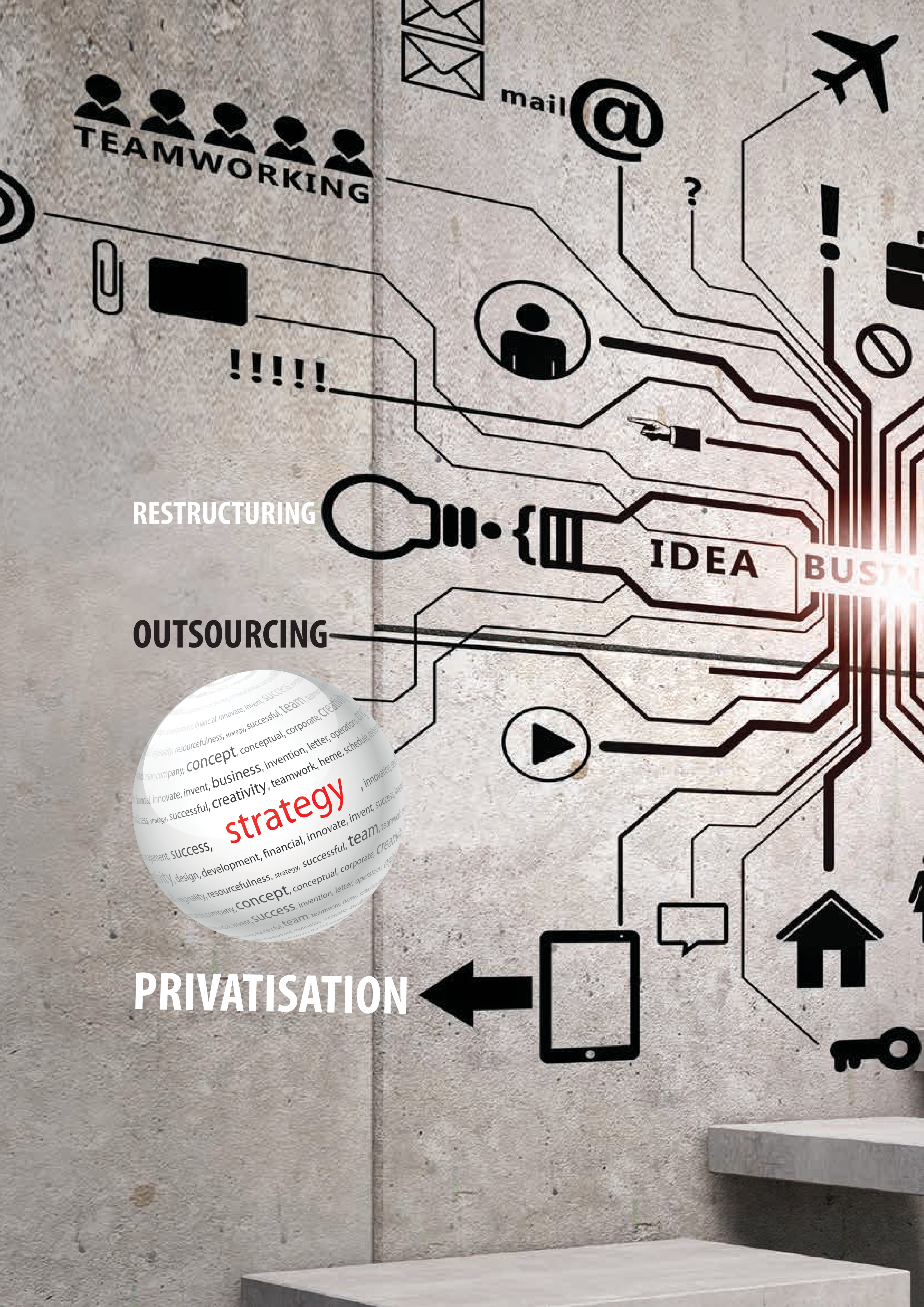
PEEPA

Public Enterprises Evaluation and Privatisation Agency

2010 ANNUAL REPORT

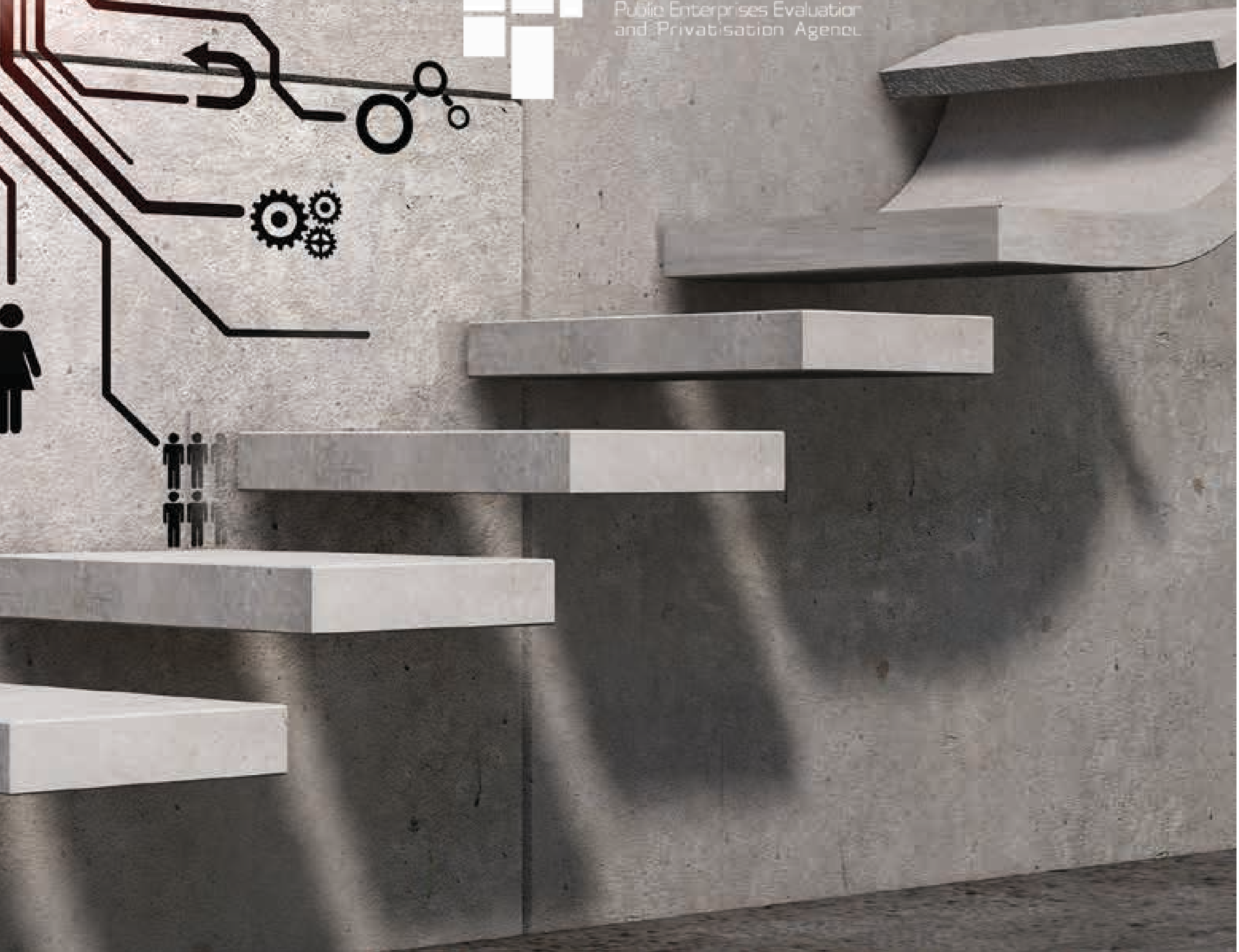

TEAMWORKING
mail
RESTRUCTURING
IDEA
OUTSOURCING
strategy
PRIVATISATION

PEEPA MANDATE

PEEPA IS RESPONSIBLE FOR ADVISING GOVERNMENT ON PRIVATISATION STRATEGIES AS WELL AS IMPLEMENTATION OF PRIVATISATION, WHICH INCLUDES COMMERCIALISATION, RESTRUCTURING, OUTSOURCING AND DIVESTURE INTERVENTIONS FOR THE EFFECTIVENESS AND EFFICIENCY OF PUBLIC ENTITIES AND MINISTRIES AS WELL AS EVALUATING THE PERFORMANCE OF PARASTATALS AND PROMOTING GOOD CORPORATE GOVERNANCE IN THEM.

2016 ANNUAL REPORT

PEEPA
Public Enterprises Evaluation and Privatisation Agency



VISION

TO PROVIDE QUALITY ADVICE AND EFFECTIVELY IMPLEMENT THE PRIVATISATION PROGRAMME, AND MONITOR THE PERFORMANCE OF PUBLIC ENTITIES TO ENSURE EFFICIENT SERVICE DELIVERY.

MISSION

TO BE THE LEADER IN THE TRANSFORMATION OF BOTSWANA TOWARDS A PRIVATE SECTOR LED ECONOMY.

PEEPA
Public Enterprises Evaluation and Privatisation Agency

Breaking new grounds

CONTENTS

ANNUAL FINANCIAL STATEMENT

CORE VALUES

THE CORE VALUES ESPOUSED BY EMPLOYEES AND DIRECTORS OF PEEPA, INDIVIDUALLY AND COLLECTIVELY IN PURSUANCE OF PEEPA'S MISSION ARE:

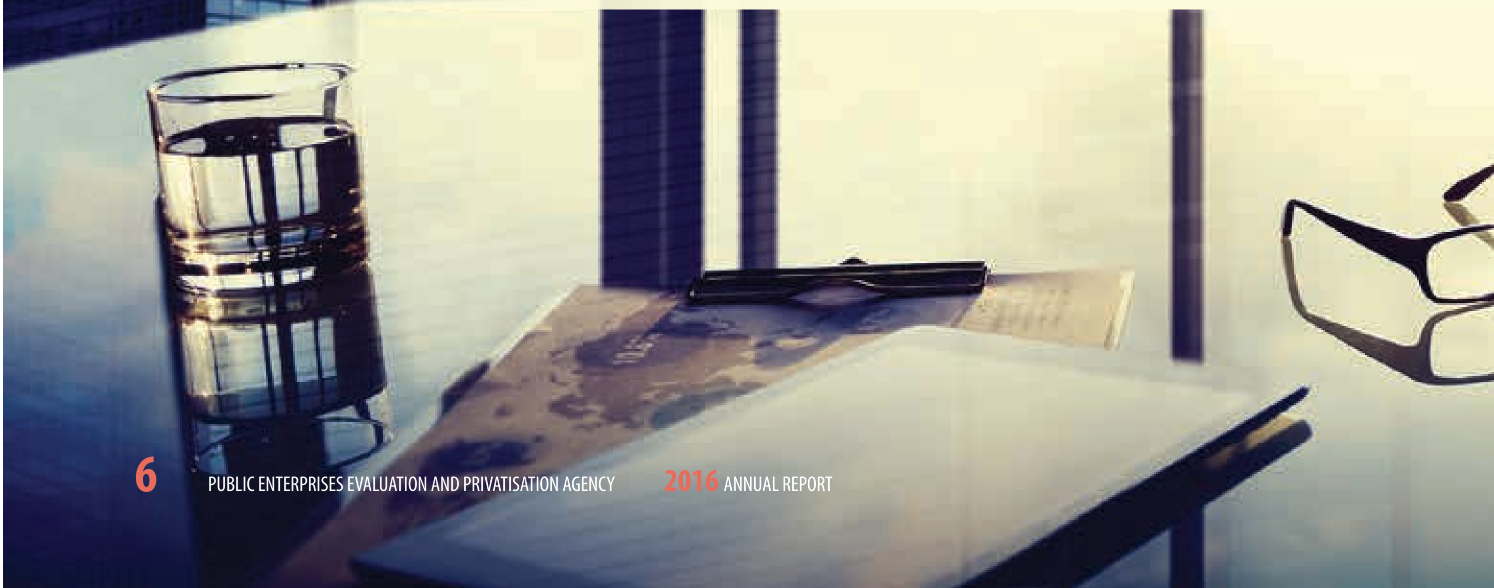
ACCOUNTABILITY:	WE TAKE RESPONSIBILITY FOR OUR ACTIONS AND DECISIONS.
INNOVATION:	WE GENERATE CREATIVE IDEAS TO BE AT THE CUTTING EDGE IN ALL OUR ACTIVITIES.
PASSION:	WE PERFORM ALL OUR ACTIVITIES WITH ENTHUSIASM AND CONVICTION.
INTEGRITY:	WE OBSERVE THE HIGHEST ETHICAL STANDARDS AND TREAT ALL STAKEHOLDERS WITH RESPECT.
QUALITY SERVICE:	WE PROVIDE SUPERIOR SERVICES FOR CUSTOMER AND STAKEHOLDER SATISFACTION.
TEAMWORK:	WE ACHIEVE COMMON GOALS THROUGH MUTUAL RESPECT, OPENNESS, RECOGNITION AND FLEXIBILITY.

COMPANY PROFILE

NATURE OF BUSINESS

The purpose of the Company is to evaluate the performance of parastatals and to advise on, as well as implement the privatisation of these parastatals.

Company registration number:	2000/4113
Country of incorporation and domicile:	Botswana
Directors:	Mr. K.H. Munamati
	Prof. H. Siphambe
	Ms. P.O. Serame (Resigned: 10 December 2015)
	Ms. M.V. Kabomo
	Ms. P. Motswagole
	Mr. D. Phetlhu
	Ms. G.N. Mosalakatane
Chairman of the Board:	Mr. T. Tshekiso
Chief Executive Officer:	Mr. K.M. Ramaphane
Business address:	Chillesford House
	Fairgrounds Office Park
	Private Bag 00510
	Gaborone
Registered address:	Plot 64511
	Block 4
	Unit 122
	Chillesford House
	Unit 1 & 2
	Fairgrounds Office Park
	Gaborone
Bankers:	Barclays Bank of Botswana Limited
	Stanbic Bank Botswana Limited
	First National Botswana Limited
	Stanlib Investment Management Services
Currency:	Botswana Pula ("P")
Auditors:	Grant Thornton
	Chartered Accountants
Company Secretary:	Pelotshweu Marshlow Motlogelwa



COMPLIANCE WITH THE PRIVATISATION POLICY

THE HONOURABLE KENNETH MATAMBO
MINISTER OF FINANCE AND DEVELOPMENT PLANNING

PRIVATE BAG 008
GABORONE

In compliance with paragraph 81 of the Privatisation Policy of Botswana, I have the honour to submit the Annual Report of the Public Enterprises Evaluation and Privatisation Agency (PEEPA) for the year ended 31 March 2016.

Yours Faithfully

T. Tshekiso
Chairman

BOARD OF DIRECTORS

T. TSHEKISO

M.V. KABOMO

D. PHETLHU

PROF. H. SIPHAMBE

K.H. MUNAMATI

G.N. MOSALAKATANE

P. MOTSWAGOLE

PEEPA STAFF AT ONE OF PEEPA'S STAKEHOLDER ENGAGEMENT EVENTS

T. DISWAI - MOREMI
DEPUTY CHIEF EXECUTIVE OFFICER

I. JOSEPH
HOD: PUBLIC SERVICES OUTSOURCING

M. MOGEGEH
ACTING: PRINCIPAL COMMUNICATIONS MANAGER

O. KGAREBE
HOD: PERFORMANCE MONITORING

G. KABUNGA
HOD: PRIVATISATION AND RESTRUCTURING

P. SEBOLAI
ACTING MANAGER: FINANCE AND ADMIN

EXECUTIVE MANAGEMENT

K.M. RAMAPHANE
CHIEF EXECUTIVE OFFICER

M. RABASHWA
MANAGER: HUMAN RESOURCES

DIRECTORS' REPORT

5.3.1 BOTSWANA'S ECONOMIC OUTLOOK

The global economic landscape continued to be characterised by uncertainty and unstable performance during the year. This phenomenon has impacted on the Botswana economy mainly because of its dependence on diamond exports. The economy contracted in 2015 (-0.3%) according to the World Bank's report on Botswana. A growth forecast of about 4.2% has been made for the Botswana economy. The drive for prudent management of shrinking revenues and the need for economic diversification will therefore continue to form an important agenda for Policy makers.

.2 PEEPA'S ROLE ESSENTIAL

It is becoming increasingly important for Government to reduce its financial burden and ensure fiscal sustainability of the public sector while ensuring efficient delivery of public services. The Privatisation Policy seeks to address some of these challenges by hiving off some of the services that can be done by the private sector thus strengthening the sector in economic growth activities. Benefits of private sector participation include economic growth, sustainable job creation, service delivery improvement, foreign direct investment attraction, reduction of Government's expenditure, and allowing Government to concentrate on policy and regulatory issues. This need for Government to reduce its financial burden and improve efficiencies and the effectiveness of its services makes PEEPA's role even more relevant and essential.

5.3.3 PEEPA'S STRATEGIC PLAN IMPLEMENTATION

During the financial year 2015/16 PEEPA progressed implementation of its five year strategic plan which was on its final year. The emphasis was on the completion of major privatisation transactions on divestiture, outsourcing and the adoption of good corporate governance practices within parastatals. PEEPA concluded the year and the strategic plan period with the completion of Botswana Telecommunications Corporation Limited (BTCL) privatisation. The BTCL IPO was over-subscribed by 1.68 times and raised P462,000,000.00. The revenue generated is evidence that privatisation can realise the benefits expected. Following the successful completion of the IPO, over 50,000 individuals now own shares in BTCL.

Government has approved the Privatisation Master Plan II (PMP II) for implementation. It is expected that the new Master Plan will provide further impetus towards the implementation of the privatisation programme.

The Public Services Outsourcing Programme (PSOP) is progressing though at a slow pace. Following the adoption of the in-house bidding outsourcing method by the Steering Committee, 252 employees who would be affected have been trained in business development.

It is pleasing to note that there is an increase in outsourcing initiatives both in the Central and Local Government. Sound contract management will go a long way towards ensuring that Government enjoys the benefits of public services outsourcing. Engagement with different ministries to establish positions of Contract Manager within their establishments will continue. The piloting of the Integrated Facilities Management Strategy by the Ministry of Infrastructure Science and Technology is expected to result in increased involvement of the private sector. This will among others, ensure timely maintenance and proper upkeep of Government buildings.

The interventions of PEEPA continue to assist Government to improve on its oversight role on parastatals as the shareholder. This is done through the implementation of shareholder oversight guidelines, application of the Parastatals performance monitoring tool and assistance to Ministries with the identification of suitable candidates for parastatal Boards.

Communication and stakeholder engagement are key components to the success of privatisation. PEEPA therefore continued to engage and educate its stakeholders during this period. Different media and approaches were employed to address the broad spectrum of PEEPA's stakeholders. The different privatisation transactions as well as the different stakeholders present unique opportunities and challenges, together with the need for education on the privatisation programme and its benefits. As a result, public education will remain an important aspect of the work of PEEPA.

5.3.4 FINANCIAL REVIEW (SUMMARY OF FINANCIAL STATEMENTS)

During the year under review, PEEPA recorded a net deficit of P0.4 million compared to a net surplus of P8.9 million the previous financial year 2014/15.

Total revenue recorded for the financial year 2015/16 amounted to P51.6 million compared to P47.7 million in the previous year. This revenue includes the transfer of funds from deferred income against the BTCL privatisation project at P24.6 million and Government Ministries in partnership with AfDB for projects amounting to P0.3 million. These aggregate to a total of P24.9 million from deferred income accounts.

Cash and cash equivalents which include funds received for the BTCL project, underwriting funds at P250 million, Ministry funded projects and NDB project stood at P269.5 million as at 31 March 2016 compared to P24.1 million as at 31 March 2015.

DIRECTORS' REPORT

CONTINUED

5.3.5 CHALLENGES

Privatisation as part of the broader public sector reform programme has many stakeholders with different interests that may be divergent and sometimes conflicting. This makes it necessary to try to balance these expectations to ensure smooth implementation of privatisation. Addressing these conflicting interests for buy-in and managing expectations may at times pose a great challenge. This is further exacerbated by insufficient funding for public education activities.

5.3.6 OUTLOOK

The PEEPA Board remains confident that driving our vision of transforming Botswana towards a private sector led economy is the right one. As we have now delivered on BTCL privatisation and several outsourcing, corporate governance and rationalisation initiatives, it is our hope that more parastatals, Ministries, Local Authorities and departments will join hands with us in fulfilling this vision. The Board remains resolute in its commitment towards delivering on PEEPA's mandate and with the assistance of our stakeholders; this is possible.

We look forward to delivering other major privatisation projects. We also look forward to the completion of public service staff training by LEA which will pave the way for the full roll out of the Public Services Outsourcing Programme.

5.3.7 ACKNOWLEDGEMENTS

The PEEPA Board would like to express its many thanks to the Government of Botswana, the Honourable Minister of Finance and Development Planning and his officials for their guidance and support to PEEPA during the year under review.

We would also like to appreciate all our stakeholders who played a significant role in assisting us to achieve our projects. All our stakeholders, ministries, local authorities, parastatals, boards, management and staff of entities being privatised and members of the public; we thank you for your input and participation. Your contribution by way of feedback assists us to better deliver on PEEPA's mandate.

Many thanks to the PEEPA Board for their valuable oversight role, for the guidance they gave as well as their expertise. They offered their time and performed their duties with admirable diligence and commitment. Great appreciation goes to the Chairman of the Audit Committee; Mr. Kumbulani Munamati, Chairman of the Human Resources Committee; Professor Happy Siphambe, the Chairperson of the Board Tender Committee; Ms. Peggy Serame, Ms. Patience Motswagole, Ms. Motlalepula Kabomo, Ms. Goitseone Mosalakatane and Mr. Dithuso Phetlhu.

Many thanks go to the Management and staff of PEEPA as well. These are men and women who put the shovel to the ground to diligently deliver on the promise of PEEPA. They have demonstrated professionalism in carrying out their duties. The Board encourages you to renew your resolve as you continue to be part of the PEEPA Team.

T. Tshekiso
Board Chairman

5.1 INTRODUCTION

PEEPA is committed to best corporate governance principles and practices and promotes their entrenchment throughout Public Enterprises. PEEPA therefore recognises the need to develop and strengthen its processes and procedures to ensure alignment with internationally accepted standards. The processes are underpinned by the principles of transparency, integrity and accountability and an inclusive approach that takes into account the importance of good corporate governance and the involvement of all stakeholders.

5.2 SHAREHOLDING

The Government of the Republic of Botswana is the sole shareholder of PEEPA. The shareholder representatives are the subscribers to the Constitution and they are:

CORPORATE GOVERNANCE

Mr. S. Sekwakwa
Dr. T. Nyamadzabo
Mr. C. Dekop
Ms. E. Richard - Madisa
Dr. E. Makhwaje
Mr. S. Makosha

5.3 GOVERNING BODIES

5.3.1 BOARD OF DIRECTORS

At the end of March 2016, PEEPA had eight (8) out of a maximum of 12 directors allowed by the Constitution. The current members of the Board are listed below:

Mr. T. Tshekiso - Chairman
Mr. K.H. Munamati
Prof. H. Siphambe
Ms. P.O. Serame (Resigned 10th December 2015)
Ms. M.V. Kabomo
Ms. P. Motswagole
Mr. D. Phetlhu
Ms. G.N. Mosalakatane

5.3.2 BOARD COMMITTEES

The PEEPA Board has three Committees, which assist the Board in discharging its responsibilities. Each committee operates within the ambit of its defined terms of reference as set out in the Board Charter, which provides for their roles and responsibilities.

5.3.3 AUDIT COMMITTEE

The Audit Committee oversees areas of internal control systems, financial reporting, risk management and governance structures. The current members of the Audit Committee are as follows:

Mr. K.H. Munamati - Chairman
Ms. M.V. Kabomo
Mr. D. Phetlhu

5.3.4 HUMAN RESOURCES COMMITTEE

The Human Resources Committee is tasked with matters relating to human resource adequacy and development, remuneration policy and general staff welfare. The current members of the Human Resources Committee are as follows:

Prof. H. Siphambe - Chairman
Ms. P.O. Serame (Resigned 10th December 2015)
Ms. P. Motswagole
Ms. G.N. Mosalakatane

5.3.5 BOARD TENDER COMMITTEE

The Tender Committee's main task is to adjudicate on and authorise acceptance or otherwise of tenders for goods and services in excess of a set threshold in accordance with the Financial Regulations and Procedures and to ensure adherence to the Public Procurement and Asset Disposal Act and Regulations. This is in compliance with requirements of entities funded out of the Consolidated Fund such as PEEPA.

The Board Tender Committee consists of:

Ms. P.O. Serame - Chairperson (Resigned 10th December 2016)
Prof. H. Siphambe
Ms. P. Motswagole
The Chief Executive Officer
General Corporate Counsel

CORPORATE GOVERNANCE STATEMENT

CONTINUED

5.3.6 COMPANY SECRETARY

The Company Secretary ensures that PEEPA observes the highest standards of corporate governance and compliance with the requirements of the Companies Act and other relevant regulations, including the Constitution of the company and the Privatisation Policy.

5.4 ATTENDANCE OF MEETINGS

Dates of quarterly meetings are scheduled annually in advance. Additional meetings are called as and when deemed necessary. Five (5) Board meetings, four (4) Audit Committee meetings, four (4) Board Tender Committee meetings and seven (7) Human Resource Committee meetings were held during the year under review. The attendance of members at these meetings is reflected below:

T. TSHEKISO
BOARD MEETING [5/5]

K.H. MUNAMATI
BOARD MEETING [2/5]
AUDIT [4/4]

PROF. H. SIPHAMBE
BOARD MEETING [5/5]
HUMAN RESOURCE [7/7]
TENDER [4/4]

P.O. SERAME
BOARD MEETING [2/5]
HUMAN RESOURCE [3/7]
TENDER [2/4]

M.V. KABOMO
BOARD MEETING [2/5]
AUDIT [4/4]

P. MOTSWAGOLE
BOARD MEETING [4/5]
HUMAN RESOURCE [6/7]
TENDER [4/4]

D. PHETLHU
BOARD MEETING [5/5]
AUDIT [4/4]

G.N. MOSALAKATANE
BOARD MEETING [5/5]
HUMAN RESOURCE [6/7]

KEY
BOARD MEETING
AUDIT COMMITTEE
HUMAN RESOURCE
TENDER COMMITTEE
UNATTENDED MEETING

5.5 CODE OF CONDUCT

PEEPA is committed to the highest standards of integrity and ethical conduct in dealing with all stakeholders.


IPO is here

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED IPO LAUNCH EVENT

CHIEF EXECUTIVE OFFICER'S REPORT

5.4.1 INTRODUCTION

5.4.1.1 The financial year 2015/16 marked the final year of PEEPA's five-year strategic plan which commenced in 2011. In line with its strategic intent, the Agency continued to progress its mandate of advising Government on matters of privatisation, implementing approved privatisation transactions, monitoring the performance of parastatals and promoting the adoption of good corporate governance practices.

5.4.1.2 Among the significant achievements during the year under review, was completion of the privatisation of the Botswana Telecommunications Corporation Limited, which was a resounding success. The implementation of shareholder oversight guidelines has also progressed very well.

5.4.1.3 Despite the many challenges privatisation faces, there is increasing appreciation of the value of the private sector as an important player in the economy and hence the need for privatisation. The unstable global economy, which has adversely affected the national economy, necessitates concerted efforts for a more diversified economy. A private sector led economy will improve Botswana's global competitiveness, attract foreign investment and broaden the country's economic base.

5.4.2 PRIVATISATION AND RESTRUCTURING

5.4.2.1 BTCL

The BTCL IPO activities were recommenced following their deferral in December 2014 to allow a wider public awareness campaign to take place as well as to finalise necessary underwriting arrangements. Due to the lapse in time, the legal and financial due diligences as well as the company's valuation were re-done. After the necessary regulatory approvals of the Prospectus were obtained, the Initial Public Offering (IPO) for the BTCL shares was launched on December 21, 2015. A total of 462 million shares were offered to Botswana citizens and citizen companies. 52.5 million shares were offered to employees through an Employees Share Ownership Plan (ESOP) structure scheme by BTCL.

The share offer period closed on March 4, 2016 and the results showed a resounding success with an oversubscription of over 1.6 times on the offer. The Shares Allotment and Allocation Committee carried out the allocation of the shares, and the necessary reconciliations and refunds were facilitated. The BTCL Shares were subsequently listed on the Botswana Stock Exchange (BSE) on April 8, 2016 which marked the commencement of their trading on the BSE Board.

The BTCL IPO raised P462,000,000.00 of which P250,000,000.00 went to BTCL and the remaining P212,000,000.00 went to the Government as proceeds of the IPO. During this process, a comprehensive countrywide public awareness and marketing campaign was undertaken. Various media and marketing methods were used to ensure wide reach to prospective buyers. Institutional Investor roadshows were also undertaken to ensure that the institutions' involvement in the IPO was obtained.

5.4.2.2 NDB

The privatisation activities were halted to allow NDB to implement its Commercialisation Programme. The intention of the Programme is to ready NDB to apply for a Banking license and then transition into a Commercial Bank over a period of two years, prior to privatisation.

5.4.2.3 PRIVATISATION MASTER PLAN II

In line with the Privatisation Policy which mandates PEEPA to prepare a Privatisation Masterplan, the Agency presented for Government's consideration and approval the Second Privatisation Masterplan (PMP II). The PMP II was approved by Government in September 2015. The PMP II is a result of extensive consultations with various Ministries and departments as well as other major stakeholders.

5.4.3 PUBLIC SERVICES OUTSOURCING PROGRAMME

5.4.3.1 PUBLIC SERVICES OUTSOURCING PROGRAMME

Following the adoption of the in-house bidding outsourcing method by the PSOP Steering Committee comprising Government and Trade Union representatives, the Directorate of Public Service Management (DPSM) engaged the Local Enterprise Authority (LEA) to train affected employees (252 were trained during the year) in business development in order for them to form companies to bid for the services to be outsourced.

CHIEF EXECUTIVE OFFICER'S CONTINUED

5.4.3.2 MINISTRY OF HEALTH (MOH)

The Ministry of Health five-year Outsourcing Strategy came to an end by 31st March 2016. Outsourcing has become part of the operations in the Ministry. Services like security, cleaning, catering, gardening and maintenance have been outsourced in various health facilities.

5.4.3.3 MINISTRY OF EDUCATION AND SKILLS DEVELOPMENT (MoESD)

The Human Resources Development Council (HRDC) did not approve the bid by Botswana Post to provide Fund Administration services of the Education Support Fund. The project is to be re-visited taking into consideration the existence of the HRDC and its mandate regarding funding for tertiary education.

5.4.3.4 MAINTENANCE OF GOVERNMENT BUILDINGS

Following the completion of the Integrated Facilities Management Strategy, for the Ministry of Infrastructure, Science and Technology, PEEPA and MIST are piloting the implementation of the strategy at Botswana Police College in Otse where facilities management services have been outsourced to a private contractor.

5.4.3.5 CONTRACT MANAGEMENT

PEEPA continued to work with DPSM to encourage Ministries to recruit and train contract managers who would ensure effective management of private sector service providers. A total of five Ministries have either established or filled positions of contract managers.

5.4.3.6 ON-GOING OUTSOURCING IN CENTRAL GOVERNMENT AND LOCAL AUTHORITIES

The following table summarises the extent of on-going outsourcing at Central and Local Government levels.

Table 1: Consolidated summary of all reported outsourcing in Central Government and Local Authorities for 2014/2015.

TYPE OF SERVICE	NUMBER	TOTAL VALUE (PM)
Waste collection (wc), etc	18	22.1
Security services (ss)	82	87.1
Cleaning (cl)	37	137.9
Gardening, landscaping (gl), etc	17	12.0
Repair and maintenance (rm)	98	295.6
Technical assistance, specialised service, logistics, etc (ta)	17	826.6
Construction (cn) (paving, culverts, etc)	3	9.9
Administrative, management (am), etc	5	21.7
Laundry (ly)	9	64.1
Catering (ca)	11	38.5
Total	**297**	**1.515**

Reporting improved tremendously for the 2014/15 period for all service areas. This has resulted in 115% increase in the number of contracts reported and a corresponding increase of 111% of value to P1.515 billion.

4.4 PERFORMANCE MONITORING

.4.1 IMPLEMENTATION OF THE SHAREHOLDER OVERSIGHT GUIDELINES

During the year the focus of the programme was mainly to implement performance contracting between line Ministries and their respective parastatals. This work resulted in six Ministries formally signing shareholder compacts with their parastatals. The remaining Ministries are expected to do so during the financial year 2016/17.

The Ministry of Finance and Development Planning rolled out the Parastatals Performance Monitoring Tool developed by PEEPA to all Ministries. The ministries will be able to use this tool to collect performance information on their parastatals. PEEPA has been assisting Ministries to collect and compile the performance information.

In addition, the National Strategy Office and the Government Implementation Coordinating Committee have started using information from the monitoring tool during the review of Ministries process. As a result of PEEPA's input into this process, the evaluation and reporting of Ministry performance is now more comprehensive and structured as it incorporates the performance of parastatals under their portfolio responsibilities.

4.5 COMMUNICATIONS AND PUBLIC AWARENESS PROGRAMME

4.5.1 PUBLIC EDUCATION FORUMS

During the year under review, PEEPA undertook numerous public education and marketing initiatives in a bid to continue educating its stakeholders on privatisation and its benefits. The radio was the key medium of education with radio interviews and jingles running in various radio stations. PEEPA also took advantage of fairs and shows to directly interact with stakeholders and the general public. The Consumer Fair was by far the most successful in terms of the number of stakeholders PEEPA interacted with.

A number of full council meetings were also addressed on PEEPA's mandate and privatisation projects. Presentations were made to the Lobatse Town Council, Southern District Council, the South East District Council, North East District Council and North West District Council. The discussions were engaging and insightful.

.5.2 BTCL IPO MARKETING

The BTCL IPO marketing commenced during the period under review. The objective of marketing the IPO was to ensure wide participation in the sale of BTCL shares. The marketing campaign included roadshows covering 33 locations across the country over a period of 6 weeks. The roadshows were in the form of edutainment (educational entertainment with music, drama and dance) and were complemented by radio, print and television campaigns. In addition, stationary billboards, mobile billboards and social media marketing platforms were utilised. During the campaign, over 300,000 BTCL share applications were printed and distributed, over 30,000 prospectuses were printed, and in excess of 100,000 pieces of educational information were printed in both English and Setswana. Social media following grew to nearly 30,000 on Facebook as well as on Twitter.

CHIEF EXECUTIVE OFFICER'S

CONTINUED

5.4.6 HUMAN RESOURCES

5.4.6.1 ORGANISATIONAL DESIGN AND RESTRUCTURING

The organisational Design and Restructuring exercise embarked on by PEEPA is still ongoing. The Agency is finalising the new structure and its implementation strategy.

5.4.6.2 TRAINING AND DEVELOPMENT

PEEPA is committed to enhancing its employees' skills. During the year under review, PEEPA enrolled its staff in various training programmes, key amongst those were four middle management staff in the Management Development Programme and three Managers in the Senior Management Development Programme. Both programmes are offered by the University of Stellenbosch.

5.4.7 ACKNOWLEDGEMENTS

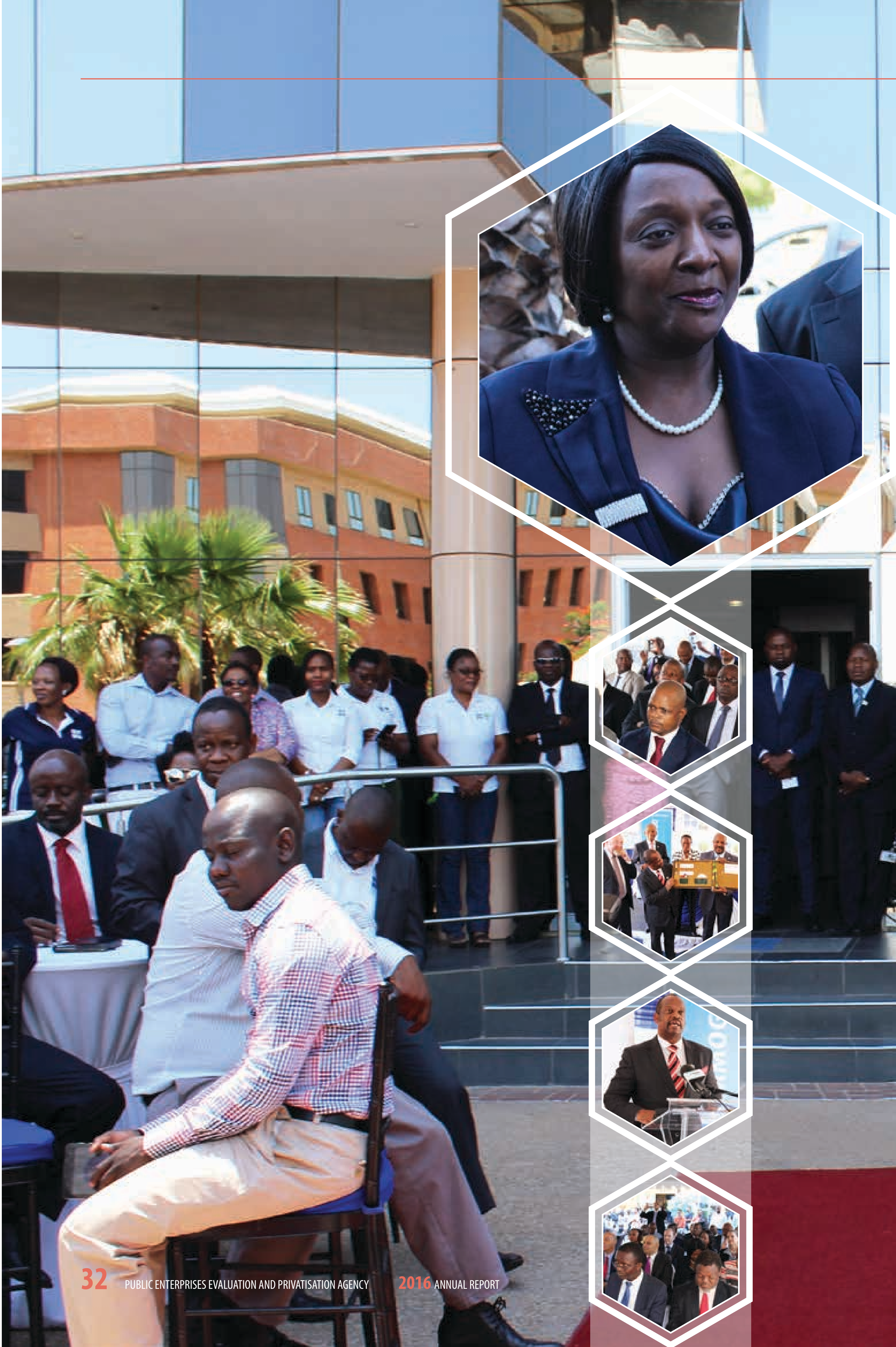
As we report on PEEPA's performance during the year, I acknowledge the valuable support and strategic guidance provided by the Chairman and all Directors.

The Minister of Finance and Development Planning and his senior officers continued to avail themselves for the much needed Policy guidance and oversight.

I give special thanks to the PEEPA Management and Staff for their invaluable professional contribution to the work of the Agency.

Let us all continue to do our best to drive the Privatisation Programme to a higher level.

K.M. Ramaphane
Chief Executive Officer



SOME OF THE ATTENDEES AT THE BTCL IPO LAUNCH EVENT


PEEPA
Public Enterprises Evaluation
and Privatisation Agency
Breaking new grounds

ANNUAL
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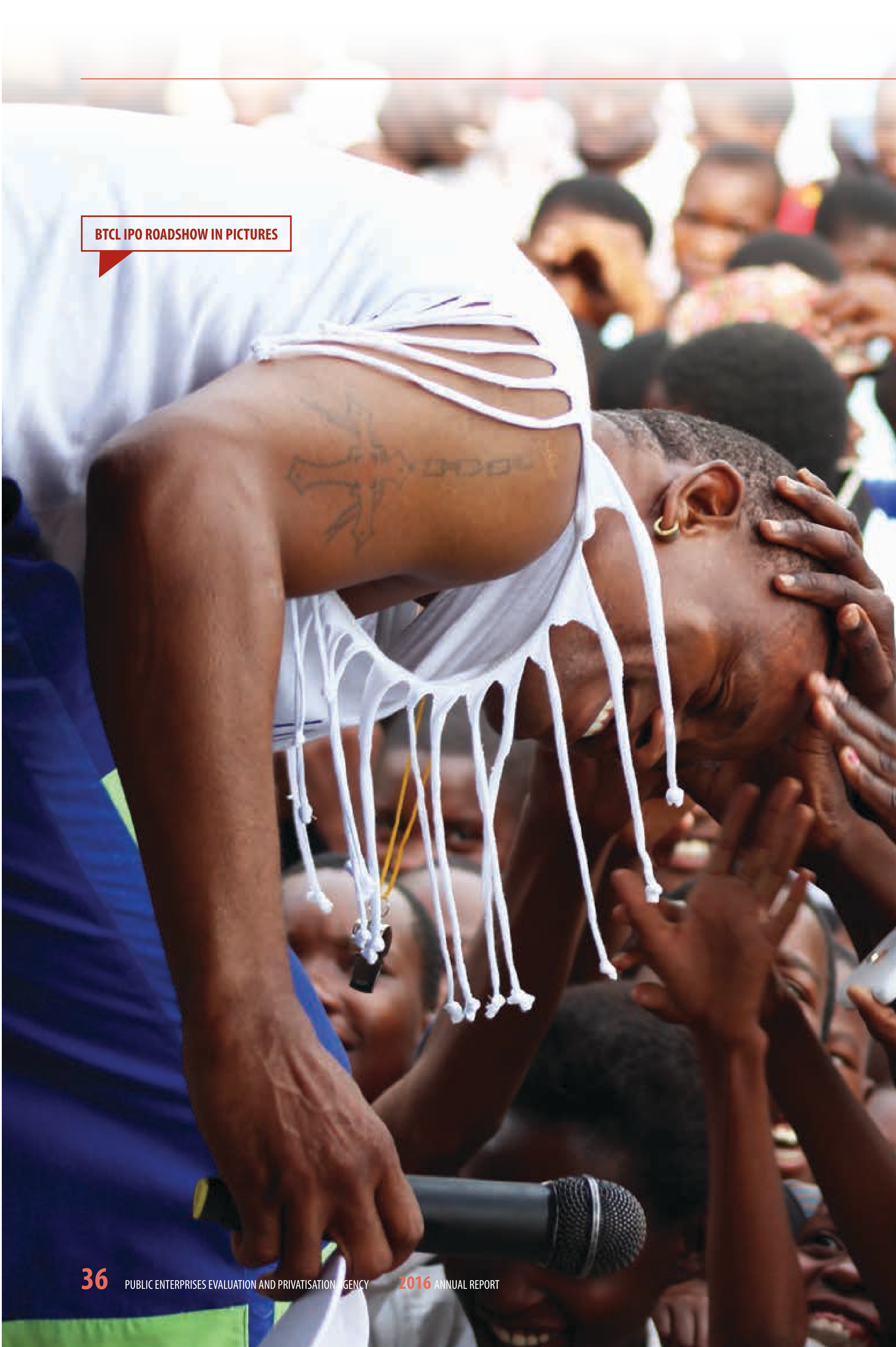
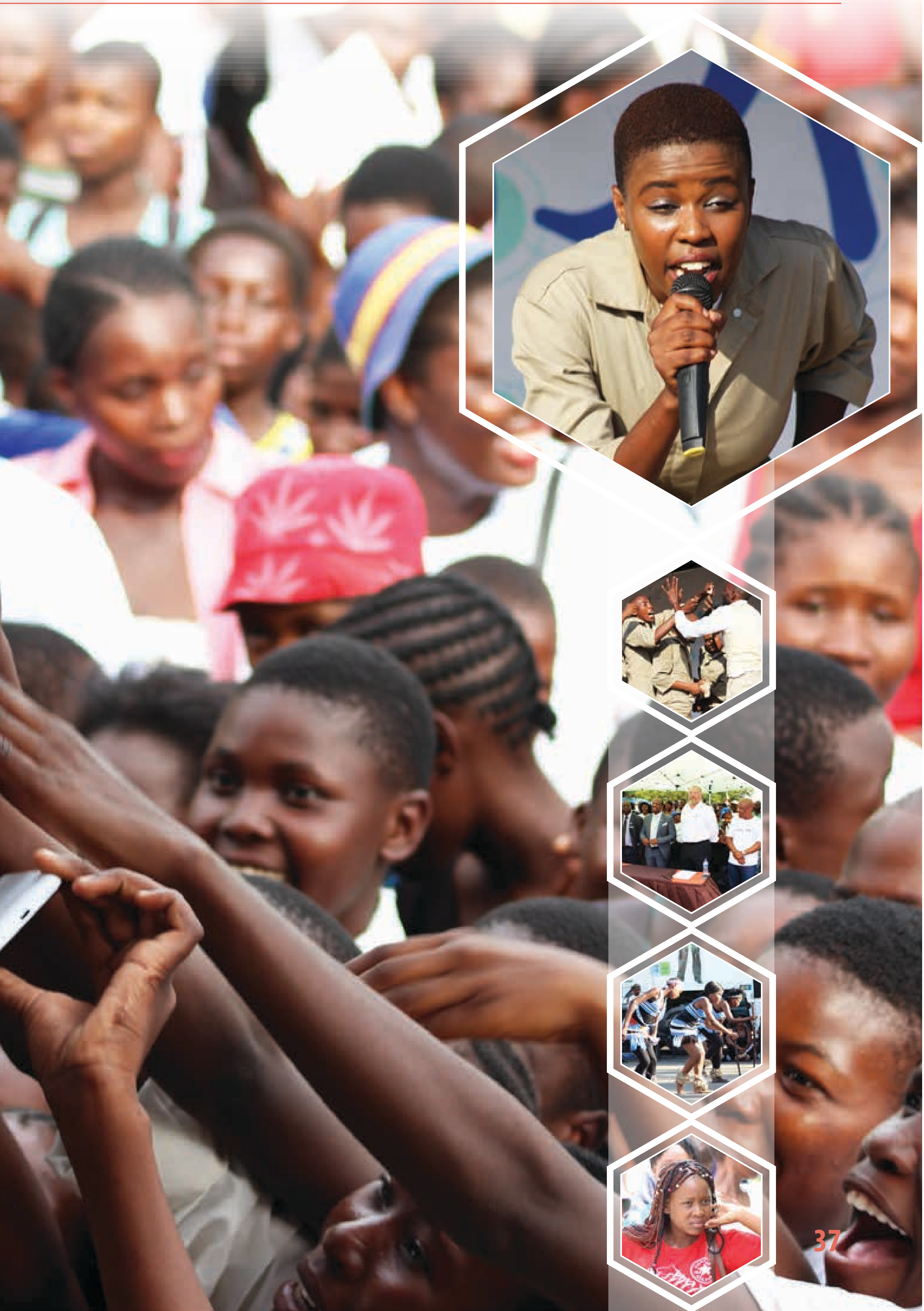
2016 ANNUAL REPORT

BTCL IPO ROADSHOW IN PICTURES





GENERAL INFORMATION

Legal form	Company limited by gurantee
Country of incorporation and domicile	Botswana
Nature of business and principal activities	The purpose of the company is to evaluate the performance of parastatals and to advise on, as well as implement the commercialisation and privatisation of these parastatals.
Board of directors	Mr. K.H. Munamati Prof H. Siphambe Ms. P.O. Serame (Resigned 10 December 2015) Ms. M.V. Kabomo Ms. P. Motswagole Mr. D. Phetlhu Ms. G.N. Mosalakatane
Chairman of the board	Mr. T. Tshekiso
Chief Executive Officer:	Mr. K.M. Ramaphane
Registered office	Plot 64511, Block 4, Unit 1 & 2, Chillesford House Fairgrounds Office Park Gaborone Botswana
Postal address	Private Bag 00510 Gaborone Botswana
Bankers	Barclays Bank of Botswana Limited Stanbic Bank Botswana Limited First National Bank of Botswana Limited Banc ABC of Botswana Limited
Investment advisors	Stanlib Investment Management Services (Proprietary) Limited Botswana Insurance Fund Management (BIFM)
Auditors	Grant Thornton Chartered Accountants
Secretary	Mr. Pelotshweu Marshlow Motlogelwa
Company registration number	2000/4113
Functional currency	Botswana Pula ("P")

DIRECTORS' REPORT

The Board of Directors have the pleasure in submitting their report, which forms part of the audited financial statements of the Agency for the year ended 31 March 2016.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The Public Enterprises Evaluation and Privatisation Agency (PEEPA) was incorporated on the 31 August 2000, as a company limited by guarantee.

The purpose of the Agency is to evaluate the performance of parastatals and advise government on, as well as implement the commercialisation and privatisation process.

2. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events post reporting date requiring disclosure or adjustments to these financial statements.

3. SHAREHOLDERS

The Government of the Republic of Botswana is the sole shareholder of PEEPA. The shareholder representatives are the subscribers to the PEEPA Constitution, namely;

Mr. S. Sekwakwa
Dr. T. Nyamadzabo
Mr. C. Dekop
Ms. E. Richard - Madisa
Dr. E. Makhwaje
Mr. S. Makosha

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors of Public Enterprises Evaluation and Privatisation Agency are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (Companies Act, 2003).

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

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

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

The annual financial statements set out on pages 42 to 69 , and the supplementary information on page 69 were authorised for issue by the Board of Directors on the 23 June 2016 and were signed on its behalf by:

Approval of financial statements

Director

Director

Gaborone

Chartered Accounts

Grant Thornton
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Plot 50370 Fairgrounds
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC ENTERPRISES EVALUATION AND PRIVATISATION AGENCY

We have audited the annual financial statements of Public Enterprises Evaluation and Privatisation Agency, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 42 to 69.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the annual financial statements give a true and fair view of, the financial position of Public Enterprises Evaluation and Privatisation Agency as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants
Certified Auditor: Madhavan Venkatachary (Memb No: 20030049)

Gaborone
23 June 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016 P	2015 P
Assets			
Non-Current Assets			
Property, plant and equipment	4	5 216 558	4 450 631
Current Assets			
Trade and other receivables	5	964 544	830 869
Short term investments	6	250 306 163	-
Cash and cash equivalents	7	19 188 818	24 078 938
		270 459 525	**24 909 807**
Total Assets		**275 676 083**	**29 360 438**
Funds and Liabilities			
Funds			
Accumulated surplus		11 019 899	11 386 126
Liabilities			
Current Liabilities			
Trade and other payables	8	6 664 421	9 374 071
Deferred income	9	7 685 600	8 600 241
Payable to Government of Botswana	10	250 306 163	-
		264 656 184	**17 974 312**
Total Funds and Liabilities		**275 676 083**	**29 360 438**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 P	2015 P
Revenue	11	51 559 992	47 734 071
Other income	12	41 677	52 024
Operating expenses	13	(35 458 143)	(22 615 272)
Employee costs	14	(14 827 020)	(14 887 493)
Depreciation		(1 722 314)	(1 437 909)
Operating (deficit)/surplus		**(405 808)**	**8 845 421**
Finance income	15	39 581	18 906
(Deficit)/surplus for the year		**(366 227)**	**8 864 327**
Other comprehensive income		-	-
Total comprehensive (deficit) surplus for the year		**(366 227)**	**8 864 327**

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2016

	Accumulated surplus P	Total funds P
Balance at 01 April 2014	**2 521 799**	**2 521 799**
Total comprehensive surplus for the year	8 864 327	8 864 327
Balance at 01 April 2015	**11 386 126**	**11 386 126**
Total comprehensive deficit for the year	(366 227)	(366 227)
Balance at 31 March 2016	**11 019 899**	**11 019 899**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 P	2015 P
Cash flows from operating activities			
Cash generated from (used in) operations	17	(2 441 460)	5 712 886
Finance income		39 581	18 906
Net cash from operating activities		**(2 401 879)**	**5 731 792**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2 488 241)	(1 424 283)
Purchase of financial assets		(250 306 163)	-
Net cash from investing activities		**(252 794 404)**	**(1 424 283)**
Cash flows from financing activities			
Received from Botswana Government		250 000 000	-
Interest on short term investments		306 163	-
Net cash from financing activities		**250 306 163**	**-**
Total cash movement for the year		**(4 890 120)**	**4 307 509**
Cash and cash equivalents at the beginning of the year		24 078 938	19 771 429
Total cash and cash equivalents at end of the year	**7**	**19 188 818**	**24 078 938**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Botswana (Companies Act, 2003). The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Botswana Pula.

These accounting policies are consistent with the previous period, except for adoption of new standards or interpretations.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

TRADE RECEIVABLES

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

FAIR VALUE ESTIMATION

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Agency for similar financial instruments.

IMPAIRMENT TESTING

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the useful assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The Agency reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number economic factors such as exchange rates, inflation and interest.

ACCOUNTING POLICIES

CONTINUED

PROVISIONS

Provisions were raised and management determined an estimate based on the information available.

CONTINGENT LIABILITIES

Management applies its judgement to facts and advice it receives from attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not or, or remote. The judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

1.2 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

PROPERTY, PLANT AND EQUIPMENT IS INITIALLY MEASURED AT COST.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they were incurred.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 Years
Motor vehicles	Straight line	4 Years
Office equipment	Straight line	5 Years
IT equipment	Straight line	3 Years
Residential furniture	Straight line	5 Years

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

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

The depreciation charge for each period is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in statement of comprehensive income when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

1.3 FINANCIAL INSTRUMENTS

CLASSIFICATION

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

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

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss which shall not be classified out of the fair value through profit or loss category.

INITIAL RECOGNITION AND MEASUREMENT

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for sale financial assets. For financial instruments which are not held at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in the statement of comprehensive income.

SUBSEQUENT MEASUREMENT

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

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

Dividend income is recognised in statement of comprehensive income as part of other income when the company's right to receive payment is established, loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

ACCOUNTING POLICIES

CONTINUED

Interest income is recognised in statement of comprehensive income using the effective interest method.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available for-sale equity instruments are recognised in profit or loss as part of other income when the Agency's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

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

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Agency has transferred substantially all risks and rewards of ownership.

FAIR VALUE DETERMINATION

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

In the case of equity securities classified as available-for-sale, a significant prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current value, less any impairment loss on the financial asset previously recognised in statement of comprehensive income - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in statement of comprehensive income.

Impairment losses are recognised in statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in statement of comprehensive income except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

LOANS TO EMPLOYEES

These financial assets are classified as loans and receivables.

TRADE AND OTHER RECEIVABLES

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

TRADE AND OTHER PAYABLES

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

CASH AND CASH EQUIVALENTS

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

1.4 TAX

INCOME TAX

No provision for taxation has been made as the Agency is exempt from income tax under the Second Schedule of the Income Tax Act.

ACCOUNTING POLICIES

CONTINUED

1.5 LEASES

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

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

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

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

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

1.7 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

Gratuities are paid all employees of the Agency based on contractual terms of employment.

1.8 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

1.9 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Agency will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the statement of comprehensive income (separately).

Government grant related to specific projects are presented in the balance sheet by setting up the amount as deferred income. The amount credited in the deferred income is transferred to the statement of comprehensive income to match the cost relating to the specific project which the grant relates to.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

ACCOUNTING POLICIES

CONTINUED

1.10 REVENUE

Revenue is recognised to the extent that is probable that future economic benefits will flow to the Agency and the revenue can be measured reliably.

Interest is recognised in statement of comprehensive income using the effective interest rate method.

1.11 TRANSLATION OF FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

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

At the end of the reporting period:

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

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

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

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Agency has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48 - 51 and 53 - 56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Agency has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Agency has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Agency's accounting periods beginning on or after 01 April 2016 or later periods:

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the Agency is for years beginning on or after 01 January 2016.

The Agency expects to adopt the amendment for the first time in the 2017 annual financial statements.

The impact of this amendment is currently being assessed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to statement of comprehensive income.

The effective date of the Agency is for years beginning on or after 01 January 2016.

The Agency expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the amendment will have a material impact on the agency's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Agency expects to adopt the standard for the first time in the 2019 annual financial statements.

The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2017.

The Agency expects to adopt the standard for the first time in the 2018 annual financial statements.

The impact of this standard is currently being assessed.

3. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Agency's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Agency's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Agency's financial performance. Risk management is carried out by the finance department under policies approved by the board. Agency finance division identifies, evaluates and hedges financial risks in close cooperation with the Agency's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through government grants and the ability to close all market positions. Due to the dynamic nature of underlying businesses, Agency's finance department monitors funding by the use of budgets.

The Agency's risk to liquidity is a result of the funds available to cover future commitments. The Agency manages liquidity risk through an ongoing review of future commitments and monitors funds by the use of budgets.

Cash flow forecasts are prepared and monitored.

The table below analyses the Agency's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2016	**Less than 1 year**
Trade and other payables	6 664 438
At 31 March 2015	**Less than 1 year**
Trade and other payables	9 374 071

INTEREST RATE RISK

As the Agency has interest-bearing assets in cash deposited with financial institutions. If interest rates were to increase/decrease the impact on the statement of comprehensive income would be negligiable. As such the Agency's income and operating cash flows are substantially independent of changes in market interest rates.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade and other receivables. The Agency only deposits cash with major banks with high quality credit standing and limits exposure to any counter-party. The Agency has deposits with Stanbic Bank Botswana Limited, Stanlib Investment Managements Services, Banc ABC Limited, First National Bank of Botswana Limited, BIFM Pula Money Market fund and Barclays Bank Botswana Limited. There are no credit ratings available in Botswana.

Barclays Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of Barclays plc, which is listed on the London Stock Exchange and has a credit rating of AA- (Fitch rating).

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank in South Africa. Standard Bank South Africa is listed on the Johannesburg Stock Exchange and has a long term credit rating of BBB (Fitch rating).

Stanlib Limited is a subsidiary of Standard Bank South Africa and Liberty holdings. Liberty Holdings is listed on the Johannesburg Stock Exchange and has a long term credit rating of AA- (Fitch rating).

Banc ABC is a subsidiary of Atlas Mara. Atlas Mara is listed on the London Stock Exchange and has substantial holdings in various African banks.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Limited, a company listed on the Johannesburg Stock Exchange.

BIFM Pula Money Market Fund operated by Botswana Insurance Holdings Limited is a locally listed entity which has grown as a Fund manager with over 40 years of investment heritage.

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

Financial instrument	**2016**	**2015**
Trade and other receivables	1 673 834	1 344 964
Bank balances	10 741 790	14 717 269
Short term deposits	8 444 028	9 358 669
Short term investments	250 306 163	-

FOREIGN EXCHANGE RISK

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilites.

At 31 March 2016, if the currency had weakened /strengthened by 5% against the US dollar with all other variables held constant, the deferred income for the year would have been P52 (P52) lower/higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated cash and cash equivalents.

FOREIGN CURRENCY EXPOSURE AT THE END OF THE REPORTING PERIOD

Current assets		
Bank balances as at 30 March 2016: USD 143 (2015: USD 143)	1 278	1 278

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	P Cost	P Accumulated depreciation	P Carrying value	P Cost	P Accumulated depreciation	P Carrying value
Furniture and fixtures	3 307 416	(1 716 412)	1 591 004	3 353 597	(1 776 354)	1 577 243
Motor vehicles	2 257 252	(1 479 544)	777 708	2 379 389	(1 181 175)	1 198 214
Office equipment	2 043 218	(796 681)	1 246 537	2 126 266	(977 442)	1 148 824
IT equipment	1 863 456	(684 742)	1 178 714	2 529 679	(2 100 893)	428 786
Residential furniture	1 031 278	(608 683)	422 595	606 005	(508 441)	97 564
Total	**10 502 620**	**(5 286 062)**	**5 216 558**	**10 994 936**	**(6 544 305)**	**4 450 631**

Reconciliation of property, plant and equipment - 2016

	Opening Carrying value	Additions	Depreciation	Closing Carrying value
Furniture and fixtures	1 577 243	499 415	(485 654)	1 591 004
Motor vehicles	1 198 214	-	(420 506)	777 708
Office equipment	1 148 824	471 029	(373 316)	1 246 537
IT equipment	428 786	1 092 524	(342 596)	1 178 714
Residential furniture	97 564	425 273	(100 242)	422 595
	4 450 631	**2 488 241**	**(1 722 314)**	**5 216 558**

Reconciliation of property, plant and equipment - 2015

	Opening Carrying value	Additions	Disposals	Depreciation	Closing Carrying value
Furniture and fixtures	1 948 124	84 463	(5 144)	(450 200)	1 577 243
Motor vehicles	819 611	750 000	-	(371 397)	1 198 214
Office equipment	1 116 571	319 988	(19 409)	(268 326)	1 148 824
IT equipment	388 663	67 133	-	(227 010)	428 786
Residential furniture	215 841	2 699	-	(120 976)	97 564
	4 488 810	**1 424 283**	**(24 553)**	**(1 437 909)**	**4 450 631**

5. TRADE AND OTHER RECEIVABLES

	2016 P	2015 P
Sundry Debtors	158 359	233 018
Employee costs in advance	304 641	221 314
Prepayments	304 670	195 133
Deposits	196 874	181 404
	964 544	**830 869**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade and other receivables		
Not rated	659 874	635 736

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2016 and 31 March 2015 there no were past due but not impaired trade and other receivables.

Trade and other receivables impaired

There are no trade and other receivable that are impaired.

Fair Value

Fair value of trade and other receivables approximates its carry value

6. SHORT TERM INVESTMENTS

BIFM Pula Money Market Fund	250 306 163	-

BIFM Pula Money Markets Fund Class B. The funds are held on behalf of the Botswana Government for underwriting BTCL shares, refer to note 10.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2016 P	2015 P
Cash on hand	3 000	3 000
Bank balances	10 741 790	14 717 269
Short-term deposits	8 444 028	9 358 669
	19 188 818	**24 078 938**

Short term deposits includes an unspent balance amount of P8.4 million (2015: P9.3 million) which is exclusively held for expenses relating to a specific project approved by the Ministry of Transport and Communication and National Development Bank (Note 9).

For purposes of cash flow presentation, cash and cash equivalents comprise of:

	2016 P	2015 P
Cash and cash equivalents (Note 7)	19 188 818	24 078 938
Short term investments (Note 6)	250 306 163	-
	269 494 981	**24 078 938**

Fair value of cash and cash equivalents

Fair value of cash and cash equivalents	2016 P	2015 P
Bank balances	19 185 818	24 075 938
Cash on hand	3 000	3 000
Short term investments (Note 6)	250 306 163	-
	269 494 981	**24 078 938**

8. TRADE AND OTHER PAYABLES

	2016 P	2015 P
Trade payables	4 073 798	6 085 913
Other payables	114 201	7 000
Accrued leave pay	413 681	469 812
Other payables	2 062 741	2 811 346
	6 664 421	**9 374 071**

9. DEFERRED INCOME

In April 2008, the Agency received a grant of P21 million from the Ministry of Transport and Communications, and further received an additional grant of P12 million in 2012. The grants received were specifically restricted the use projects approved by the Ministry. In 2013, the Agency received an additional P2.5 million from the Ministry of Transport and Communications for the implementation of Botswana Telecommunication Corporation (BTC) initial public offering.

In 2015/2016 P20.93 million was received from the Ministry of Transport and Communication for the further implementation of Botswana Telecommunication Corporation (BTC) initial public offering.

In 2015/2016 P2.5 million was also received from BTCL to cover various public communication costs.

In 2014, PEEPA received a grant of P2.25 million from the Ministry of Minerals, Energy and Water Resources to carry out feasibility study to evaluate possible private sector participation options in the operations Botswana Power Corporation (BPC) and the Electricity Supply Industry (ESI), to improve efficiency in power provision.

In 2014/15, a further P2.48 million and P0.94 million respectively received from the Ministry of Infrastructure Science and Technology through the Department of Building and Engineering Services (DBES) for the development and implementation of an effective maintenance strategy for government buildings.

The amount transferred to the statement of comprehensive income from the deferred income represents the funds utilised by the agency towards these projects.

Reconciliation of Deferred income.

Reconciliation of deferred income

	2016 P	2015 P
Opening balance at beginning of year	8 600 241	18 166 040
Grants received for Ministry of Infrastructure Science and Technology project	-	940 000
Grants received from BTCL	2 500 000	-
Grants received for BTC project	20 928 800	2 500 000
Utilised during the year and recognised in the statement of comprehensive income	(24 872 853)	(13 846 321)
Finance income	529 412	614 734
Foreign exchange gain	-	73 465
Expenses to be reimbursed	-	152 323
	7 685 600	**8 600 241**
Deferred income as per project		
Ministry of Transport and Communication	5 599 524	6 256 270
African Development Bank	89 972	89 972
Ministry of Minerals, Energy and Water Resources	603 700	603 700
Ministry of Infrasturcture, Science and Technology	864 889	1 124 037
National Development Bank	527 515	526 262
	7 685 600	**8 600 241**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

10. PAYABLE TO BOTSWANA GOVERNMENT

The Agency received an amount of P250 million towards underwriting BTCL shares. These funds have been placed with BIFM Pula Money Market, refer to note 6. These funds will be paid back to Botswana Government after concluding the BTCL listing.

	2016 P	2015 P
Payable to Botswana Government	250 306 163	-

11. REVENUE

	2016 P	2015 P
Government funding - subvention	26 687 750	33 887 750
Government funding transfer from deferred income	24 872 242	13 846 321
	51 559 992	**47 734 071**

12. OTHER INCOME

	2016 P	2015 P
Loss on disposal of property, plant and equipment	-	(24 554)
Other income	41 677	76 578
	41 677	**52 024**

13. OPERATING EXPENSE

	2016 P	2015 P
The following items are included within operating expenses:		
Advertising costs	99 636	230 605
Auditors remuneration	85 156	101 640
Consulting and professional fees - projects	27 529 765	14 980 958
Public relations and hospitality	1 002 573	770 633
Insurance	352 220	345 875
Lease rentals on operating lease	1 715 843	1 657 222
Motor vehicle expenses	119 088	194 874
Recruitment	111 477	8 542
Other Expenses	2 005 320	2 099 608
Printing and stationery	261 287	598 974
Board member fees and expenses	139 651	175 663
Subscriptions	79 076	58 857
Telephone and fax	373 964	377 633
Training	977 063	521 812
Transport and freight	7 140	-
Travel expenses	451 733	359 557
Workshop and conference conducted	122 459	106 148
Workshops & Conferences attended	24 692	26 671
	35 458 143	**22 615 272**

14. EMPLOYEE COSTS

	2016 P	2015 P
The following items are included within employee benefits expense:		
Employee costs		
Basic	7 945 674	8 082 564
Allowances	298 554	213 918
Medical aid	533 243	525 468
Car allowances	1 284 288	1 314 745
Entertainment allowance	114 788	120 898
Housing allowances	1 637 145	1 618 659
Leave pay provision charge	499 942	492 877
Miscellaneous expenses	65 993	40 229
Staff phone allowance	131 732	134 640
Gratuity	2 315 661	2 343 495
	14 827 020	**14 887 493**

15. FINANCE INCOME

	2016 P	2015 P
Interest income		
Interest on bank deposits	39 581	18 906

16. AUDITORS' REMUNERATION

	2016 P	2015 P
Fees	85 156	101 640

17. CASH GENERATED FROM (USED IN) OPERATIONS

	2016 P	2015 P
(Deficit)/suplus before taxation	(366 227)	8 864 327
Adjustments for:		
Depreciation	1 722 314	1 437 909
Loss on sale of property, plant and equipment	-	24 553
Interest received	(39 581)	(18 906)
Changes in working capital:		
Trade and other receivables	(133 675)	(285 266)
Trade and other payables	(2 709 650)	5 256 068
Deferred income	(914 641)	(9 565 799)
	(2 441 460)	**5 712 886**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

18. COMMITMENTS

	2016 p	2015 p
Operating leases - as lessee		
Minimum lease payments due		
- within one year	664 609	1 657 222
- in second to fifth year inclusive	95 700	-
	760 309	**1 657 222**

Operating lease payments represent rentals payable by the Agency for certain of its office properties. Leases are negotiated for an average term of three years. No contingent rent is payable.

19. CONTINGENCIES

Guarantees		
Guarantees to Stanbic Bank of Botswana Limited	-	40 820

In 2015 the Agency had issued a guarantee to Stanbic Bank of Botswana Limited to a maximum extent of P3 000 000 for the facility to provide the staff of the Agency with motor vehicle loans. The balance disclosed above as contingent liability represents the amount of loans taken up by the employees at the year end in terms of this scheme.

20. CATEGORIES OF FINANCIAL INSTRUMENTS

	Note	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2016					
Assets					
Non-Current Assets					
Property, plant and equipment	4	-	-	5 216 558	5 216 558
Current Assets					
Trade and other receivables	5	355 233	-	609 311	964 544
Short term investments	6	250 306 163	-	-	250 306 163
Cash and cash equivalents	7	19 188 818	-	-	19 188 818
		269 850 214	**-**	**6 09 311**	**270 459 525**
Total Assets		**269 850 214**	**-**	**5 825 869**	**275 676 083**
Funds and Liabilities					
Accumulated surplus		-	-	11 019 899	11 019 899
Total Funds		**-**	**-**	**11 019 899**	**11 019 899**
Liabilities					
Current Liabilities					
Trade and other payables	8	-	6 664 421	-	6 664 421
Deferred income	9	-	-	7 685 600	7 685 600
Payable to Botswana Government	10	-	250 306 163	-	250 306 163
		-	**256 970 584**	**7 685 600**	**264 656 184**
Total Liabilities		**-**	**256 970 584**	**7 685 600**	**264 656 184**
Total Funds and Liabilities		**-**	**256 970 584**	**18 705 499**	**275 676 083**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

20. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Note	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2015					
Assets					
Non-Current Assets					
Property, plant and equipment	4	-	-	4 450 631	4 450 631
Current Assets					
Trade and other receivables	5	414 421	-	416 448	830 869
Cash and cash equivalents	7	24 078 938	-	-	24 078 938
		24 493 359	**-**	**416 448**	**24 909 807**
Total Assets		**24 493 359**	**-**	**4 867 079**	**29 360 438**
Funds and Liabilities					
Accumulated surplus		-	-	11 386 126	11 386 126
Total Funds		**-**	**-**	**11 386 126**	**11 386 126**
Liabilities					
Current Liabilities					
Trade and other payables	8	-	9 374 071	-	9 374 071
Deferred income	9	-	-	8 600 241	8 600 241
		-	**9 374 071**	**8 600 241**	**17 974 312**
Total Liabilities		**-**	**9 374 071**	**8 600 241**	**17 974 312**
Total Funds and Liabilities		**-**	**9 374 071**	**19 986 367**	**29 360 438**

21. RELATED PARTIES

Shareholder with significant influence

The Government of Botswana and its Ministries are related parties of the Agency by virtue of Government Botswana being the sole shareholder of the Agency. During the year, the Agency entered into the following transactions with the related parties.

	2016 P	2015 P
Related party balances		
Grants from related parties recognised as deferred income		
Ministry of Transport and Communications	5 599 524	6 256 270
Ministry of Minerals, Energy and Water Resources	603 700	603 700
Ministry of Infrastructure, Science and Technology	864 889	1 124 037
National Development Bank	527 515	526 262
Related party transactions		
Amount paid to directors		
Sitting allowances	85 738	175 663
Subvention received		
Government of Botswana	26 687 750	33 887 750
Grants Received for Projects		
Ministry of Infrastructure, Science and technology	-	940 000
Ministry of Transport and Communications	273 428 800	2 500 000
	273 428 800	**3 440 000**

22. EVENTS AFTER THE REPORTING PERIOD

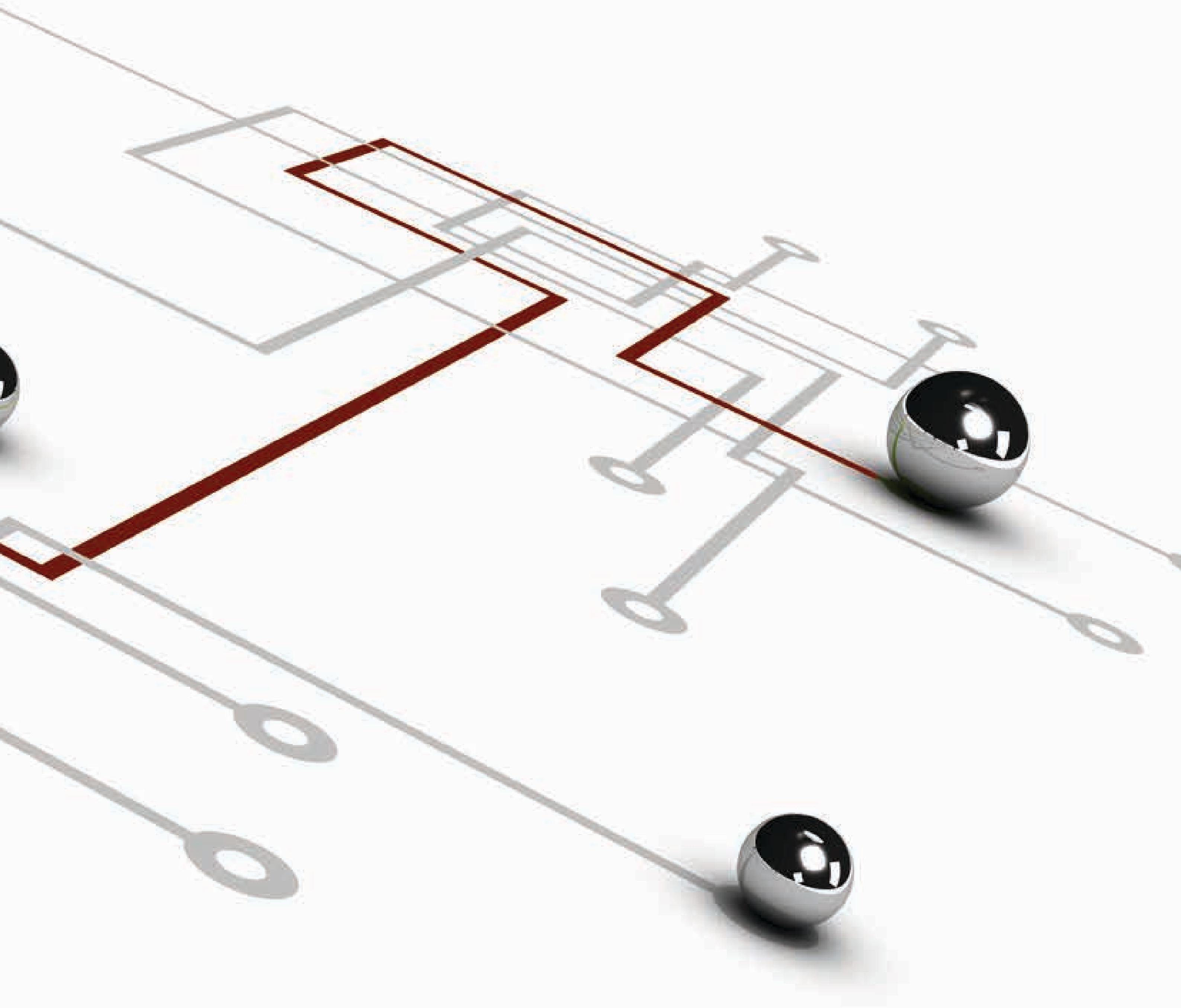
There were no material events after the reporting date requiring disclosure or adjustment to the financial statements.

DETAILED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 P	2015 P
Revenue			
Government funding - subvention		26 687 750	33 887 750
Government funding transfer from deferred income		24 872 242	13 846 321
	11	**51 559 992**	**47 734 071**
Other income			
Loss on disposal of property, plant and equipment		-	(24 554)
Other income		41 677	76 578
		41 677	**52 024**
Operating expenses			
Advertising		(99 636)	(230 605)
Auditors remuneration	16	(85 156)	(101 640)
Board member fees and expenses		(139 651)	(175 663)
Consulting and professional fees-AFDB projects		(258 537)	(1 364 036)
Consulting and professional fees-BTC projects		(24 613 705)	(12 482 285)
Consulting and professional fees-NDB projects		(22 045)	-
Consulting and professional fees-PEEPA projects		(2 509 112)	(1 115 877)
Depreciation, amortisation and impairments		(1 722 314)	(1 437 909)
Employee costs		(14 827 020)	(14 887 493)
Insurance		(352 220)	(345 875)
Lease rentals on operating lease		(1 715 843)	(1 657 222)
Legal expenses		(126 366)	(18 760)
Motor vehicle expenses		(119 088)	(194 874)
Other expenses		(2 005 320)	(2 099 608)
Printing and stationery		(261 287)	(598 974)
Public relations and hospitality		(1 002 573)	(770 633)
Recruitment		(111 477)	(8 542)
Subscriptions		(79 076)	(58 857)
Telephone and fax		(373 964)	(377 633)
Training		(977 063)	(521 812)
Transport and freight		(7 140)	-
Travel		(451 733)	(359 557)
Workshop and conference attended		(24 692)	(26 671)
Workshops & conference conducted		(122 459)	(106 148)
		(52 007 477)	**(38 940 674)**
Operating (deficit)/surplus		**(405 808)**	**8 845 421**
Finance income		15 39 581	18 906
(Deficit)/surplus for the year		**(366 227)**	**8 864 327**

The accounting policies on pages 46 to 53 and the notes on pages 54 to 68 form an integral part of the annual financial statements.

BTCL IPO ROADSHOW IN PICTURES



COMPANY INFORMATION

NATURE AND PRINCIPAL BUSINESS ACTIVITY

The purpose of the company is to evaluate the performance of parastatals and to advise on, as well as implement the commercialisation and privatisation of these parastatals.