



LOCAL ENTERPRISE AUTHORITY



2017-2018 Annual Report



LEA CORPORATE PROFILE



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The Local Enterprise Authority (LEA) was established by the Small Business Act (SBA) No. 16 of 2004 of the Laws of Botswana to carry out on behalf of the Government of Botswana, and more specifically the Ministry of Investment, Trade and Industry (MITI), the mandate of entrepreneurship and Small, Medium and Micro Enterprises development in Botswana.



GLOSSARY OF TERMS

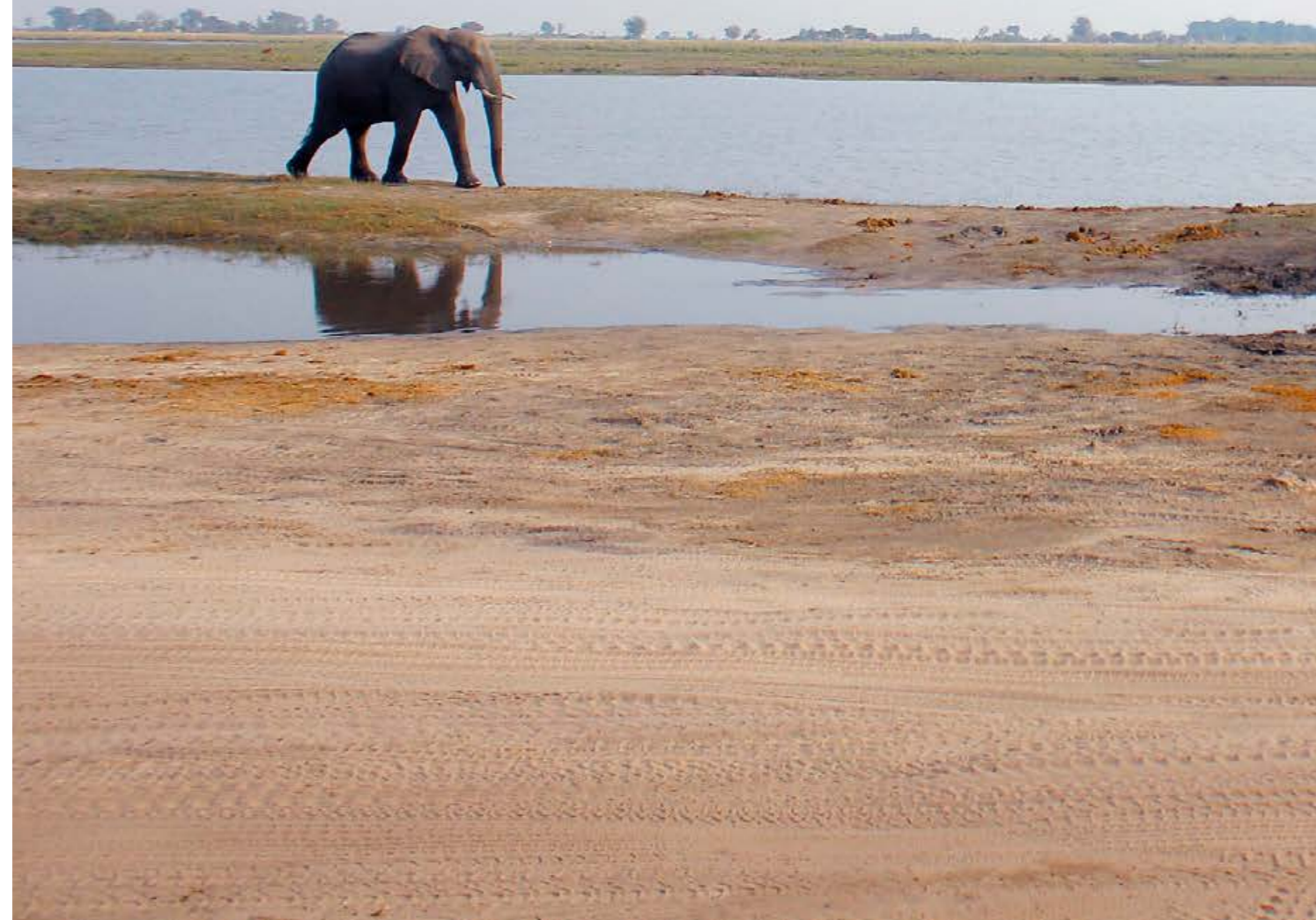
ACCA	Association of Chartered Certified Accountants
BAC	Botswana Accountancy College
BCP	Business Continuity Plan
BEDIA	Botswana Export Development and Investment Authority
BHC	Botswana Housing Corporation
BIH	Botswana Innovation Hub
BITC	Botswana Investment and Trade Centre
BOMAID	Botswana Medical Aid Society
BOPEU	Botswana Public Employees Union
BTC	Board Tender Committee
BTO	Botswana Tourism Organization
BPOMAS	Botswana Public Officers Medical Aid Scheme
BTC	Botswana Telecommunications Corporation
BUAN	Botswana University of Agriculture and Natural Resources
BIUST	Botswana International University of Science and Technology
BURS	Botswana Unified Revenue Services
BQA	Botswana Qualifications Authority
CEDA	Citizen Entrepreneurial Development Agency
CETP	Common Effluent Treatment Plant
CIPA	Companies and Intellectual Property Authority
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSI	Customer Satisfaction Index
CRM	Customer Relationship Management
DNI	Department of National Internship
DPSM	Directorate of Public Service Management
EAW	Entrepreneurship Awareness Workshops
EDD	Economic Diversification Drive
EIA	Environmental Impact Assessment
EDT	Entrepreneurship Development Training
ERM	Enterprise-wide Risk Management
EWP	Employee Wellness Programme
FAC	Finance and Audit Committee
FIBI	Francistown Industrial Business Incubator

GLOSSARY OF TERMS

FNBB	First National Bank Botswana
HR	Human Resources
HRC	Human Resource Committee
ICAS	Independent Counselling Advisory Services
ICT	Information and Communications Technology
ISO	International Organization for Standardization
IT	Information Technology
ISS	Innovation and Sector Support
JNCC	Joint Negotiations and Consultative Committee
LEA	Local Enterprise Authority
LII	Leather Industries Incubator
LLB	Bachelor of Laws
MITI	Ministry of Investment, Trade and Industry
MoU	Memorandum of Understanding
MYESCD	Ministry of Youth Empowerment, Sport and Culture Development
NDB	National Development Bank
NEF	National Environmental Fund
OHS	Occupational Health and Safety
PEEPA	Public Enterprises Evaluation and Privatization Agency
PPADB	Public Procurement and Asset Disposal Board
QMS	Quality Management System
RICS	Royal Institute of Chartered Surveyors
SAITEX	Southern African International Trade Exhibition
SBA	Small Business Act
SCD	Social and Community Development
SHE	Safety, Health and Environment
SMME	Small, Medium and Micro Enterprises
SPV	Special Purpose Vehicle
TAC	Technical Advisory Committee
UB	University of Botswana
UK	United Kingdom
YDF	Youth Development Fund
ZITF	Zimbabwe International Trade Fair



PERFORMANCE HIGHLIGHTS



OUR MANDATE

IN ACCORDANCE WITH THE SMALL BUSINESS ACT, THE AUTHORITY'S MANDATE IS TO PROMOTE ENTREPRENEURSHIP AND SMALL, MEDIUM AND MICRO ENTERPRISES (SMME) DEVELOPMENT THROUGH:

- a. Providing assistance to SMMEs in the preparation of business plans, feasibility studies and market surveys;
- b. Improving the business skills and competences of SMME entrepreneurs through the provision of training and advisory services in entrepreneurship development, technology, marketing and through appropriate mentoring services;
- c. Creating growth opportunities for SMMEs through securing greater access to Government procurement contract for goods and services, in consultation with Government Ministries, local authorities and Parastatal organizations;
- d. Identifying SMME firms with export potential and assist them to enhance their productivity and competitiveness for export markets;
- e. Promoting business linkages between SMMEs and big industries, including the purchasing of locally produced goods and services by larger firms;
- f. Facilitating access to information on support services and sourcing of raw materials by SMMEs through publicity, outreach and information technology;
- g. Working with relevant institutions to develop and implement appropriate product and service standards, and to enhance both quality awareness and improvement of SMME products and services through training and advisory services that lead to certification of these products and services;
- h. Monitoring and evaluating the impact of functions set out under paragraphs (a) to (h) and provide mentoring services in order to achieve long term sustainability of SMMEs;
- i. Working with SMME entrepreneurs and technology institutions to facilitate innovation, acquisition, adaptation and diffusion of appropriate technology for effective use by SMMEs;
- j. Facilitating access to funding for enterprise development as well as expanding existing enterprises through regular consultation with financial institutions;
- k. Making recommendations to the Minister on ways to simplify regulations which impose a burden on SMMEs in terms of compliance, time, effort and money;
- l. Ensuring that SMMEs trainers, training institutions,

training programmes and materials are accredited in accordance with the Botswana Qualifications Authority (BQA) standards or the standards of such other authority as the Minister may approve; and

- m. Facilitating and coordinating the provision of infrastructure and facilities such as factory shells and working space, including serviced land and utility services for SMMEs, in conjunction with Local Authorities, Parastatal organizations, the Private sector and the Government.

The Authority's key deliverables as per the SBA are summarized as follows;

- Promotion of citizen entrepreneurship;
- Further diversification of the economy;
- Promotion of exports;
- Development of a competitive SMME community;
- Creation of sustainable employment opportunities;
- Promotion of development of vertical integration and the horizontal linkages; between SMMEs and primary industries in agriculture, services, manufacturing and tourism;
- Improved efficiency in the delivery of services to business;
- Promotion of business linkages between small and large enterprises.

LEA has a total of 13 branch offices country-wide, providing a standardized service under the tutelage of the Quality Management System (QMS) ISO 9001:2008. LEA branches are located at Francistown, Gaborone, Ghanzi, Kanye, Kasane, Masunga, Maun, Mochudi, Molepolole, Ramotswa, Selibe-Phikwe, Serowe and Tsabong. The Authority also administers five incubation centres that provide subsidized business operational space, shared facilities and technology support to accelerate the growth of the incubated SMMEs.

The LEA Incubators are;

- Francistown Industrial Business Incubator
- Leather Industries Incubator in Gaborone
- Glen Valley Horticulture Incubator in Gaborone
- Pilane Multi-Purpose Business Incubator
- Kutla Incubation Centre in Gaborone

OUR VISION

TO BE THE CENTRE OF EXCELLENCE FOR ENTREPRENEURSHIP AND SUSTAINABLE SMME DEVELOPMENT IN BOTSWANA.

OUR VALUE PROPOSITION

"EMPOWERING THE ENTREPRENEUR TO START AND GROW THEIR BUSINESS."

LEA VALUES



SELF-DRIVEN

WE ARE PASSIONATE, EAGER TO LEARN, PERSISTENT AND DETERMINED TO ACHIEVE PERSONAL GOALS SO THAT THE ENTIRE TEAM ACHIEVES ITS DESIRED RESULTS.



PARTNERSHIP

THROUGH OUR INTERNAL TEAMWORK AND EFFECTIVE PARTNERSHIP WITH STAKEHOLDERS, OUR EFFORTS ARE SYNERGIZED RESULTING IN THE SUCCESS OF OUR CLIENTELE.



TRANSFORMATIONAL LEADERSHIP

WE ARE INSPIRED AND SELF-LED, MOTIVATED, INNOVATIVE AND ACCOUNTABLE TO ACHIEVE MAXIMUM POTENTIAL IN A FAVOURABLE WORK ENVIRONMENT.

OUR MISSION

TO PROMOTE AND FACILITATE ENTREPRENEURSHIP AND SMME DEVELOPMENT THROUGH TARGETED INTERVENTIONS IN PURSUIT OF ECONOMIC DIVERSIFICATION.



BOTHO

WE ARE COURTEOUS, POLITE, AND APPROACHABLE. WE EXECUTE ALL OUR TRANSACTIONS WITH CLIENTS AND OTHER STAKEHOLDERS WITH INTEGRITY.

LEA BOARD OF DIRECTORS



MR. MOKGETHI FREDERICK MAGAPA
CHAIRMAN

Mr. Mokgethi Frederick Magapa holds a Bachelor of Science, a Post-Graduate Certificate in ICT Policy and Regulation (Wits University) and Management Development Programme (USB). He is currently the Managing Director of G4S Botswana (Pty) Ltd, a Botswana Stock Exchange (BSE) listed company. Mr. Magapa is a seasoned business executive with both experience and expertise for business optimization and transformation having overseen the transformation of several companies in the last 10 years.

His work experience spans many industries ranging from standardization and quality assurance, telecommunications, manufacturing, retail, and express logistics. Previously, he was the Managing Director of DHL Botswana as well as being Country Managing Director Samsung Electronics. Mr. Magapa was also the Project Lead in the setting up and launching of be MOBILE (BTCL's mobile wing) and went on to hold various executive management positions in the operation and ultimately becoming the General Manager.



MR. OABILE REGOENG
VICE CHAIRMAN

Mr. Oabile Regoeng has vast knowledge as a Public Relations Executive and Business Development Specialist who has a reputable record of successfully delivering strategies that have seen business development initiatives penetrate the market segment through successful Project Management. Mr. Regoeng holds a Master's Degree in Business Administration - Finance. He has previously worked at the National Development Bank (NDB) and the Citizen Entrepreneurial Development Agency (CEDA). He has since joined the private sector as a property developer. Mr. Regoeng currently serves as the Board Chairperson of Kweneng District Ventures (Pty) Ltd, an investment arm of the Kweneng District Council.



DR. LUCKY WAKANTSE ODIRILE
MEMBER

Dr. Lucky Wakantse Odirile currently works as a Director at the University of Botswana in the department of Careers and Counselling Centre. She has vast experience as a lecturer, counsellor, consultant, supervisor, administrator, trainer, mentor, coach where she demonstrated her skills and ability in various and esteemed institutions both local and internationally. Dr. Odirile has a doctorate in Philosophy majoring in Counsellor Education, and has also served in the University of Botswana Council. She is the recipient of three international awards: George E. Hill, Glidden Professorship and Five Roses Trend Setter. She is the Patron of KDM Global.



MRS. MALEBOGO MORAKALADI
MEMBER

Mrs. Malebogo Morakaladi has 15 years cross sector experience promoting, enabling and advising enterprises on value creation and business strategy. She holds an MSc in Strategic Management (University of Derby), and has worked as a Director for Marketing and Investment Promotion and Business Development Manager at the Botswana Tourism Organization (BTO). Mrs. Morakaladi has also worked at the Botswana Export Development and Investment Authority (BEDIA) and Standard Chartered Bank.



MRS. PATIENCE MOTSWAGOLE

Mrs. Patience Motswagole is a Senior Attorney who holds a Bachelor of Laws (LLB) degree and a Management Development Programme. She is a Banking and Commercial lawyer with 16 years' work experience, with about 17 years' experience in the financial service industry and corporate sector. She has experience in commercial law, corporate finance, corporate governance, regulatory issues and compliance. Furthermore, she has regulatory extensive leadership experience having headed the legal departments at the Citizen Entrepreneurial Development Agency (CEDA), Barclays Bank of Botswana Limited, First National Bank of Botswana Limited extensive leadership experience having headed the legal departments at the Citizen Entrepreneurial Development Agency (CEDA), Barclays Bank of Botswana Limited, First National Bank of Botswana Limited and BancABC Botswana. Mrs. Motswagole has served on the Board of the Public Enterprises Evaluation and Privatization Agency (PEEPA), the National Environmental Fund (NEF) and as a trustee on the Board of FNB Staff Pension Fund. She is currently the Board Secretary and Legal Advisor at the Public Procurement and Asset Disposal Board (PPADB).



MR. BRIGHT MOSES MOTSU

Mr. Bright Moses Motsu is a Chartered Accountant with 17 years' work experience, commencing his accounting career with Barloworld and then Kgalagadi Breweries as a Cost Accountant. He joined KPMG Botswana as an auditor in 2002, where he qualified Accountant in 2003. He later joined Botswana Telecommunications Corporation (BTC) and Debswana as a Treasury Manager between 2004 and 2007. Mr. Motsu joined Barclays Bank in October 200 from Debswana to set up the Product Control Unit as its Head. In December 2016, Mr. Motsu was appointed to act a Head of Commercial Asset Finance within Barclays Bank. His qualifications include FCCA, FCA, MSc Strategic Management (University of Derby), ACI, AAT, Advanced Diploma in Commercial Lending as well as a Management Development programme (University of Stellenbosch). He is a qualified ISO Auditor and was appointed ACCA Global Ambassador in 2015. Mr. Motsu serves on the Board of Fairground Holdings and is also a subcommittee Board Member of the Botswana Unified Revenue Services (BURS). Furthermore, he is an independent trustee for the Botswana Housing Corporation (BHC) staff pension fund.



DR. HANISO MOTLHABANE

Dr. Haniso Motlhabane is the Director for Outreach and Engagement at the Botswana International University of Science and Technology (BIUST). One of the key programmes that he is responsible for is the BIUST's Pre-University Academic Programme which is an initiative directed at strengthening pipeline of Mathematics and Science students from pre-tertiary levels of education to the BIUST. He has been the Interim Associate Provost for Continuing Education and Outreach. Dr. Motlhabane has also acted as Vice Provost-Student Affairs and as Deputy Vice Chancellor for Finance and Administration. He serves in several key portfolios of the university life and programme of development, and has served in several national tertiary education policy structures. Dr. Motlhabane has served in many other forums that have shaped the current tertiary education and the national science and technology landscape.



MRS. KEGANELE MALIKONGWA

Mrs. Keganele Malikongwa currently works as Deputy Permanent Secretary in the Ministry of Investment, Trade and Industry. She graduated with a Bachelor of Economics and Accounting and also holds a Masters in Economics. She previously held the position of Director of Department of Industrial Affairs in the same Ministry. Mrs. Malikongwa worked for the then Ministry of Finance and Development Planning before joining the Ministry of Investment, Trade and Industry in 2012.



MS. BONOLO CHAMPANE

Ms. Bonolo Champagne is a General Manager at Bidfood, Bid Corp (RSA) Group (15 years of service). She holds a Master of Business and Administration majoring in finance, a Bachelor of Science in business administration majoring in finance and a Bachelor of Communication Sciences from Saint Louis University, St. Louis, Missouri, USA (John Cook School of Business). Ms. Champagne has a fellowship membership of Association of Chartered Certified Accountants (FCCA, U.K), member of Botswana Institute of Accountants and Bidvest Academy Charter.



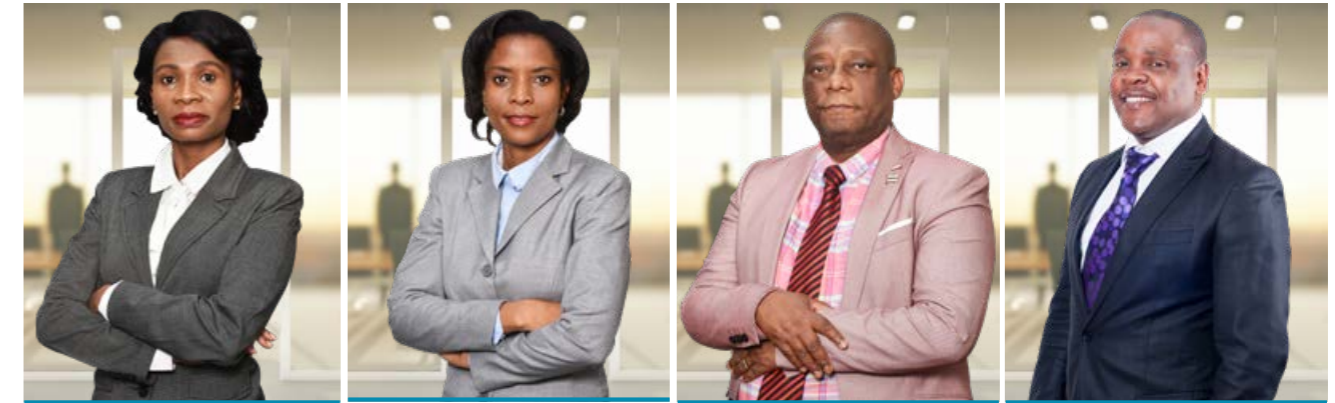
MRS. SETHEBE HENRIETTA MANAKE

Mrs. Sethebe Henrietta Manake is the Chief Executive Officer of Vantage Properties Pty (Ltd). Her professional qualifications include being a Chartered Surveyor, Property Investment and Finance, Property Asset Manager, Registered Valuer and Registered Property Manager. She holds a Masters in Strategic Management, Sectional Title Specialist Realtor Certificate and a Bachelor of Science in Property Studies. Mrs. Manake had previously held Managerial posts at Stanlib Investment Management Services, Khumo Property and Asset Management as well as Property and Asset Management Limited.

EXECUTIVE MANAGEMENT



DR. RACIOUS M. MOATSHE
CHIEF EXECUTIVE OFFICER



MS. BITSANG KGOSI
DIRECTOR, HUMAN RESOURCES

MRS. BOIKHUTSO KGOMANYANE
DIRECTOR, CORPORATE &
STAKEHOLDER COMMUNICATIONS

MR. LESITAMANG PAYA
DIRECTOR, INNOVATION & SECTOR
SUPPORT

MR. DONALD FOLOGANG
DIRECTOR, CAPACITY DEVELOPMENT



MR. LISENDI LISENDI
DIRECTOR, CORPORATE PLANNING

MS. DYNAH SOLANI
DIRECTOR, RESEARCH &
DEVELOPMENT

MR. NATHANIEL MATSHEKA
DIRECTOR, CORPORATE SERVICES

MR. MONYADIWA MASILO
DIRECTOR, INFORMATION
TECHNOLOGY



MR. COSMAS MOAPARE
DEPUTY CEO, SUPPORT SERVICES

MRS. MASEGO GWAILA-MADANIKA
DEPUTY CEO, CLIENT SERVICES

MR. KABELO NKWANE
DIRECTOR, NATIONAL BRANCH
NETWORK

MRS. ONTLAMETSE SEBONEGO
DIRECTOR, RISK & INTERNAL AUDIT



MRS. KABO MOGAE
COMPANY SECRETARY & LEGAL
SERVICES MANAGER

MR. GORDON MBONGWE
STRATEGY MANAGER

MR. GABOPEELWE MOTLHABANE
QUALITY MANAGEMENT
REPRESENTATIVE

BRANCH & INCUBATOR MANAGERS



MR. ORENEILE PADIPADI
SENIOR MANAGER - NORTH

MRS. GERTRUDE MOLEFI
SENIOR MANAGER - SOUTH (ACTING)
GABORONE

MS. MARTHA KEIKANETSW
KANYE



MS. SEGAKOLODI NTEBELE
MASUNGA

MR. LESEDI NGAKANE
MOLEPOLOLE

MS. MMOLOKI KESALOPA
FRANCISTOWN



MR. AGRIPAH HENGARI
MAUN

MRS. DULU MOAISI
RAMOTSWA

MS. ANASTACIA MAMELODI
MOCHUDI



MR. VICTOR MPHAFE
GHANZI

MS. MASEGO TSIANG
SELIBE PHIKWE

MRS. SHATHO ORAPELENG
TSABONG



MRS. KGOMOTSO MASUNGA
SEROWE

MR. JOSEPH LENNWE
KASANE

MR. ORATILE KOLOKA
GABORONE LEATHER INDUSTRIES
INCUBATOR



MRS. LOVVO OTIMILE
FRANCISTOWN INDUSTRIAL
BUSINESS INCUBATOR

MR. MOTHUSI KELEBOGILE
PILANE MULTI-PURPOSE
INCUBATOR

MR. ISAAK BOK
GLEN VALLEY HORTICULTURE
INCUBATOR

MR. MOLEFI BASUTLI
KUTLA INCUBATION CENTRE



BOARD CHAIRMAN'S STATEMENT

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CHIEF EXECUTIVE OFFICER'S STATEMENT



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BOARD AND GOVERNANCE

LEA BOARD

THE LEA BOARD CONSISTS OF TEN MEMBERS WHO ARE RESPONSIBLE FOR DIRECTING THE AFFAIRS OF THE AUTHORITY ON VARIOUS MATTERS AS SPECIFIED IN THE SMALL BUSINESS ACT OF 2004 AND THE LEA BOARD CHARTER. THE MEMBERS ARE APPOINTED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY FOR A THREE YEAR TENURE AND ARE ELIGIBLE FOR RE-APPOINTMENT. THE LEA BOARD IN ACCORDANCE WITH THE BOARD CHARTER MEET ON A QUARTERLY BASIS FOR SUBSTANTIVE BOARD MEETINGS AND BOARD SUB-COMMITTEE MEETINGS.

THE BOARD AND ITS SUB-COMMITTEES HAVE SPECIAL MEETINGS DEPENDING ON THE BUSINESS NEEDS. AT ANY MEETING OF THE BOARD A QUORUM IS CONSTITUTED BY THE PRESENCE OF NOT LESS THAT THE NUMBER OF MEMBERS APPOINTED. MATERIALS FOR BOARD MEETINGS ARE PROVIDED IN ADVANCE OF EACH MEETING TO ALLOW PRIOR REVIEW BY THE MEMBERS.



BOARD AND GOVERNANCE

ETHICAL CULTURE

The LEA Board observes a code of ethics and enforces the application of good ethical behavior both during the conduct of Board deliberations and in its dealings with the Authority's stakeholders. This code of ethics is infiltrated to the functions of the LEA to promote high performance culture through the business. The LEA code of conduct is part of the HR Policy Manual, which is communicated to Staff during induction and on-boarding. All employees are given the HR policy manual when they join the organization, and the HR policy is in the LEA Quality Management System (QMS) folder which is accessible to all staff members.

PERFORMANCE AND VALUE CREATION

The LEA Board has the oversight responsibility over the business and affairs of the Authority, and it is tasked with monitoring the strategic functioning of the Authority and set the direction for good governance in implementing change and allocation of resources within the Authority. Through this, the Authority has a five year Strategy in place which is reviewed on a yearly basis. The current strategic plan is for the period 2018 to 2023.

ADEQUATE AND EFFECTIVE CONTROL

The Board through the effective management of financial resources ensures perpetuity of the Authority's going concern and protection of all its assets wherever located. The Board further ensures the existence and implementation of sound and effective internal control systems, as well as risk management to ensure a true and fair presentation of the Authority's affairs in the financial statements through the preparation and publication of audited financial statements every year. Other control systems employed by the Authority include business continuity plans and the identification and monitoring of key risk areas affecting the Authority, which function is orchestrated by the Authority's Risk and Internal Audit Division and overseen by the LEA Finance and Audit Committee.

Furthermore, the Board is also committed to IT governance and ensures that the IT strategy initiatives are aligned to business, in order for ICT solutions to create the desired strategic impact. In the Financial year 2017-2018 the board moved to endorse adoption of a new ERP system, a project that will also implement a Customer Relationship Management system to facilitate the LEA business. Further, this initiative is in line with the three year LEA ICT strategy that was adopted in the 2016-2017 financial year.

TRUST, GOOD REPUTATION AND LEGITIMACY

The Authority has a business continuity plan to ensure checks and balances on the LEA processes. The Board further provides oversight on actions taken by Management to ensure that processes and procedures laid down are followed. The Authority appoints independent External Auditors who are rotated every three years or at other intervals as may be agreed to by the Board.

LEA BOARD SUB-COMMITTEES

The LEA Board has four Board sub-committees that provide strategic guidance to the organization in compliance with the statutory requirements. In addition to the four sub-committees, the LEA Board approved the creation of a Board Executive Committee in March 2017. The LEA Board has five Board sub-committees that provide strategic guidance to the organization in compliance with the statutory requirements.

BOARD EXECUTIVE COMMITTEE

The Board EXCO Sub-committee's main objective is to assist the Board in fulfilling its oversight responsibility over the Authority's functions of the provision of SMME Development in Botswana. The Committee's mandate is to make final decisions, which ensure that all the running projects that the Authority engages in are implemented efficiently and effectively according to best practice and within available resources and time.

BOARD AND GOVERNANCE

TECHNICAL ADVISORY COMMITTEE

The purpose of the Technical Advisory Committee (TAC) is to assist the Board in fulfilling its oversight responsibility over LEA's functions of promoting and facilitating entrepreneurship and enterprise development in Botswana through targeted interventions which are:

- Providing business planning, training and advisory services.
- Identifying business opportunities for existing and future SMMEs.
- Promoting domestic and international linkages, especially between SMMEs and government, large business and other SMMEs.
- Exploitation of Government and large firm procurement opportunities.
- Facilitating changes in regulations, standards, infrastructure and access to finance.
- Facilitating technology adoption and diffusion.
- Creating awareness of plight of the SMME Sector.

The Technical Advisory Committee consists of six members.

BOARD TENDER COMMITTEE

The role Board Tender Committee (BTC) is to assist the Board by assuming an oversight role, considering and making decisions on all Local Enterprise Authority Tender matters including tender procedures and processes.

The Board Tender Committee consists of four members.

FINANCE AND AUDIT COMMITTEE

The role of the Finance and Audit Committee (FAC) is to assist the Board in fulfilling its oversight responsibilities by reviewing and making recommendations to the Board regarding:

- Financial information, including audited financial statements which will be provided to the Board of Directors and to the stakeholders.
- Strategic financial plans and the annual operating budgets.
- Internal controls systems.
- Internal audit processes.
- Investment management activities.
- Risk management process which includes the identification and evaluation of significant exposures to risks.

The Finance and Audit Committee consists of four members.

HUMAN RESOURCES COMMITTEE

The role of the Human Resource Committee (HRC) is to assist the Board by assuming an oversight role over all LEA human resource, remuneration and compensation matters through the following:

- Making recommendations for consideration of the Board pertaining to the appointment and dismissal of senior officers.
- Maintaining objectivity and neutrality in determining remuneration, benefits and allowances for the LEA and appropriate human resources policies and strategies.
- Ensuring that the LEA keeps abreast of developments in the labour market and that the Authority adopts suitable best practices in human resource management.

The Human Resource Committee consists of five members.



BOARD AND GOVERNANCE

BOARD MEMBERS ATTENDANCE FOR THE 2017-18 FINANCIAL YEAR

MEMBER	BOARD MEETINGS	TECHNICAL ADVISORY COMMITTEE	HUMAN RESOURCES COMMITTEE	FINANCE AND AUDIT COMMITTEE	BOARD TENDER COMMITTEE
Mr. M. F. Magapa (Appointed December 2017)	6/7	*	*	*	*
Mr. B. S. Tsayang (Resigned November 2017)	5/5	*	*	*	*
Mr. O. Regoeng	11/12	4/4	8/9	9/10	*
Dr. H. Motlhabane	9/12	4/4	3/6	*	4/6
Mrs. P. Motswagole	7/12	3/4	7/9	*	*
M.r B. M. Motsu	9/12	1/4	*	10/10	6/6
Mrs. M. Morakaladi (Appointed August 2017)	9/11	3/4	5/8	*	*
Ms. B. Champane (Appointed August 2017)	9/11	*	*	4/5	3/4
Dr. L. W. Odirile (Appointed August 2017)	6/9	*	4/4	4/4	*
Mrs. S. Manake (Appointed August 2017)	6/10	*	*	3/4	1/4
Ms. N. W. Senegelo (Resigned May 2017)	0/1	1/2	1/1	*	*
Mrs. K. Malikongwa (Appointed August 2017)	3/9	1/4	*	*	*

Members do not sit in the Committees marked*

NB: The LEA Board Chairperson Mr Batlhatlhatl Shongwe Tsayang's tenure ended in November 2017. Thereafter, a new Chairperson Mr Mokgethi Fredrick Magapa joined the LEA in February 2018. Board Member Ms Nelly Wamasego Senegelo resigned from the LEA Board in May 2017.

Upon appointment, members are furnished with various reports and other documents such as the Small Business Act 16 of 2004, LEA Board Charter, adopted in 2006, Terms of Reference of Sub-Committees, Strategic Plan adopted from time to time as well as LEA Board Policies, as adopted from time to time. During the 2017-18 financial year, the Authority was not able to train its Board of Directors due to financial resource constraints. However, a plan has been made to train the Board during the 2018-19 financial year.

CORPORATE GOVERNANCE STATEMENT

The Local Enterprise Authority promotes a culture that encompasses strong corporate governance, sound business practices and highest ethical conduct. The Authority's governance framework is supported by the following mechanisms established by the LEA Board:

RISK MANAGEMENT

In undertaking activities to support its objectives, the LEA assumes a number of risks. Management of these risks is integral to all aspects of the LEA's activities and is the responsibility of all staff. The following mechanisms have been established to manage risks faced by the organization.

ENTERPRISE-WIDE RISK MANAGEMENT (ERM) FRAMEWORK

The organization has implemented an ERM framework from which a comprehensive risk register is generated from the Corporate Objectives, Divisional Scorecards and key projects such as Leather Industry Park Project and IT Sage Project. The risk register focuses the organization on effective risk management by identifying risks which could have a negative impact on the achievement of corporate objectives, as well identification of control measures necessary for mitigating these risks. Regular reviews are conducted to assess and update the risk register on the implementation of mitigating measures and emerging risks.

SAFETY, HEALTH AND ENVIRONMENT (SHE) STRUCTURES

LEA maintains SHE structures throughout its branch network and incubators to continuously improve on safety, health and environmental concerns within the workplace by conducting SHE inspections, and also through the appointment and training of SHE Representatives, first aiders and fire marshals.

BOARD AND GOVERNANCE

BUSINESS CONTINUITY PLAN (BCP)

The organization implements Business Continuity Plans (BCP) to ensure minimal disruption to critical business processes and operations in the event of a disaster. During the period under review, detailed continuity plans were implemented for the following critical business processes; Information Technology (IT) services, Human Resources (HR), Finance, Shared Services (Procurement) and Corporate and Stakeholder Communications. Management is continuously reviewing the continuity plans for adequacy, relevance and completeness.

INTERNAL AUDIT

LEA's internal audit function assesses the design and effectiveness of the internal risk management and control systems and provides assurance to both EXCO and the LEA Board. Moreover, Internal Audit conducts ad hoc financial and operational audits and special investigations. The Finance and Audit Committee reviews and recommends for Board approval of the Risk-Based Internal Audit Plan. Internal Audit reports are submitted to the Finance and Audit Committee on a quarterly basis on the outcomes of reviews performed. The Committee has considered and is satisfied with the effectiveness of the Internal Audit function. The Board continues to support and place reliance on the work of Internal Audit.

INTERNAL CONTROL

The internal control and risk management processes associated with financial and operational reporting have been planned in such a way that they produce sufficient certainty over the reliability of reporting and to ensure that applicable laws and regulations have been complied with. The LEA Board of Directors have approved the corporate policies on which the control environment is based, as well as the policies relating to risk management and corporate governance. The financial reporting process incorporates internal control principles pursuant to the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The Code of Conduct approved by LEA's Board of Directors is based on LEA's values and defines the ethical principles through which business operations are conducted.

FRAUD POLICY AND WHISTLE-BLOWING HOTLINE

LEA does not tolerate any wrongful act or impropriety (including without limitation to fraud, theft, dishonest acts, corruption, intimidation, discrimination, harassment) by its employees, service providers or associates. To facilitate reporting with the assurance that reports made will be managed objectively, the organization has adopted a Fraud Policy and an independent Whistle-blowing Service through which wrongdoing may anonymously be reported. The policy also provides for the protection of whistleblowers. General staff members are also sensitized on the Fraud Policy and the Whistle-blowing Service on an annual basis.

Report fraud, theft and dishonest behaviour.



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DEVELOPMENT OF A COMPETITIVE AND SUSTAINABLE SMME SECTOR



BUSINESS PLANNING AND CREDIT FACILITATION

LEA provides targeted basic and advanced business development interventions that promote entrepreneurship awareness, facilitate start-ups and the growth of existing enterprises. One such intervention is to assist the SMMEs to develop business plans for submission to funding institutions. During the 2017-18 financial year, the Authority throughout the 13 branch offices facilitated 998 SMMEs to develop business plans. Out of the 998 business plans submitted for funding, 926 were for Micro Enterprises while 72 were for Small and Medium Enterprises. 144 business plans out of the 998 submitted were approved, valued at P51.9million. Funding institutions during the 2017-18 financial year included CEDA, Youth Development Fund and Department of Gender Affairs among others.

NUMBER OF NEW SMMES

LEA facilitated creation of 32 Small and Medium Enterprises against the targeted 66. On the other hand, 4633 Micro Enterprises were enrolled during the year, majority being beneficiaries of the Youth Development Fund and the Gender Affairs Fund. These institutions refer their clients to LEA to seek business advisory services, specifically on the completion of business plan forms prior to funding. Client mobilization and recruitment was also intensified by mobile stops conducted throughout the country.

BUSINESS INTERVENTIONS AND JOB CREATION

In order to capacitate SMMEs to start and grow their businesses, LEA offered a total of 1047 interventions to SMEs against a target of 1386. These included on-site enterprise monitoring, business counselling and coaching services. On the Micro Enterprises category, 20241 interventions were extended, against the 25000 targeted. The Micro Enterprises interventions included over the counter business advisory, coaching services as well as the provision of the Business Development Kit, which a compilation of all the information necessary for entrepreneurs to start and grow their businesses. This provision of targeted interventions to SMMEs across various sectors and regions in Botswana capacitated some to start businesses and some to grow theirs.

RESOURCE CENTRES

All LEA branches have Resource Centres that are accessible to both LEA assisted enterprises and members of the public. The LEA Resource Centres provide business related information to SMMEs through provision of material such as books, magazines and newspapers. In addition, these centres have computers with internet, for the SMMEs to research on any area of interest that can benefit their businesses. The Resource centres also house copiers, printers, scanners, binding and fax machines, which SMMEs use at subsidized rates. During the 2017-18 financial year, 4867 SMMEs utilised the LEA Resource Centres across the country.

TRAINING AND SKILLS DEVELOPMENT

LEA trained 1411 SMMEs against the 2000 targeted during the 2017-18 financial year, consisting of 1126 LEA clients and 285 non-LEA clients. These included basic training courses namely Entrepreneurship Development Training (EDT), Business Planning, Sales and Marketing and Record Keeping offered to 875 entrepreneur, and advanced training offered to 536 SMMEs. Out of the 1411, 46 were LEA assisted SMEs who received advanced training relevant to their businesses, namely Customer service, Marketing, Agrochemicals, Intellectual property, branding, packaging and labelling, tradeshow readiness and quality management system standard (BOS ISO 9001:2015.)

COACHING AND MENTORING

Sixteen SMEs received mentoring services from LEA during the review period. These consisted of enterprises in various industries such as hospitality, food processing, chemicals production and maintenance and servicing of hydraulic equipment among others. They were mentored on the following disciplines:

- Records Keeping system (Quick Books)
- Quality Management System BOS ISO 9001:2015
- Branding, Packaging and Labelling
- Food processing
- Enterprise Resource Planning development

Furthermore, 28 SMEs were coached on trade fair readiness, prior to participating at various trade exhibitions such as Business Botswana Northern Trade fair, Ghanzi Agricultural Show, Chobe Agricultural Show, Global Expo, and Botswana Tourism Trade Expo.



CLUSTER DEVELOPMENT

The Authority considers the clustering model as a critical component of business growth, where entrepreneurs operate as a collective in order to achieve their enterprises' targets. Sensitization of SMMEs on the clustering concept therefore continued during the period, with 73 clients trained on clustering awareness. These consisted of small stock farmers in the Mahalapye/Palapye area and horticulture clients in Molepolole and Glen Valley Horticulture Incubator.

CREATION OF LINKAGES TO MARKETS

The Authority as part of its mandate continued to facilitate access to markets for LEA assisted enterprises. LEA facilitated for 49 clients to participate and exhibit at local and regional trade fairs. Trade fairs present an opportunity for SMMEs to showcase their products and services, to meet with potential buyers and discuss market requirements and supply opportunities. These platforms also enable the SMMEs to benchmark from industry best practice and develop networks that can advance their businesses. During the period under review, LEA clients attended local trade fairs namely: Business Botswana Northern Trade Fair, Ghanzi Agricultural Show, Chobe Agricultural Show, Botswana Youth Expo, Global Expo, National Agricultural Show and the Botswana Travel and Tourism Expo. The regional trade fairs attended in collaboration with the Botswana Investment and Trade Centre were the Zimbabwe International Trade Fair and the Southern African International Trade Exhibition (SAITEX).

In addition, buyer seminars were conducted at five branches namely Selebi-Phikwe, Ghanzi, Francistown, Kasane and Gaborone. The buyer seminars enable dialogue between the producers and the procuring entities within a region/district, and encouraged discussions on procurement procedures and market requirements that must be met by the suppliers. The buyer seminars also unearthed challenges that are experienced by the producers, for both SMMEs and buyers to explore ways through which they can meet each other's expectations.

The monthly flea markets conducted across the LEA branch network continue to offer SMMEs a platform to market and sell their products and services on a monthly basis. The 143 flea markets held during the review period attracted 963 SMMEs exhibiting a wide variety of products and services including crafts, jewelry, leather products, horticulture products, furniture, cleaning chemicals, basketry, ICT, tourism and catering services. Flea markets are also open to non-LEA clients, who included beneficiaries of empowerment programmes such as Youth Development Fund (YDF), Gender Affairs Fund, Social and Community Development (S&CD) among others.

Furthermore, LEA in partnership with BITC conducted the Export Awareness workshops in Gaborone, Palapye, Ghanzi and Francistown. The objective of the workshops were to sensitize SMMEs on the requirements to be met prior to exporting, as well as to assess their readiness to export their products and services.

PROMOTION OF CITIZEN ENTREPRENEURSHIP

OUTREACH PROGRAMME

In order to create awareness on the LEA mandate and services, the Authority conducted 614 outreach activities across the country, against a target of 700. Outreach extends specifically to areas where LEA does not have offices, to ensure that the LEA value offer is widely communicated and reaches the citizenry country-wide. These include mobile stops also present an opportunity for LEA to recruit more SMMEs to register and get assistance from LEA.

ENTREPRENEURSHIP AWARENESS WORKSHOPS (EAW)

During the period under review, the Authority conducted 25272 Entrepreneurship Awareness Workshops were administered to Form Five students at Senior Secondary Schools, Brigades and tertiary institutions among others. These workshops are meant to promote and inculcate entrepreneurship amongst Batswana, especially the young generation, for them to consider entrepreneurship and enterprise development as an alternative to formal employment in the wake of high unemployment rate in the country. As at March 2018, 25272 participants had attended the EAW country-wide.



BUSINESS INCUBATION PROGRAMME

GLEN VALLEY HORTICULTURE INCUBATOR

The Glen Valley Horticulture Incubator training with production model is progressing well, with trainees getting exposure on various technologies and infrastructure that is ideal for vegetable production. The incubatees produce tomatoes in the green houses, tunnels and net shades for one cropping cycle (nine months). During the training period, they also go through business management and plant protection training, to equip them with the necessary skills that will enable them to operate their farms post incubation.

During this 2017-18 financial year, a total of 35 trainees were incubated and successfully completed the programme. Out of this 35, 18 trained in the net shades, 12 in the green houses and five in the tunnels. The Glen Valley Horticulture Incubator produce was sold to various markets such as retail stores, wholesalers and eateries. The Incubator also provides a platform for various institutions to benchmark on the ideal horticulture set-up, with 118 people visiting the incubator during the period under review, to appreciate and learn about farm operations.

GABORONE LEATHER INDUSTRIES INCUBATOR

This specialized leather incubator continues to hand-hold the incubated enterprises and nurture their skills in leather products manufacturing. During the period under review, the leather incubator had eight clients producing among others leather bags, belts, shoes, furniture and upholstery services. LEA continues to build their capacity and skills base, as well as enhance market access for the incubated enterprises through linking them to buyers, both Government and private establishments for re-upholstering of furniture and motor vehicles among others, thus enhancing their growth

During the year, the Leather Industries Incubatees supplied various markets with leather products including the Debswana Diamond Mining Company, which was supplied with grease drum cover, branded hats, aprons, welder's yoke, leather spats and fire blankets. Furthermore, other markets were supplied with tool kit bags, spanner pouches and aprons.

PILANE MULTI-PURPOSE INCUBATOR

This is a LEA multi-purpose incubator, nurtures and accelerates the growth of food processing and light industrial manufacturing enterprises. The incubator operated at 100% occupancy during the period under review, and LEA interventions have resulted in more of its incubator clients growing from micro to small enterprises, expanding and some being funded through different financiers such as Gender Affairs Empowerment Fund, Youth Development Fund, and through SMMEs Schemes in some commercial banks. During the 2017-18 financial year, the incubator operated businesses which ranged from food processing (chakalaka/relish, packaging of roasted peanuts, packaging of traditional food, Morula juice, ginger drink, bread and confectionaries and meat products) chemical production, products engraving, carpentry as well as blinds manufacturing and installation. The Incubator created and sustained 85 jobs from the 11 enterprises incubated, while a total turnover of P4.4m was realized during the period under review. In addition, five businesses graduated from the Pilane Incubator, as they were ready to operate their businesses competitively in the market.

FRANCISTOWN INDUSTRIAL BUSINESS INCUBATION (FIBI)

The incubator provides office space for businesses in various sectors including metal and steel works, textiles and embroidery, carpentry, cleaning chemicals, Water purification and bottling services. During the 2017-18 financial year, FIBI attained 85% occupancy rate, as 11 factory shells were occupied out of the thirteen (13) available. The incubated enterprises' turnover has been increasing due to market linkage interventions offered by LEA, through forums such as buyer seminars and participation at trade exhibitions. The FIBI clients have generally improved the quality of products as a result of technology interventions such as coaching on quality finish and facilitation of suitable machinery. This resulted in the creation of 39 jobs. The incubator graduated two enterprises during the 2017-18 financial year.

KUTLA INCUBATION CENTRE

Kutla Incubation Centre focuses on the provision of practical, technical and business management training to the trainees, with the view to assist them gain production skills so that they can successfully operate their businesses post the incubation period. The centre houses 12 plants namely bread making/confectionary, ice cream cone, soya milk production, socks knitting, liquid detergent production, wire nail making, toilet roll manufacturing, packaging solutions, sunflower oil extraction, tomato ketchup, corn flakes and potato wafers making.

Kutla Incubation Centre was officially opened in December 2017, and has trained 56 beneficiaries by March 2018. The three months training were done on toilet roll manufacturing, confectionery/bread making and liquid detergent making. Furthermore, incubatees received training of record keeping, sales and marketing as well as Entrepreneurship Development Training (EDT). In order to forge partnerships and enhance the incubator impact, the Authority conducted a stakeholder engagement workshop to bring onboard relevant stakeholders that have a role to play in the development of SMMEs.

These included capacity building institutions such as financiers, regulators as well as potential markets who will be very important in absorbing the produce. The Authority continues to engage more stakeholders with other Ministries and Parastatals among them the Ministry of Youth, Sports and Culture Development, Companies and Intellectual Property Authority (CIPA), Botswana Unified Revenue Services (BURS), Botswana Bureau of Standards, National Food Technology Research Centre (NFTRC) and others.



LEATHER INDUSTRY PARK

Implementation of the project milestones is in progress to set up a leather industry park in Lobatse. The project is anticipated to stimulate the leather sector in Botswana, and ensure availability of finished leather for local manufacturing of leather products, which will ultimately reduce the importation of such products, and promote their exportation. Upon completion, the park will consist of a Common Effluent Treatment Plant (CETP), Sewage Treatment Plant, Operation of Tanneries, and Leather products manufacturing. Previous milestones include the establishment of a Special Purpose Vehicle (SPV), a company called Leather Industry Park (Pty) Ltd that will own, build and operate the Park, approval of the Environmental Impact Assessment (EIA) and Management Plan thereof, and the engagement of the Project Manager, who conducted the topographic survey and geotechnical investigations to input into the detailed EIA study.

The following components of the project were realised during the 2017-18 financial year:

- Engagement of the Technical Advisor to provide guidance, technical expertise and assurance during the project implementation;
- Finalisation of project detailed designs and submission to the Lobatse Town Council for approval;
- Stakeholder engagement with relevant institutions including the Botswana Meat Commission, Lobatse Town Council, Botswana Power Corporation, Water Utilities Corporation and the Ministry of Agricultural Development and Food Security.

Construction of the park is expected to commence during the 2018-19 financial year.



RESEARCH STUDIES

LEA periodically conducts research to support SMME information needs as well as LEA decision making and programming towards SMME development. During the period under review, two market surveys and a Customers Satisfaction Survey were carried out. The market surveys were on 'The supply Opportunities in the Pre-primary and Primary Schools Feeding Programme and the Markey Study was on Medical Consumables, Devices and Equipment.

THE SUPPLY OPPORTUNITIES IN THE PRE-PRIMARY AND PRIMARY SCHOOLS FEEDING PROGRAMME

During the 2017/18 financial year, the Department of Local Government Finance & Procurement Services announced the revision of the pre and primary schools feeding menu into a full school feeding programme in. The revised menu will now include some horticulture produce in the form of tomatoes, cabbages, spinach, onion, beetroots, butternuts, carrots, spinach, rape as well as oranges, apples and table eggs.

The Authority therefore carried out the study on the primary schools feeding programme with the main objective being to compile market information for the support of local SMMEs in response to the revised menu. The revised menu procurement follows the Local Procurement Scheme which requires the supplies to be locally produced. This presents an opportunity for local producers to increase production for the specified products to meet this new demand.

The introduction of table eggs in the primary schools feeding menu suggests that all districts will have an increased demand of eggs, and therefore opportunities arise for both existing and new entrants in the table egg production market. The total new demand for eggs will increase from 110 101 044 eggs to 129 925 932 eggs annually. The introduction of the primary schools feeding programme means that the total demand for the selected vegetables and fruits will increase by 5 997 029 kg annually.

MARKET STUDY ON MEDICAL CONSUMABLES, DEVICES AND EQUIPMENT

LEA concluded a Market study on Medical Consumables, Devices and Equipment in August 2017. The aim of the study was to assess the local supply and demand as well as identify opportunities in the sub-sector for the uptake by SMMEs. The findings of the study were intended to provide new entrants into the manufacturing and supply of medical consumables with information on the market structure, market size and distribution channels.

The major findings of the study were that Botswana is a net importer of all medical consumables, devices and equipment. During 2015 and 2016, the value of import amounted to P1.6 billion and P3.6 billion respectively. The annual import bill for products selected for the study is in excess of P40 Million annually. The medical local industry is still at an infant stage with only a tiny fraction of product lines manufactured in Botswana. These include syringes, needles, swabs, specimen container bottles, and face masks. The economy virtually depends entirely on imports for all its supply of medical consumables.

The uptake of the identified business opportunities is expected to help the economy in the formation of new businesses, creation of employment and expansion of the GDP base. In the long run, the domino effect is expected to trigger development of other businesses in the value chain. The study identified the following opportunities for manufacturing in Botswana; linen savers, swabs, bandages, infusion sets and gloves. In the 2018-19 financial year, the Authority will develop business plans for the identified business opportunities, a very critical step towards creation of new businesses.

CUSTOMER SATISFACTION INDEX

LEA, as an ISO 9001:2008 certified organization, regularly collects feedback from its customers in order to assess their satisfaction levels with service delivery on products and services offered. The Customer Satisfaction Survey for the 2017-18 financial year was completed in September 2017. The survey results show that the LEA assisted enterprises were highly satisfied with the services they received, as evidenced by an overall Customer Satisfaction Index (CSI) of 88 against an organizational target of 80.

LEA continues to implement feedback from the surveys for continuous service improvement as per its commitment to meet customer needs.



PARTNERSHIPS

The Authority during the year continued engagement with several institutions with the view to accelerate entrepreneurship, develop and implement initiatives that advance SMME development in Botswana.

BOTSWANA ACCOUNTANCY COLLEGE (BAC)

LEA and BAC collaborate on the attachment of BAC students to several LEA assisted enterprises for one year, for the learners to gain practical skills and appreciate how businesses are operated. The hosting enterprises on the other hand receive advice from the attaches, on mechanisms that they can employ to grow their businesses. The programme therefore affords the students an opportunity to practice the business management and development skills they acquire during their period of study at BAC and assist in addressing the challenges encountered by SMEs during their business operations.

During the 2017 - 18 programme cycle, 41 BAC students were attached to 10 LEA assisted enterprises in Molepolole, Ramotswa, Mochudi and Gaborone. They successfully completed the programme and graduated in March 2018. Business areas covered by the students during their attachment included marketing, development of financial records as well as Human Resource Management.

BOTSWANA UNIVERSITY OF AGRICULTURE AND NATURAL RESOURCES (BUAN)

The objective of the Agripreneur project is to build capacity of the BUAN graduates, and equip them with the necessary technical and business management skills to start businesses. The project entails a business plan competition, wherein the winning proposals are sponsored by BUAN, including provision of operating space and technical training as per the needs of the projects. LEA on the other hand supports the projects with business management advisory, as well as meeting all requirements for starting an enterprise such as company registration and coaching services. During the period under review, six BUAN graduates benefited from the programme, and have established poultry, horticulture and piggery businesses.

UNIVERSITY OF BOTSWANA (UB)

LEA and the UB Business clinic partnered on a project called 'Next-Step', which targeted the UB final year students who aspire to be entrepreneurs. LEA capacitates these students through a seminar, and further screening the seminar attendees to assess their entrepreneurial traits. In addition, the Next-Step participants are offered Entrepreneurship Development Training. During this financial year, 23 students who participated in the project were trained on a 'how to consult' course.

STANBIC BANK

LEA partnered with Stanbic Bank Botswana in 2013, to run a competition for the Glen Valley Horticulture Incubator trainees, for them to focus on horticulture management, plant protection and best practice when operating horticulture businesses. The trainees operating in all the incubator structures (green houses, tunnels and net shades) are then judged and awarded prizes, to encourage them to set up own horticulture farms and produce. The key variables that are assessed include among others the upkeep of the production structure, adherence to crop management techniques and production records.



QUALITY MANAGEMENT SYSTEM (QMS)

The aim of the Quality Management System (QMS) implemented at LEA is to ensure that the services that LEA provides to its customers conforms to all relevant requirements and meet or exceed customer expectations. Our approach to quality assurance and continuous improvement focusses on process monitoring and periodic management reviews through the utilization of the ISO 9001:2008 standard as its framework.

For a service-oriented organization such as LEA, with a footprint of 13 branches and 317 staff members across the country, it is important that management is kept abreast on the operational aspect of its envisioned strategy through the periodic monitoring, verification, implementation and continued improvement of its processes in an effort to meet and exceed customer satisfaction.

In realizing the importance of an effective quality management system, management authorized the training of a total of 26 staff members on the ISO 9001:2015 standard, in preparation for the organizations' transition from the ISO 9001:2008 standard, to the latest version; an improved risk-based approach, which focusses on preventive, rather than corrective measures. A three year milestone chart and implementation plan for the September 2018 deadline for the transition of the ISO 9001:2015 standard has been drawn, and plans are underway to ensure the smooth transition.

As a continued certification and customer satisfaction remain pivotal to all our stakeholders, LEA will continue to commit to delivering quality services in the transformation of SMME's into sustainable and competitive businesses by using the ISO Standard as a framework for organizational excellence.



CORPORATE SOCIAL RESPONSIBILITY

LEA STAFF MEMBERS CONTINUE TO VOLUNTARILY ASSIST THE LESS PRIVILEGED CITIZENS WITHIN THE COMMUNITIES IN WHICH THE AUTHORITY OPERATES. THESE INITIATIVES UPLIFT THE BENEFICIARIES' LIVELIHOODS AND RESTORE THEIR DIGNITY. THE FOLLOWING INITIATIVES WERE REALIZED DURING THE 2017-18 FINANCIAL YEAR.



FRANCISTOWN BRANCH

Donated dustbins to the community of Borolong Village and Mater Spei College. The branch also donated chairs and tables to Mmandunyane Primary School.

GHANZI BRANCH

Donated toiletries to the inmates at the Ghanzi Prison.

KASANE BRANCH

Donated full school uniform for a standard six pupil of Kasane Primary School

MOLEPOLOLE BRANCH

Connected a stand pipe for the visually impaired resident.

LEA Social Club donated food groceries, toiletries and clothing to a family in Tlokweng.

INFORMATION COMMUNICATIONS TECHNOLOGY

LEA intends to employ information technology systems that will enable more focus on improving business processes and enhancing service delivery to the clientele.

ADOPTION OF SAGE TECHNOLOGY

During the 2017-2018 financial year the Authority adopted a new ERP and Customer Relationship Management (CRM) system based on Sage Technology. The implementation of the new ERP system commenced in February 2018, and it is envisaged to save cost on hardware replacement and support since it is being implemented on cloud.

BANDWIDTH UPGRADE

In 2017-2018 LEA took advantage of reduction in bandwidth cost and upgraded all the link to all LEA branches from 1Mbps to 4Mbps. This upgrade also benefited the Organization as the total bandwidth cost reduced by over 50%.

TELEPHONE SYSTEM AND BILLING MANAGEMENT SYSTEM

LEA implemented a Voice over IP telephony system and billing system that is based on Mitel Technology. This system significantly reduced inter-branch calls, as it makes use of the LEA infrastructure as opposed to the public switched telephone network.



HUMAN RESOURCES

STAFF ESTABLISHMENT AND TURNOVER

AS AT 31ST MARCH 2018, THE AUTHORITY'S STAFF COMPLEMENT STOOD AT 317 AGAINST AN ESTABLISHMENT OF 349. THE LEA WIDE GENERAL STAFF TURNOVER STOOD AT 5.4% (17 EMPLOYEES) AGAINST A TARGET OF 13%, WHILST MISSION CRITICAL STAFF TURNOVER STOOD AT 5.3% (7 EMPLOYEES) AGAINST A TARGET OF 7%. THIS IS AN INCREASE FROM THE 2016-17 FINANCIAL YEAR WHERE THE AUTHORITY REALIZED A GENERAL STAFF TURNOVER AND MISSION CRITICAL STAFF TURNOVER 4.3% OF 3% RESPECTIVELY.



PERFORMANCE MANAGEMENT SYSTEM

The LEA has adopted a Balanced Scorecard for its performance Management System in addition to the assessment of staff on the LEA four Core values of Botho, Self-Driven, Transformational Leadership and Partnership. As per process, following the cascading of the Corporate Scorecard for the year 2017-18, the HR Division facilitated the Divisions across the Authority in aligning employees Performance Contracts to both the Corporate Scorecard and the Divisional Annual Plans.

LEA continued to conduct mid-term appraisal (check point) and end of year (overall performance appraisal) which are further calibrated for fairness and uniformity in assessing employees.

STAFF EMPLOYEE WELLNESS PROGRAMME (EWP)

The Authority has engaged the Independent Counselling Advisory Services (ICAS) Botswana to provide Employee Wellness Programmes such as counselling services, motivational and health talks and Management Consultancy Support. As at end of March, 83 employees sought ICAS-Botswana services, compared to the 66 during the previous year, indication an increased utilization of the ICAS services during the period under review.

TEAM BUILDING INITIATIVE

The LEA Management in partnership with ICAS-Botswana introduced team building initiative across the organisation. The team building sessions focused on improving communication, staff engagement, synergy and team cohesion amongst the workforce which are key to driving successful and winning teams.

Furthermore, the exercise, is expected to promote a high performance culture underpinned by the LEA core values namely, Botho, Self-Driven, Partnership and Transformational Leadership.

The organization awarded 91 and 21 employees as a recognition for having served the organization for 10 and 5 years respectively. The total number of employees who have been with the organization for 10 years continues to increase which assists in retaining institutional memory, knowledge and skills transfer to newly appointed staff members.

LEA employees participated at the annual MITI Parastatals Tournament in Gaborone, where the Parastatals' Staff members engage in sporting activities and establish networks that promote unison. Other participating Parastatals were Competition Authority, BDC, Gambling Authority, CEDA, SPEDU, BOBS, BITC and CIPA.

EMPLOYEE RELATIONS

The Authority continues to engage Botswana Public Employees Union (BOPEU) to consult and negotiate matters relating to LEA Conditions of Service. The discussions are conducted in line with the Collective Labour Agreement, with some matters being resolved amicably at the Joint Negotiations and Consultative Committee (JNCC) and others through mediation and/or arbitration.

GOVERNMENT INTERNSHIP PROGRAMME

LEA supports the Government Internship Programme by attaching university graduates on various functions, for them to gain work experience and prepare them for employment. During the 2017-18 financial year, 14 Internship students were attached in various LEA Departments including Finance, Legal Services, Procurement, Marketing, IT and Glen Valley Horticulture Incubator.



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GRADUATED ENTERPRISES



CASESI BAKERY



BACKGROUND

Slimber Investments (Pty) Ltd T/A Casesi Bakery is owned by Ms. Caroline Lesang and her daughter Keitumetse Lesang. The business is based in Lobatse operating from its own premises. The business started operations in Lobatse in 2007. Casesi Bakery currently employs 46 people, and specializes in the production of bread loaves.



ANGIE'S FASHIONS (PTY) LTD



BACKGROUND

Angie's Fashions (Pty) Ltd is a registered business owned by Ms. Angelinah Nkai. The company started operations in 1998. Ms Nkai, a designer by profession, started operations in 1998 under the mentorship of her mother, who is also a designer. With a staff compliment of eight, the business is based in African Mall, Gaborone, and specializes in wedding gowns, women and men's clothing, cooperate wear and casual wear.



RELATIONSHIP WITH LEA

The bakery registered with LEA in 2007 as an existing enterprise. Through LEA interventions the business has realized growth and expansion over the years, and increased the workforce from 15 to 46. The business currently operates two shifts. LEA enrolled this enterprise in GLOBASE programme in 2015, to receive mentorship from an American University Programme. Casesi has received various LEA trainings that include: Improve Your Business, Entrepreneurship Development as well as Food Safety and Hygiene. LEA has also facilitated for Casesi Bakery to acquire Economic Diversification Drive (EDD) certificate, and linked the bakery to various markets such as primary and secondary schools

RELATIONSHIP WITH LEA

Since registering with LEA in 2008, Angie's Fashions has received various interventions including as trade show readiness and participation; Branding, Labelling and Packaging; Technology Sourcing; Business Coaching; Enterprise Monitoring; and Intellectual Property Awareness. LEA also facilitated for Angie's Fashion to participate in the Accelerate Programme, as well as to exhibit at the Botswana SMME fair and Conference. The company was assisted by LEA in the past to enroll in the Centre for the Development of Enterprise Programme.

CAVLEXIOUS INVESTMENTS (PTY) LTD

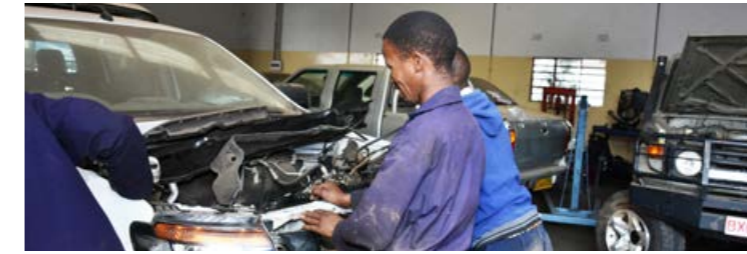


BACKGROUND

Cavlexious Investments started operations in 1997 under the directorship of Ms. Sophie Alexiou. Located in Mathangwane, the business manufactures 4 ½ bricks, 6 inch, stock breaks and pavers. It has a total of seven permanent employees.



DIAGNOSTIC AUTO ENGINEERING



BACKGROUND

Diagnostic Auto Engineering started operations in 2001 under the directorship of Mr. Moses Bantsi. With a Staff complement of 12, the business operates from Tlokweng industrial site, and specializes in automobile workshop repairs, service and maintenance.



RELATIONSHIP WITH LEA

Since registering with LEA in 2007, Cavlexious Investments has benefitted from several interventions namely Technology Audit; Trade Show Readiness; Quality and Productivity Awareness; Branding, packaging and labelling awareness; as well as Intellectual property rights and patenting awareness. In addition, LEA assisted the company with regulatory requirements such as the registration for PPADB and EDD. LEA facilitated for the client to attend training on Entrepreneurship Development, sales and marketing, budgeting, costing and pricing, occupational health and safety as well as basic fire management. In order to enhance the company's access to markets, the Authority facilitated for Cavlexious Investments to exhibit and showcase products at the Business Botswana Trade fair, Bankers forum, procurement and buyer seminars. The business currently supplies Government, hardwares and individual members of the public individuals.

RELATIONSHIP WITH LEA

Diagnostic Auto Engineering joined LEA in 2008 and has been offered various trainings such as Sales and Marketing; Entrepreneurship Development; Records Keeping; Financial Management; Quality Management Systems Documentation; Taxation and Quality Implementation. The business was also offered process improvement and technology audit interventions. Furthermore, Diagnostics Auto Engineering received mentoring services through the Globase Botswana programme, and was also assisted to register for the EDD certificate. The LEA coaching and monitoring services have over the years enabled Diagnostic Auto Engineering to offer its services to the Central Government, Local Authorities, Parastatals and individuals members of the public.

DM ENVIRONMENTAL SERVICES (PTY) LTD



BACKGROUND

DM Environmental Services (Pty) Ltd started operations in 2001 under the directorship of Mr. Diboy Monyere. Based at the Maun Light Industrial Area, the company provides skip hire and collection services, portable toilet hire, provision of cleaning services, cleaning chemicals and sewage services in the Ngamiland region. The company currently has 28 employees, and has a production capacity of 60 skips, 5 flushable toilets, 65 non-flushable toilets and 1 executive flushable double axel toilet.



RELATIONSHIP WITH LEA

DM Environmental Services (Pty) Ltd registered with LEA in 2008 as a micro enterprise, and has over the years grown into a medium sized enterprise. The business was initially housed at the LEA Maun Factory Shells, and eventually relocated to own premise within Maun. LEA has offered DM Environmental Services a series of interventions which include Trade Show Readiness and participation, Workshops on EDD, Procurement and Tendering Procedures and Bankers' Seminar. In addition, the clients was trained on Training, Branding, Packaging and Labelling; Intellectual Property Awareness; Grow Your Business and Labour Matters. The company markets consist of Government institutions and the private sector.

DRS MECHANICAL (PTY) LTD



BACKGROUND

DRS Mechanical (Pty) Ltd is a mechanical engineering service provider established in 2002 by Mr. Bongani Dube in Gaborone. The business has another office in Francistown, and specializes in supplying and servicing mining equipment specifically hydraulic cylinder repairs; hydraulic hose crimping; supply of hydraulic equipment; pumps; motors; control valves; cylinders and pex units. The business currently employs 13 people.



RELATIONSHIP WITH LEA

DRS Mechanical (Pty) Ltd registered with LEA in 2008, and has benefited from LEA interventions such as business plan development, which enabled the business to acquire funding and open another branch in Francistown. LEA assisted the client project implementation as well as to procure plant, machinery and equipment. Other interventions that LEA offered included technology audit and participation at various exhibitions, including the SMME Conference and Fair and Banker's forum. The business coaching and monitoring services enabled the company to access markets such as mining companies, Government and District Councils.

JOIBA INVESTMENTS (PTY) LTD



BACKGROUND

JOIBA Investments started operations in 2009 under the Directorship of Mr and Mrs. Moganetsi. The company started as a bakery, supermarket and bookshop which were all based at Sowa Township. It added a property (office rentals) and a Shopping Complex and Supermarket in Nata. Joiba Investments employs 11 people.



KGOSITAO ENGINEERING (PTY) LTD



BACKGROUND

Kgositao Engineering (Pty) Ltd is a company owned by Mr. and Mrs. Kgositao. It started operations in 2009 and provides services such as crankshaft grinding, conrod resizing, re-boring, re-sleeving, cylinder head skimming, milling and machining, lathe work and engine reconditioning. The business is based in Gaborone and has a staff compliment of nine.



RELATIONSHIP WITH LEA

The enterprise registered with LEA in 2009, and received various interventions including development of a business plan and acquisition of funding for expansion to Nata. LEA also provided mentoring services on Development of Business Policies; Project Status Report; Financial Management Operational Manual; Governance Policy and Financial Management Policy. The client was also trained on the following: Entrepreneurship Development; Budgeting, Costing and Pricing; Computer awareness; Sales and Marketing; Quality and Productivity Awareness; Branding, Packaging and Labeling Awareness; Accounting and Record Keeping; Customer Care; as well as Trade Show Readiness. These LEA interventions enabled the business to grow and attract diverse market in Sowa, Nata, as well as travelers, mostly tourists using the Nata-Kasane and Nata-Maun routes.

RELATIONSHIP WITH LEA

Since registering with LEA in 2007, Kgositao Engineering has benefited from LEA interventions including advocacy for acquiring industrial plot; business plan development and acquisition of additional machinery for the workshop. LEA also assisted the business with regulatory requirements such as registration for PPADB and EDD. Furthermore, the client also attended several trainings facilitated by LEA, that include business management, productivity and quality awareness, sales and marketing, improve your enterprise, financial management, inventory management, records keeping, customer care as well as business planning. LEA also assisted the client to brand the business, an intervention that opened doors for new markets.

OKAVANGO COMMUNITY TRUST



BACKGROUND

Okavango Community Trust was established in 1995 by five villages located in the Okavango District namely Seronga, Gunotsoga, Eretsha, Beetsha and Gudigwa. It is governed by a Board of Trustees selected from the five villages, and it is involved in a number of income generating projects including mortuary, concession fees and General dealer stores, a grinding mill and a hardware are under construction. The Trust's employment level currently stands at 54 people.



TABA'S FRUITS AND VEG



BACKGROUND

Taba's Fruits and Veg is a horticulture business established in 2007 at Ditladi, East of Tonota. The business is owned by Mr. Milikani Taba, and currently employs 11 people. The farm produces cabbage, tomatoes, butternuts, rape, green pepper and beetroot.



RELATIONSHIP WITH LEA

The Trust registered with LEA in 2016, and LEA has offered the following interventions; Development of business policies and operational manuals; Policies on Governance, Human Resource Development and Financial Development. The Board of Trustees were also trained on Corporate Governance and Intellectual Property and Patenting. LEA further provided the Trust with Business Advisory and coaching service that enabled it to grow and provide services to the communities.

RELATIONSHIP WITH LEA

Taba's Fruits and Veg enrolled with LEA in 2007 as a pre-start up, and was assisted with various interventions that included training on Entrepreneurship Development; business planning; horticulture production under protected environment; horticulture techniques; process improvement; trade show readiness; introduction of business records; sales and marketing; branding, packaging and labelling; as well as budgeting, costing and pricing. In addition LEA facilitated for the client to attend workshops on taxation and Quality Management System ISO 9001:2008. The client was also linked to several markets and currently supplies individuals and retail stores in Tonota and Francistown, as well as Government Departments.

TILODI SAFARI LODGE



BACKGROUND

Tilodi Safari Lodge is directed by Mr and Mrs Mutsenah. It was established in 2014 in Lesoma. The facility offers accommodation through the tented chalets, game drives into the Chobe National Park and local and cross border transfers to Victoria Falls in Zimbabwe. The lodge also has a camping site and a beauty spa, as well as multi-purpose deck which is used to host small conferences. With a staff complement of 10, Tilodi lodge has a fleet of 7 vehicles (four safari vehicles and three transfer mini buses).



RELATIONSHIP WITH LEA

The lodge was established and registered with LEA in 2014, and has since benefited from of LEA mentoring services that include Branding, Packaging and Labelling as well as QuickBooks Accounting. LEA also trained the client on Trade Show Readiness and Intellectual Property. Furthermore, the Authority conducted a technical gap analysis and assisted the lodge to attain a 3-star grade, which has enhanced access to both local and international tourists.

LINEFEED (PTY) LTD



BACKGROUND

Line Feed (Pty) Ltd was established in Francistown in 2002, under the directorship of Mr. and Mrs. Seoke. With a Staff complement of 23, the company specializes in the production of tarpaulin and protective clothing.



RELATIONSHIP WITH LEA

Line Feed (Pty) Ltd joined LEA in 2008 as an existing business. Since registration the client has received several LEA interventions over the years including training on quality and productivity; trade show readiness; basic fire management; occupational health and safety and customer service. Further training was offered on Entrepreneurship Development; procurement, improve your business; sales and marketing, principles of marketing as well as budgeting, costing and pricing. The Authority also facilitated Line Feed's participation at various trade exhibitions namely Business Botswana Northern Trade Fair, Bankers Forum and Market Day. In addition, the business received mentoring services on the development of policies such as Production Management, Human Resource, Finance and Administration. These interventions enabled Line Feed (Pty) Ltd to grow from a small enterprise into a medium sized business currently with six branches in Francistown, Palapye, Selibe-Phikwe, Gaborone, Lethakane and Dukwi. The company supplies Tarpaulin to Botswana Railways.

MOSU SAFARI TOURS



BACKGROUND

Mosu Safari Tours (Pty) Ltd specializes in tailor made mobile safaris inside the game reserves, boat trips, Wildlife Photography, camping safaris, game scenic flights, cultural walks, bird viewing and game drives. The company covers many tourist attraction sites in Okavango Delta, Moremi Game Reserve, Chobe National Park/Savuti, Central Kalahari, Tuli Block, Makgadikgadi Pans, Tsodilo Hills, Kubu Island and Lake Ngami. Mosu Safari Tours is based in Maun and has 10 employees, under the directorship of Mr. Cromwell Oliver Madibela.



RELATIONSHIP WITH LEA

Mosu Safari Tours registered with LEA in 2007, and LEA offered business advisory services and assisted the client to obtain funding to expand its operations. LEA also trained the personnel on Customer Service; hospitality and Trade Show Readiness. In addition, the enterprise participated at the SMME Conference and Fair, where further linkages with markets was realized. All these interventions coupled with coaching services enabled Mosu Safari Tours to expand his operations, improve efficiency, increased annual turnover and employment. The business has also managed to construct a bookings office, and increased its international customer base and product lines. The company has been awarded a gold star rating by trip advisor for its consistent excellent customer service.

SHAKINAH INVESTMENT (PTY) LTD



BACKGROUND

Shakinah Investment (Pty) Ltd was established in 2007 in Lobatse, under the directorship of Mr. and Mrs. Ntopo. It manufactures wooden pallets, which are trays on which goods may be packed to form unit loads for handling by mechanical devices. The company has a staff complement of 12 people.



RELATIONSHIP WITH LEA

Shakinah Investments registered with LEA in 2007, and has since received various interventions training on Entrepreneurship Development, Record Keeping, Intellectual Property Rights and Patenting, Branding, Packaging and Labelling, Trade Show Readiness as well as ISO 9001:2008 Awareness and Implementation. LEA also assisted Shakinah to develop a business plan and access funding to grow the business. The business participated at the SMME Pitso and buyer seminars, where contacts were made with markets. Furthermore, LEA offered Shakinah Investments technology audit intervention, which aided them to acquire the ISO 9001:2008 certificate. The LEA interventions and the coaching and monitoring services assisted the client to access various markets that use pallets to distribute and store their products.

N & G ENTERPRISES



BACKGROUND

N & G Enterprises operates in Selibe-Phikwe under the directorship of Mr. Gothatamang Rammai. It has 22 employees and specializes in the provision of penal beating services.

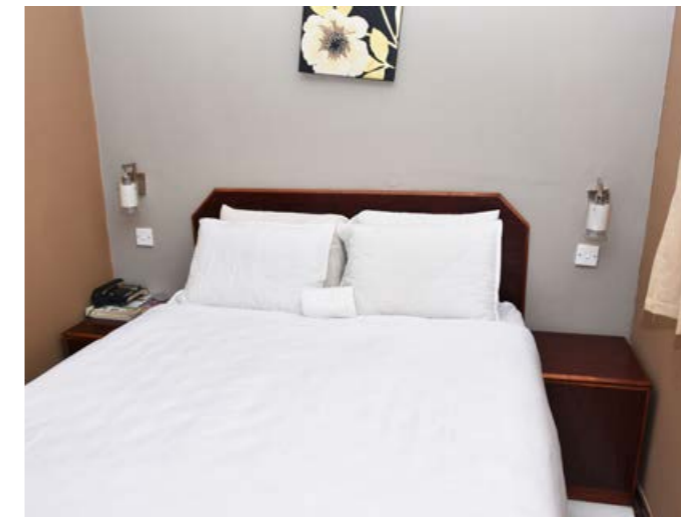


LODULE (PTY) LTD T/A PHOMOLONG HOTEL



BACKGROUND

Phomolong Hotel was established in 2004 in Gaborone by Ms Dorothy Mooka. The business started operating as a Domestic Guest House with six rooms, and has grown over the years to 16 rooms. The hotel provides accommodation and catering services, and currently employs 16 people.



RELATIONSHIP WITH LEA

N & G Enterprises registered with LEA in 2015 as an existing business. LEA interventions offered include Market Gap Analysis; Technology Gap analysis and assistance with License Renewals. N&G Enterprises has also benefited from the Safety, Health and Environmental inspections to ensure that the company adheres to Safety and Health Standards. The Authority also provided training on QuickBooks Accounting software, which was installed for client to use for business transactions. The LEA coaching and monitoring services enabled the business to acquire new markets even outside Selibe-Phikwe, in Serowe and Palapye.

RELATIONSHIP WITH LEA

Since enrolling with LEA in 2008, Phomolong Hotel has benefited from various LEA interventions that include business plan development to convert the Guest House into a Lodge, and the upgrade into a Selected Services Hotel in 2012. The client also attended trainings facilitated by LEA which include Entrepreneurship Development, branding, packaging and labelling, records keeping, customer service and housekeeping, trade show readiness, quality and production awareness, as well as export awareness workshop. In addition, the business was offered BOS ISO 9001:2008 QMS Documentation, BOS ISO 9001:2008 Lead Auditor and Technology Audit to assist with technology and quality improvement. LEA also facilitated the client's participation at various trade exhibitions such as the Consumer Fair and the SMME Pitso and Buyer Seminar. Their client base include Government Departments, the private sector, individual members of the public, as well as tourists visiting Botswana.

TEN TALENTS (PTY) LTD



BACKGROUND

Ten Talents (Pty) Ltd is a company owned by Ms Gofaone Sithole, and specializes in the design and manufacturing of high fashion ladies and men's wear, as well as corporate uniform. It is based in Gaborone and has eight employees.



RELATIONSHIP WITH LEA

Ten Talents enrolled for incubation at the Pilane Multi-Purpose Incubator in 2016, and received the following interventions from LEA: PPADB and EDD registration; participation at trade fairs such as Women's Expo, Global Expo, Consumer Fair as well as Women in Business Forum, where she got exposure and secured markets for her products. The client was also assisted to review the pricing and costing strategy to ensure appropriate cost of her products. Ten Talents also benefited from other interventions such as Branding, Packaging and Labeling, Intellectual Property, Trade Show Readiness, Export Readiness and Labour Law Sensitization Workshop. Training was also conducted on Quality and Productivity as well as Sales and Marketing.

THE CAKE MAN (PTY) LTD



BACKGROUND

The Cake Man Pty Ltd is a company solely owned by Mr Kgosietsile Molotsi. The company makes and distributes confectionery products to individuals, corporates events and workshop. It was established in 2010 when the owner realized this demand for homemade scones and freshly baked Cup Cakes and cakes for daily delivery. This change was necessitated by healthy and educated consumer eating habits. The company used to operate from a residential area in Broadhurst Confectionery products baked at Cake man (Pty) Ltd are Rock Scones, Cupcakes, Desert Cakes, Birthday Cakes, Plain Muffins and Cheese Cakes.



RELATIONSHIP WITH LEA

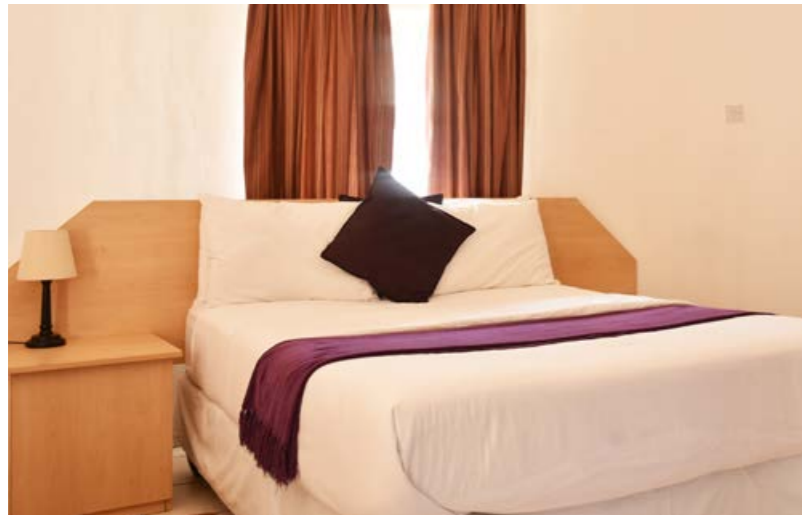
LEA enrolled the client in the incubation programme at the Pilane Multi-Purpose Incubator in 2016 for accelerated growth through technology adoption and transfer. The Incubator has since facilitated the enterprise for growth and improved its production processes for quality and efficiency purposes. The business was also assisted with regulatory requirements such as trade license and registration for PPADB and EDD. Over and above the interventions facilitated through LEA, Cake Man has attended several trainings namely; Occupational Health and Safety, trade show readiness, product costing, Labour Law sensitization, export market access and procedure workshop as well as procurement seminar. LEA facilitated for Cake Man to exhibit at the 2017 Agricultural show. After LEA ensured growth and stability for The Cake Man, client was graduated in 2017 with staff complement of seven.

SEGO INVESTMENTS (PTY) LTD



BACKGROUND

Sego Investments (Pty) Ltd trading as Kodisa Lodge, is directed by Mr. and Mrs. Keitheile. It offers accommodation, conference and workshop facilities, as well as catering services. The lodge has a staff complement of nine.

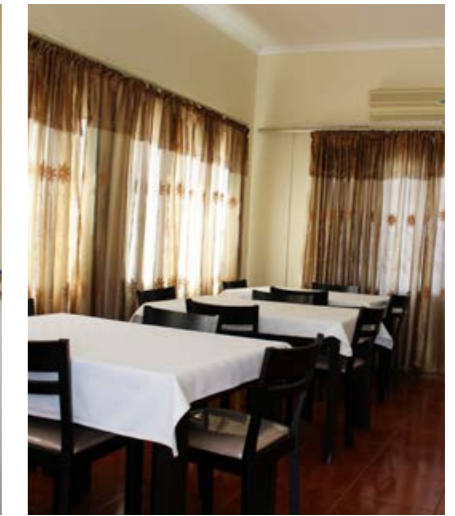


TRAVELLERS REST HOUSE



BACKGROUND

Travellers Rest House is a 10 roomed Bed and Breakfast facility owned by Ms. Florence Mosweu in Selibe-Phikwe. With a staff complement of nine employees, the facility offers accommodation to tourists as well as corporates visiting Selibe-Phikwe.



RELATIONSHIP WITH LEA

Kodisa Lodge registered with LEA in 2007, and the Authority has offered the interventions that include: Business Planning, Technology Audit and Coaching on grading procedures. The business personnel were also trained on Records Keeping, Hotel Software Management Training, Costing & Inventory Management, House Keeping, Customer service as well as Food and Handling. The lodge has also been offered Trade fair readiness intervention prior to attending exhibitions, as well as procurement workshops that assisted with tendering procedures.

RELATIONSHIP WITH LEA

Travellers Rest House registered with LEA in 2008 as an existing business. LEA facilitated the business to access funding build five more rooms and improve the dining and reception areas. In addition, various interventions were offered including Quality and Productivity Awareness, Branding, Packaging and labeling, Technology Gap analysis, Intellectual Property Awareness and EDD registration. Travellers Rest House personnel were trained on Records keeping and coached on customer care and food and beverage service.

ALL KASI



BACKGROUND

Tsa Gae (Pty) Ltd trading as All Kasi was established in 2000, under directorship of Mr. Lorato Kemoeng and Mr Mokaedi Maplanka. With a staff complement of 77, the company specializes in manufacturing of branded sports clothing and accessories. Located in Lobatse, All Kasi has about 25 registered dealers covering major urban centres and villages in Botswana.



HANDY PRODUCTS

BACKGROUND

Handy Products (Pty) Ltd was established in 2012 by Mr. Siphog Mogolodi. The company manufactures quality and affordable water heating buckets (Urns) and branded door mats that provides the opportunity for the buyers to market their brands. The company has a staff complement (including owner) of three (3) permanent employees. The company currently supplies corporate entities such as Government departments, parastatals, private companies, commercial banks, Choppies and individuals.



RELATIONSHIP WITH LEA

All Kasi registered with LEA in 2008. When All Kasi registered with LEA, it was outsourcing mass production of garments, and the products were limited to T-shirts and head gear (hats and caps). Through LEA's mentoring, monitoring and coaching services, All Kasi grew into a technical sponsor of the national team Zebras. Its capability in the manufacturing of sportswear resulted in the introduction of two shifts, and the number of employees increased from 10 to 77. LEA offered various interventions including Business Plan Finalization, Quality and Productivity Improvement and Management. Furthermore, the business was assisted to develop a corporate website, and facilitated to showcase their products at trade fairs. The interventions offered by LEA enabled the All Kasi brand to grow and expand their product line and markets. Their main customers include soccer teams, netball teams, social clubs, athletes and individual members of the public.

RELATIONSHIP WITH LEA

The company joined LEA incubation programme at the Pilane Multi-Purpose Incubator as a start-up in 2014 and graduated in 2017. The Incubator assisted and facilitated growth of this youthful start-up and improved its manufacturing processes for quality purposes. The enterprise was assisted with regulatory requirements such as trade license and registration for Economic Diversification Drive (EDD) and Pride Mark (Brand Botswana). Handy Products also attended export readiness training through LEA and benefited from other interventions like market advocacy and business linkages. Through LEA's assistance, the company was awarded a Kick Start grant by KBL to revitalize its production. The client graduated with two (2) employees and currently operates business in Gaborone.

ROTSDRILL



BACKGROUND

Rotsdrill is a drilling company owned by Mr. Johannes Herbst. Established in 2011, the business is located in Selibe-Phikwe, and provides drilling services to several customers including the mining industry. Rotsdrill has 83 employees.



RELATIONSHIP WITH LEA

The business registered with LEA in 2015 as an existing business. The Authority facilitated business linkages for the client to penetrate the mining industry, a move that improved the enterprise's turnover. Rotsdrill was also assisted with credit Facilitation to access funds. Furthermore, the client has been trained on Safety, Health and Environment, as well as inspections that were conducted by the Department of Health and Safety to ensure that the company adheres to Safety and Health Standards. Rotsdrill has benefited from various LEA Interventions that range from Market Advocacy, QuickBooks Accounting Package, Technology Gap analysis and exhibition at the Mining Expo.

OUR VALUE PROPOSITION

"EMPOWERING THE ENTREPRENEUR TO START AND GROW THEIR BUSINESS."



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BOARD MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The Board members are pleased in presenting their report together with the financial statements of Local Enterprise Authority ("the Authority") for the year ended 31 March 2018.

NATURE OF BUSINESS

The Authority carries on the business to promote and facilitate entrepreneurship and enterprise development in Botswana through targeted interventions. The Authority is a government parastatal, incorporated and domiciled in Botswana, under the Small Business Act No.16 of 2008.

REVIEW OF AUTHORITY'S FINANCIAL POSITION AND RESULTS

The Authority's financial results and position are reflected in the financial statements set out on pages 78 to 101. The Authority realised a deficit of P2 870 695 for the year (2017: surplus for the year of P8 444 804).

NAME	DATE OF APPOINTMENT	ROLE
Mr Mokgethi Frederick Magapa	01 December 2017	Chairman
Mr Oabile Regoeng	01 November 2015	Member
Mrs Patience Motswagole	01 November 2015	Member
Dr Haniso Motlhabane	01 August 2014	Member
Mr Bright Motsu	01 August 2016	Member
Dr Lucky Odirile	01 August 2016	Member
Ms Bonolo Champagne	01 August 2017	Member
Mrs Malebogo Morakaladi	01 August 2017	Member
Ms Henrietta Sethebe Manake	01 August 2017	Member
Mrs Keganele Malikongwa	01 August 2017	Member

REGISTERED OFFICE

2nd Floor, Block A, Plot 50676
Fairgrounds office Park
Gaborone
Botswana

SECRETARY

Kabo Mogae

AUDITORS

KPMG
Plot 67977, Off Tlokweng Road
Fairground Office Park
P O Box 1519
Gaborone

BANKERS

Standard Chartered Bank Botswana Limited
First National Bank of Botswana Limited
Barclays Bank of Botswana Limited
Bank Gaborone Botswana Limited

FUND MANAGER

African Alliance Botswana Management Company (Pty) Ltd

BOARD MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The Board members are responsible for the preparation and fair presentation of the financial statements of Local Enterprise Authority, comprising the statement of financial position at 31 March 2018, and the statements of surplus or deficit and other comprehensive income, changes in funds and cash flows for the year then ended and notes to the financial statements which includes a summary of significant accounting policies, in accordance with International Financial Reporting Standards.

The Board members are also responsible for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management and the preparation and presentation of the supplementary information included in these financial statements.

The Board members have made an assessment of the ability of the Authority to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements:

The financial statements of Local Enterprise Authority, as identified in the first paragraph, were approved by the Board members on..... and are signed on their behalf by:

Chairman

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE LOCAL ENTERPRISE AUTHORITY

OPINION

We have audited the financial statements of Local Enterprise Authority ("the Authority") set out on pages 78 to 101, which comprise the statement of financial position at 31 March 2018, the statement of surplus or deficit and other comprehensive income, the statement of changes in funds and the statement cash flows for the year then ended, the significant accounting policies and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of Local Enterprise Authority at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Manual transaction processing as a result of challenges with the Oracle ERP system
Refer to accounting policy - Operating expenses

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The Local Enterprise Authority's mandate is entrepreneurship and enterprise development in Botswana.</p> <p>The Authority experienced challenges with its financial reporting system during the year. These challenges included:</p> <ul style="list-style-type: none"> Inaccurate posting of transactions to the relevant general ledger accounts, resulting in the processing of manual journals to correct the inaccurate postings Unavailability and downtime of the financial reporting system resulting in delays in processing of transactions and the subsequent reconciliation of the transactions Duplication of transactions processed. <p>Given these challenges, management was required to maintain a manual general ledger for part of the financial year which resulted in a significant number of manual journals requiring to be processed.</p> <p>The volume of transactions and the manual process implemented during the year was considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> We reviewed the design and operating effectiveness of internal controls implemented over the review and the reconciliation of transactions processed manually. For a sample of manual journals processed, we agreed the transactions to supporting documentation to confirm: <ul style="list-style-type: none"> the validity of the transactions; the appropriateness of the accounting for the transaction; the accuracy of the amounts recorded; and the dates when recorded to ensure transactions were recorded in the correct periods. We reviewed the reconciliation of the manual records to the underlying source documents to ensure that system inputs were accurately recorded.

OTHER INFORMATION

The Board members are responsible for the other information. The other information comprises the Board members' report, the Board members' responsibility statement and the detailed income statement. Other information does not include the financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE BOARD MEMBERS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

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

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

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

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

From the matters communicated with the Board members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG
Certified Auditors
Practicing member: Francois Roos (20010078:45)
Date:October 2018
Place: Gaborone

STATEMENT OF SURPLUS OR DEFICIT

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

	Notes	2018	2017
Government subvention		141 681 155	139 910 140
Amortisation of capital grants	8	5 673 354	5 490 055
Amortisation of revenue grants	9	8 273 490	5 980 522
Write back of excess accruals carried forward from prior financial year		1 342 982	-
Other operating income		2 698 409	3 479 969
		159 669 390	154 860 686
Operating expenses		(163 792 377)	(147 924 565)
Operating (deficit)/surplus		(4 122 987)	6 936 121
Finance income	2	1 252 292	1 508 683
Net (deficit)/surplus for the year		(2 870 695)	8 444 804
Total comprehensive income for the year		(2 870 695)	8 444 804

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

IN PULA

	Notes	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	80 713 477	87 673 161
Current assets			
Trade and other receivables	5	3 944 877	5 845 946
Cash and cash equivalents	7	40 745 094	38 962 705
		44 689 971	44 808 651
Total assets		125 403 448	132 481 812
FUNDS AND LIABILITIES			
Funds			
Accumulated (deficit)/surplus		(1 728 161)	1 142 534
Non-current liabilities			
Deferred capital grants	8	69 472 424	75 329 077
Current liabilities			
Short term portion of deferred capital grants	8	5 673 354	5 490 055
Trade and payables	10	23 142 352	27 122 476
Deferred revenue grants	9	28 822 765	23 085 017
Bank overdraft	7	20 714	312 653
		57 659 185	56 010 201
Total liabilities		127 131 609	131 339 278
Total equity and liabilities		125 403 448	132 481 812

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	Accumulated surplus/(deficit)
Balance at 1 April 2016	(7 302 270)
Total comprehensive income for the year	8 444 804
Balance at 31 March 2017	1 142 534
Total comprehensive income for the year	(2 870 695)
Balance at 31 March 2018	(1 728 161)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	Notes	2018	2017
OPERATING ACTIVITIES			
Operating (deficit)/surplus for the year		(4 122 987)	6 936 121
<i>Adjustment for:</i>			
Depreciation	4	8 018 903	5 450 562
Amortisation of grants		(13 946 844)	(11 470 577)
Impairment - computer software	4	1 722 429	-
Amortisation of intangible asset		-	(876 224)
Profit on disposal of motor vehicles		(66 000)	(110 280)
Operating deficit before changes in working capital		(8 394 499)	(70 398)
Movement in trade and other receivables		1 880 035	455 478
Movement in trade and other payables		(3 980 124)	(7 102 000)
Net cash used in operating activities		(10 494 588)	(6 716 920)
INVESTING ACTIVITIES			
Interest received	2	1 273 326	1 486 160
Proceeds from disposal of motor vehicles		283 500	267 436
Acquisition of plant and equipment	4	(2 999 148)	(10 422 658)
Net cash used in investing activities		(1 442 322)	(8 669 062)
FINANCING ACTIVITIES			
Government grants received	9	14 011 238	21 242 699
Movement in cash and equivalents		2 074 328	5 856 717
Cash and equivalents at beginning of year	7	38 650 052	32 793 335
Cash and equivalents at end of year	7	40 724 380	38 650 052

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

STATEMENT OF COMPLIANCE

Local Enterprise Authority carries on the business of promoting and facilitating entrepreneurship and enterprise development in Botswana through targeted interventions in pursuit of economic diversification.

The Authority is a Government parastatal, incorporated and domiciled in Botswana under the Small Business Act No.16 of 2008.

These financial statements represent the Authority's statutory financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The financial statements for the year ended 31 March 2018 have been approved for issue by the Board members on

BASIS OF PREPARATION

The financial statements are presented in Pula, which is also the Authority's functional currency. All financial information presented in Pula has been rounded to the nearest Pula. The financial statements are prepared on the historical cost basis, except where otherwise stated.

The financial statements incorporate the following accounting policies, which are consistent with those applied in the previous financial year, except where otherwise stated.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

IMPAIRMENT LOSS ON TRADE AND OTHER RECEIVABLES

The Authority reviews its receivables to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in profit or loss, the Authority makes judgements as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from receivables. 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.

RESIDUAL VALUE, USEFUL LIVES AND DEPRECIATION METHODS OF PROPERTY, PLANT AND EQUIPMENT

The Authority estimates the useful lives, depreciation methods and related depreciation charges for its property, plant and equipment. These estimates are based on projections about the continued existence of a market for its services and the ability of the Authority to penetrate a sufficient portion of that market in order to operate effectively. The Authority 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.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of property, plant and equipment. The items of property, plant and equipment are depreciated over the following periods:

• Buildings	40 years
• Leasehold improvements	5 years
• Plant and equipment	4 years
• Furniture and fittings	10 years
• Office equipment	5 years
• Motor vehicles	4 years
• Computer equipment	4 years
• Library books	5 years

Leasehold land is depreciated in line with the lease terms and conditions.

Capital work in progress comprises costs directly attributable to the construction of an asset. Assets remain in capital work in progress until they have become available for use or commissioned, whichever is the earlier date. At that time, these assets are transferred to the appropriate class of property, plant and equipment as additions and depreciated.

The residual value of each part of property, plant and equipment, if not insignificant, is reassessed annually. The useful lives and depreciation methods of these items are reassessed annually.

Each part of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Gains and losses on disposal of property, plant and equipment items are determined by comparing proceeds with the carrying amounts and included in profit or loss.

Repairs and maintenance costs are recognised in profit or loss during the financial period in which these costs are incurred. The cost of a major renovation is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to the Authority and the renovation replaces an identifiable part of the asset. Major renovations are depreciated over the remaining useful life of the related asset or until the next planned major renovation, if this period is shorter.

FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Authority recognises loans and receivables on the date that they are originated. All other financial assets are recognised on the trade date, which is the date when the Authority becomes party to the contractual provisions of the instrument. The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

Bank overdrafts, which are payable on demand and form an integral part of the Authority's cash management, are included as a component of the cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are disclosed as current liabilities in the statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an impairment accrual. An accrual for impairment of these amounts is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of these receivables. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a receivable is impaired.

The amount of the impairment accrual 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 carrying amount of the asset is reduced through the use of an allowance account and the movement in the allowance account is recognised in profit or loss. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

FINANCIAL LIABILITIES

The Authority initially recognises financial liabilities on the trade date, which is the date that the entity becomes party to the contractual provisions of the instrument.

The Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise trade and other payables.

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

GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT

Gains and losses arising from change in fair value of financial instruments are recognised in profit or loss in the period in which the change arises.

OFFSET

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Authority has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

IMPAIRMENT

FINANCIAL ASSETS

A financial asset not measured at fair value through profit and loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

An impairment loss in respect of financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

NON-FINANCIAL ASSETS

The carrying values of the Authority's non-financial assets, excluding inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Impairment losses recognised in the prior periods are assessed at each reporting date for any indication that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment was recognised.

DEPOSITS AND PREPAYMENTS

Deposit and prepayments consist of balances paid to third parties in advance in exchange for future economic benefits in the form of goods or services or to comply with contractual requirements. These amounts are considered to be short-term in nature and are recognised at the original amounts paid less impairment losses.

LEASES

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the lease periods.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

RENTAL INCOME

Rental income from the letting of incubators and training properties is recognised in profit or loss on a straight line basis over the term of the lease. Incubators and training facilities are leased out on terms and conditions specified in contractual operating lease agreements.

GOVERNMENT GRANTS

Capital grants comprise grants received from the Government of Botswana utilised towards capital expenditure. Funds received are credited to capital grants and the related assets are capitalised. An amount equal to the depreciation charge of the property, plant and equipment items funded by the capital grant is recognised as income in profit or loss. Subsequent movement of those property, plant and equipment items in terms of sale and impairment are treated accordingly in the capital grants.

Revenue grants comprise of grants received from the Government to fund working capital requirements and are utilised for the operations of the Authority. These grants are recognised in profit or loss in the period in which the related expenditure is incurred. Revenue grants not yet utilised at the reporting date are recognised as deferred revenue in the statement of financial position.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

Government subventions are recognised at their fair value where there is a reasonable assurance that the subventions will be received and the Authority has complied with all the required conditions. Subventions relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

EMPLOYEE BENEFITS

The cost of short term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements to annual leave, bonuses, medical aid, housing benefits, severance benefits, gratuity benefits and pension fund contributions are recognised when they accrue to employees. The accruals are recognised for the estimated liabilities as a result of services rendered by the employees up to the reporting date and are calculated at undiscounted amounts based on current wage and salary rates.

The Authority has a defined contribution pension scheme for salaried employees. The scheme is funded through payments to a private trustee-administered fund. A defined contribution plan is a pension plan under which the fixed regular contributions are paid into a separate entity (a fund) and the Authority will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Employees who are not members of approved pension scheme or entitled to gratuities per contracts, are entitled to severance benefits as regulated by the Botswana Labour Regulations. An accrual is recognised for the estimated liability for services rendered by employees up to the reporting date. Severance benefits are not considered to be a retirement benefit plan as the benefits are payable on completion of a continuous employment period of five years or on a pro rata basis on termination of employment.

REVENUE

SALES OF SERVICES

The Authority provides training services. These services are generally provided in accordance with the terms and conditions specified in contractual agreements. These agreements are based on the type of training and the resources required.

Revenue from these services is 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.

FINANCE INCOME

The Authority's finance income include interest income and foreign exchange gains and losses. Interest income is accrued on a time basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when, a shorter period to the net carrying amount of the financial asset or financial liability.

Transactions in foreign currencies are translated to Pula at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Pula at the exchange rate at the reporting date. Foreign exchange differences are recognised in profit or loss.

OPERATING EXPENSES

Operating expenses primarily represent the costs required to perform the Authority's normal business operations and support the administrative functions. Expenses are recognised as soon as they are incurred by the Authority. Major components of operating expenses include amongst others; staff costs, depreciation, motor vehicle expenses, advertising, business travel, accommodation and allowances, training and mentoring costs, operating lease rentals, electricity and water and project expenses (leather park and rapid incubator).

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

The Authority experienced challenges with its financial reporting system during the year. These challenges included amongst others:

- Inaccurate posting of transactions to the relevant general ledger accounts, resulting in manual processing of journals
- Unavailability and downtime of the financial reporting system resulting in delays in processing and reconciliation of transactions
- Duplication of transactions

As a result of these challenges, the Board members authorised the implementation of a new financial reporting system which will suit the Authority's business needs.

While in the process of implementing the new financial reporting system, the Authority maintained a manual general ledger for a two month period to the reporting date.

The Authority implemented a new system (SAGE) and certain modules were made available for use subsequent to the reporting date. Data from the previous system and the manual general ledger was migrated to the new system. In the process, reconciliations were performed to ensure data was accurately migrated to the new system. However, challenges were encountered with regard to certain general ledger accounts which did not reflect the accurate data. This resulted in a significant number of manual journals processed to correct these general ledger accounts.

EMPLOYEE SELF SERVICE

The employee self-service (ESS) operated from the Oracle system was discontinued with effect from 22 February 2018 and a manual leave application process was put in place. As a result of the manual process implemented, challenges experienced in calculating accrued leave day balances due to employees. Adjustments were required to these calculations and journals were processed to correct identified discrepancies.

New standards and interpretations which became effective during the year

The following amendments to standards and interpretations became effective during the year ended 31 March 2018:

STANDARDS/INTERPRETATIONS	EFFECTIVE DATE	IMPACT ON THESE FINANCIAL STATEMENTS
Amendments to IAS 7 - Disclosure Initiative	01 January 2017	No impact on these financial statements
Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	No impact on these financial statements

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these financial statements.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. This standard may have an impact on the amount and timing of revenue transactions to be recognised by the Authority. The Authority is currently in the process of performing a more detailed assessment of the impact of this standard on its financial statements. The standard is however not expected to have a significant impact on the Authority's financial statements due to the nature of its revenue transactions. The Authority will perform and document the assessment before the next reporting date.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

IFRS 9 FINANCIAL INSTRUMENTS

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

This standard will have an impact on an entity, which may include changes in the measurement basis of an entity's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the allowance for impairment recognised by an entity.

The standard is effective for annual periods beginning on or after 1 January 2019 with retrospective application. Early adoption is permitted. Management has not yet performed a detailed assessment of the likely impact of the standard on the Authority's financial statements, however, the implementation of this standard is not expected to increase the Authority's impairment loss allowance in respect of trade receivables. The Authority will perform and document the assessment before the next reporting date.

AMENDMENT TO IFRS 9 ; PREPAYMENT FEATURES WITH NEGATIVE COMPENSATION

The amendments clarify those financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other requirements of IFRS 9. The amendment is not expected to have any impact on the Authority's financial statements due to the nature of the Authority's transactions.

IFRS 16 LEASES

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

The Authority has not yet quantified the impact on its reported assets and liabilities of adoption of IFRS16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Authority uses the practical expedients and recognition exceptions, and any additional leases that the Authority enters into. The Authority expects to disclose its transition approach and quantitative information before adoption.

AMENDMENTS TO IFRS 2: CLARIFYING SHARE-BASED PAYMENT ACCOUNTING

Currently, there is ambiguity over how an entity should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payments. The amendments cover three accounting areas:

- *Measurement of cash-settled share-based payments* - The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.
- *Classification of share-based payments settled net of tax withholdings* - The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.
- *Accounting for a modification of a share-based payment from cash-settled to equity-settled* - The amendments clarify the approach that companies are to apply.

The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The amendments are not expected to have any impact on the Authority's financial statements as the Authority does not have any share-based payment arrangements.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

AMENDMENTS TO IAS 40: TRANSFERS OF INVESTMENT PROPERTY

The IASB has amended the requirements in IAS 40 Investment property on when an entity should transfer a property asset to, or from, investment property. The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The amendments are not expected to have a significant impact on the Authority's financial statements as the Authority does not currently hold investment properties.

IFRIC 22: FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATIONS

When a foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which an entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation is effective for annual periods beginning on or after 1 January 2018. The interpretation is not expected to have a significant impact on the Authority's financial statements as it does not incur substantial foreign currency transactions on an annual basis.

IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted. The amendments are not expected to have an impact on the Authority's financial statements as the Authority is exempt from taxation.

SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE (AMENDMENTS TO IFRS 10 AND IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The effective date of these amendments was deferred indefinitely, but optional adoption is permitted. The Authority amendments is not expected to implement these amendments in the near future.

LONG TERM INTEREST IN ASSOCIATES AND JOINT VENTURES (AMENDMENTS TO IAS 28)

The amendments clarify that an entity applies IFRS 9 to long term interest in an associate and joint venture that form part of the net investment in the associate or joint venture, but to which the equity method is not applied.

The amendments apply for periods beginning on or after 1 January 2019. Early adoption is permitted. The standard is not expected to have any impact on the Authority's financial statements.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

IFRS 17 INSURANCE CONTRACTS

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or other comprehensive income.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

This standard is effective for annual periods beginning on or after 1 January 2021 with early adoption permitted. The standard is not expected to have any impact on the Authority's financial statements.

PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT (AMENDMENT TO IAS 19)

The IASB's amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, it is now mandatory for entities to use the updated actuarial assumptions to determine the current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. These amendments are not expected to have any impact on the Authority's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

	2018	2017
1. OPERATING (DEFICIT)/SURPLUS		
The operating (deficit)/surplus is stated after taking into account the following;		
Profit on disposal of motor vehicles	(66 000)	(110 280)
Rental income	(872 235)	(962 290)
Sundry income	(852 762)	(1 212 748)
Training and resource centre income	(349 547)	(624 898)
Write back of excess accruals carried forward from prior financial year	(1 342 982)	-
Doubtful debts charge	20 714	109 528
Impairment - computer equipment	1 722 429	-
Auditors' remuneration - current year	539 901	320 000
Amortisation of intangible assets	-	(876 224)
Board sitting allowance	220 100	179 769
Depreciation of property, plant and equipment (note 4)	8 018 903	5 450 562
Insurance	1 358 637	2 189 428
Legal fees	505 602	1 070 288
Operating lease rentals	11 063 199	11 092 880
Project expenses Leather Park	5 140 741	4 348 037
Project expenses Rapid Incubator	3 132 749	1 632 539
Remuneration to senior management	10 413 174	7 970 500
Repairs and maintenance	1 792 845	2 084 882
Security expenses	2 792 687	2 558 612
Staff costs	91 579 252	91 087 478
2. FINANCE INCOME		
Foreign exchange loss	(10 644)	(788)
Interest received on bank deposits	1 205 622	1 441 767
Interest income accrued	57 314	67 704
	1 252 292	1 508 683
3. INCOME TAX		
The Authority is exempted from income tax in terms of the second schedule (Chapter 52.01) of the Income Tax Act of 1995 as amended.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

	Capital work in progress	Land and buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Library books	Total
4. PROPERTY, PLANT AND EQUIPMENT										
Cost										
At 1 April 2016	7 405 047	77 324 796	15 195 112	3 590 166	6 992 933	6 326 205	21 889 442	22 915 571	354 407	161 993 679
Additions	6 879 970	-	50 241	-	198 650	337 281	2 628 909	327 607	-	10 422 658
Disposals	-	-	-	-	-	-	(538 820)	-	-	(538 820)
At 31 March 2017	14 285 017	77 324 796	15 245 353	3 590 166	7 191 583	6 663 486	23 979 531	23 243 178	354 407	171 877 517
Additions	1 415 130	259 783	-	48 602	173 467	9 546	950 000	142 620	-	2 999 148
Transfer	(11 159 658)	9 414 767	-	1 744 891	-	-	-	-	-	-
Impairment	(1 722 429)	-	-	-	-	-	-	-	-	(1 722 429)
Disposals	-	-	-	-	-	-	(870 000)	-	-	(870 000)
At 31 March 2018	2 818 060	86 999 346	15 245 353	5 383 659	7 365 050	6 673 032	24 059 531	23 385 798	354 407	172 284 236
Accumulated Depreciation										
At 1 April 2016	-	11 092 354	15 152 973	3 453 416	4 955 958	5 854 865	18 572 706	19 725 875	327 311	79 135 458
Charge for the year	-	1 585 558	27 928	53 819	638 557	229 510	1 629 503	1 274 678	11 009	5 450 562
Disposals	-	-	-	-	-	-	(381 664)	-	-	(381 664)
At 31 March 2017	-	12 677 912	15 180 901	3 507 235	5 594 515	6 084 375	19 820 545	21 000 553	338 320	84 204 356
Charge for the year	-	3 579 841	16 908	413 147	601 212	190 478	1 935 145	1 276 414	5 758	8 018 903
Disposals	-	-	-	-	-	-	(652 500)	-	-	(652 500)
At 31 March 2018	-	16 257 753	15 197 809	3 920 382	6 195 727	6 274 853	21 103 190	22 276 967	344 078	91 570 759
Net book value 2018	2 818 060	70 741 593	47 544	1 463 277	1 169 323	398 179	2 956 341	1 108 831	10 329	80 713 477
Net book value 2017	14 285 017	64 646 884	64 452	82 931	1 597 068	579 111	4 158 986	2 242 625	16 087	87 673 161

Fully depreciated plant and equipment items at original cost are summarised as follows:

	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Library books	Total
Cost								
At 31 March 2018	15 172 711	3 481 437	1 474 906	5 754 570	17 304 729	18 640 477	326 081	62 154 911
At 31 March 2017	15 141 341	3 393 044	1 161 119	5 497 390	16 442 793	18 043 019	314 634	59 993 340

Land consist of consolidated plots which houses the incubators, training facilities and branches that are located across Botswana. Land is held under freehold title deeds or leasehold fixed period state grants in the name of the Authority. A register of land held by the Authority is available at the Authority's registered address.

Capital work in progress consist of costs incurred in the purchase of machinery to be used in the incubation project. As at the reporting date, installation of this machinery was in progress. The purchase of the machinery was funded from capital grants received from Botswana Government and allocated to the project.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

	2018	2017
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	139 830	2 215 948
Less: Impairment allowances	(108 271)	(2 189 640)
	31 559	26 308
Deposits and prepayments	3 448 870	4 511 852
Sundry receivables	39 954	367 180
Salary advance	425 633	814 449
Accrued interest on deposits	57 314	67 704
	3 944 877	5 845 946
6. RELATED PARTIES		
Income/(expense) transactions with related parties		
Government subvention	141 681 155	139 910 140
Amortisation of capital grants	5 673 354	5 490 055
Amortisation of revenue grants	8 273 490	5 980 522
Government of Botswana	155 627 999	151 380 717
Key management personnel remuneration		
Board allowances	(220 100)	(179 769)
Salaries and allowances	(10 413 174)	(7 970 500)
Post-employment benefits	(4 335 163)	(4 185 960)
	(14 968 437)	(12 336 229)

Key management personnel refers to the Board members and Executive Management. Related party transactions were conducted on mutually agreed terms and conditions. No balances were due to/from related parties as at the reporting date.

Related party	Relationship
Government of Botswana	Shareholder
Board members	Key management
Executive management	Key management

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

	2018	2017
7. CASH AND CASH EQUIVALENTS		
Short term deposits- call account balances	39 905 246	38 478 406
Current account balances	820 755	466 579
Cash on hand	19 093	17 720
	40 745 094	38 962 705
For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:		
Short term deposits & current account balances	40 726 001	38 944 985
Bank overdraft	(20 714)	(312 653)
Cash on hand	19 093	17 720
	40 724 380	38 650 052
The Authority does not have a bank overdraft facility. The above balance represents a cashbook overdrawn position.		
8. DEFERRED CAPITAL GRANTS		
Balance as at 01 April	80 819 132	86 309 187
Amortisation for the year	(5 673 354)	(5 490 055)
Balance at 31 March	75 145 778	80 819 132
As at the reporting date the capital grants are analysed as follows:		
Short term portion	69 472 424	75 329 077
Long term portion	75 145 778	80 819 132

Capital grants represent Government grants advanced to the Authority to finance the purchase of property, plant and equipment. Capital grants are transferred to profit or loss in a manner that represents the economic benefits generated through the usage of the related assets. As at the reporting date, there were no unfulfilled conditions attached to the capital grants. The short term portion of the deferred capital grant is the amount of grants that is expected to be amortised to profit or loss in the next 12 months.

	2018	2017
9. DEFERRED REVENUE GRANTS		
Balance at 01 April	23 085 017	7 822 840
Amounts received	14 011 238	21 242 699
Amortisation per surplus or deficit	(8 273 490)	(5 980 522)
Balance at 31 March	28 822 765	23 085 017

Deferred revenue grants represents unutilised Government grants advanced to the Authority to fund working capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	2018	2017
10. TRADE AND OTHER ACCOUNTS PAYABLE		
Trade payables	2 333 861	2 746 612
Accruals for expenses	2 230 631	4 616 337
Payroll related accruals	18 577 860	19 759 527
	23 142 352	27 122 476

11. COMMITMENTS AND CONTINGENCIES

Operating lease commitments:

The future aggregated minimum lease payments under non-cancellable operating leases for premises from which the Authority operate are as follows:

	2018	2017
Within one year	8 420 403	8 737 384
After one year, before five years	5 937 780	13 169 412
	14 358 183	21 906 796

OPERATING LEASE COMMITMENTS

The operating leases the Authority has entered into are for office space it operates from at various locations. The duration of the leases range between two and five years. The leases are subject to escalations between 5% and 9% on anniversary.

In addition, the Authority has entered into property leases of its residential properties and agri- business land across the Botswana. The leases are subject to an escalation of 10% on anniversary.

CONTINGENT LIABILITIES

COURT CASES

The Authority is defending litigation actions implemented by a former contractor for termination of a contract agreement and another matter by a former employee for wrongful dismissal. Although liability is not admitted, if the defence against the actions is unsuccessful, the claims could amount to P2.6 million, all of which would be reimbursed under the Authority's insurance. Based on legal advice, management and the Board members believe that the defence against the action will be successful. All the cases are expected to be resolved within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

12. EVENTS AFTER THE REPORTING DATE

The Authority is currently going through a restructuring exercise. The exercise is expected to result in job losses but the separation packages for staff members who will separate with the Authority cannot be measured reliably since this will be dependent on the negotiations between the Employee Union and management.

13. GOING CONCERN

The Authority depends on Government funding in ensuring that it meets its statutory mandate. The Government as the shareholder has pledged to support the Authority in the next financial year through a government subvention of P156 802 770. There were no going concern matters identified by the Board members as at the reporting date.

14. FINANCIAL INSTRUMENTS

OVERVIEW

The Authority has exposure to interest rate, liquidity, foreign currency and credit risk which arises in the normal course of business. This note presents information about the Authority's exposure to each of these risks, the Authority's objectives, policies and processes for measuring and managing these risks, and the Authority's management of capital. Further quantitative disclosures are included. The Board members have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

The Board members oversee how management monitor compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority. The following analysis indicates the carrying and fair values of financial instruments in the statement of financial position. The carrying and fair values of financial instruments are considered similar due to the short term nature of these instruments.

	2018	2017
Financial assets		
Trade and other receivables	496 007	1 334 094
Cash and cash equivalents	40 726 001	38 944 985
	41 222 008	40 279 079
Financial liabilities		
Trade and other payables	4 564 492	7 362 949
Bank overdraft	20 714	312 653
	4 585 206	7 675 602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

CREDIT RISK

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Authority is exposed to credit risk are:

- amounts due from trade and other receivables; and
- investments in cash and cash equivalents.

The Authority limits the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or group of counterparties.

Exposure to third parties is monitored as part of the credit control process. The maximum exposure to credit risk is presented by the carrying amount of each financial asset in the statement of financial position. The Authority is not exposed to concentration of credit risk due to its wide SMME customer base across Botswana.

Reputable financial institutions are used for investing and cash handling purposes. All money market instruments and cash equivalents are placed with financial institutions registered in Botswana. Banks in Botswana are not rated but the banks concerned are subsidiaries of major South African and international registered institutions and are regulated by Bank of Botswana.

The Authority establishes an allowance for impairment which represents its estimate of incurred losses in respect of receivables. This allowance is estimated through a detailed specific balance analysis of the balances outstanding at the reporting date which exceed agreed upon payment terms. These balances include trade receivables handed over to lawyers, known slow payers and disputed amounts.

Financial assets subject to credit risk is analysed as follows:

	2018	2017
Trade receivables	31 559	26 308
Other receivables	464 448	1 307 786
Cash and cash equivalents	40 726 001	38 944 985
	41 222 008	40 279 079

All trade receivables are due from customers within Botswana. The aging of trade receivables at the reporting date is analysed as follows:

	Gross 2018	Impairment 2018	Gross 2017	Impairment 2017
Not past due	23 397	-	10 831	-
Past due 61- 90 days	8 162	-	9 430	-
Past due more than 90 days	108 271	(108 271)	2 195 687	(2 189 640)
	139 830	(108 271)	2 215 948	(2 189 640)

The movement in impairment accrual in respect of trade receivables is analysed as follows:

Balance at beginning of year	2 189 640	2 080 112
Bad debts written off	(2 102 083)	-
Increase included in surplus or deficit	20 714	109 528
Balance at end of year	108 271	2 189 640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

IN PULA

LIQUIDITY RISK

The Authority is exposed to daily operational payments and payment of supplier balances. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Authority sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demands.

INTEREST RATE RISK

Fluctuations in the interest rates impacts on the value of short term cash investments, giving rise to interest rate risk. Other than ensuring optimum money market rates for deposits, the Authority does not make use of financial instruments to manage this risk. Due to the short-term nature of the Authority's fixed interest investments, this risk is not significant.

Financial instruments that are sensitive to interest rate risk are summarised as follows:

	Annual Interest rates		2018	2017
	2018	2017		
Investments	3.55%-5%	2.6%-3.15%	34 867 853	32 689 346
Call accounts	0.02%	0.03%	5 037 393	5 789 060
			39 905 246	38 478 406

With average interest rates applicable as disclosed above, an increase of 50 basis point in interest rates during the reporting period would have decreased the Authority's net deficit/increased the Authority's net surplus as follows:

	2018	2017
Investments	174 339	163 447
Call accounts	25 187	28 945
Net decrease in net deficit/increase in net surplus	199 526	192 392

A 50 basis point decrease in interest rates during the reporting period would have had the equal but opposite effect on the reported deficit/surplus to the amounts disclosed above, on the basis that all other variables remain constant.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash-flows due in less than 6 months
2018		
Trade and other payables	4 564 492	4 564 492
Bank overdraft	20 714	20 714
	4 585 206	4 585 206
2017		
Trade and other payables	7 362 949	7 362 949
Bank overdraft	312 653	312 653
	7 675 602	7 675 602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

15. CATEGORISATION OF ASSETS AND LIABILITIES

Financial instruments measured at fair value are categorised in three levels by valuation method. The different levels are defined as follows:

LEVEL 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

LEVEL 2

inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using:

- quoted market prices in active markets for similar instruments;
- quoted prices for identical or similar instruments in markets that are considered less than active; or
- other valuation techniques where all significant inputs are directly or indirectly observable from market data.

LEVEL 3

inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The Authority had no financial instruments measured at fair value through profit or loss on hand during the current or previous reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	Financial assets and liabilities					
	Carrying values	Loans and receivables	Financial assets/ liabilities at amortised cost	Other non-financial assets and liabilities	Current assets and liabilities	Non-current assets and liabilities
2018						
Assets						
Property, plant and equipment	80 713 477	-	-	80 713 477	-	80 713 477
Trade and other receivables	3 944 877	496 007	-	3 448 870	3 944 877	-
Cash and cash equivalents	40 745 094	40 726 001	-	19 093	40 745 094	-
	125 403 448	41 222 008	-	84 181 440	44 689 971	80 713 477
Liabilities						
Capital grants	75 145 778	-	-	75 145 778	5 673 354	69 472 424
Trade and other payables	23 142 352	-	4 564 492	18 577 860	23 142 352	-
Deferred revenue grants	28 822 765	-	-	28 822 765	28 822 765	-
Bank overdraft	20 714	-	20 714	-	20 714	-
	127 131 609	-	4 585 206	122 546 403	57 659 185	69 472 424
	Financial assets and liabilities					
	Carrying values	Loans and receivables	Financial assets/ liabilities at amortised cost	Other non-financial assets and liabilities	Current assets and liabilities	Non-current assets and liabilities
2017						
Assets						
Property, plant and equipment	87 673 161	-	-	87 673 161	-	87 673 161
Trade and other receivables	5 845 946	1 334 094	-	4 511 852	5 845 946	-
Cash and cash equivalents	38 962 705	38 944 985	-	17 720	38 962 705	-
	132 481 812	40 279 079	-	92 202 733	44 808 651	87 673 161
Liabilities						
Capital grants	80 819 132	-	-	80 819 132	5 490 055	75 329 077
Trade and other payables	27 122 476	-	7 362 949	19 759 527	27 122 476	-
Deferred revenue grants	23 085 017	-	-	23 085 017	23 085 017	-
Bank overdraft	312 653	-	312 653	-	312 653	-
	131 339 278	-	7 675 602	123 663 676	56 010 201	75 329 077

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	2018	2017
Government subvention	141 681 155	139 910 140
Amortisation of capital grants	5 673 354	5 490 055
Amortisation of revenue grants	8 273 490	5 980 522
Other operating income		
Profit on disposal of motor vehicles	66 000	110 280
Rental income	872 235	962 290
Sundry income	852 762	1 212 748
Telephone recoveries	548 840	545 078
Tender fees	9 025	24 675
Write back of excess accruals	1 342 982	-
Training and resource centre income	349 547	624 898
	4 041 391	3 479 969
Operating expenses		
Advertisement	(282 426)	(300 522)
Amortisation of intangible assets	-	876 224
Annual license fee	(180 380)	(607 867)
Auditors' remuneration - current year	(539 901)	(320 000)
Bank charges	(146 543)	(153 017)
Board sitting allowance	(220 100)	(179 769)
Board meeting expenses	(41 265)	(28 737)
Business travel, accommodation and allowances	(2 065 582)	(1 592 502)
Computer expenses	(7 490 959)	(15 396)
Consultancy fees	(739 525)	(653 073)
Courier and postage	(159 425)	(163 696)
Depreciation of property, plant and equipment	(8 018 903)	(5 450 562)
Doubtful debts reversal/(charge)	(20 714)	(109 528)
Glen Valley consumables	(1 236 561)	(1 180 029)
Insurance	(1 358 637)	(2 189 428)
Legal fees	(505 602)	(1 070 288)
Motor vehicle expenses	(1 039 407)	(1 150 393)
Office expenses	(986 197)	(1 152 485)
Operating lease rentals	(11 063 199)	(11 092 880)
Project expenses Leather Park	(5 140 741)	(4 348 037)
Project expenses Rapid Incubator	(3 132 749)	(1 632 539)
Promotion and publicity	(561 665)	(661 700)
Impairment of intangible assets	(1 722 429)	-
Total carried forward	(46 652 913)	(33 176 224)

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018
IN PULA

	2018	2017
Total brought forward	(46 652 913)	(33 176 224)
Remuneration paid to senior management	(10 413 174)	(7 970 500)
Repairs & maintenance	(1 792 845)	(2 084 882)
Research costs	(255 590)	(80 416)
Security expenses	(2 792 687)	(2 558 612)
Seminars, retreat and conference costs	(723 161)	(705 141)
SMME conference and fair - current year	(346 941)	(282 853)
Staff costs	(91 579 252)	(91 087 478)
Staff training and recruitment	(397 597)	(53 763)
Staff welfare	(636 258)	(739 799)
Stakeholder management	(59 291)	(123 570)
Stationery and printing	(1 713 888)	(2 045 381)
Subscriptions	(158 762)	(166 181)
Telephone, mobile and fax	(4 793 781)	(4 404 091)
Training and mentoring costs	(1 476 237)	(2 445 674)
	(163 792 377)	(147 924 565)
Operating (deficit)/surplus for the year	(4 122 987)	6 936 121

This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 76 to 77.

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LEA - Local Enterprise Authority



Botsa_LEA



Local Enterprise Authority



Local Enterprise Authority BW