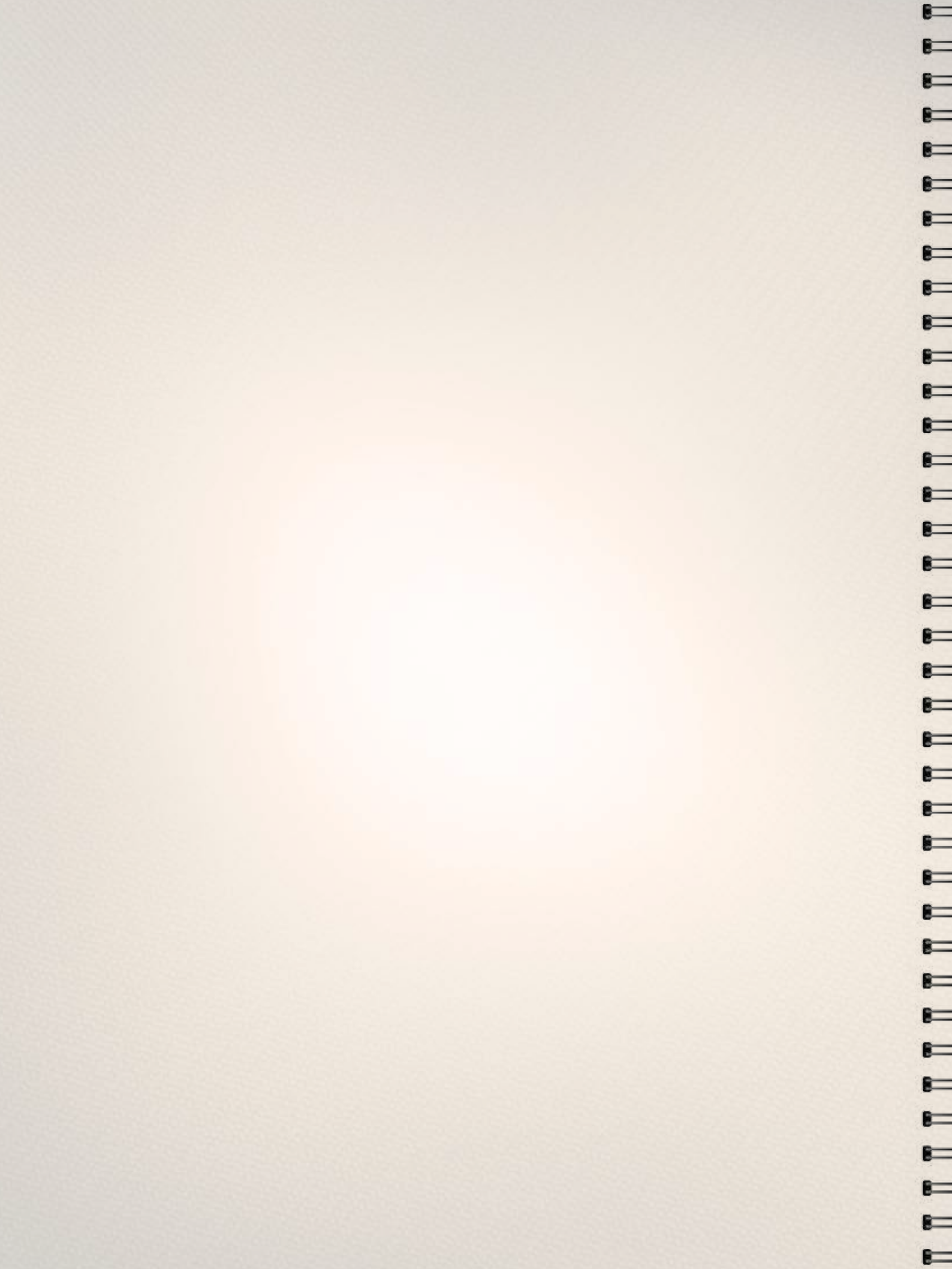


# 2018/19 ANNUAL REPORT





# TABLE OF CONTENTS

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<b>ACRONYMNS AND ABBREVIATIONS</b>	4
<b>VISION, MISSION, MANDATE, COMPANY VALUES AND VALUE PROPOSITION</b>	6
<b>CORPORATE PROFILE</b>	7
<b>BOARD OF DIRECTORS</b>	9
<b>BOARD OF DIRECTORS' MEETINGS ATTENDANCE</b>	10
<b>GENERAL INFORMATION</b>	11
<b>NATIONAL ACCREDITATION FOCAL POINTS OFFICES</b>	12
<b>ORGANIZATIONAL STRUCTURE</b>	14
<b>MANAGEMENT AND STAFF</b>	17
<b>NATIONAL ACCREDITATION FOCAL POINTS</b>	18
<b>CHAIRMAN'S STATEMENT</b>	20
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b>	21
<b>REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE</b>	42
<b>REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE</b>	46
<b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019</b>	51
Directors Responsibilities and Approval	52
Independent Auditor's Report	53
Statement of Financial Position as at 31 March 2019	55
Statement of Profit or Loss and Other Comprehensive Income	56
Statement of Changes in Equity	58
Statement of Cash Flows	59
Accounting Policies	60
Notes to Financial Statements	68

# ACRONYMS AND ABBREVIATIONS

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<b>AAC</b>	Accreditation Approvals Committee
<b>AC</b>	Advisory Committee
<b>AFRAC</b>	African Accreditation Cooperation
<b>AGM</b>	Annual General Meeting
<b>APLAC</b>	Asia Pacific Laboratory Accreditation Cooperation
<b>BP</b>	Board Procedure
<b>BWP</b>	Botswana Pula
<b>CBAS – MS</b>	Management Systems Certification Bodies Accreditation Scheme
<b>CBAS – Prod</b>	Product Certification Bodies Accreditation Scheme
<b>CBAS - Pers</b>	Personnel Certification Bodies Accreditation Scheme
<b>CEO</b>	Chief Executive Officer
<b>CLAS</b>	Calibration Laboratories Accreditation Scheme
<b>DRC</b>	Democratic Republic of Congo
<b>EU</b>	European Union
<b>FRAC</b>	Finance, Risk and Audit Committee
<b>FSMS</b>	Food Safety Management Systems
<b>GCP</b>	Good Clinical Practice
<b>GLP</b>	Good Laboratory Practice
<b>HR</b>	Human Resources
<b>HRRC</b>	Human Resources and Remuneration Committee
<b>IAF</b>	International Accreditation Forum
<b>IANZ</b>	International Accreditation New Zealand
<b>IBAS</b>	Inspection Bodies Accreditation Scheme
<b>ICT</b>	Information Communications Technology
<b>IEC</b>	International Electro-technical Commission
<b>IESBA Code</b>	International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IIOC</b>	Independent International Organization for Certification
<b>ILAC</b>	International Laboratory Accreditation Cooperation
<b>IQNET</b>	International Certification Network

# ACRONYMS AND ABBREVIATIONS

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<b>ISO</b>	International Organization for Standardization
<b>ISO CASCO</b>	ISO Committee on Conformity Assessment
<b>KENAS</b>	Kenya National Accreditation Service
<b>MLA</b>	Multilateral Agreement
<b>MLAS</b>	Medical Laboratories Accreditation Scheme
<b>MOU</b>	Memorandum of Understanding
<b>MRA</b>	Mutual Recognition Arrangement
<b>MS</b>	Member States
<b>MV &amp; MU</b>	Method Validation and Measurement Uncertainty
<b>NAFP</b>	National Accreditation Focal Point
<b>NLA-SA</b>	National Laboratory Association of South Africa
<b>NOK</b>	Norwegian Kroner
<b>PM</b>	Policy Manual
<b>PR</b>	Public Relations
<b>PT</b>	Proficiency Testing
<b>QMS</b>	Quality Management System
<b>SADC</b>	Southern African Development Community
<b>SADCA</b>	Southern African Development Community Cooperation in Accreditation
<b>SADCAS</b>	Southern African Development Community Accreditation Service
<b>SRLA</b>	SADC Regional Laboratory Association
<b>TBT</b>	Technical Barriers to Trade
<b>TLAS</b>	Testing Laboratories Accreditation Scheme
<b>UEMOA</b>	L' Union Economique et Monétaire Ouest Africaine
<b>UKAS</b>	United Kingdom Accreditation Service
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>VLAS</b>	Veterinary Laboratory Accreditation Scheme
<b>WAD</b>	World Accreditation Day

# VISION, MISSION, MANDATE, COMPANY VALUES AND VALUE PROPOSITION

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## SADCAS VISION

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

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## 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

SADCAS draws its mandate from Article 15 B of the Technical Barriers to Trade (TBT) Annex to the Southern African Development Community (SADC) Protocol on Trade. The SADC Accreditation Service (SADCAS) is recognized by the SADC Council of Ministers as a subsidiarity institution of SADC. The relationship between SADCAS and SADC is formalized through a Memorandum of Understanding (MOU) on general cooperation. 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.

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## SADCAS COMPANY VALUES

**SADCAS in its service provision upholds the following six core values:**

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

---



## SADCAS VALUE PROPOSITION

- Delivering confidence
- Assuring competency

# CORPORATE PROFILE

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The Southern African Development Community Accreditation Services (SADCAS) is a multi-economy accreditation body established in terms of Article 15 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 operating in those SADC Member States which do not have national accreditation bodies are subject to an oversight by an authoritative body. SADCAS services the accreditation needs of 14 countries namely: Angola; Botswana; Comoros; Democratic Republic of Congo (DRC); Eswatini; Lesotho; Madagascar; Malawi; Mozambique; Namibia; Seychelles; Tanzania; Zambia; and Zimbabwe. By assuring technical competence through accreditation, SADCAS plays a key role towards the achievement of SADC goals in trade facilitation and in the protection of health, safety and the environment.

SADCAS is registered as a not for profit company limited by guarantee under the Botswana Companies Act, 2003 (Act No. 32 of 2004). SADCAS is 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 at 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 is responsible for the overall management of the accreditation process. The Corporate Services Unit provides support services to internal and external business interests and is responsible for Information Communication Technology (ICT), marketing and communications, business development and administration of training services. The Finance and Administration Unit is responsible for financial management, human resources management and general administration of the company.

In order to achieve its mandate and in line with international best practice, accreditation assessments are undertaken, on behalf of SADCAS, by a pool of registered assessors who make recommendations for accreditation decision by the SADCAS Accreditation Approvals Committee (AAC). Advisory Committees (AC) advise SADCAS on technical matters.

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. SADCAS is a lean organization staffed by a team of highly qualified and experienced personnel.

## **SADCAS Services**

SADCAS provides accreditation services and training in accreditation associated activities.

# CORPORATE PROFILE

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## Accreditation services

### SADCAS offers accreditation schemes for:

- Calibration laboratories in accordance with ISO/IEC 17025;
- Testing laboratories in accordance with ISO/IEC 17025;
- Medical laboratories in accordance with ISO 15189;
- Management systems certification bodies in accordance with ISO/IEC 17021-1;
- Inspection bodies in accordance with ISO/IEC 17020;
- Product certification bodies in accordance with ISO/IEC 17065; and
- Personnel certification bodies in accordance with ISO/IEC 17024.

SADCAS will broaden its scope of accreditation as needs arise.

SADCAS is signatory to the African Accreditation Cooperation (AFRAC) and the International Laboratory Accreditation (ILAC) Mutual Recognition Arrangements (MRA) for the testing and calibration laboratories accreditation schemes in accordance with ISO/IEC 17025 achieved in November 2015, and medical testing in accordance with ISO 15189 and inspection in accordance with ISO/IEC 17020 achieved in October 2017. Hence the accreditation certificates issued by SADCAS for testing/calibration/medical laboratories and inspection bodies' accreditation schemes are internationally recognized.

## Training services

SADCAS offers training on accreditation related courses. Training can be conducted in-house or as open courses.

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 day requirements, implementation and internal auditing on the key accreditation standards whose objective is to provide an insight into the respective system standards requirements, 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 day training courses on the requirements and implementation of the key accreditation standards whose objective is to provide an insight into the respective system standards requirements and implementation thereof.
- Three day internal auditing courses whose objective is to impart internal auditing knowledge and skills so that conformity assessment bodies are able to monitor compliance with the respective key accreditation standards.
- Five day intensive course on Method Validation and Measurement Uncertainty covers statistical fundamentals and advanced concepts of statistical techniques that are used in both method validation/verification and in calculating measurement uncertainty of test results.

Besides the above courses, SADCAS can also offer other accreditation related courses depending on needs. The training courses are conducted on behalf of SADCAS by a pool of qualified and registered trainers who have hands on and up to date experience on accreditation matters. The training 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. In order not to compromise its impartiality principles and status in training service delivery, SADCAS does not give specific advice for the development of an organization's operations. Furthermore, the training delivered or facilitated by SADCAS are not a pre-condition of accreditation neither do they guarantee accreditation by SADCAS.

## SADCAS Regional and International Connections

### SADCAS is

- A full member of the International Laboratory Accreditation Cooperation (ILAC).
- An accreditation body member of the International Accreditation Forum (IAF).
- An arrangement member of the African Accreditation Cooperation (AFRAC).
- An arrangement member of SADC Cooperation in Accreditation (SADCA).





## BOARD OF DIRECTORS

Front Row, Left to Right:

**Ms Verily Kearoma Molatedi, Vice Chairman;**

**Mr Steven Bruce Sidney, Chairman;**

**Mrs Maureen Primrose Mutasa, Chief Executive Officer;**

Back Row, Left to Right:

**Mr Alfredo Filipe Siteo, Member;**

**Dr Lineo Lomkhosi Mkhonta Gama, Member;**

**Mr Davlin Moyenda Damaziel Chokazinga, Member;**

**Mrs Mmatlala Dube, Member;**

**Mr Emmanuel Jinda, Member**

# BOARD OF DIRECTORS MEETINGS ATTENDANCE

During the 2018/19 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 2018/19 Financial Year**

Name	Status	Meeting Dates				
		2018-05-16	2018-09-06	2018-11-19	2019-02-14	2019-03-13 (Special)
Mr Steven Bruce Sidney Chairman	Non-Executive Director	✓	✓	✓	✓	✓
Ms Verily Kearoma Molatedi Chairman	Non-Executive Director	Apology	✓	✓	✓	✓
Mr Emmanuel Jinda	Non-Executive Director	✓	✓	✓	✓	✓
Mr Alfredo Filipe Siteo	Non-Executive Director	✓	✓	✓	Apology	✓
Mr Davlin Moyenda Damaziel Chokazinga	Non-Executive Director	✓	Apology	Apology	✓	✓
Mr Manuel Mutale (Retired 2019-03-13)	Non-Executive Director	✓	Apology	✓	✓	✓
Dr Lomkhosi Lineo Mkhonta - Gama	Non-Executive Director	Apology	✓	✓	Apology	Apology
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓	✓

The overall attendance for Board meetings held during the year was 80%.

# GENERAL INFORMATION

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## 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

### BancABC

ABC House  
Plot 62433, Fairgrounds Office Park  
Private Bag 00303  
Gaborone  
Tel: +267 367 4300  
Fax: +267 390 1583

## Auditors

Baker Tilly Certified Auditors  
RDC Mpingo  
Plot 50668, Unit 3B, Tholo Office Park  
RDC Mpingo, Fairgrounds  
Gaborone, Botswana  
Tel: +267 391 6650/391 6659

## Company Secretary

UPT Secretarial Services (Proprietary) Limited  
Plot 465, Mathangwane Road  
Extension 4  
P O Box 46699, Village  
Gaborone, Botswana  
Tel: +267 390 2274  
Fax: +267 395 3753

## SADCAS Registration Number – 2005/6912

## SADCAS Registered Office

Plot 50369 Unit 3A, Second Floor, Tholo Office Park  
Fairgrounds, Gaborone  
P O Box 00320  
Gaborone, Botswana  
Tel: +267 313 2909/ 313 2910/318 8644/318 8646  
Fax: +267 313 2922  
Mobile: +267 7125 0042  
Email: [info@sadcas.org](mailto:info@sadcas.org)  
Website: [www.sadcas.org](http://www.sadcas.org)

# NATIONAL ACCREDITATION FOCAL POINTS OFFICES

---

## ANGOLA



### Eng. Claudia Clemente C. Simões

Ministerio de Industria  
Angolan Institute of Accreditation (IAAC)  
Rua Cerqueira Lukoki  
No 25, 1º Andar  
Luanda  
Angola

**Tel:** + 244 222 711 414  
**Mobile:** + 244 936756374/ 991442422  
**Email:** [claudiatamu22@gmail.com](mailto:claudiatamu22@gmail.com)

## BOTSWANA



### Mr Edward Mmatli

Ministry of Investment, Trade and Industry  
Department of Industrial Affairs  
Central Business District  
P/Bag 0014  
Gaborone, Botswana

**Tel:** +267 395 7406;  
**Mobile:** +267 71583465  
**Fax:** +267 397 2910  
**Email:** [eemmatli@gov.bw](mailto:eemmatli@gov.bw); [edmmatli@gmail.com](mailto:edmmatli@gmail.com)

## COMOROS



### Mr Boinali Mohamed

Ministère de l'Economie, des Investissements,  
de l'Energie, chargé de l'Intégration Economique,  
du Tourisme et de l'Artisanat  
Direction Générale de l'Industrie  
Moroni Grand Comores

**Tel:** + 269 7738705  
**Mobile:** + 269 3350974  
**Email:** [boinamed@hotmail.com](mailto:boinamed@hotmail.com)

## DEMOCRATIC REPUBLIC OF CONGO



### Mrs Apauline Matata Feza

Office Congolais de Contrôle (OCC)  
70, Avenue Moero  
Lubumbashi, Haut Katanga  
Democratic Republic of Congo

**Mobile:** + 243 82 202 8345  
**Email:** [matatafezap@yahoo.fr](mailto:matatafezap@yahoo.fr)

## ESWATINI



### Ms Sybil Sthembiso Dlamini

Ministry of Commerce, Industry & Trade  
Standardization & Quality Assurance Section  
Gwamile Street, Deputy Prime Ministers  
P O Box 451  
Mbabane, Eswatini

**Tel:** +268 2404 7509  
**Mobile:** +268 7611 7929  
**Fax:** +268 2404 4711/+268 2404 3055  
**Email:** [sybilsthembisio2000@gmail.com](mailto:sybilsthembisio2000@gmail.com)

# NATIONAL ACCREDITATION FOCAL POINTS OFFICES

## LESOTHO



### Mr Motjoka Azael Makara

Ministry of Trade and Industry  
3rd Floor, Ministry of Trade House,  
Phase II LNDC Block, Kingsway Road  
P O Box 747  
Maseru 100, Lesotho

**Tel:** +266 223 22113  
**Mobile:** +266 590 93332  
**Fax:** +266 223 10326  
**Email:** [azaelmakaram@yahoo.co.uk](mailto:azaelmakaram@yahoo.co.uk)

## MADAGASCAR



### Mr Séraphin A Razafimahafaly

Bureau de Normes de  
Madagascar (BNM)  
6, bis Rue Rainandriamampandry  
BP 1316  
Antananarivo 101  
Madagascar

**Tel:** +261 22 279 70  
**Mobile:** +261 32 02 205 00 / 34 02 205 00  
**Email:** [seraphin@bnm.mg](mailto:seraphin@bnm.mg)  
[seraphin.razafimahafaly@gmail.com](mailto:seraphin.razafimahafaly@gmail.com)  
[nafp.madagascar@gmail.com](mailto:nafp.madagascar@gmail.com)

## MALAWI



### Mr Masautso Ngamwane

Malawi Bureau of Standards (MBS)  
Moirs Road, Kristwick  
P O Box 946  
Blantyre  
Malawi

**Tel:** +265 1870 488  
**Fax:** +265 1870 756  
**Mobile:** +265 888 523 987 / 993 194 257  
**Email:** [masangamwane@mbsmw.org](mailto:masangamwane@mbsmw.org)

## MOZAMBIQUE



### Mrs Guihermina Nhampulo

National Institute of Standardization  
and Quality (INNOQ)  
Av.Moçambique, Parcela  
7168/D1/7|Bairro do Zimpeto  
P O Box 2983  
Maputo, Mozambique

**Tel:** +258 21 344600  
**Mobile:** +258 82 4649260  
**Fax:** +258 21 304206  
**Email:** [nhampulo\\_gui@yahoo.com.br](mailto:nhampulo_gui@yahoo.com.br)  
[gnhampulo@gmail.com](mailto:gnhampulo@gmail.com)

## SEYCHELLES



### Mrs Kante Mariam

Seychelles Bureau of Standards (SBS)  
Providence Industrial Estate  
P O Box 953  
Victoria, Mahe  
Seychelles

**Tel:** +248 4380 429  
**Mobile:** +248 2 767 683  
**Fax:** +248 4373 826  
**Email:** [kantemariam77@yahoo.com](mailto:kantemariam77@yahoo.com)  
[titalways20042003@yahoo.co.uk](mailto:titalways20042003@yahoo.co.uk)

## NAMIBIA



### Mr Peter Toivo Munyandi

Ministry of Industrialization,  
Trade & SME Development  
C/O Dr Kenneth Kaunda  
and Goethe Street  
Private Bag 13340  
Windhoek  
Namibia

**Tel:** +264 61 283 7111  
**Mobile:** +264 81 4330935  
**Fax:** +264 61 259 676  
**Email:** [munyandi@mti.gov.na](mailto:munyandi@mti.gov.na)

## TANZANIA



### Ms Stella Emmanuel Mrosso

Tanzania Bureau of Standards  
Ubungo Area  
Morogoro Road/  
Sam Nujoma Road  
P O Box 9524  
Dar es Salaam  
Tanzania

**Tel:** +255 222 450 206/  
+255 756 590 360  
**Fax:** +255 222 450 959  
**Email:** [smrossocoll@yahoo.com](mailto:smrossocoll@yahoo.com)  
[Stella.mrosso@tbstz.org](mailto:Stella.mrosso@tbstz.org)

## ZAMBIA



### Mr Hans Yamba

Ministry of Commerce,  
Trade and Industry  
10th Floor, New Government  
Complex Nasser Road, Kamwala  
P O Box 31968  
Lusaka, Zambia

**Tel:** +260 211 226 954  
**Mobile:** +260 976 240 313/  
954 042558/ 969 993895  
**Fax:** +260 211 226 954  
**Email:** [hansyamba@yahoo.co.uk](mailto:hansyamba@yahoo.co.uk)  
[hansyamba@gmail.com](mailto:hansyamba@gmail.com)  
[Hans.Yamba@mcti.gov.zm](mailto:Hans.Yamba@mcti.gov.zm)

## ZIMBABWE

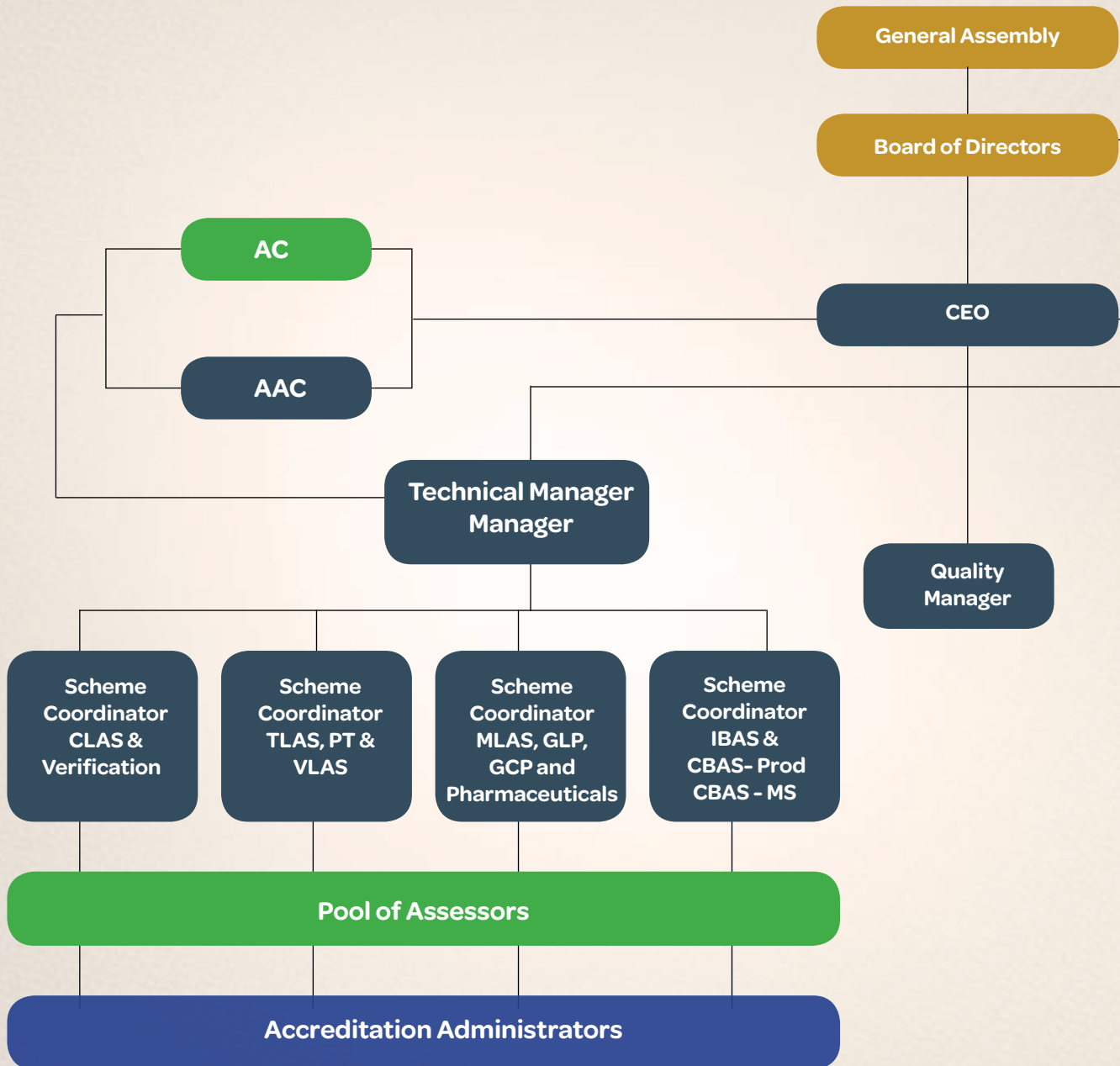


### Ms Riyana Chibanda

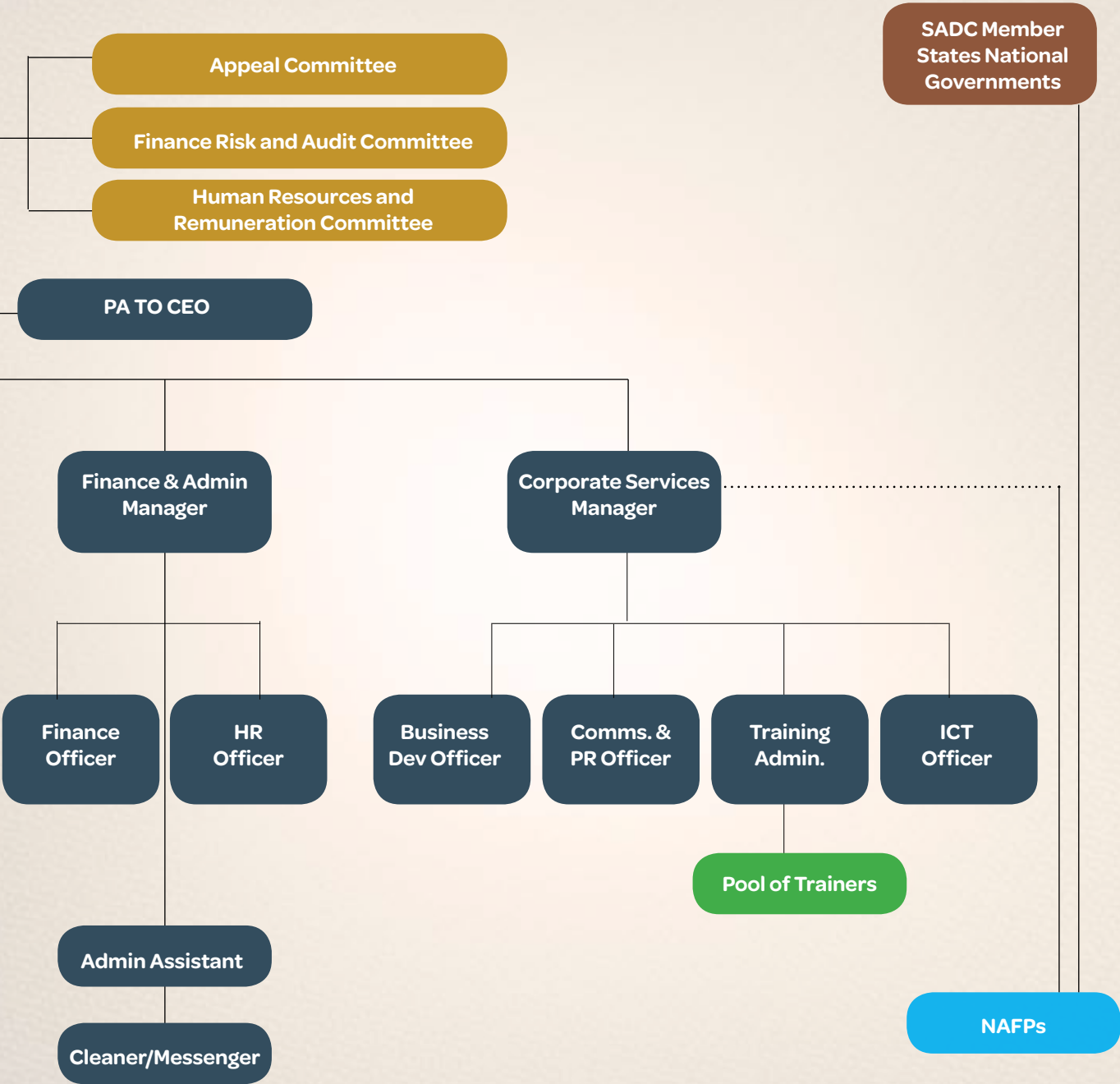
Ministry of Industry and  
International Trade  
Mukwati Building Corner  
Livingstone  
Ave/Fourth Street  
P Bag 7708,Causeway  
Harare, Zimbabwe

**Tel:** +263 4 702 733  
**Mobile:** +263 774 648 850  
**Fax:** +263 4 793 461  
**Email:** [rchibanda2011@gmail.com](mailto:rchibanda2011@gmail.com)

# ORGANIZATIONAL STRUCTURE



# ORGANIZATIONAL STRUCTURE



**SADCAS**



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE



# MANAGEMENT AND STAFF

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**Mrs Maureen  
Primrose Mutasa**  
CHIEF EXECUTIVE OFFICER



**Ms Jeanne  
Françoise Ranorovelo**  
TECHNICAL MANAGER



**Mrs Lauren  
Rutendo Gudo**  
FINANCE AND ADMINISTRATION  
MANAGER



**Mr Xavier  
Mugari**  
QUALITY MANAGER



**Mrs Pinkie  
Malebe**  
SCHEME COORDINATOR - TLAS



**Mrs Eva  
Muronda**  
SCHEME COORDINATOR - MLAS



**Mr Victor  
Mundembe**  
SCHEME COORDINATOR -  
CLAS, CBAS & IBAS



**Ms Linda  
Dirorimwe**  
TRAINING ADMINISTRATOR



**Mrs Tsitsi  
Mazibuko**  
ACCREDITATION ADMINISTRATOR



**Mr Mogae  
Molaoa**  
ACCREDITATION ADMINISTRATOR



**Ms Tsholofelo  
Segomotso Kobe**  
ADMINISTRATIVE ASSISTANT

# NATIONAL ACCREDITATION FOCAL POINTS

---



NAFP - ANGOLA



Eng. Claudia Clemente  
C. Simões



NAFP - BOTSWANA



Mr Edward Mmatli



NAFP - COMOROS



Mr Boinali Mohamed



NAFP - CONGO



Mrs Apauline Matata Feza



NAFP - ESWATINI



Mrs Stybil Sthembiso Dlamini



NAFP - LESOTHO



Mr Azael Motjoka Makara



NAFP - MADAGASCAR



Mr Séraphin  
Andrianantarivo  
Razafimahafaly

# NATIONAL ACCREDITATION FOCAL POINTS

---



**NAFP - MALAWI**



**Mr Masautso Ngamwane**



**NAFP - MOZAMBIQUE**



**Mrs Guilhermina Nhampulo**



**NAFP - NAMIBIA**



**Mr Peter Toivo Munyandi**



**NAFP - SEYCHELLES**



**Mrs Kante Mariam**



**NAFP - TANZANIA**



**Ms Stella Mrosso**



**NAFP - ZAMBIA**



**Mr Hans Yamba**



**NAFP - ZIMBABWE**



**Ms Riyana Chibanda**

# CHAIRMAN'S STATEMENT



**Steven Bruce Sidney**  
Chairman SADCAS Board of Directors

During the 2018/19 financial year, the 2nd year of the third strategic period 2017 to 2022, SADCAS achieved encouraging results with a 31% growth in new accreditations, 19% growth in accreditation certificates issued and 21% growth in training services. SADCAS is now in its 11th year of operation and continues to make substantial progress in fulfilling its mandate. Our business continues to grow steadily, in terms of field and scope of accreditation, sectorial coverage and also in terms of geographical diversity having accredited facilities in Angola and Malawi during the 2nd and 3rd quarter of the 2018/19 financial year, the period under review. Operational income increased by 40% over the 2017/18 financial year with accreditation income constituting 81% of the operational income whilst training contributed 19% of the operational income. A detailed report of the activities undertaken during the period under review is contained in the Chief Executive Officer's Report.

Regarding governance issues, the SADCAS Board of Directors held five (5) meetings during the period of this report (May, September and November 2018, and February and March 2019) with the latter being a special meeting to finalize preparations for the 14th Annual General Meeting (AGM) which was held on 13 March 2019. During the meetings the Board considered and approved the following:

- The 2018/19 annual implementation plan;
- The audited financial statements for the year ended 31 March 2018;
- The SADCAS risk profile;
- The 2017/18 annual report; and
- The 2019/20 budget which was ratified during the 14<sup>th</sup> AGM.

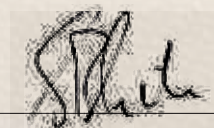
The Board also discussed strategic issues and in particular measures to improve Government contributions inflows, regularly reviewed the 2018/19 budget, monitored implementation of the transition plan and policies. During the year SADCAS made very good progress in implementing the ISO/IEC 17011: 2017 transition plan with most activities being undertaken in time for re-evaluation of SADCAS by the AFRAC in May 2019. The SADCAS Board is committed to forward thinking succession planning to ensure SADCAS sustainability and continuity thus reducing disruptions to SADCAS business. To this end, the Board reviewed and monitored the implementation of the SADCAS Succession Plan which was approved in 2017 and updated it in line with developments in SADCAS.

During these Board meetings, the CEO reported on the activities of SADCAS thus enabling the Board to monitor progress on the implementation of the 2018/19 annual implementation and activity plans. The Board Committees namely the Finance, Risk and Audit Committee (FRAC); and the Human Resources and Remuneration Committee (HRRC) each met four times respectively to discuss matters relating to their scopes as defined in their respective Terms of Reference. The HRRC is also mandated to evaluate on an annual basis the effectiveness of the Board and its members. To this, end during the period under review the Board performance was commendable notwithstanding the cash flow challenges faced throughout the year. The Board has not yet constituted the Appeal Committee as no appeals have been received on accreditation decisions.

On Board membership, Mr Manuel Mutale whose term of Office expired in March 2019 having served one 3-year term as a member of the SADCAS Board and providing expertise on financial matters, retired from the Board. During his term of office, Mr Mutale made valuable contributions as a member of the SADCAS Board of Directors from April 2015 to March 2019 during which he also served as a member of the FRAC.

I would like to pay tribute to all SADCAS staff for their collective ability to grow SADCAS business. The excellent leadership provided by Mrs Maureen P Mutasa and the SADCAS Team deserve special mention as does the valuable input of NAFPs in promoting accreditation and marketing SADCAS services, SADCAS Advisory Committees whose technical knowledge and the assessors whose competence upon whom the credibility of SADCAS accreditation schemes hinge, fellow Non-executive directors and last but not least our cooperating partners for their contributions towards SADCAS' success. Given the capability of staff, the sound 5 year strategy in place, I have no doubt that SADCAS will continue to make good progress in service delivery. However, Governments of SADC Member States serviced by SADCAS must continue to play their part in ensuring sustainability and continuity of SADCAS by meeting their financial obligations towards the cost-effective multi-economy accreditation body based upon a model that other regions such as the Gulf States, L' Union Economique et Monétaire Ouest Africaine (UEMOA) etc. have benchmarked.

This report gives a transparent insight into what was achieved by SADCAS in 2018/19 and over the years. I therefore commend this annual report to SADCAS stakeholders and the region at large.



**Steven Bruce Sidney**  
Chairman SADCAS Board of Directors

# CHIEF EXECUTIVE OFFICER'S REPORT

## Summary

This report covers the period 1 April 2018 up to 31 March 2019 and summarizes the achievements in each of the 8 key result areas agreed for the 2018/19 financial year namely:

- Continue to promote the benefits of accreditation and the international arrangements and market SADCAS services;
- Ensure continued credibility of SADCAS services;
- Improve cost effectiveness of processes and enhance service delivery;
- Prioritize and develop new accreditation schemes based on current demand and anticipated demand;
- Maintain international recognition for the TLAS, CLAS, MLAS and IBAS working towards and achieve international recognition of all the other accreditation schemes on offer;
- Develop, recruit and retain our most important asset the intellectual capital, skills, knowledge and expertise of staff, assessors and trainers so as to deliver world class accreditation services;
- Continue to strengthen the effectiveness of National Accreditation Focal Points; and
- Ensure sustainability of SADCAS beyond 2017.



The following is a summary of the achievements in each of the agreed eight (8) key result areas for the 2018/19 financial year.

### **Continue to Promote the Benefits of Accreditation and the International Arrangements and Market SADCAS Services**

During the financial year under review, SADCAS' thrust continued to be on promoting the benefits and importance of accreditation and marketing SADCAS' services with the following activities being undertaken:

- 88 targeted marketing visits were undertaken in the SADC Member States serviced by SADCAS.
- 59 presentations were made to stakeholders at national, regional and international meetings/workshops/seminars by SADCAS and NAFPs who undertook promotional and marketing activities in their respective countries as per their main responsibility.
- Three editions of the Pioneer March, July and November 2018 and the 10th SADCAS 2017/18 annual report were published with the newsletters all being electronic whilst limited copies of the annual report were printed. The 3 editions of the Pioneer were distributed electronically and through the NAFPs network who in turn circulated them to stakeholders in their respective countries.
- A total of 24 articles and 22 announcements on the accredited facilities, published accreditation documents as well as developments in SADCAS and accreditation regionally, continentally and internationally were uploaded on 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. Website visitation statistics continue to show an increasing interest in the SADCAS website not only by number of visitations but also by the number of countries visiting the website. The number of users/visitors increased by 64% whilst the number visits/sessions increased by 45% over the 2017/18 financial year.

The theme for 2018 World Accreditation Day (WAD) was "Accreditation: Delivering a Safer World" and celebrations in the region ranged from seminars/workshops/meetings to press releases. A WAD press release was published in the 38th SADC Summit brochure reaching out to the highest policy makers, the Presidents and Ministers of SADC Member States. World Accreditation Day conferences were held in 5 countries namely: Angola, Botswana; DRC; Eswatini; and Seychelles. Articles on WAD celebrations throughout the 13 SADC Member States serviced by SADCAS were published in the July 2018 edition of The Pioneer and the October 2018 edition of ILAC News. The ILAC/IAF/ISO IIOC public sector assurance site and Business benefits of Standards and Accreditation are all continuously publicized in the Pioneer as well as during WAD celebrations. SADCAS has submitted case studies which are showcased on both the sites. World Accreditation Day continues to provide a platform for not only promoting accreditation but also marketing SADCAS accreditation services.

To mark 10 years of accreditation service delivery and achievement of international recognition SADCAS hosted a dinner on 14 March 2019. The dinner which was attended by 150 guests was held at the Safari Court Hotel in Windhoek, Namibia during the week of SADC TBT Structures meetings. The dinner was graced by Honourable Mr Tjekero Tweya the Namibian Minister of Industrialization, Trade and SME Development and Member of Parliament.

# CHIEF EXECUTIVE OFFICER'S REPORT

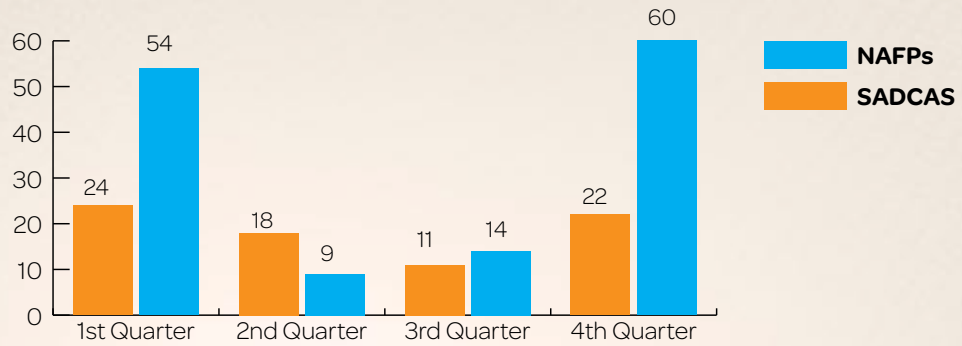


SADCAS efforts in promoting accreditation and marketing are bearing fruit as indicated by the growing numbers of accreditations, applications under process and the number of enquiries handled. A total of 212 enquiries were handled during the year of which NAFPs handled 137 whilst SADCAS Office handled 75. Most of the enquiries were handled during the 1st and 4th quarter of the financial year. Most of the enquiries handled were on accreditation (138), training (66) and other (8). Twenty percent (20%) of the enquiries handled resulted in SADCAS Business of which 60% was for accreditation business and 40% training business. Refer to Figures 1, 2 and 3.

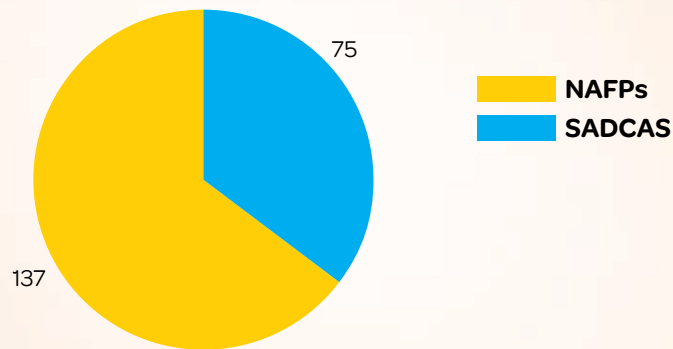
# CHIEF EXECUTIVE OFFICER'S REPORT

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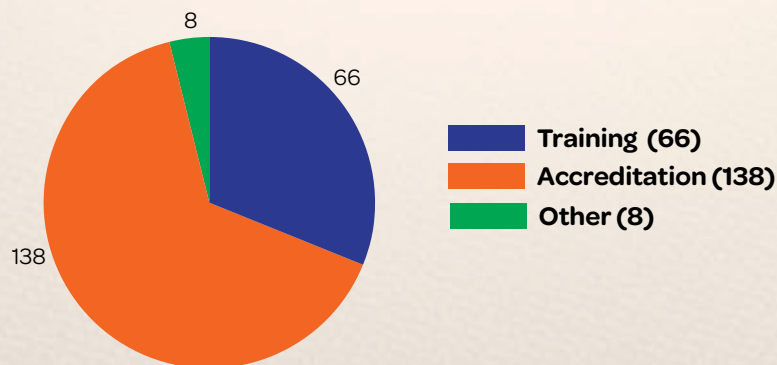
**Figure 1 - Enquiries Received per Quarter by SADCAS and NAFPs**



**Figure 2 - Breakdown of Enquiries by Office**



**Figure 3 - Nature of Enquiries**



# CHIEF EXECUTIVE OFFICER'S REPORT

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## **Ensure Continued Credibility of SADCAS Services.**

The credibility of SADCAS services hinges on the technical know-how of the Advisory Committees (ACs) and the competence of assessors and technical experts who are based in SADC Member States as well as SADCAS staff who are involved in the accreditation process.

The AC members who are carefully selected experts in specific fields of accreditation cover the main disciplines and sectors within which SADCAS operates whilst also taking into account geographical diversity. Up to date SADCAS has established seven (7) ACs to advise on technical matters with three (3) new ACs having been recently established to cover the medical Imaging accreditation scheme which is under exploration, inspection bodies and certification bodies' accreditation schemes. During the period under review the AC for inspection bodies in Zimbabwe held its 8th meeting on 12 September 2018. During this meeting, the AC reviewed the draft national criteria for the accreditation of inspection bodies that perform inspection of lifting equipment which are still under development. The AC for the Medical Laboratories Accreditation Scheme (MLAS) held its 2nd meeting whilst the AC for the Testing Laboratories Accreditation Scheme (TLAS) and the AC for the Calibration Laboratories Accreditation Scheme (CLAS) held their 3rd meetings on 10 December 2018. The CLAS AC advanced its works on the draft technical requirements documents for volume and dimensional metrology whilst the TLAS AC reviewed comments which had been received from members on 2 draft documents for quality control charts in chemical and microbiological testing and rounding off policy. On the other hand, the MLAS AC finalized the technical requirements document for the accreditation of microbiology in medical laboratories and reviewed progress with the development of criteria for the assessment of blood transfusion and for which a programme of action was agreed upon defining the time frames from the first draft to adoption of the guidance document.

Generally, attendance levels to the CLAS AC and TLAS AC were low with the latter AC failing to reach a quorum thus proceeded with the review of the comments received and agreeing to recirculate the drafts. Attendance levels to the 2nd meeting of the MLAS AC where participants were sponsored by PTB Germany was reasonable. Poor attendance to AC meetings was due to budgetary constraints on the part of nominating organizations, failure to secure foreign currency for travel in the case of participants from Zimbabwe and the timing of the meetings as some members had already gone on leave for the festive season. Going forward SADCAS will consider having the meetings between September and November. Efforts are continuously underway to promote the benefits of participating in SADCAS ACs and emphasizing the need for organizations to support participation of their nominated members at the AC meetings for enhanced attendance.

## **Improve Cost Effectiveness of Processes and Enhance Service Delivery**

During the period under review and following the publication of ISO/IEC 17011: 2017 and ISO/IEC 17025:2017 a lot of time and effort was devoted to updating the SADCAS QMS documents to align them with the revised International standards. A total of 37 QMS documents, 4 standard letters and 81 forms were revised and 3 new documents and 5 new forms were published and uploaded on network/website with some documents being revised more than once.

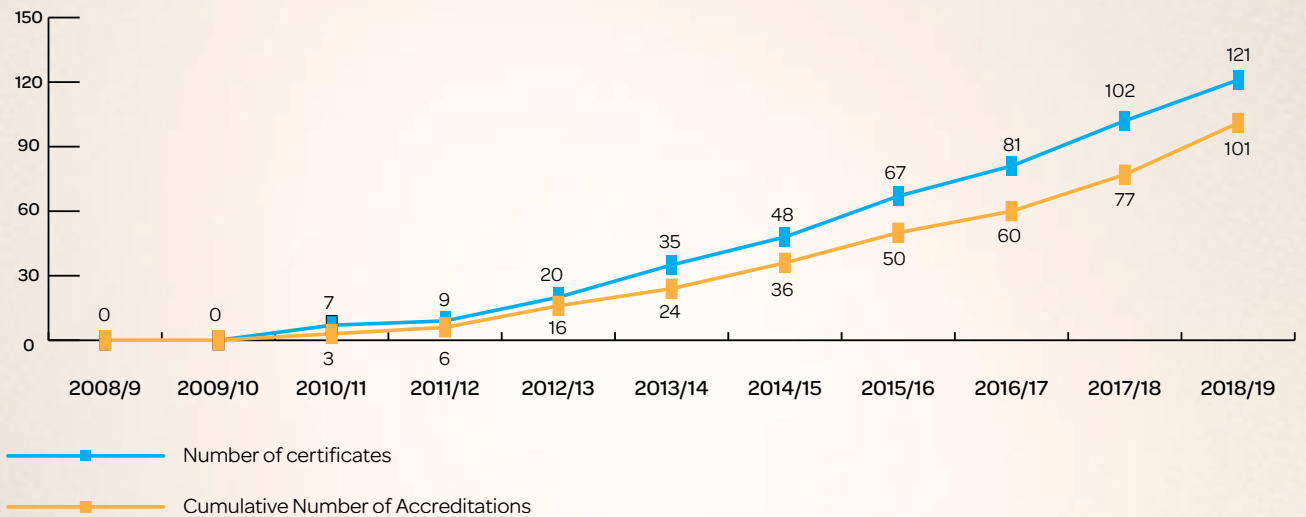
A total of 115 assessments were undertaken out of a target of 129 assessments i.e. 89% achievement mainly due to below target periodic on-site assessments with some scheduled assessments being cancelled/postponed due to non-payments of accreditation fees or facilities undergoing voluntary suspension due to relocation to new premises resignation of key personnel and other technical issues. By 31 March 2019, SADCAS had Issued 121 accreditation certificates to 101 accredited facilities in 12 SADC Member States (MS) namely: Angola (1); Botswana (18); DRC (6); Madagascar (1); Malawi (2); Mozambique (2); Namibia (8); Seychelles (2); Eswatini (6); Tanzania (25); Zambia (9); and Zimbabwe (20); and one non-SADC country Ghana (1). SADCAS



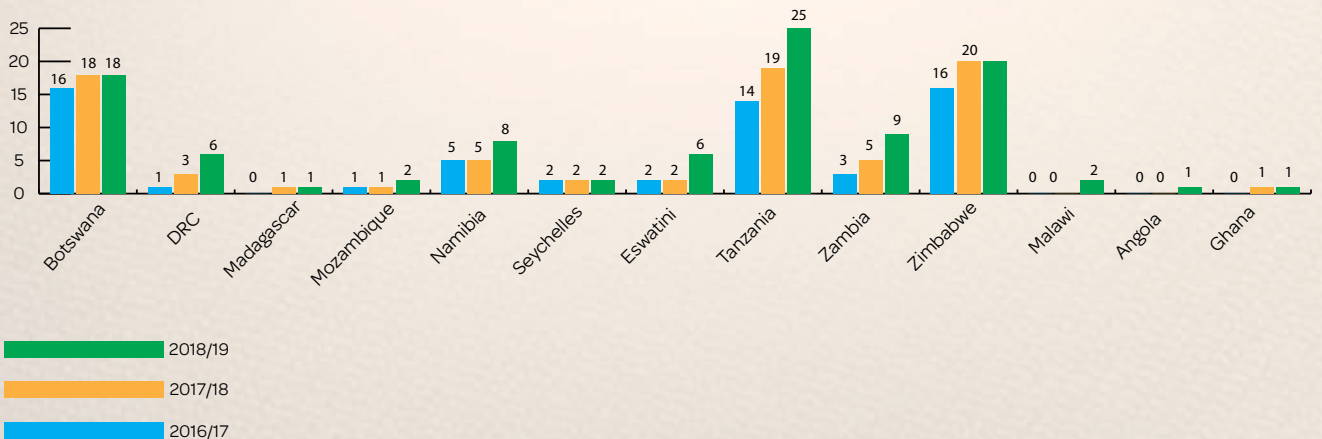
# CHIEF EXECUTIVE OFFICER'S REPORT

accredited its first facilities in Angola and Malawi. During the year under review, 27 new accreditations, 2 scope extensions were granted outside existing scopes and 4 scopes extension within the same scope were granted during the year representing a 31% growth in new accreditations and 19% growth in all accreditations including scope extensions. Two (2) facilities accreditations were withdrawn during the year. Four of the accreditations, which are all from DRC were processed in French of which 3 fall under the TLAS and one under the IBAS. The breakdown of accreditations by field were CLAS (10), TLAS (49), VLAS (3), MLAS (30), IBAS (7) and CBAS - MS (2). Refer to Figures 4, 5 and 6.

**Figure 4 - Cumulative Number of Accreditations up to 31 March 2019**

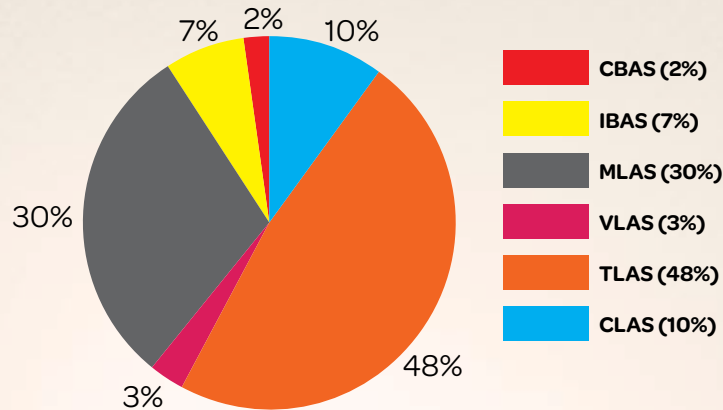


**Figure 5 - Accreditations by Country as at 31 March 2019**



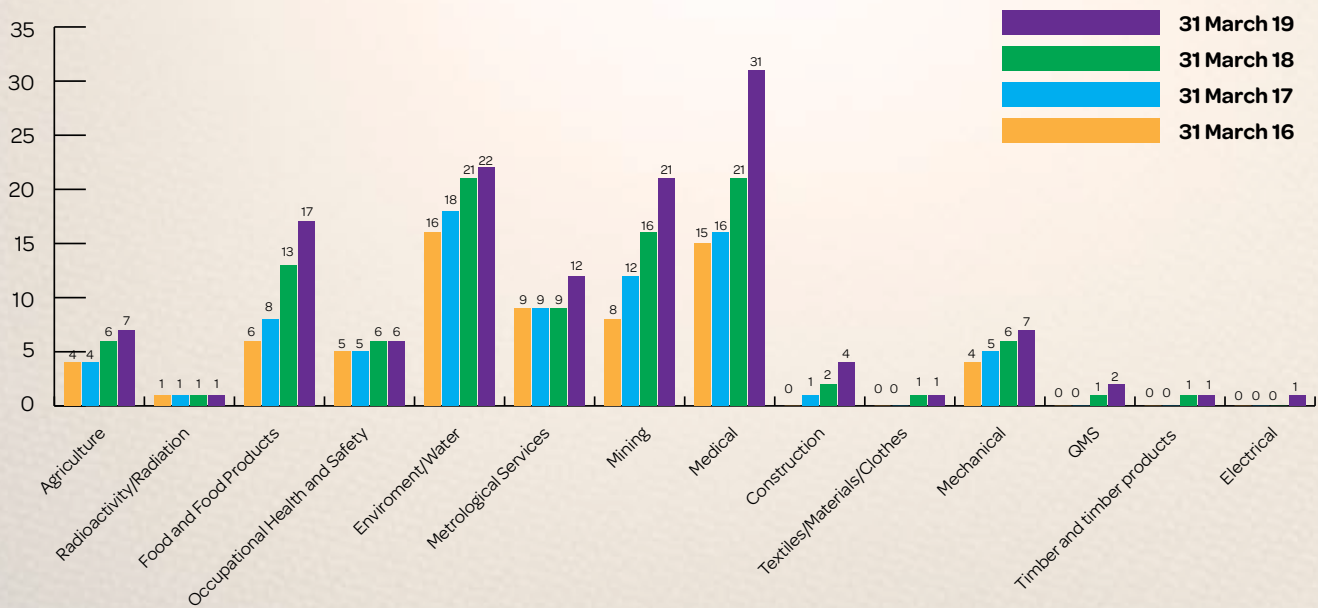
# CHIEF EXECUTIVE OFFICER'S REPORT

**Figure 6 - Accreditations by Field as at 31 March 2019**



The highest growth in accreditations was witnessed under the construction sector (100%), followed by QMS at 50%, medical sector at 48%, metrological sector at 33%, mining sector at 31%, agricultural sector at 17%, environmental sector at 5%. Accreditations under the sectors radioactivity/radiation, occupational health and safety and timber and timber products did not register any growth. SADCAS granted its first accreditation under the electrical sector. Refer to Figure 7.

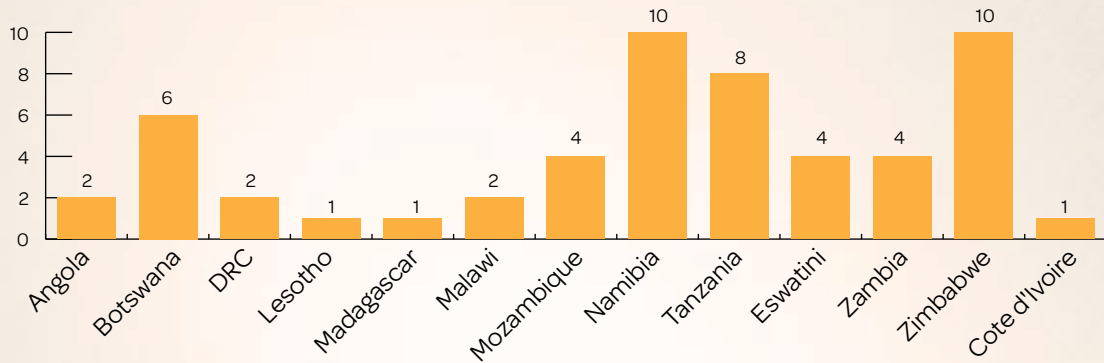
**Figure 7 - Accredited Facilities by Sector as at 31 March 2019**



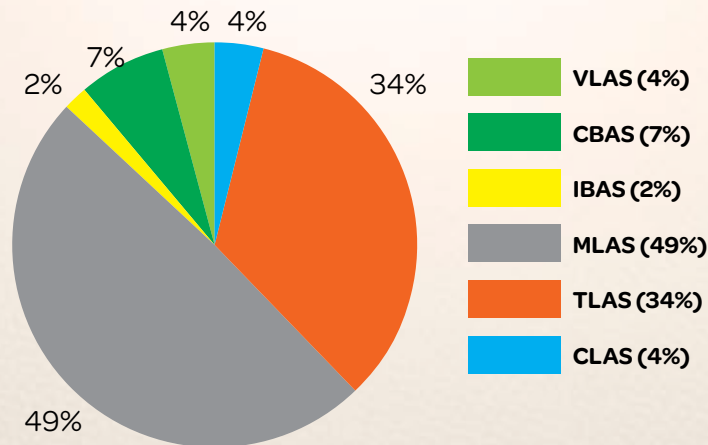
# CHIEF EXECUTIVE OFFICER'S REPORT

As at 31 March 2019 the total number of accreditation applications under process was 55 from 12 SADC Member States namely Tanzania (8), Zambia (4), Eswatini (4), Botswana (6), DRC (2), Zimbabwe (10), Mozambique (4), Namibia (10), Malawi (2), Angola (2), Lesotho (1), Madagascar (1) and one non SADC country Cote d'Ivoire (1) at various stages of processing. Two (2) of the applications under process are being handled in French of which one (1) falls under CLAS and one (1) under MLAS with latter being from Cote d'Ivoire. Out of the 55 applications under process five (5) were at Completeness check stage; five (5) at Approval of quotation stage; 16 at Documentation review stage; one (1) at Pre-assessment stage; and 28 at Initial assessment stage. Refer to Figures 8, 9 and 10. At the same time, SADCAS was handling 10 expressed interests in accreditation.

**Figure 8 - Accreditation Applications by Country as at 31 March 2019**

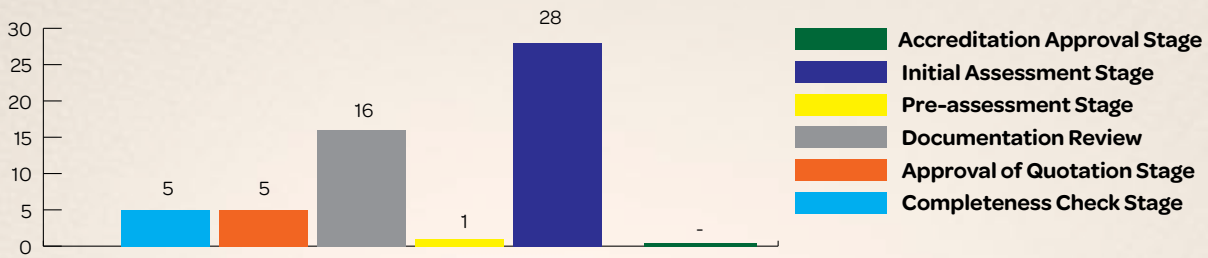


**Figure 9 - Accreditation Applications by Field as at 31 March 2019**



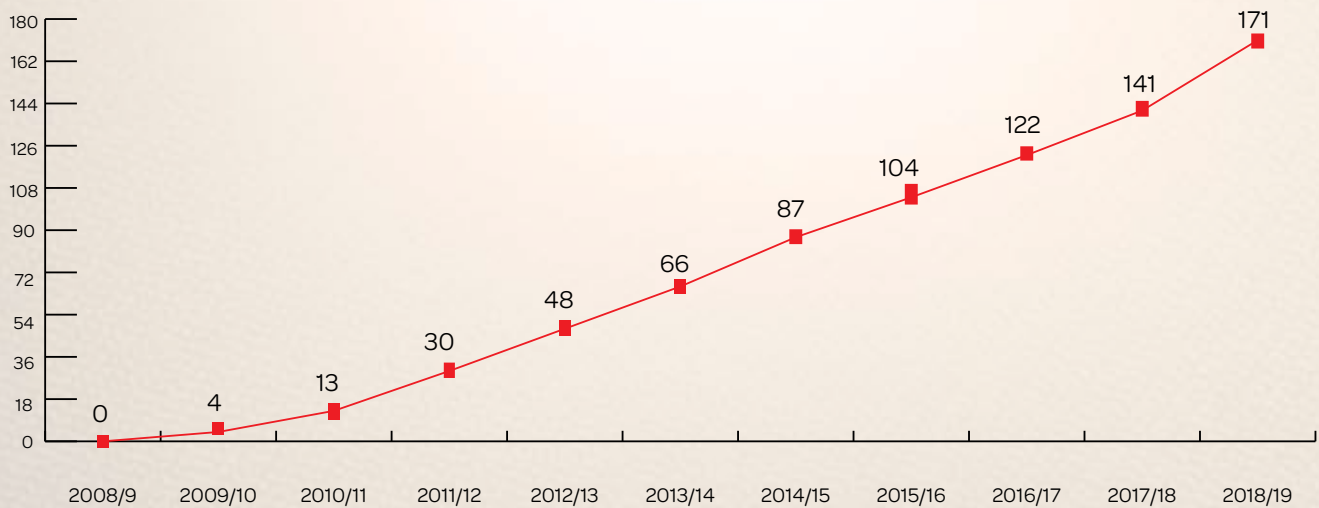
# CHIEF EXECUTIVE OFFICER'S REPORT

**Figure 10 - Applications by stage of processing**



By 31 March 2019, SADCAS had cumulatively undertaken 171 training courses in 13 SADC Member States serviced by SADCAS. Training courses are generic and designed to promote accreditation and an understanding of the accreditation requirements. Over 3000 participants have benefited from the SADCAS training courses which are undertaken by a pool of 20 registered trainers who cover the three (3) official languages in the region, English, French and Portuguese. Training activities grew by 18% boosted mainly by the training on the revised key accreditation standard for testing and calibration laboratories, ISO/IEC 17025:2017. Most of the training courses held during the year were on ISO/IEC 17025 bringing the cumulative training courses held by standard, to ISO/IEC 17025 (110), ISO 15189 (26), ISO/IEC 17020 (20), ISO/IEC 17021-1 (8), Method Validation & Measurement Uncertainty (MV & MU) (6) and other (1). Refer to Figures 11, 12 and 13.

**Figure 11 - Cumulative Training Courses as at 31 March 2019**



# CHIEF EXECUTIVE OFFICER'S REPORT

Figure 12 - Training Courses by Country as at 31 March 2019

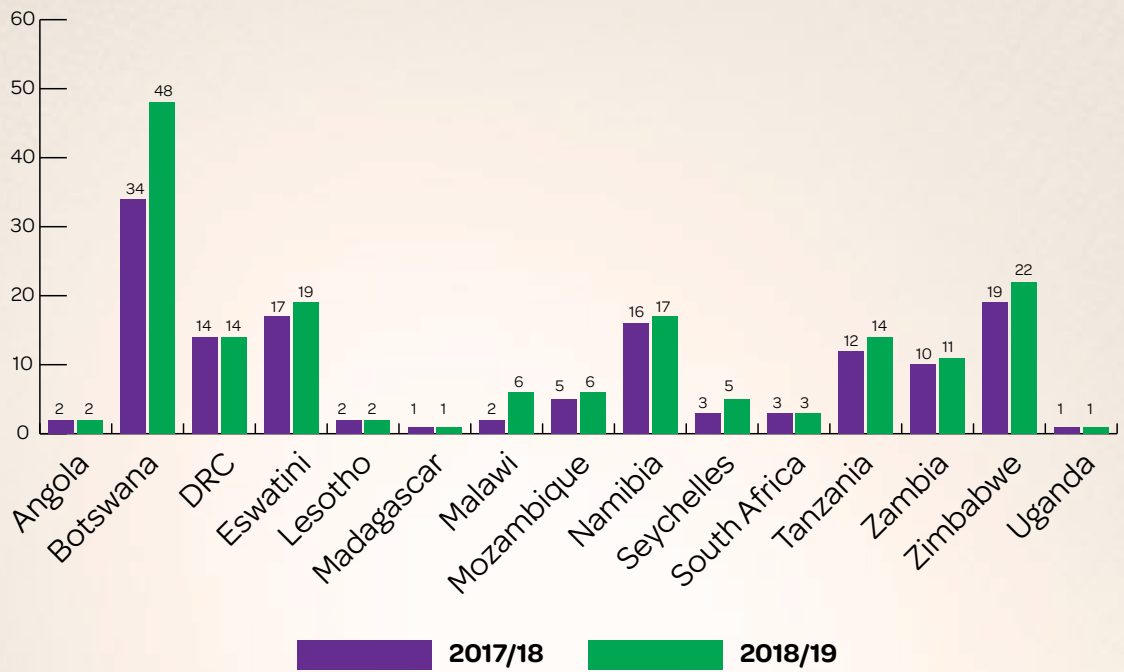
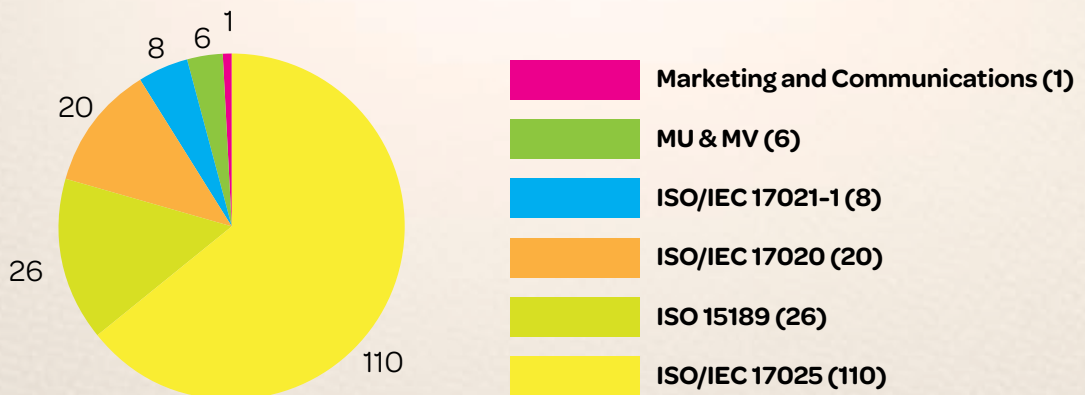
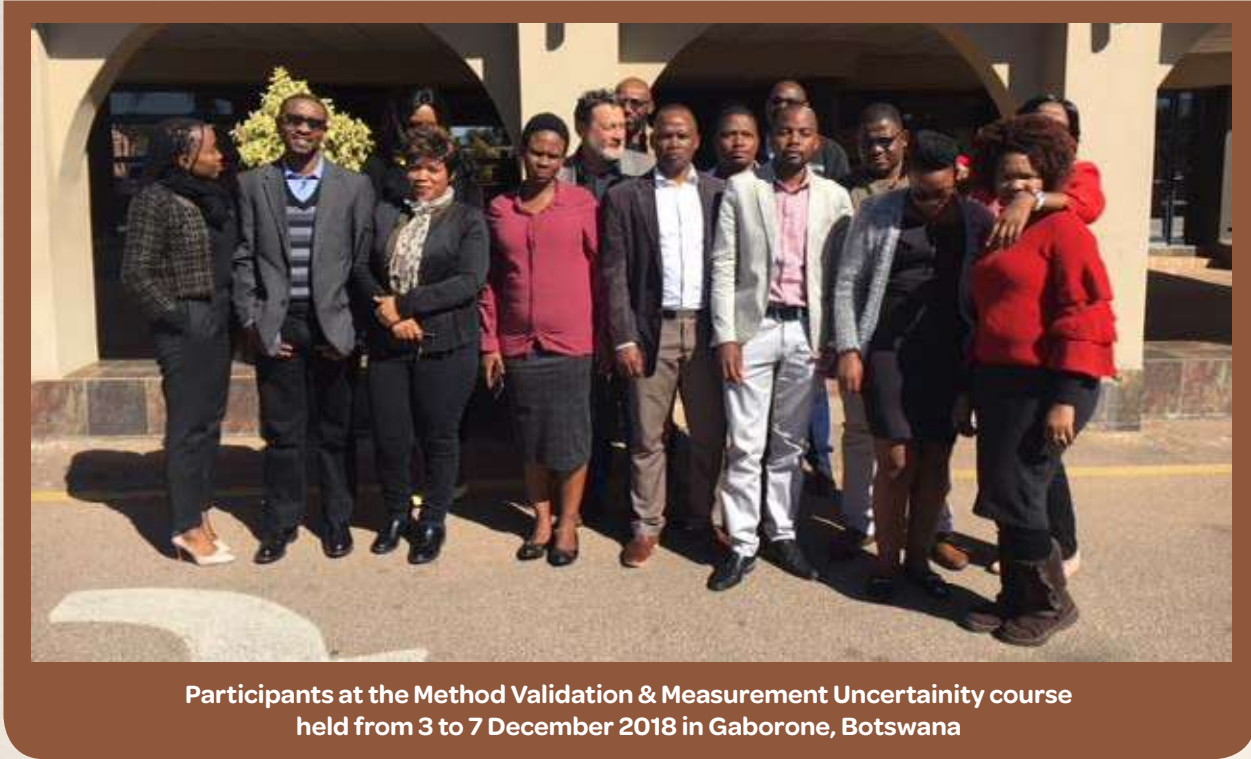


Figure 13 - Training Courses by Standard as at 31 March 2019

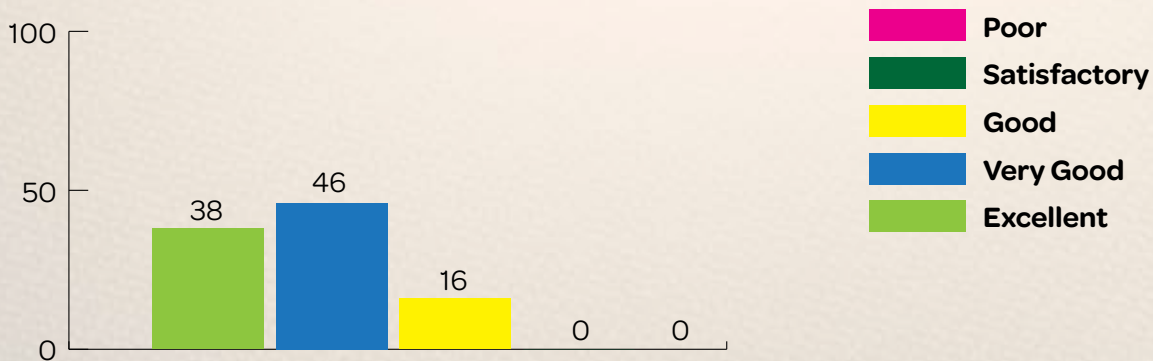


# CHIEF EXECUTIVE OFFICER'S REPORT



The results of the customer satisfaction survey undertaken during the 2018/19 financial year showed that customers were satisfied with all aspects of the accreditation services and encouraged SADCAS to keep up the quality of services. Some of the facilities noted an improvement in all the stages of the assessment whilst others expressed their concern on communication especially at corrective action stage. Refer to Figures 14 and 15. Two (2) complaints were received and resolved during the period under review bringing the cumulative number of complaints handled to 10. Most of the complaints were on accreditation timelines (4), followed by assessor behavior (2), disputes on findings raised (2), communication (1) and other (1). Refer to Figure 16.

**Figure 14 - Overall Satisfaction on Service Received 2018/19 Year**

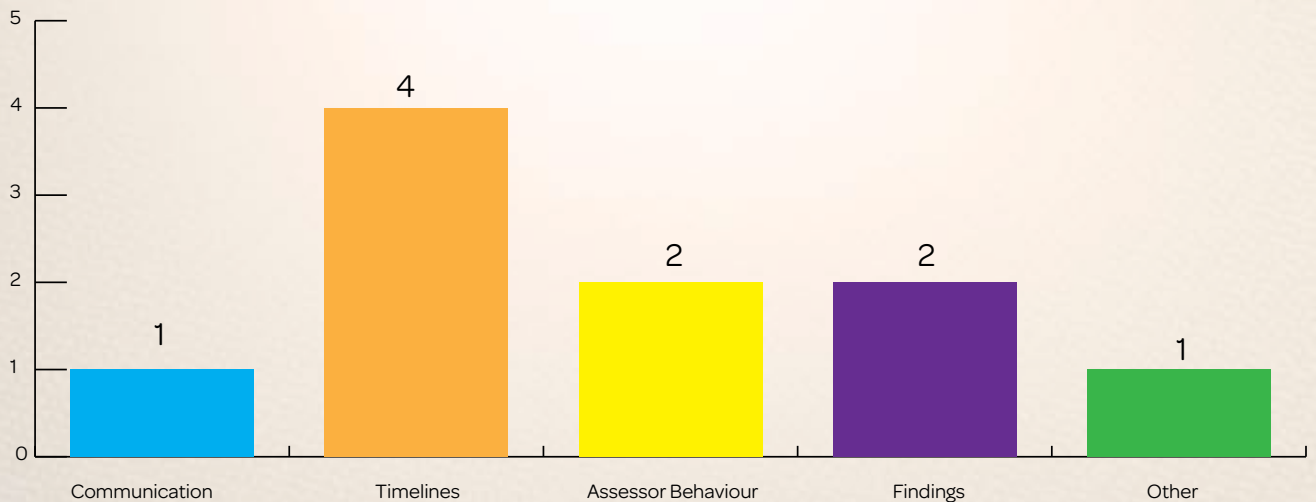


# CHIEF EXECUTIVE OFFICER'S REPORT

**Figure 15 - Overall Satisfaction on Service Over the Past 5 years**



**Figure 16 - Nature of Complaints**



# CHIEF EXECUTIVE OFFICER'S REPORT

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## **Prioritize and Develop New Accreditation Schemes Based on Current Demand and Anticipated Demand.**

During the period under review the application in the Main scope ISO/IEC 17021-1 and ISO TS 22003:2013 sub-scope: Food Safety Management Systems (FSMS) ISO 22000: 2018 only progressed up to pre assessment stage after which the applicant dropped the scope. Following the attachment of one of the SADCAS Scheme Coordinators at the United Kingdom Accreditation Service (UKAS), SADCAS developed a programme for the extension of accreditation scope to cover medical imaging service providers. This activity has been carried over into the 2019/20 financial year.

## **Maintain International Recognition for the TLAS, CLAS, MLAS and IBAS and Working Towards and Achieve International Recognition of All the Other Accreditation Schemes on Offer**

Following the revision and the publication of the ISO/IEC 17011:2017 - Conformity assessment - requirements for accreditation bodies accrediting conformity assessment bodies, SADCAS embarked on a process of aligning its management system to the requirements of the new standard. The project started in February 2018 with a gap analysis of the Quality Management System then the revision of the SADCAS Policy Manual SADCAS PM 01 which was approved by the SADCAS Board of Directors at its meeting held in September 2018. This was followed by the revision of the associated procedures and the forms. For purposes of familiarity and ownership, SADCAS staff members were involved in the review and revision of the documents as appropriate. The revised documents were published in November 2018.

In order to monitor the effectiveness and suitability of the revised SADCAS QMS, compliance of its systems with revised ISO/IEC 17011:2017 and maintenance of international recognition, the 6th internal audit/mock evaluation was undertaken from 14 to 16 January 2019 followed by the 10th Management Review undertaken on 22 February 2019. Upon satisfaction of readiness for re-evaluation, SADCAS submitted its application for re-evaluation and scope extension ISO/IEC 17021-1:2015 and ISO/IEC 17021-3:2017 in the Sub-scope Quality Management Systems (QMS) to ISO 9001:2015. The re-evaluation was subsequently conducted successfully from 27 May to 1 June 2019.

During the period under review SADCAS participated in the following regional and international accreditation meetings:

- IAF ILAC mid - term meetings held in Frankfurt, Germany from 4 to 11 April 2018;
- AFRAC mid - term meetings held from 22 to 29 June 2018 in Nairobi, Kenya;
- The 9th AFRAC General Assembly held from 23 to 28 September 2018 in Balaclava Port, Mauritius;
- The 2018 joint annual meetings of the ILAC IAF held from 22 October to 31 October 2018 in Singapore; and
- SADCA Committee meetings and the 22nd SADCA General Assembly (GA) held from 10 – 16 March 2019 in Windhoek, Namibia;

SADCAS also participated in 2 peer evaluations at KENAS (Kenya) on behalf of AFRAC and at IANZ (New Zealand) on behalf of APLAC. The SADCAS CEO was qualified as an evaluation team leader for AFRAC.

During the year under review, SADCAS participated in the Zimbabwe ISO/CASCO National Mirror Committee which during the year under review was working on the systematic review of ISO 15189; commenting on ISO 17000 revision and in the development of ISO/IEC TS 17021-10. SADCAS also actively participated in the revision and development of new documents by IAF, ILAC, AFRAC and SADCA registering above voting threshold values in all organizations.



# CHIEF EXECUTIVE OFFICER'S REPORT

## **Develop, Recruit and Retain our Most Important Asset the Intellectual Capital, Skills, Knowledge and Expertise of Staff, Assessors and Trainers so as to Deliver World Class Accreditation Services**

As part of the continuous professional development (CPD) scheme during the period under review, SADCAS staff and assessors attended various training workshops including:

- Peer evaluator training on ISO/IEC 17011: 2017 held in June 2018 in conjunction with the mid-term AFRAC meetings in Nairobi, Kenya and attended by two (2) SADCAS Management and two (2) assessors;
- Peer evaluator training on ISO/IEC 17025: 2017 held in June 2018 in conjunction with the mid-term AFRAC meetings in Nairobi, Kenya attended by the Technical Manager and one Assessor;
- Training of SADCAS Management on Risk Management held in conjunction with the 9th AFRAC GA in Mauritius in September 2018;
- Training of staff on the revised SADCAS QMS held on 23 November 2018 at SADCAS Offices;
- Training of staff and assessors on risk- based approach in assessments held on 11 December 2018 in South Africa in conjunction with the Assessor conclave;
- Training of staff and some assessors on ISO/IEC 17025: 2017 held in Botswana throughout the period under review;
- Training of staff and assessors on ISO/IEC 17025: 2017 held on 12 December 2018 in Johannesburg, South Africa; and
- SADCAS Management and staff attended a two-day team building session from 13-14 December 2018 facilitated by the Team Building Institute in South Africa.
- Training of staff on Internal auditing to ISO/IEC 17011: 2017 held from 2 to 4 April 2019.



SADCAS Management & Assessors amongst ISO/IEC 17011:2017 training workshop participants

# CHIEF EXECUTIVE OFFICER'S REPORT

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Staff and Assessors at the ISO/IEC 17025:2017 Workshop held in December 2018

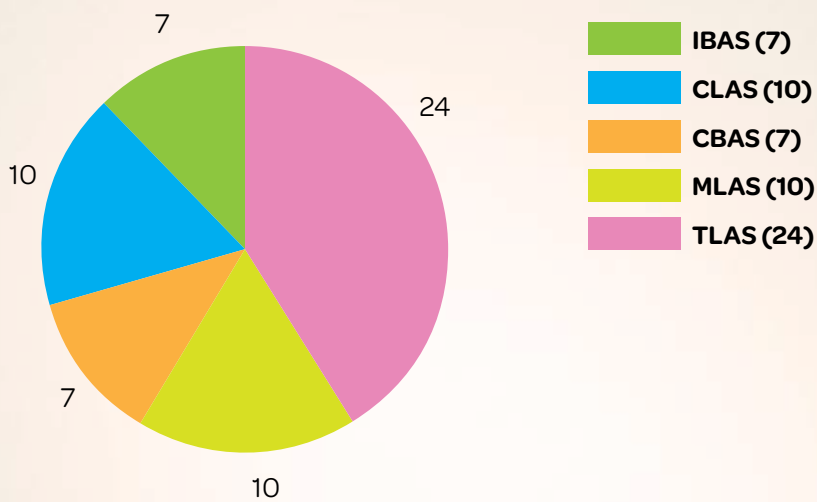


SADCAS Management and Staff during team building session held in December 2018

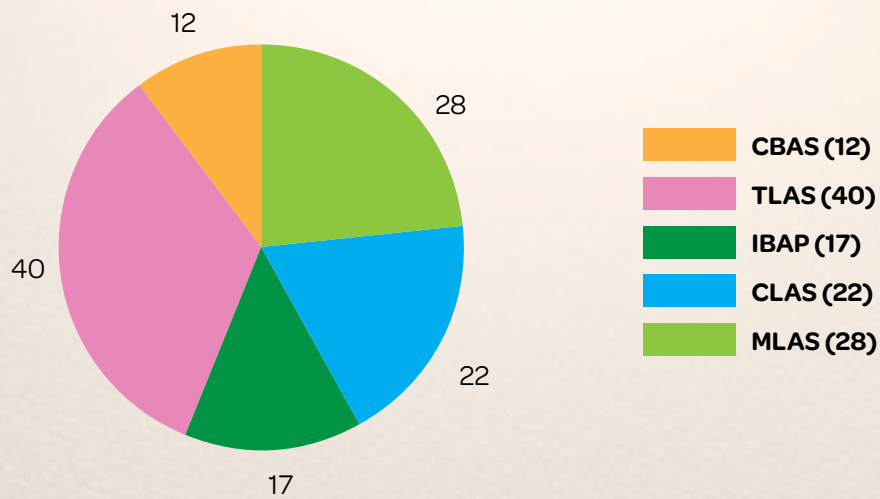
# CHIEF EXECUTIVE OFFICER'S REPORT

The pool of registered assessors who undertake assessments on behalf of SADCAS continues to grow with 16 assessors registered during the period under review. The pool of Technical Assessors increased from 103 to 116 i.e. 13% growth whilst Team Leaders increased from 36 to 39 i.e. 8% growth. Refer to Figures 17, 18 and 19. A total of seven (7) assessors were mentored, 24 assessors were monitored, three (3) were qualified and 16 registered during the year under review. Only one AAC member was trained whilst one AAC member was monitored.

**Figure 17 - Team Leaders by Accreditation Scheme as at 31 March 2019**

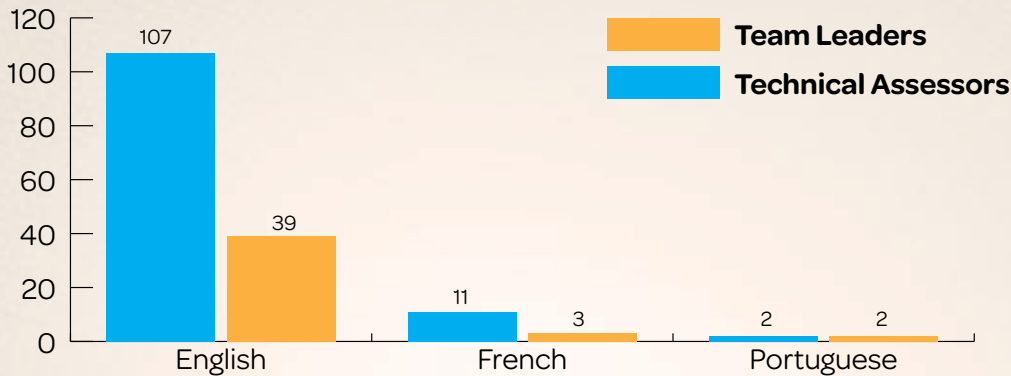


**Figure 18 - Technical Assessors by Accreditation Scheme as at 31 March 2019**



# CHIEF EXECUTIVE OFFICER'S REPORT

Figure 19 –Assessors by Language Diversity as at 31 March 2019



The pool of Trainers who conduct training on accreditation matters on behalf of SADCAS increased from 17 to 20 i.e. 18% growth from nine (9) SADC Member States and covering three (3) of the SADC official languages namely English, Portuguese and French.

## Continue to Strengthen the Effectiveness of National Accreditation Focal Points

The 12th NAFP Annual meeting was held at the National Laboratory Association of South Africa (NLA-SA) Offices in Pretoria, South Africa. Representatives from 11 out of 13 SADC Member States serviced by SADCAS namely: Angola; Botswana; DRC; Eswatini; Lesotho; Malawi; Mozambique; Namibia, Seychelles; Zambia; and Zimbabwe attended the meeting. Attendance costs to the meeting were sponsored under the auspices of the UNIDO/SADC Regional Laboratory Associations project on developing a sustainable Quality Infrastructure Programme for SADC which is funded by the Government of Finland.

During the meeting, the NAFPs developed the 2019/20 marketing plan framework. In preparing for the SADC Regional Laboratory Association (SRLA)-NAFP meeting which was subsequently held from 11 to 12 October 2018, the NAFPs identified potential areas of cooperation and made final touches to their presentations. The NAFPs further noted the need to step up their collaborative efforts with the national laboratory associations particularly in developing and implementing together, technical assistance projects to prepare conformity assessment bodies for accreditation and in promoting accreditation in their respective Member States.

The 2019 certificates of recognition were awarded to NAFPs Botswana and Angola in recognition of their effort and contributions towards SADC accreditation goals with the former being awarded the Most Effective NAFP Certificate of Recognition and the later the Most Improved NAFP Certificate of Recognition. The NAFP Award ceremony was held in conjunction with the 14th SADCAS Annual General Meeting held on 13 March 2019 at The Safari Court Hotel in Windhoek, Namibia.

# CHIEF EXECUTIVE OFFICER'S REPORT



NAFPs pose for a group photo after the meeting with SADCAS Management



NAFP-Botswana Officers pause for a photo with SADCAS Board Chairman

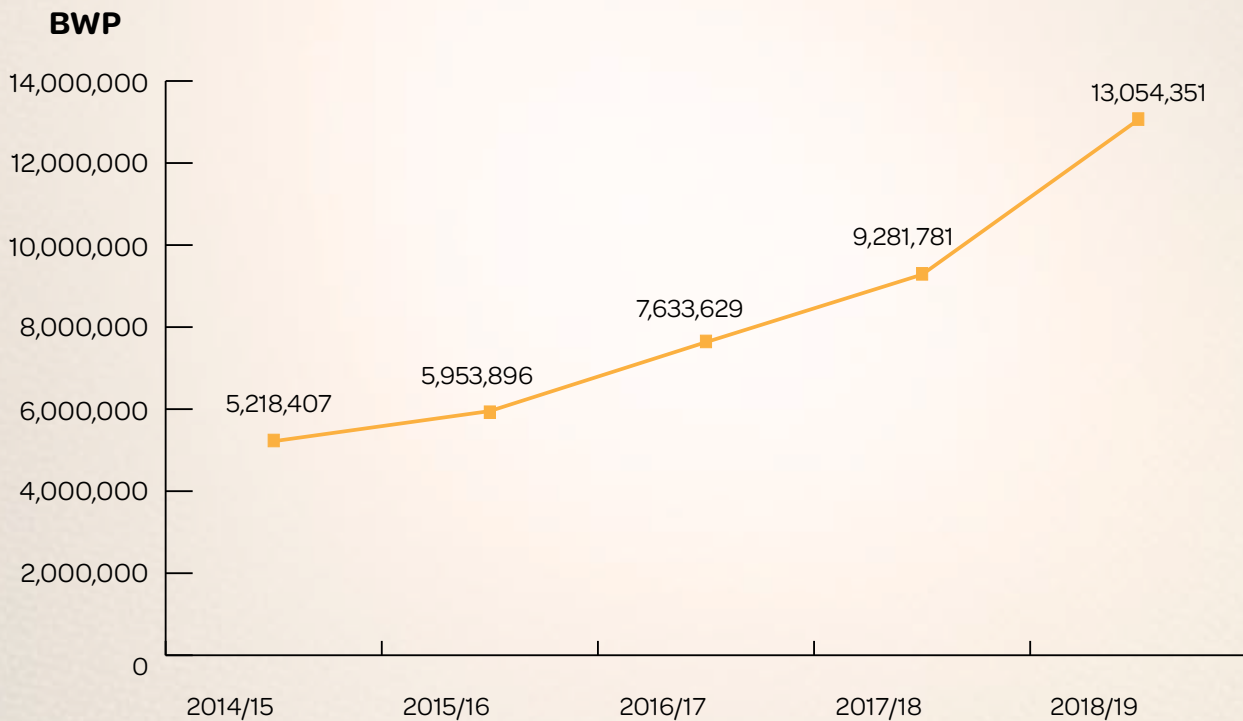
# CHIEF EXECUTIVE OFFICER'S REPORT

Generally, NAFPs continue to function effectively with average estimate realization of 71% for 2018, a slight improvement in average estimate realization compared to 69% for 2017 and a slight decline compared to 73% for 2016.

## Ensure Sustainability of SADCAS Beyond 2017

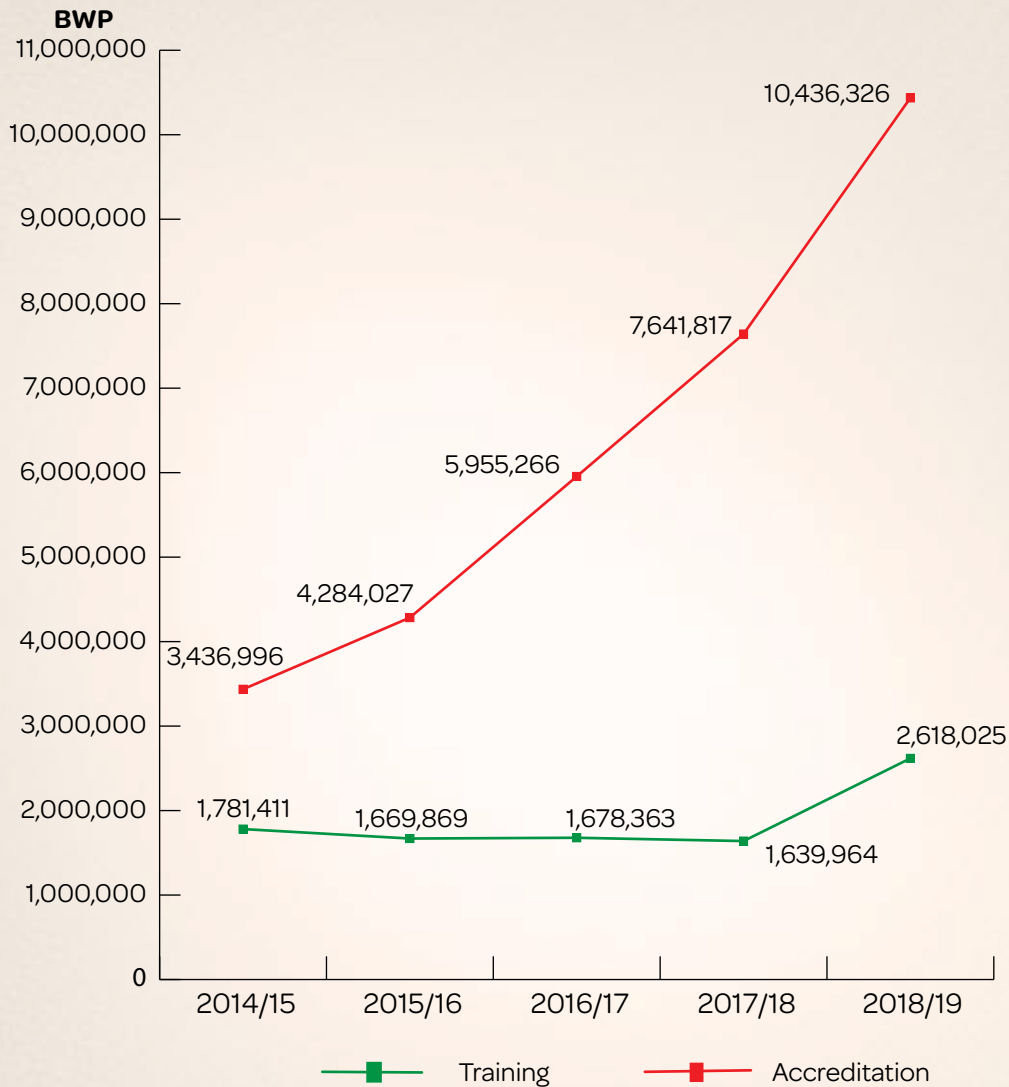
SADCAS business continues to grow steadily in numbers and also in terms of field and scope of accreditation, and geographical and sector coverage. Over the past 5 financial years, operational income has been increasing. The 2018/19 financial year saw a 41% increase in income from operations with accreditation income contributing 80% and training 20% towards the operational income. Government dependency increased to 26% due to increased overheads. Refer to Figures 20, 21, 22 and 23.

**Figure 20 - Trends in Operational Income over the past 6 years**



# CHIEF EXECUTIVE OFFICER'S REPORT

**Figure 21 - Trends in Operational income over the past 5 years - Training and Accreditation**



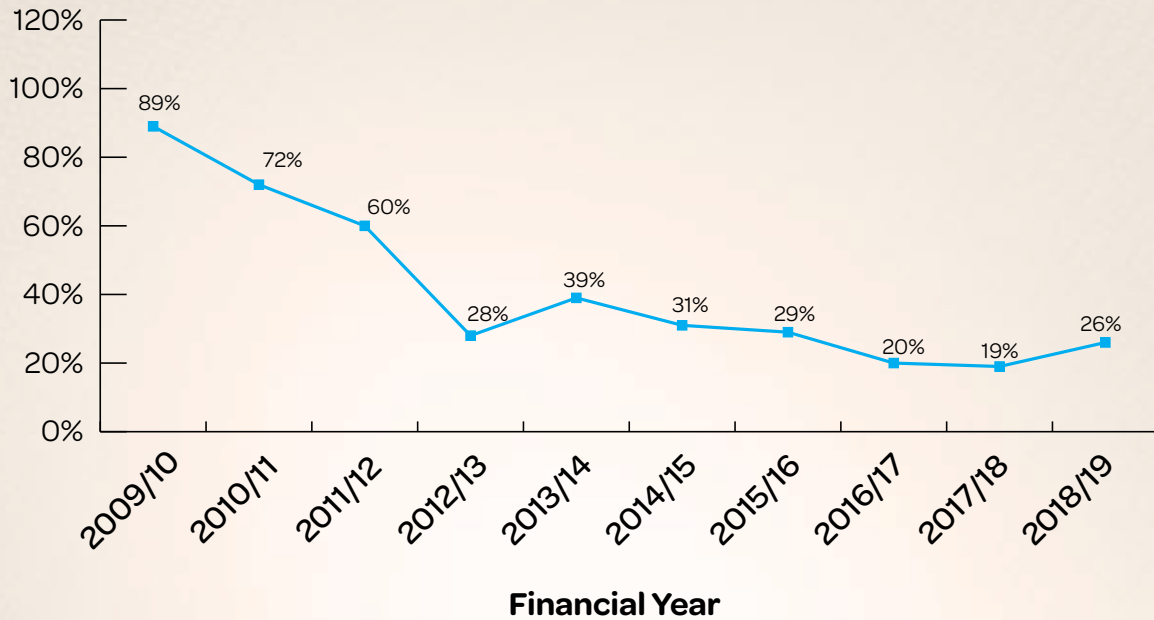
**Figure 22 - Breakdown of Operational Income for the Financial Year 2018/19**



# CHIEF EXECUTIVE OFFICER'S REPORT

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Figure 23 - Governments/Donor Dependency



## Looking Ahead

SADCAS business is growing both in terms of scope and field of accreditation as well as country coverage. Looking ahead our thrust will continue to be to consolidate SADCAS service delivery focusing on areas of demand, strengthening our capacity to accredit in French and Portuguese and ensuring smooth succession within SADCAS.

The SADCAS management and staff remain committed to building a sustainable accreditation body at the cutting edge of credible accreditation service delivery and supporting industrial development, intra and inter regional trade, market and regional integration, and enhancing the protection of consumers and the environment we live in.

Maureen P Mutasa (Mrs)  
Chief Executive Officer





# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE



**Mr Emmanuel Jinda**  
Chairman - HRRC

## 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 2019. 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

In line with good corporate governance practice, the HRRC comprised of three non-executive directors, Messrs. Emmanuel Jinda, Davlin Moyenda Damaziel Chokazinga and Alfredo Filipe Siteo. Mr Siteo is the Finance, Risk and Audit Committee (FRAC) representative on the HRRC. The Chief Executive Officer attends all the HRRC meetings by invitation.

## Attendance at 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 year, the HRRC met four times and reported to the Board accordingly. The records of attendance to these meetings are shown in Table 2.

**Table 2 – Record of Attendance to HRRC Meetings**

Name	Status	Meeting Dates			
		2018-05-16	2018-09-06	2018-11-19	2019-02-14
Mr Emmanuel Jinda (Chairman)	Non-Executive Director	✓	✓	✓	✓
Mr Alfredo Filipe Siteo	Non-Executive Director	✓	✓	✓	Apology
Mr Davlin Moyenda Damaziel Chokazinga	Non-Executive Director	✓	Apology	Apology	✓
<b>By Invitation</b> Mrs. Maureen Primrose Mutasa	SADCAS Chief Executive Officer	✓	✓	✓	✓



## HUMAN RESOURCES AND REMUNERATION COMMITTEE

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Left to Right:

Mrs Maureen Primrose Mutasa, **Chief Executive Officer;**

Mr Emmanuel Jinda, **HRRC Chairman;**

Mr Davlin Moyenda Damaziel Chokazinga, **Member;**

Mr Alfredo Filipe Siteo, **Member;**

# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

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The overall attendance for the HRRC meetings held during the year was 81%.

## Summary of Activities Undertaken During the Year

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

- Set the CEO and Board's performance contracts for the 2018/19 financial year;
- Reviewed Board and staff performance for the 2017/18 financial year;
- Reviewed the HRRC Terms of Reference (BP 02);
- Reviewed the HRRC membership;
- Reviewed Management and staff remuneration;
- Considered Board succession;
- Reviewed progress with recruitments;
- Reviewed BP 08: Succession Plan;
- Considered the 2019/20 human resources (HR) plan;
- Considered 2019 NAFP certificate of recognition;
- Considered Board remuneration for 2019/20;
- Reviewed SADCAS Board of Directors Expertise Matrix; and
- Reviewed and considered proposed revisions to the staff duty travel and subsistence rules and procedures.

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

The staff complement at the end of the year under review increased to nine (9) and is expected to increase to thirteen (13) by the end of the 2019/20 financial year with the Quality Manager and Scheme Coordinator for the Calibration Laboratories, Certification and Inspection Bodies Accreditation Schemes taking position at the beginning of the 2019/20 financial year and the ongoing recruitment of two (2) full time Assessors, conversant in French and Portuguese in an effort to enhance our ability to service clients in three (3) of the SADC official languages namely English, Portuguese and French.

The pool of registered assessors who undertake assessments on behalf of SADCAS continues to grow with 16 assessors registered during the period under review. The pool of Technical Assessors increased from 103 to 116 i.e. 13% growth whilst the pool of Team Leaders increased from 36 to 39 i.e. 8% growth. The pool of Trainers who conduct training on accreditation matters on behalf of SADCAS increased from 17 to 20 i.e. 18% growth from nine (9) SADC Member States and covering three (3) of the SADC official languages namely English, Portuguese and French.

The HRRC considered the proposed 2019 NAFP Certificate of Recognition awards recipients and made recommendations to the Board. The 2019 awards recipients were:

- |    |                     |               |
|----|---------------------|---------------|
| 1. | Most Effective NAFP | NAFP-Botswana |
| 2. | Most Improved NAFP  | NAFP-Angola   |

The HRRC congratulates both NAFPs Botswana and Angola on the achievement and encourages all NAFPs to continue to promote accreditation and to market SADCAS service offerings in their respective countries. The HRRC reviewed the Award and SADCAS now fully sponsors the Most Effective NAFP award recipient's attendance to the NAFP annual meeting.

## Training and Development

SADCAS utilizes the performance management system to identify staff development needs which are then incorporated into the annual Staff Training and Development Plan. During the year under review, staff participated in a number of staff development programmes with staff managing to attend 74% of the planned professional development programmes compared to 42% the previous year. All those programmes that were for one reason or another not attended have been carried over into the 2019/20 financial year.

# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

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During the period under review staff and assessors were trained on ISO/IEC 17025, revised SADCAS quality management system and risk management. In an effort to enhance team work in terms of communication and collaborations, SADCAS Management and staff attended a two-day team building session from 13 to 14 December 2018. The session was facilitated by the Team Building Institute in South Africa.

## Remuneration

In line with the SADCAS policies remuneration of the Board and staff is reviewed annually and the HRRC makes recommendations based on local and regional benchmarks.

The HRRC's remuneration philosophy is aimed to position SADCAS to attract, motivate and retain high performing employees through the provision of market related remuneration. The total staff costs for the year were BWP 6,880,143.

The remuneration of Non-executive directors was considered adequate for their services and remained as follows:

	Fee/meeting
Chairman of the Board	US\$ 360
Non-Executive Directors	US\$ 300

SADCAS pays for all the travel and accommodation expenses in respect of the Board and committee meetings.


The fees for the Non-executive directors are recommended by the HRRC to the Board who in turn recommend the fees to the General Assembly for approval at the Annual General Meeting. Director's remuneration was last approved by the General Assembly at the 14th Annual General Meeting on 13 March 2019.

## Board Performance

The HRRC is also mandated to evaluate on an annual basis the effectiveness of the Board and its members. To this end during the period under review the HRRC reviewed the 2017/18 Board performance matrix which was subsequently adopted by the Board who noted that the 2017/18 performance was commendable notwithstanding the cash flow challenges faced throughout the year.

## Succession planning

The SADCAS Board is committed to forward thinking succession planning to ensure SADCAS sustainability and continuity thus reduce disruptions to SADCAS business. To this end the Board approved BP 08: SADCAS Succession Plan in 2017. Implementation of the succession plan is monitored by the HRRC who make recommendations to the Board for updating or otherwise. During the year under review BP 08 was reviewed and updated to take into account developments in SADCAS.



**Mr Emmanuel Jinda**

Chairman Human Resources and Remuneration Committee

# REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE



**Ms Verily Kearoma Molatedi**  
Chairman - FRAC

## 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 2019. 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

The FRAC comprised of three independent, non - executive directors with appropriate qualification and experience, nominated by the Board.

### Name of Committee Member

Ms Verily Molatedi  
Mr Alfredo Filipe Siteo  
Mr Manuel Mutale

### Qualifications

BCom; ACCA  
BSc Econ; PGD Financial Economics  
BSc Chemistry; MBA; ACCA

Mr Mutale retired on 23 March 2019 at the end of his first term. The Board subsequently coopted Mrs. Mmatlala Dube onto the Board and also appointed her to serve on the FRAC. In line with Article 25 of the SADCAS Articles of Association, Mrs Mmatlala Dube shall hold office until the next annual general meeting when she shall then be eligible for election for term of 3 years.

## Attendance at Meetings

The terms of reference of the FRAC require the Committee to meet at least four times a year. The Chief Executive Officer and the Finance and Administration Manager attend meetings by invitation. The Committee has unrestricted access to the external auditors.

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**

Name	Status	Meeting Dates			
		2018-05-17	2018-09-06	2018-11-19	2019-02-13
Ms Verily Molatedi (Chairman)	Non-Executive Director	Apology	✓	✓	✓
Mr Alfredo Filipe Siteo	Non-Executive Director	✓	✓	✓	Apology
Mr Manuel Mutale Retired 2019-03-13	Non-Executive Director	✓	Apology	✓	✓
<b>By Invitation</b> Mrs Maureen Primrose Mutasa	SADCAS Chief Executive Officer	✓	✓	✓	✓



# REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE

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Left to Right:

Mr Alfredo Filipe Siteo, **Member**;  
Mrs Mmatlala Dube, **Member**;  
Ms Verily Kearoma Molatedi, **FRAC Chairman**;  
Mrs Maureen Primrose Mutasa, **Chief Executive Officer**;

# REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE

## Summary of Key Activities Undertaken During the Year

The key activities undertaken by the FRAC in terms of their terms of reference and in support of the Board, include:

**Table 4 – Outcomes of FRAC Meetings**

Duties	Key Activities
To review and challenge, where necessary, the actions and judgments of management, in relation to the company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to, and approval by the Board, and before clearance by the external auditors.	<ul style="list-style-type: none"> <li>Reviewed the monthly financial reports;</li> <li>Closely monitored the cash resources;</li> <li>Reviewed quarterly progress on government and other funding; and</li> <li>Reviewed the draft audited financial statements for the year ended 31 March 2019.</li> </ul>
To exercise oversight of the internal financial controls of the company.	<ul style="list-style-type: none"> <li>Assessed internal financial controls and concluded that no material breakdowns in the functioning of the internal financial controls were noted during the year under review and that the results of the audit tests conducted indicate that the internal financial controls provided a sound basis for the preparation of financial statements.</li> </ul>
To consider annually whether there is a need for an internal audit function where no such functions exists.	<ul style="list-style-type: none"> <li>Reviewed and recommended to the Board that there is no need for an internal audit function considering the size and operations of the Company.</li> </ul>
To assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non - financial risks.	<ul style="list-style-type: none"> <li>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; and</li> <li>Reviewed company insurance portfolio and recommended the insurance broker.</li> </ul>
Appointment, reappointment and removal of the external auditor; and to approve the terms of engagement for the external auditor.	<ul style="list-style-type: none"> <li>Reviewed the performance and recommended the re-appointment of the external financial auditor who is a registered auditor and who, in the opinion of the FRAC, is independent of the Company;</li> <li>Reviewed the fees to be paid to the external financial auditor and the auditor's terms of engagement; and</li> <li>Ensured that the appointment of the auditor complies with the Companies Act.</li> </ul>
To consider budget proposals and make recommendations to the Board.	<ul style="list-style-type: none"> <li>Monitored performance against the 2018/19 budget;</li> <li>Approved the SADCAS fees for the 2019/20 financial year; and</li> <li>Reviewed the 2019/20 budget proposals and made recommendation to the Board.</li> </ul>

## Annual Financial Statements

The FRAC reviewed the annual financial statements for the year ended 31 March 2019 and ensured that they comply, in all material aspects, with the requirements of the Companies Act and appropriate International Financial Reporting Standards. The Committee recommended the annual financial statements for the year ended 31 March 2019 for approval to the Board. The Board subsequently approved the financial statements at the August 2019 meeting.



# REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE

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## Internal Control and Risk Management

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.

## External Auditors

The Committee considered the external auditor's fees and terms of engagement found them to be acceptable to undertake the financial audit for the year ending 31 March 2019. The FRAC recommended to the Board the engagement of Baker Tilly whose appointment was ratified by SADCAS General Assembly at its 14th Annual General Meeting held on 13 March 2019.

The FRAC satisfied itself that external auditor, Baker Tilly, was independent of the company.

Baker Tilly was appointed as the external auditors in March 2017, following a tender process, for a three-year term subject to annual confirmation. The audit of the financial year ended 31 March 2019 is the last of the three-year term and in line with the SADCAS policy on auditor rotation, the external auditor position is due to go for tender during the 2019/20 financial year.

## Budgets

In February 2019, the FRAC reviewed the 2019/20 budget proposals for the 3rd year of the third strategic period and determined that the minimum contribution required from Governments of SADC Member States serviced by SADCAS was BWP 5,788,140.

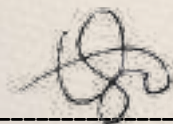
## Going Concern

The FRAC considered the relevant facts and opinions and concluded that the going concern assumption is appropriate for these financial statements on the basis that the Company has adequate resources to continue in operational existence as the SADC Member States have pledged their support to finance the company.

As at the time of compiling this report, US\$ 1,012,709 i.e. 86% of the contributions for the period 2012 to 2017 had been paid whilst US\$ 158,198, 13.5% is still outstanding from Tanzania. At the same time US\$ 1,039,862 i.e. 44% of the total contributions for the period 2017 to 2022 had been paid by Seychelles, Angola, Madagascar, DRC, Zimbabwe, Botswana, Namibia, Malawi and Lesotho whilst US\$1,340,434 i.e. 56% is still outstanding from the all the SADC Member States serviced by SADCAS except Angola and Botswana who have fully paid their contributions.

## Discharge of Responsibilities

The FRAC is satisfied that during the year under review, it fulfilled its responsibilities as set in the terms of reference. The FRAC found no material weaknesses in controls and is satisfied that the financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the Companies Act of Botswana (Companies Act).



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**Verily Molatedi**

Chairman Finance, Risk and Audit Committee



2018/19 | SADCAS

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



# DIRECTORS' RESPONSIBILITIES AND APPROVAL

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The directors are required in terms of the Companies Act (CAP 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

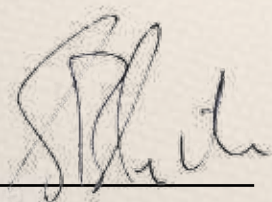
The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control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

The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 53 - 54.

The financial statements set out on pages 55 - 73, which have been prepared on the going concern basis, were approved by the board of directors on 2019-08-29 and were signed on their behalf by:

## Approval of financial statements



Director



Director

# INDEPENDENT AUDITOR'S REPORT

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To the members of Southern African Development Community Accreditation Service Limited

## Opinion

We have audited the financial statements of Southern African Development Community Accreditation Service Limited set out on pages 53 - 73, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Southern African Development Community Accreditation Service Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The directors are responsible for the other information. The other information comprises other details included in the annual report. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# INDEPENDENT AUDITOR'S REPORT

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

## Auditor's responsibilities for the audit of the Financial Statements

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

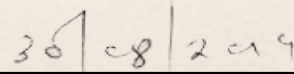
## Report on other legal and regulatory requirements

As required by the Companies Act (Cap 42:01) we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and profit and loss account are in agreement with the books of account.

  
\_\_\_\_\_

**Baker Tilly**  
**Certified Auditors**  
**Practicing Member: Samuel N. Njanji**  
**Certified Auditor: 20140132**

  
\_\_\_\_\_

**Date**  
**Unit 3B, Tholo Office Park**  
**Plot 50668, RDC Mpingo**  
**Gaborone**

# STATEMENT OF FINANCIAL POSITION

	Note(s)	2019 P	2018 P
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	272,299	167,324
Deferred tax	4	-	12,459
		<u>272,299</u>	<u>179,783</u>
<b>Current Assets</b>			
Trade and other receivables	5	1,882,963	1,014,064
Current tax receivable		7,289	7,289
Cash and cash equivalents	6	5,916,152	3,748,273
		<u>7,806,404</u>	<u>4,769,626</u>
<b>Total Assets</b>		<u><b>8,078,703</b></u>	<u><b>4,949,409</b></u>
<b>Funds and Liabilities</b>			
<b>Equity</b>			
Accumulated loss		<u>(954,965)</u>	<u>(2,487,525)</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Capital grant	7	<u>272,296</u>	<u>167,322</u>
<b>Current Liabilities</b>			
Trade and other payables	8	6,184,441	4,778,345
Deferred Income	9	<u>2,576,931</u>	<u>2,491,267</u>
		<u>8,761,372</u>	<u>7,269,612</u>
<b>Total Liabilities</b>		<u><b>9,033,668</b></u>	<u><b>7,436,934</b></u>
<b>Total Funds and Liabilities</b>		<u><b>8,078,703</b></u>	<u><b>4,949,409</b></u>

The financial statements and the notes on pages 55 - 73 were approved by the board of directors on 2019-08-29 and were signed on its behalf by:

Director

Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2019 P	2018 P
<b>Revenue</b>	10	17,531,010	11,703,689
<b>Direct costs</b>		(6,655,494)	(4,027,820)
<b>Gross profit</b>		10,875,516	7,675,869
<b>Other operating income</b>			
Bad debts recovered		-	35,883
Interest received		38,584	85
Sundry income		131,204	248,689
		169,788	284,657
<b>Other operating gains (losses)</b>			
Foreign exchange gains (losses)	11	923,413	(91,645)
<b>Expenses (Refer to page 57)</b>		(10,423,698)	(7,868,881)
<b>Surplus before taxation</b>		1,545,019	-
Tax expense/(credit)	12	(12,459)	7,849
<b>Surplus for the year</b>		1,532,560	7,849



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2019 P	2018 P
<b>Other operating expenses</b>			
Accounting fees		7,597	9,926
Advisory Committees		105,055	261,361
Audit fees		71,190	67,800
Bad debts		49,760	44,976
Bank charges		36,006	36,095
Cleaning		26,847	25,423
Assessor conclave		98,269	-
Consulting and twinning fees		131,830	26,414
Depreciation		80,203	95,091
Employee costs		6,880,143	5,448,298
Entertainment		13,860	14,120
General expenses		11,518	10,665
Governance expenses		423,260	331,914
Hosted back-up		10,800	10,800
Internal audit fees		38,932	45,527
International participation		521,018	194,433
Internet		62,237	49,640
Insurance		67,547	68,023
Lease rentals on operating lease		295,300	265,633
Levies		24,432	18,325
Marketing expenses		339,248	62,252
Network support		72,887	69,394
NAFP annual meeting		6,239	5,312
Peer evaluation		50,529	101,499
Printing, postage and stationery		193,351	168,902
Policies and procedures		97,113	-
Repairs and maintenance		6,982	4,695
Registration of ILAC Mark		80,031	110,124
Security monitoring		8,131	6,711
Secretarial fees		7,840	5,280
Staff training		221,286	22,943
Staff welfare		66,599	14,720
Telephone and fax		108,002	101,984
Translation costs		91,863	-
Travel		49,702	110,587
Utilities		47,091	42,014
Website maintenance		21,000	18,000
		<b>10,423,698</b>	<b>7,868,881</b>

# STATEMENT OF CHANGES IN EQUITY

	Accumulated Deficit/Surplus	Total equity
	P	P
<b>Balance at 01 April 2017</b>	<b>(2,495,374)</b>	<b>(2,495,374)</b>
Surplus for the year	7,849	7,849
Other comprehensive income	-	-
<b>Total comprehensive surplus for the year</b>	<b>7,849</b>	<b>7,849</b>
<b>Balance at 01 April 2018</b>	<b>(2,487,525)</b>	<b>(2,487,525)</b>
Surplus for the year	1,532,560	1,532,560
Other comprehensive income	-	-
<b>Total comprehensive surplus for the year</b>	<b>1,532,560</b>	<b>1,532,560</b>
<b>Balance at 31 March 2019</b>	<b>(954,965)</b>	<b>(954,965)</b>

# STATEMENT OF CASH FLOWS

	Note(s)	2019 P	2018 P
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	1,429,644	3,123,681
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(185,178)	(45,275)
<b>Cash flows from financing activities</b>			
<b>Total cash movement for the year</b>		<b>1,244,466</b>	<b>3,078,406</b>
Cash at the beginning of the year		3,748,273	761,512
Effect of exchange rate movement on cash balances		923,413	(91,645)
<b>Total cash at end of year</b>	6	<b>5,916,152</b>	<b>3,748,273</b>

# ACCOUNTING POLICIES

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## 1. Significant Accounting Policies

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

### 1.1. Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act (CAP 42:01).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the company's functional currency.

These accounting policies are consistent with the previous period.

### 1.2. Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Key sources of estimation uncertainty

##### Trade receivables

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

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

##### Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

##### Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

# ACCOUNTING POLICIES

## 1.2 Significant judgements and sources of estimation uncertainty (continued)

The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note.

## 1.3. Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	6.67 years
Computer equipment	Straight line	4 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

# ACCOUNTING POLICIES

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## 1.3 Property, plant and equipment (Continued)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.4. Financial instruments

### Classification

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

- Financial assets at fair value through profit or loss – held for trading
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

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

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

# ACCOUNTING POLICIES

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## 1.4 Financial instruments (continued)

### Derecognition

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.

### Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

### Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

### Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables

### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the recoverable amount.

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

Trade and other receivables are classified as loans and receivables.

# ACCOUNTING POLICIES

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## 1.4 Financial instruments (continued)

### Trade and other payables

Trade payables are initially measured at fair value.

### Cash and cash equivalents

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

## 1.5 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.



# ACCOUNTING POLICIES

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## 1.6. Leases

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

### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

## 1.7. Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

# ACCOUNTING POLICIES

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## 1.8. Employee benefits

### Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## 1.9. Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

# ACCOUNTING POLICIES

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## 1.10. Revenue

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and when specific criteria have been met for each of the company's activities as described below.

### Grant Income

Grants are accounted for when received from the donor or Member States. Grants received 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.

**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.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

## 1.11. Direct costs

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

## 1.12. Translation of foreign currencies

### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. New Standards and Interpretations

### 2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2019 or later periods:

#### Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The company expects to adopt the interpretation for the first time in the 2020 financial statements.

It is unlikely that the interpretation will have a material impact on the company's financial statements.

#### IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right of use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right of use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right of use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re measurement of the lease liability. However, right of use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right of use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right of use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re measured for reassessments or modifications.
- Re measurements of lease liabilities are affected against right of use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. New Standards and Interpretations (continued)

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re measures the lease liability by making a corresponding adjustment to the right of use asset.
- Right of use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right of use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

### Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

### Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller lessee must measure the new right of use asset at the proportion of the previous carrying amount of the asset that relates to the right of use retained. The buyer lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January 2019.

The company expects to adopt the standard for the first time in the 2020 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying Value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	463,738	(277,302)	186,436	362,008	(301,340)	60,668
Office equipment	112,247	(91,727)	20,520	99,080	(88,769)	10,311
Computer equipment	374,713	(309,370)	65,343	370,462	(274,117)	96,345
	<b>950,698</b>	<b>(678,399)</b>	<b>272,299</b>	<b>831,550</b>	<b>(664,226)</b>	<b>167,324</b>

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	60,668	149,651	(23,883)	<b>186,436</b>
Office equipment	10,311	13,167	(2,958)	<b>20,520</b>
Computer equipment	96,345	22,360	(53,362)	<b>65,343</b>
	<b>167,324</b>	<b>185,178</b>	<b>(80,203)</b>	<b>272,299</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	92,786	3,920	(36,038)	<b>60,668</b>
Office equipment	13,707	-	(3,396)	<b>10,311</b>
Computer equipment	110,647	41,355	(55,657)	<b>96,345</b>
	<b>217,140</b>	<b>45,275</b>	<b>(95,091)</b>	<b>167,324</b>

## 4. Deferred tax

2019  
P

2018  
P

The deferred tax assets and the the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	-	<b>12,459</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	12,459	4,611
Increase (decrease) in tax loss available for set off against future taxable income	(16,634)	
Taxable / (deductable) temporary difference movement on tangible fixed assets	(24,534)	7,848
Prepayments	28,709	
	-	<b>12,459</b>
<b>Unrecognised deferred tax asset</b>		
Unused tax losses not recognised as deferred tax assets	211,054	545,072

# NOTES TO THE FINANCIAL STATEMENTS

	2019 P	2018 P
<b>5. Trade and other receivables</b>		
<b>Financial Instruments:</b>		
Trade receivables	1,657,943	942,935
Deposits	38,080	38,080
Interest receivable	28,235	-
Withholding Tax	7,948	7,948
<b>Non-financial instruments:</b>		
VAT	20,258	-
Prepayments	130,499	25,101
<b>Split between non-current and current portions</b>		
Current assets	<u>1,882,963</u>	<u>1,014,064</u>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1,145	2,000
Bank balances	<u>5,915,007</u>	<u>3,746,273</u>
	<u>5,916,152</u>	<u>3,748,273</u>
<b>7 Capital Grant</b>		
At 01 April	167,322	217,140
Capital grants transferred	185,177	45,275
Capital grants amortised during the year	<u>(80,203)</u>	<u>(95,093)</u>
<b>At 31 March</b>	<u>272,296</u>	<u>167,322</u>
<b>8. Trade and other payables</b>		
Trade payables	738,792	484,525
Other payables	534,807	200,672
Payroll accruals	2,923,975	1,615,618
Sundry suppliers	71,190	67,800
Deposits received	1,915,677	2,399,040
<b>Non-financial instruments:</b>		
VAT	-	10,690
	<u>6,184,441</u>	<u>4,778,345</u>

# NOTES TO THE FINANCIAL STATEMENTS

	2019 P	2018 P
<b>9. Deferred income</b>		
At 01 April	2,491,267	109,816
Government contributions received	4,667,297	4,753,542
Transferred to income statement	(4,396,456)	(2,326,815)
Transferred to capital grant	(185,177)	(45,276)
<b>At 31 March</b>	<b>2,576,931</b>	<b>2,491,267</b>
<b>10. Revenue</b>		
Service revenue	13,054,351	9,281,782
Government funding	4,476,659	2,421,907
	<b>17,531,010</b>	<b>11,703,689</b>
<b>The amount included in revenue arising from exchange of goods or services included in service revenue are as follows:</b>		
Accreditation services	10,436,326	7,641,817
Training services	2,618,025	1,639,965
	<b>13,054,351</b>	<b>9,281,782</b>
<b>11. Other operating gains (losses)</b>		
Foreign exchange gains (losses)		
Net foreign exchange gains (losses)	<b>923,413</b>	<b>(91,645)</b>
<b>12. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Deferred</b>		
Deferred tax	<b>12,459</b>	<b>(7,849)</b>
<b>13. Cash generated from operations</b>		
Surplus before tax	1,545,019	-
<b>Adjustments for:</b>		
Depreciation and amortisation	80,203	95,091
(Gains) losses on foreign exchange	(923,413)	91,645
Capital grants amortised during the year	(80,203)	(95,093)
Transfer from deferred income	(4,396,456)	(2,326,814)
<b>Changes in working capital:</b>		
Trade and other receivables	(868,899)	(266,358)
Trade and other payables	1,406,097	338,953
Member States Contributions	4,667,296	4,753,541
	<b>1,429,644</b>	<b>3,123,681</b>



# NOTES TO THE FINANCIAL STATEMENTS

	2019 P	2018 P
<b>14. Commitments</b>		
<b>Capital commitments</b>		
There were no capital commitments as at the end of the financial year.		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	499,086	291,163
- in second to fifth year inclusive	2,428,850	484,879
	<b>2,927,936</b>	<b>776,042</b>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of five years.

## 15. Risk management

### Financial risk management

#### Liquidity risk

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

#### Credit risk

Credit risk consist mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Trade receivables	1,882,963	1,014,064
Bank balances	5,915,007	3,746,273

#### Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

## 16. Events after the reporting period

Management is not aware of any material occurring between the year end and date of approval of the financial statements, which require disclosure.

## 17. 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.



Plot 50369, Unit 3A, Second Floor, Tholo Office Park, Fairgrounds  
P Bag 00320, Gaborone, Botswana

**Tel:** 313 2910 Fax: +267 313 2922

**Email:** [info@sadcas.org](mailto:info@sadcas.org)

**Website:** [www.sadcas.org](http://www.sadcas.org)