

The background of the cover features two circular photographic cutouts. The upper cutout shows a woman with dark hair, wearing a black and white plaid shirt and jeans, smiling as she drives a tractor in a field with green crops and mountains in the distance. The lower cutout shows a welder wearing a yellow hard hat, safety glasses, and a blue protective suit, working on a metal structure with sparks visible.

# Resilient Enterprises, Thriving Communities

ANNUAL REPORT 2023/24



LOCAL ENTERPRISE AUTHORITY



# Resilient Enterprises, Thriving Communities

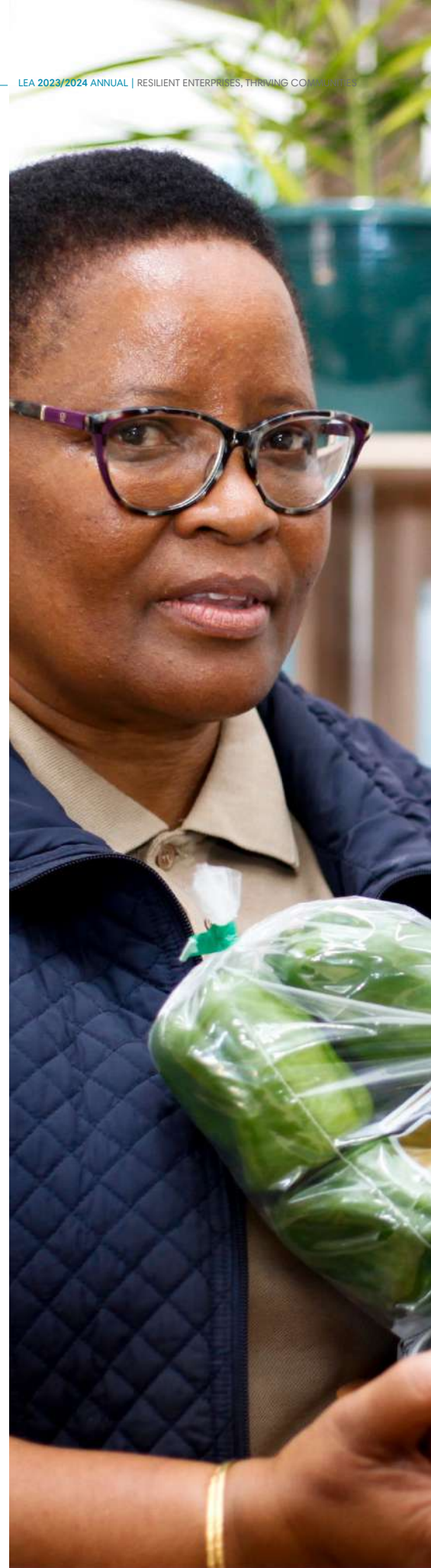
Local businesses have shown remarkable strength, adaptability, and innovation. With LEA's support, they continue to grow stronger and more prepared for the future. As enterprises succeed, they create jobs, improve livelihoods, and uplift communities. Strong businesses are the backbone of inclusive, sustainable development. LEA is dedicated to building an environment where resilience fuels growth, and thriving enterprises drive thriving communities across Botswana.

## Growing the Economy



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## Glossary of Terms

<b>ABSA</b>	Amalgamated Banks of South Africa
<b>BOPEU</b>	Botswana Public Employees Union
<b>BURS</b>	Botswana Unified Revenue Services
<b>BQA</b>	Botswana Qualifications Authority
<b>CEDA</b>	Citizen Entrepreneurial Development Agency
<b>COSO</b>	Committee of Sponsoring Organizations of the Treadway Commission
<b>EAP</b>	Employee Assistance Programme EAP
<b>EDT</b>	Entrepreneurship Development Training
<b>FAC</b>	Finance and Audit Committee
<b>FIBI</b>	Francistown Industrial Business Incubator
<b>HRC</b>	Human Resource Committee
<b>ICT</b>	Information and Communications Technology
<b>ISPAAD</b>	Integrated Support Programme for Arable Agriculture Development
<b>JNCC</b>	Joint Negotiation and Consultative Council
<b>LEA</b>	Local Enterprise Authority
<b>LIMID</b>	Livestock Management and Infrastructure Development
<b>LIP</b>	Leather Industry Park
<b>MoE</b>	Ministry of Entrepreneurship
<b>MYSC</b>	Ministry of Youth, Sport and Culture
<b>NDB</b>	National Development Bank
<b>NEP</b>	National Entrepreneurship Policy
<b>OTA</b>	Online Travel Agency
<b>PMS</b>	Performance Management System
<b>POS</b>	Point of Sale
<b>PPE</b>	Personal Protective
<b>SBA</b>	Small Business Act
<b>SHE</b>	Safety, Health and Environment
<b>SOEs</b>	State Owned Enterprises
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SEZA</b>	Special Economic Zones Authority
<b>TAC</b>	Technical Advisory Committee
<b>VTM</b>	Viral Transport Media
<b>YDF</b>	Youth Development Fund

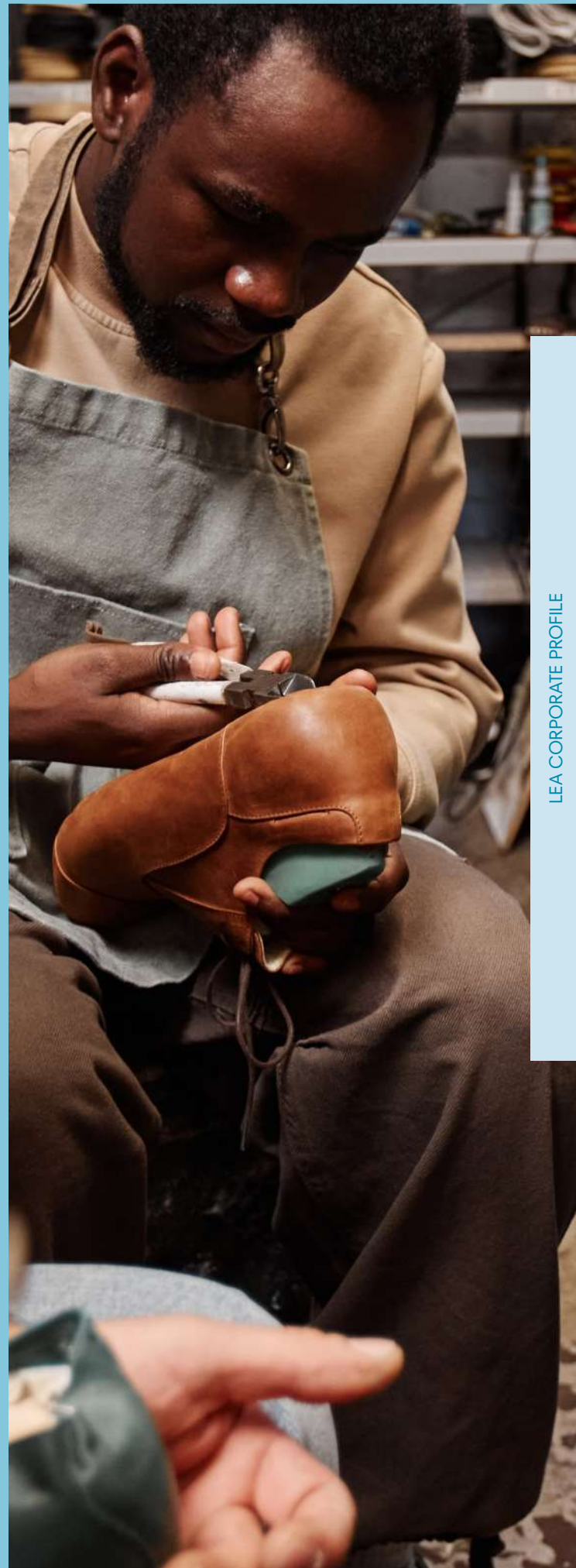


# LEA Corporate Profile

## Our Mandate

In accordance with the Small Business Act, the Authority's mandate is to promote entrepreneurship and develop the Small, Medium and Micro Enterprises (SMMEs)

- a. Assisting SMMEs with developing 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 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.



# LEA Corporate Profile

## Our Key Deliverables

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 an extensive countrywide footprint of 15 branch offices country-wide, located in Gaborone, Francistown, Ghanzi, Kanye, Kasane, Masunga, Maun, Pilane, Molepolole, Ramotswa, Selibe-Phikwe, Serowe, Tsabong, Hukuntsi and Letlhakane.

Furthermore, LEA operates five incubation centres that provide shared facilities, subsidized business operational space, business and technical skills acquisitions and technology support to accelerate growth of the incubated enterprises. The incubators are Francistown Industrial Business Incubator, Pilane Multi-Purpose Business Incubator, Leather Industries Incubator, Glen Valley Horticulture Incubator, and Kutla Incubation Centre, all three located in Gaborone.





## Mission Statements



### Our Vision

To be the centre of excellence for development of entrepreneurship and sustainable SMMEs in Botswana.



### Our Value Proposition

“Empowering the entrepreneur to start and grow their businesses.”

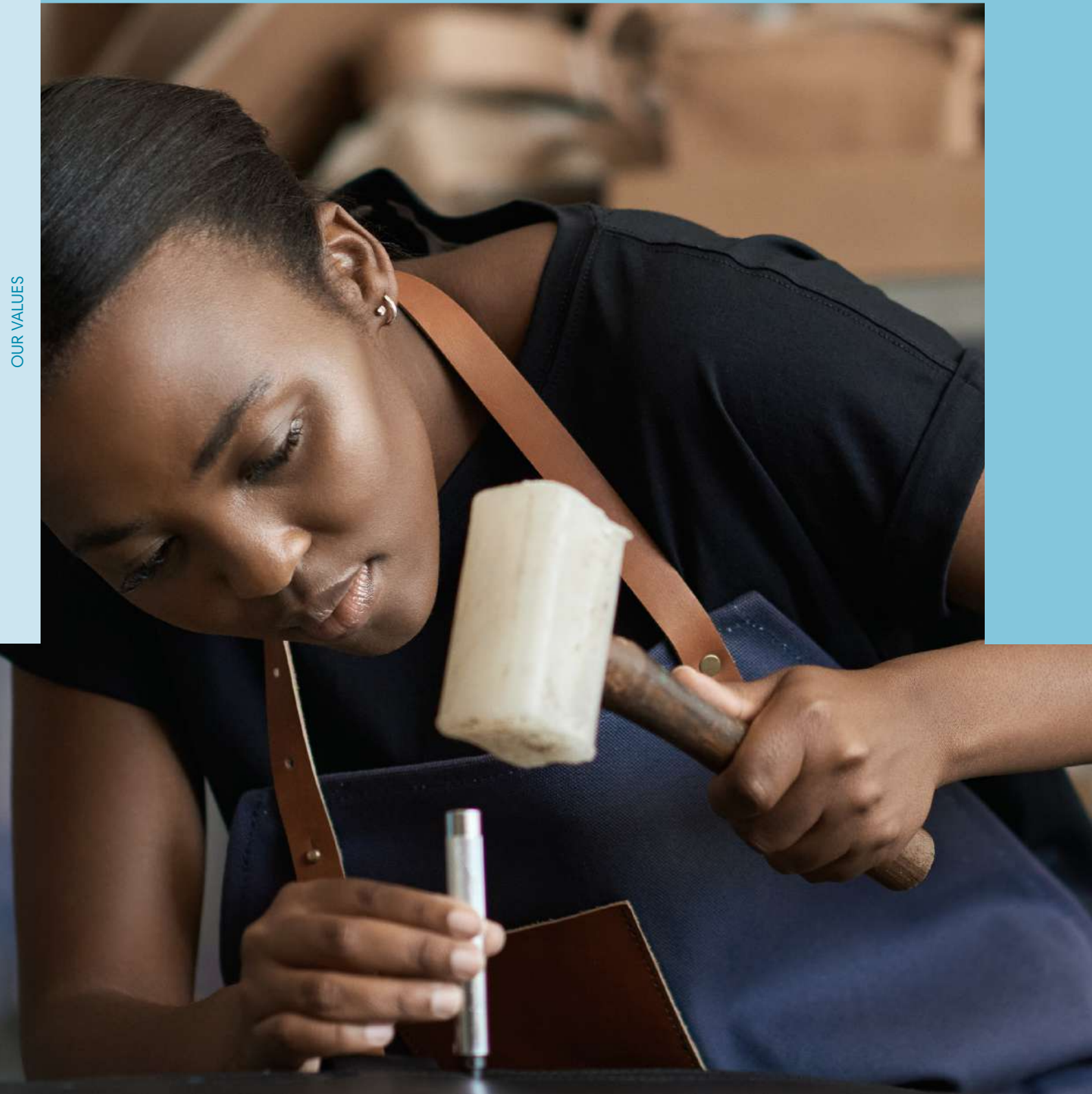


### Our Mission

To promote and facilitate entrepreneurship and SMME development through targeted interventions in pursuit of economic growth and job creation.



## Our Values





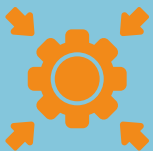
### Entrepreneurial

We build an entrepreneurial culture and unearth business opportunities for the SMMEs.



### Collaboration

Through our internal teamwork and effective stakeholder collaboration, we amplify our results of growing the SMME sector.



### Impact

We seek to deliver a positive and sustainable impact on the economy, society, and environment, by creating a supportive ecosystem for the growth and success of SMMEs.



### Empathy

Listening to and valuing the needs and aspirations of our people, stakeholders and customers. We build trust and rapport which is essential for long term success.



## 01

## 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 Entrepreneurship for a three-year tenure and are eligible for re-appointment. The LEA Board in accordance with the Board Charter meets 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.

## 01

# LEA Board

## CORPORATE GOVERNANCE STATEMENT

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

### Ethical Culture

The LEA Board observes a code of ethics and enforces the application of good ethical behaviour both during the conduct of Board deliberations and in its dealings with the Authority's stakeholders. This code of ethics is infiltrated into the functions of the LEA to promote high performance culture. 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 accessible to all staff members. 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 continuity 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 facilitated by the Authority's Risk Management Department.

### 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 oversight direction to the authority compliance with the statutory requirements.

### 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 businesses 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 the plight of the SMME Sector.

### Finance And Audit Committee

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

- Financial information, including audited financial statements which will be provided to the Board of Directors and 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 exposure to risks.

### Human Resources Committee

The purpose of the Human Resources 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 resource policies and strategies.



## LEA Board

- Ensuring that the LEA keeps abreast of developments in the labour market and that the Authority adopts suitable best practices in human resource management.

### RISK MANAGEMENT

Risk management plays a very crucial role in all operations of the Local Enterprise Authority (LEA), and effective risk management is enforced by ensuring compliance with internal policies and procedures, applicable laws, contractual obligations, and stakeholder covenants which ensures that risk exposures are adequately managed. Executive Management continually monitor and assess high risk areas and develop strategies and action plans to reduce overall risk exposures. The Board of Directors and through the Finance and Audit Committee (FAC) provide risk management oversight.

### Safety, Health and Environment Structures (SHE)

To ensure high level of safety in the work environment, the Authority regularly trains and conducts SHE inspections throughout its divisions. The objectives of the SHE trainings and inspections are to continuously improve the safety, health and environmental concerns within the workplace, ensuring that staff know how to work safely without risk to themselves and others.

### Risk Management through Insurance

The Authority has insurance programmes that seek to transfer the risks associated with its liability exposures on its property, human resources, crops at the Glen Valley horticulture incubator. Insurable risks are continuously evaluated, and action are taken to reduce these insurable risks, as part of the Authority's loss prevention strategy. Amongst others, the insurance covers procured include Group Life Insurance Benefit Scheme, Group Funeral Insurance Scheme, Business Interruption, Public Liability, Workers Compensation and Motor Fleet.

### Fraud Policy and Whistleblowing Hotline

LEA has zero tolerance to any wrongful act or impropriety (including without limitation to fraud, theft, dishonest acts, corruption, intimidation, discrimination, harassment) by its employees, service providers or associates. The Authority has adopted a Whistleblowing Policy and an independent whistleblowing service through which wrongdoing may anonymously be reported.

### INTERNAL AUDIT

The LEA internal Audit function is an independent assurance function that provides services to the Board of Directors and Management. Its responsibility is to ensure provision of independent and objective assurance and advice. It also aims to deliver value and help the organisation in achieving its priorities. Moreover, Internal Audit:

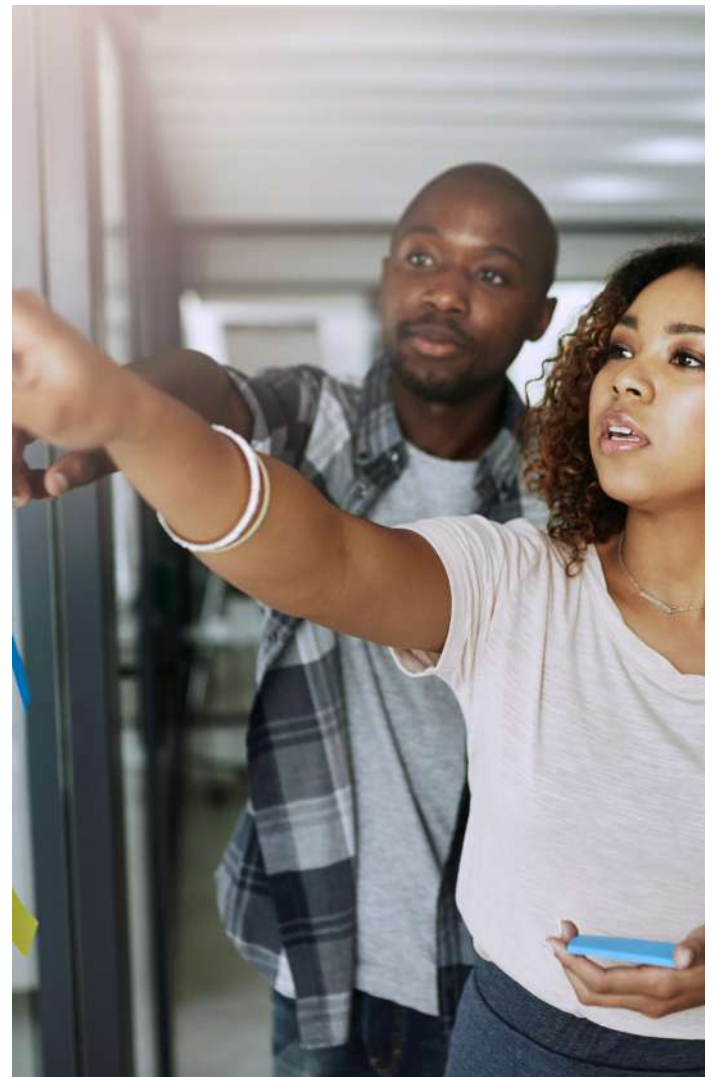
conducts financial and operational audits and special investigations.

Internal Audit's responsibilities include supporting management in the assessment and mitigation of risks to protect the business, delivering the annual audit plan as well as reporting on the effectiveness of the systems of internal control. Internal Audit reports are submitted to the Finance and Audit Committee and LEA Board on a quarterly basis, on the outcomes of reviews performed.

### Internal Control

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 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 financial reporting process incorporates internal control principles pursuant to the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission)





# REPORT FRAUD, THEFT AND DISHONEST BEHAVIOUR.



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02

## BOARD COMPOSITION FOR THE 2023-24 FINANCIAL YEAR

02

## BOARD OF DIRECTORS

**Lebogang Tips Matale**  
Chairperson



**Tefo M. Setlhare**  
Vice Chairperson



**Keogaile Caster Mothibedi**  
Board Member



**Chilipi Mogasha**  
Board Member



**Joyce K. Maphorisa**  
Board Member



**Goboletswe Sepapane**  
Board Member



**Donald Fologang**  
Board Member



**Oreneile Padipadi**  
Board Member





# Strategy Over the Years

## 2007- 2010 Conceive & setup

**Focus:** Agriculture, Manufacturing, & Tourism.  
Prioritized Women, Youth & Unemployed  
Mainly Pre- startup & startup services



## 2010- 2014 Prove the experiment

**Focus:** Piggery, Horticulture, Dairy & Leather  
Regional Comparative advantages  
Value Chain Approach



## 2014- 2018 Key Lessons for SMME Development

**Focus:** All sector strategy  
Focus on SMEs  
Micros received over the counter services



## 2019- 2023 Transformation

**Aspiration:** All sectors  
Targets: Micro & SME clients  
Different Classes of Micro Enterprises  
Innovation & Impact using technology & incubation model  
Partnerships  
Business & Operating Model transformation



## 2023- 2026 Consolidation & Alignment

- Activation of the SMME Ecosystem
- Operating Model Improvements
- Eight (8) Strategic Objectives and Eleven (11) Strategic Initiatives
- 80/20



Strategy Over the Years



Grow SMME  
Contribution to GDP by  
**2.7 %**  
in 3 years

48 Billion in year 3

35.9 Billion Baseline

2024

2025

2026

12,2 Billion

2,4 Billion

4,3 Billion

5,5 Billion

15%

16%

17%

2,7%



# BOARD CHAIRPERSON'S STATEMENT



New  
**3-Year**  
Strategic Plan  
launched (2023/24 -  
2025/26)

SMME GDP target  
set at  
**17%**  
by 2025/26 (up from  
14.3%).

Turnover grew  
from P198m to  
**P2.02**  
billion  
(84% of target)

AfCFTA ratified,  
unlocking a  
**P1.4**  
billion market for  
local businesses.

Jobs created rose by  
**60%**  
(from 854 to 1,364)

**1,711**  
SMMEs supported  
across sectors.

I am delighted to present to you, on behalf of the Board of Directors of Local Enterprise Authority (LEA), the annual report for the year 2023- 24, in accordance with **Section 26 of the Small Business Act No 16 of 2008**. The Authority developed a new three-year Strategic Plan to succeed the just ended 2018- 2023 Transformative strategy. While the Authority normally plans on a five-year basis, this time it was designed for three years to cater for the pronounced rationalization of state-owned enterprises.

## Corporate Strategy and Performance

The LEA Strategic Plan 2023/24 - 2025/26 is anchored on the Authority's journey of consolidation and alignment, post restructuring in 2019. Beginning in 2017, LEA has undergone significant transformation, resulting in the development of a new organizational structure and business processes.

For this strategy period, the Authority has identified a single unifying strategic goal: **To Increase SMME contribution to GDP to 17% by 2025/26**. The regional and global comparative of SMME contribution to GDP show that in developed countries, SMMEs contribute over 60% to GDP while SMMEs in developing countries. In Botswana, SMMEs

contribution to GDP at the beginning of the reporting stood at 14,3% which is far below most African countries such as South Africa (50%), Zambia (50%), Angola (40%), Zimbabwe (30%) and sits slightly above Namibia at 12.7%.

The over-arching strategic goal reflects LEA's ambition to affect an increase in SMME sector's contribution to the GDP through delivery of increased, impactful, and measurable returns to the shareholder and to the SMME community, which it has been mandated to grow and sustain. To achieve this ambitious goal, the Authority aims to grow SMMEs in targeted sectors through data-driven insights and activation of the SMME ecosystem.

The 1711 SMMEs under LEA portfolio, recorded an increase in turnover from P1.4bn the previous financial year to P2.02bn which is 84% achievement of set financial year target of P2.4bn. As a result of the Authority's resolute business development and support services, the LEA supported enterprises recorded an increase in jobs created, from 1205 the previous financial year to 1364 during the reporting period translating to 13% increase. Most of the jobs were created during the last quarter of the financial year due to the conversions of Business Plans for Youth Development Fund (YDF).

## Corporate Governance

The LEA Board of Directors' remains steadfast in executing its oversight duty, as guided by the Board charter. The shareholder compact remained unaffected during the reporting period despite depressed economic indicators. The Board continues to provide strategic guidance and support in the implementation of the LEA mandate, while supporting other government projects, and programmes that complement the LEA mandate.

## Audited Financial Statements

The audited financial statements demonstrate how the authority utilized the funds received from the Government of Botswana in the form of the annual subvention. A constrained budget compounded by staff shortages because of the recruitment freeze affected organisation's ability to undertake some of the planned initiatives during the year.

## Conclusion

On behalf of the LEA Board, I would like to express our appreciation to the Government of Botswana through the Ministry of Entrepreneurship for their persistent support to the Authority and the continued advocacy for SMME development.

I wish to extend gratitude to all LEA collaborators, whose support ratifies the value of SMME sector to the growth of the Botswana

economy. To effectively stimulate and drive the SMME ecosystem, the Authority had anticipated that the National Entrepreneurship Policy (NEP) would be implemented to assist in coordinating the different players in the ecosystem but progress to date has been very slow. We remain optimistic that this policy will be implemented soon as it has potency to stimulate and spur SMME growth.

The Authority is determined to discharge its role of promoting Entrepreneurship and Enterprise Development to transform the SMME sector for cultivation of industries to diversify the economy and create employment for Batswana. Our stance to promote and press for policy reforms and enhanced business environment that protects the SMME sector and further propels its growth and contribution to the economy remains compact.

I would like to extend sincere gratitude and well wishes to the outgoing Board Chairperson, Ms. Lorato Boakgomo – Ntakhwana (retired 31st May 2024) and members: Ms Michelle Gabriel, Ms. Bonolo Champane, Ms Boitumelo Gofhamodimo, Ms. Kathleen Molaodi and Ms Moepedi Nkoane who retired from the Board on 31st July 2023.

My earnest appreciation extends to SMMEs. I salute them for their bravery in assenting to the entrepreneurship call, bearing the brunt to create jobs and transform Botswana's economy.

I thank the LEA management and staff for their unyielding commitment towards SMME development despite challenges stated above.

At LEA we firmly believe that the SMME sector has potency to thrust Botswana's economy to untapped horizons.

Mr. Lebogang Tips Matala  
LEA Board Chairperson



## EXECUTIVE MANAGEMENT

**Godfrey Molefe**  
Chief Executive Officer (A)



**Onkabetse Moatlhodi**  
Chief Digital Officer



**Fana Mothusi Kelebogile**  
Chief Operations Officer (A)



**Sesebo Dintwe**  
Chief Finance Officer (A)



**Boikhutso Kgomanyane**  
Head Channel- South



**Monyadiwa Masilo**  
Head Sector Innovation



**Shatho Orapeleng**  
Head Market Access



## EXECUTIVE MANAGEMENT

**Mompoti Baiphethi**  
Head Capability Development



**Dynah Solani**  
Head Information &  
Knowledge Management



**Boipuso Nyatshane**  
Head Corporate Affairs (A)



**Boitsheko Ntshingane**  
Legal Advisor



**Tshepho Gasenna**  
Risk Manager



**Ms. Tshepang Thapa**  
Head, Human Capital





## CHIEF EXECUTIVE OFFICER'S STATEMENT



I am honoured to present the Local Enterprise Authority's Audited Financial Statements for the year 2023-24, being the maiden year for the interim three-year strategy scheduled to end March 2026. This report also presents the Authority's strategic initiatives, business performance and noteworthy accomplishments.

The three-year strategy whose essence is to grow SMMEs in targeted sectors through data-driven insights and activation of the SMME ecosystem aims to increase SMME contribution to 17% by the year 2026. The Authority has therefore identified two (2) Strategic Leverage Areas to propel the business to success,

- a. Operating Model Improvements
- b. SMME Ecosystem Activation.

These leverage areas are underpinned by eight (8) strategic objectives.

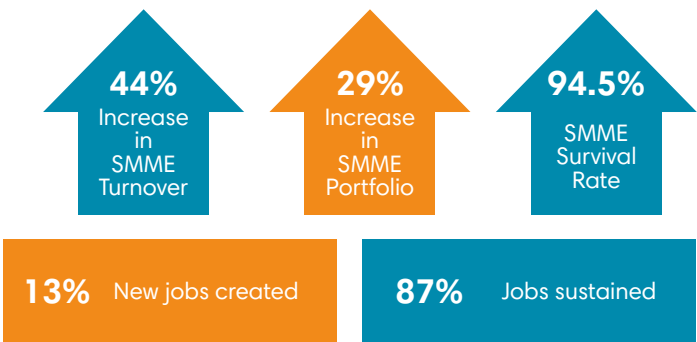
- i. Develop high-growth SMMEs in targeted and prioritized sectors
- ii. Accelerate local and international market access
- iii. Activate the SMME ecosystem
- iv. Improve data management and utilization
- v. Optimize financial resources
- vi. Improve governance and compliance
- vii. Improve organizational efficiency
- viii. Enhanced high-performance culture

# CHIEF EXECUTIVE OFFICER’S STATEMENT

SMME Category	Annual Turnover (BWP)	Number of employees
Micro	Less than 200,000	Less than 6
Small	200,000 to 5,000,000	6 to 25
Medium	5,000,000 to 15,000,000	26 to 100
Large	More than 15,000,000	More than 100

Table 1: SMME Classification

## ORGANIZATIONAL PERFORMANCE



### Portfolio status

LEA portfolio stood at 1711 against a target of 10 000 indicating a variance of 8289. However, the portfolio increased by 211 from the last financial (1500). The LEA portfolio consists mainly of Micro Enterprises at 51%, followed by Small and Medium Enterprises at 46% and 3% respectively. In 2024, no SMMEs graduated compared to 16 SMMEs that graduated in 2023.

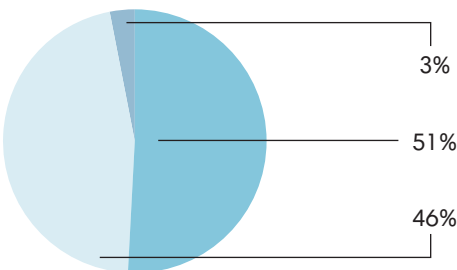


Chart 1: SMME Portfolio by Size (2024)

## SMMEs Turnover

During the year under review, total SMME turnover reached P2.02B compared to P1.4B, exceeding the previous year’s performance by 44%.

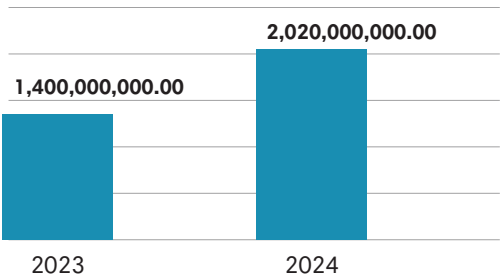


Chart 2: SMME Turnover (2023 vs 2024)

Turnover increased exponentially from P1.4b by 1500 enterprises the previous year to P2.02B accumulated by 1711 enterprises in 2024.

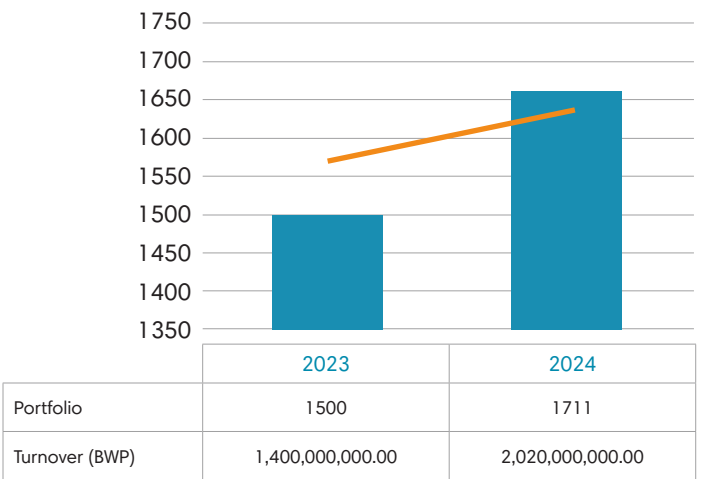


Chart 3: SMME Turnover vs Active Portfolio (2020- 2024)



# CHIEF EXECUTIVE OFFICER'S STATEMENT

## SMME Survival Rate

In executing its mandate of promoting entrepreneurship and ensuring enterprise development, the Authority offers SMMEs interventions to ensure their survival at every stage of the business cycle. Despite economic shocks that impaired other SMMEs performance indicators, survival rate of enterprises under LEA portfolio was maintained above 80% during the reporting period because of LEA interventions.

In 2024, SMMEs survival rate was recorded at 94.5% compared to 90% recorded the previous year.

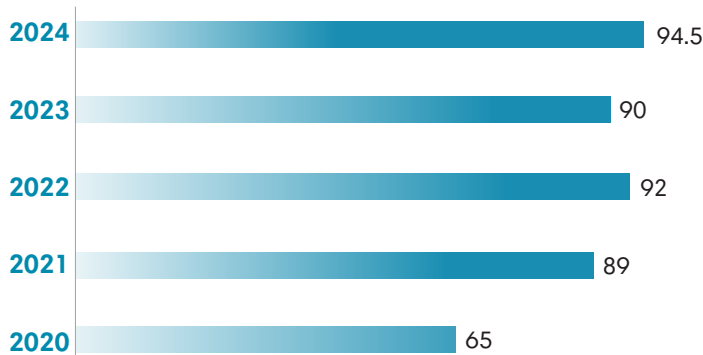


Chart 4: % SMME Survival Rate (2020- 2024)

## SMME Jobs sustained & Created

Job creation and sustenance are significant performance indicators for a robust and vibrant SMME sector, henceforth LEA offers SMMEs interventions geared towards ensuring that these enterprises are profitable to ensure portfolio expansion thereby, retaining existing jobs and most importantly creating new job opportunities.

During the reporting period, the total jobs created stood at 1364 compared to 1205 the previous year. In 2024, the total number of jobs sustained stood 8483 against a baseline of 9892 jobs.

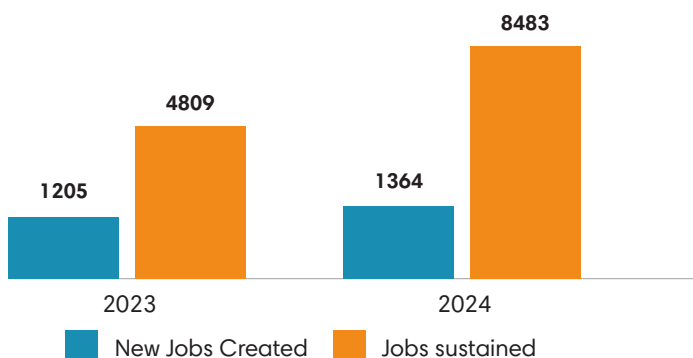


Chart 5: SMME Jobs Created & Sustained (2023 vs 2024)

## LEATHER PARK

Development of the Leather Industry Park (LIP) in Lobatse (Phase I) with a Tannery (Raw to Tannage); Pilot Plant (all species); Effluent Pre-Treatment; Solid Waste Plants and Ancillary Buildings

is ongoing. The project is intended to achieve the following; resuscitation of the Leather Industry in Botswana, development of the Leather Value Chain and reduction of importation of leather and leather products.

During the March 2023 financial year, the LIP site migrated from Tsinai Farm to Spitzkop (SEZA) and rescope in line with the change of location. During the reporting period, a consultant for ancillary services (Access Road; Clearance & De-bushing) was appointed for De-bushing & Clearance.

Phase I of the Leather Park Project has been moved to Botswana Meat Commission and LEA will only do Phase II and III, which is post-tanning to finishing through to finished leather products. This will also include value chain development in the leather industry. New Project scope has been submitted to the Development Manager through the Ministry of Entrepreneurship and the Authority awaits feedback for progress.

## HUMAN CAPITAL

The Human Capital Division is responsible for ensuring availability of adequate and competent human resources through provision of efficient human capital interventions and implementation of sound human resources policies and strategies aligned to business needs. As a strategic business partner, it enables the Authority to deliver on its mandate and strategic intents by aligning human capital interventions with the organisational objectives. The division strives to foster a positive employee engagement and culture, ensuring that employees are capacitated and enabled to thrive through interventions such as learning and development, wellness programmes, talent acquisition and deployment, employee relations and performance management.

During the period under Review the Human Capital Division was focused on enhancing being employee engagement, culture and leadership effectiveness.

## EMPLOYEE ENGAGEMENT

Through provision of an employee assistance programme (EAP), this has provided an opportunity for employees with a safe space to access psychosocial support and counselling and facilitate for employee wellness and mental health. During this period, the Authority also enabled interested employees to participate in different wellness activities across the country such as the marathons and sponsored walks. In addition to this, as a way of inculcating a culture of entrepreneurship on employees, about 50 employees enrolled alongside LEA clients in an Entrepreneurial Development Programme (EDT). A mind set change initiative in line with the Governments initiative was also implemented during the reporting period, where Management undertook a development programme on Mindset Change and Emotional Intelligence to enable inculcation of behaviour change within the organisation.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## LEARNING & DEVELOPMENT

The Authority continues to enhance employee effectiveness and performance through different development initiatives through implementation of the Corporate Training Plan and participation in short term development programmes in the form of workshops and seminars. These include Leadership development programmes and industry specific development programmes. During the reporting period, the Authority also had some employees undertaking SMME Development programmes in Japan and India through sponsorship of development partners such as JICA and ITEC.

## EMPLOYEE RELATIONS

Through an established Joint Negotiation and Consultative Council (JNCC) and in line with a Collective Labour Agreement, the Authority engages on a continuous basis with Botswana Public Employees Union (BOPEU) on staff related matters to facilitate for sound industrial relations. This platform facilitates for negotiations on employee remuneration and conditions of service.

## STAFF ESTABLISHMENT

The staff complement as of 31st March 2024 stood at 155 employees on established positions, 4 temporary employees and 14 interns under the Graduate Internship programme.

## CHALLENGES

As the Botswana Government continues to maximise rationalisation of declining resources, funding state owned enterprises has also declined resulting in declining subvention allocated to the Authority.

### *Resistance or lack of buy-in*

The Authority needs to improve on change management as the new strategy calls for a new way of doing things.

### *Capacity and accountability issues*

LEA will continue to capacitate management and staff to ensure timely execution of strategic initiatives.

### *Mandatory SMME Registration*

The Authority continues to lobby and engage the Ministry of Entrepreneurship on the key enablers (mandatory SMME registration and clarity on the proposed merger).

### *LEA / CEDA Proposed Merger*

The Authority continues to engage the Ministry of Entrepreneurship on the proposed merger to enable better planning and a clear communication to staff and stakeholders.

### *Recruitment Moratorium*

Inability to recruit to the meet the establishment hinders the organization to fully and effectively execute the mandate.

## Financial statements

In the financial year 2023/24, government subvention of P146 million was approved for the Authority. The amount was the same as for the prior year 2022/23. The stagnant subvention results in lower availability of funds due to reduction in value of the funding in real terms due to inflation. Despite increasing costs within a constrained budget, the Authority continued to exercise prudent financial management and successfully carried out its mandate.

## Acknowledgements

Despite the economic challenges that impacted the country's performance and that of SMMEs, LEA managed to ride the tide and achieve majority of its strategic intents. The Authority managed to grow key performance indicators such as total turnover and jobs created despite falling short in reaching set targets. We remain steadfast in harnessing collaborations to ensure that the set strategic objectives are met. LEA had anticipated that the National Entrepreneurship Policy (NEP) would be implemented to assist in coordinating the different players in the ecosystem but to progress to date has been very slow. However, LEA and the other state-owned entities (SoEs) in the ministry have developed a collaboration framework that focuses primarily on resources sharing and mandate refinement.

On behalf of the Authority's management and staff, I would like to relay our gratitude to the Ministry of Entrepreneurship, for the support they continue to provide LEA on behalf of the Government of Botswana. The organization has over the years been able to pioneer the entrepreneurship and SMME development agenda in Botswana, made possible by sound and good relations with Ministry of Entrepreneurship.

The LEA Board of Directors is highly appreciated for overseeing operations and providing strategic guidance to further improve and realize our business objectives. Given the obstacles encountered during the review period, I commend the LEA human capital for their dedication in delivering the organizational strategy and exceeding performance targets.



Godfrey Molefe  
Chief Executive Officer (Acting)



A close-up photograph of a hand holding a mound of sand. The hand is positioned in the upper half of the frame, with fingers gently cupping the sand. The sand is a light tan color and appears to be falling or being held in place. The background is a bright, hazy sunset or sunrise, with the sun low on the horizon, creating a warm, golden glow. The sky transitions from a pale blue at the top to a bright yellow near the horizon. The overall mood is serene and hopeful.

03

**DEVELOPMENT  
OF INNOVATIVE,  
COMPETITIVE  
AND SUSTAINABLE  
SMMEs**

03

# DEVELOPMENT OF INNOVATIVE, COMPETITIVE AND SUSTAINABLE SMMEs

## SMME PERFORMANCE BY SECTOR & CATEGORY

### Portfolio Analysis

During the reporting period, micro enterprises dropped from 1207 to 872, compared to an increase in small businesses, rising from 293 in 2023 to 787 in 2024. Medium enterprises slightly dropped from 68 to 51 enterprises.

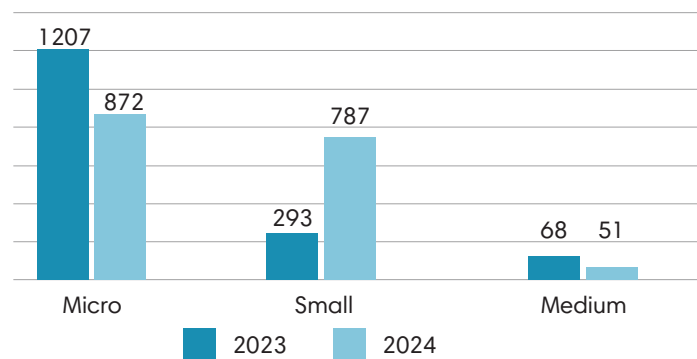


Chart 6: SMME Portfolio by Size (2023 vs 2024)

### Jobs by Sector & Category

The 1364 jobs created consisted of the services sector jobs (445) followed by Manufacturing sector (432), Agriculture (349) and lastly Tourism (138). The priority sectors of manufacturing, Agriculture and Tourism contributed 919 jobs for the financial year, reflecting 67% of the annual job creation.

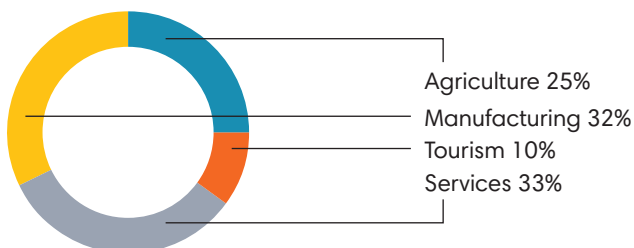


Chart 7: Jobs by Sector (2024)

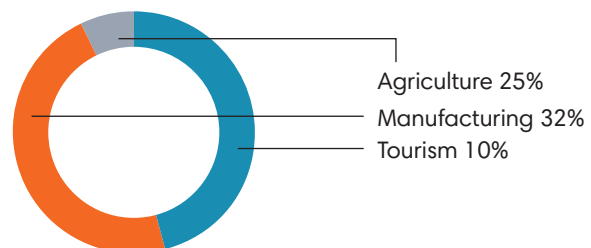


Chart 8: Jobs by Category (2024)

The bulk of the jobs created are realized by the high growth clients (Small & medium) which contributed 744 jobs translating to 55% achievement for the financial year. A total of 1364 jobs created during the financial under review was set against a target of 2200 translating to 62% achievement of target.

### Turnover by Sector & Category

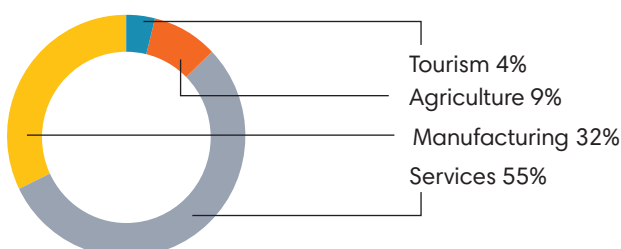


Chart 9: SMME Turnover by Sector (2024)

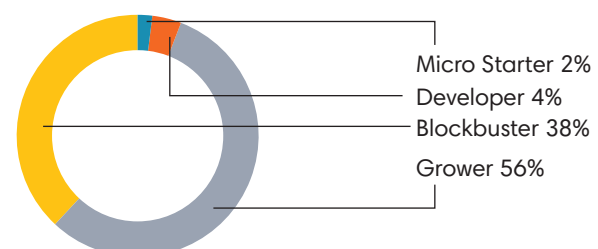


Chart 10: SMME Turnover by Category (2024)



## DEVELOPMENT OF INNOVATIVE, COMPETITIVE AND SUSTAINABLE SMMEs

The services sector outperformed other sectors contributing 55% of the P2.02B, followed by the manufacturing sector at 32%. Tourism and Agriculture sectors contributed the least with 9% and 4% respectively.

Small & Medium Enterprises demonstrate the capability to generate more turnover, as opposed to the Micro Enterprises who are in the majority but generate low turnover. The distribution of turnover per category; Micros, Small and Medium stand at P130M, P1.13b and P766M respectively. This indicates that high growth clients are contributing more turnover in our portfolio. In most cases priorities and resources are given to such clients.

### Funding Facilitation

During the reporting period, 393 business plans were approved and funded by various funding intuitions. The 393 approved business plans were mostly in the agriculture sector (234), followed by manufacturing (72), services (61) and tourism (26). The total number of business plans funded for the financial year is valued at P71.9M.

The manufacturing and agriculture sectors attracted most funding at P22m and P28m respectively, whilst the Tourism and Services sectors received the least funding.

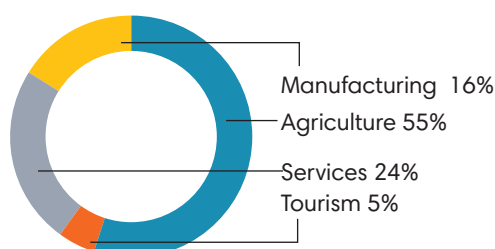


Chart 11: # of business plans by Sector (2023)

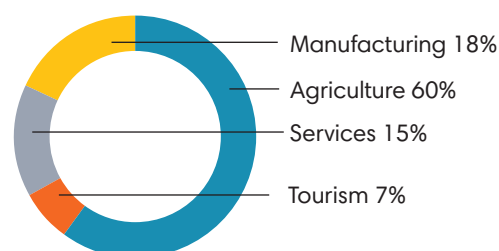


Chart 12: # of business plans by Sector (2024)

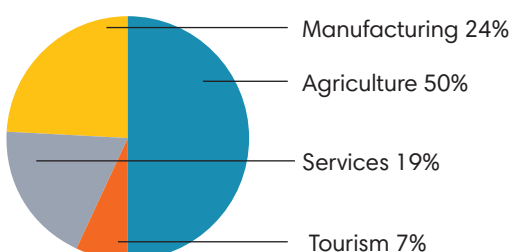


Chart 13: BWP Value of business plans by Sector (2023)

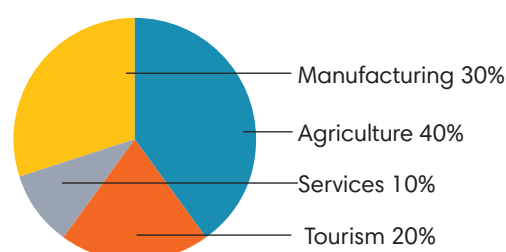


Chart 14: BWP Value of business plans by Sector (2024)

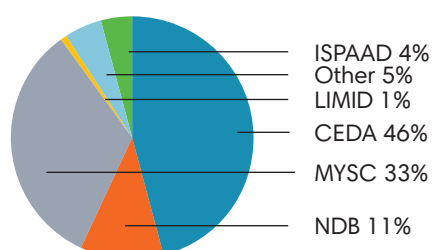


Chart 15: BWP66M Funding by institution (2023)

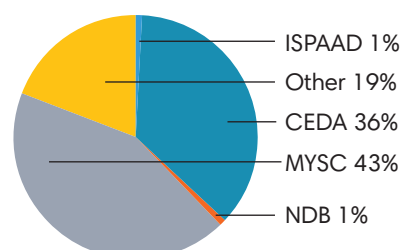


Chart 16: BWP71.7M Funding by institution (2024)

## DEVELOPMENT OF INNOVATIVE, COMPETITIVE AND SUSTAINABLE SMMEs

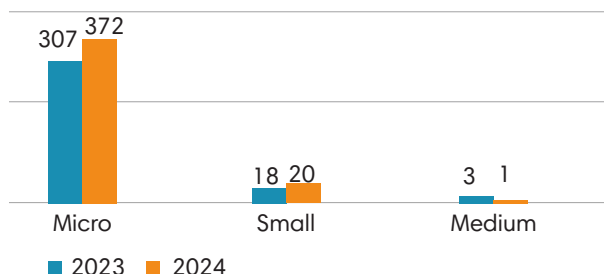


Chart 17: # of business plans by category (2023 vs 2024)

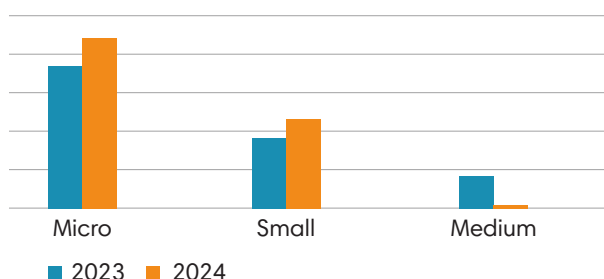


Chart 18: Value of business plans by category (2023 vs 2024)

Startups represent a staggering 93% of the number of business plans developed during the reporting period reflecting the dire need for funding for startups and incidentally reflect a large share even in the value of business plans (60%) by category.

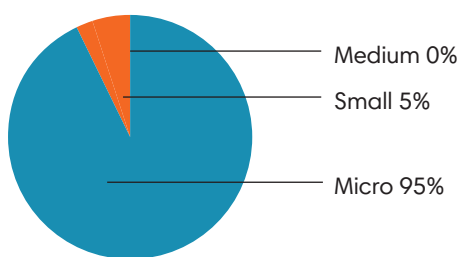


Chart 19: # of Business Plans by category (2024)

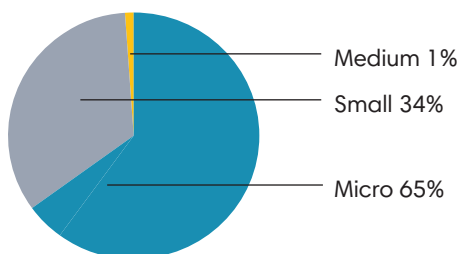


Chart 20: BWP Value of Business Plans by category (2024)

### Value of Market Linkages

In year 2020, the Authority introduced a performance indicator for a critical service offered to the SMME sector, that is, securing market linkages for the SMMEs. During that year, the value of market linkages was P19.2M and leaped to P95.3M the following

year recording a 395% increase in value. In 2022 the value increased by 45% and 204% in 2023.

During the reporting period, the value of Market of Linkages rose to P490M from P419M recorded the previous year as shown in the chart below.

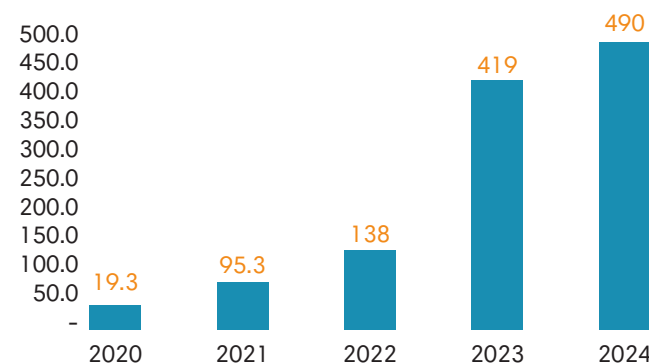


Chart 21: Market Linkages (2020- 2024)

### Value of Import substitution by SMMEs

The Authority's strategic initiatives are aligned to the Government of Botswana national agenda issues such as reduction of the import bill and job creation. In response to Government efforts to reduce the import bill where several import restrictions were instituted, LEA positioned itself to help SMME benefit from these advances by capacitating them with interventions that enabled them to acquire the requisite certification/standards to satisfy the resultant market opportunity.

Over the last five years, LEA capacitated SMMEs to fulfil the market needs for bottled water (specifically still water), baked goods and medical PPE. The Authority continues to capacitate SMMEs to satisfy the local demand for horticulture products. To bridge the gap in Uniform and PPE supply, LEA is planning to set up Textile Incubator in Bokaa where SMMEs will be capacitated using the latest fashion & textiles equipment.

In 2020 import substitution value by SMMEs stood at P21.3M and shot to P105.7M and P236M in 2021 and 2022 respectively.

In March 2024, the total value for imports for the financial year amounted to P461M which is distributed as manufacturing (P395M) and Agriculture (P65M).

The recorded performance is a slight dip of 5% from P488M realized in the last financial year. The manufactured goods include aluminum products, construction materials, cleaning chemicals, medical equipment, textile –including school uniform, PPE, bakery, tombstones & coffins, milled products, and horticultural produce among others. The recorded performance is a slight dip of 5% from P488M realized in the last financial year.



## DEVELOPMENT OF INNOVATIVE, COMPETITIVE AND SUSTAINABLE SMMEs

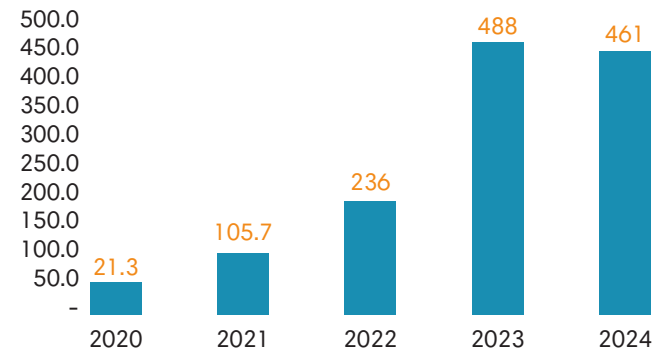


Chart 23: Import substitution value (2020- 2024)

### Training

Training continues to be a critical offering to entrepreneurs and enterprises for capability development. The Authority for the year under review trained 2631 entrepreneurs compared to 2519 the previous year.

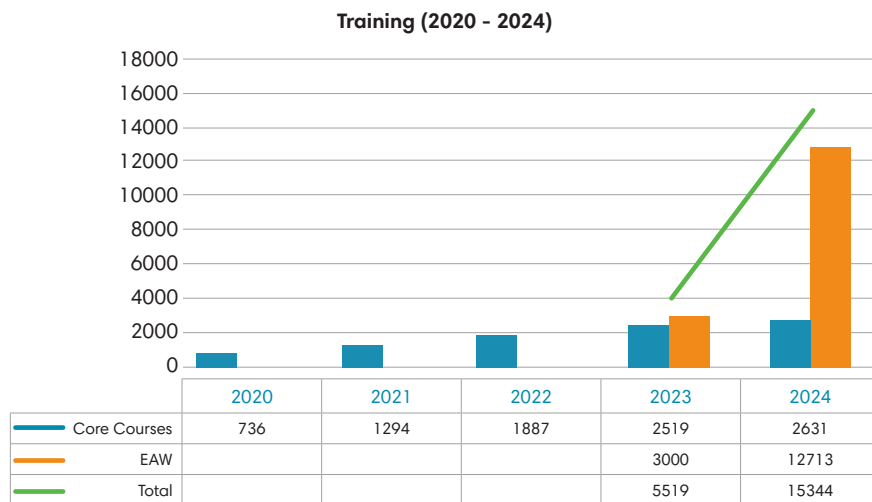


Chart 24: Training (2020 - 2024)

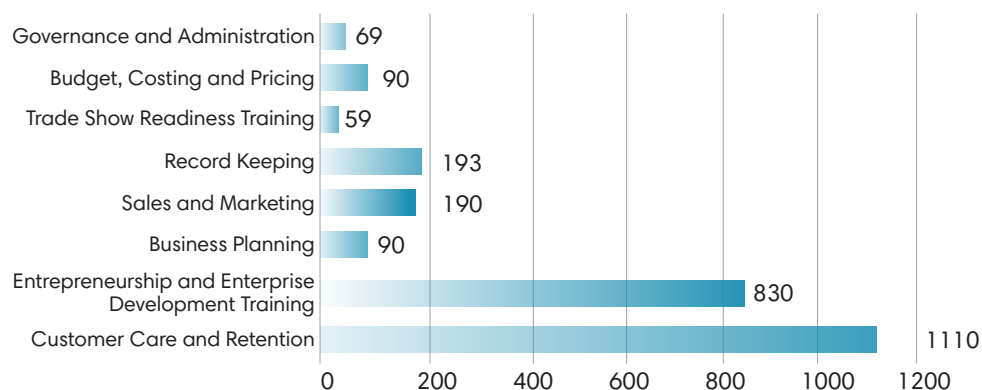


Chart 25: Training Courses offered- 2024

# DEVELOPMENT OF INNOVATIVE, COMPETITIVE AND SUSTAINABLE SMMEs

## Advanced Interventions

In 2024, 359 interventions were completed with ICT and Product testing contributing the largest proportion at 188 and 68, respectively followed by Website Development which acts primarily as a marketing and trading platform for the enterprise– mainly integrated to include other ICT solutions such as OTA, PMS, POS, Online booking and payment systems, QR codes, etc. Product testing improves marketability as it defines the safety and quality of SMME products. Certification is offered based on the strength of a secure market while management systems range from basic management policies and processes through business model re-engineering for better.

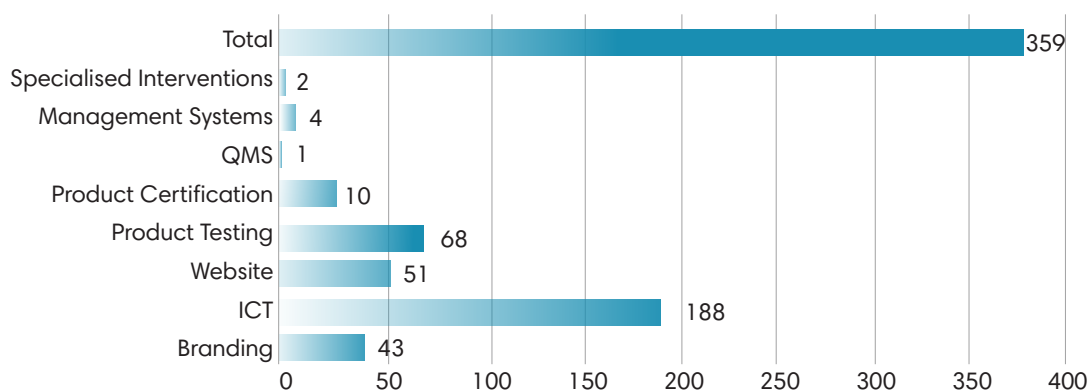


Chart 26: Advanced Interventions Delivery- 2024

In terms of segment, growers continue to occupy the largest share (83%) of advanced interventions, which is reflective of LEA portfolio, consequently more sophisticated and/or specialized interventions. Manufacturing takes up the largest portion (54%) of interventions, followed by tourism (29%), then Agric (10%) and finally Services (7%).



## INCUBATION PROGRAMME

The LEA incubation programme continues to be a cornerstone in the acceleration and sustainability of SMMEs across various sectors. The model has consistently proven effective in providing access to affordable operating spaces, shared services, and tailored business development interventions. During the 2023–24 financial year, a total of 95 jobs were created and sustained by 52 SMMEs participating in the incubation programme. The incubated businesses span industries such as Manufacturing, Services, and Agriculture, with Manufacturing once again leading in both job creation and turnover contribution.

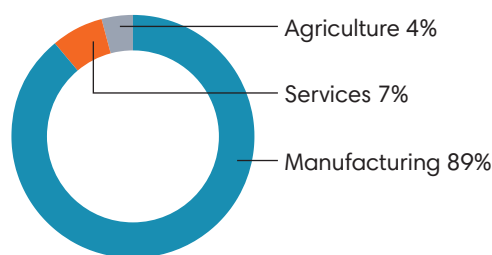


Chart 27: Jobs by Sector

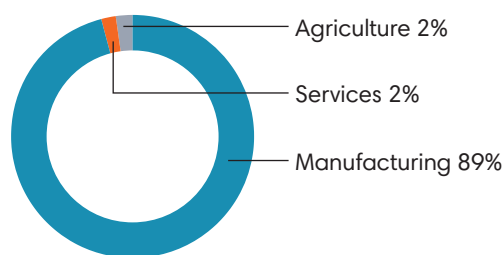


Chart 28: Turnover by Sector

The contribution to jobs by sector stood at, Manufacturing: 185, Services: 14, Agriculture: 8. Similarly, turnover contribution was led by: Manufacturing: P35 301 793,35, Services: P608 994,10, Agriculture: P638 945,80

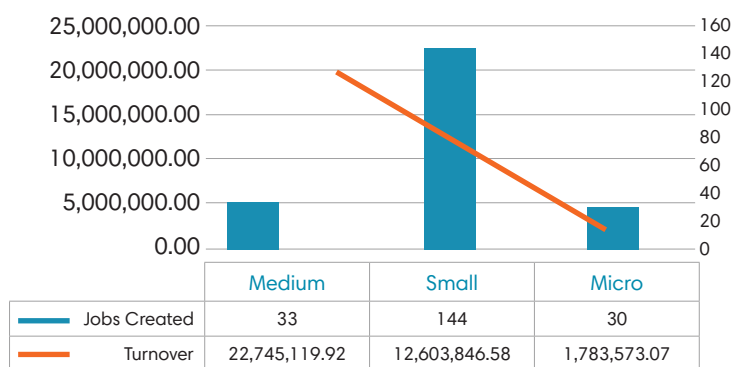


Chart 29: Turnover & Jobs Created by Category

In terms of client segmentation, the impact of each category was as follows: medium enterprises contributed 33 of jobs and P22 745 119,92 of turnover, while small enterprises contributed 144 of the jobs and P12 603 846,58 of turnover, and micros created 30 of jobs and P1 783 573,07 of turnover.

A significant number of new clients, both physical and virtual, were onboarded during the year, with an average 100% of all incubator space occupied. Technology sourcing, identification, and adaptation remained a key part of LEA's support to incubatees, enabling some to expand production capacity and diversify product lines. Together with attainment of regulatory approvals, these interventions have led to notable increases in productivity and competitiveness, especially among clients in the Growers and Block Buster categories. The year also saw the graduation of some clients from the incubation programme. These clients recorded impressive performance, including an increase in revenue during their incubation period. As part of LEA's sustainability pathway, these graduates are being transferred to the Channel Network for continued support, including access to markets and funding opportunities. Further other incubators are being built and some refurbished to broaden geographic access to incubation support and strengthening of enterprise development at the district level. These incubators include Dikabeya horticultural incubator in Palapye, Kanye Light Industrial Incubator in Kanye, and Ghanzi small stock incubator at Okwa Valley in Ghanzi district.



# INCUBATION PROGRAMME

## Glen Valley Horticulture Incubator

The Glen Valley Horticulture Incubator was established with the objective of empowering horticulture entrepreneurs with skills to manage sustainable horticulture projects as commercial entities with intent that they contribute to the national economy through increased output of high-quality year-round supply of horticulture commodities. In addition to achieving food security, the program is intended to facilitate employment creation.

The intervention entails the execution of a standard training program (curriculum) on horticulture for all trainees over a period of nine (9) months, with emphasis on hands-on practical exposure on crop husbandry. The program has a 'Commercialization' component where deserving graduates are allocated serviced production units and given an opportunity to operate their enterprises. The facility, therefore, has several production systems used both for production as well as for training purpose. These technologies include a 1.1 ha greenhouse structure, 1.5 ha net houses, 12 tunnels as well as an open field land measuring at least 1 ha. A variety of vegetables were grown during the year, ranging from tomatoes, sweet pepper, cherry tomatoes, cucumber, and lettuce.

## Gaborone Leather Industries Incubator

Gaborone Leather Industries Incubator is a specialized incubator responsible for nurturing businesses mainly in leather products manufacturing. The incubator has introduced incubation of other manufacturing businesses and provided them with practical, theoretical technical business skills through interventions.

## Francistown Industrial Business Incubator

The Incubator is a light manufacturing industry and services businesses through provision of business and technical interventions. It is worth noting that the FIBI still assists clients who have graduated from the Incubator, via Virtual Incubation and technical support.

## Pilane Multi-Purpose Incubator

Pilane Incubator operates as a Multipurpose incubation program focusing on food processing and light industrial manufacturing. The incubator provides technical and business interventions for the growth of clients in the food and light industrial manufacturing sector.

## Kutla Incubator Centre

Since its inception in 2017, Kutla Incubator has been providing practical, technical, and business management training in different sub sectors of the manufacturing sector, solely to capacitate trainees in production skills of running successful enterprises post incubation.

Due to incubator transformation, Kutla has since moved away from providing onsite technology and practical training and is now incubating different manufacturing enterprises ranging from bread and confectionary, water bottling, metal fabrication, food processing, cosmetics as well as medical consumables. Going forward, the transformation will see the incubator now offering services in digitisation of enterprises, helping businesses unlock technology solutions to everyday challenges.



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## LEA PROJECTS

Within the review period, the Authority planned and implemented thirteen (13) special projects at a total budget of BWP34 million. These projects are envisioned to create 674 jobs with total turnover of P15 million.

### Bokaa Textile Incubator

Project name	Bokaa Textile	% Completion	10
Budget	P 2 500 000,00		
Contractor(s)	<ul style="list-style-type: none"><li>• Agang Consultancy</li><li>• Space Notion</li><li>• Fairland Construction</li></ul>		
Consultant/Supervisor	Boipuso De Witt		
Project Description	Textile Incubator		
The project encompasses refurbishment of existing structure and construction of additional buildings i.e. Ablution Block, Kitchen, Guard House and Boundary Wall.			
Key Deliverables			
<ul style="list-style-type: none"><li>• Construction of ablution facilities and a kitchen/social space block.</li><li>• Construction of a security boundary fence with guard house.</li><li>• External works, electrical, plumbing, and auxiliary works.</li></ul>			
Progress Update			
Engagements with consultants are ongoing to ensure that all technical and compliance-related frameworks are comprehensively addressed before transitioning into the implementation phase. This foundational work is critical to support informed decision-making and to ensure that all activities remain aligned with the project's strategic objectives.			

### Kanye Industrial Incubator

Project name	Kanye Incubator	% Completion	95
Budget	2 450 945.00		
Contractor(s)	• Ben Crane		
Consultant/Supervisor	N/A		
Project Description			
The Kanye Industrial Incubator project involves the transformation of a former LEA facility into a fully functional industrial incubation hub to support youth-owned manufacturing SMMEs in the Ngwaketse region. The project scope included converting an existing building into factory shells and constructing new infrastructure such as an ablution block, guard house, social space, and comprehensive external works. The development expands on the initial 2022 phase and now offers six operational units. With a total cost of BWP 2,593,385.82, the incubator aims to provide affordable workspace and targeted business support services to foster sustainable enterprise development and stimulate local economic growth.			
Key Deliverables			
<ul style="list-style-type: none"><li>• construction of critical new infrastructure</li><li>• ablution block</li><li>• guard house</li><li>• social space</li><li>• external site works</li></ul>			
Progress update			
Construction activities for the Kanye Industrial Incubator have been completed, and the contractor is currently finalizing the remaining aspects of the project. The development successfully delivered three new factory shell units and essential supporting infrastructure, including an ablution block and external works. These additions complement the initial three units completed in 2022, bringing the facility to its full capacity of six manufacturing units.			
The project exceeded its initial budget of BWP 2,593,385.82, primarily due to early cost pressures from consultancy fees and unforeseen variations. Additional funding and re-scoping are required to address outstanding works that were omitted from the original Bill of Quantities (BOQ) and to resolve emergent structural issues identified during the construction phase.			



## LEA PROJECTS

### Okwa Small Stock Farm

Project name	Okwa Small Stock Incubator	% Completion	65
Budget	7 000 000.00		
Contractor(s)	<ul style="list-style-type: none"><li>• Deam Ferm (Vegetation Clearing)</li><li>• H2Z (Paddock Fencing - 5)</li><li>• Gape projects (Paddock Fencing - 6)</li></ul>		
Consultant/Supervisor	N/A		
Project Description			
The Okwa Farm Project, initiated in 2020, involves the development of a 5,237-hectare site in Ghanzi District to support youth-led small stock farming enterprises. The project is being implemented in two phases. Phase I, completed in May 2021, established core infrastructure including perimeter fencing and water supply through borehole development. Phase II focuses on subdividing the farm into eleven incubation units, constructing a 17km access road, internal paddock fencing, housing units with solar and plumbing, and water reticulation infrastructure. Approximately 65% of the project has been completed against a total budget of BWP 7.4 million.			
Key Deliverables			
<ul style="list-style-type: none"><li>• Paddocking</li><li>• Grubbing of access road</li><li>• Borehole Drilling &amp; Surveying</li><li>• Borehole equipping</li></ul>			
Progress Update			
Phase I of the Okwa Farm Project was successfully completed in May 2021, delivering perimeter fencing and borehole water infrastructure. In Phase II, approximately 65% of the planned works have been completed to date. Bush clearing and grubbing for the 17km access road commenced but faced delays due to contractor underperformance. Paddock fencing contracts were awarded, and five (5) paddocks were successfully fenced while the other six (6) are pending completion by the contractor. Remaining works include housing unit fabrication (with solar and plumbing installations), reservoir construction, and water reticulation to paddocks.			

### Dikabeya Horticulture Incubator

Project name	Dikabeya Horticulture	% Completion	95
Budget	1 600 000.00		
Contractor(s)	BaselnBots (Green house) Greencom Group (Irrigation System)		
Consultant/Supervisor	N/A		
Project Description			
The Dikabeya Horticulture Incubator project aims to strengthen Botswana’s horticulture sector by developing a five-hectare site equipped with greenhouses, irrigation systems, and power supply infrastructure. The project supports graduates of the Glen Valley Horticulture Incubator by providing access to productive land, promoting agripreneurship, and facilitating training in modern farming technologies. It is a strategic initiative intended to boost local production of horticultural crops and reduce reliance on imports.			
Key Deliverables			
<ul style="list-style-type: none"><li>• Construction of Green House (s)</li><li>• Installation of cooling system</li><li>• Power supply system</li></ul>			
Progress update			

## LEA PROJECTS

The Dikabeya Horticulture Incubator project was designed to enhance national horticultural productivity by developing a five-hectare site with greenhouses, power supply, and irrigation infrastructure. The facility aimed to support graduates of the Glen Valley Horticulture Incubator by providing access to upgraded land, promoting entrepreneurship, and facilitating training in modern farming technologies.

While the refurbishment and infrastructure installations have been completed, significant structural failures—particularly affecting the power supply and irrigation systems—were identified prior to the testing and commissioning phase. These technical setbacks have delayed project delivery and necessitated a re-scoping exercise to rectify the defects.

As a result, the project is currently pending final commissioning and handover. This initiative responds to the increasing demand from youth entrepreneurs for productive land to support the local production of horticultural goods currently being imported.

### Tobane Horticulture Farm

Project name	Tobane Horticulture Farm	% Completion	90
Budget	P500 000.00		
Contractor(s)	· Tobane Community		
Consultant/Supervisor	N/A		
Project Description	<p>The Tobane Horticulture Farm project seeks to develop a horticultural enterprise support facility for entrepreneurs in the SPEDU region under the LEA incubation programme. Initial works included borehole drilling, vegetation clearing, and perimeter fencing to secure the site and prepare for future development. The project promotes local economic empowerment through a community-based implementation approach and serves as a foundation for full-scale horticultural operations pending feasibility studies and funding.</p>		
Key Deliverables	<ul style="list-style-type: none"> <li>· Farm Staking</li> <li>· Perimeter fencing</li> <li>· Vegetation clearing</li> </ul>		
Progress Update	<p>The Tobane Horticulture Farm project has reached practical completion for its initial phase, which focused on securing the site through vegetation clearing and perimeter fencing. The works were executed using a community participation model, contributing to local employment and skills development. The project was delivered at a total cost of P525,105.95, slightly above the allocated budget of P500,000.00, with the variance effectively managed within acceptable thresholds.</p> <p>Prior to this, a borehole was surveyed and drilled in 2023 to assess water availability for future horticultural development. The successful completion of these initial works lays the groundwork for upcoming feasibility studies and the development of a management plan, which will guide the full implementation and funding of the horticulture farm.</p>		

# LEA PROJECTS

## BORAVAST

Project name	Boravast	% Completion	90
<b>Budget</b>	P1 300 000.00		
<b>Contractor(s)</b>	· Primebadge		
<b>Consultant/Supervisor</b>	N/A		
<b>Project Description</b>	<p>The BORAVAST project, funded at BWP 1,300,000.00, supports the operationalization of a wood processing and value-addition facility through the procurement of essential capital assets. These include wood chipping machinery, chainsaws, fodder processors, a trailer-mounted log cutter, delivery trailers, and kiln. The initiative is implemented in partnership with the BORAVAST Trust to drive community-based enterprise development and promote sustainable use of forest resources.</p>		
<b>Key Deliverables</b>	<ul style="list-style-type: none"> <li>· Kiln Installation</li> <li>· Electrical Connection</li> <li>· Training of production staff</li> <li>· UAT Testing</li> <li>· Testing and commissioning</li> </ul>		
<b>Progress Update</b>	<p>The Letlhakane Nature Reserve project reached full completion and was officially commissioned and handed over to the LNR Trust on October 23, 2024. All infrastructure deliverables—ranging from site development and utility installations to branding and signage—have been finalized.</p> <p>To support operational sustainability, LEA conducted extensive governance and startup policy training from June 2023 to August 2024, equipping the Board and TAC with skills in compliance, risk management, and accountability. A furnished office complex was also donated and equipped in Letlhakeng to facilitate administration.</p> <p>Recruitment for key positions, including the General Manager, has been concluded, with onboarding underway for park operations staff. In the interim, former interns continue to volunteer, maintaining administrative continuity. LEA has also implemented market access interventions such as a dedicated website, product branding, and marketing materials to promote the reserve.</p> <p>The project is expected to generate 11 permanent jobs, with additional opportunities anticipated through outsourced services such as campsite and tour operations, thereby contributing to community empowerment and local tourism development.</p>		



## LEA PROJECTS

### Radihemelo Horticulture

Project name	Radihemelo Horticultural Farm	% Completion	100
Budget	P2 700 000.00		
Contractor(s)	<div><div></div><div>Mmotsville</div><div></div><div>Cotoneaster</div></div>		
Consultant/Supervisor	N/A		
Project Description	Pencon Engineering ( Structural)		
<p>This horticultural initiative is a joint effort between the Local Enterprise Authority (LEA) and the Ministry of Agriculture ( Serowe) aimed at advancing sustainable agriculture in the Radihemelo area. The project is designed to improve rural livelihoods, stimulate agribusiness opportunities, and support community-based enterprise development through the adoption of modern horticultural practices and infrastructure.</p>			
Key Deliverables			
<div><div></div><div>Construction of Eight (8) Netshades</div></div>			
Progress Update			
<p>The project has reached practical completion, with all major works and deliverables finalized in line with the approved scope and timelines. The site is now ready and prepared for transition.</p> <p>Currently, preparations are underway for the formal handover to the rightful stakeholder, who will assume responsibility for business operations and ongoing use of the facility. This handover process includes final inspections, documentation consolidation, and stakeholder briefings to ensure a smooth and informed transition.</p>			

### Ledumang Car Wash

Project name	Ledumang Car wash	% Completion	5
Budget	P5 600 000.00		
Contractor(s)	· Dipaka Quantity surveyors		
Consultant/Supervisor	N/A		
Project Description	Pencon Engineering ( Structural)		
<p>The Ledumang Car Wash project is an infrastructure and business development initiative spearheaded by the Local Enterprise Authority (LEA) in Gaborone. The project targets the formalization and upliftment of informal car wash operations in Ledumang by improving infrastructure, enhancing service delivery, and expanding the customer base. It is also designed to strengthen partnerships between LEA, Gaborone City Council, traders, and community leadership through revitalized stakeholder engagement structures.</p> <p>With an approved budget of BWP 2,500,000.00, the total estimated project cost stands at approximately BWP 5,600,000.00. The initiative supports broader efforts to transition informal enterprises into sustainable, formalized businesses contributing meaningfully to the local economy.</p>			
Key Deliverables			
<ul style="list-style-type: none"><li>· Car wash bays</li><li>· Tire services</li><li>· Food stalls/waiting areas</li></ul>			

## LEA PROJECTS

### Progress Update

To date, approximately 7% of the budget has been utilized, primarily for technical consultancy services, which have been completed. These services include:

- Architectural Design
- Topographical Survey
- Structural Engineering
- Quantity Surveying

Current progress is affected by market inflation, which has led to increased material and construction costs. As a result, LEA and the appointed Project Supervisor are actively engaging with the contractor to explore cost-effective solutions and establish a viable budget for implementation.

Project implementation will proceed once revised financial planning is concluded and aligned with available funding.

### Madikwe -Oliphants' Drift Horticulture Cluster

Project name	Madikwe	% Completion	15
Budget	P3 000 000.00		
Contractor(s)	· KC Architects		
Consultant/Supervisor	N/A		
Project Description			
<p>The Madikwe–Oliphants’ Drift Horticulture Cluster is a strategic initiative led by the Local Enterprise Authority (LEA) to establish a district-level horticultural hub along the Madikwe River. The project seeks to organize horticultural farmers from surrounding villages—Mabalane, Sikwane, Mmathubudukwane, Ramonaka, Malolwane, Oliphant Drift, and Ramotlabaki—into a structured, clustered supplier market.</p> <p>The overarching goal is to enhance local and national food security through efficient collective production, improved operational efficiency, and expanded irrigation capacity. The initiative also aims to increase agricultural GDP, promote employment, alleviate poverty, and build a reliable and sustainable horticultural market within the Madikwe catchment area.</p>			
Key Deliverables			
<ul style="list-style-type: none"><li>· structural survey analysis</li><li>· land surveying</li><li>· geotechnical surveying</li><li>· Environmental Impact Assessment (EIA)</li><li>· architectural design</li></ul>			
<p>The project has progressed steadily, with 4% of the total allocated budget of BWP 3,000,000.00 expended to date. Key consultancy services have been completed, including:</p> <ul style="list-style-type: none"><li>· Structural Survey Analysis</li><li>· Land Surveying</li><li>· Geotechnical Survey</li><li>· Environmental Impact Assessment (EIA)</li><li>· Architectural Design</li></ul> <p>Building plans have been submitted and are currently awaiting Council approval. In addition, LEA successfully secured a plot extension from the Land Board to accommodate the planned infrastructure.</p> <p>Project implementation will advance upon approval of the building plans and alignment of further construction activities with budget availability.</p>			

## LEA PROJECTS

### Letsholathebe Horticulture Production

Project name	Letsholathebe Horticultural	% Completion	95
<b>Budget</b>	P2 620 000.00		
<b>Contractor(s)</b>	<ul style="list-style-type: none"> <li>· Ruwach</li> <li>· Skhano</li> <li>· Glancemore</li> <li>· Jothe</li> </ul>		
<b>Consultant/Supervisor</b>	N/A		
<b>Project Description</b>	<p>This horticultural initiative is a joint effort between the Local Enterprise Authority (LEA) and the Ministry of Agriculture (Serowe) aimed at advancing sustainable agriculture in the Radihemelo area. The project is designed to improve rural livelihoods, stimulate agribusiness opportunities, and support community-based enterprise development through the adoption of modern horticultural practices and infrastructure.</p>		
<b>Key Deliverables</b>	<ul style="list-style-type: none"> <li>· Electricity reticulation</li> <li>· Erection of Net houses</li> <li>· Erection of Tunnels</li> <li>· Reservoir installation</li> </ul>		
<b>Progress Update</b>	<p>The project is progressing well, although it is behind schedule, with major milestones already achieved. Electrical and reservoir installations have been successfully completed in line with project specifications.</p> <p>Construction of the tunnels is currently in the final stages, with the contractor installing trellising hooks. Delays in this component were primarily due to the sourcing of materials from China.</p> <p>Preparations are now underway for the final implementation phase. Coordination and resource planning are ongoing to ensure efficient execution and quality outcomes. The project continues to advance steadily toward full completion.</p>		

### Zutshwa

Project name	Zutshwa Salt Mine	% Completion	100
<b>Budget</b>	P2 000 000.00		
<b>Contractor(s)</b>	<ul style="list-style-type: none"> <li>· Khoisan</li> <li>· Lady Que Events</li> <li>· Geomin</li> </ul>		
<b>Consultant/Supervisor</b>	N/A		
<b>Project Description</b>	<p>The Zutshwa Salt Mine Expansion project is a strategic initiative led by the Local Enterprise Authority (LEA) in collaboration with key stakeholders, aimed at strengthening community-driven salt production in Zutshwa village, Kgalagadi District. Operated by the Zutshwa community through the Qhaa Qhing Conservation Trust, the project seeks to enhance local economic participation by expanding the mine's operational capacity.</p> <p>Following an Enterprise Diagnostic Review conducted by LEA in January 2022, the project was designed to address key infrastructure gaps. LEA's specific scope includes drilling and equipping boreholes and installing a water reticulation system, under a budget allocation of BWP 2,000,000.00. To date, water surveying has been completed, and borehole works, and reticulation have been successfully executed by 100% locally owned companies. Efficient cost management has resulted in a confirmed budget surplus of nearly BWP 300,000.00.</p>		



## LEA PROJECTS

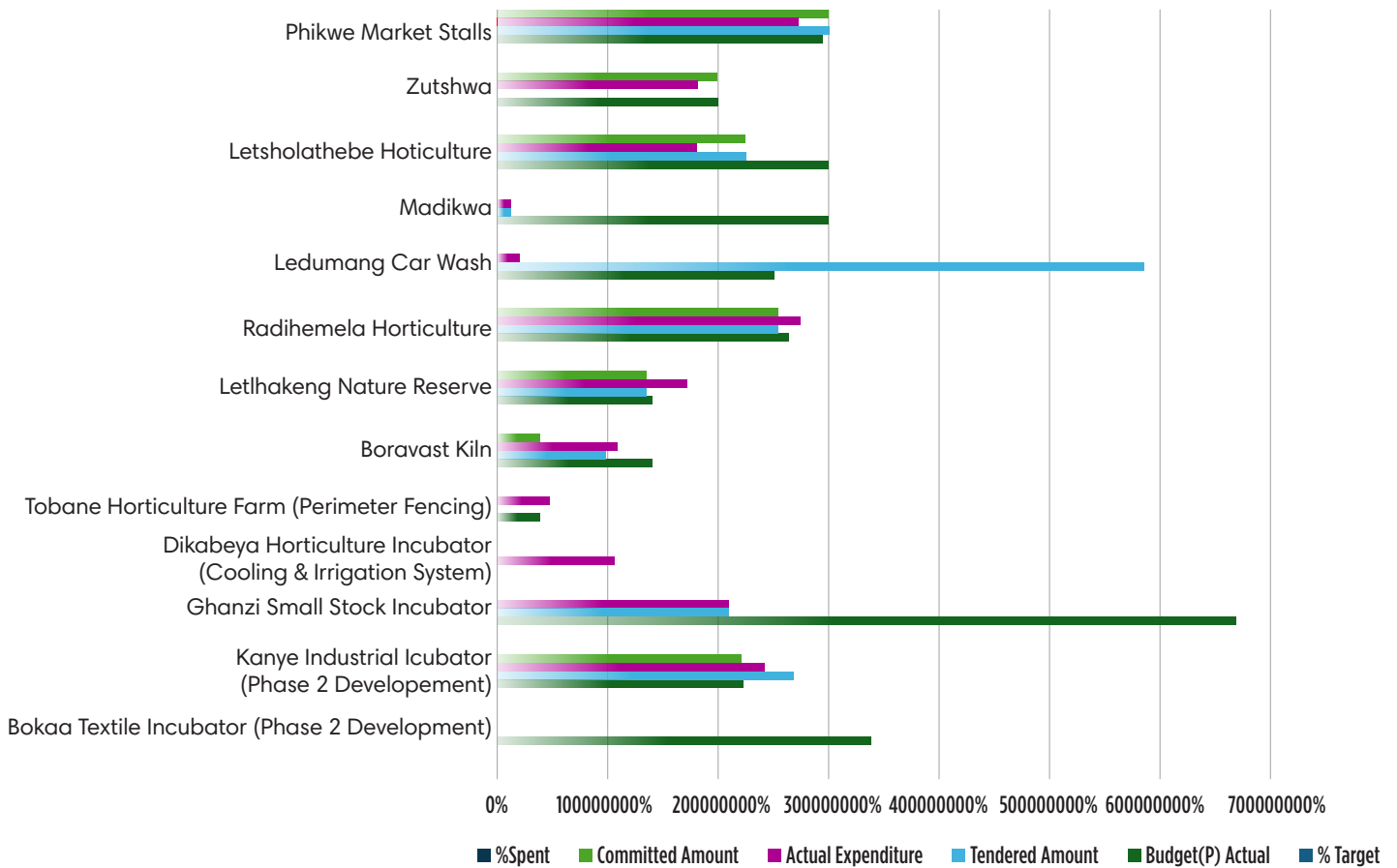
<b>Key Deliverables</b>	
<ul style="list-style-type: none"> <li>· Borehole surveying</li> <li>· Borehole Equipping</li> <li>· Water Reticulation</li> </ul>	
<b>Progress Update</b>	
<p>All key components of the Zutshwa Salt Mine Expansion project have been successfully completed, including the borehole survey, borehole equipping, and installation of the water reticulation system. Each task was executed in line with the approved project requirements and quality standards.</p> <p>With implementation now fully complete, the project has entered its final stage—awaiting formal handover to the relevant stakeholders for operational use. Preparations for handover are currently underway to ensure a seamless transition and continued service delivery.</p> <p>The project has successfully met its objectives and is ready for official commissioning.</p>	

### Phikwe Market Stalls

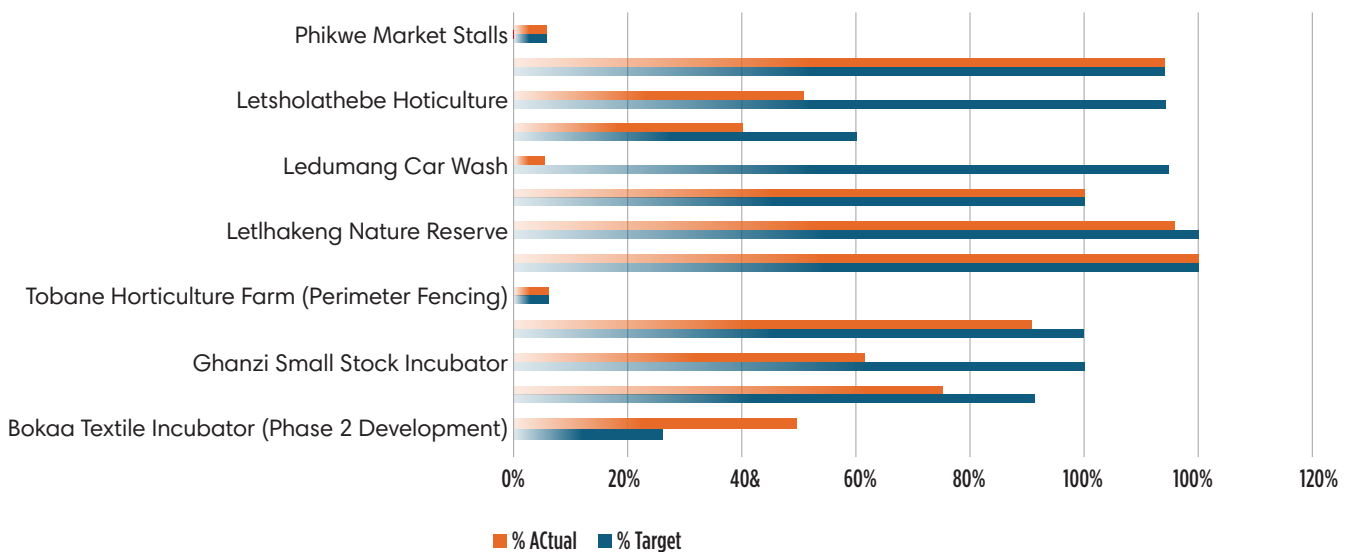
Project name	Phikwe Flea Market stalls	% Completion	90
<b>Budget</b>	P2 700 000,00		
<b>Contractor(s)</b>	· Downex		
<b>Consultant/Supervisor</b>	Mosetlhe & Associates		
<b>Project Description</b>	<p>The Phikwe Market Stalls project is an LEA-led initiative aimed at supporting the informal sector in Selebi-Phikwe through the provision of purpose-built infrastructure and business development support. Awarded under a design-and-build contract with an allocated budget of approximately BWP 2,670,211.13, the project is designed to enhance the operational environment for local traders, facilitate business growth, and support the transition from informal to formal enterprises.</p> <p>The initiative also seeks to strengthen collaboration between LEA and the Selebi-Phikwe City Council, while revitalizing stakeholder engagement structures involving LEA, traders, and community leadership.</p>		
<b>Key Deliverables</b>	<ul style="list-style-type: none"> <li>· 44 flea market units</li> <li>· Public Ablution Block</li> </ul>		
<b>Progress Update</b>	<p>The project is currently 90% complete, with remaining works including the installation of prefabricated stalls, snagging, and final utility connections. A project supervisor has been appointed by LEA to monitor progress and ensure quality assurance. Final completion and handover are expected once these outstanding components are delivered.</p>		

# LEA PROJECTS

## % Project Progress & Spend



## % Project Target & Actual Progress



0%

# LEA CLIENTS AT BUSINESS BOTSWANA NOTHERN TRADE FAIR





## LEA CLIENTS AT CONSUMER FAIR





## LEA AT GLOBAL EXPO





# Maungo Craft



Maungo Craft is an Award-Winning food processing company that makes Artisanal, Award-winning Preserves (Jams), Hot Sauce and Syrups that are Natural and Handcrafted. We upcycle indigenous foods such as Marula, Baobab and Lemons. We love to pair them with contemporary flavors giving you the most unique flavor profiles.

## Product Range:

- Flavour: Roasted Chilli, Garlic and Marula Hot Sauce
- Syrups (Flavours are: Marula and Rose | Lemon Mohlô & Vanilla)
- Jams (Flavours are: Smoked Marula, Chilli & Ginger Jam | Marula, Lemon & Vanilla Jam | Beetroot, Onion & Baobab Jam)



+267 3186810 / 76624922



maungocraft@gmail.com



@maungocraftjam



www.maungocraft.com



# Sunflower Desserts



Sunflower  
DESSERTS

Sunflower Desserts is a confectionery business, founded by Mrs Nametso Serwalo. The business aims to feature as a benchmark in the service of high quality tasty cakes. We also provide set menus to order from and also create customised treats in alignment with client needs.

After years in the industry, here at Sunflower Desserts, we have not only mastered the art of crafting gorgeous cakes, we also love sharing our mastery for all to access. We also offer simple to complete and easy to follow courses.

## Product Range:

- Cakes
- Cupcakes
- Cake pops
- Cookies
- Meringues



+267 3110227 / 71410195



Sunflower Desserts



[www.sunflowerdesserts.com](http://www.sunflowerdesserts.com)

# Foodforage (PTY) LTD



Foodforage (PTY) LTD was registered in Botswana in 2017, by three young ladies of which two are food scientists and one Economist. The company is 100% citizen owned.

## Product Range:

- Smooth Peanut Butter
- Crunchy Peanut Butter
- Smooth Peanut Butter (no sugar)
- Crunchy Peanut Butter (no sugar)
- Smooth Peanut Butter (no sugar, no salt)
- Crunchy Peanut Butter (no sugar, no salt)



+267 75541205



info@foodforage.co.bw | refit1@gmail.com



FoodForage PTY LTD

# Temo Boswa Milling



Temo Boswa Milling is a business owned by a young Motswana Lady Moha Thato Orapeleng-Gaobolae, which was funded by the Ministry of Youth in 2018.

#### Product Range:

- Wheat and sorghum meal soft porridge for Kids:
  - Mosuthwane
  - Motlalepula
  - Bopi jwa Koorong
  - Bopi jwa makibele

#### Package different varieties of beans

Temo Boswa supplies to all Choppies Stores, Square Mart, Trans Africa, Dairy Shoppe and sells to individuals. Temo Boswa is in the process of supplying to Pick n Pay, PayLess, Eureka and Fours. We aim at supplying our best quality products through all seasons and the right time to consumers in Botswana. We are one of the trusted suppliers with the best consumer services and love to put a smile on both adults and babies.

#TemoBoswa #HarvestSeason



+267 72331262 / 74671461



temoboswa@gmail.com



Temo Boswa Milling Company



# Stub Investments



Stub Investments is a 100% Botswana owned business that specializes in the manufacturing of biltong products. The business is under ownership of Mr Stephen Keoneng, Ms Lydia Lebonane and Mr Tsewelang Lebonane. The business was registered with LEA in 2021. The business started its operation in 2020 in Ramotswa. Upon joining LEA the business had challenges of operating without license due to limited operational capital.

Through the assistance of LEA Stub Investments was able to adopt IT technologies such as LEA tool to start implementing record keeping systems in place. LEA also availed its facilities to Stub Investments to be able to secure operating space and apply for a manufacturing license. The company has secured ample market with LIQWA RAMA country-wide. The company is looking forward to acquire market with Air Botswana and others.



+267 71644545 / 71669427



stubinvestments@gmail.com

# Mo's Open Table



**MO's**  
*Open-Table*

Inspired by the founder's expertise and experience, Mo's brand approach is formulated to create a casual dining environment serving fresh meals made to order at fast casual pricing. A place to work live and Play. A place to see to be seen. A place to, afford to.

Friendly, genuine, bona-fide. At Mo's, we are customer centric, we cook, prepare and service clients with a vision to give a customer an ultimate guest experience.



+267 72707812 / 72707812



Unit 5A, Fairscope Precinct, Fairgrounds, Gaborone



## 04

# FINANCIAL STATEMENTS

for the year ended 31 March 2024

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# BOARD MEMBERS' REPORT

for the year ended 31 March 2024

The Board members are pleased to present their report together with the financial statements of Local Enterprise Authority ("the Authority") for the year ended 31 March 2024.

## 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, 2003 Act No.7 of 2004.

## 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 6 to 41. The Authority generated a net surplus/(deficit) of P779 651 for the year ended 31 March 2024 (2023: P20 024 792).

## Board members

Name	Role - March 2024	Role - Nov 2024	Appointment	Retirement date	Reappointment
Mr.Keoagile Caster Mothibedi	Member	Member	15 <sup>th</sup> February 2023	29 <sup>th</sup> February 2024	1 <sup>st</sup> September 2024
Mr.Lebogang Tips Matala	Member	Chairperson	15 <sup>th</sup> February 2023	29 <sup>th</sup> February 2024	1 <sup>st</sup> September 2024
Ms.Michelle Gabriel	Member	Retired	15 <sup>th</sup> February 2023	29 <sup>th</sup> February 2024	
Ms.Bonolo Champagne	Member	Retired	1 <sup>st</sup> August 2020	31 <sup>st</sup> July 2023	
Ms.Boitumelo Gofhamodimo	Member	Retired	1 <sup>st</sup> August 2020	31 <sup>st</sup> July 2023	
Ms.Kathleen Molaodi	Member	Retired	1 <sup>st</sup> August 2020	31 <sup>st</sup> July 2023	
Ms. Moepedi Nkoane	Member	Retired	1 <sup>st</sup> August 2020	31 <sup>st</sup> July 2023	
Ms.Lorato Boakgomo - Nthakwana	Chairperson	Retired	1 <sup>st</sup> December 2020	31 <sup>st</sup> May 2024	
Mr.Chilipi Mogasha	Member	Member	1 <sup>st</sup> December 2023	Active	
Mr.Tefo M.Setlhare	Member	Vice Chairperson	1 <sup>st</sup> December 2023	Active	
Mr.Donald Fologang	Member	Member	1 <sup>st</sup> December 2023	Active	
Ms. Joyce K. Maphorisa		Member	1 <sup>st</sup> September 2024	Active	
Mr Oreneile Padipadi		Member	1 <sup>st</sup> September 2024	Active	
Mr. Goboletswe Sepapane		Member	1 <sup>st</sup> September 2024	Active	

### Registered office

Fairscape Precinct, Lot 70667 Building 1  
Ground floor Unit 2A  
Private Bag 191  
Gaborone, Botswana

### Secretary

Grant Thornton  
Acumen Park Plot, 50370 Fairgrounds  
Gaborone

### Auditors

Baker Tilly Certified Auditors  
Plot 64515, Kgwebo Fairgrounds  
Fairgrounds, Gaborone

### Bankers

Standard Chartered Bank Botswana Limited  
First National Bank of Botswana Limited  
First Capital Bank Limited  
Bank Gaborone Botswana Limited  
Access Bank Botswana Plc  
ABSA Bank of Botswana Limited

## BOARD MEMBERS' RESPONSIBILITY STATEMENT

*for the year ended 31 March 2024*

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 as at 31 March 2024, and the statements of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, summary of significant accounting policies and notes to the financial statements 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 28 November 2024 and are signed on their behalf by:



Chairperson



Chief Executive Officer

**Certified Auditors**

Kgwebo@ Fairgrounds  
 Plot 64515 Fairgrounds, Gaborone  
 T: +267 3916650, +267 3916659  
 info@bakertilly.co.bw  
 www.bakertilly.co.bw

## Independent Auditor's Report

### To the member of Local Enterprise Authority Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Local Enterprise Authority ("the Authority"), set out on pages 6 - 39, which comprise the statement of financial position as at 31 March 2024 and the statement of surplus or deficit, statement of changes in funds and statement of cash flows for the year ended 31 March 2024, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Local Enterprise Authority as of 31 March 2024 and of its financial performance and its cash flows for the year in accordance with International Financial Reporting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of Financial Statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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. Below, we describe the key audit matter identified and how our audit addressed the matter in our audit. During our procedures we identified variances that has been correctly adjusted in the financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<ul style="list-style-type: none"> <li>As at 31 March 2024, the carrying amount of property, plant and equipment (PPE) was P116.9 million (2023: P115.2 million).</li> <li>We considered the valuation and existence of property, plant, and equipment to be a key audit matter in respect of the financial statements due to the following:               <ul style="list-style-type: none"> <li>as at 31 March 2024, the PPE comprised 57% of the assets of the Authority;</li> <li>the Authority heavily relies on the use of its PPE in discharging its mandate</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>To address the risk identified we performed amongst others, the following procedures:</li> <li>Reviewed the prior year report to management and made specific follow ups on the items raised to confirm if these had been resolved.</li> <li>We reviewed the asset register as part of our testing to evaluate the accuracy of the asset register</li> </ul>

ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Jean Jones CA(Z), FCPA Phibion P. Gwatidzo FCPA, FZICA, CA(Z)

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities





- the majority of the assets of the Authority are received as grants and this poses an additional risk on the appropriate accounting on initial recognition
- a number of control deficiencies were identified in the prior year audit relating to PPE; and
- the prior year financial statements were restated as a result of an error which was identified on the PPE.

#### Deferred income and capital grants

- The entity receives government grants to fund various activities, including operational costs and capital expenditures.
- We considered the valuation and completeness of Deferred income and capital grants to be a key audit matter in respect of the financial statements due to the following:
  - Accounting for government grants requires significant judgment, particularly in determining the correct classification and recognition of the grants.
  - Grants related to assets (capital grants) are generally recognized as liabilities and amortized over the useful life of the related asset, whereas grants related to income are recognized as revenue over the periods in which the related costs are incurred.
- The classification and timing of recognition of government grants can significantly impact the entity's financial position and performance.
- This area was considered a key audit matter due to the complexity of the accounting treatment and the judgment involved in accurately recognizing government grants.

- We recomputed the depreciation of for the current year;
- We physically verified a sample of the assets to confirm their existence and condition;
- We reviewed the financial statements to confirm the adequacy and appropriateness of the disclosures relating to PPE
- As a result of our procedures, we identified some variances which were subsequently adjusted in the financial statements
- We obtained and reviewed all grant agreements to understand the terms, conditions, and obligations attached to the grants. Identify whether the grants are intended for capital expenditure or operational purposes.
- Assessed whether the classification of grants as either capital or revenue grants is consistent with IAS 20 and the terms of the grant agreements.
- For capital grants, we verified that grant amounts are recorded as deferred income and amortized over the useful life of the related assets.
- For revenue grants, we verified that grant income is recognized in line with the related expenses incurred during the period.
- Checked the amortization calculation of deferred capital grants to ensure it aligns with the useful life of the respective assets and is accurately recognized in income over time.
- Confirmed that the entity's accounting treatment for government grants complies with the recognition, measurement, and disclosure requirements of IAS 20.
- Reviewed disclosures in the financial statements to ensure they adequately explain the nature, conditions, amounts, and treatment of government grants in compliance with IAS 20 requirements.

Based on our audit procedures, we have accepted and concurred with management's proposed treatment and accounting of the prior period error. The details of this treatment are provided in Note 17 to the financial statements.

## Other information

The board members are responsible for the other information. The other information comprises the Board Members' Responsibilities and Approvals and the detailed income statement, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon

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

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



## Responsibilities of the Board Members for the Financial Statements

The board members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal controls as the board members determines, 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, management is 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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. The board members are responsible for overseeing the Authority's financial reporting process.

## Auditors' Responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's 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.
- Report 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 the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the society to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Baker Tilly  
Firm of Certified Auditors  
Practicing Member: Samuel Njanji (CAP 0054 2024)

29 November 2024  
Gaborone

# STATEMENT OF SURPLUS OR DEFICIT INCOME

for the year ended 31 March 2024

In Pula

	Notes	2024	2023
Government subvention	8.2	131,621,706	120,466,990
Government grants amortisation	10	20,094,159	8,061,801
Other operating income	19	4,236,414	3,657,951
Total income		155,952,279	132,186,742
Operating expenses	19	(153,953,655)	(150,814,045)
Operating surplus / (deficit)		(1,998,624)	(18,627,303)
Finance income	2	139,913	87,783
Finance expense	2	(1,358,886)	(1,485,273)
Net surplus / (deficit) for the year		779,651	(20,024,792)



# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

In Pula

In Pula	Notes	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	116,415,441	115,208,367
Intangible assets	5	541,591	770,217
Right of use assets	6	15,495,560	17,955,245
		132,452,592	133,933,828
<b>Current assets</b>			
Trade and other receivables	7	5,647,199	6,471,232
Cash and cash equivalents	9	66,910,900	68,002,657
		72,558,099	74,473,889
<b>Total assets</b>		205,010,691	208,407,717
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated surplus		(11,124,530)	32,525,910
<b>Non-current liabilities</b>			
Deferred capital grants	10	109,055,292	77,360,772
Long-term portion of lease liability	11	15,590,155	20,153,696
		124,645,446	97,514,468
<b>Current liabilities</b>			
Short-term portion of deferred capital grants		7,925,744	3,372,521
Short-term portion of lease liability	11	4,026,867	1,790,427
Trade and other payables	12	31,772,591	28,358,287
Deferred revenue grants	10	47,764,571	44,846,104
		91,489,773	78,367,339
<b>Total liabilities</b>		216,135,220	175,881,807
<b>Total equity and liabilities</b>		205,010,691	208,407,717

# STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2024

In Pula

	Notes	Accumulated surplus/ (deficit)
<b>Balance at 1 April 2021 - as previously stated</b>		28,704,108
Correction of prior period error adjustments*	18	4,916,002
<b>Balance at 1 April 2021 - Restated</b>		33,620,110
Net surplus/ (deficit) for the year*	SOCI	18,930,592
<b>Balance at 31 March 2022- Restated</b>	18	52,550,702
Net surplus/ (deficit) for the year		(20,024,792)
<b>Balance at 31 March 2023</b>		32,525,910
<b>Adjustment - 1 April 2023</b>		(44,430,090)
Net surplus/ (deficit) for the year		779,651
<b>Balance at 31 March 2024</b>		(11,124,530)

# STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

In Pula

	Notes	2024	2023
<b>OPERATING ACTIVITIES</b>			
Net surplus / (Deficit)	1	779,651	(20,024,792)
Adjustment for:			
Depreciation of property, plant and equipment	4	6,919,473	7,594,115
Amortization of intangible assets	4	291,224	660,225
Depreciation of right of use assets	6	4,056,325	4,105,717
Amortization of grants	10	(20,094,159)	(8,061,801)
Adjustment			1,535
Finance income	2	(139,913)	(87,783)
Finance expense	2	1,358,886	1,485,273
Loss/(profit) on disposal of property, plant and equipment		-	129,572
<b>Operating surplus before changes in working capital</b>		(6,828,512)	(14,197,940)
Movement in trade and other receivables		824,032	(1,603,242)
Movement in trade and other payables		3,414,304	10,485,716
<b>Net cash generated from operations</b>		(2,590,176)	(5,315,466)
<b>INVESTING ACTIVITIES</b>			
Finance income received	2	139,913	87,783
Proceeds from disposal of property, plant and equipment			
Acquisition of property, plant and equipment		(7,597,626)	(11,065,389)
Acquisition of intangible assets	4	(62,600)	(63,327)
<b>Net cash used in investing activities</b>		(7,520,314)	(11,040,932)
<b>FINANCING ACTIVITIES</b>			
<b>Grants received</b>		7,218,628	20,000,000
<b>Additions from revenue subvention</b>		7,660,226	-
<b>Payment of lease liability</b>		(4,501,237)	(3,710,938)
Repayment of principal			
Interest paid	11	(1,358,886)	(1,485,273)
<b>Net cash generated from financing activities</b>		9,018,731	14,803,789
<b>Movement in cash and cash equivalents</b>		(1,091,758)	(1,552,609)
Cash and cash equivalents at beginning of year	9	68,002,658	69,555,267
<b>Cash and cash equivalents at end of year</b>		<u>66,910,900</u>	<u>68,002,658</u>



# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2024

## Statement of compliance

Local Enterprise Authority ("The 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, 2003 Act No.7 of 2004.

These financial statements represent the Authority's statutory financial statements. The financial statements have been prepared in all material aspects, in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board members on 28 November 2024.

## 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 surplus or deficit, 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 values, 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 *(continued)*

for the year ended 31 March 2024

### Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

### Going concern

Management has made an assessment of the Authority's ability to continue as a going concern and is satisfied that the Authority has the resources to continue in business for the foreseeable future. The Authority is dependent on the Government of Botswana ("Government") for financial and operational support.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Refer to note 14 for detailed disclosure on going concern.

### 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	Lease period
• Plant and equipment	4 - 15 years
• Furniture and fittings	10 years
• Office equipment	5 - 10 years
• Motor vehicles	4 - 18 years
• Computer equipment	4 - 10 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. Refer to note 4 for details.

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

### Property, plant and equipment (continued)

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

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Authority measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Authority recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.



## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

### Financial instruments *(continued)*

#### *Financial assets – Classification and subsequent measurement*

The Authority has applied IFRS 9 and classifies its financial assets at amortised cost. The classification requirements for debt measured at amortised cost are described below:

#### *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Authority's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Authority classifies its debt instruments at amortised cost as follows:

**Business model:** the business model reflects how the Authority manages the assets in order to generate cash flows. That is, whether the Authority's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Authority in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Authority as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Authority assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Authority considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Authority reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

### Financial instruments *(continued)*

#### 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.

#### Impairment of financial assets

##### Non-derivative financial assets

The Authority recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime expected credit losses. The Authority has elected to measure loss allowances for trade receivables which have a significant financing component at an amount equal to lifetime expected credit losses. Loss allowances for other financial assets measured at amortised cost are measured at an amount equal to 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

At each reporting date, the Authority assesses whether financial assets measured at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer,
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Authority on terms that the Authority would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganisation, or the disappearance of an active market for a security because of financial difficulties.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Authority is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Authority in accordance with the contract and the cash flows that the Authority expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

# SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## Financial instruments *(continued)*

### *Impairment of financial assets (continued)*

#### *Derecognition of financial assets*

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss.

#### *Measurement methods – Amortised cost and effective interest rate*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Authority revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

#### *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.

## Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and recognised on an accrual basis.

## Non-financial assets impairment

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.

# SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## Financial instruments *(continued)*

## Non-financial assets impairment *(continued)*

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

The 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 10% on anniversary.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

### *Initial recognition and measurement*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Authority's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Authority if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.



## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

### Leases *(continued)*

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Authority is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

#### *Subsequent measurement*

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Authority revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

### Rental income

Rental income from the letting of incubators and training properties is recognised in surplus or deficit 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 surplus or deficit 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.

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 specific costs are deferred and recognised in surplus or deficit over the period necessary to match them with the costs they are intended to compensate.

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

### 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 Authority (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

Revenue is recognised upon transfer of control of promised goods and services to customers in an amount that reflects the consideration the Authority expects to receive in exchange for the services.

#### *Nature of services and timing of revenue recognition*

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 is recognised over time or at a specific point in time depending on the nature of the performance obligations embedded in the contract. Revenue from services is recognised in the accounting period in which the services are rendered, by reference to performance obligations assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue recognition follows a five-step model framework listed below:

**Step 1:** Identify the contract(s) with a customer

**Step 2:** Identify the performance obligations in the contract

**Step 3:** Determine the transaction price

**Step 4:** Allocate the transaction price to the performance obligations in the contract

**Step 5:** Recognise revenue when (or as) the Authority satisfies a performance obligation

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

*for the year ended 31 March 2024*

### Finance income

The Authority's finance income includes 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 appropriate, 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.

### Finance expense

The Authority's finance expense is the interest expense on the lease liability. The interest expense is recognised using the effective interest rate method and it reduces over the life of the lease as lease payments are made.

### 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, maintenance of various branches and incubators, research and development, accommodation and allowances, training and mentoring costs, operating lease rentals, electricity and water and project expenses (leather park and industry support facility projects).

# SIGNIFICANT ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2024

## (a) New standards and Interpretations

There were no new standards and interpretations during the year ended 31 March 2024 that were adopted by the Authority.

## (b) Standards and Interpretations not yet effective

The following new standards, amendments to standards and interpretations are not effective for the year ended 31 March 2024 and have not been applied in preparing these financial statements.

### Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendment has no material impact on the Authority.

### Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendment clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures when preparing the general purpose financial statements in accordance with IFRS Standards.

The need for materiality judgements is pervasive in the preparation of financial statements. IFRS Standards require entities to make materiality judgements in decisions about recognition, measurement, presentation and disclosure.

The amendment has no material impact on the Authority.

### Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.



## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

*for the year ended 31 March 2024*

### (b) Standards and Interpretations not yet effective *(continued)*

#### Transition

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted, and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application).

The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Effective for annual periods beginning on or after 1 January 2024.

The Authority will adopt the amendments on 1 April 2024.

The amendment is not expected to have a material impact on the Authority.

#### Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date was initially delayed to 1 January 2023. This is further delayed until 1 January 2024.

The amendments result from a request received by the IASB to clarify the criteria for the classification of a liability as either current or non-current. In particular, the IASB was asked to clarify how having an unconditional right to defer settlement (specified in IAS 1:69(d)) reconciled with having the discretion to refinance or roll over an obligation (specified in IAS 1:73). This is because having an unconditional right to defer settlement was seen as a much higher hurdle than having the discretion to defer settlement.

The IASB decided to address this conflict by proposing amendments to IAS 1 in Exposure Draft ED/2015/1 Classification of Liabilities. The IASB decided to finalise these proposals with additional clarifications, but no fundamental changes.

The Authority will adopt the amendments on 1 April 2024.

The amendment is not expected to have a material impact on the Authority.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

In Pula

## 1. Operating surplus

The operating surplus of P779 651 (2023: deficit of P20 024 792) is stated after taking into account the following:

	2024	2023
(Gain)/Loss on disposal of property, plant and equipment	170,033	(32,164)
Rental income	(1,297,077)	(1,326,948)
Sundry income	(1,373,596)	(701,436)
Training and resource centre income	(1,340,073)	(1,591,735)
Bad debts charge	362,971	898,026
Auditors' remuneration - current year	69,005	637,935
Board sitting allowance	369,988	175,049
Depreciation of property, plant and equipment (note 4;17)	6,919,473	7,594,115
Depreciation of right of use assets (note 5;17)	4,056,325	4,105,717
Insurance expenses	1,402,770	1,043,389
Legal fees	67,868	4,733,342
Operating lease rentals for low value and short term leases	3,869,229	4,721,286
Project expenses - "Industry Support Facility"	(2,122,499)	(1,908,104)
Project expenses - "Leather Park"	(10,455,694)	(2,781,177)
Remuneration to senior management	(14,173,890)	13,419,491
Repair and maintenance costs	4,244,066	5,769,348
Security expenses	5,169,527	4,856,812
Staff costs - salaries and wages	87,780,997	57,628,025
<b>2. Finance income and expense</b>		
<i>Finance income</i>		
Foreign exchange (loss)/gain	15,832	17,377
Interest received on bank deposits	124,080	70,406
	139,913	87,783
<i>Finance expense</i>		
Interest on lease liabilities (note 10;17)	(1,358,886)	(1,485,273)

## 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 2024

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Note 4	PROPERTY, PLANT & EQUIPMENT								Total		
	Description	Capital Work in Progress	Land and Buildings	Leasehold Improvements	Plant and equipment	Furniture and Fittings	Office equipment	Motor Vehicles		Computer equipment	Library books
(i) Cost	Opening balance - 1 April 2023	2,134,011	124,770,970	11,727,855	11,121,646	6,985,685	6,006,579	20,620,336	8,804,879	381,068	192,553,031
	Adjustment - 1 April 2023	-	25,677	(1)	-	-	-	(627,782)	(153,511)	(2)	(755,619)
	Additions	2,646,517	831,918	245,420	979,188	271,456	376,776	1,634,764	611,586	-	7,597,626
	Transfers	(843,065)	1,706,258	(1,135,386)	358	(45,691)	260,096	-	-	-	(57,430)
	Disposal	-	-	(1,783,707)	-	-	-	-	-	-	(1,783,707)
	Closing balance - 31 March 2024	3,937,463	127,334,823	9,054,182	12,101,193	7,211,450	6,643,452	21,627,318	9,262,954	381,066	197,553,901
(ii) Accumulated depreciation & impairment	Opening balance - 1 April 2023	-	31,842,066	8,613,836	5,499,448	5,011,371	5,049,196	13,050,795	7,914,290	363,661	77,344,663
	Adjustment - 1 April 2023	-	(212,399)	-	-	-	-	(255,547)	(1,193,399)	-	(1,661,344)
	Charge for the year	-	3,267,655	884,265	650,452	393,464	239,373	562,437	919,150	2,677	6,919,473
	Change in depreciation rate	-	25,676	-	-	181	-	-	281,866	-	307,723
	Disposal	-	-	(1,769,639)	-	-	-	-	-	-	(1,769,639)
	Transfers	-	1,678,702	(1,810,203)	-	(40,030)	171,531	-	-	-	-
(iii) Carrying amount	Impairment	-	-	-	358	(2,774)	-	-	-	-	(2,415)
	Closing balance - 31 March 2024	-	36,601,700	5,918,259	6,150,258	5,362,212	5,460,099	13,639,552	7,640,041	366,338	81,138,460
(iii) Carrying amount	Closing balance - 31 March 2024	3,937,463	90,733,123	3,135,922	5,950,935	1,849,239	1,183,352	7,987,767	1,622,912	14,728	116,415,441

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

In Pula

Description	Capital Work in Progress	Land and buildings	Leasehold Improvements	Plant and equipment	Furniture and Fittings	Office equipment	Motor Vehicles	Computer equipment	Library books	Total
<b>(i) Cost</b>										
Restated* at - 1 April 2022	5,120,673	118,643,317	17,369,621	8,683,085	6,428,588	5,371,615	18,047,419	7,893,780	381,068	187,939,165
Additions	3,574,859	1,063,947	308,250	940,748	557,097	634,964	3,074,424	911,099	-	11,065,389
Transfers	(6,561,520)	5,063,707	-	1,497,813	-	-	-	-	-	-
Disposal	-	-	(5,950,016)	-	-	-	(501,507)	-	-	(6,451,524)
Closing balance - 31 March 2023	2,134,011	124,770,970	11,727,855	11,121,646	6,985,685	6,006,579	20,620,336	8,804,879	381,068	192,553,031
<b>(ii) Accumulated depreciation &amp; impairment</b>										
Restated* at - 1 April 2022	-	28,564,008	13,926,828	5,034,708	4,542,737	4,578,047	13,237,602	5,826,760	361,424	76,072,115
Charge for the year	-	3,278,058	637,024	464,740	468,634	471,149	845,074	2,087,530	2,237	8,254,445
Disposal	-	-	(5,950,016)	-	-	-	(1,031,881)	-	-	(6,981,897)
Closing balance - 31 March 2023	-	31,842,066	8,613,836	5,499,448	5,011,371	5,049,196	13,050,795	7,914,290	363,661	77,344,663
<b>(iii) Carrying amount</b>										
Closing balance - 31 March 2023	2,134,011	92,928,904	3,114,019	5,622,198	1,974,315	957,384	7,569,540	890,589	17,407	115,208,367



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

<i>In Pula</i>										
<b>2022 Restated*</b>										
(i) Cost	Capital Work in Progress	Land and Buildings	Leasehold Improvements	Plant and equipment	Furniture and fittings	Office equipment	Motor Vehicles	Computer equipment	Library books	Total
<b>Restated* at - 1 April 2021</b>	<b>2,331,663</b>	<b>115,960,466</b>	<b>17,334,722</b>	<b>7,836,397</b>	<b>6,304,745</b>	<b>4,997,287</b>	<b>21,455,617</b>	<b>6,822,338</b>	<b>378,357</b>	<b>183,421,592</b>
Additions	6,409,915	135,864	34,899	132,952	123,843	373,120	1,271,490	1,071,442	2,711	9,556,236
Transfers	(3,261,931)	2,546,987	-	713,736	-	1,208	-	-	-	-
Disposals	-	-	-	-	-	-	(4,679,688)	-	-	(4,679,688)
Impairment	(216,720)	-	-	-	-	-	-	-	-	(216,720)
Transfer to receivables	(142,255)	-	-	-	-	-	-	-	-	(142,255)
<b>Restated* - 31 March 2022</b>	<b>5,120,673</b>	<b>118,643,317</b>	<b>17,369,621</b>	<b>8,683,085</b>	<b>6,428,588</b>	<b>5,371,615</b>	<b>18,047,419</b>	<b>7,893,780</b>	<b>381,068</b>	<b>187,939,165</b>
<b>(ii) Accumulated depreciation &amp; impairment</b>										
<b>Restated* at - 1 April 2021</b>	-	<b>26,238,224</b>	<b>13,360,469</b>	<b>4,757,636</b>	<b>4,222,786</b>	<b>4,330,073</b>	<b>17,168,722</b>	<b>5,119,771</b>	<b>356,250</b>	<b>75,553,931</b>
Charge for the year**	-	2,325,784	566,360	277,072	319,951	247,974	409,927	706,989	5,174	4,859,231
Disposal	-	-	-	-	-	-	(4,341,047)	-	-	(4,341,047)
<b>Restated* - 31 March 2022</b>	-	<b>28,564,008</b>	<b>13,926,828</b>	<b>5,034,708</b>	<b>4,542,737</b>	<b>4,578,047</b>	<b>13,237,602</b>	<b>5,826,760</b>	<b>361,424</b>	<b>76,072,115</b>
<b>(iii) Carrying amount</b>										
<b>Restated* at 31 March 2022</b>	<b>5,120,673</b>	<b>90,079,308</b>	<b>3,442,793</b>	<b>3,648,377</b>	<b>1,885,851</b>	<b>793,568</b>	<b>4,809,817</b>	<b>2,067,020</b>	<b>19,644</b>	<b>111,867,051</b>

\*The comparative information is restated on account of correction of errors. Refer to note 17 for details.

## 4. Property, plant and equipment (continued)

Asset Class	Useful life	
	New policy	
• Plant and equipment	4 – 15 years	
• Office equipment	5 – 10 years	
• Motor vehicles	4 – 18 years	
• Computer equipment	4 – 10 years	

As part of the reconstruction of the fixed asset register, the Authority adjusted the cost and accumulated depreciation to reflect assets that were fully depreciated and already disposed of on the ground without corresponding entries being made in the general ledger. The table below indicates the asset classes including related amounts that have been disposed of.

Asset Class	Disposal Values	
	Cost	Accumulated Depreciation
Leasehold Improvements	1,783,707.22	1,769,639.30
		Carrying amount
		14,067.92

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

### 4. Property, plant and equipment *(continued)*

#### Composition of property, plant and equipment

Land consists of consolidated plots which house 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 consists 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 the Botswana Government and allocated to the project.

### 5. Intangible assets

Intangible assets relate to the phased implementation of SAGE Enterprise Resource Planning (ERP) system. The work in progress relates to SAGE Customer Relationship Management (CRM) system which was in the user acceptance testing stage at year end. The following table shows the intangible assets movement from the prior year.

	Capital work in progress	Computer Software	Total
<b>Cost</b>			
<b>At 1 April 2021</b>	481,382	2,753,472	3,234,854
Additions	130,538	14,868	145,406
Transfers	(611,920)	611,920	-
<b>As at 31 March 2022</b>	<b>0</b>	<b>3,380,260</b>	<b>3,380,260</b>
Additions	-	63,327	63,327
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,443,587</b>	<b>3,443,587</b>
Additions	-	62,600	62,600
Transfers	-	(1)	(1)
<b>As at 31 March 2024</b>	<b>-</b>	<b>3,506,186</b>	<b>3,506,186</b>
<b>Accumulated amortization</b>			
<b>At 1 April 2021</b>	-	1,398,285	1,398,285
Charge for the year	-	614,860	614,860
<b>As at 31 March 2022</b>	<b>-</b>	<b>2,013,145</b>	<b>2,013,145</b>
Charge for the year	-	660,225	660,225
<b>As at 31 March 2023</b>	<b>-</b>	<b>2,673,370</b>	<b>2,673,370</b>
Charge for the year	-	291,224	291,224
<b>As at 31 March 2024</b>	<b>-</b>	<b>2,964,595</b>	<b>2,964,595</b>
<b>Carrying amount 2024</b>	<b>-</b>	<b>541,591</b>	<b>(1,949,818)</b>
<b>Carrying amount 2023</b>	<b>-</b>	<b>770,216</b>	<b>770,217</b>
<b>Carrying amount 2022</b>	<b>-</b>	<b>1,367,115</b>	<b>1,367,115</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

## 6. Right of use assets

The Authority entered into leases for office space it operates from at various locations. The duration of the leases ranges between 2 and 99 years. The leases are subject to escalations between 5% and 10% on anniversary. In addition, the Authority has entered into property leases of its residential properties and agri-business land across Botswana. The leases are subject to an escalation rate of between 5% and 10% on anniversary. The leases are renewable on expiry. The right of use asset recognised in respect of these leases has been summarised below. Refer to note 10 for the related lease liability.

	2024	2023
Right-of-use assets	15,495,560	17,955,244
Balance at 1 April 2021	17,955,244	20,747,555
Additions during the year	2,840,952	1,313,407
Depreciation charge for the year	(4,056,325)	(4,105,717)
Terminations	(1,244,312)	-
Balance at the end of the year	15,495,560	17,955,244
<b>7. Trade and other receivables</b>		
Trade receivables	2,292,987	1,969,394
Less: Impairment allowances	(2,249,043)	(1,886,071)
	43,944	83,323
Deposits and prepayments	3,950,716	5,209,531
Sundry receivables	920,591	430,126
Study advance	20,586	-
Salary advance	711,363	748,252
	5,647,199	6,471,232
<b>8. Related parties</b>		
<b>8.1 Related parties</b>		<b>Relationship</b>
Government of Botswana		Parent
Board members		Key management
Executive Management		Key management
Botswana Development Corporation (BDC)		Common shareholder
<b>8.2 Income transactions with related parties</b>		
Government subvention	131,621,706	120,466,990
Amortization of capital grants	7,515,967	3,372,521
Amortization of revenue grants	47,764,571	44,846,104
Transactions with Government of Botswana	186,902,243	168,685,615
<b>8.3 Expense transactions with related parties</b>		
Rental payments to BDC	(2,390,582)	(2,055,732)
Operating costs	(439,495)	(289,321)
Transactions with BDC	(2,830,077)	(2,345,053)

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

## 8. Related parties *(continued)*

### 8.4 Key management personnel remuneration

	2024	2023
Salaries and allowances	11,474,203	10,017,305
Chief Executive Officer	-	2,661,784
Post-employment benefits	2,699,687	740,402
	14,173,890	13,419,491

### 8.5 Board remuneration

	2024	2023
Board allowances	369,988	175,049

## 9. Cash and cash equivalents

Short term deposits - call account balances	25,729,480	35,449,741
Current account balances	41,171,640	32,541,895
Cash on hand	9,780	11,022
	66,910,900	68,002,657

For the purpose of the statement of cash flows the year end cash and cash equivalents comprises of the following:

Short term bank deposits - call account balances	66,901,120	67,991,635
Cash on hand	9,780	11,022
	66,910,900	68,002,657

## 10. Government grants

### Deferred capital grants - utilised funds

	2024	2023
Balance at 1 April	80,732,354	84,089,385
Adjustment - 1 April 2023	36,152,535	-
Additions from Deferred capital grants - unutilised funds	-	15,490
Amortisation to surplus or deficit	(7,515,967)	(3,372,521)
Capitalisation to capital grants	7,660,226	-
Disposal for the year	(14,068)	-
Impairment for the year	(57,573)	-
unutilized portion from prior year	23,529	-
Balance at 31 March	116,981,036	80,732,354

As at the reporting date the capital grants are analysed as follows:

Short term portion	7,925,744	3,372,521
Long term portion	109,055,292	77,359,833
	116,981,036	80,732,354

### Deferred capital grants - unutilised funds

Balance at 1 April	44,846,106	29,550,876
Adjustment - 1 April 2023	8,278,031	-
Grants received	7,218,628	20,000,000
Amortised to cover related expenses incurred	(12,578,192)	(4,689,280)
Capital grants - utilised during the year	-	(15,490)
Balance at 31 March	47,764,573	44,846,106



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

### 10. Government grants *(continued)*

	2024	2023
<b>Deferred capital grants - gross funds</b>		
Total deferred grants balance at 1 April	125,578,249	113,640,050
Adjustment - 1 April 2023	44,430,566	-
Grants received	7,218,628	20,000,000
Additions from Deferred capital grants - unutilised funds		
Additions from revenue subvention	7,660,226	15,490
Amortisation to surplus or deficit	(20,094,159)	(8,061,801)
Disposal for the year	(14,068)	(15,490)
unutilized portion from prior year	23,529	-
Impairment for the year	(57,573)	-
<b>Total deferred grants balance at 31 March</b>	<b>164,745,397</b>	<b>125,578,249</b>

Capital grants represent grants advanced by the Government of Botswana to the Authority to finance the purchase of property, plant and equipment. Capital grants are transferred to surplus or deficit in a manner that represents the economic benefits generated through the usage of the related assets. 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.

There was a purchase of property, plant and equipment in the current year of P7 660 226 (2023: P15 490) that were funded from the revenue grants. Capital grants of the related assets of the same amount were recognised to be amortised to the surplus or deficit over the useful lives of the assets.

Deferred capital grants are advanced by the Government to the Authority to fund projects. Any unutilised amounts by the year end are presented as current liabilities based on the Government's expectation to utilised funds within 12 months from the date of receipt. At year-end, the unutilized balance of the Leather Industry Park funds was P15 441 011 (2023: P25 896 705).

In the year 2020, the Government advanced P50 000 000 to the Authority in respect of the Industry Support Facility project. The funds are meant to alleviate the impact of COVID-19 on the informal sector enterprises. At year end, the unutilised balance of the Industry Support Facility funds was P16 826 901 (2023: P18 949 399). At year-end, the unutilized balance of ongoing and committed projects financed by subvention was P15 496 659. At year-end, the unutilized balance of ongoing and committed projects financed by subvention was P15 496 659 (2023: P8 278 030).

The Authority received a government subvention to cover its normal operations for the year amounting to P131 621 706 (2023: P120 466 990).

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

	2024	2023
<b>11. Lease liability</b>		
Lease liability	19,617,022	21,944,122
At the reporting date the lease liability is analysed as follows:		
Short term portion	4,026,867	1,790,427
Long term portion	15,590,155	20,153,696
	19,617,022	21,944,122
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Within one year	5,129,328	4,969,969
After one year, before five years	16,032,235	31,846,853
After five years	4,027,639	5,877,772
Total undiscounted lease liabilities at 31 March	25,189,202	42,694,594
Total finance expense allocated to future periods	(5,572,180)	(20,750,471)
Lease liability at 31 March	19,617,022	21,944,122
The lease liability can be reconciled as below:		
Lease liability at 1 April	21,944,122	24,341,654
Additions of Leases during the year	2,840,952	-
Terminations of Leases during the year	(1,408,544)	-
	23,376,530	24,341,654
Interest expense on lease liability	1,358,886	1,313,407
Lease payments made for the year	(5,700,602)	(5,196,210)
Lease expense	582,208	1,485,273
Lease liability at 31 March	19,617,022	21,944,122
Refer to note 5 for details of related right of use assets.		
<b>12. Trade and other payables</b>		
Trade payables	319,723	1,210,130
Accruals for expenses	12,863,877	12,558,874
Payroll related accruals	18,588,991	14,559,284
	31,772,591	28,328,287
<b>13. Commitments and contingencies</b>		

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

*In Pula*

## 13. Commitments and contingencies

### Contingent liabilities

The Authority is defending litigation actions implemented by former contractors for termination of agreements entered into. Although liability is not admitted, if the defence against the actions is unsuccessful, the claims could amount to P4 904 301 (2023: P1 443 391), all of which are expected to 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.

### Commitments

Furthermore, the Authority has entered into contractual agreements with third parties for the supply of goods and services. The contractual agreements amounted to P2 023 594 (2023: P6 370 180 ) at year end.

## 14. Events after the reporting date

At the date of finalisation of the financial statements, there were no material events that occurred subsequent to the reporting date that require adjustment in the financial statements.

## 15. Going concern

The Authority's ability to continue as a going concern is dependent on the Government of Botswana for support. As guided by continual engagement, the parent Ministry of Entrepreneurship, has shown commitment to support the national credit and qualifications framework maintenance and the quality assurance services now and in the foreseeable future because they believe the LEA mandate is still valid.

This support has been further confirmed by the approval of P146 466 990 as Government Subvention for 2024/25.

The annual financial statements have been prepared on a going concern basis. This basis presumes that support from the Ministry of Entrepreneurship in the form of funds will continue to be available to finance the Authority's operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 16. 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.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

## 16. Financial instruments *(continued)*

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.

Financial assets	2024	2023
Trade and other receivables	964,535	513,449
Cash and cash equivalents	66,901,120	67,991,635
	67,865,655	68,505,084
Financial liabilities		
Trade and other payables	13,183,600	13,769,004

### 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.



# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

## 16. Financial instruments *(continued)*

### Credit Risk *(continued)*

The Authority establishes an allowance for impairment which represents its estimate of expected credit losses in respect of receivables. This allowance is estimated through historical experience and 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:

	2024	2023
Trade Receivables	43,944	83,323
Other receivables	920,591	430,126
Cash and cash equivalents	66,901,120	67,991,635
	<u>67,865,655</u>	<u>68,505,084</u>

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

	Gross 2024	Impairment 2024	Gross 2023	Impairment 2023
Current 1-30 days	98,433	(89,793)	101,464	(54,806)
Past due 31-60 days	95,958	(62,361)	117,059	(80,728)
Past due 61-90 days	66,326	(64,700)	82,796	(80,895)
Past due more than 90 days	<u>2,032,270</u>	<u>(2,032,189)</u>	<u>1,668,075</u>	<u>(1,669,643)</u>
	<u>2,292,987</u>	<u>(2,249,043)</u>	<u>1,969,394</u>	<u>(1,886,071)</u>

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

	Impairment 2024	Impairment 2023
Balance at beginning of year	1,886,072	988,046
Increase in allowance included in surplus or deficit	<u>362,971</u>	<u>898,026</u>
Balance at end of year	<u>2,249,043</u>	<u>1,886,072</u>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

In Pula

## 16. Financial instruments *(continued)*

### 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.

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

	Carrying amount	Contractual cash-flows due in less than 6 months
<b>2024</b>		
Trade and other payables	<u>13,183,600</u>	<u>13,183,600</u>
<b>2023</b>		
Trade and other payables	<u>13,799,004</u>	<u>13,799,004</u>

### 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.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## for the year ended 31 March 2024

In Pula

### 16. Financial instruments (continued)

#### Interest rate risk (continued)

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

	2024	2023	2024	2023
Call accounts	0.02%	0.00%	20,660,884	8,761,545
			20,660,884	8,761,545

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:

	2024	2023
Call accounts	103,304	43,808
	103,304	43,808

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.

### 17. 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 observed for the assets 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 prior year. Current assets and current liabilities carrying amounts approximate their fair value due to their short-term nature. Assets and liabilities not disclosed in the following tables are all categorised as non-financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

## for the year ended 31 March 2024

In Pula

### 17. Categorisation of assets and liabilities *(continued)*

2024	Carrying values	Financial assets/ liabilities at amortised cost	Other non-financial assets and liabilities	Current assets and liabilities
<b>Assets</b>				
Trade and other receivables	5,647,199	964,535	4,682,664	5,647,199
Cash and cash equivalents	66,910,900	66,901,120	9,780	66,910,900
	72,558,099	67,865,655	4,692,444	72,558,099
<b>Liabilities</b>				
Trade and other payables	31,772,591	13,183,600	18,588,991	31,772,591



# NOTES TO THE FINANCIAL STATEMENTS (continued)

## for the year ended 31 March 2024

In Pula

### 16. Categorisation of assets and liabilities (continued)

2023	Carrying values	Financial assets/ liabilities at Other non-financial assets and liabilities	Current assets and liabilities
<b>Assets</b>			
Trade and other receivables	6,471,232	5,957,783	6,471,232
Cash and cash equivalents	68,002,657	11,022	68,002,657
	74,473,889	5,968,805	74,473,889
<b>Liabilities</b>			
Trade and other payables	28,359,226	14,559,284	28,358,287

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2024

### Note 18

#### 18 Correction of prior period errors – Accounting Government Subvention

IAS 20.12 requires an entity to recognise government grants in the statement of profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The Authority receives two forms of grants from the government being subvention to support operations and dedicated capital grants for specific projects. In prior periods, the authority did not defer/capitalise portions of the subvention amounts utilised to acquire assets that have a useful life of more than one year. IAS 20.12 requires the Authority to recognise a grant as income on a systematic basis in profit or loss account over the periods in which the related expenses are incurred in order to uphold the matching concept so as not to overstate or understate the surplus for the period in any given financial year. For this particular error, the associated expense is depreciation that is recognised in profit or loss account over the useful life of the asset.

The Authority should have deferred portions of subvention utilised to buy assets onto the balancesheet as capital grant liabilities and subsequently amortise the amount over the useful life of the asset in order to match the related depreciation expense. However, the Authority recognised the full subvention amounts in the year of receipt resulting in a period error in line with IAS 8.5. The impact of this error resulted in understatement of deferred capital grant liability by P44million and a corresponding overstatement of accumulated funds as at 31 March 2023.

Management has assessed and concluded that it is impracticable to correct the prior period error retrospectively by restating the comparative period, and therefore the error has been corrected by reducing the opening balance of accumulated funds and recognising a corresponding capital grant liability as at 1 April 2023 in line with IAS 8.44.

# DETAILED INCOME STATEMENT

for the year ended 31 March 2024

In Pula

	2024	2023
<b>Income</b>		
Government subvention	131,621,706	120,466,990
Amortization of capital grants	7,925,744	3,372,521
Amortization of revenue grants	12,578,192	4,689,280
	152,125,642	128,528,791
<b>Other operating income</b>		
(Loss)/profit on disposal of plant and equipment	170,233	(129,572)
Rental income	1,297,077	1,327,212
Sundry income	1,374,906	838,057
Telephone recoveries	1,167	2,557
Tender fees	42,656	29,075
Training and resource centre income	1,350,376	1,590,622
	4,236,414	3,657,951
<b>Operating expenses</b>		
Advertising costs	(406,718)	(429,002)
Amortization of intangible assets	-	(660,225)
Annual license fee	(3,800,456)	(3,034,480)
Auditors' remuneration - current year	(438,268)	(637,935)
Bank charges	(81,002)	(91,165)
Board sitting allowance	(369,988)	(175,049)
Board meeting expenses	(402,656)	(286,522)
Business travel, accommodation and allowances	(2,450,887)	(2,339,160)
Computer expenses	(1,546,849)	(1,450,172)
Consultancy fees	(3,920,521)	(2,206,144)
Courier and postage	(239,516)	(333,470)
Depreciation of property, plant and equipment	(6,919,473)	(7,594,115)
Depreciation of right of use assets	(4,056,325)	(4,105,717)
Digital transformation solutions	(1,175,539)	(822,171)
Doubtful debts charge	(362,971)	(898,026)
Farm consumables	(1,503,137)	(2,470,694)
Insurance	(1,402,770)	(1,043,389)
Legal fees	(67,868)	(4,733,342)
Motor vehicle expenses	(1,874,038)	(1,808,976)
Office expenses	(2,288,882)	(2,203,417)
Other expenses	(572,014)	(1,151,900)
Utilities	(3,869,229)	(4,721,286)
Project expenses Leather Park	(10,455,694)	(2,781,177)
<b>Total carried forward</b>	(48,204,801)	(45,977,534)

## DETAILED INCOME STATEMENT *(continued)*

*for the year ended 31 March 2024*

*In Pula*

	2024	2023
<b>Total brought forward</b>	(48,204,801)	(45,977,534)
Project expenses Industry Support Facility	(2,117,603)	(1,908,104)
Project expenses other	(82,769)	-
Promotion and publicity	(1,065,076)	(1,189,212)
Remuneration paid to senior management	(14,173,890)	(13,419,491)
Repairs and maintenance	(4,244,066)	(5,769,348)
Research costs	(1,592,344)	(2,119,384)
Security expenses	(5,169,527)	(4,856,812)
Market Access	(1,478,297)	(1,649,152)
Seminars, retreat and conference costs	(602,131)	(897,384)
SMME conference and fair - current year	(1,896,904)	(1,669,447)
Staff costs- Salaries and wages	(59,433,216)	(57,628,025)
Staff costs- others	(971,660)	(1,071,320)
Staff training and recruitment	(1,542,635)	(1,059,010)
Staff welfare	(2,609,801)	(2,331,749)
Stakeholder management	(90,515)	(197,898)
Stationery and printing	(1,172,876)	(1,282,101)
Subscriptions	(284,438)	(335,615)
Telephone, mobile and fax	(3,638,818)	(3,295,597)
Training and mentoring costs	(3,582,285)	(4,156,864)
	(153,953,655)	(150,814,045)
<b>Operating surplus/(deficit) for the year</b>	<b>1,998,624</b>	<b>(18,627,303)</b>

This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 3 to 6.



## NOTES

[illegible]

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