internationally recognized. New and revised procedures, forms etc were published during the year under review as part of the system's continuous improvement measures. Various administrative documents were also published. In an effort to monitor the implementation and review the effectiveness of the SADCAS/SANAS Twinning Partnership Arrangement (TPA) two meetings were held in September and December 2010. The objective of the SADCAS/SANAS Twinning Partnership Arrangement which was signed on 3 December 2009 is to ensure that SADCAS has established the necessary infrastructure for the handling of accreditation applications, assessment of conformity assessment bodies and surveillance assessment of accredited facilities by using a technically recognized quality management system. The ultimate goal of the TPA is to ensure that SADCAS becomes signatory to the International Laboratory Accreditation Cooperation's Mutual Recognition Arrangement (ILAC MRA) and the International Accreditation Forum's Multilateral Arrangement (IAF MLA). The TPA review meetings are also an opportunity to identify areas of improvement and to ensure that the TPA is in line with best practice.

During the year under review, the SADCAS' management and staff compliment remained at four comprising of the Chief Executive Officer, Technical Manager, Financial Administrator and the Accreditation Administrator. As part of continuous professional development programme, SADCAS staff attended various training programmes including attachments at SANAS in Pretoria, South Africa to familiarize with accreditation operations and at NA in Oslo, Norway on the use of EDNA an electronic software package used to manage and coordinate the elaborate accreditation administration process, participated in assessments, and attended the marketing, communications and presentation skills course.

A further three experts were registered as technical assessors whilst one expert was registered as a lead assessor during the period under review bringing the total number of registered assessors to seven technical assessors, four under the MLAP, one under the CLAP, one under the IBAP and one under the TLAP, and one lead assessor under the MLAP. The registered assessors are from six SADC Countries namely Malawi, Mauritius, Namibia, South Africa, Tanzania and Zimbabwe (Refer to Figure 4).

Figure 4 - Breakdown of Registered Technical Assessors According to Accreditation Programme



SADCAS is currently reviewing mentorship reports of assessors qualified under the SADC/EU SQAM assessor training program with a view to register them as SADCAS' assessors. A project document is also under development for the further mentoring of 43 assessors for consideration by donors.

Through the SADC/EU SQAM project, 16 experts from SADC countries were trained and qualified as trainers who will undertake training on behalf of SADCAS on the various key accreditation standards. The pool of trainers covers the three official languages in the region i.e. English, French and Portuguese. The train the trainer program was in three phases with the first phase covering an in depth training on the requirements of each of the key accreditation standards. The second phase focused on presentation skills and the third phase was when the trained trainers conducted one day accreditation awareness seminars in their respective countries whilst being evaluated. So far 15 of the qualified trainers have been registered to undertake training on behalf of SADCAS and some of them are already conducting training on behalf of SADCAS (Refer to Figures 5, 6 and 7).

Figure 5 - Breakdown of Registered Trainers According to Field of Training

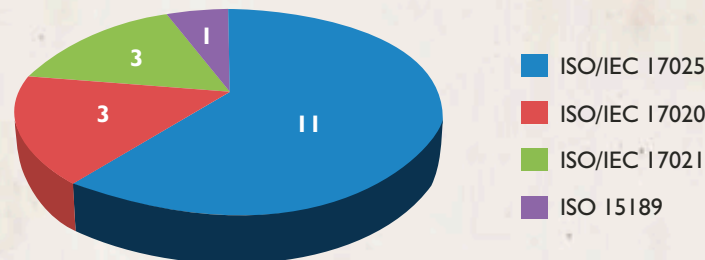


Figure 6 - Breakdown of Registered Trainers According to Country

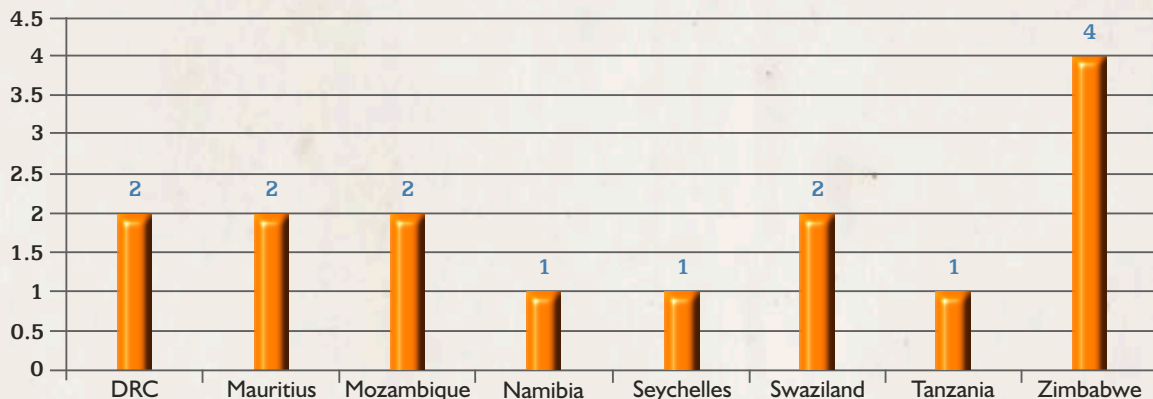
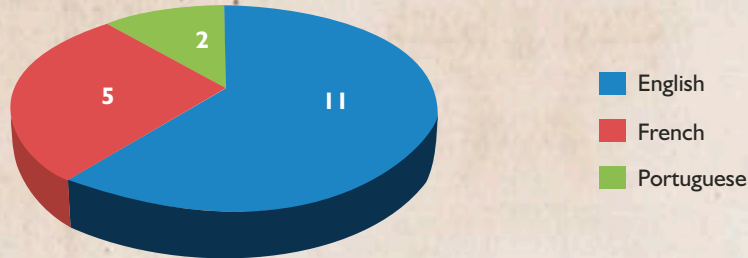


Figure 7 - Breakdown of Registered Trainers by Language



National Accreditation Focal Points

Various NAFP appointments were made during the period under review. In an effort to improve the realization of NAFP activities in Botswana, Mr Edward Mmatli an Assistant Engineer in the Department of Industrial Affairs was appointed second NAFP Officer on 4 November 2010 to support the first officer, Mr Goitseone Seitshiro. Ms Jaanda Edla Maharero was appointed NAFP for Namibia on 30 August 2010 to replace Mr Nicky Iitula who resigned from the post. Mr Mosito Jacob Kanono was appointed second NAFP officer for Lesotho on 6 October 2010 to support the first Officer Mr Azael Makara. NAFPs are responsible for the coordination, administration, promotion and marketing of SADCAS services within their respective countries.

In an effort to enhance promotional and marketing skills, 22 participants comprising mainly of NAFPs and SADCAS staff attended a three day intensive and practical marketing, communications and presentation skills workshop held from 19 to 21 July 2010 in Pretoria, South Africa. The workshop was designed to provide an insight into the basics of marketing and the development of marketing plans. The workshop included an opportunity for self assessment, peer assessment and facilitator's assessment where participants were given feedback on their presentations. The NAFPs have since developed marketing plans which have been consolidated into the SADCAS marketing plan.

The NAFP annual meeting was held from 22 to 23 November 2010 in Johannesburg, South Africa. During which NAFPs were updated on developments in SADCAS, reviewed the NAFP job description and shared experiences. As an outcome of the workshop, a Task Force was set up to develop an NAFP handbook.

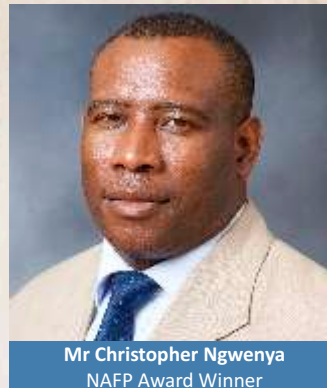


The meeting also agreed to undertake a survey of conformity assessment bodies operating in the region excluding South Africa and Mauritius. The survey has since been undertaken through the network of NAFPs and will serve as source of information for strategic planning purposes.

Further improvement was registered in national action plan implementation by NAFPs with estimate realization averaging 75% for the year under review. This is 11% higher than the estimate realization of 64% for the previous financial year as some NAFPs put more effort towards goal realization. Estimate realization ranged from 55% to 88%. Mr Christopher Ngwenya and Mrs Mildred Machiri, the NAFP officers for Zimbabwe were the recipients of the prestigious 2011 NAFP Award. The 2011 Award is the third to be presented with the first Award having been presented to NAFP - Tanzania and the second to NAFP - DRC. The Award is SADCAS' way of recognizing and appreciating NAFPs commitment towards SADCAS goals.



Mrs Mildred Machiri
NAFP Award Winner



Mr Christopher Ngwenya
NAFP Award Winner

Marketing and Promotion

During the period under review and as part of the targeted marketing visits to potential clients, 20 courtesy calls were made by SADCAS to various conformity assessment bodies in Botswana, Seychelles, Tanzania and Zimbabwe. The purpose of the courtesy calls were to promote the importance and benefits of accreditation, market SADCAS service offerings, to promote the SADCAS/SANAS Twinning Partnership Arrangement and to encourage facilities within SADC Member states excluding South Africa and Mauritius to changeover to SADCAS' accreditation. The courtesy calls were also an opportunity to hear at first hand the challenges that conformity assessment bodies are facing as they implement the relevant accreditation standards.



SADCAS CEO meeting with heads of medical laboratories in Seychelles

Further courtesy calls to potential clients in other countries that are being serviced by SADCAS are scheduled to be undertaken in the 2011/12 financial year. A total of 12 presentations were made by SADCAS at various national, regional and international conferences during the period under review. The courtesy calls and presentations have all contributed to the increased awareness and interest in SADCAS' services.

Two new banners on World Accreditation Day and 2 new pamphlets on "Training services" and "Accreditation or ISO 9001 certification of a laboratory?" were published in addition to the 2 pamphlets and 2 brochures produced

in the previous year. All the promotional materials published so far are available in English, French and Portuguese, the three official languages of SADC. Four press releases on 2010 World Accreditation Day theme and activities, African Accreditation Cooperation (AFRAC) launch and general assembly, and SADCAS accredits first facilities were widely circulated to stakeholders and subsequently published in the International Laboratory Accreditation Cooperation (ILAC) newsletter, SADCAS newsletter the Pioneer and national newspapers. A number of advertisements on training services, the SADCAS/SANAS Twinning Partnership Arrangement, SADCAS' readiness to handle accreditation applications and accreditation services were published in the Pioneer. Three editions of the Pioneer (March 2010, July 2010 and November 2010) were issued and widely circulated to stakeholders. The Pioneer which is electronic continues to be a good source of information on developments in SADCAS and accreditation issues in general. SADCAS published its second annual report in September 2010.

During the period under review, the SADCAS trademark which forms the core of the SADCAS accreditation mark was registered in DRC, Lesotho, Malawi, Namibia, Swaziland, Tanzania, Zimbabwe, Zambia and Angola with the latter having issued an interim registration certificate. The registration in Lesotho, Malawi, Namibia, Swaziland, Tanzania and Zimbabwe was done cost effectively through the African Regional Intellectual Property Organization (ARIPO). As at 31 March 2011, the SADCAS trademark had been registered in 12 SADC Member States. Further improvements were made on the SADCAS website. A window on "Training Services" was introduced and uploaded on the website. Throughout the period of review new articles were posted under the window on "Latest News". Furthermore all published editions of the Pioneer, revised and new quality management system (QMS) documents and the annual reports are all available on the SADCAS website. The website links have been extended to include EPTIS and PTA Australia both of which contain information of Proficiency Testing schemes. A link was also provided to the SANAS website.

Following the accreditation of its first facilities SADCAS is now working on a website window which will provide a directory of accredited facilities. Since the SADCAS website went live on the worldwide web in December 2009, visitation statistics are increasing.

Regional and International Relations

During the period under review SADCAS participated in five regional meetings. At the third meeting of the African Accreditation Cooperation (AFRAC) held in Cairo, Egypt from 14 to 15 April 2010, SADCAS contributed to the drafting of the AFRAC By laws, design of the AFRAC trademark and development of criteria for the nomination of experts to be trained as peer evaluators and the preparations for the inaugural AFRAC general assembly meeting which was subsequently held from 29 to 30 September 2010 also in Cairo, Egypt. At its meetings held on 17 November 2010 and 18 February 2011, the SADC Cooperation in Accreditation (SADCA) Executive Committee on which SADCAS CEO is a member considered the report from the workshop on model accreditation law which was held in July 2010 and finalized input into the revision of the TBT Annex to the SADC Protocol on Trade.

At international level, SADCAS participated in the ILAC/IAF Annual meeting held from 20 to 29 October 2010 in Shanghai, China and the IAF Technical Committee meetings held from 5 to 10 March 2010 in Surrey, London. To commemorate World Accreditation Day on 9 June 2010, a number of activities were held throughout the region ranging from press releases and conferences to television and radio interviews. The press release was widely publicized in newspapers in Botswana, Malawi, Seychelles, Swaziland, Tanzania and Zimbabwe. Conferences were held in Botswana, DRC and Seychelles whilst in Mozambique and Lesotho, television and radio interviews were held respectively in order to create awareness on accreditation.

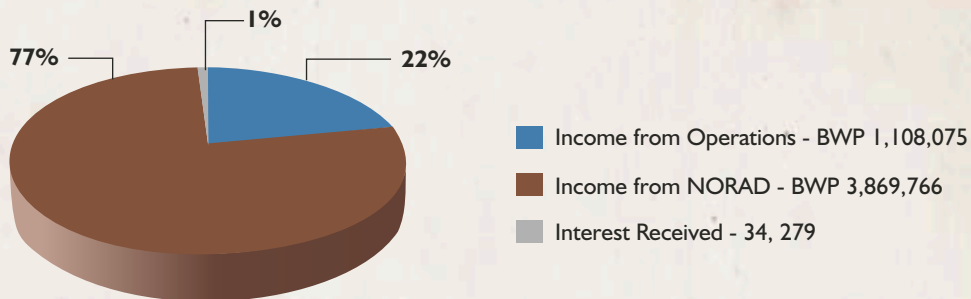


Delegates at 2010 WAD Conferences held in DRC and Botswana respectively

Financial Review

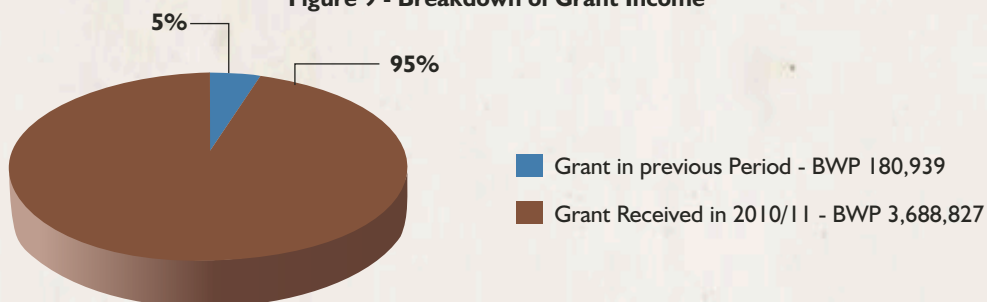
During the period under review, SADCAS received a total income of BWP 5,012,120 of which BWP 3,869,766 (77%) was grant income from the Norwegian Agency for Development cooperation (NORAD), BWP 1,108,075 (22%) was income generated from operations and BWP 34,279 (1%) was interest received on bank deposits (Refer to Figure 8).

Figure 8 - Total Income



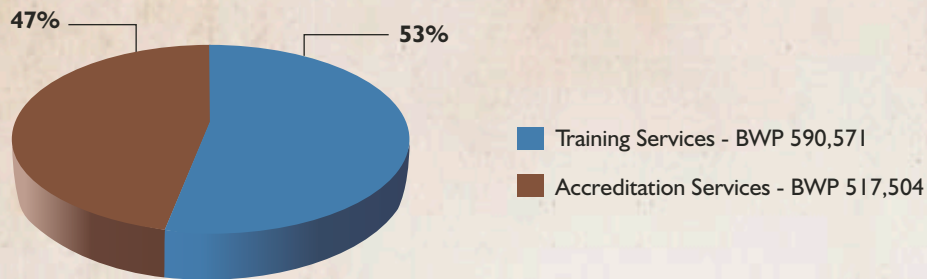
Of the total grant income of BWP 3,869,766, BWP 3,688,827 (95%) was received for the 2010/11 financial year whilst BWP 180,939 (5%) were funds received in previous periods that was transferred from capital grant (Refer to Figure 9).

Figure 9 - Breakdown of Grant Income



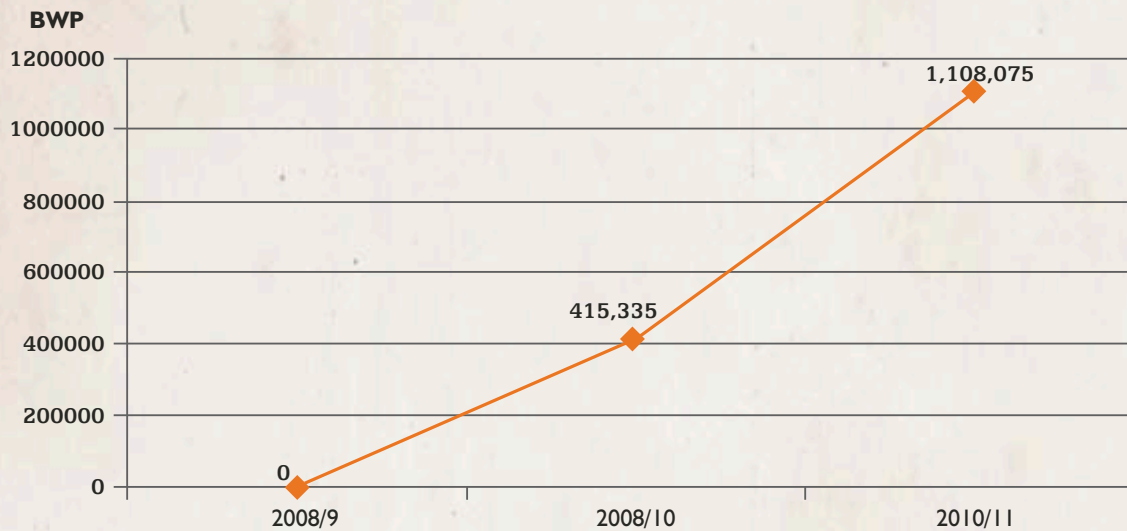
Of the total income of BWP 1,108,075 generated from operations, BWP 517,504 (47%) was from accreditation services whilst BWP 590,571 (53%) was generated from training services (Refer to Figure 10).

Figure 10 - Breakdown of Income from Operations



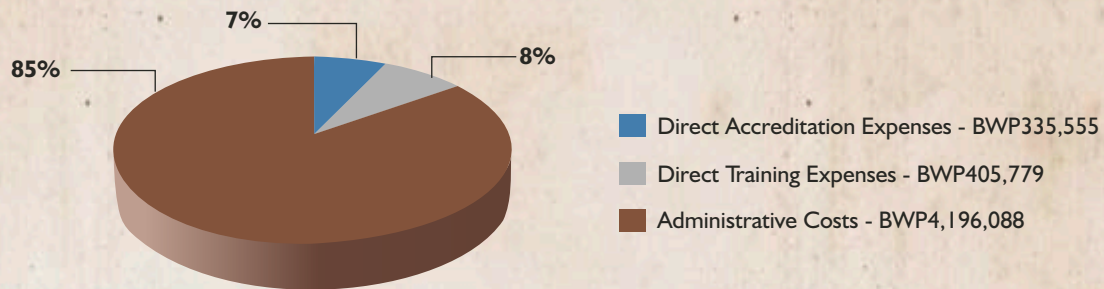
Income from operations of BWP 1,108,075 is a 167% increase over BWP 415,335 that was generated in the previous financial year when SADCAS started to offer services (Refer to Figure 11).

Figure 11 - Trends in Income from Operations



The total expenditure for the year was BWP 4,937,422 comprising of direct accreditation expenses of BWP 335,555 (7%), direct training expenses of BWP 405,779 (8%) and administrative expenses of BWP 4,196,088 (85%) resulting in a surplus of BWP 74,698 (Refer to Figure 12). Staff costs constitute 48% of the administrative expenses.

Figure 12 - Breakdown of Expenditure



Outlook

While much progress has been made in the past year resulting in SADCAS accrediting its first three facilities and registering a 167% increase in the income generated from operations over the 2009/10 financial year, the break-even point on operational costs has not been achieved in the 2010/11 financial year as projected in the five year business plan. A lot more therefore remains to be done. High on the agenda is to ensure SADCAS sustainability beyond 31 March 2012 when Phase II of the SADCAS project which has been funded by the Norwegian Government through NORAD comes to an end.

We need to continue building on the expertise of our staff, assessors and trainers, promoting accreditation and marketing SADCAS services. We need to consolidate our services and continue to work towards signatory status in international accreditation arrangements. SADCAS is breaking new ground in the accreditation arena in that it is the first multi economy accreditation body in the world. From the achievements so far, SADCAS is a plausible model which provides a practical, cost effective means for SADC Member States without own national accreditation bodies to access accreditation services.

The SADCAS management and staff remain committed to building a sustainable, leading regionally accepted and internationally recognized multi economy accreditation body and looks forward to continued support from all stakeholders especially from the governments of SADC Member States that are serviced by SADCAS as well as the donor community so as to realize our vision.



Maureen P Mutasa (Mrs)
Chief Executive Officer

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS


The directors of Southern African Development Community Accreditation Service Limited are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (Companies Act, 2003).

The company maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the company assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

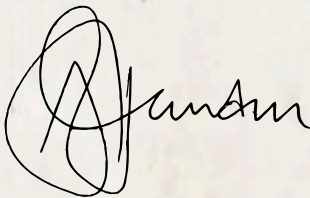
The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting control. Regular meetings are held between management and our external auditors to review matters relating to internal control and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The financial statements set out on pages 28 to 50 and supplementary information on Annexure I was authorised for issue by the Board of Directors and are signed on its behalf by:



Director



Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Southern African Development Community Accreditation Service Limited, set out on pages 28 to 50, which comprise the statement of financial position as at 31 March 2011, and the income statement of comprehensive income, statement of changes in funds, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Southern African Development Community Accreditation Service Limited as of 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Certified Public Accountants
Practising Member: R P De Silva (19900241)

Gaborone
15 August 2011

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Senior Partner: B D Phirie
Partners: R Binedell, R P De Silva, A S Edirisinghe, N B Soni
Associates: M Lalithkumar, M Ramdas, S Sinha, S K K Wijesena

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2011

	Note	2011 P	2010 P
Income	5	4,206,331	3,811,215
Direct expenses		(335,555)	(99,600)
		3,870,776	3,711,615
Other operating income	6	365,731	215,911
Administrative expenses		(4,196,088)	(3,860,889)
Operating surplus	7	40,419	66,637
Finance income	8	34,279	35,384
Finance costs	8	-	(130)
Net finance income		34,279	35,254
Surplus before income tax		74,698	101,891
Income tax expense	9	-	-
Surplus for the year		74,698	101,891
Other comprehensive income		-	-
Total comprehensive income for the year		74,698	101,891

STATEMENT OF FINANCIAL POSITION as at 31 March 2011

	Note	2011 P	2010 P
ASSETS			
Non-current assets			
Property, plant and equipment	10	522,641	684,476
Current assets			
Trade and other receivables	11	207,186	147,139
Cash and cash equivalents	12	3,514,412	2,685,225
Total assets		4,244,239	3,516,840
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated fund		212,199	137,501
Non-current liabilities			
Capital grants	13	522,641	684,476
Current liabilities			
Deferred income	14	2,286,398	2,054,163
Trade and other payables	15	1,223,001	640,700
Total funds and liabilities		4,244,239	3,516,840

STATEMENT OF CHANGES IN FUNDS for the year ended 31 March 2011

	Accumulated fund P	Total P
Balance at 1 April 2009	35,610	35,610
Comprehensive income Surplus for the year	101,891	101,891
Balance at 31 March 2010	<u>137,501</u>	<u>137,501</u>
Balance at 1 April 2010	137,501	137,501
Comprehensive income Surplus for the year	74,698	74,698
Balance at 31 March 2011	<u>212,199</u>	<u>212,199</u>

STATEMENT OF CASH FLOWS for the year ended 31 March 2011

	Note	2011 P	2010 P
Cash flows from operating activities			
Cash generated from operations	16	794,908	912,862
Interest paid	8	-	(130)
Net cash generated from operating activities		794,908	912,732
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(19,104)	(42,334)
Interest received	8	34,279	35,384
Net cash generated from/ (used in) investing activities		15,175	(6,950)
Cash flows from financing activities:			
Capital grants received during the year	13	19,104	42,334
Net cash generated from financing activities		19,104	42,334
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		2,685,225	1,737,109
Cash and cash equivalents at end of year	12	3,514,412	2,685,225

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

1. General information

Southern African Development Community Accreditation Service Limited is a subsidiary organization of SADC incorporated in Botswana as a company limited by guarantee that provides accreditation services to laboratories (testing and calibration), certification bodies (management systems/product/personnel) and inspection bodies.

The financial statements set out on pages 28 to 50 have been approved by the Board of Directors on 12 August 2011.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the measurement of certain financial assets and financial liabilities at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1.1. Adoption of standards in the current financial year

The following new standard was adopted by the management during the year.

- IAS 39, (Amendment), Financial Instruments (effective from 1 July 2009).
- IAS 17, (Amendment), Classification of leases of land and buildings (effective from 1 January 2010).

Management assessed the relevance of the following new standards, amendments and interpretations with respect to the company's operations and concluded that they are not relevant to the company.

- IFRIC 17, Distribution of non cash assets to owners (effective from 1 July 2009).
- IFRIC 18, Transfer of assets from customers (effective from 1 July 2009).
- IFRS 3 (Revised), Business Combinations (effective from 1 July 2009).
- IAS 27 (Revised), Effects of transactions with non-controlling interests (effective from 1 July 2009).
- IFRS 1, (Revised), First time adoption of International Financial Reporting Standards (effective from 1 July 2009).
- IFRS 2 (Amendment), Group cash-settled share-based payment transactions (effective from 1 January 2010).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2. Summary of significant accounting policies (continued)

- IFRS 5, (Amendment), Non-current assets held for sale and discontinued operations: Disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations (effective from 1 January 2010).
- IFRS 8, (Amendment), Operating Segments: Disclosure of information about segment assets (effective from 1 January 2010).
- IAS 1, (Amendment), Presentation of financial Statements: Current/non-current classification of convertible instruments (effective from 1 January 2010).
- IAS 7, (Amendment), Statement of Cash Flows: Classification of expenditures on unrecognised assets (effective from 1 January 2010).
- IAS 16, (Amendment), Impairment of Assets: Unit of accounting for goodwill impairment test (effective from 1 January 2010).
- IAS 18, (Amendment), Revenue: Determining whether an entity acting as a principal or as an agent (effective from 1 January 2010).
- IAS 38, (Amendment), Intangible assets: Measuring the fair value of an intangible asset acquired in a business combination (effective from 1 January 2010).
- IAS 39, (Amendment), Financial instruments: Treating loan prepayment penalties as closely related embedded derivatives (effective from 1 January 2010).
- IAS 32 (Amendment), Classification of rights issues (effective from 1 February 2010).

2.1.2 Adoption of standards in future financial periods

The following new standards, amendments and interpretations to existing standards are mandatory for the company's accounting periods beginning on or after 1 April 2010.

These have not been early adopted by the company.

a) New standards, amendments and interpretations which are relevant to the company's operations

- IAS 1, (Amendment), Presentation of Financial Statements: Clarification of statement of changes in equity (effective from 1 January 2011).
- IAS 24, (Amendment), Related party disclosures (effective from 1 January 2011).
- IFRS 7, (Amendment), Financial instruments – Disclosures: Clarification of disclosures (effective from 1 January 2011).
- IFRS 7, (Amendment), Financial instruments – Disclosures: Transfer of financial assets (effective from 1 July 2011).
- IAS 12, (Amendment), Income Taxes: Deferred Tax (effective from 1 January 2012).
- IFRS 9, Financial Instruments (effective from 1 January 2013).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the company's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2. Summary of significant accounting policies (continued)

b) New standards, amendments and interpretations which are not relevant to the company's operations

Management assessed the relevance of the following new standards, amendments and interpretations with respect to the company operations and concluded that they are not relevant to the company.

- IFRS 1, (Amendment), First time adoption of International Financial Reporting Standards: Limited exemption from comparative IFRS 7 disclosures for first time adopters (effective from 1 July 2010).
- IFRS 3, (Amendment), Business Combinations (effective from 1 July 2010).
- IAS 27, (Amendment), Consolidated and Separate Financial Statements (effective from 1 July 2010).
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010).
- IFRIC 13, (Amendment), Customer Loyalty Programmes: Fair value of award credits (effective from 1 January 2011).
- IFRIC 14, (Amendment), Pre-payment of a Minimum Funding Requirement (effective from 1 January 2011).
- IFRS 1, (Amendment), First time adoption of International Financial Reporting Standards (effective from 1 January 2011).
- IAS 34, (Amendment), Interim Financial Reporting: Significant event and transactions (effective from 1 January 2011).
- IFRS 1, (Amendment), First time adoption of International Financial Reporting Standards: First time adoption on hyperinflation and fixed dates (effective from 1 July 2011).

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

2.3 Property, plant and equipment

Property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2.3 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

- Fixtures and fittings 10 years
- Office equipment 6.67 years
- Computer equipment 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets

2.5.1 Classification

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2.5 Financial assets (continued)

(b) Loans and receivables

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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

2.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss, while translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2.5 Financial assets (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the income statement.

There were no financial assets categorized as fair value through profit or loss or available for sale assets restated at the statement of financial position date.

2.5.3 Offsetting financial instruments

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

2.5.4 Impairment of financial assets

The company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.6.

2.6 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2.6 Trade receivables (continued)

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited as other income in the income statement.

2.7 Cash and cash equivalents

Cash and cash equivalents includes 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 statement of financial position.

2.8 Provisions

Provisions are recognized when the company 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 has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.9 Trade accounts payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2.11 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.12 Capital grants

Grant income is recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Capital grants relating to property, plant and equipment are included in non-current liabilities as capital grants and are credited to statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

2.13 Revenue recognition

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

2.13.1 Grant income

Grants and donations are accounted for on confirmation from the donor. Grants received from NORAD under the respective agreements are recognized at fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Grants shall be recognized as income over the periods necessary to match them with the related costs which they intend to compensate, on a systematic basis.

2.13.2 Sale of services – accreditation fees and training income

Accreditation fees and training income are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.13.3 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

3. Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The company's overall risk management

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

3.1 Financial risk factors (continued)

programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by the board of directors.

(I) Market risk

(i) Foreign currency risk

In the ordinary course of business, the company enters into transactions denominated in foreign currencies. In addition the company has assets in foreign currencies which expose it to foreign exchange risk arising from various currency exposures, in particular with regard to the United States Dollar and South African Rand. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

At 31 March 2011, if the currency had weakened / strengthened by 1% against the South African Rand with all other variables held constant, post-tax profit for the year would have been P1,251 (2010: P Nil) higher/ lower, mainly as a result of foreign exchange gains/ losses on translation of Rand denominated bank balances.

At 31 March 2011, if the currency had weakened/ strengthened by 1% against the United States Dollar with all other variables held constant, post-tax profit for the year would have been P1,456 (2010: P987) higher/ lower, mainly as a result of foreign exchange gains/ losses on translation of United States Dollar denominated bank balances.

(ii) Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimizing risk.

The company analyses its interest rate exposure. The company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used.

At 31 March 2011, if interest rates on interest-bearing assets had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been P1,102 (2010: P393) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(iii) Other price risk

The company is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk, and residual value risk.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

3.1 Financial risk factors (continued)

(II) Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks.

The credit quality of financial assets is disclosed in Note 18.2.

(III) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year P
31 March 2011	
Trade payables	174,665
Other payables and accruals	1,048,336
	<u>1,223,001</u>
31 March 2010	
Trade payables	6,088
Other payables and accruals	634,612
	<u>640,700</u>

3.2 Fair value estimation

Financial instruments consist of trade receivables, bank and cash balances and other payables resulting from normal business operations. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

3.3 Capital risk management

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

The company does not monitor capital on the basis of the gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the company's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

(a) Income taxes

No provision for income tax has been made on the basis that Southern African Development Community Accreditation Service Limited will be granted diplomatic status and consequently the company will be exempt from income tax.

(b) Residual value and useful lives of property, plant and equipment

The company determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its products and the ability of the company to penetrate a sufficient portion of that market in order to operate profitably. The company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

(c) Impairment loss on debtors

The company reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

5. Income

	2011 P	2010 P
Grant income received during the year	1,653,768	3,075,351
Transferred from deferred income (Note 14)	2,054,163	657,236
Transferred to capital grants (Note 13)	(19,104)	(42,334)
Accreditation application fees	72,897	4,163
Initial accreditation fees	408,874	116,799
Annual accreditation fees	35,733	-
	4,206,331	3,811,215

6. Other operating income (net)

	2011 P	2010 P
Capital grants amortised during the year (Note 13)	177,273	170,636
Capital grants released to income statement on disposal of property, plant and equipment (Note 13)	3,666	-
Training income	590,571	294,373
Training expenses	(405,779)	(249,098)
	365,731	215,911

7. Operating surplus

	2011 P	2010 P
The following items have been charged in arriving at operating surplus:		
Auditors' remuneration	116,488	84,000
Depreciation	177,273	170,636
Operating lease payable - property	228,993	164,538
Repairs and maintenance	17,960	1,238
Provisional for impairment of trade receivables	12,330	-
Staff costs	2,002,553	1,696,502
Staff costs comprise:		
Salaries	2,000,351	1,678,502
Staff training	2,202	18,000
	2,002,553	1,696,502

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

8. Finance income / (costs)

	2011 P	2010 P
Interest income - bank deposits	34,279	35,384
Finance income	34,279	35,384
Interest expenses - bank overdraft	-	(130)
Finance costs	-	(130)
Net finance income	34,279	35,254

9. Income tax expense

The company has submitted an application to Government of Botswana in order to obtain diplomatic status on the basis that the company is a SADC subsidiary organization. Once the diplomatic status is granted, the company will be exempt from income tax under Section 3 of the Part (1) of the Second Schedule to the Income Tax Act. Management is confident that such status will be granted. Therefore, no provision has been made for income tax.

10. Property, plant and equipment

	Computer equipment P	Fixtures and fittings P	Office equipment P	Total P
At 1 April 2009				
Cost	500,688	285,217	92,756	878,661
Accumulated depreciation	(49,603)	(14,298)	(1,982)	(65,883)
Net book amount	451,085	270,919	90,774	812,778
Year ended 31 March 2010				
Opening net book amount	451,085	270,919	90,774	812,778
Additions	18,332	16,953	7,049	42,334
Depreciation	(127,464)	(28,663)	(14,509)	(170,636)
Closing net book amount	341,953	259,209	83,314	684,476
At 31 March 2010				
Cost	519,020	302,170	99,805	920,995
Accumulated depreciation	(177,067)	(42,961)	(16,491)	(236,519)
Net book amount	341,953	259,209	83,314	684,476
Year ended 31 March 2011				
Opening net book amount	341,953	259,209	83,314	684,476
Additions	-	-	19,104	19,104
Disposals	(3,666)	-	-	(3,666)
Depreciation	(129,388)	(30,217)	(17,668)	(177,273)
Closing net book amount	208,899	228,992	84,750	522,641
At 31 March 2011				
Cost	510,221	302,170	118,909	931,300
Accumulated depreciation	(301,322)	(73,178)	(34,159)	(408,659)
Net book amount	208,899	228,992	84,750	522,641

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

II. Trade and other receivables

	2011 P	2010 P
Trade receivables	170,894	120,962
Less: Provision for impairment of trade receivables	(12,330)	-
Trade receivables - net	158,564	120,962
Deposits	24,311	12,465
Prepayments	24,311	13,712
	207,186	147,139

The carrying amounts of receivables approximate their fair values due to their short-term nature.

As of 31 March 2011, trade receivables of P9,010 (2010: P Nil) were fully performing.

As of 31 March 2011, trade receivables of P149,554 (2010: P120,962) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of these trade receivables is as follows:

	2011 P	2010 P
Up to 3 months	149,554	120,962

As of 31 March 2011, trade receivables of P12,330 (2010: P Nil) were impaired and fully provided for. The individually impaired receivables mainly relate to customers, who are long overdue.

The aging of these receivables is as follows:

	2011 P	2010 P
3 to 6 months	12,330	-

Trade receivables include the following amount denominated in foreign currencies

	2011 P	2010 P
US Dollar	124,549	120,962

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

11. Trade and other receivables (continued)

Movements on the company provision for impairment of trade receivables are as follows:

	2011 P	2010 P
At 1 April	-	-
Provision for receivables impairment	12,330	-
At 31 March	<u>12,330</u>	<u>-</u>

The creation of provision for impaired receivables have been included in 'operating surplus' in the income statement (Note 7). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above and is further analyzed in Note 18. The company does not hold any collateral as security.

12. Cash and cash equivalents

	2011 P	2010 P
Bank Balances	3,505,411	2,684,969
Cash on hand	9,001	256
	<u>3,514,412</u>	<u>2,685,225</u>

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

	2011 P	2010 P
Cash and bank balances	<u>3,514,412</u>	<u>2,685,225</u>

The company's cash and cash equivalents include the amounts denominated in following foreign currencies:

	2011 P	2010 P
US Dollar	79,305	21,060
South African Rand	748	-
	<u>80,053</u>	<u>21,060</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

13. Capital grants

	2011 P	2010 P
At 1 April	684,476	812,778
Capital grants received during the year (Note 5)	19,104	42,334
Capital grants amortised during the year (Note 6)	(177,273)	(170,636)
Capital grants released to income statement on disposal property, plant and equipment (Note 6)	(3,666)	-
At 31 March	<u>522,641</u>	<u>684,476</u>

14. Deferred income

	2011 P	2010 P
At 1 April	2,054,163	1,242,350
Grant income received in advance	2,286,398	1,469,049
Transferred to income statement (Note 5)	(2,054,163)	(657,236)
At 31 March	<u>2,286,398</u>	<u>2,054,163</u>

15. Trade and other payables

	2011 P	2010 P
Trade payable	174,665	6,088
Other payables and accruals	1,048,336	634,612
	<u>1,223,001</u>	<u>640,700</u>

The company's trade and other payables are denominated in the following foreign currencies:

	2011 P	2010 P
US Dollar	22,541	-
South African Rand	126,300	-
	<u>148,841</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

16. Cash generated from operations

Operating surplus

Adjustments for:

- Transfer from deferred income (Note 5)
- Capital grants amortized during the year (Note 6)
- Depreciation on property, plant and equipment (Note 10)
- Loss on disposal of property, plant and equipment
- Capital grants released to income statement on disposal of property, plant and equipment (Note 13)

Changes in working capital:

- Trade and other receivable
- Grant income received in advance (Note 14)
- Trade and other payables

Cash generated from operations

	2011 P	2010 P
Operating surplus	40,419	66,637
Adjustments for:		
- Transfer from deferred income (Note 5)	(2,054,163)	(657,236)
- Capital grants amortized during the year (Note 6)	(177,273)	(170,636)
- Depreciation on property, plant and equipment (Note 10)	177,273	170,636
- Loss on disposal of property, plant and equipment	3,666	-
- Capital grants released to income statement on disposal of property, plant and equipment (Note 13)	(3,666)	-
	(2,013,744)	(590,599)
Changes in working capital:		
- Trade and other receivable	(60,047)	(120,963)
- Grant income received in advance (Note 14)	2,286,398	1,469,049
- Trade and other payables	582,301	155,375
Cash generated from operations	794,908	912,862

17. Contingent liabilities

The company has submitted an application to Government of Botswana in order to obtain diplomatic status on the basis that the company is a SADC subsidiary organization. Once the diplomatic status is granted, the company will be exempt from income tax under Section 3 of the Part (1) of the Second Schedule to the Income Tax Act. Management is confident that such status will be granted. Therefore, no provision has been made for income tax. In the event, the application for the diplomatic status is rejected, the company may be liable for income tax and VAT. Further, the employees will be liable for PAYE and according to the terms of the employment such PAYE taxes should be borne by the company. The amounts relating to these respective tax liabilities as at 31 March 2011 are given below.

Income tax	P32,205
PAYE	P2,514,483

18. Analysis of financial instruments

18.1 Financial instruments by category

Loans and receivables

- Trade and other receivables excluding prepayments
- Cash and cash equivalents

Financial liabilities at amortised cost

- Trade and other payables

	2011 P	2010 P
Loans and receivables		
Trade and other receivables excluding prepayments	182,875	133,427
Cash and cash equivalents	3,514,412	2,685,225
	3,697,287	2,818,652
Financial liabilities at amortised cost		
Trade and other payables	1,223,001	640,700

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

18.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates;

	2011 P	2010 P
Trade receivables		
Group 1	9,010	-
Other receivables excluding prepayments	24,311	12,465
	Not rated	

Key:

Group 1 – existing customers (more than 6 months) with no defaults in the past.

	2011 P	2010 P
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	3,505,411	2,684,969

Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and other receivables. The company maintains deposits and balances only with major banks with high credit standing and limits exposure to any counter-party. The company has deposits with First National Bank of Botswana Limited. There are no credit ratings available in Botswana. First National Bank of Botswana is listed on Botswana Stock Exchange and is a subsidiary of FirstRand Limited Group of South Africa, which is listed in the Johannesburg Stock Exchange. None of the financial assets that are fully performing has been renegotiated during the year

19. Liability of the members

The company is registered as a company limited by guarantee and therefore the maximum liability of the members is limited to P200 (Two Hundred Pula) per member.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

20. Expenses by nature

	2011 P	2010 P
Accreditation expenses	335,555	99,600
Advertising, branding and marketing	239,328	384,370
Auditors' remuneration	116,488	84,000
Consulting and twinning fees	55,579	93,957
Depreciation (Note 10)	177,273	170,636
International participation	127,915	107,436
Loss on disposal of property, plant and equipment	3,666	-
Other expenses	276,649	187,537
Policies and procedures	-	287,976
Postage, printing and stationery	51,375	47,061
Project management costs	329,908	391,690
Provision for impairment of trade receivables	12,330	-
Rent	228,993	164,538
Staff costs (Note 7)	2,002,553	1,696,502
Telephone, fax and internet	90,271	75,255
Training expenses	405,779	249,098
Training costs NAFP	420,687	-
Travel and subsistence expenses	63,073	169,931
	4,937,422	4,209,587

21. Commitments

a) Capital commitments

There were no capital commitments as at the balance sheet date.

b) Operating lease commitments - where the company is the lessee

The company rents office space under cancellable operating sub lease agreements. Rent is renegotiated on an annual basis. The lease expenditure charged to the income statement during the year is disclosed in Note 7.

The future minimum lease payments payable under cancellable operating leases are as follows:

	2011 P	2010 P
No later than 1 year	301,456	180,992

The company negotiates the lease rental on an annual basis.

22. Post balance sheet events

There were no events that occurred after the balance sheet date which require adjustments to or disclosure in these financial statements.

DETAILED INCOME STATEMENT - ANNEXURE I for the year ended 31 March 2011

	2011 P	2010 P
Income		
Grant income	1,653,768	3,075,351
Transferred from deferred income	2,054,163	657,236
Transferred to capital grants	(19,104)	(42,334)
Accreditation application fees	72,897	4,163
Initial accreditation fees	408,874	116,799
Annual accreditation fees	35,733	-
	4,206,331	3,811,215
Direct expenses		
Accreditation expenses	335,555	99,600
	3,870,776	3,711,615
Other operating income - net		
Capital grants amortised during the year	177,273	170,636
Capital grants released to income statement on disposal of property, plant and equipment	3,666	-
Training income	590,571	294,373
Training expenses	(405,779)	(249,098)
	365,731	215,911
Administrative expenses		
Accounting fee	18,684	32,351
Advertising, branding and marketing	239,328	384,370
Auditors' remuneration	116,488	84,000
Bank charges	26,481	13,892
Cleaning	11,191	10,164
Computer expenses	12,096	10,120
Consulting and twinning fees	55,579	93,957
Depreciation	177,273	170,636
Entertainment	6,886	6,348
Foreign exchange loss	3,575	1,657
General expenses	8,560	1,857
Insurance	84,093	43,858
International participation	127,915	107,436
Loss on disposal of property, plant and equipment	3,666	-
Network support	57,148	53,075
Policies and procedures	-	287,976
Postage, printing and stationery	51,375	47,061
Project management costs	329,908	391,690
Provision for impairment of trade receivables	12,330	-
Rent	228,993	164,538
Repairs and maintenance	17,960	1,238
Secretarial services	9,499	9,017
Staff costs	2,000,351	1,678,502
Staff training	2,202	18,000
Telephone, fax and internet	90,271	75,255
Training costs NAFP	420,687	-
Travel and subsistence expenses	63,073	169,931
Website maintenance	17,048	3,960
Withholding tax on interest	3,428	-
	4,196,088	3,860,889
Operating surplus	40,419	66,637

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on page 27".



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