SADCAS

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE

annual report

2012-2013

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ACRONYMS AND ABBREVIATIONS

AA	Accreditation Administrator
AAC	Accreditation Approvals Committee
AC	Advisory Committee
AFRAC	African Accreditation Cooperation
AGM	Annual General Meeting
BWP	Botswana Pula
CAB	Conformity Assessment Body
CBAP	Certification Bodies Accreditation Programme
CEO	Chief Executive Officer
CLAP	Calibration Laboratories Accreditation Programme
CMT	Committee of Ministers of Trade
CPD	Continuous Professional Development
DRC	Democratic Republic of Congo
EDF	European Development Fund
EU	European Union
FA	Financial Administrator
FRAC	Finance, Risk and Audit Committee
HRRC	Human Resources and Remuneration Committee
IBAP	Inspection Bodies Accreditation Programme
IAF	International Accreditation Forum
IEC	International Electrotechnical Commission
IFRS	International Finance Reporting Standards
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organization for Standardization
MLAP	Medical Laboratories Accreditation Programme
MOU	Memorandum of Understanding
NAFP	National Accreditation Focal Point
NORAD	Norwegian Agency for Development Cooperation
NSSA	National Social Security Authority (Zimbabwe)
PTB Germany	Physikalisch – Technische Bundesanstalt Germany
PWC	PricewaterhouseCoopers
QMS	Quality Management System
RISDP	Regional Indicative Strategic Development Plan
SAE	South African Express
SADC	Southern African Development Community
SADCA	Southern African Development Community Cooperation in Accreditation
SADCAS	Southern African Development Community Accreditation Service
SANAS	South African National Accreditation System
SQAM	Standardization, Quality Assurance, Accreditation and Metrology
TBT	Technical Barriers to Trade
TIFI	Trade, Industry, Finance and Investment
TLAP	Testing Laboratories Accreditation Programme
TM	Technical Manager
TPA	Twinning Partnership Arrangement
WAD	World Accreditation Day

Vision, Mission, Mandate, Company Values And Value Proposition

SADCAS Vision

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

SADCAS Mission

SADCAS mission is to provide credible, cost effective, accreditation services for SADC Member States aimed at supporting trade, enhance the protection of consumers and the environment, and improve the competitiveness of SADC products and services in both the voluntary and regulatory areas.

SADCAS Mandate

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

SADCAS Company Values

In its service provision SADCAS upholds the following six core values:

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

SADCAS Value Proposition

- Delivering confidence
- Assuring competence
- Guaranteeing quality

CORPORATE PROFILE

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

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

Governance

SADCAS is governed by a General Assembly which comprises of:

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

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

SADCAS Organization

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

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

SADCAS Services

SADCAS provides accreditation services and training in accreditation associated activities.

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

- Calibration laboratories in accordance with ISO/IEC 17025;
- Testing laboratories in accordance with ISO/IEC 17025;
- Medical laboratories in accordance with ISO 15189;

- Management systems certification bodies in accordance with ISO/IEC 17021;
- Inspection bodies in accordance with ISO/IEC 17020;
- Personnel certification bodies in accordance with ISO/IEC 17024; and
- Product certification bodies in accordance with ISO/IEC 17065.

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

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

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

The objective of the one - day awareness training courses is to create awareness on the benefits and importance of accreditation and the requirements of the respective accreditation standards.

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

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

- Three days' internal auditing course

The objective of the three-day courses is to impart internal auditing knowledge and skills so that conformity assessment bodies are able to monitor compliance with the respective key accreditation standards.

Besides the above courses, SADCAS can also offer other accreditation related courses depending on needs. SADCAS' trainers are drawn from a pool of qualified and experienced experts who have up to date involvement in accreditation matters.

In order not to compromise its impartiality and status in training service delivery, SADCAS does not give specific advice for the development of an organization's operations. Furthermore the training courses delivered or facilitated by SADCAS are not a pre-condition of accreditation neither do they guarantee accreditation by SADCAS.

SADCAS Regional and International Connections

SADCAS is

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

Board of Directors

Mr Riundja Ali Kaakunga (Othy)
Chairman

Mrs Masego Beatrice Marobela
Vice Chairman

Mr Stuart Heldrey Carstens
Member

Mr Cyprian Tlhako Mokhoro
Member

Mr Steven Bruce Sidney
Member

Mrs Christine Eve Gadzikwa
Member

Mr Viki Mbuya Kanama
Member

Ms Verily Molatedi
Member

Ms Boitumelo Gofhamodimo
Member

Mrs Maureen Primrose Mutasa
Chief Executive Officer
Member

Board of Directors/Committees' Meetings Attendance

Board Meetings

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

Table 1 – Record of Attendance to Board Meetings Held During the 2012/13 Financial Year

Name	Status	Meeting Dates				
		2012-04-13	2012-08-10	2012-11-16	2013-02-15	2013-03-19 (Special)
Mr Riundja Ali Kaakunga (Othy) Chairman	Non Executive Director	✓	Apology	✓	✓	✓
Mrs Masego Beatrice Marobela Vice Chairman	Non Executive Director	Apology	✓	Apology	✓	✓
Mr Stuart Heldrey Carstens	Non Executive Director	✓	✓	✓	✓	Apology
Mr Cyprian Tlhako Mokhoro	Non Executive Director	✓	✓	Apology	✓	Apology
Mr Steven Bruce Sidney	Non Executive Director	Apology	Apology	✓	✓	Apology
Mr Viki Mbuya Kanama	Non Executive Director	✓	Apology	Apology	✓	✓
Mrs Christine Eve Gadzikwa	Non Executive Director	✓	✓	Apology	✓	✓
Ms Verily Molatedi	Non Executive Director	✓	Apology	✓	Apology	Apology
Ms Boitumelo Gofhamodimo (Co-opted in August 2012)	Non Executive Director	–	✓	✓	Apology	Apology
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓	✓
By Invitation Dr Elsie Meintjies Senior Programme Officer (SPO) TBT		–	–	–	✓	–

Finance, Risk and Audit Committee Meetings

During the period under review, the Finance, Risk and Audit Committee (FRAC) met four times. The records of attendance to these meetings are shown in Table 2.

Table 2 - Record of Attendance to FRAC Meetings Held During the 2012/13 Financial Year

Name	Status	Meeting Dates			
		2012-04-12	2012-08-09	2012-11-15	2013-02-11
Mr Stuart Heldrey Carstens (Chairman)	Non Executive Director	✓	✓	✓	✓
Mr Cyprian Tlhako Mokhoro	Non Executive Director	✓	✓	Apology	✓
Ms Verily Molatedi	Non Executive Director	✓	Apology	✓	✓
Mr Steven Bruce Sidney	Non Executive Director	✓	Apology	✓	✓
By Invitation Mrs Maureen Primrose Mutasa	SADCAS Chief Executive Officer	✓	✓	✓	✓
Mrs Laureen Rutendo Gudo	SADCAS Financial Administrator	✓	✓	✓	✓

Human Resources and Remuneration Committee Meetings

During the period under review, the Human Resources and Remuneration Committee (HRRC) met four times. The records of attendance to these meetings are shown in Table 3.

Table 3 – Record of Attendance to HRRC Meetings Held During the 2012/13 Financial Year

Name	Status	Meeting Dates			
		2012-04-12	2012-08-09	2012-11-15	2013-02-15
Mrs Masego Beatrice Marobela (*Chairman*)	Non Executive Director	Apology	Apology	Apology	✓
Mr Stuart Heldrey Carstens	Non Executive Director	✓	✓	✓	Apology
Mrs Maureen Primrose Mutasa	Executive Director	✓	✓	✓	✓
By Invitation Mr Cyprian Tlhako Mokhoro	Non Executive Director	–	✓	–	–

General Information

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

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

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

SADCAS Registration Number – 2005/6912

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

National Accreditation Focal Points Offices

NAFP- Angola
Instituto Angolano de Normalização e Qualidade
P O Box 3709/ P O Box 594, Luanda, Angola
Tel:+244 222 337 294/ +244 925 058 184
Fax:+244 222 396 745

NAFP-Madagascar
Bureau de Normes de Madagascar
BP 1316, Antananarivo 101
Madagascar
Tel:+261 20 22 279 70
Cell: +261 32 02 205 00

NAFP-Botswana
Ministry of Trade and Industry
Private Bag 0014, Gaborone
Botswana
Tel:+267 395 7406/ +267 7130 7993
Fax: +267 397 2910

NAFP-Malawi
Malawi Bureau of Standards
P O Box 946, Blantyre
Malawi
Tel:+265 1 870 488 or +265 999 695 705
Fax: +265 1 870 756

NAFP-Democratic Republic of Congo
Office Congolais de Contrôle
BP 8614-8806, Kinshasa 1
Democratic Republic of Congo
Tel:+243 89 892 2727
Mobile: +243 81 508 2006
Fax:+243 512 682 2162

NAFP-Lesotho
Standards and Quality Assurance Department
Ministry of Trade and Industry, Cooperatives & Marketing
P O Box 747, Maseru 100
Lesotho
Tel:+266 223 17 454/ + 266 59 093 332
Fax: +266 223 10 326

NAFP-Mozambique
Institute Nacional de Normalização e Qualidade
P O Box 2983, Maputo
Mozambique
Tel:+258 21 303 822 / 21 303 823 / 82 464 9260
Fax: +258 21 304 206

NAFP-Namibia
Ministry of Trade & Industry
P/Bag 13340, Windhoek
Namibia
Tel:+264 61 283 7111/ +264 812 610 906
Fax: +264 61 222 576/ 222 227

NAFP-Tanzania
Tanzania Bureau of Standards
P O Box 9524, Dar es Salaam
Tanzania
Tel:+255 222 450 206/ +255 756 590 360
Fax: +255 222 450 959

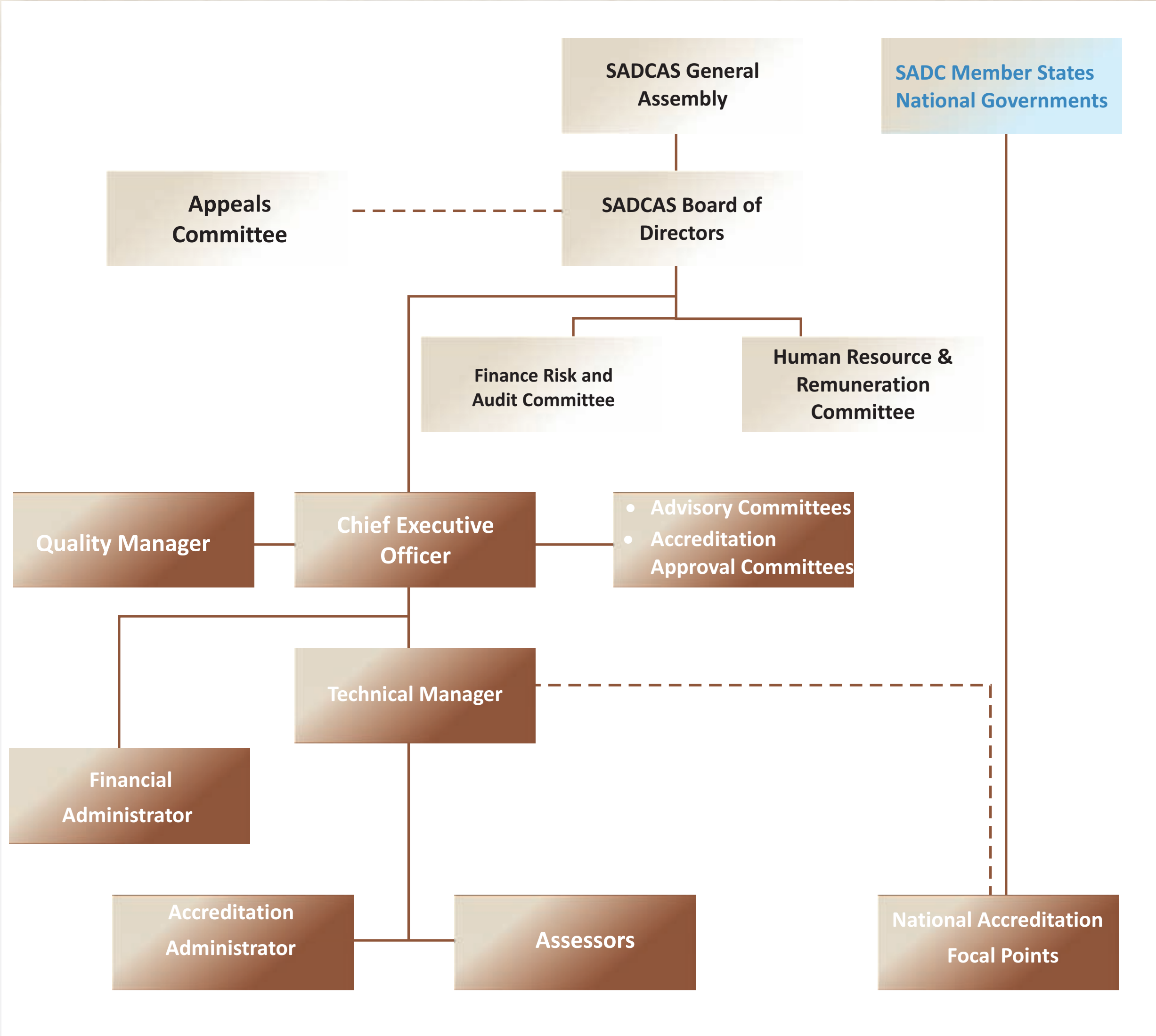
NAFP-Seychelles
Seychelles Bureau of Standards
Standards House, Providence Industrial Estate
P O Box 953, Victoria, Mahe, Seychelles
Tel:+248 380 402/ 527 590
Fax: +248 373 826

NAFP-Zambia
Ministry of Commerce, Trade and Industry
P O Box 31968, Lusaka
Zambia
Tel: + 260 211 226 954
Fax: + 260 211 226 954

NAFP-Swaziland
Ministry of Enterprise and Employment
Standardization & Quality Assurance Section
P O Box 451, Mbabane
Swaziland
Tel:+268 404 7510 or 404 3201
Fax: +268 404 3055

NAFP-Zimbabwe
Ministry of Industry & International Trade
Legal Metrology Directorate
Private Bag 7708, Causeway
Harare, Zimbabwe
Tel:+263 4 702 735/ +263 4 707 735/ +263 772 118 720
Fax: +263 4 707 540

ORGANIZATIONAL STRUCTURE



MANAGEMENT AND STAFF

National Accreditation Focal Points


Mr Carmo dos Santos
[NAFP-Angola]


Mr Edward Mmatli
[NAFP-Botswana]


Mr Viki Mbuya Kanama
[NAFP-DRC)


Mr Azael Motjoka Makara
[NAFP-Lesotho]


Mr Séraphin Andrianantanarivo Razafimahafaly
[NAFP-Madagascar]


Mr Patrician Kondowe
[NAFP-Malawi]


Mrs Guilhermina Nhampulo
[NAFP-Mozambique]


Mr Manfred Kahipura
[NAFP-Namibia]


Mrs Amy Quatre
[NAFP-Seychelles]


Mrs. Sthembiso Sybil Dlamini
[NAFP-Swaziland]


Ms Stella Mrosso
[NAFP-Tanzania]


Mr Aaron Mutale
[NAFP-Zambia]


Mr Silas Makowe
[NAFP-Zimbabwe]

Chairman's Statement

Mr. Riundja Ali Kaakunga (Othy)

When I look back to the conceptualization and establishment of SADCAS in 1995, I cannot help but marvel at the progress made so far. Despite the challenges faced during the year under review, SADCAS, as will be seen from the Chief Executive Officer's report, managed to progress the SADC accreditation agenda well with more conformity assessment bodies being accredited and training activities extended to cover most SADC Member States that are serviced by SADCAS. Efforts towards the achievement of signatory status also progressed well. Our aim to reach signatory status in international accreditation arrangements by 31 March 2015 is on schedule.

By 31 March 2013, SADCAS had issued 24 accreditation certificates to 16 accredited facilities in 6 SADC Member States. At the same time, SADCAS had 36 other accreditation applications from 8 countries at the various stages of the accreditation process. SADCAS had also successfully conducted 51 training courses all over the region to promote accreditation and an understanding of the accreditation requirements. Training courses were held in Malawi, Mozambique, Swaziland and Zambia for the first time during the period under review.

Efforts towards signatory status in international accreditation recognition arrangements progressed well with SADCAS undergoing an internal audit of its management system and accreditation processes in order to determine compliance with ISO/IEC 17011, the international standard which accreditation bodies have to comply with to achieve signatory status. The internal audit was also meant to determine SADCAS readiness for pre peer evaluation. SADCAS is now scheduled to undergo pre peer evaluation by the African Cooperation in Accreditation (AFRAC) in November 2013. Participation in regional, continental and international accreditation intensified courtesy to the sponsorship provided by the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF) and PTB Germany – the German National Metrology Institute (NMI) to enable SADCAS to participate in international and regional accreditation work respectively.

Promoting the benefits and value of accreditation, marketing SADCAS as well as building strategic alliances with stakeholders remained central to SADCAS overall strategy. The outreach programmes through stakeholder meetings/workshops, World Accreditation Day (WAD) commemorations and direct marketing strategy are bearing fruit.

Regarding financial performance, SADCAS income from operations increased by 46% over the income realized in the 2011/12 financial year. Income from accreditation services increased by 202% over the income realized in the 2011/12 financial year whilst income from training declined by 31% over that realized in the previous financial year. The total expenditure for the year was 1% below the previous year despite a 198% increase in direct accreditation expenses. This was due to cost cutting measures that had to be implemented resulting in an 8% decline in administrative expenses. Despite the significant increase in operating income the Company still had a net deficit of BWP 801,880 as the Company did not receive any financial support during the year under review. SADCAS prevailed on grant income carried over from previous financial years and income generated from operations. Funding for supporting activities was availed through the Implementation Agreement between PTB Germany and SADC for the project on "Strengthening Quality Infrastructure for Trade Enhancement, Competitiveness and Consumer Protection. Furthermore USAID Southern Africa Trade Hub funded a project for the training of testing laboratories involved in the agro food production and processing sectors, which not only helped to boost SADCAS training income but also helped prepare laboratories for accreditation.

Turning to governance issues, the SADCAS Board of Directors held five (5) meetings in April 2012, August 2012, November 2012, February 2013 and March 2013. During the meetings, the Chief Executive Officer (CEO) reported on activities of SADCAS thus enabling the Board to monitor progress on the implementation of the 2012/13 annual implementation and activity plans and to discuss strategic issues in particular sustainability of SADCAS as well as the SADCAS application for diplomatic immunities and privileges, a matter which is still under consideration by the Host Government, the Republic of Botswana. On SADCAS sustainability, governments of SADC Member States that are serviced by SADCAS have agreed to fund the SADCAS budget deficit of US$ 1.171 million over 5 years thus assure SADCAS sustainability going forward. So far only Zimbabwe has paid part of its contribution. Most of the governments indicated that they will start to pay their contributions in the 2014/15 financial year.

The Board Committees namely the Finance, Risk and Audit Committee (FRAC) and the Human Resources and Remuneration Committee (HRRC) each met four times to discuss matters relating to their scope as defined in their respective terms of reference.

On Board membership, Mr Stuart Heldrey Carstens retired from the Board having served 2 x three year terms as a Board member. Mr Carstens also served as the Chairman of the Finance, Risk and Audit Committee since its constitution in 2008 and on the Human Resources and Remuneration Committee since its constitution in 2009. Please join me in thanking Mr Carstens for his excellent leadership of the FRAC and for his valuable contributions as a member of the HRRC and his valuable contributions over the years towards the governance of SADCAS. At the 8th SADCAS Annual General Meeting (AGM) held in Luanda, Angola on 19 March 2013, Ms Verily Molatedi whose first three-year term of office had expired, was re- elected to serve another three-year term. She was subsequently appointed Chairman of the FRAC. In August 2012, Ms Boitumelo Gofhamodimo, Director SADC Trade, Industry, Finance and Investment (TIFI) was co-opted to the SADCAS Board of Directors and subsequently elected at the 8th SADCAS AGM. Her appointment to the Board reaffirms the importance of SADCAS, a subsidiarity institution of SADC, in the implementation of the SADC agenda. In order to ensure FRAC's membership adequacy, Mrs Eve Gadzikwa who is still serving her second term as a member of the Board, was appointed member of the FRAC.

Looking ahead we need to continue consolidating SADCAS service delivery focusing on areas on demand bearing in mind that SADCAS being a subsidiarity institution of SADC, needs to address the accreditation needs of all Member States that do not have a national accreditation body. We need to build and retain our most important asset the intellectual capital, skills, experience, knowledge and expertise of our staff, assessors and trainers. With the commitment and leadership demonstrated by SADC Member States and the bridging funding availed by the Norwegian Government to meet the 2013/14 budget deficit, SADCAS sustainability looks certain. SADCAS is poised to continue playing an important role in the regional integration agenda.

Please join me in thanking our cooperating partners for the support provided which ensured SADCAS as going concern during the 2012/13 financial year. I would also like to extend my sincere thanks to the SADC Secretariat for its efforts in ensuring governments' commitment to ensure SADCAS sustainability going forward. To SADCAS CEO, management and staff, and NAFPs thank you for your dedication and hard work which has seen so much progress made despite the challenges faced during the year. My appreciation and gratitude go to SADCAS Board and General Assembly members for your valued contributions to SADCAS. SADCAS clients and all those we do business with thank you for your confidence in our services.

Riundja Ali Kaakunga (Othy)
Chairman SADCAS Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT

Maureen Primrose Mutasa

SADCAS is now in its 5th year of operation and significant progress has been made in fulfilling SADCAS mandate. The past financial year beginning 1 April 2012 to 31 March 2013 has seen further progress in SADCAS with more conformity assessment bodies being accredited and training activities extended to cover most countries that are serviced by SADCAS. Efforts towards achievement of signatory status in international accreditation recognition arrangements progressed well as SADCAS experience in accreditation gathered momentum.

OPERATIONS

Accreditation Services

As at 31 March 2013 SADCAS had issued 24 accreditation certificates to 16 accredited facilities in 6 SADC countries namely Botswana (3), Namibia (3), Seychelles (2), Tanzania (3), Zambia (1) and Zimbabwe (4). Most of the issued certificates (58%) fall under the Testing Laboratories Accreditation Programme (TLAP) whilst 42% fall under the Calibration Laboratories Accreditation Programme (CLAP). At the same time SADCAS had 36 other accreditation applications at the various stages of the accreditation process from 8 countries namely Angola (1), Botswana (7), Mozambique (1), Namibia (2), Tanzania (9), Zambia (2), Zimbabwe (13) and one from a non SADC country Uganda. A further 12 expressed interests in accreditation were being handled. Refer to Figures 1, 2 and 3.

Figure 1 – Cumulative Accreditations

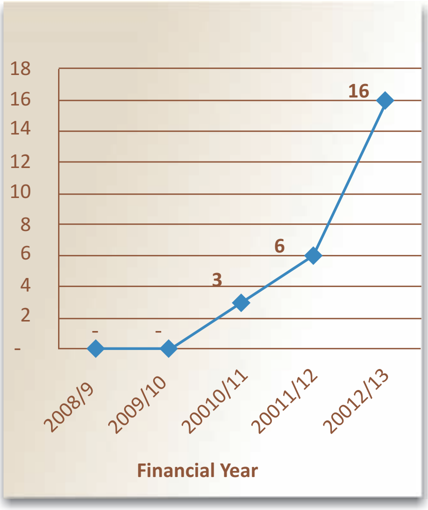


Figure 2 – Number of Accredited Facilities by Country

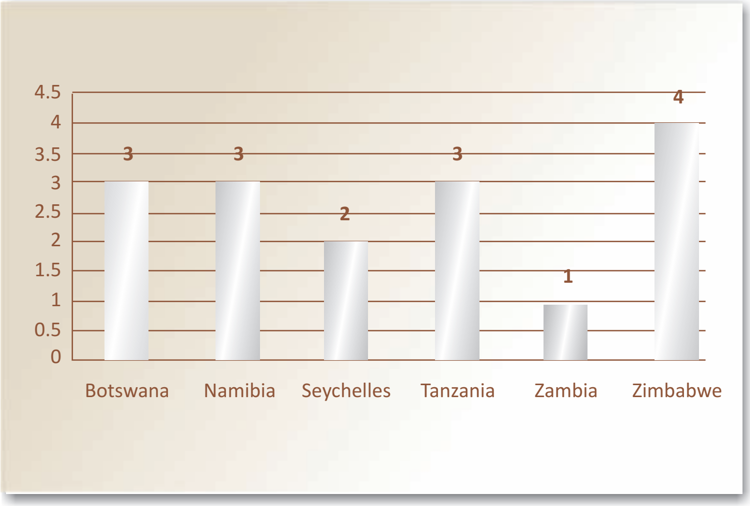
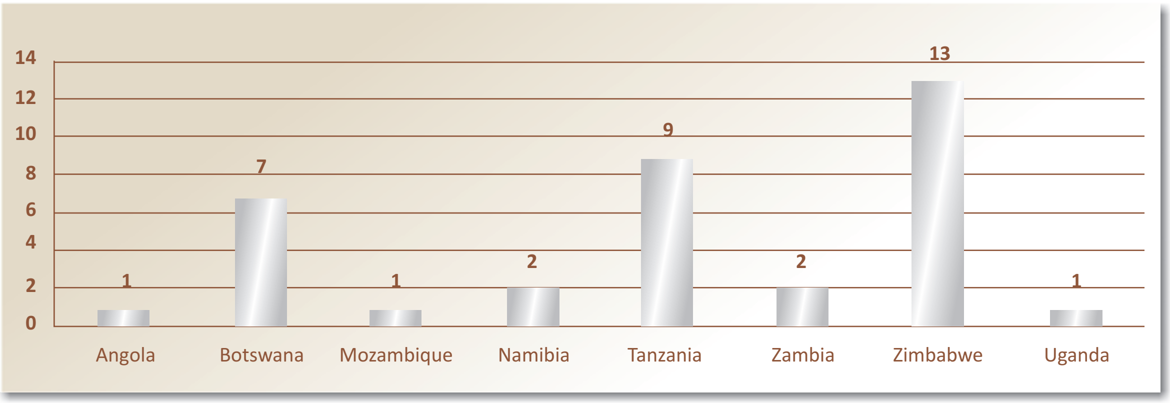


Figure 3 - Number of Accreditation Applications by Country



SADCAS accreditation services were kick started through a Twinning Partnership Arrangement (TPA) with the South African National Accreditation Service (SANAS). The SADCAS/SANAS TPA is in line with international best practice and is designed to ensure the credibility of SADCAS accreditation services whilst at the same time benefiting from skills transfer. SADCAS aims to achieve signatory status in international accreditation arrangements by 31 March 2015. In working towards signatory status in international accreditation arrangements, SADCAS went through an internal audit of its Quality Management System (QMS) from 23 to 25 January 2013 and is scheduled to undergo a pre peer evaluation by AFRAC in November 2013.

Increased interest in SADCAS services was noted as some countries in the region embraced accreditation in the regulatory domain. For example in Zimbabwe inspection bodies operating under the Zimbabwe Factories and Works Act are now required to be accredited in order for them to be registered as independent inspection authorities. A number of countries in the region have also embraced accreditation into the healthcare sector as a strategy for the competence of medical laboratories and incorporated this into their national health policies. These are welcome developments which are spurning interest in accreditation.

Advisory Committees

During the period under review, the Advisory Committee (AC) for inspection bodies in Zimbabwe held its second meeting during which criteria for inspection bodies performing inspections in terms of the pressure vessels/boilers regulations in Zimbabwe was developed. The Memorandum of Understanding (MOU) which outlines the operational relationship between SADCAS and the National Social Security Authority (NSSA), the delegated regulatory authority for occupational health and safety in Zimbabwe, was finally signed on 21 November 2012 following 18 months of development and negotiations.

SADCAS/NSSA MOU signing ceremony.

Training Services

As at 31 March 2013, SADCAS had successfully conducted 51 training courses in SADC countries namely Botswana (8), DRC (8), Malawi (2), Mozambique (2), Namibia (5), Seychelles (3), South Africa (3), Swaziland (1), Tanzania (6), Zambia (2) and Zimbabwe (11) with over 1000 participants benefiting from the training courses. Training courses were held for the first time in Malawi, Mozambique, Swaziland and Zambia during the period beginning 1 April 2012 to 31 March 2013. Refer to Figures 4, 5 and 6. The SADCAS training courses are designed to promote accreditation and to promote a thorough understanding of the accreditation standards requirements, implementation and internal auditing. The courses are designed to prepare conformity assessment bodies for accreditation. Training on ISO/IEC 17025 for testing and calibration laboratories has been the most popular course followed by ISO/IEC 17020 for inspection bodies and ISO 15189 for medical laboratories.

During the period under review, training activities were extended to Malawi, Zambia and Mozambique where courses were successfully held for the first time under a project for the training of testing laboratories involved in the agro food production and processing sectors. The project which was funded by USAID Southern Africa Trade Hub was held in 4 SADC Member States including Zimbabwe. During the period under review, SADCAS added a three-day ISO/IEC 17025 Internal auditing course to its growing portfolio of training courses of which one was held in Swaziland. This was the first course to be held by SADCAS in Swaziland. All the SADCAS courses are undertaken on behalf of SADCAS by a pool of experts with hands on experience in accreditation matters. As at 31 March 2013 SADCAS had registered a pool of 17 Trainers. The trainers cover the three official languages used in SADC.

Figure 4 - Cumulative Training Courses

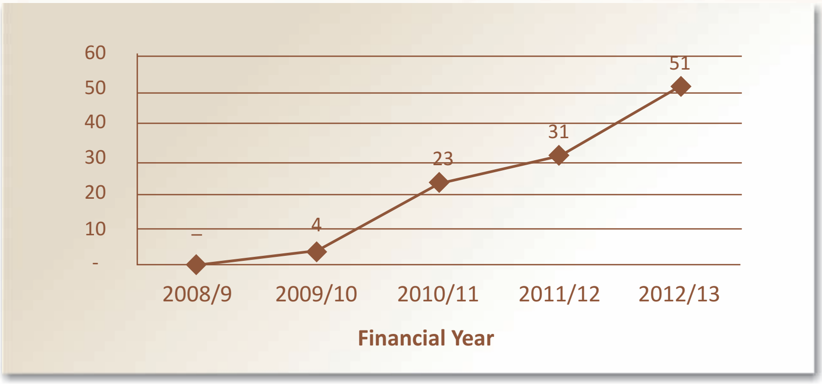


Figure 5 – Breakdown of Training Courses Held by Country

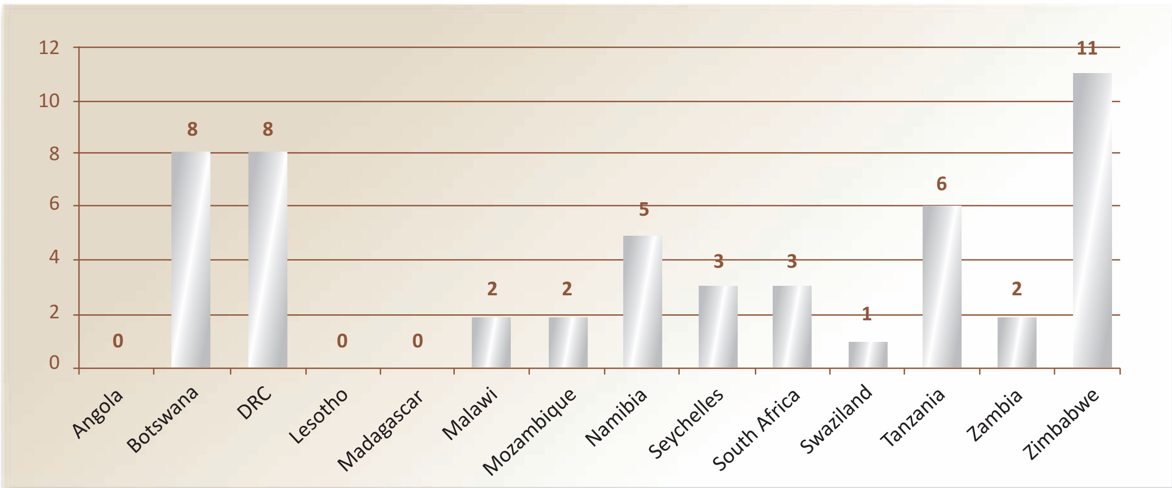
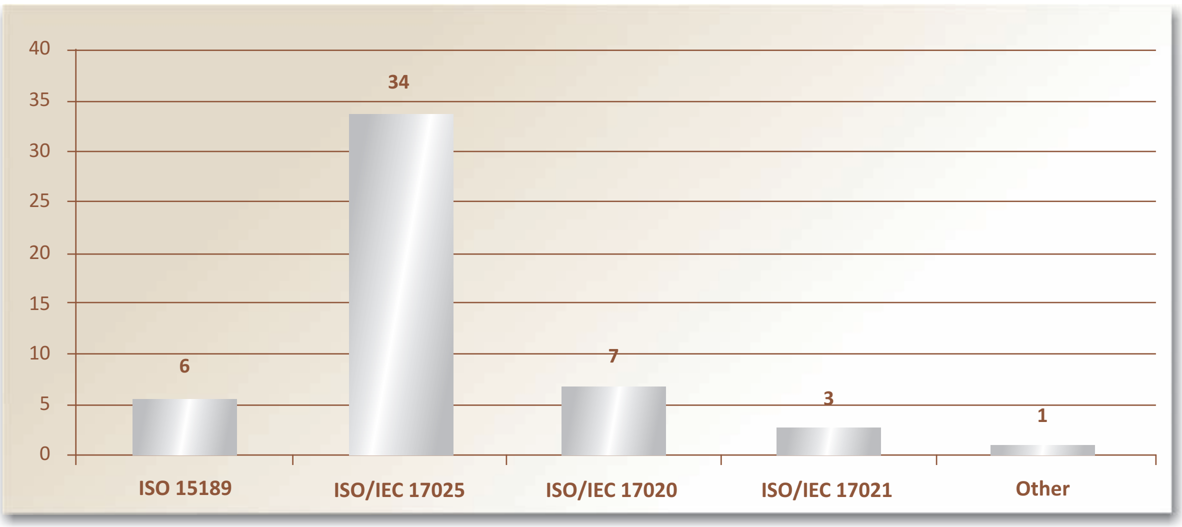


Figure 6 – Breakdown of training courses held by Field



Participants at the one-day ISO/IEC 17025 awareness training course held in Mozambique

Participants at the one-day ISO/IEC 17025 awareness training course held in Zambia

Participants at the 5-day ISO/IEC 17025 training course held in Malawi

Participants at the 5-day ISO/IEC 17025 training course held in Zimbabwe

Participants at the ISO/IEC 17020 training course held in Tanzania

Participants at the ISO/IEC 17025 internal auditing course held in Swaziland

CAPACITY DEVELOPMENT

Management and Staff

As part of the staff continuous professional development (CPD) program, the SADCAS Accreditation Administrator (AA) Ms Linda Dirorimwe went on attachment at SANAS from 25 to 26 April 2012. The attachment training covered the preparation of assessments packs, coordinating the clearance of nonconformities and preparation of documentation for the Accreditation Approvals Committee (AAC) and filing of CABs accreditation documents. This was a follow up to an attachment held in 2009.

The SADCAS Financial Administrator (FA) Mrs Laureen Gudo, attended the Annual International Finance Reporting Standards (IFRS) Update Workshop held from 24 to 25 October 2012 in Gaborone, Botswana. The workshop was aimed at updating professionals on their IFRS knowledge, interpretations and other relevant issues on financial reporting.

The SADCAS Technical Manager (TM) Ms Jeanne F Ranorovelo attended mentoring assessments on ISO/IEC 17025 on 1 November 2012 and observed an ISO/IEC 17025 assessment undertaken in Botswana from 25 to 26 October 2013.

Assessors

The pool of SADCAS assessors who undertake assessments on behalf of SADCAS is growing. As at 31 March 2013 SADCAS had registered 17 Technical Assessors and 10 Lead Assessors. Refer to Figures 7 and 8. Efforts are underway to increase the pool of assessors in order to meet the accreditation scopes of demand and geographical demand. By 31 March 2013 another 37 assessors had been mentored. This mentoring was made possible as a result of the Implementation Agreement between PTB Germany and SADC for the project on "Strengthening Quality Infrastructure for Trade Enhancement, Competitiveness and Consumer Protection". A further 50 assessors will be trained under the auspices of the SADC EU funded EDF 10 REIS Programme scheduled to start in July 2013. Prioritization of the training of assessors is based on applications on hand and anticipated areas of demand.

Assessors mentored in DRC

Assessors mentored in Botswana

Figure 7 – Breakdown of Registered Technical Assessors According to Accreditation Program

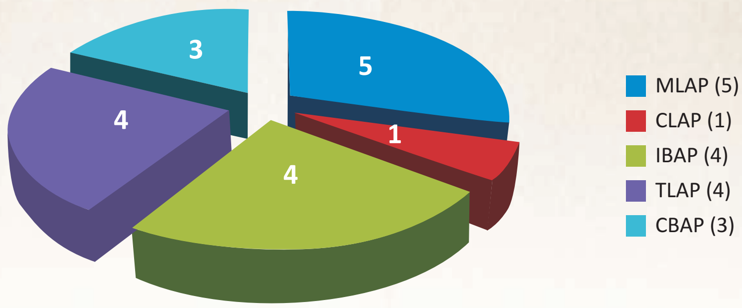
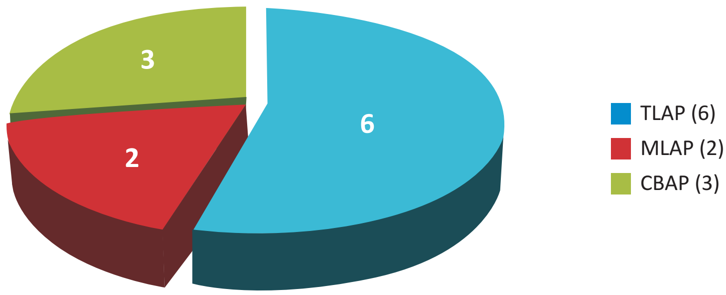


Figure 8 – Breakdown of Registered Lead Assessors According to Accreditation Program



NATIONAL ACCREDITATION FOCAL POINTS

National Accreditation Focal Points (NAFPs) who serve as SADCAS' tentacles to reach out to clients/potential clients in the countries serviced by SADCAS continue to function generally effectively.

During the period under review various new NAFP appointments were made as follows:

- In October 2012 Mr Makowe was appointed first NAFP officer for Zimbabwe to replace Mr Christopher Ngwenya. Thus Mrs Mildred Machiri remains as the 2nd NAFP Officer.
- In February 2013, Messrs Dismas Chapula and Moses Ngosa were appointed interim NAFPs Zambia for the period that the NAFPs Mr Aaron Mutale and Ms Mwenya Chisheta are on study leave.
- In May 2012 Ms Sybil Dlamini came back from study leave and took over the position as the first NAFP officer with Ms Phindile Priscilla Dlamini as the 2nd officer for Swaziland.

The 6th NAFP Annual meeting was held at St George Hotel in Johannesburg, South Africa from 22 to 23 November 2012. The meeting was attended by 15 NAFPs from eight out of the 13 SADC Member States that are serviced by SADCAS namely: Botswana, DRC, Malawi, Namibia, Seychelles, Swaziland, Zambia and Zimbabwe and three SADCAS staff. During the meeting, NAFPs were appraised of developments in SADCAS; discussed the results of the survey of conformity assessment bodies which had been extended up to October 2012; reviewed the roles and responsibilities of NAFPs; were appraised on developments in the establishment of a regional laboratory association; developed the 2013/14 marketing framework; were updated on training activities; and discussed the development of databases of CABs operating in their respective countries. The meeting was also an opportunity to share experiences and network.

The NAFPs continued to function generally effectively with estimate realization for implementation of national action plans averaging 74% during the period under review.

Participants at the 6th NAFP Annual Meeting

The 2013 NAFP Certificate of Recognition was awarded to NAFP – Botswana who attained the highest average estimate realization of 85% followed by NAFP – Swaziland as the first runner up and NAFP –DRC as the second runner up. The Award was introduced in 2009 to recognize and appreciate the role and contribution of NAFPs towards SADCAS goal achievement.

From left to right: Mrs Masego Marobela SADCAS Vice Board Chairman;
Mr. Edward Mmatli & Ms Boikutso Pheto
(NAFPs Botswana), Mr Riundja Ali Kaakunga SADCAS Board Chairman

Ms Phindile Dlamini second from left and Mrs Sybil Sthembiso Dlamini extreme right
NAFPs Swaziland - First runner up

Mr Viki Mbuya Kanama second from left and Mrs Apauline Matata Feza extreme right
NAFPs DRC - Second runner up

MARKETING AND OUTREACH

SADCAS' thrust during the period under review has continued to be on promoting the benefits and importance of accreditation and marketing SADCAS' services. The survey of CABs operating in those SADC Member States that are serviced by SADCAS was extended up to October 2012 and the survey report updated accordingly. Targeted marketing visits continued to be undertaken by SADCAS and the NAFPs to CABs and various presentations were made to stakeholders at workshops/seminars/meetings etc. Three editions of the Pioneer and the 2011/12 annual report were published during the period under review. All SADCAS promotional materials published so far are available in all the three official languages of SADC i.e. English, French and Portuguese and can be downloaded from the SADCAS website. The SADCAS website was maintained throughout the period of review with new articles being posted under latest news. Improvements were also made to the website and now the users can search for accredited facilities by country on the directory of accredited facilities. The announcement window has been made more visible. Visitation statistics indicate an increasing interest in the SADCAS website not only by number of visitations but also by the number of countries visiting the website.

Meeting with Ministry of Labour (Zimbabwe) Officials

SADCAS CEO handing over EMAL accreditation certificate to Hon, Francis Nhema - Zimbabwe Minister of Environment and Natural Resources

Mr. Dikagiso Mokotedi - Permanent Secretary Ministry of Infrastructure, Science and Technology (Botswana) receiving National Dosimetry Laboratory accreditation certificate from SADCAS CEO

During the period under review, the SADCAS trademark which forms the core of the SADCAS accreditation mark was registered in Seychelles and Madagascar bringing the number of countries in which the SADCAS trademark has been registered to 14.

International and Regional Interactions

SADCAS has been an Associate Member of ILAC since 2011 and SADCAS' membership in the IAF has recently been extended in the category of Special Recognition - Observer Member of the International Accreditation Forum (IAF). SADCAS is also a member of the SADC Cooperation in Accreditation (SADCA) and was recently admitted as a full member of AFRAC. SADCAS continues to actively participate in regional, continental and international accreditation fora. At international level SADCAS attended the ILAC/IAF annual meetings both of which were held in October 2012. SADCAS also continues to review and comment on ILAC and IAF documents.

At continental and regional levels, SADCAS participated in 5 accreditation meetings as follows:

- Tripartite Accreditation Experts meeting held from 16 to 17 May 2012 to deliberate on cooperation on accreditation within the tripartite arrangement and to identify the key components of the tripartite accreditation infrastructure;

- SADC Sanitary Phytosanitary (SPS) Coordinating committee meeting held in Johannesburg, South Africa from 24 to 25 July 2012;
- 3rd AFRAC General Assembly held from 30 September 2012 at Emperor's palace, Johannesburg, South Africa. Attendance sponsored by PTB Germany and SANAS;
- SADCA Technical Committee meeting held in Luanda, Angola on 19 March 2013;
- SADCA Mutual Recognition Arrangement Committee meeting held in Luanda, Angola on 20 March 2013; and
- 17th SADCA Annual General meeting (AGM) held in Luanda, Angola on 21 March 2013.

Delegates at the opening ceremony of the 3rd AFRAC General Assembly held in Johannesburg, South Africa

2012 IAF/ILAC Annual meetings

In an effort to raise awareness on accreditation matters SADCAS joined the rest of the world to commemorate 2012 World Accreditation Day (WAD) on 9 June 2012. A press release issued by SADCAS was widely circulated to stakeholders directly by SADCAS and through the network of NAFPs. The press release was also published in a number of newspapers and South African Express (SAE) magazine, Indwe. The SAE flies to most SADC Member States hence a good advertising media. SADCAS also provided a template WAD conference program and speeches. World Accreditation Day conferences were held in Botswana, DRC and Zimbabwe. In Swaziland and Zambia press release issued by their respective governments appeared in the respective countries' print media. In Namibia T-shirts with the theme for 2012 WAD were distributed to stakeholders.


2012 WAD Conference in Botswana

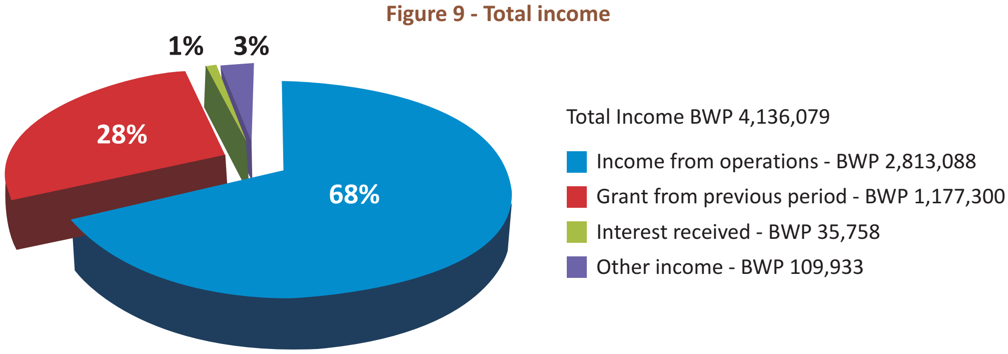

2012 WAD Conference in Zimbabwe


2012 WAD Conference in DRC

CORPORATE PERFORMANCE

The total income for the year ended 31 March 2013 was BWP 4,136,079 of which BWP 1,177,300 (28%) was grant income carried over from previous financial years, BWP 2,813,088 (68%) was income generated from operations, BWP 35,758 (1%) was interest received on bank deposits and BWP 109,933 (3%) for foreign exchange gains Refer to Figure 9.

Figure 9 - Total income



Of the total income of BWP 2,813,088 generated from operations, BWP 1,921,340 (68%) was from accreditation services whilst BWP 891,748 (32%) was generated from training services. The financial year 2012/13 saw a 46% increase in income from operations. Refer to Figures 10, 11 and 12.

Figure 10 - Breakdown of Income from Operations

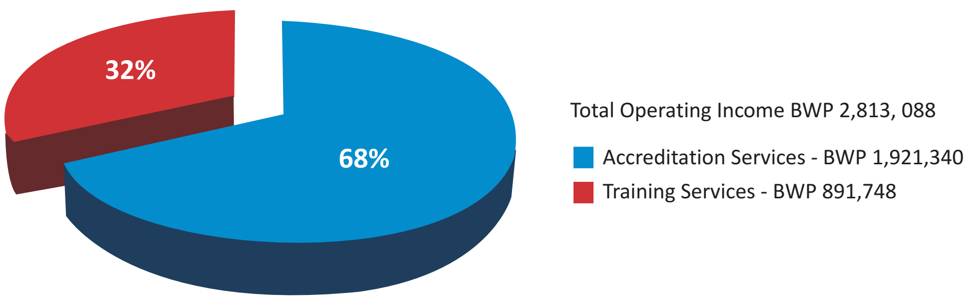


Figure 11 - Trends in Income from Operations

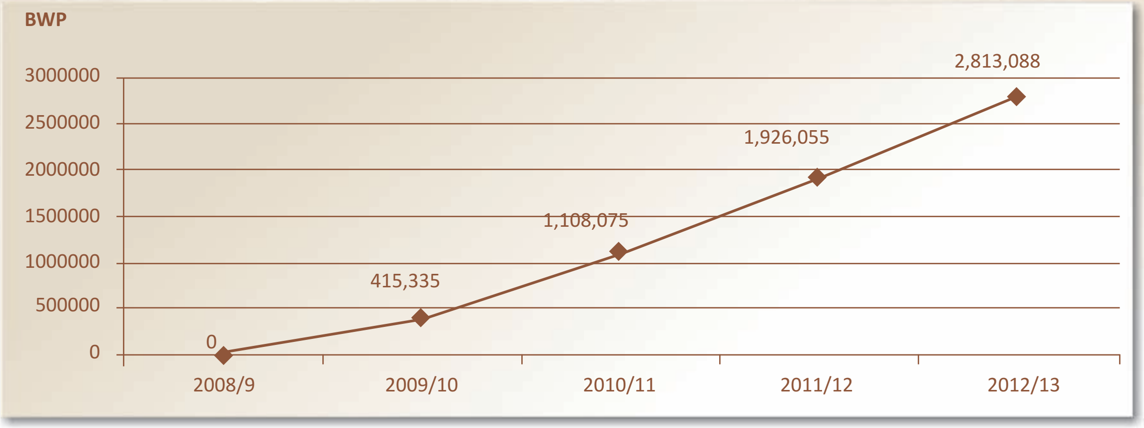
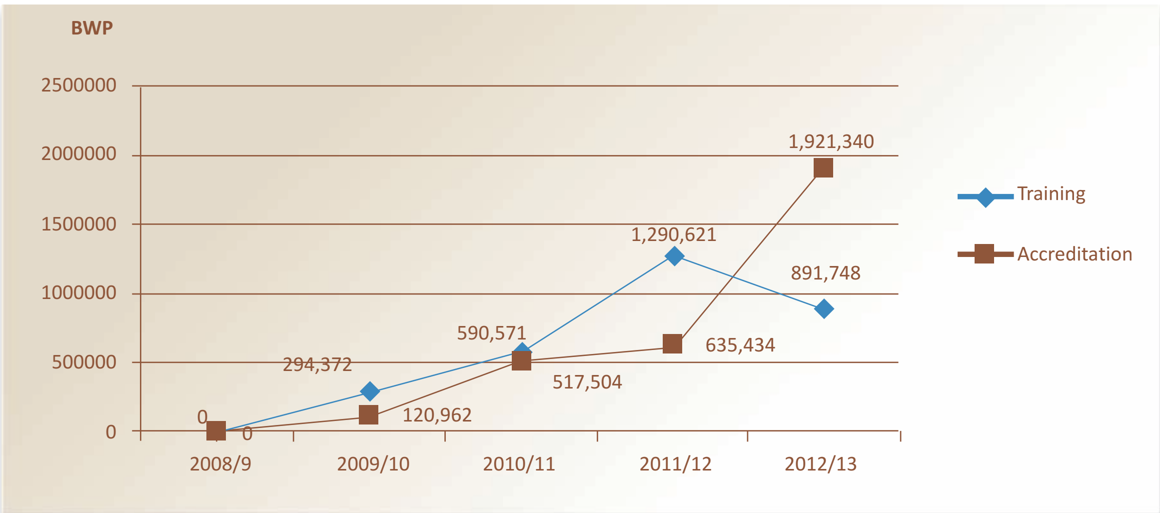
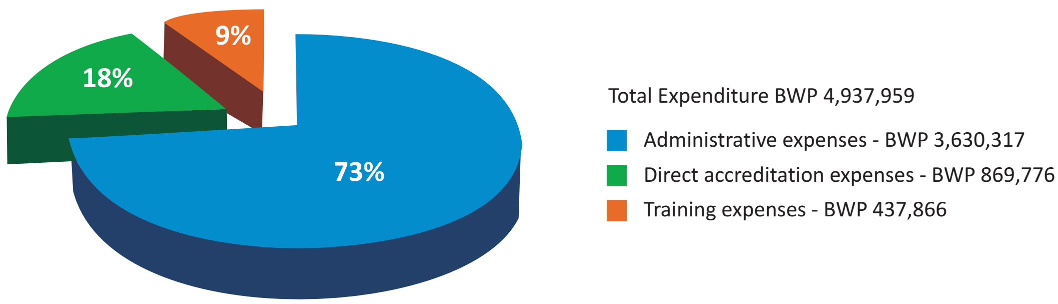


Figure 12 - Trends in Income from Operations - Training and Accreditation Incomes



The total expenditure for the year was BWP 4,937,959 comprising of direct accreditation expenses of BWP 869,776 (18%), direct training expenses of BWP 437,866 (9%) and administrative expenses of BWP 3,630,317 (73%). Staff costs constituted 58% of the administrative expenses. Refer to Figure 13. The total expenditure for the year was 1% below the previous year despite a 198% increase in direct accreditation expenses. This was due to cost cutting measures that had to be implemented resulting in an 8% decline in administrative expenses. Despite the significant increase in operating income the Company still had a net deficit of BWP 801,880 as SADCAS did not receive any financial support during the year under review.

Figure 13- Breakdown of Expenditure



OUTLOOK

Looking ahead our thrust will be to consolidate SADCAS service delivery focusing on areas of demand. SADCAS is committed to addressing the accreditation needs of all those Member States that it services bringing up to speed those countries where accreditation uptake has been slow and prioritizing activities based on anticipated demand in the immediate to long term. To do this, SADCAS key strategies are to:

- Build and retain its most important asset the intellectual capital, skills, experience, knowledge and expertise of our staff, assessors and trainers. Motivation of the limited staff complement is critical;
- Strengthen NAFP effectiveness;
- Effectively promote and market the benefits of accreditation and SADCAS services;
- Consolidate, streamline and enhance delivery of accreditation service to the target population;
- Enhance global acceptance of SADC products and services; and
- Strive for sustainability and develop sustainable and dynamic organization at the cutting edge of accreditation service delivery.

The SADCAS management and staff remain committed to building a sustainable, regionally accepted and internationally recognized multi economy accreditation body. With the bridging funds amounting to US$ 264,140 provided by the Norwegian Government through the Norwegian Agency for Development Cooperation (NORAD) for the 2013/14 budget deficit and the pledged support from the 13 SADC Member States that are serviced by SADCAS which is expected to kick in 2014/15 financial year, SADCAS sustainability going forward looks certain. The commitment and leadership demonstrated by SADC Member States will motivate accreditation uptake across the community. We therefore look forward to increased uptake of SADCAS services by both the public and private sectors conformity assessment bodies so as to realize our vision.

Maureen P Mutasa (Mrs)
Chief Executive Officer

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

Masego Beatrice Marobela

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 2013. The Committee operates within defined terms of reference as set out in SADCAS BP 02: Terms of Reference of the Human Resources and Remuneration Committee (HRRC) of the SADCAS Board.

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

Duties of the Human Resources and Remuneration Committee

The main duties of the HRRC are to:

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

Membership of the Human Resources and Remuneration Committee

The Committee consists of three members, namely the Chief Executive Officer, a member of the Finance, Risk and Audit Committee (FRAC) and one other non-executive director appointed by the Board.

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 under review, the HRRC met four times and reported to the Board accordingly. Refer to the HRRC meeting attendance register in Table 3 on page 8.

Summary of Activities Undertaken During The 2012/13 Year

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

- Reviewed staff contracts for renewal;
- Reviewed staff remuneration;
- Reviewed progress with the Performance Management System project and mid-term performance evaluations;
- Reviewed the CEO and Board's performance contracts for the 2012/13 financial year;
- Reviewed the Board expertise for adequacy to govern SADCAS;
- Reviewed management's evaluations and nominations for the NAFP certificate of recognition;

- Selected the NAFP award winner and recommended to the Board for approval;
- Considered the 2013/14 personnel plan;
- Reviewed the CEO's job description; and
- Reviewed the SADCAS organizational structure;

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

SADCAS successfully piloted the Performance Management System implemented to monitor performance of the Board and staff. The Committee realizes that effective performance management is a partnership requiring the commitment of top leadership, the buy-in of those who will be affected by it and systems to support the process. Even though remuneration is not yet linked to the performance management system we are happy with the results of the reviews undertaken during the year.

Though the staff complement remained at four major strides in achieving SADCAS goals were made. Assessments and courses are undertaken by assessors and trainers respectively who are not full time employees of SADCAS. The HRRC is happy that more assessors were mentored and registered during the year. Two more trainers were also registered during the year. However, SADCAS realizes that the pool of registered assessors is still not sufficient to meet the anticipated scopes of demand for accreditation, the language and geographical diversity hence will need to train more assessors and trainers so as to ensure cost effective service delivery throughout the SADC region.

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

REMUNERATION

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

The total staff costs for the year were BWP 2,105,455 including staff training which is encouraged to ensure continuous professional development of the staff. There were no salary increments during the year.

Masego Beatrice Marobela
Chairman Human Resources and Remuneration Committee

REPORT OF THE FINANCE, RISK AND AUDIT COMMITTEE

Stuart Heldrey Carstens

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 2013. The Committee operates within defined terms of reference as set out in SADCAS BP 01: Terms of Reference of the Finance, Risk and Audit Committee (FRAC) of the SADCAS Board and the Botswana Companies Act.

Membership of the Finance, Risk and Audit Committee

All four members of the Board appointed to serve on the FRAC, are independent non-executive directors. The Chief Executive Officer and the Financial Administrator attend all the FRAC meetings by invitation.

Meetings of the Finance, Risk and Audit Committee

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

During the year under review, the FRAC met four times and reported to the Board accordingly. Refer to the FRAC meeting attendance register in Table 2 on page 8.

Summary of Activities Undertaken During The 2012/13 Year

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

- Reviewed the monthly management accounts;
- Monitored capital adequacy levels throughout the year;
- Reviewed the draft budget for the 2013/14 financial year;
- Reviewed the performance of external auditors and recommended their appointment and the approval of their fees;
- Reviewed the external audit programme of action;
- Monitored the external auditor's independence;
- Reviewed and commented on the annual financial statements and the accounting policies;
- Reviewed the external auditor's management report and management's responses;
- Reviewed the performance of external auditors and recommended their appointment and the approval of their fees;
- Met with the external auditors;
- Reviewed the company's risk profile; and
- Reviewed and approved finance, risk and audit committee terms of reference for adequacy.

Annual Financial Statements

The FRAC has evaluated the annual financial statements for the year ended 31 March 2013 and ensured that they comply, in all material aspects, with the requirements of the Companies Act and appropriate International Financial Reporting Standards. The committee therefore recommended the annual financial statements for approval to the Board. The Board subsequently approved the financial statements.

Risk Management and Internal Control

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

Stuart Heldrey Carstens
Chairman Finance, Risk and Audit Committee

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
for the year ended 31 March 2013

The directors of Southern African Development Community Accreditation Service Limited are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

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

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

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

The financial statements set out on pages 35 to 56 and supplementary information on Annexure I was authorised for issue by the Board of Directors and are signed on its behalf by:

Director

Director

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

Report on the financial statements

We have audited the accompanying annual financial statements of Southern African Development Community Accreditation Service Limited, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, changes in funds and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 56 .

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Southern African Development Community Accreditation Service Limited as at 31 March 2013, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers — **2013-08-21**
Individual Practising Member: R P De Silva — **Gaborone**
Membership Number: 19900241

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

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

Statement of Comprehensive Income
For The Year Ended 31 March 2013

	Note	2013 P	2012 P
Income	5	**2,983, 420**	3,479,844
Direct expenses		**(869,776)**	(291,358)
		2,113,644	3,188,486
Other operating income	6	**667,003**	793,490
Administrative expenses		**(3,618,285)**	(3,946,543)
Operating (deficit) / surplus	7	**(837,638)**	35,433
Finance income	8	**35,758**	44,840
(Deficit) / surplus before income tax		**(801,880)**	80,273
Income tax expense	9	**-**	-
(Deficit) / surplus for the year		**(801,880)**	80,273
Other comprehensive income		**-**	-
Total comprehensive (expense) /income for the year		**(801,880)**	80,273

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	2013 P	2012 P
ASSETS			
Non-current assets			
Property, plant and equipment	**10**	**289,204**	379,208
Current assets			
Trade and other receivables	**11**	**273,669**	142,409
Cash and cash equivalents	**12**	**928, 479**	2, 366, 787
		1,202,148	2,509,196
Total assets		**1,491,352**	2,888,404
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated (deficit) / fund		**(509,408)**	292,472
Non current liabilities			
Capital grants	**13**	**289,205**	379,208
Current liabilities			
Deferred income	**14**	**-**	1,087,297
Trade and other payables	**15**	**1,711,555**	1,129,427
		1,711,555	2,216,724
Total funds and liabilities		**1,491,352**	2,888,404

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2013

	Accumulated fund / (deficit) P	Total P
Balance at 1 April 2011	212,199	**212,199**
Comprehensive income		
Surplus for the year	80,273	**80,273**
Balance at 31 March 2012	292,472	**292,472**
Balance at 1 April 2012	292,472	**292, 472**
Comprehensive expense		
Deficit for the year	(801,880)	**(801,880)**
Balance at 31 March 2013	(509,408)	**(509,408)**

Statement of Cash Flows
For the year ended 31 March 2013

	Note	2013 P	2012 P
Cash flows from operating activities			
Cash used in operations	16	(1,485,422)	(1,192,465)
Net cash used in operating activities		(1,485,422)	(1,192,465)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(25,217)	(33,686)
Proceeds from disposal of propety, plant and equipment		11,356	-
Interest received	8	35,758	44,840
Net cash generated from investing activities		21,897	11,154
Cash flows from financing activities:			
Capital grants received	13	25,217	33,686
Net cash generated from financing activities		25,217	33,686
Net change in cash and cash equivalents		(1,438,308)	(1,147,625)
Cash and cash equivalents at beginning of year		2,366,787	3,514,412
Cash and cash equivalents at end of year	12	928,479	2,366,787

1. General information

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

The financial statements set out on pages 35 to 56 have been approved by the Board of Directors on 15 August 2013.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

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

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

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

2.1.1. Changes in accounting policy and disclosure

a) New and amended standards adopted by the Company

The following new standards, amendments and interpretations to existing standards are mandatory for the company's accounting periods beginning on or after 1 July 2011.

- IFRS 7, (Amendment), Financial Instruments, Disclosures: Transfer of financial assets (effective from 1 July 2011).

b) New and amended standards applicable to the current period but not applicable to the Company;

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

- IFRS 1, (Amendment), First Time Adoption of International Financial Reporting Standards: First time adoption on hyperinflation and fixed dates (effective from 1 July 2011).

c) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company**

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

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

- IFRS 7, (Amendment), Financial Instruments, Disclosures – Asset and Liability offsetting: Joint requirements with the FASB to enhance current offsetting disclosures (effective from 1 January 2013).

- IAS 1, (Amendment), Presentation of Financial Statements: Presentation of items of other comprehensive income (effective from 1 July 2012).

- IAS 19, (Amendment), Employee Benefits: Recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits (effective from 1 January 2013).

- IFRS 9, Financial Instruments (2009): Classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value (effective from 1 January 2013).

- IFRS 9, Financial Instruments (2010): The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss (effective from 1 January 2013).

- IFRS 9 (Amendment), Financial Instruments (2011): Replacement of IAS 39 (effective from 1 January 2015).

- IAS 32 (Amendment), Financial Instruments, Presentation: Clarification of some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. (effective from 1 January 2014).

- IAS 1 (Amendment), Presentation of financial statements: Clarification of the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. (effective from 1 January 2013).

- IAS 32 (Amendment), Financial instruments, Presentation: Clarification of the treatment of income tax relating to distributions and transaction costs. (effective from 1 January 2013).

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

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

- IFRS 1, (Amendment), First time adoption of International Financial Reporting Standards: First time adoption on government loans (effective from 1 January 2013).

- IAS 12, (Amendment), Income Taxes: Deferred Tax (effective from 1 January 2012).

- IAS 16 (Amendment), Property, plant and equipment: Clarification of spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. (effective from 1 January 2013).

- IFRS 10, Consolidated Financial Statements: Identify the concept of control as the determining factor, whether an entity should be included within the consolidated financial statements (effective from 1 January 2013).

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

- IFRS 12, Disclosures of Interests in Other Entities: Disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles (effective from 1 January 2013).

- IFRS 13, Fair Value Measurement: Improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs (effective from 1 January 2013).

- IAS 27, (Revised 2011), Consolidated and Separate Financial Statements (effective from 1 January 2013)

- IAS 28, (Revised 2011), Associates and Joint Ventures: Requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 (effective from 1 January 2013).

- Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'(effective from 1 January 2013).

- IFRS 1, (Amendment), First Time Adoption of International Financial Reporting Standards: Application of IFRS 1 more than once under certain circumstances (effective from 1 January 2013).

- IAS 34, (Amendment), Interim Financial Reporting: Bringing IAS 34 into line with the requirements of IFRS 8, 'Operating segments' (effective from 1 January 2013).

- IFRIC 20, Stripping costs in the production phase of a surface mine (effective from 1 January 2013).

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

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

2.2.2 Transactions and balances

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

2.3 Property, plant and equipment

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

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

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

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

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

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

2.4 Impairment of non-financial assets

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

2.5 Financial assets

2.5.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.5.2 Recognition and measurement

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

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

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the

2.5 Financial assets (continued)

security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

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

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

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

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

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

2.5.3 Offsetting financial instruments

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

2.5.4 Impairment of financial assets

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

2.6 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the

2.6 Trade receivables (continued)

debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

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

2.7 Cash and cash equivalents

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

2.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

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

2.9 Trade accounts payable

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

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

2.10 Borrowings

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

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

2.11 Operating leases

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

2.12 Capital grants

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

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

2.13 Revenue recognition

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

2.13.1 Grant income

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

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

2.13.2 Sale of services – accreditation fees and training income

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

2.13.3 Interest income

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

3. Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by the Board of Directors.

3. Financial risk factors (continued)

(I) Market risk

(i) Foreign currency risk

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

Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 March 2013, if the currency had weakened / strengthened by 1% against the South African Rand with all other variables held constant, post-tax profit for the year would have been P129 (2012: P916) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Rand denominated bank balances.

At 31 March 2013, if the currency had weakened / strengthened by 1% against the United States Dollar with all other variables held constant, post-tax profit for the year would have been P6,862 (2012: P3,060) higher / lower, mainly as a result of foreign exchange gains / losses on translation of United States Dollar denominated bank balances.

(ii) Cash flow and fair value interest rate risk

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

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

At 31 March 2013, if interest rates on interest-bearing assets had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been P1,788 (2012: P1,549) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(iii) Other price risk

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

(II) Credit risk

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

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

3. Financial risk factors (continued)

(III) Liquidity risk

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

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

	Less than 1 year
	P
31 March 2013	
Trade payables	170,239
Other payables and accruals	1,541,316
	1,711,555
31 March 2012	
Trade payables	53,178
Other payables and accruals	1,076,249
	1,129,427

3.2 Fair value estimation

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

3.3 Capital risk management

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

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

4. Critical accounting estimates and judgments

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

4. Critical accounting estimates and judgments (continued)

(a) Income taxes

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

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

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

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

(c) Impairment loss on trade receivables

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

5. Income

	2013 P	2012 P
Transferred from deferred income (Note 14)	**1,087,297**	2,878,096
Transferred to capital grants (Note 13)	**(25,217)**	(33,686)
Accreditation application fees	**115,156**	139,649
Assessment fees	**1,482,606**	328,277
Annual accreditation fees	**323,578**	167,508
	2,983,420	3,479,844

6. Other operating income (net)

	2013 P	2012 P
Capital grants amortised during the year (Note 13)	**91,832**	177,119
Capital grants released to income statement on disposal of property, plant and equipment (Note 13)	**23,388**	-
Exchange gain	**109,933**	74,870
Insurance claimed on lost item	**-**	5,400
Loss on disposal of property, plant and equipment	**(12,032)**	-
Training income	**891,748**	1,290,621
Training expenses	**(437,866)**	(754,520)
	667,003	793,490

7. Operating (deficit) / surplus

The following items have been charged in arriving at operating (deficit) / surplus:

	2013 P	2012 P
Auditors' remuneration	**116,154**	107,257
Depreciation	**91,833**	177,119
Operating lease payable- property	**331,602**	301,456
Repairs and maintenance	**1,480**	5,852
Provision for impairment of trade receivables	**159,612**	16,448
Staff costs	**2,105,455**	2,108,168
Staff costs comprise:		
Salaries	**2,100,369**	2,100,369
Staff training	**5,086**	7,799
	2,105,455	2,108,168

8. Finance income

	2013 P	2012 P
Interest income - bank deposits	**35,758**	44,840

9. Income tax expense

The company has submitted an application to Government of Botswana in order to obtain diplomatic status on the basis that the company is a SADC subsidiarity organisation. Once the diplomatic status is granted, the company will be exempt from income tax under Section 3 of the Part (1) of the Second Schedule to the Income Tax Act. Management confirms that the SADCAS application for Diplomatic Immunities and Privileges is still being pursued with the host government of Botswana directly by the SADC Secretariat. Therefore, no provision has been made for income tax.

10. Property, plant and equipment

	Computer equipment P	Fixtures and fittings P	Office equipment P	Total P
At 1 April 2011				
Cost	510,221	302,170	118,909	931,300
Accumulated depreciation	(301,322)	(73,178)	(34,159)	(408,659)
Net book amount	**208,899**	**228,992**	**84,750**	**522,641**
Year ended 31 March 2012				
Opening net book amount	208,899	228,992	84,750	522,641
Additions	8,462	16,488	8,736	33,686
Depreciation	(128,789)	(30,492)	(17,838)	(177,119)
Closing net book amount	**88,572**	**214,988**	**75,648**	**379,208**
At 31 March 2012				
Cost	518,683	318,658	127,645	964,986
Accumulated depreciation	(430,111)	(103,670)	(51,997)	(585,778)
Net book amount	**88,572**	**214,988**	**75,648**	**379,208**
Year ended 31 March 2013				
Opening net book amount	88,572	214,988	75,648	379,208
Additions	25,217	-	-	25,217
Disposal	(3,354)	(7,679)	(12,355)	(23,388)
Depreciation	(44,101)	(31,426)	(16,306)	(91,833)
Closing net book amount	**66,334**	**175,883**	**46,987**	**289,204**
At 31 March 2013				
Cost	520,656	306,245	102,994	929,895
Accumulated depreciation	(454,322)	(130,362)	(56,007)	(640,691)
Net book amount	**66,334**	**175,883**	**46,987**	**289,204**

11. Trade and other receivables

	2013 P	2012 P
Trade receivables - gross	**321,022**	103,415
Less: Provision for impairment of trade receivables	**(159,612)**	(16,448)
Trade receivables - net	**161,410**	86,967
Other receivables	**45,127**	-
Deposits	**24,311**	24,311
Prepayments	**42,821**	31,131
	273,669	142,409

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

As of 31 March 2013, trade receivables of P161,410 (2012: P72,455) were fully performing.

As of 31 March 2013, trade receivables of P Nil (2012: P14,512) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of these trade receivables is as follows:	2013 P	2012 P
Up to 3 months	-	14,512

As of 31 March 2013, trade receivables of P159,612 (2012: P16,448) were impaired and fully provided for. The individually impaired receivables mainly relate to customers, who are long overdue.

The aging of these receivables is as follows:	2013 P	2012 P
3 to 6 months	**159,612**	16,448

Trade receivables include the following amount denominated in foreign currencies:

	2013 P	2012 P
South African Rand	**-**	48,119
US Dollar	**305,652**	48,481
	305,652	96,600

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

	2013 P	2012 P
At 1 April	**16,448**	12,330
Receivable written off during the year	**(16,448)**	(12,330)
Provision for receivables impairment	**159,612**	16,448
At 31 March	**159,612**	16,448

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

11. Trade and other receivables (continued)

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

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

12. Cash and cash equivalents

	2013 P	2012 P
Bank Balances	**927,070**	2,363,350
Cash on hand	**1,409**	3,437
	928,479	2,366,787

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

	2013 P	2012 P
Cash and bank balances	**928,479**	2,366,787

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

	2013 P	2012 P
US Dollar	**307,317**	257,610
South African Rand	**-**	1,948
	307,317	259,558

13. Capital grants

	2013 P	2012 P
At 1 April	**379,208**	522,641
Capital grants received during the year (Note 5)	**25,217**	33,686
Capital grants amortised during the year (Note 6)	**(91,832)**	(177,119)
Capital grants released to income statement on disposal property, plant and equipment (Note 6)	**(23,388)**	-
At 31 March	**289,205**	379,208

14. Deferred income

	2013 P	2012 P
At 1 April	**1,087,297**	2,286,398
Grant income received	**-**	1,678,995
Transferred to income statement (Note 5)	**(1,087,297)**	(2,878,096)
At 31 March	**-**	1,087,297

15. Trade and other payables

	2013 P	2012 P
Trade payable	**170,239**	53,178
Other payables and accruals	**1,541,316**	1,076,249
	1,711,555	1,129,427

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

	2013 P	2012 P
US Dollar	**602,771**	420,519
South African Rand	**118,313**	41,573
	721,084	462,092

16. Cash used in operations

	2013 P	2012 P
Operating (deficit) /surplus	**(837,638)**	35,433
Adjustments for:		
- Transfer from deferred income (Note 5)	**(1,087,297)**	(2,878,096)
- Capital grants amortized during the year (Note 6)	**(91,832)**	(177,119)
- Capital grants released to income statement on disposal of property, plant and equipment (Note 13)	**(23,388)**	-
- Depreciation on property and equipment (Note 10)	**91,833**	177,119
- Loss on disposal of propety, plant and equipment	**12,032**	-
	(1,936,290)	(2,842,663)
Changes in working capital:		
- Trade and other receivables	**(131,260)**	64,777
- Deferred income (Note 14)	**-**	1,678,995
- Trade and other payables	**582,128**	(93,574)
Cash used in operations	**(1,485,422)**	(1,192,465)

17. Contingent liabilities

The company has submitted an application to Government of Botswana in order to obtain diplomatic status on the basis that the company is a SADC subsidiarity organisation. Once the diplomatic status is granted, the company will be exempt from income tax under Section 3 of the Part (1) of the Second Schedule to the Income Tax Act. Management confirms that the SADCAS application for Diplomatic Immunities and Privileges is still being pursued with the host government of Botswana directly by the SADC Secretariat. Therefore, no provision has been made for income tax. In the event, the application for the diplomatic status is rejected, the company may be liable for income tax and VAT. Further, the employees will be liable for PAYE and according to the terms of the employment such PAYE taxes should be borne by the company/staff as appropriate. The amounts relating these respective tax liabilities as at 31 March 2013 are given below.

17. Contingent liabilities (continued)

	2013 P	2012 P
Income tax	**50,484**	50,484
PAYE	**4,083,103**	3,535,560

18. Analysis of financial instruments

18.1 Financial instruments by category

	2013 P	2012 P
Loans and receivables		
Trade and other receivables excluding prepayments	**230,848**	111,278
Cash and cash equivalents	**928,479**	2,366,787
	1,159,327	2,478,065
Financial liabilities at amortised cost		
Trade and other payables	**1,711,555**	1,129,427

18.2 Credit quality of financial assets

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

		2013 P	2012 P
Trade receivables			
Group 1		**161,410**	72,455
Other receivables excluding prepayments	Not rated	**69,438**	24,311

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

	2013 P	2012 P
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	**927,070**	2,363,350

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

19. Liability of the members

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

20. Expenses by nature

	2013 P	2012 P
Accreditation expenses	**869,776**	291,358
Advertising, branding and marketing	**26,828**	171,998
Auditors' remuneration	**116,154**	107,257
Consulting and twinning fees	**115,856**	106,904
Depreciation (Note 10)	**91,833**	177,119
International participation	**33,158**	3,122
NAFP costs	**-**	9,568
Other expenses	**254,602**	262,711
Postage, printing and stationery	**54,008**	46,200
Project management costs	**148,376**	438,123
Provision for impairment of trade receivables	**159,612**	16,448
Rent	**331,602**	301,456
Staff costs (Note 7)	**2,105,455**	2,108,168
Telephone, fax and internet	**92,812**	104,735
Training expenses	**437,866**	754,520
Travel and subsistence expenses	**87,989**	92,734
	4,925,927	4,992,421

21. Commitments

a) Capital commitments

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

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

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

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

	2013 P	2012 P
No later than 1 year	**364,762**	331,602

22. Events after the reporting period

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

ANNEXURE 1 - DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	P	P
Income		
Accreditation application fees	**115,156**	139,649
Assessment fees	**1,482,606**	328,277
Annual accreditation fees	**323,578**	167,508
Transferred from deferred income	**1,087,297**	2,878,096
Transferred to capital grants	**(25,217)**	(33,686)
	2,983,420	3,479,844
Direct expenses		
Accreditation expenses	**869,776**	291,358
	2,113,644	3,188,486
Other operating income - net		
Capital grants amortised during the year	**91,832**	177,119
Capital grants released to income statement on disposal of property, plant and equipment	**23,388**	-
Exchange gain	**109,933**	74,870
Insurance claimed on lost item	**-**	5,400
Loss on disposal of property, plant and equipment	**(12,032)**	-
Training income	**891,748**	1,290,621
Training expenses	**(437,866)**	(754,520)
	667,003	793,490
Administrative expenses		
Accounting fee	**2,897**	4,320
Advertising, branding and marketing	**26,828**	171,998
Auditors' remuneration	**116,154**	107,257
Bank charges	**22,198**	29,038
Bad debts write off	**16,694**	2,173
Cleaning	**12,713**	12,631
Computer expenses	**12,096**	12,096
Consulting and twinning fees	**115,856**	106,904
Depreciation	**91,833**	177,119
Entertainment	**8,332**	7,498
General expenses	**16,221**	10,567
Insurance	**66,347**	92,591
International participation	**33,158**	3,122
NAFP costs	**-**	9,568
Network support	**66,771**	63,846
Postage, printing and stationery	**54,008**	46,200
Project management costs	**148,376**	438,123
Provision for impairment of trade receivables	**159,612**	16,448
Rent	**331,602**	301,456
Repairs and maintenance	**1,480**	5,852
Secretarial services	**8,253**	1,487
Staff costs	**2,100,369**	2,100,369
Staff training	**5,086**	7,799
Telephone, fax and internet	**92,812**	104,735
Travel and subsistence expenses	**87,989**	92,734
Website maintenance	**17,024**	16,128
Withholding tax on interest	**3,576**	4,484
	3,618,285	3,946,543
Operating (deficit) surplus	**(837,638)**	35,433

"This detailed statement of comprehensive income does not form part of the audited financial statements covered by the audit opinion on page 34."

Notes

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICE

Plot 50676, 1st Floor Block
Fairgrounds Office Park
Private Bag 00320
Gaborone, Botswana
Tel: +267 3132909/ 3132910
Mobile: +267 71250042
Fax: +267 3132922
Email: info@sadcas.org
Website: www.sadcas.org