SADCAS

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE

annual report 2013/14

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ACRONYMNS AND ABBREVIATIONS

AAC	Accreditation Approvals Committee
AFRAC	African Accreditation Cooperation
AGM	Annual General Meeting
BURS	Botswana Unified Revenue Services
BWP	Botswana Pula
CBAP - MS	Management Systems Certification Bodies Accreditation Programme
CBAP - P	Product Certification Bodies Accreditation Programme
CBAP - Pers	Personnel Certification Bodies Accreditation Programme
CEO	Chief Executive Officer
CLAP	Calibration Laboratories Accreditation Programme
CPD	Continuous Professional Development
DRC	Democratic Republic of Congo
EDF	European Development Fund
EU	European Union
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
IFRS	International Finance Reporting Standards
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organization for Standardization
MLAP	Medical Laboratories Accreditation Programme
MOU	Memorandum of Understanding
NAFP	National Accreditation Focal Point
NOK	Norwegian Kroner
NORAD	Norwegian Agency for Development Cooperation
PWC	PricewaterhouseCoopers
REIS	Regional Economic Integration Support
SADC	Southern African Development Community
SADCA	Southern African Development Community Cooperation in Accreditation
SADCAS	Southern African Development Community Accreditation Service
SANAS	South African National Accreditation System
SQAM	Standardization, Quality Assurance, Accreditation and Metrology
TBT	Technical Barriers to Trade
TLAP	Testing Laboratories Accreditation Programme
TPA	Twinning Partnership Arrangement
TUNAC	Tunisian Accreditation Council
WAD	World Accreditation Day

VISION, MISSION, MANDATE, COMPANY VALUES AND VALUE PROPOSITION

SADCAS Vision

SADCAS vision is to be a credible accreditation body at the cutting edge of accreditation service delivery.

SADCAS Mission

SADCAS mission is to provide credible, cost effective, accreditation services for SADC Member States aimed at supporting 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 institution 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 provision SADCAS upholds the following six core values:

- **Impartiality –** We are organized and operate so as to safeguard objectivity and impartiality of our services.
- **Transparency –** We are dedicated to provide complete transparency in our work by communicating effectively with our clients.
- **Non-discrimination –** We treat our clients fairly and in an equitable manner.
- **Integrity –** We act with honesty and integrity.
- **Innovation –** We generate new ideas and utilize creative approaches to problems for continuous improvement.
- **Diversity –** We respect the diversity of our clients and ensure balance of interest in representation.

SADCAS Value Proposition

- Delivering confidence
- Assuring competence
- Guaranteeing quality

CORPORATE PROFILE

The Southern African Development Community Accreditation Services (SADCAS) is a multi-economy accreditation body established in terms of Article 17 (3) (b) of the Technical Barriers to Trade (TBT) Annex to the SADC Protocol on Trade with the primary purpose of ensuring that conformity assessment service providers (calibration/testing/medical laboratories, certification and inspection bodies) operating in those SADC Member States which do not have their own national accreditation bodies are subject to an oversight by an authoritative body. Within the SADC region only South Africa and Mauritius have their own national accreditation body. The remaining 13 countries namely: Angola; Botswana; Democratic Republic of Congo (DRC); Lesotho; Madagascar; Malawi; Mozambique; Namibia; Seychelles; Swaziland; Tanzania; Zambia; and Zimbabwe do not have national accreditation bodies hence serviced by SADCAS. SADCAS was established as part of the SADC infrastructure for standardization, quality assurance, accreditation and metrology (SQAM). Accreditation which is now widely accepted as a transparent and nondiscriminatory means of assuring technical competence of conformity assessment service providers plays a key role towards the achievement of SADC goals in trade facilitation and in the protection of health, safety and the environment.

SADCAS was registered in 2005 as a not for profit company limited by guarantee under the Botswana Companies Act, 2003 (Act No. 32 of 2004). SADCAS was approved by the SADC Council of Ministers in August 2007 as a Subsidiarity Institution of SADC. The relationship between SADCAS and SADC is formalized through a Memorandum of Understanding (MOU) on General Cooperation. SADCAS Headquarters are situated in Gaborone, Botswana.

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;
- 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 unit is also responsible for ensuring that training services are effectively and efficiently organized and administered. **The financial administration unit** is responsible for financial management, human resources management and general administration of the company. National Accreditation Focal Points (NAFPs) established in SADC Member States using the services of SADCAS serve as the administrative link between SADCAS and clients/potential clients in Member States and are mainly responsible for promoting accreditation and marketing SADCAS service offering in their respective countries.

Accreditation assessments are undertaken, on behalf of SADCAS by a pool of registered assessors who make recommendations for accreditation by the SADCAS Accreditation Approvals Committee (AAC). Advisory Committees advise SADCAS on technical matters.

SADCAS Services

SADCAS provides accreditation services and training in accreditation associated activities.

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

- Calibration Laboratories Accreditation Programme (CLAP) in accordance with ISO/IEC 17025;
- Testing Laboratories Accreditation Programme (TLAP) in accordance with ISO/IEC 17025;
- Medical Laboratories Accreditation Programme (MLAP) in accordance with ISO 15189;
- Management Systems Certification Bodies Accreditation Programme (CBAP – MS) in accordance with ISO/IEC 17021;
- Inspection Bodies Accreditation Programme (IBAP) in accordance with ISO/IEC 17020;
- Personnel Certification Bodies Accreditation Programme (CBAP – Pers) in accordance with ISO/IEC 17024; and
- Product Certification Bodies Accreditation Programme (CBAP – P) in accordance with ISO/IEC 17065.

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

SADCAS also offers **training on accreditation related activities.** Training courses can be conducted in house or as open courses. The courses are designed to create awareness on the benefits and importance of accreditation and to promote an understanding of the requirements of the key accreditation standards. SADCAS training activities shall not conflict with SADCAS role as an accreditation body. The training courses are conducted on behalf of SADCAS by a pool of qualified and registered trainers who have hands on experience in accreditation matters. SADCAS also cooperates with other accreditation bodies and accreditation experts in offering courses on accreditation related matters.

SADCAS offers the following training courses:

- One day awareness training courses on the various key accreditation standards. 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.
- Five days' requirements, implementation and internal auditing courses whose objective 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 carry out an internal audit so as to monitor compliance with the system standard.
- Three days' internal auditing courses whose objective is to impart auditing knowledge and skills so that conformity assessment bodies are able to monitor compliance with the respective key accreditation standards.

Besides the above courses, SADCAS can also offer other accreditation related courses depending on needs.

SADCAS Regional and International Connections

SADCAS is
- An associate member of the International Laboratory Accreditation Cooperation (ILAC);
- An observer member of the International Accreditation Forum (IAF);
- A full member of the African Accreditation Cooperation (AFRAC); and
- An ordinary member of the SADC Cooperation in Accreditation (SADCA).

BOARD OF DIRECTORS

Mr Riundja Ali Kaakunga (Othy)
Chairman

Mrs Masego Beatrice Marobela
Vice Chairman

Mr Cyprian Tlhako Mokhoro
Member

Mr Steven Bruce Sidney
Member

Mrs Christine Eve Gadzikwa
Member

Mr Viki Mbuya Kanama
Member

Ms Verily Molatedi
Member

Ms Boitumelo Gofhamodimo
Member

Ms Likonelo Alicia Lebone
Member

Mrs Maureen Primrose Mutasa
Chief Executive Officer
Member

BOARD OF DIRECTORS' MEETINGS ATTENDANCE

During the 2013/14 financial year, 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.

Table 1 – Record of Attendance to Board Meetings Held During the 2013/14 Financial Year

Name	Status	Meeting Dates				
		2013-05-31	2013-08-15	2013-11-21	2014-02-20	2014-03-18 (Special)
Mr Riundja Ali Kaakunga (Othy) *Chairman*	Non Executive Director	✓	Apology	✓	✓	✓
Mrs Masego Beatrice Marobela *Vice Chairman*	Non Executive Director	✓	✓	✓	Apology	Apology
Mr Cyprian Tlhako Mokhoro	Non Executive Director	✓	✓	✓	✓	✓
Mr Steven Bruce Sidney	Non Executive Director	Apology	✓	✓	✓	✓
Mr Viki Mbuya Kanama	Non Executive Director	Apology	✓	✓	Apology	✓
Mrs Christine Eve Gadzikwa	Non Executive Director	Apology	✓	✓	✓	✓
Ms Verily Molatedi	Non Executive Director	Apology	✓	Apology	✓	✓
Ms Boitumelo Gofhamodimo	Non Executive Director	✓	Apology	Apology	✓	Apology
Ms Likonelo Lebone *(Co-opted in February 2014)*	Non Executive Director	-	-	-	-	✓
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓	✓
By Invitation Ms Jeanne Françoise Ranorovelo SADCAS Technical Manager		✓	-	-	-	-

GENERAL INFORMATION

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
PricewaterhouseCoopers
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

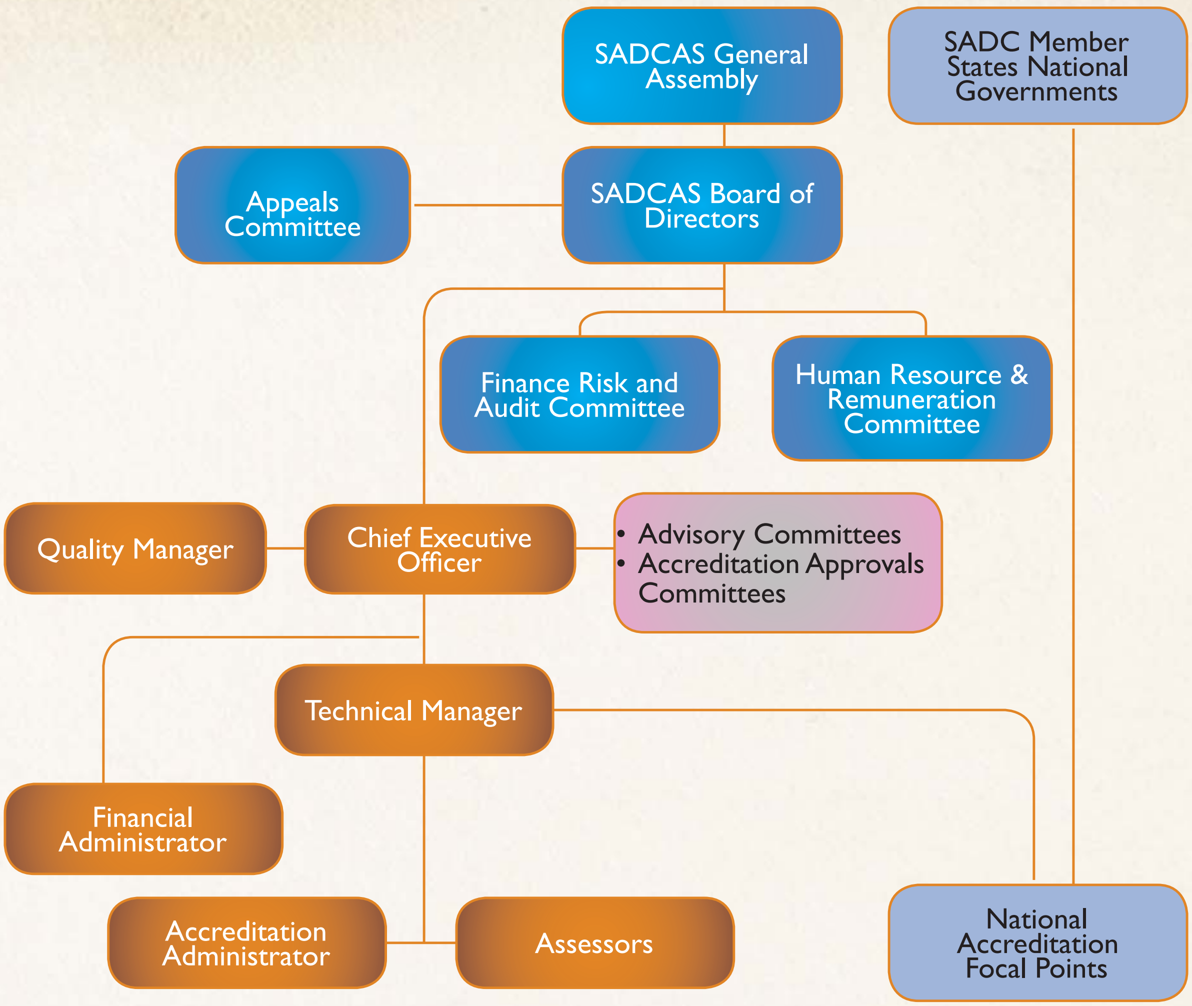
SADCAS Registration Number – 2005/6912

SADCAS Registered Office
Plot 50676, First Floor Block B
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

NAFP-Angola	**NAFP-Madagascar**
Instituto Angolano de Normalização e Qualidade P O Box 3709/ P O Box 594, Luanda, Angola Tel: +244 222 337 294/ +244 925 058 184 Fax: +244 222 396 745	Bureau de Normes de Madagascar BP 1316, Antananarivo 101, Madagascar Tel: +261 20 22 279 70 Cell: +261 32 02 205 00
NAFP-Botswana	**NAFP-Malawi**
Ministry of Trade and Industry Private Bag 0014, Gaborone, Botswana Tel: +267 395 7406/ +267 7130 7993 Fax: +267 397 2910	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
NAFP-Democratic Republic of Congo	**NAFP-Lesotho**
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	Standards and Quality Assurance Department Ministry 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
NAFP-Mozambique	**NAFP-Namibia**
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	Ministry of Trade & Industry P/Bag 13340, Windhoek, Namibia Tel: +264 61 283 7111/ +264 812 610 906 Fax: +264 61 222 576/ 222 227
NAFP-Tanzania	**NAFP-Seychelles**
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	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
NAFP-Zambia	**NAFP-Swaziland**
Ministry of Commerce, Trade and Industry P O Box 31968, Lusaka, Zambia Tel: + 260 211 226 954 Fax: + 260 211 226 954	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
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	

ORGANIZATIONAL STRUCTURE



MANAGEMENT AND STAFF

Mrs Maureen P Mutasa
Chief Executive Officer

Ms Jeanne F Ranorovelo
Technical Manager

Mrs Laureen R Gudo
Financial Administrator

Ms Linda Dirorimwe
Accreditation Administrator

NATIONAL ACCREDITATION FOCAL POINTS


Mr Carmo dos Santos [NAFP-Angola]


Mr Edward Mmatli [NAFP-Botswana]


Mr Viki Mbuya Kanama [NAFP-Democratic Republic of Congo]


Mr Azael Motjoka Makara [NAFP-Lesotho]


Mr Séraphin Andrianantanarivo Razafimahafaly [NAFP-Madagascar]


Mr Patrician Kondowe [NAFP-Malawi]


Mrs Guilhermina Nhampulo [NAFP-Mozambique]


Mr Manfred Kahipura [NAFP-Namibia]


Mrs Amy Quatre [NAFP-Seychelles]


Mrs Sthembiso Sybil Dlamini [NAFP-Swaziland]


Ms Stella Mrosso [NAFP-Tanzania]


Ms Mwenya Chisheta [NAFP-Zambia]


Mr Silas Makowe [NAFP-Zimbabwe]

CHAIRMAN'S STATEMENT

During the 2013/14 financial year SADCAS achieved encouraging results with a 50% growth in number of accreditations, 29% growth in training services and 25% increase in operational income over the 2012/13 financial year and increased expressed interests in accreditation services. A detailed report of the activities undertaken during the period under review is contained in the Chief Executive Officer's (CEO) report.

Regarding governance issues, the SADCAS Board of Directors held five (5) meetings one of which was a special meeting. During the meetings, the CEO reported on the key result areas thus enabling the Board to monitor progress on implementation of the 2013/14 annual implementation plan. The Board also monitored governments' contributions towards SADCAS sustainability. Discussions on other strategic issues such as SADCAS application for diplomatic immunities and privileges and tax issues were ongoing. The Board Committees namely the Finance, Risk and Audit Committee (FRAC) and the Human Resources and Remuneration Committee (HRRC) each met four times to discuss matters relating to their scope as defined in their respective terms of reference and as outlined in the respective Committees' Chairs reports.

I have been Chairman of the SADCAS Board of Directors since 2006. Whilst I together with Mrs Masego Beatrice Marobela and Mr Cyprian Tlhako Mokhoro leaves the SADCAS Board when the issue of diplomatic immunities and privileges has not yet been resolved and which the Board will take forward together with the regularization of tax matters with the Botswana Unified Revenue Services (BURS), we are nonetheless proud of our team's achievements. SADCAS business is growing. We have been able to persuade Governments to contribute towards SADCAS sustenance. SADCAS is also well on its way towards signatory status in international accreditation arrangements. Great strides have been made towards meeting the accreditation needs of French speaking SADC Member States.

On Board membership, Ms Likonelo Lebone from Lesotho was co-opted to the SADCAS Board of Directors in February 2014 and was subsequently elected at the 9th SADCAS Annual General Meeting (AGM) held on 18 March 2014. At the same meeting, Mr Alfredo Sitoe from Mozambique was elected non executive member and Mr Steve Sidney whose first three year term of office expired was re-elected to the Board.

I pay tribute to all SADCAS staff for their collective ability to grow SADCAS business and deliver in new accreditation programmes. The excellent leadership provided by Maureen P Mutasa and her team deserve special mention as does the valuable input of SADCAS Advisory Committees and fellow non executive directors. Given the capability of staff, the sound 5 year strategy in place and committed governments' contributions towards SADCAS sustainability, SADCAS is well positioned to tackle the opportunities presented and challenges faced.

Riundja Ali Kaakunga (Othy)
Chairman SADCAS Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT

This report covers the period 1 April 2013 up to 31 March 2014 and summarizes the achievements in each of the 5 key result areas agreed for the 2013/14 financial year namely:

- Consolidate, streamline and enhance delivery of accreditation service to the target population;
- Effectively promote and market the benefits of accreditation and SADCAS services;
- Build capacity and capability of SADCAS;
- Enhance global acceptance of SADC products and services; and
- Strive for sustainability.

Consolidate, Streamline and Enhance Delivery of Accreditation Service to the Target Population

Accreditation

SADCAS is now in its 6th year of operation as a multi economy accreditation body. As at 31 March 2014 SADCAS had issued 35 accreditation certificates to 24 accredited facilities in six (6) SADC countries namely: Botswana (4); Namibia (4); Seychelles (2); Tanzania (5); Zambia (2); and Zimbabwe (7). Refer to Figure 1. This represents a 50% growth in number of accredited facilities over the 2012/13 financial year. Refer to Figure 2. During the period under review, SADCAS scored a first with the accreditation of 3 inspection bodies and 2 medical laboratories. Refer to Figure 3.

Figure 1 - Number of Accredited Facilities by Country

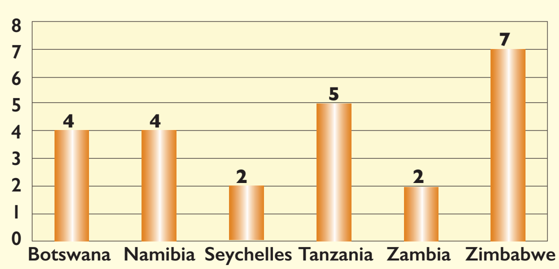


Figure 2 - Cumulative Number of Accreditations

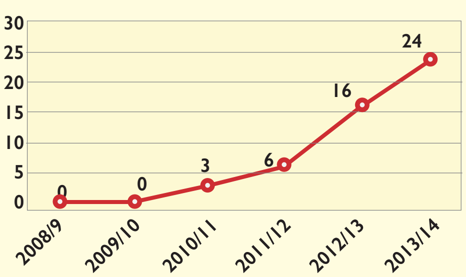
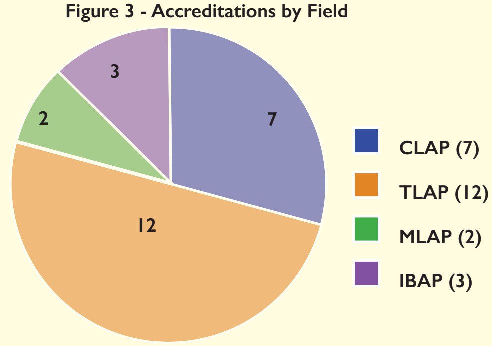


Figure 3 - Accreditations by Field



Southern African Development Community Accreditation Service (SADCAS)

At the same time SADCAS had 40 other accreditation applications from nine countries namely: Angola (1); Botswana (10); DRC (3); Namibia (1); Swaziland (1); Tanzania (7); Zambia (3); Zimbabwe (13); and Liberia (1) at the various stages of the accreditation process. Refer to Figure 4. SADCAS has witnessed increasing interest in the MLAP with 17 (42.5%) applications under process being medical laboratories, 15 (37.5%) being testing laboratories, three (7.5%) inspection bodies, two (5%) certification bodies and three (7.5%) being calibration laboratories. Refer to Figure 5. A further 18 expressed interests in accreditation were being handled.

Figure 4 - Number of Accreditation Applications by Country

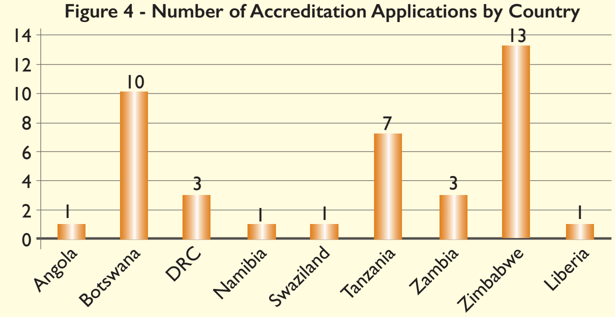
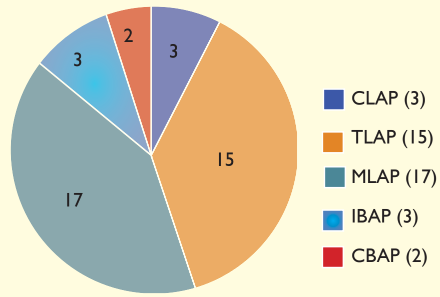


Figure 5 - Accreditation Applications by Field



SADCAS accreditation services were initiated through a Twinning Partnership Arrangement (TPA) with the South African National Accreditation Service (SANAS) a process which involves joint assessments. In an effort to address the accreditation needs of French speaking countries, a TPA was negotiated and signed with the Tunisian Accreditation Council (TUNAC). SADCAS Quality Management System documents have been translated into French. Both the SADCAS/SANAS and the SADCAS/TUNAC TPAs are in line with international best practice so as to facilitate SADCAS development and to give confidence on the market whilst SADCAS works towards signatory status in international accreditation arrangements.

Training

By 31 March 2014 SADCAS had successfully conducted 66 training courses in 11 SADC Member States namely: Botswana (10); DRC (9); Malawi (2); Mozambique (3); Namibia (10); Seychelles (3); South Africa (3) Swaziland (1); Tanzania (9); Zambia (4) and Zimbabwe (12) in the region to promote accreditation and an understanding of the accreditation requirements. Refer to Figure 6. Over 990 participants have benefited from the SADCAS training courses. Training services grew by 29% with SADCAS successfully conducting 15 training courses during the period under review. Refer to Figure 7. Most of the training courses offered have been on ISO/IEC 17025 for calibration and testing laboratories, ISO 15189 for medical laboratories and ISO/IEC 17020 for inspection bodies. Refer to Figure 8.

Figure 6 - Training Courses Breakdown by Country

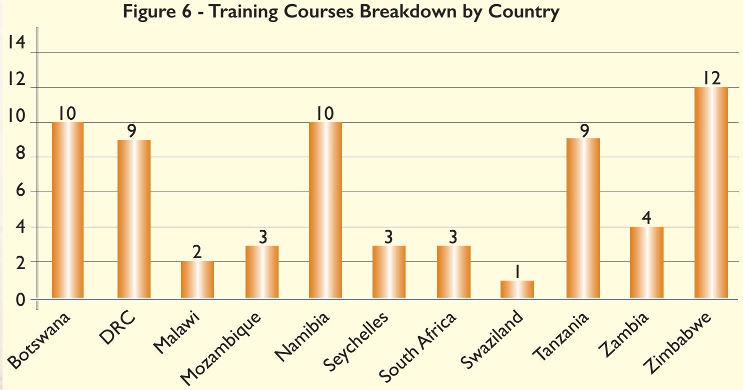


Figure 7 - Cumulative Number of Training Courses

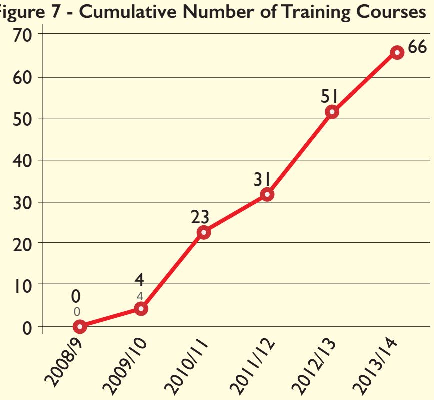
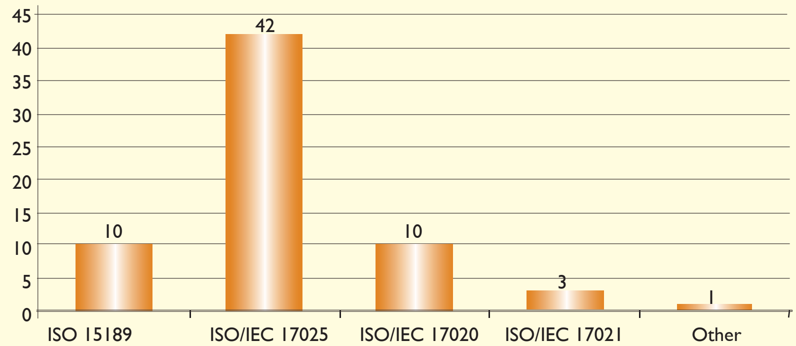


Figure 8 - Training Courses by Field



SADCAS Quality Management System

In order to monitor compliance of its systems with ISO/IEC 17011, the international standard that SADCAS has to comply with in order to be signatory to the international accreditation arrangement, a follow up internal audit was undertaken on 10 July 2013. The audit team in their concluding remarks said that SADCAS is ready for peer evaluation.

Effectively Promote and Market the Benefits of Accreditation and SADCAS Services

SADCAS' thrust during the year continued to be on promoting the benefits and importance of accreditation and marketing SADCAS' services with targeted marketing visits being undertaken, presentations being made to stakeholders at national, regional and international meetings/workshops/seminars. Three editions of the Pioneer March, July and November 2013 and the 5th SADCAS 2012/13 annual report were published. Various press releases on the accredited facilities and the SADCAS top management participated at the certificate handover ceremonies for a number of the accredited facilities.

All SADCAS promotional material published so far is available in English, French and Portuguese. The material can be downloaded from the SADCAS website. The SADCAS website was maintained throughout the period of review with new articles being posted under latest news and the directory of accredited facilities being updated upon accreditation of facilities. Visitation statistics indicate increasing interest in the SADCAS website not only by number of visitations but also by the number of countries visiting the website.

Permanent certificates for the registration of the SADCAS trademark were issued by the Registrar of Trademarks in Angola. The SADCAS trademark which forms the core of the SADCAS accreditation mark has now been registered in 14 SADC Member States a process which took almost 3 years to complete. Most of the certificates are valid for 10 years from the date of issuance.

In an effort to improve its accreditation services, SADCAS launched a customer satisfaction survey which is analysed on an ongoing basis with any suggestions for improvements being considered and implemented accordingly. Based on the feedback received by 31 March 2014, the general comment is that SADCAS services range from good to excellent.

Build Capacity and Capability of SADCAS

As part of the continuous professional development (CPD) programme, all the SADCAS staff and National Accreditation Focal Points (NAFPs) attended a training workshop on ISO/IEC 17011 and the SADCAS Quality Management System held in August and December 2013 respectively in Gaborone, Botswana. SADCAS staff also attended other training courses as part of the CPD programme.

Southern African Development Community Accreditation Service (SADCAS)

The pool of assessors (Technical Assessors and Lead Assessors) who undertake assessments on behalf of SADCAS grew by 80% and 100% respectively with an additional 14 Technical Assessors and 10 Lead Assessors being registered during the 2013/14 financial year. By 31 March 2014 SADCAS had registered 36 Technical Assessors and 19 Lead Assessors. Efforts are underway to increase the pool of assessors with more assessors scheduled to be trained under the auspices of the SADC EU funded EDF 10 Regional Economic Integration Support (REIS) Programme.

Figure 9 - Breakdown of Registered Technical Assessors According to Field

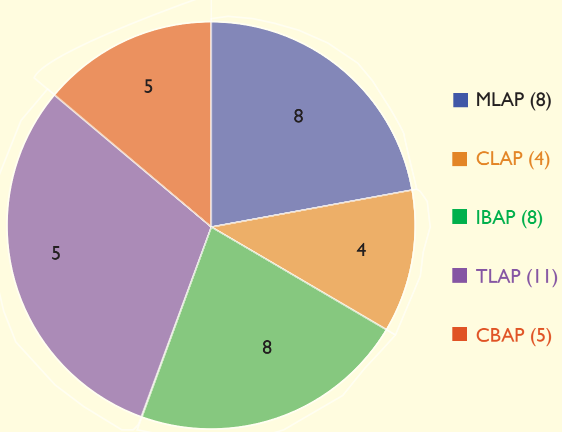
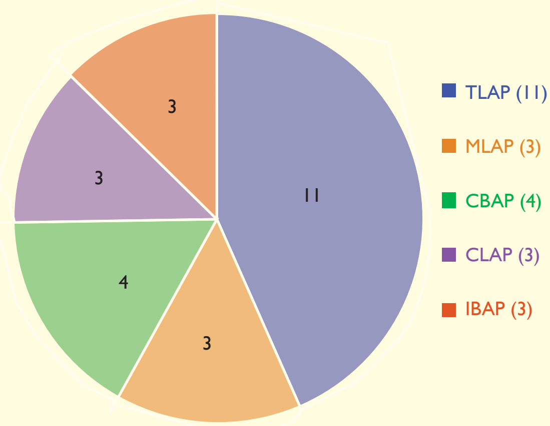


Figure 10 - Breakdown of Registered Lead Assessors According to Field



The 7th NAFP Annual meeting was held on 9 December 2013 prior to the training workshop on ISO/IEC 17011. The meeting was attended by a total of 12 NAFPs from 8 SADC Member States during which they developed the framework for the 2014/15 marketing plan amongst other issues. The NAFPs continued to function generally effectively with average estimate realization hovering between 64 to 69% for the period. The NAFP Certificate of recognition was awarded to NAFP – Swaziland with NAFPs - Botswana and DRC on tie as first runners up. The award is meant to motivate NAFPs towards national and SADC accreditation goals.

Enhance Global Acceptance of SADC Products and Services

SADCAS has been an Associate Member of the International Laboratory Accreditation Cooperation (ILAC) since 2011. SADCAS' membership in the International Accreditation Forum (IAF) was extended in the category of Special Recognition - Observer Member. SADCAS was admitted as a full member of AFRAC in August 2013 and an ordinary member of SADC Cooperation in Accreditation (SADCA) in March 2014.

SADCAS continues to actively participate in regional, continental and international accreditation fora and attended the ILAC Technical Committee meetings, 4th AFRAC General Assembly, ILAC/IAF annual meetings, SADCA Executive Committee meeting and the 18th SADCA General Assembly held in April, September and October 2013, February and March 2014 respectively. SADCAS also continues to review and comment on SADCA, AFRAC, ILAC and IAF documents.

SADCAS continues to use World Accreditation Day (WAD) as a promotional tool for accreditation and also to market SADCAS services. Within the SADC region WAD has been commemorated since 2009 and over the past four years commemoration activities have increased and the number of participants attending such events has also increased tremendously. World Accreditation Day has helped to reach out to the various stakeholders thus achieve the objective of creating awareness on the need and importance of accreditation with more and more conformity assessment bodies working towards accreditation.

SADCAS applications to join the AFRAC and ILAC Mutual Recognition Arrangements (MRAs) were accepted by the respective regional and international accreditation cooperations' MRA Committees. The joint pre peer evaluation of SADCAS by AFRAC/ILAC was subsequently undertaken in June 2014.

Strive for Sustainability

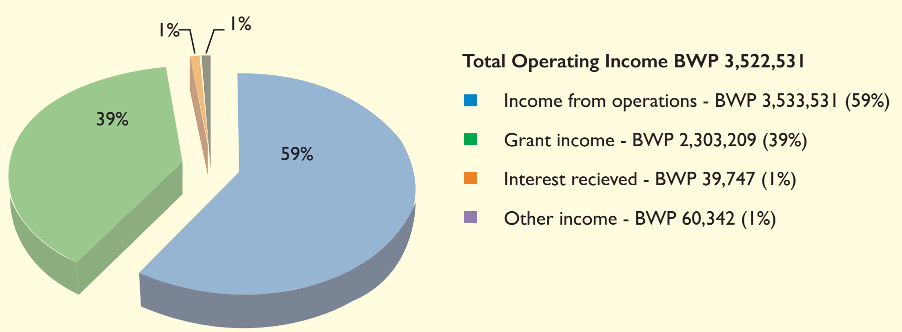
The set up and operationalization of SADCAS was funded by the Norwegian Government to the tune of NOK 13 million in a 5 year project that ended in March 2012 at a time when SADCAS had not yet achieved break-even on operational costs. In order to ensure continuity the Norwegian Government approved and released additional funds amounting to NOK 1.55 million in May 2013.

In July 2013 the SADC Committee of Ministers of Trade agreed to fund SADCAS operational budget deficit amounting to US$ 1.171 million over five years. By 31 March 2014, Zimbabwe and Mozambique had fully paid their contributions whilst Swaziland had partly paid its contribution.

Corporate Performance

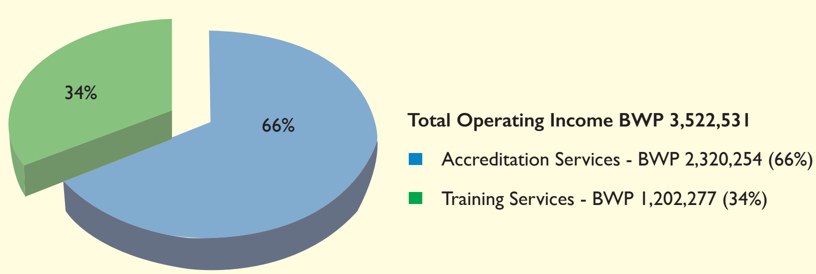
The total income for the year ended 31 March 2014 was BWP 5,925,729 of which BWP 2,303,109 (39%) was grant income received during the year [BWP 2,200,945] plus BWP 102,164 which was related to amortisation of the capital grant during the year; BWP 3,522,531 (59%) was income generated from operations; BWP 39,747 (1%) was interest received on bank deposits; and BWP 60,342 (1%) for foreign exchange gains. Refer to Figure 9.

Figure 9 - Total Income



Of the total income of BWP 3,522,531 generated from operations, BWP 2,320,254 (66%) was from accreditation services whilst BWP 1,202,277 (34%) was generated from training services. Refer to Figure 10. A 25% increase in income from operations was witnessed over the 2012/13 financial year.

Figure 10 - Breakdown of Income from Operations



Southern African Development Community Accreditation Service (SADCAS)

Over the past 6 financial years since SADCAS started to offer services, business has been growing as evidenced from the increasing number of accreditations and training courses held. Refer to Figures 11 and 12.

Figure 11 - Trends in Income from Operations

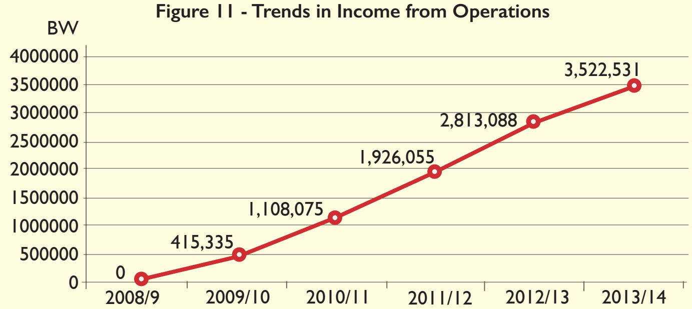
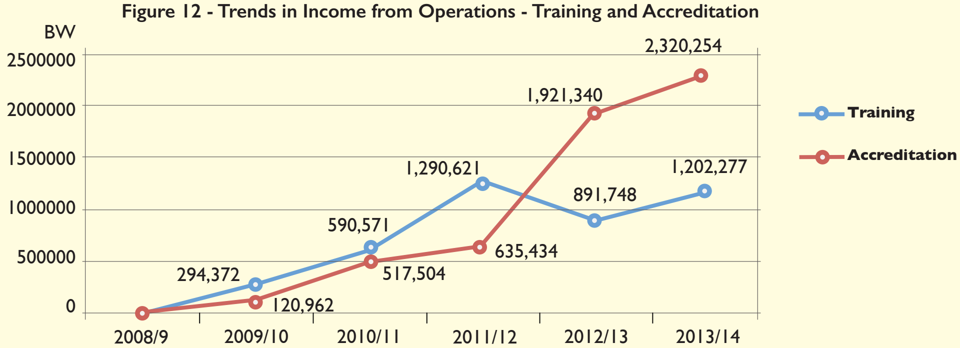
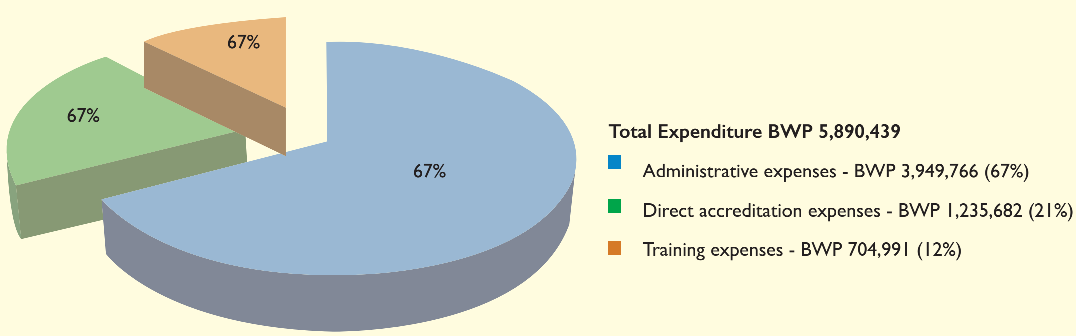


Figure 12 - Trends in Income from Operations - Training and Accreditation



The total expenditure for the year was BWP 5,890,439 comprising of direct accreditation expenses of BWP 1,235,682 (21%), direct training expenses of BWP 704,991 (12%) and administrative expenses of BWP 3,949,766 (67%) with major expenses being staff costs and office rentals. Refer to Figure 13. The total expenditure for the year was 19% above the previous year due to increased activities. The surplus for the year was BWP 35,290.

Figure 13 - Breakdown of Expenditure



Marketing and Promotion

Left to right: Mr Riundja Ali Kaakunga (Othy) – NSI CEO, SADCAS CEO, Honourable Calle Schlettwein, Minister of Trade and Industry Namibia and Mr Victor Mundembe – Manager NSI Metrology during the accreditation certificate handover for NSI Mass Metrology

Mrs Mutasa SADCAS CEO pose for a photo with Ms Jacqueline Gonye (Left) and Mr Godwell Zimondi (Right) - NDT Inspection Solutions P/L during the accreditation certificate handover ceremony

Mrs Mutasa—SADCAS CEO handing over the accreditation certificate to Mr G Mudanga—Water Utilities Corporation CEO

SAZ Staff at certificate handover ceremony held in conjunction with the team building workshop on 18 December 2013 at Tree of Life in Goromonzi, Zimbabwe

Training Services

Participants at the ISO/IEC 17020 training course held for Zambia Bureau of Standards staff

Kenmare Laboratory staff with Mr Benson Gabi, SADCAS Trainer (extreme right) during the ISO/IEC 17025 training

Participants pose for a photo during the ISO 15189 Requirements and Internal Auditing Course held in Gaborone, Botswana

Participants at the ISO/IEC 17025 course for Konkola Copper Mines staff in Nchanga, Zambia

Southern African Development Community Accreditation Service (SADCAS)

Staff and NAFP CPD

Ps at the ISO/IEC 17011 training course pose for a photo with Ms Jeanne F Ranorovelo SADCAS Quality Manager

SADCAS staff and NAFPs pose for a photo during the ISO/IEC 17011 training held in Gaborone, Botswana

Regional and International participation

Mrs Maureen P Mutasa receiving the signed SADCAS Full Member MOU from Mr Ron Josias—AFRAC Chairman

Mrs Mutasa - SADCAS CEO receiving the signed MoU from Mr Robin Gopee - SADCA Chairman with Ms Jeanne Ranorovelo - SADCAS Technical Manager witnessing the handover

Mr Ron Josias—SANAS CEO, Mr Robin Gopee—MAURITAS CEO and Mrs Maureen P Mutasa—SADCAS CEO chatting during a break at the 2013 ILAC/IAF Annual Meetings

Delegates at the 4th AFRAC General Assembly opening ceremony

Participants attending the World Accreditation Day Commemoration held in Swaziland

Panelists, SADCAS officials and officials from the National Accreditation Focal Points at the 2013 World Accreditation Day Commemorations held in Gaborone, Botswana

Outlook

SADCAS business is growing both in terms of scope and field of accreditation as well as country coverage. Expressed interest in accreditation is also increasing. Looking ahead our thrust will be to continue consolidating SADCAS service delivery focusing on areas of demand bearing in mind that SADCAS being a subsidiarity institution of SADC, needs to address the accreditation needs of all Member States that do not have a national accreditation body including non-English speaking SADC Member States.

The SADCAS management and staff remain committed to building a sustainable, regionally accepted and internationally recognised multi economy accreditation body. Governments of SADC Member States that are serviced by SADCAS have started paying their respective contributions towards SADCAS sustenance. SADCAS sustainability going forward is now certain. The commitment and leadership demonstrated by SADC Member States is already motivating accreditation uptake across the community. We therefore look forward to increased uptake of SADCAS services by both the public and private sectors conformity assessment bodies so as to realize our vision.

Maureen P Mutasa (Mrs)
Chief Executive Officer

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

Roles and Responsibilities of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee (HRRC) is pleased to present its report for the financial year ended 31 March 2014. The Committee operates within defined terms of reference as set out in SADCAS BP 02: Terms of Reference of the Human Resources and Remuneration Committee (HRRC) of the SADCAS Board.

The main objective of the HRRC is to develop and implement a comprehensive human resources policy and strategy which will ensure that SADCAS is able to attract, develop and retain the best possible skills required to support credible services to its clients.

Duties of the Human Resources and Remuneration Committee

The main duties of the HRRC are to:

- Develop and review terms and conditions of staff to ensure continued alignment and compliance with legal requirements and industrial standards.
- Consider and make recommendations to the Board on the recruitment, performance and dismissal of Senior Management.
- Review staff salaries and performance reward payments in line with market trends and make recommendations to the Board.
- Review staff benefits and packages in line with market trends and make recommendations to the Board.
- Ensure the creation of a conducive working environment and equitable management of industrial relations.
- Ensure the provision of meaningful support and appropriate education and training to employees.
- Develop and monitor a succession plan for senior management.
- Ensure the enhancement of SADCAS performance through innovative Performance and Remuneration Management.

Membership of the Human Resources and Remuneration Committee

The Committee shall consist of three members, namely the Chief Executive Officer, a member of the Finance, Risk and Audit Committee (FRAC) who during the 2013/14 was Mrs Christine Eve Gadzikwa and one other non-executive director appointed by the Board, Mrs Masego Beatrice Marobela who also chaired the HRRC during the 2013/14 financial year.

Meetings of the Human Resources and Remuneration Committee

The terms of reference of the HRRC require the Committee to meet at least twice a year. During the 2013/14 financial year, the HRRC met four times. The records of attendance to these meetings are shown in Table 2.

Table 2 – Record of Attendance to HRRC Meetings Held During the 2013/14 Financial Year

Name	Status	Meeting Dates			
		2013-05-31	2013-08-15	2013-11-21	2014-02-20
Mrs Masego Beatrice Marobela (Chairman)	Non Executive Director	✓	Apology	✓	Apology
Mrs Christine Eve Gadzikwa	Non Executive Director	Apology	✓	✓	✓
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓
By Invitation Mr Cyprian Tlhako Mokhoro	Non Executive Director	✓	✓	-	✓

Summary of Activities Undertaken During the 2013/14 Year

During the year under review the following activities, among others, were carried out:

- Considered the CEO's report on the 2012/13 staff performance;
- Reviewed staff remuneration;
- Reviewed staff employment contracts for renewal;
- Reviewed the CEO and Board's performance contracts for the 2013/14 financial year;
- Reviewed the HRRC Terms of Reference;
- Developed BP 07: Part 1 which outlines the skills and expertise that the SADCAS Board of Directors should collectively possess in order to take decisions and monitor SADCAS performance. The document also identifies the attributes that the individual SADCAS Board members should have;
- Reviewed the Board expertise and representation for adequacy to govern SADCAS;
- Considered SADCAS BP 08: SADCAS Succession plan.
- Considered the personnel plan for the 2014/15 financial year;
- Reviewed management's evaluations and nominations for the 2014 NAFP Certificate of Recognition. Selected the NAFP award winner and recommended to the Board for approval; and
- Considered the CEO's report on the 2013/14 staff mid - term performance and noted the areas of improvement.

In all the above activities recommendations were made to the Board.

Implementation of the SADCAS Performance Management System which was successfully piloted during the 2012/13 financial year was ongoing during the 2013/14 financial year based on the Board, Management and staff performance contracts developed and approved at the May 2013 Board meetings. The HRRC was generally satisfied with the reviews undertaken during the year and noted the general areas for improvement as well as the training needs. In its short time of implementation the performance management system has proved to be an effective communication tool that has helped to improve communication within the organization and more importantly has enhanced the realization of the importance of teamwork for goal congruency and goal achievement at all levels of the organization. The HRRC recognises the need to link remuneration to the performance management system and discussions on this issue have been initiated.

Though the staff complement remained at four during the year under review, major strides in achieving SADCAS goals were made. Assessments and courses are undertaken on behalf of SADCAS by assessors and trainers who are not full time employees of SADCAS. The HRRC is happy that 10 more Lead Assessors and 14 Technical assessors were registered during the year bringing the total number of registered Technical Assessors and Lead Assessors to 36 and 19 respectively. Whilst the pool of assessors has grown significantly during the year it is still not sufficient to meet the anticipated scopes of demand for accreditation, the language and geographical diversity. The training of more assessors under EU EDF 10 REIS Program will no doubt facilitate the delivery of cost effective accreditation services throughout the SADC region.

The NAFP Certificate of Recognition was awarded to NAFP- Swaziland with NAFP – Botswana and NAFP – DRC on tie as the first runners up.

Remuneration

The members of the Board of Directors do not receive any remuneration for their services other than refund for out of pocket expenses and an incidental allowance which members receive when attending meetings.

The total staff costs for the year were BWP 2,344,400 including staff training expenses which is encouraged to ensure continuous professional development of the staff. Management and staff were awarded a once off gratis payment of 10% of the annual salary in recognition of good performance against targets, dedication and hard work.

Masego Beatrice Marobela (Mrs)
Chairman Human Resources and Remuneration Committee

REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE

Roles and Responsibilities of the Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee (FRAC) is pleased to present its report for the financial year ended 31 March 2014. The Committee operates within defined terms of reference as set out in SADCAS BP 01: Terms of Reference of the Finance, Risk and Audit Committee (FRAC) of the SADCAS Board and the Botswana Companies Act.

Membership of the Finance, Risk and Audit Committee

All four members of the Board appointed to serve on the FRAC, are independent non-executive directors. The Chief Executive Officer and the Financial Administrator attend all the FRAC meetings by invitation. During the financial year under review, Ms Verily Molatedi was appointed Chairman of the FRAC to replace Mr Stuart Heldrey Carstens who retired from the Board. Another member of the Board Mrs Christine Eve Gadzikwa was appointed member of the FRAC bringing the FRAC membership to 4 non executive directors.

Meetings of the Finance, Risk and Audit Committee

The terms of reference of the FRAC require the Committee to meet at least four times a year. Normally the Committee meets in conjunction but before the Board meeting, except in February when the meeting is held earlier to review the budget for the next financial year.

During the year under review, the FRAC met four times and reported to the Board accordingly. The records of attendance to these meetings are shown in Table 3 below.

Table 3 - Record of Attendance to FRAC Meetings Held During the 2013/14 Financial Year

Name	Status	Meeting Dates			
		2013-05-31	2013-08-15	2013-11-21	2014-02-20
Ms Verily Molatedi (Chairman)	Non Executive Director	✓	✓	Apology	✓
Mr Cyprian Tlhako Mokhoro	Non Executive Director	✓	✓	✓	✓
Mr Steven Bruce Sidney	Non Executive Director	Apology	✓	✓	Apology
Mrs Christine Eve Gadzikwa	Non Executive Director	✓	✓	✓	✓
By Invitation Mrs Maureen Primrose Mutasa	SADCAS Chief Executive Officer	✓	✓	✓	✓
Mrs Laureen Rutendo Gudo	SADCAS Financial Administrator	✓	✓	✓	✓

Summary of Activities Undertaken During the 2013/14 Year

During the year under review, the following activities, among others, were carried out:

- Reviewed the monthly management accounts;
- Monitored capital adequacy levels throughout the year;
- Engaged KPMG to undertake a tax study and based on the report recommended to the Board that KPMG regularize the matter with BURS on behalf of SADCAS;
- Reviewed the external audit programme of action;
- Reviewed and approved the audit file;
- Monitored the external auditor's independence;
- Reviewed and commented on the annual financial statements and the accounting policies;
- Reviewed the external auditor's letter of Internal Control and management's responses;
- Reviewed the performance of external auditors and recommended their appointment and the approval of their fees;
- Met with the external auditors;
- Reviewed the Company's risk profile;
- Reviewed the FRAC's Terms of Reference for adequacy;
- Reviewed the draft budget for the 2014/15 financial year;
- Reviewed management's proposal that Glenrand MIB provide insurance broking services to SADCAS during the 2014/15 financial year.
- Reviewed the tender for audit services for the 2013/14, 2014/15 and 2015/16 financial years;
- Reviewed the accreditation fees for the 2014/15 financial year.

In all the above activities recommendations were made to the Board.

Annual Financial Statements

The FRAC has evaluated the annual financial statements for the year ended 31 March 2014 and ensured that they comply, in all material aspects, with the requirements of the Companies Act and appropriate International Financial Reporting Standards. The Committee therefore recommended the annual financial statements for approval by the Board. The Board subsequently approved the financial statements.

External Auditors

The FRAC evaluated the tender for external audit services for the 2013/14, 2014/15 and 2015/16 financial years and recommended that PricewaterhouseCoopers be engaged to provide the said services. The Board subsequently approved the FRAC recommendation which was in turn ratified by the SADCAS General Assembly at its 9th Annual General Meeting held on 18 March 2014.

Risk Management and Internal Control

The FRAC has been delegated responsibility by the Board for the ongoing monitoring of the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non financial risks and the effectiveness of the internal controls. The Committee reviewed the company's overall risk profile including a register of all the identified key risks, the likely impact that those risks, their likely impact and the control measures that have been put into place to mitigate the risks identified.

Verily Molatedi
Chairman Finance, Risk and Audit Committee

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
for the year ended 31 March 2014

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.

The company maintains systems of internal controls 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 controls. 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 controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The financial statements set out on pages 28 to 51 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 annual financial statements of Southern African Development Community Accreditation Service Limited, which comprise the statement of financial position as at 31 March 2014, and the statements of comprehensive income, changes in funds and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 51.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation that give a true and fair view 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 give a true and fair view of, the financial position of Southern African Development Community Accreditation Service Limited as at 31 March 2014, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Individual Practising Member: B D Phirie — Gaborone
Membership Number: 19900312 — 2014-09-05

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

Country Senior Partner: B D Phirie
Partners: R Binedell, R P De Silva, A S Edirisinghe

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

	Note	2014 P	2013 P
Income	**5**	**4,521,199**	2,983,420
Direct expenses		**(1,235,682)**	(869,776)
		3,285,517	2,113,644
Other operating income	**6**	**659,792**	667,003
Administrative expenses		**(3,949,766)**	(3,618,285)
Operating deficit	**7**	**(4,457)**	(837,638)
Finance income	**8**	**39,747**	35,758
Surplus/ (deficit) before income tax		**35,290**	(801,880)
Income tax expense	**9**	**-**	-
Surplus/ (deficit) for the year		**35,290**	(801,880)
Other comprehensive income		**-**	-
Total comprehensive surplus/ (deficit) for the year		**35,290**	(801,880)

STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Note	2014 P	2013 P
ASSETS			
Non-current assets			
Property, plant and equipment	10	**209,311**	289,204
Current assets			
Trade and other receivables	11	**463,552**	273,669
Cash and cash equivalents	12	**3,421,907**	928,479
		3,885,459	1,202,148
Total assets		**4,094,770**	1,491,352
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated deficit		**(474,118)**	(509,408)
Non current liabilities			
Capital grants	13	**209,312**	289,205
Current liabilities			
Deferred income	14	**2,093,425**	-
Trade and other payables	15	**2,266,151**	1,711,555
		4,359,576	1,711,555
Total funds and liabilities		**4,094,770**	1,491,352

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 March 2014

	Accumulated deficit P	Total P
Balance at 1 April 2012	292,472	**292,472**
Comprehensive expense		
Comprehensive deficit for the year	(801,880)	**(801,880)**
Balance at 31 March 2013	(509,408)	**(509,408)**
Balance at 1 April 2013	(509,408)	**(509,408)**
Comprehensive income		
Comprehensive surplus for the year	35,290	**35,290**
Balance at 31 March 2014	(474,118)	**(474,118)**

STATEMENT OF CASH FLOWS
For the year ended 31 March 2014

	Note	2014 P	2013 P
Cash flows from operating activities			
Cash used in operations	16	**2,453,681**	(1,485,422)
Net cash generated from/ (used) in operating activities		**2,453,681**	(1,485,422)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(22,271)**	(25,217)
Proceeds from disposal of property, plant and equipment		**-**	11,356
Interest received	8	**39,747**	35,758
Net cash generated from investing activities		**17,476**	21,897
Cash flows from financing activities:			
Capital grants received	13	**22,271**	25,217
Net cash generated from financing activities		**22,271**	25,217
Net change in cash and cash equivalents		**2,493,428**	(1,438,308)
Cash and cash equivalents at beginning of year		**928,479**	2,366,787
Cash and cash equivalents at end of year	12	**3,421,907**	928,479

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

1. General information

Southern African Development Community Accreditation Service Limited is a subsidiarity institution 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 51 have been approved by the Board of directors on 21 August 2014.

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

(a) New and amended standards adopted by the company

The following new standards, amendments and interpretations to existing standards are mandatory for the company's accounting periods beginning on or after 1 April 2013.

- IAS 1: 'Presentation of Financial Statements' – The main change resulting from these amendments is a requirement of entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loos subsequently (reclassification adjustments) (effective from 1 July 2012).
- IFRS 13: 'Fair value measurement' – improve consistence and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs (effective from 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.1 Basis of preparation (continued)

(b) New and amended standards applicable to the current period but not applicable to the company

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.

- IFRS 1:'First time adoption' on government loans – addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS (effective from 1 January 2013).

- IFRS 7: 'Financial Instruments: Disclosures' – new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP (effective from 1 January 2013).

- IAS 19: 'Employee benefits' – changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employees benefits (effective from 1 January 2013).

- IFRS 10: 'Consolidated financial statements' – provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries (effective from 1 January 2013).

- IFRS 11:'Joint arrangements' – provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal from (effective from 1 January 2013).

- IFRS 12: 'Disclosures of interests in other entities' – includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles (effective from 1 January 2013).

- IAS 27 (revised 2011):'Separate financial statements' – includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10 (effective from 1 January 2013).

- IAS 28 (revised 2011):'Associates and joint ventures' – includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 (effective from 1 January 2013).

- IFRS 10: 'Consolidated financial statements', IFRS 11: 'Joint Arrangements', and IFRS 12: 'Disclosure of interests in other entities' – clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013 (effective from 1 January 2013).

- IFRS 1:'First time adoption of IFRS' – clarifies that an entity may apply IFRS 1 more than once under certain circumstances (effective from 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.1 Basis of preparation (continued)

(b) New and amended standards applicable to the current period but not applicable to the company (continued)

- IAS 1: 'Presentation of financial statements' – clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8: 'Accounting policies, changes in accounting estimates and errors'; or voluntarily (effective from 1 January 2013).
- IAS 16: 'Property, plant and equipment' – clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment (effective from 1 January 2013).
- IAS 32: 'Financial instruments: Presentation' – clarifies the treatment of income tax relating to distributions and transaction costs (effective from 1 January 2013).
- IFRIC 20 – Stripping costs in the production phase of a surface mine : clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently (effective from 1 January 2013).

2.1.2 Adoption of standards in future financial periods

(a) Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the company

The following new standards, amendments and interpretations to existing standards are mandatory for the company's accounting periods beginning on or after 1 April 2014. These have not been early adopted by the company.

- IFRS 9: 'Financial Instruments' (2009) – addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has not only two classification categories: amortised cost and fair value (effective from 1 January 2015).
- IFRS 9: 'Financial Instruments' (2010) – include guidance on financial liabilities and derecognition of financial instruments (effective from 1 January 2015).
- IFRS 9: 'Financial Instrument' (2011) – amendment to IFRS 9: 'Financial instruments' that delays the effective date to annual period beginning on or after 1 January 2015. Amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time (1 January 2015).
- IAS 36: 'Impairment of assets – address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal (effective from 1 January 2014).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.1.2 Adoption of standards in future financial periods (continued)

- IAS 19: 'Employee benefits – simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary (effective from 1 July 2014).

- IFRS 13: 'Fair value measurement' – IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts (effective from 1 July 2014).

- IAS 16: 'Property, plant and equipment', and IAS 38: 'Intangible assets'- Both standards are emended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model (effective from 1 July 2014).

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.

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

- IAS 39 on novation of derivatives – provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9: 'Financial Instruments' (effective from 1 January 2014).

- IFRS 10: consolidated financial statements', IFRS 12 and IAS 27 for investment entities – amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics (1 January 2014).

- IFRS 14: 'Regulatory deferral accounts' – an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts') (effective from 1 January 2016).

- IFRS 2: 'Share based payment' – clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition' (effective from 1 July 2014).

- IFRS 3: 'Business combinations – clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32: 'Financial instruments: Presentation' (effective from 1 July 2014).

- IFRS 8: 'Operating segments' – require disclosure of the judgements made by management in aggregating operating segments (effective from 1 July 2014).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.1.2 Adoption of standards in future financial periods (continued)

- IAS 24: 'Related party disclosures' : include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (effective from 1 July 2014).

- IFRIC 21: 'Accounting for levies' – sets out the accounting for an obligation to pay a levy that is not income tax (effective from 1 January 2014).

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 recognised 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.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.5 Financial assets (continued)

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised 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 amortised 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 recognised 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 analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised 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 recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the income statement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.5 Financial assets (continued)

There were no financial assets categorised 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 recognised amounts and there is an intention to settle on a net basis, or realise 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the 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.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income. 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.8 Provisions (continued)

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

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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.

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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

2.13 Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the 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 recognised 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 recognised 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 recognised 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 recognised 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 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, recognised assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

3.1 Financial risk factors (continued)

At 31 March 2014, 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 P1,395 (2013: 129) higher/ lower, mainly as a result of foreign exchange gains/ losses on translation of Rand denominated bank balances.

At 31 March 2014, 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 P5,620 (2013: P6,862) 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 2014, 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 (3,775 (2013: P1,788) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

3.1 Financial risk factors (continued)

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 2014	
Trade payables	286,755
Other payables and accruals	1,979,396
	2,266,151
31 March 2013	
Trade payables	170,239
Other payables and accruals	1.541.316
	1,711,555

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

4. Critical accounting estimates and judgments (continued)

(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 trade receivables

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 viewed regularly to reduce any differences between loss estimates and actual loss experience.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

5. Income

	2014	2013
	P	P
Transferred from deferred income (Note 14)	**2,223,216**	1,087,297
Transferred to capital grants (Note 13)	**(22,271)**	(25,217)
Accreditation application fees	**119,243**	115,156
Asssessment fees	**1,371,575**	1,482,606
Annual accreditation fees	**829,436**	323,578
	4,521,199	**2,983,420**

6. Other operating income (net)

	2014	2013
	P	P
Capital grants amortised during the year (Note 13)	**102,164**	91,832
Capital grants released to inome statement on diposal of property, plant and equipment (Note 13)	**-**	23,388
Exchange gain	**60,342**	109,933
Loss on disposal of property, plant and equipment	**-**	(12,032)
Training income	**1,202,277**	891,748
Training expenses	**(704,991)**	(437,866)
	659,792	**667,003**

7. Operating deficit

	2014	2013
	P	P
The following items have been charged/ (credited) in arriving at operating deficit:		
Auditors' remuneration	**88,664**	116,154
Depreciation	**102,164**	91,833
Operating lease payable - property	**364,762**	331,602
Repairs and maintenance	**-**	1,480
(Reversal of) / provision for impairment of trade receivables	**(159,612)**	159,612
Staff costs	**2,344,400**	2,105,455
Staff costs comprise:		
Salaries	**2,310,405**	2,100,369
Staff training	**33,995**	5,086
	2,344,400	**2,105,455**

8. Financial income / (costs)

	2014	2013
	P	P
Interest income - bank deposits	**39,747**	**35,758**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

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 subsidiarity organization. Once the diplomatic status is granted, the company will be exempt from income tax under Paragraph (iii) of the Part (I) of the Second Schedule to the Income Tax Act. Management confirms that the SADCAS application for Diplomatic Immunities and Privileges is still being pursued with the host government of Botswana directly by the SADC Secretariat. 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 2012				
Cost	518,683	318,658	127,645	964,986
Accumulated depreciation	(430,111)	(103,670)	(51,997)	(585,778)
Net book amount	**88,572**	**214,988**	**75,648**	**379,208**
Year ended 31 March 2013				
Opening net book amount	88,572	214,988	75,648	379,208
Additions	25,217	-	-	25,217
Disposal	(3,354)	(7,679)	(12,355)	(23,388)
Depreciation	(44,101)	(31,426)	(16,306)	(91,833)
Closing net book amount	**66,334**	**175,883**	**46,987**	**289,204**
At 31 March 2013				
Cost	520,656	306,245	102,994	929,895
Accumulated depreciation	(454,322)	(130,362)	(56,007)	(640,691)
Net book amount	**66,334**	**175,883**	**46,987**	**289,204**
Year ended 31 March 2014				
Opening net book amount	66,334	175,883	46,987	289,204
Additions	9,805	12,466	-	22,271
Depreciation	(56,048)	(30,667)	(15,449)	(102,164)
Closing net book amount	**20,091**	**157,682**	**31,538**	**209,311**
At 31 March 2014				
Cost	530,461	318,711	102,994	952,166
Accumulated depreciation	(510,370)	(161,029)	(71,456)	(742,855)
Net book amount	**20,091**	**157,682**	**31,538**	**209,311**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

11. Trade and other receivables

	2014 P	2013 P
Trade receivables - gross	**422,081**	321,022
Less: Provision for impairment of trade receivables	**-**	(159,612)
Trade receivables - net	**422,081**	161,410
Other receivables	**1,376**	45,127
Deposits	**24,311**	24,311
Prepayments	**15,784**	42,821
	463,552	273,669

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

As at 31 March 2014, trade receivables of P422,081 (2013: P161,410) were fully performing.

As at 31 March 2014, trade receivables do not contain past due or impaired assets.

As of 31 March 2014, trade receivables of P Nil (2013: P159,612) were impaired and fully provided for. The individually impaired receivables mainly relate to customers, who are long overdue.

The aging analysis of these trade receivables is as follows:	2014 P	2013 P
3 to 6 month	**-**	159,612

Trade receivables include the following amount denominated in foreign currencies:

	2014 P	2013 P
US Dollar	**137,509**	305,652

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

	2014 P	2013 P
At 1 April	**159,612**	16,448
Receivable written off during the year	**-**	(16,448)
(Reversal of) / provision for receivables impairment	**(159,612)**	159,612
At 31 March	**-**	159,612

The creation of provision for impaired receivables has been included in 'operating deficit' 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 analysed in Note 18. The company does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

12. Cash and cash equivalents

	2014 P	2013 P
Bank balances	**3,420,858**	927,070
Cash on hand	**1,049**	1,409
	3,421,907	928,479

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

	2014 P	2013 P
Cash and bank balances	**3,421,907**	928,479

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

	2014 P	2013 P
US Dollar	**425,172**	307,317

13. Capital Grants

	2014 P	2013 P
At 1 April	**289,205**	379,208
Capital grants transfered (Note 5)	**22,271**	25,217
Capital grants amortised during the year (Note 6)	**(102,164)**	(91,832)
Capital grants released to income statement on disposal property, plant and equipment (Note 6)	**-**	(23,388)
At 31 March	**209,312**	289,205

14. Deferred income

	2014 P	2013 P
At 1 April	**-**	1,087,297
Grant income received	**4,316,641**	-
Transferred to income statement (Note 5)	**(2,223,216)**	(1,087,297)
At 31 March	**2,093,425**	-

15. Trade and other payables

	2014 P	2013 P
Trade payables	**286,755**	170,239
Other payables and accruals	**1,979,396**	1,541,316
	2,266,151	1,711,555

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

15. Trade and other payables

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

	2014 P	2013 P
US Dollar	**460,757**	602,771
South African Rand	**139,464**	118,313
	600,221	721,084

16. Cash generated from / (used in) operations

	2014 P	2013 P
Operating deficit	**(4,457)**	(837,638)
Adjustments for:		
- Transfer from deferred income (Note 5)	**(2,223,216)**	(1,087,297)
- Capital grants amortized during the year (Note 6)	**(102,164)**	(91,832)
- Capital grants released to income statement on disposal of property, plant and equipment (Note 13)	**-**	(23,388)
- Depreciation on property, plant and equipment (Note 10)	**102,164**	91,833
- Loss on disposal of property, plant and equipment	**-**	12,032
	(2,227,673)	(1,936,290)
Changes in working capital:		
Trade and other receivables	**(189,883)**	(131,260)
Deferred income (Note 14)	**4,316,641**	-
Trade and other payables	**554,596**	582,128
Cash generated from / (used in) operations	**2,453,681**	(1,485,422)

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 organisation. Once the diplomatic status is granted, the company will be exempt from income tax under Paragraph (iii) of the Part (I) of the Second Schedule to the Income Tax Act. Management confirms that the SADCAS application for Diplomatic Immunities and Privileges is still being pursued with the host government of Botswana directly by the SADC Secretariat. 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/staff as appropriate. The amounts relating to these respective tax liabilities as at 31 March 2014 are given below:

	2014 P	2013 P
Income tax	**50,484**	50,484
PAYE (Tax, Interest and Penalties)	**4,575,560**	4,083,103

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

18. Analysis of financial instruments

18.1 Financial instrument by category

	2014 P	2013 P
Loans and receivables		
Trade and other receivables excluding prepayments	**447,768**	230,848
Cash and cash equivalents	**3,421,907**	928,479
	3,869,675	1,159,327
Financial liabilities at amortised cost		
Trade and other payables	**2,266,151**	1,711,555

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:

		2014 P	2013 P
Trade receivables			
Group 1		**422,081**	161,410
Other receivables excluding prepayments	Not rated	**25,687**	69,438

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

	2014 P	2013 P
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	**3,421,907**	927,070

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 First Rand 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 2014

20. Expenses by nature

	2014 P	2013 P
Accreditation expenses	1,235,682	869,776
Advertising, branding and marketing	125,902	26,828
Auditors' remuneration	88,664	116,154
Consulting and twinning fees	161,762	115,856
Depreciation (Note 10)	102,164	91,833
International participation	123,178	33,158
NAFP costs	4,766	-
Other expenses	278,676	254,602
Postage, printing and stationery	70,664	54,008
Project management costs	231,550	148,376
Provision for impairment of trade receivables	(159,612)	159,612
Rent	364,762	331,602
Staff costs (Note 7)	2,344,400	2,105,455
Telephone, fax and internet	90,051	92,812
Training expenses	704,991	437,866
Travel and subsistence expenses	122,839	87,989
	5,890,439	4,925,927

21. Commitments

(a) Capital commitments

There were no capital commitments as at the year end.

(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:

	2014 P	2013 P
No later than 1 year	401,238	364,762

22. Events after the reporting period

There were no events that occurred after the reporting period which require adjustments to or disclosure in these financial statements.

DETAILED INCOME STATEMENT
for the year ended 31 March 2014

Annexure I

	2014 P	2013 P
Income		
Accreditation application fees	**119,243**	115,156
Assessment fees	**1,371,575**	1,482,606
Annual accreditation fees	**829,436**	323,578
Transferred from deferred income	**2,223,216**	1,087,297
Transferred to capital grants	**(22,271)**	(25,217)
	4,521,199	2,983,420
Direct expenses		
Accreditation expenses	**1,235,682**	869,776
	3,285,517	2,113,644
Other operating income - net		
Capital grants amortised during the year	**102,164**	91,832
Capital grants released to income statement on disposal of property, plant and equipment	**-**	23,388
Exchange gain	**60,342**	109,933
Loss on disposal of property, plant and equipment	**-**	(12,032)
Training income	**1,202,277**	891,748
Training expenses	**(704,991)**	(437,866)
	659,792	667,003
Administrative expenses		
Accounting fee	**3,541**	2,897
Advertising, branding and marketing	**125,902**	26,828
Auditors' remuneration	**88,664**	116,154
Bank charges	**38,390**	22,198
Bad debts written off	**-**	16,694
Cleaning	**12,714**	12,713
Computer expenses	**18,816**	12,096
Consulting and twinning fees	**161,762**	115,856
Depreciation	**102,164**	91,833
Entertainment	**10,368**	8,332
General expenses	**30,544**	16,221
Insurance	**63,799**	66,347
International participation	**123,178**	33,158
NAFP costs	**4,766**	-
Network support	**71,509**	66,771
Postage, printing and stationery	**70,664**	54,008
Project management costs	**231,550**	148,376
(Reversal of) / provision for impairment of trade receivables	**(159,612)**	159,612
Rent	**364,762**	331,602
Repairs and maintenance	**-**	1,480
Secretarial services	**6,988**	8,253
Staff costs	**2,310,405**	2,100,369
Staff training	**33,995**	5,086
Telephone, fax and internet	**90,051**	92,812
Travel and subsistence expenses	**122,839**	87,989
Website maintenance	**18,032**	17,024
Withholding tax on interest	**3,975**	3,576
	3,949,766	3,618,285
Operating surplus	**(4,457)**	(837,638)

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

SADCAS

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