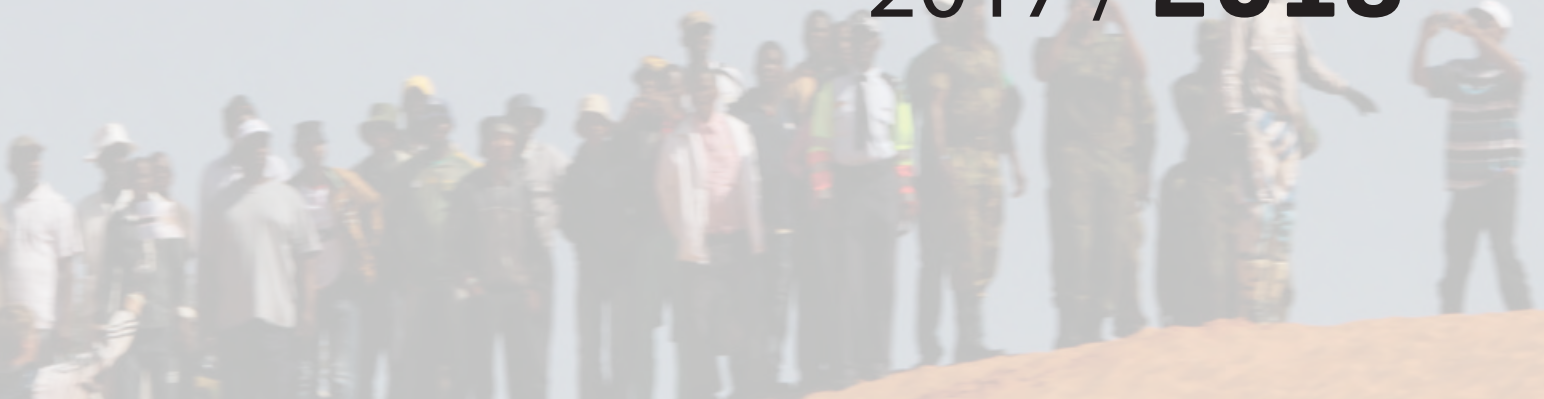




ANNUAL REPORT

2017 / 2018



boatswain



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OUR THEME

SEE, HEAR, SMELL,
TOUCH & TASTE
BOTSWANA



Botswana is a rarity in our overpopulated, over-developed world. Untamed and untameable, it is one of the last great refuges for Nature's magnificent pageantry of life.

Capital: Gaborone

Population: 2.021 million (2013) World Bank

Currency: Botswana pula

President: Ian Khama

National anthem: Fatshe leno la rona

Official languages: English, Tswana

Botswana is well known for having some of the best wilderness and wildlife areas on the African continent. With a full 38 percent of its total land area devoted to national parks, reserves and wildlife management areas – for the most part unfenced, allowing animals to roam wild and free – travel through many parts of the country has the feeling of moving through an immense Nature wonderland.



SEE THE BEAUTY OF BOTSWANA

Botswana is well - known for its vast expanses of pristine wilderness, and its variety of ecosystems. It is a country with the 6th lowest human density in the world, but the highest population of elephants in Africa, the highest density of lion in Africa, and an abundance of the 'Big Five' across its main parks.

Because conservation and preservation are key to Botswana's tourism industry, spectacular untouched landscapes can be found throughout the country. Watch a glorious violet sunset on the banks of the Chobe river; gaze at the colossal herds of animals wandering through the Central Kalahari Game Reserve; take in the ethereal beauty of the seemingly never-ending Makgadikgadi salt pans.

You will take in rugged scenes unique to this land; exhilarating scenes you never knew existed; breathtaking scenes that will remain in your memory forever. Many parts of the country has the feeling of moving through an immense Nature wonderland.



HEAR THE SOUNDS OF BOTSWANA

There is nothing like being alone with nature. It is only then that we become aware of the thousands of creatures that make up our world, from hearing their songs.

Botswana boasts over 500 regularly occurring species of bird, and whether in the remotest game reserve or

the centre of the capital city, birds can be heard singing for joy. At night, crickets take over to play their pulsating chorus.

Botswana are proud of their musical heritage; one is never far away from someone keen to share their music with you. Every genre exists here, but it is the traditional the beat of the traditional drum mirrors the sounds of nature; traditional instruments made from seedpods tied around the foot and stamped imitate the sounds of grasses swaying, of animal footsteps, of rain.



SMELL THE FRESH, CLEAN AIR OF BOTSWANA

Because of the abundance of pure, untouched nature in Botswana, the skies are as clear and blue as they were thousands of years ago.

It is a land famous for stargazing; thousands of constellations can be seen from the inky skies with not a ray of light pollution; the Milky Way, Mars and Jupiter are visible most nights in this silent, serene land. With an enviable 300 days of sunshine per year, it truly is a country of the Sun and the Earth. Crystal-clear waters flow through the Okavango Delta, the 1000th UNESCO World Heritage Site.

When the skies are disrupted, it is by flocks of birds. Botswana holds countless unique experiences, but one of the most incongruous is the flooding of the normally dry Pans, when hundreds of thousands of flamingos descend to breed. This is a truly once-in-a-lifetime experience.



TOUCH THE WILDERNESS OF BOTSWANA

Many countries claim to be the best for 'up close with nature' safari experiences. What sets Botswana apart is its reluctance to spoil nature by overcrowding areas with tourists, and its intrinsic, elegant respect for the flora and fauna of the country.

Because of this attitude towards Nature, in Botswana you don't just touch the land, you become one with it.

The thrill of quietly following a pack of wild dog on a hunt is a memory that will never fade. Silently winding around the reed corners of the Okavango Delta on a mokoro (a traditional wooden boat) allows you to feel part of nature, never disturbing but always watching.

To truly touch a country, one must become one with it. In Botswana that's not only possible, but encouraged and welcomed.



TASTE THE DISHES OF BOTSWANA

As in every country, social rules govern food in Botswana and here the rule is 'never eat alone!' It is considered disrespectful to eat without sharing with those around you, adding to the charm of meals in Botswana. Food

is cooked with love, shared with family and friends and made in abundance for celebrations.

There are more cows than people in Botswana and the beef produced is considered some of the best in the world, making this a key staple of the local diet that Botswana are extremely proud of. Also produced locally are a range of delectable starches, grains and vegetables such as maize, sorghum, butternut, citrus fruits and avocado.

In recent years the availability of non-African food has increased; Gaborone now boasts many international restaurants. And yet the pull of the 'lady under the tree' selling traditional Setswana delights still persists, and for good reason.



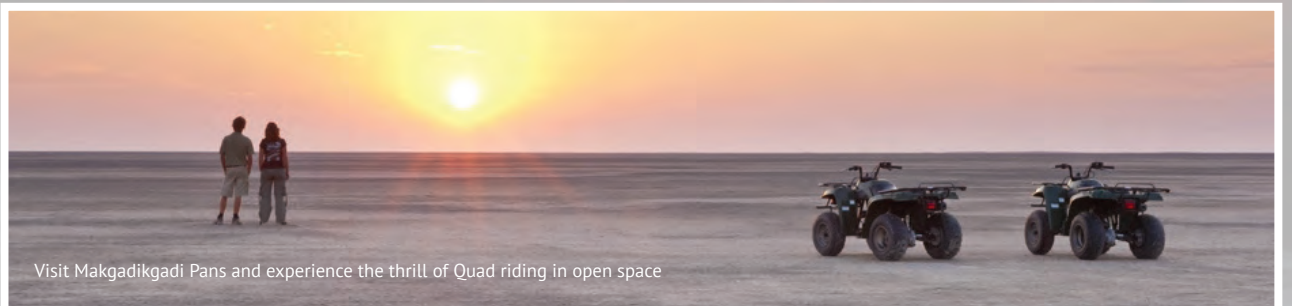
Sunset in Makgadikgadi Pans



Motswana woman weaving a traditional basket



Mokoro (Darkout Canoe) is a popular mode of transport in the Okavango and Northern Botswana



Visit Makgadikgadi Pans and experience the thrill of Quad riding in open space



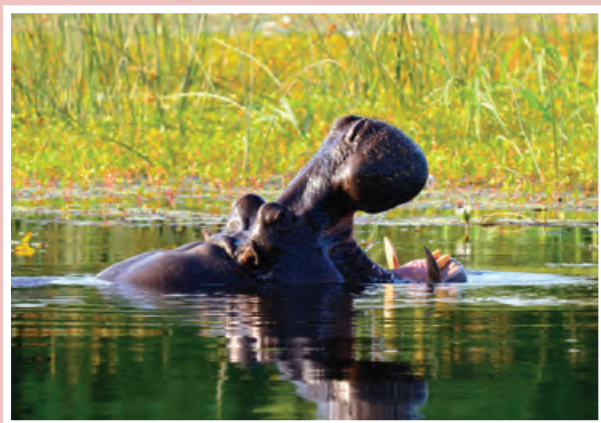
SEE

HEAR

SMELL

TOUCH

TASTE



Botswana Tourist Statistics

> **1,774,960**

Total number of visitor arrivals
for the year 2017

> **BWP14.5Bil**

Tourist Expenditure (Internal tourism
Expenditure) in 2016. Source: 2016
Tourism Satellite Account.





botswana
tourism



WHO WE ARE, WHAT WE DO

Established through an Act of Parliament; The Botswana Tourism Organisation Act No. 14 of 2009 which repealed the Botswana Tourism Board Act of 2003, the Organisation is mandated to market and position Botswana as a premier tourist destination; promote investment in the tourism sector; and to grade and classify tourism facilities. More specifically, the Act under Section 4 mandates the Botswana Tourism Organisation as follows:- Botswana Tourism Organisation shall do all such things as are necessary to market and promote Botswana tourist attractions, and to encourage and facilitate travel, by local and foreign tourists, to the said attractions. These include;

- To plan, develop and implement tourism marketing and promotion strategies aimed at creating and sustaining a positive image of Botswana as a tourist and investment destination;
- Plan, formulate and implement strategies for promoting sustainable tourism development in collaboration with the private sector in the tourism industry, local authorities, local communities and non-governmental Organisations;
- Implement government policies and programmes aimed at facilitating the continued growth and development of the tourism sector;
- Develop and implement appropriate strategies for achieving annual work plan objectives and set performance targets aimed at the promotion of tourism business in Botswana;
- Establish and expand local as well as international travel trade networks to promote and sell Botswana as a tourist destination.
- Manage and coordinate Botswana tourism promotional and publicity programmes;
- Provide market research information and market intelligence on tourism;
- Promote the expansion of existing tourist enterprises and new investments in the tourism sector.
- Market and promote the establishment of joint tourist enterprise ventures between citizen and foreign investors.
- Promote the improvement of tourist enterprise and service standards;
- Grade and classify tourist enterprise facilities;
- Conduct tourism awareness campaigns and tourism research within and outside Botswana;
- Develop and improve the existing tourism opportunities and diversify the sector to include other forms of tourism, such as cultural and heritage tourism, eco-tourism, entertainment, recreational and leisure tourism and bring them to the required standards;
- Select, develop and bring to the required marketable standard, any tourism project, solely or through partnerships with any community based Organisation or any individual;
- Select and facilitate any tourism project from any community based Organisation or any individual to bring the project to the required marketable standard.

BTO commenced its operations, in 2006, and has its head office in Gaborone, Botswana as well as seven (7) local satellite offices in Maun, Kasane, Francistown, Selebi Phikwe, Palapye, Tsabong and Ghanzi. The organisation also operates information offices in Gaborone, Kang and Letlhakane. In addition, the organisation has international representative offices in the United Kingdom covering the United Kingdom and the Republic of Ireland, the United States of America and in Germany covering Germany, Austria, Switzerland, France and Italy.





Corporate Values

VISION:

“To be globally recognised as a premier tourism promotions Organisation”

MISSION:

“To develop Botswana into a unique preferred tourism destination of choice in order to increase the sector’s contribution to the nation’s economic growth, through active participation of the local and international communities for the sustainable utilization of tourism resources”



BOTHO / HOSPITALITY

To serve our customers and stakeholders in a courteous, pleasant and professional manner to project a positive image about the Botswana Tourism Organisation.

RESULT ORIENTED

To work together as a team, harness and deploy available resources for optimal output.

CREATIVITY, INNOVATION & ENTREPRENEURSHIP

To apply initiative and business ingenuity to ensure that the Organization continues to be competitive.

CUSTOMER FOCUS

To provide high standard deliverables that exceed customer expectation, effectively and efficiently build customer confidence.

STRATEGIC ORIENTED

To effectively rationalize human and material resources at our disposal to maximize industry growth and competitiveness.

PROFESSIONALISM

To apply high standards of service delivery at all times.

Board Members



Lawrence Khupe | Chairman



Thabo Thamane
Board Member



Thabo Brian Dithebe
CEO and Ex-Officio Member



Thilorthamay Naicker
Board Member



Keith Vincent
Board Member



Corporate Governance

This section describes Botswana Tourism Organisation's (BTO) top-level governance, and it provides details on the Board of Directors' responsibilities. Botswana Tourism Organisation is committed to implementing best practice in matters of corporate governance, and ensuring accountability, integrity, transparency and efficiency are reflected in its day-to-day operations.

The Organisation places a strong emphasis on the importance of these values by ensuring that;

- there is a focus on project planning and that the performance of key projects and contracts is monitored in line with best practice;
- there is open communication with the Botswana Government, and the Minister;
- sound risk management policies and procedures as well as all reasonable measures to minimise the incidence of fraud are in place. Enabling Legislation Botswana Tourism Organisation's governance arrangements are prescribed by the Botswana Tourism Act, 2009.

The Act is BTO's enabling legislation and describes the Organisation's specific objectives, functions and powers. The Act also describes the financial management, accountability and audit obligations of the Organisation. BTO as a parastatal must also consider and apply ministerial directions and statements of expectation that are issued from time to time.

Board of Directors

As prescribed in the Act, the Board's main responsibilities are to ensure the proper and efficient performance of the Organisation's functions, and to determine Botswana Tourism's policy direction.



Term of Office

In terms of Section 7 (1) of the Act, a member other than the Chairman shall hold office for a period not exceeding three years, and shall be eligible for re-appointment for a further term of three years, while the Chairman of the Board shall hold office for a period not exceeding five years, eligible for reappointment at the end thereof.

Board Committees

Section 13(1) of the Act provides for an appointment of committees as the Board may find necessary for purposes of performing its functions. Members of these committees are drawn from the Board and may include any other person not being a member of the Board with specialised skills, and such members shall hold office for a term to be determined by the Board. During the period under review, there were five (5) Board Committees, being;

Strategy, Finance and Audit committee

The Committee's responsibility is to provide guidance in financial, accounting and audit issues to ensure that effective standard control policies and measures are in place. The committee also monitors adherence to strategy and alignment of same to budget.

Human capital Committee

The committee is responsible for providing guidance to the Organisation on matters concerning the Organisation's human capital, employee conditions of service and remuneration.

Investment Committee

The purpose of the Investment Committee is to provide an investment guidance forum to the Botswana Tourism Board in terms of the Organisation itself, as well as on its function of facilitating tourism investment in the Country. The Committee reviews on an ongoing basis, the appropriateness of the Investment Plan in light of economic and business conditions affecting the Country, and makes any recommendations for Board approval as may be appropriate. In doing so, the Committee monitors the adherence to and the performance of the investment strategies as well as ensuring that investment returns (both income and capital appreciation) fall within acceptable limits thereby encompassing institutional viability and optimum resource use.

Tender Committee

The purpose of the Board's External Tender Committee is to carry out tender adjudication and award pertaining to procurement of goods and services whose value exceeds the Chief Executive Officer's limits as determined in the Organisation's Procurement Policy.

Quality Assurance Committee

The Committee also reviews and ratifies grading and eco-certification assessments of tourist facilities carried out by operational and certified grading officers at BTO.

Marketing & Communications Committee.

The committee is responsible for providing guidance in marketing, branding and communications issues.

Executive Management



Thabo Brian Dithebe
Chief Executive Officer



Zibanani Hubona
Corporate Legal Counsel



Tafa Tafa
Director Investment Promotions



Management



Mpho Matlhagela
Procurement Manager



Dickson Wiya
Finance Manager



Joyce Morontshe
Quality Services Manager



Jillian Blackbeard
Marketing Manager - Events & Product Development



Tebo Selotate
Human Resources & Administration Manager



Patrick Yane
Internal Audit Manager



Keitumetse Setlang
Public Relations Manager



Obenne Mbaakanyi
Marketing Manager - Promotions



Morongwa Koontse
IT Manager

Public Relations

Overview

The Botswana Tourism brand management requires constant public relations and communications engagement. In order to uphold the institutional (BTO) and country's image (Botswana), a number of strategies were employed during the reporting period.

Brand Awareness Campaigns:

Activations

BTO holds regular brand awareness campaigns with stakeholders in various parts of the country. The purpose of the brand awareness campaigns is to create buy in and support of the various activities done by the organisation. Activations were done through various media channels and on-site activities across Botswana and and beyond our borders.

Staff as Brand Ambassadors

BTO Staff are an important vehicle for the organisations brand. Staff involvement in driving awareness about all the events is a highlight of all the activations done. This requires hands-on involvement as-well-as a sense of ownership of the brand. Staff has participated at various activities representing the organisation locally and regionally including, amongst others, the annual inter-tourism games. The aim is to have all staff members 'live the brand' and this is evident through their work and ethical conduct.

Brand Audit

Periodic brand audits have been done to measure the organisation's performance in relation to BTO's brand image and the brands identity. These audits inform all brand refreshments. The surveys are conducted bi-annually.

Events Branding

BTO invests a vast amount of money in events branding. The organisation believes that every event hosted by BTO should have its own identity; hence every event is branded uniquely.

Global Campaign

The objective of the campaign was to create awareness to the international target market about how tourism has contributed to the economy of Botswana and the livelihoods of Botswana. BBC and Travel Channel were engaged in the rollout of the campaign which ran under the tag line 'tourism works for Botswana;' the campaign was a huge success.

A competition was also held through the Travel Channel; where 3 winners and their partners were afforded an all-expenses paid trip to Botswana. Their experiences were documented and aired by Travel Channel.

Target Market

The campaign covered the EMEA (Europe, the Middle East & Africa), Germany and UK market.

Travel Channel Statistics

Online Audience Reach

Impact: 10,644

Reach: 4,146,000

TV Audience Reach

Impact: 10,644

Reach: 4,146,000

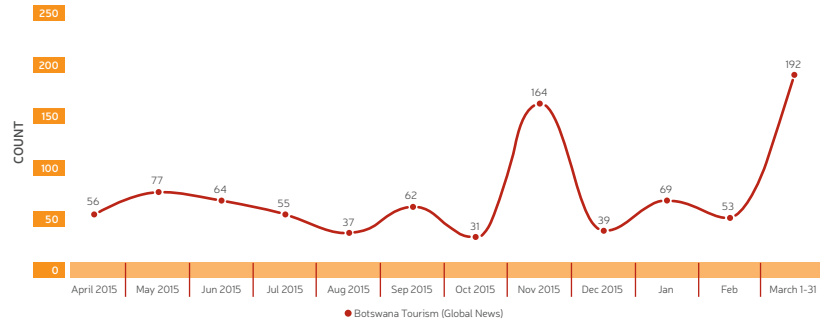


BBC Statistics:

Online Audience Reach

- BBC - Earth
- BBC - Culture
- BBC - Travel
- BBC – News Section
- BBC – BT – Senior Decision Makers
- BBC.com ROS
- BBC – News App iPhone
- BBC – News App Android

Impacts: 1.3 Billion page views per month
Reach: 388.4 Million viewers



Geographical spread

Most coverage was published in the United States (329 articles), followed by Botswana (208 articles) and South Africa (82 articles).



Media Engagement

Media Analysis Table

BTO has been doing media analysis to establish how we are doing in terms of the type of media reports on the organisation and the industry. The conclusion derived from analysing this data points to a positive overall feedback globally. Media analysis assists the organisation to better re-structure messaging as well as input into the strategy.

Botswana Tourism Organisation

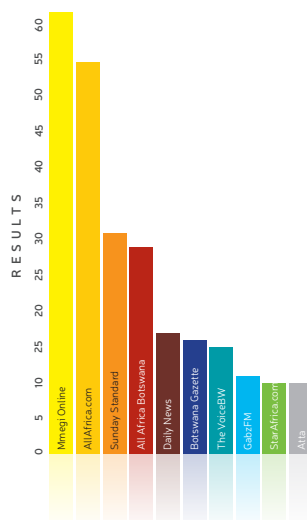
Media Analysis 1 April 2015 – 31 March 2016: (Source: Meltwater)
Globally, Botswana Tourism was mentioned in 904 online articles between 1 April 2015 and 31 March 2016. The combined reach of these 904 articles was 2.16 Billion, which represents an Advertising Value Equivalent of US\$ 20 Million. Most coverage was published in the United States (329 articles), followed by Botswana (208 articles) and South Africa (82 articles).

Conversation Volume per month

Volume of articles peaked in November 2015 (164 articles) and March 2016 (192 articles).

Top sources

In terms of volume, most articles were published in Mmegi Online (BWA), followed by AllAfrica.com (USA) and Sunday Standard (BWA)



Trending themes



Public Relations *[continued]*

Media at the BTO Events and Activities

BTO engages media houses for every local event throughout the year. Media engagement is important as it assists in spreading the organisation's efforts at diversifying the economy. This also brings the media closer to the organisation and gives them better insight of the efforts of the organisation in rolling out its mandate.

Public Relations

The organisation's relations with its various stakeholders need to be maintained and enhanced from time to time. Our stakeholder engagement plan has endeared the organisation amongst its local and regional stakeholders. Some of the projects done in collaboration with various stakeholders include:

Community Participation

Participation through our regional offices in respective local events e.g. Mmakgodumo Cultural Festival, Dithubaruba Cultural Festival, Ghantsi Show etc. Our participation at these events is to lend support to community efforts towards preservation of culture and heritage. Such projects would then develop into products that can be self-sustaining and ready to be included in the BTO calendar. They serve to also nurture a relationship with respective communities for a long-term working relationship with the organisation.

Regional Tourism bodies networking

Three years ago BTO initiated a relationship with regional tourism bodies through the formulation of the annual inter-tourism games. The aim of the games was to establish a regional team building and networking platform. Networking with regional

tourism bodies has opened a world of possibilities for BTO as sharing ideas and benchmarking provide new insights into the regional markets. To date, four countries participate in this event namely; Botswana, South Africa; Lesotho and Swaziland.

Weather Sting

The weather stings air daily on Botswana Television. The slots are utilised for destination and events marketing campaigns. The adverts air after both Setswana and English news.

Social Media

BTO has a Facebook page, and is available on Instagram, Twitter as well as the BTO website. We have adopted cutting edge strategies aimed at positioning the organisation above global leaders in social media campaigns.



Local & International Media on a Botswana Familiarisation Tour



Local & International Media engaging on a mokoro excursion during a familiarisation tour in the Okavango Delta

Marketing

OVERVIEW OF THE BTO MARKETING STRATEGY

We continued with the marketing of Botswana as a tourism destination guided by the following principles;

- To enhance Botswana's share of global visitor markets
- To offer visitors compelling destinations
- To champion a successful thriving tourism industry through a marketing oriented strategy
- To facilitate greater engagement of the experience by the visitor

The above guidelines were used as a mechanism to ensure growth and robust marketing activities are undertaken to ensure market relevance in the global tourism sector. The marketing department continued to create more destination awareness and education through various strategic affiliations such as Virtuoso as it is a global network of Trade with a view of increasing Botswana's share in the global visitor markets. Tourism growth and expenditure are such indicators that guided activities in this fiscal year.

International Marketing

Botswana Tourism has maintained presence in the global tourism market mainly through travel exhibitions and focused road shows. Travel exhibitions play a significant role in both marketing, public relations and promotions. These exhibitions and road shows provide

the Botswana tourism industry an opportunity to meet with travel trade and media to market and promote their various products to the global market. Participation at these events is important for the local industry so they may get a chance to study the market trends and share new and existing product offerings with the travel trade. Through market intelligence gathered at these events, industry is able to better shape customer oriented products. This enables the local industry to be globally competitive. During the year under review, Botswana Tourism industry participated at the following travel exhibitions facilitated by BTO:

- JATA – Tokyo (Japan)
- WTM Africa (Cape Town – South Africa)
- WTM Latin America (Brazil)
- WTM London
- We are Africa (South Africa – Cape Town)
- Indaba (South Africa – Duncan)
- PURE (Morocco)
- Botswana Travel & Tourism Expo (Kasane)
- Namibia Travel Expo (Namibia)
- Sanganai Travel Expo (Zimbabwe)
- Travel Exchange (USA)



Pictured here is the local & international travel & tourism industry at the annual Botswana Travel & Tourism Expo (BTTE)



BTO & the local tourism industry representatives posing for a picture with the World Travel Market Africa award, 2018



ROADSHOWS



GSTC brought together the local & international tourism stakeholders involved in the development and promotion of sustainable tourism, including the public sector, hotels, tour operators, academia, NGOs and media



WTM – Roadshow

Due to popular demand from the tourism industry, BTO office in the UK implemented a roadshow covering various cities in the UK. The idea of a roadshow for the private industry has become more fruitful and more in demand as this platform brings the industry closer to the tour operators and agents.

BTO & Virtuoso – The Marketing Department approached Virtuoso about the possibility of partnering and promoting Botswana as a destination of choice to their global network. This platform is one of the leading avenues to get destination education and great mileage from the US & other parts of the

world tour operators. This network has also expanded their network beyond the US to other global markets that are also a target market for the Botswana tourism products. Such markets include New Zealand, Australia, Canada, Latin America, Asia and Europe.

Marketing embarked on this platform and implemented:

- Education on Botswana and product through Webinar training;
- Marketing of Botswana tourism sector and products through their various marketing platforms that had outreach of more than 20,000 consumers.

- Product diversity and awareness, introducing more products such as luxury mobile safaris.
- As we have no representation in US, this avenue was another active mechanism of maintaining presence in this market and creating demand for the Botswana products.

Four Leap Webinars sessions were created and live sessions were broadcasted to an audience of about 450 agents and tour operators tuned into the webinars.

Investments and Promotions

Tourism Projects

New Projects and Upcoming Developments

BTO continues to identify and partner with communities to develop and open up areas with potential to attract tourists and investors, thereby bringing in revenue and creating employment for local communities. The below new projects are being developed;

a) Nata Bird Sanctuary

Background to the Sanctuary

The Nata Bird Sanctuary is located to the north-east of the Makgadikgadi Pans with an area of 230km². The area was first proposed as a Sanctuary in 1988 by the Nata Conservation Committee. The idea to develop the area as a Sanctuary was proposed through a desire to protect and conserve the rich bird life that is concentrated on an annual basis around this part of the Makgadikgadi Pans. The area has the largest concentrations of migratory birds, dominated by flamingos and pelicans.

The Sanctuary consists of 45% pan surface and 55% dry land, covering part of a vital wetlands of global significance. The Makgadikgadi Pans are one of only three places in Africa where greater and lesser flamingos breed, the others being Lake Natron in northern Tanzania and occasionally, Etosha in Namibia.

The importance and significance of the Makgadikgadi and of the Nata Bird Sanctuary can, therefore, not be underestimated.

Location and Access

The Nata Sanctuary is an area of pan and adjacent grasslands that covers some 230km² located on the north east of Sua Pan. It lies adjacent to the Francistown – Nata road and is approximately 20km from Nata and 170km from Francistown.

Existing Developments

The following developments have been made in the high intensity zone;

- Extensive road network
- Entrance gate
- Staff housing (x2)
- Recreation area
- Ablutions (x2) (Four toilets and four showers each)
- Campsites (x5) (each site with a capacity of 12 pax)
- Bird Hides (x1)

Proposed New Developments in Nata

New developments will include; 16 bed lodge, campsite, dining area and other auxiliary facilities. These developments will take place in the 2016/17 Financial Year into the 2017/2018. The project is at design stage. An *Environmental Impact Assessment (EIA)* is being developed to guide implementation.

b) Gaborone National Botanical Garden

This is one of the projects earmarked for development under the Economic Stimulus Package Programme. The project concept came about after a need was identified to increase and diversify tourist product offering in Gaborone. The project will be developed in the 2016/17 and 2017/18 Financial years.

Gaborone as the capital city has limited attractions and recreational facilities. Facilities are mostly limited to hotels and restaurants but less entertainment and leisure spots where families and individuals could visit.

The development of the Gaborone Botanical Gardens will add to the few recreational facilities available to residents and tourists and also create employment opportunities for locals.

The intention for this project is to create an urban oasis which will be a pristine getaway in Gaborone. It will comprise of mainly themed gardens (medicinal, water wise and useful plants) found in Botswana and will offer visitors a glimpse of different biomes such as savanna and forest biomes. The garden is to be re-fenced. Paved walkways and trails will give access to the fascinating natural vegetation to conserve and celebrate the diversity of indigenous fauna and flora. Other facilities will include outdoor event hosting arena, restaurant and coffee shop, administration block with a wellness parlor and plant research centre.



The infrastructure component for the Botanical Gardens comprises;

Phase 1;

- Re-fencing of the garden
- Drilling of Borehole for watering plants

Phase 2:

- Construction of paved walkways and trails
- Outdoor Event Hosting Arena
- Restaurant & Coffee shop
- Administration Block with Plant Research Institution and other ancillary facilities.

c) Bonnington Open Air Museum

Bonnington farm is one of the first colonial farms in Botswana. The farm was expropriated by government in the 1970s as Gaborone city expanded. The area was declared a monument in 2005 and an Open Air Museum was planned. In 2010 the Open Air Project was launched with support from UNESCO. The Open Air Museum project although launched has not achieved its objectives to create a heritage tourism destination, possibly due to lack of funds. The silos have been painted and some parts of the farm were restored and farm tools displayed. It is recommended that the Open Air Museum give way to a larger tourism based project which would conserve and develop a green belt in the city, whilst creating employment opportunity for local SMMEs.

Bonnington farm monument is also earmarked for development for tourism use to house the national basket warehouse and other ancillary tourism amenities like horse trails, restaurant & coffee shop, Kids entertainment center etc. The objectives being to:

- Conserve and develop a green belt of indigenous plants within the urban area
- Create opportunities for SMMEs and employment for local area
- Attract visitors and create activities for families and outdoor enthusiasts within the city
- Promote culture and heritage through the Open Air Museum, craft displays and shops
- Planned developments include but are not limited to;

Phase 1;

- Re-fencing of the garden
- Drilling of Borehole for watering plants

Phase 2:

- Construction of paved walkways and horse trails & Landscaping
- National Basket & Crafts Warehouse
- Kids Entertainment Areas
- Restaurant & Coffee Shop
- Performance Arena
- Exhibition of models for early Gaborone Hotel, Train Station, Post Office and other facilities of interest
- Traditional Homesteads

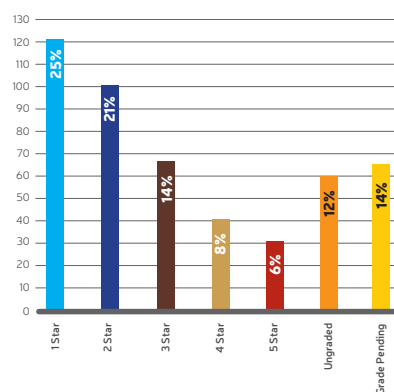
Grading

Quality Services Committee

The current membership of the Quality Services Committee which is responsible for ratifying graded and eco-certified facilities stands as follows: Mr. Lawrence Kupe (Chairperson of the Committee and also a member of the Botswana Tourism Board); Ms. Tebogo Modisagape (Committee member, Interior Architect, Val Interiors); Mr. Obonye C. Lopang (Manager, Engineering Standards, Botswana Bureau of Standards); Mr. Ted Soutter (Hospitality and Tourism Association of Botswana); Ms. Tshepo S. Serurubele (Lecturer, Gaborone Technical College) and Mr. Thabo Dithebe (Chief Executive Officer, Botswana Tourism Organisation).

Quality Services Committee Meetings

During the year under review the committee met four (4) times to consider 88 grading applications and discuss other pertinent issues as regards to grading. The table below reflects the status of the graded facilities as at 31st March 2016.



Total = 484

Trends in Grading for the past 5 Years

	2012	2013	2014	2015	2016
1 Star	66	71	85	97	122
2 Star	67	67	76	90	101
3 Star	53	54	58	66	67
4 Star	37	38	41	46	40
5 Star	24	27	27	29	30
Ungraded	44	44	45	42	59
Grade Pending	102	105	92	94	65
Total	393	406	424	464	484

Total graded facilities in Botswana

The table and chart above shows a growth of 19 % in the number of graded facilities from the year 2012 to 2016. There has been a growth in the number of facilities awarded the different star ratings except in the 4 Star rating where a decline was experienced in 2016 as compared to 2015. This is due to the implementation of a revised grading criterion which is more comprehensive compared to the one that was used in the previous years.

Poor service delivery and non-maintenance of standards remains a challenge especially for the hotels, guesthouses and bed & breakfast categories. This has led to an increase in the number of 'Ungraded' facilities (those that failed to comply with 1 Star grading minimum requirements). Workshops were conducted since August 2015 to address issues of non-compliance and poor service delivery in the different regions as well as advisory visits to newly licensed facilities.



Mystery Shopping

The Mystery Shopping programme aims at monitoring of service level adherence as well as maintenance of standards by graded facilities. Poor service delivery by graded facilities and 'Staged Performance' by facilities during announced grading assessments has made it necessary to conduct mystery shopping.

The information captured during mystery shopping continues to be used by the Quality Services Committee in making grading decisions. During the year under review 18 mystery shopping were done for facilities which had applied for 3-5 Star and those with service issues.

Development and Printing of the 2015-2016 Edition of the Accommodation Grading Directory

The 2015-2016 Edition of the Accommodation Directory for Graded accommodation establishments was developed and printed during the year under review. The directory is used to publicise all graded accommodation establishments in the country.

Development and Implementation of the IT Grading System

Botswana Tourism Organisation (BTO) engaged an IT Software Company, Acumen Software, to Develop and Implement an Electronic Grading System for Licensed Tourist Enterprises in Botswana. The project started in February 2016 and was completed in July 2016, with the Go-Live being scheduled for 28th June 2016.

The benefits to be derived from the automated grading system include the following;

- Quick Turn-around Time for Assessments; More assessments done by grading assessors as compared to the manual grading system
- Reduced admin for generation of Assessment reports and related costs
- Accurate Data Capturing & Scoring leading to improved quality , consistency and efficiency of reporting
- Integrated Document Management and Reporting

- Audit Trail of everything
- Better Customer Service for Query Management

Development and implementation of Mobile Safaris and Camping Grounds Standards for the tourism sector

The Grading and Classification division together with Botswana Bureau of Standards resumed work on the development of the Mobile Safaris and Camping Grounds Standards. These have been completed and are to be piloted in November 2016 after which implementation will commence.



Grading *[continued]*

Benchmarking Exercise by Lesotho Tourism Development Corporation Grading Award Committee

Members of the Grading Awards Committee of the Lesotho Quality Star Grading Programme (QUALstar), undertook a study tour to Botswana on the 20-23rd March 2016, and had the opportunity to;

1. To learn from BTO on the implementation and operation of its Star Grading system.
2. Conduct a tour of varying categories and star ratings of graded facilities in Botswana.
3. To meet with the Quality Services Committee of BTO, to exchange on experiences and challenges encountered in their undertakings as Grading Awards Committee members.

Staff Development

Grading Officers participated in training on grading of accommodation facilities in Cape Town, South Africa in April 2015. The objectives of the training included the following:

- a) To give participants a deeper insight into the grading processes and be able to adequately advise the tourism industry.
- b) To expose the participants to the quality grading requirements, the revised grading criteria (including best practice and responsible tourism standards) and other global trends in tourist accommodation sector, and to be able to grade using these instruments.

Environment and Safety

This report gives a brief outline of activities carried out by this Division for the year under review.

ENVIRONMENT AND ECO-CERTIFICATION

The mandate of the Environmental Section is to promote best practice management systems across all industry sectors with a view to facilitate tourism development that is environmentally sustainable. In pursuance of the above, the section ensures collaborative approach with relevant stakeholders both public and private to raise the profile of Botswana Tourism Organisation. The Section is also responsible for implementation of the National Ecotourism Strategy (2002), in assisting prospective entrepreneurs on issues relating to sustainable tourism development. In implementing the National Ecotourism Strategy, the following achievements have been made so far:

Status of Eco-Certified Facilities

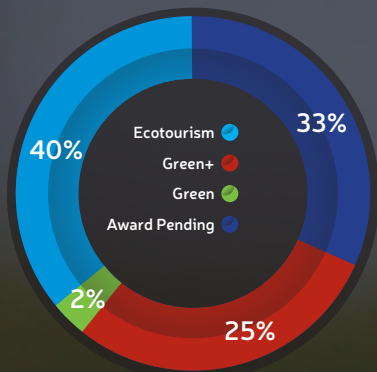
During the year under review a total of twelve (12) facilities applied for Certification, out of which eight (8) were assessed for the first-time and four (4) were re-assessments. From the twelve (12) facilities three (3) attained Ecotourism, which is the highest award and nine (9) attained Green+ which is the mid-range.



Benchmarking Exercise by Lesotho Tourism Development Corporation Grading Award Committee



Eco-certified facilities in Botswana



Overall since the inception of the Botswana Ecotourism Certification System in 2009, a total of Fifty-five (60) facilities have already participated in the system. Due to the rigorous nature of the scheme out of these 60 facilities, twenty (20) attained Ecotourism which is the highest award, fifteen (15) attained Green+ which is the mid-range, and one (1) attained Green which is the entry level. Twenty-three (24) facilities have No award. The table below reflects the overall status of the facilities that applied for certification up to date.

Table: Status of Eco -Certified Facilities

Award	Number
Ecotourism	20
Green+	15
Green	1
Award Pending	0
No Award	24
Total	60

PROMOTION OF ECOTOURISM BY MEMBERSHIP TO THE REGIONAL AND INTERNATIONAL SUSTAINABLE TOURISM ORGANIZATIONS

In an effort to keep abreast with international standards, recognition and accreditation of Botswana Eco-certification System and further promotion of Botswana Eco-certified facilities, Botswana Tourism continues to be a member of the following regional and international organisations.

Fair Trade Tourism joins forces with Botswana Ecotourism Certification System

Mutual Agreement signed for Eco-certified facilities to benefit from Fair Trade packages as Fair Trade Tourism and Botswana Ecotourism Certification System enter Mutual Recognition for recognition of the Eco-certified facilities by Botswana Ecotourism Certification System.

Promotion and Publicity of Eco-certified facilities at Networking Conferences

1. Sustainable Tourism Certification Alliance Africa ("the Alliance") Annual Conference and Annual General Meetings participated at 4th Annual Conference & 7th Annual General Meeting on the 7th and 8th May, 2015. Participation and presentation made in collaboration with Private Sector by Ngamiland Adventure Safaris
2. The Global Sustainable Tourism Conference (GSTC) for Latin America Regional Meeting held on 26th April, 2015 in Quito, Ecuador. Participation

and the Presentation made in collaboration with Marketing and the Embassy of Botswana in Brazil.

3. Ecotourism and Sustainable Tourism Conference (ESTC15) held on 27th until 30th of April 2015 in Quito, Ecuador. Participation and Presentation made in collaboration with Marketing and the Embassy of Botswana in Brazil. Exhibition Stall with Marketing and Prize Give-away.
4. 2015 GSTC Annual General Meeting (AGM) held in Huangshan, China from 10th to 13th September 2015. Participation by BTO as GSTC member and distributed of promotion materials.

Training and Capacity Building - Eco-certification Assessor trained and capacity building for efficient service delivery

Eco-certification Assessor trained by Global sustainable Tourism Council (GSTC) Accredited Trainer

Training for seven (7) people including new officers was carried out in Cape Town from 1st to 3rd April, 2016.



Grading and Classification Section Annual Report 17/18

1.0 INTRODUCTION

The objective of the Quality Services Department is to facilitate the Botswana Tourism Organisation's role of promoting tourism businesses that adhere and use leading quality standards and environmental management practices across all tourism industry sectors.

The department's responsibility is to ensure that standards and procedures are adhered to and that delivered products or services meet expected requirements.

The department's main functions include the following:

- Grading and classification
- Ecotourism and Eco-certification

2.0 UPDATES ON GRADING

Under the provisions of the 2009 Tourism Act (Part VI: Grading of tourist enterprises; Section 25), BTO has been mandated to grade and classify all licenced tourism enterprises. Functions under this division include:

- 1.1 Grading of licensed tourist enterprises
- 1.2 Monitoring and mentoring of graded tourist enterprises
- 1.3 Pre-licensing joint inspections with the Department of Tourism
- 1.4 Advising new facilities in preparation for grading
- 1.5 Mystery shopping of graded accommodation facilities

2.1. Quality Services Committee

The current membership of the Quality Services Committee which is responsible for ratifying graded and eco-certified facilities stands as follows:

- Major. General Otisitswe Tiroyamodimo (Chairperson of the Committee and also a member of the Botswana Tourism Board);
- Ms. Letlhogonolo N. McVey (Board member);
- Ms. Tebogo Modisagape (Committee member, Interior Architect, Val Interiors);
- Mr. Obonye C. Lopang (Manager, Engineering Standards, Botswana Bureau of Standards);
- Mr. Ted Soutter (Hospitality and Tourism Association of Botswana);
- Ms. Tshepho S. Serurubele (Lecturer, Gaborone Technical College) and

- Mr. Zibanani Hubona (Acting Chief Executive Officer, Botswana Tourism Organisation).

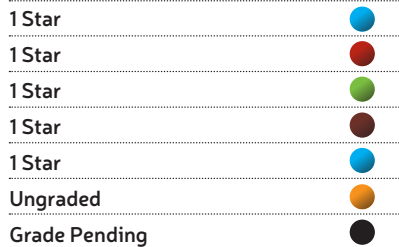
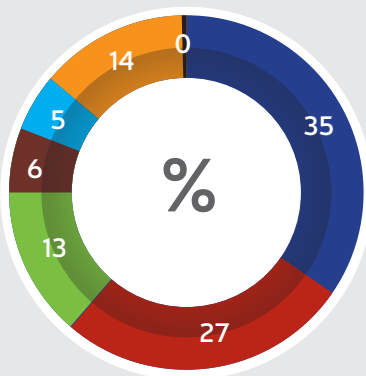
2.2. Overview of the departmental performance for the period 2017 April to March 2018

During the year under review the Committee met six (6) times to consider 332 grading applications and discuss other pertinent issues as regards to grading. Grading Applications included 150 first time assessments and 182 renewals.

1 Star	205
2 Star	160
3 Star	80
4 Star	36
5 Star	30
Ungraded	81
Grade Pending	2
Total	594



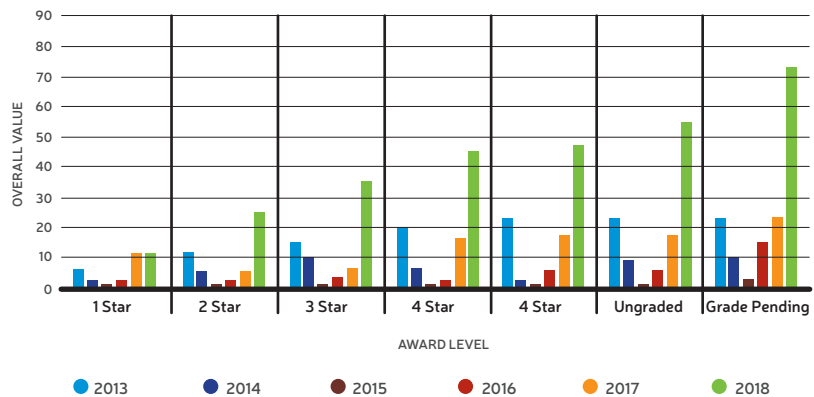
Graded Accommodation Facilities



2.3 Performance on Grading for the past 5 Years

Award	2013	2014	2015	2016	2017	2018
1 Star	85	97	122	142	187	205
2 Star	76	90	101	128	146	160
3 Star	58	66	67	75	73	80
4 Star	41	46	40	36	34	36
5 Star	27	29	30	29	29	30
Ungraded	45	42	59	58	78	81
Grade Pending	92	94	65	35	2	2
Total	424	464	484	503	549	594

Eco-Certification Yearly Progress Report



The table below reflects the status of the graded facilities as at 31st March 2018.

The table and graph above show a growth of 29 % in the number of graded facilities from the year 2013 to 2018. There has been a growth in the number of facilities awarded the different star ratings except in the 3 and 4 Star rating where a decline was experienced in 2017 and 2015-2017 respectively. This was due to the implementation of a revised

grading criterion which is more comprehensive compared to the one that was used in the previous years.

Poor service delivery and non-maintenance of standards remains a challenge especially for the hotels, guesthouses and bed & breakfast categories. This has led to an increase in the number of 'Ungraded' facilities (i.e. those that failed to comply with 1 Star grading minimum requirements).

Grading and Classification Section Annual Report 17/18 *[continued]*

2.4 SUCCESSES

2.4.1 BTO Electronic Grading System

BTO engaged an IT Software Company, Acumen Software, to Develop and Implement an Electronic Grading System for Licensed Tourist Enterprises in Botswana in 2016. The Department has started to reap the benefits derived from the automated grading system which include the following;

- Quick Turn-around Time for Assessments
- Reduced admin for generation of Assessment reports and related costs
- Accurate Data Capturing & Scoring leading to improved quality, consistency and efficiency of reporting
- Audit Trail of all processes
- Better Customer Service for Query Management

2.4.2 Training of Assessors

As part of staff development, a team of Grading Assessors participated in training on Global Sustainable Tourism Council Criteria from 19th to 23th March, 2018 in Kasane. After the training, all assessors participated in theoretical examinations, which they duly passed and were awarded certificates. However, the practical training has not been done due to financial constraints.

2.4.3 Benchmarking Exercise by Zimbabwe Tourism Authority

Zimbabwe Tourism Authority undertook a benchmarking exercise to Botswana from the 17th – 23rd September 2017. During their visit, they had workshops with the different departments responsible for licensing and grading of tourist facilities and also had the opportunity to tour some of the graded facilities. Below are some of the pictures during the workshop deliberations and tour of tourist accommodation facilities.





3.0 CHALLENGES

3.1 Inadequate resources - financial and human

BTO's government subvention has not increased over the past six years, however activities and projects have increased quite substantially resulting in financial constraints for BTO to execute its mandate as expected effectively.

This has also negatively impacted on the Grading division not being able to perform some of its functions.

3.2 Non—compliance with quality and service standards by licensed tourist enterprises.

A number of licensed tourist enterprises especially bed and breakfast, guest house and hotel facilities although licensed fail to comply with set quality and service standards as a result they fail to attain envisaged star ratings.

Update on Environment & Eco-certification section of The Quality Services Department

The Environment & Eco-Certification mandate is to promote best practice management systems across all industry sectors with a view to facilitate tourism development that is environmentally sustainable.

In pursuance of above. The Environment section ensures collaborative approach with relevant stakeholders both public and private to raise the profile of the Botswana Tourism Organisation as a drive for sustainable tourism development.

Botswana Tourism Organisation Act, 2009 General Powers & Functions of Botswana Tourism Section 4 has the following duties that are relevant to Environment and Eco-Certification Section 4 (m): develop and improve the *existing tourism opportunities and diversify the sector to include other forms of tourism, such as cultural and heritage tourism, ecotourism, entertainment, recreational and leisure tourism, and bring them to the required marketable standard. And also;*

- Select, develop and bring to the required marketable standard, any tourism project, solely or through partnerships with any community based organisation or any individual; and

- Select and facilitate any tourism project from any community based organisation or any individual to bring the project to the required marketable standard.

1. Training for Eco-Certification Assessors

The Global Sustainable Tourism Council (GSTC) is a global initiative dedicated to promoting Sustainable Tourism Practices around the world. BTO has been a member of the Global Sustainable Tourism Council since March, 2011 and has been participating in GSTC programs and Global Conferences, and also participating as First Adopter of the GSTC Destination Criteria by the Okavango Delta Ramsar Site (ODRS) followed up by the site verification visit by a the GSTC Consultant in July 2012.

2. A combined training and review of the Ecotourism Standards for Sixteen (16) Officers team comprising one (1) Environment & Safety Officer, five (5) Ecotourism Officers, six (6) Grading Officers, Carried out

combined Training and Review of Ecotourism Standards held from 19th to 23th March, 2018 at suitable venue for the training is Kasane.

3. Botswana Tourism and the Global Sustainable Tourism Council (GSTC) hosted the Global Sustainable Tourism Conference (GSTC2018) held in Maun, from 7th to 10th December, 2018. The themes for GSTC2018: Achieving Sustainable Destination Management; Certification as a Driver of Sustainable Tourism; Reaching Sustainable Development Goals (SDGs) through GSTC Criteria; Market Access for Responsible Tourism Businesses. The Global Sustainable Tourism Conference, brought together international and domestic tourism stakeholders involved in development and promotion of sustainable tourism; including Public Sector i.e. Government, Private, Hotels, Tour Operators, Academia, Non-Government Organizations, Consultants, and more.



4. The combined Practical Training and attending / participation at Global Sustainable Tourism Conference (GSTC2018) was part of Training and Capacity Building / Skills Development to enable implementing of the Accreditation of the Botswana Ecotourism Certification System by the Global Sustainable Tourism Council and to adopt GSTC Industry Criteria of Hotels and Tour Operators and GSTC Criteria for Destinations.

align Botswana Ecotourism Standards with the globally recognized GSTC Criteria for Industry (Hotels and Tour Operators) and GSTC Criteria for Destinations, and the Accreditation of BECS by GSTC.

5. Workshop held for Quality Services Committee (QSC) Members on the Global Sustainable Tourism Council (GSTC)

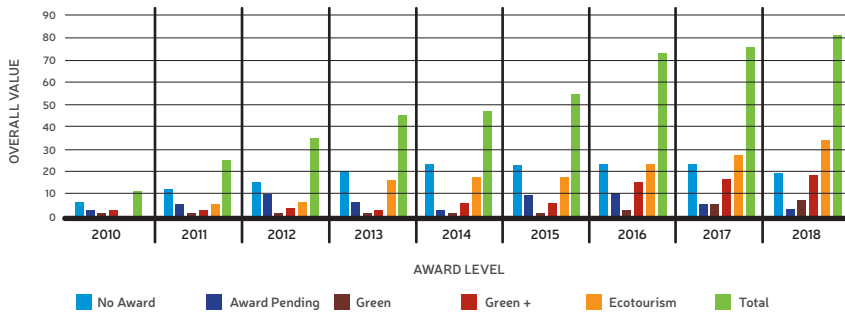
On 22nd May 2018, a workshop was held for Members of the Quality Services Committee (QSC). The purpose of the workshop was to ensure that QSC Members fully appreciate Standards set with a view to

6. PERFORMANCE FOR Eco-Certified Facilities since inception in September, 2009 NB: (This is a voluntary exercise)

Award	No Award	Award Pending	Female	Female	Eco tourism	Total
2010	6	2	1	2	5	25
2011	12	5	1	2	6	35
2012	15	10	1	3	16	45
2013	20	6	1	2	17	47
2014	23	1	1	5	17	55
2015	23	9	1	5	23	73
2016	23	10	2	15	27	76
2017	23	5	5	16	16	35
2018	19	3	7	18	34	81

Update on Environment & Eco-certification section of Quality Services Department *[continued]*

Eco-Certification Yearly Progress Report



8. Success and Awards

In an effort to keep abreast with the international standards, recognition and accreditation of Botswana Eco-certification System and further promotion of Botswana Eco-certified facilities, the Botswana Tourism participated in the global initiatives for internationally recognised up market traveller awards and in the process won the awards listed below.

Chobe, Makgadikgadi and the Okavango Delta were nominated for the Top 100 Sustainable Green Destination 2018 award held at ITB in Berlin, Germany for the third consecutive year.



Botswana Tourism Organisation, was nominated winner for the 2017 Tourism for Tomorrow Destination Award by the World Travel & Tourism Council (WTTTC)



Human Resources and Administration

1. HUMAN CAPITAL RESOURCING

Human Resources Department is nowadays reviewed as a business partner rather than the traditional connotation of a “support function.” Therefore the BTO Human Capital is its most valuable asset that helps it to achieve its strategic set goals. The organization was operating at around 83% manpower strength as at March 2018 with ninety nine (99) positions filled compared to the approved complement of one hundred and eighteen (118). Staff turnover for the reporting period was at 7.6%, an increase of 6.6% compared to the previous period’s figure of 1% (2016/2017).

Station	Male	Female	Total
Head Office – Gaborone	33	31	64
Executive Management	2	1	3
Management	6	4	10
Middle Management	24	13	37
Frontline Staff	20	29	49
Satellite Offices (Botswana)	19	16	35
United Kingdom (London)	-	2	2
Totals	52	49	101

2. STAFF TRAINING AND DEVELOPMENT

The BTO continues to develop its employees in order to close competency gaps for better performance. Staff were trained on the following courses to assist them to keep abreast with contemporary financial reporting trends and the changing world of work. The tabulated information illustrates the developmental programmes undertaken with corresponding

costs and number of employees that benefited during the financial year under review. Despite budgetary constraints, BTO managed to solicit funds during the difficult year to develop its manpower at a total cost of BWP165, 854. 07 and will to continue to prioritise training as part of staff development. This year, 23 employees out of 99 employees were trained which 23% of the total establishment.



Training (short/long term)	No. of Attendees	Department	Institution/ Country of Training	Date	Total
					BWP
UB-ICDL TRAINING & TESTING	1	Chief Executive	University of Botswana	5 Dec 2017	5 370.00
INNOLEAD –PRINCE 2 FOUNDATION AND PRACTICE	2	Investment & Product Development (project development)	Gaborone - Innolead Botswana	31 Aug 2017	34 720.00
GIPS-PURCHASING & SUPPLY ANNUAL CONFERENCE	1	Corporate Services - Procurement	GIPS - Gaborone	24 Jun 2017	12 500.00
BICA- FRAUD & RISK WORKSHOP	2	Corporate Services - Finance	BICA - Gaborone	04 Aug 2017	5 220.00
SAGE-VIP CONSULTING	1	Corporate Services - Finance	SAGE-VIP Botswana	21 Aug 2017	1 432.26
BUREAU OF ACCOUNTING CPD -CHANGE	2	Corporate Services - Finance	Bureau of Accounting - Botswana	19 Oct 2017	4 600.00
KINETIC EVENTS	2	Corporate Services - Finance	RSA	16 Oct 2017	5 895.26
GLOBAL ANNUAL HEALTH AWARENES S	1	Corporate Services - Finance	Botswana	10 Nov 2017	5 076.00
BIC –TAXATION –PUBLIC SECTOR TRAINING	2	Corporate Services - Finance	BICA	17 Nov 2017	5 800.00
TSK TRAINING	3	Corporate Services - Finance	RSA	02 Nov 2017	11 616.56
IT MICROSOFT TRAINING	2	Corporate Services - IT	Gaborone	6 Dec 2017	23 564.00
LABOUR RELATIONS SYMPOSIUM -BB	2	Corporate Services - HR	Business Botswana	21 June 2017	17 100.00
IT DISASTER RECOVERY	1	Corporate Services - IT	RSA	5 Oct 2017	18 999.99
BUSINESS SCHOOL	1	Corporate Services - HR	Botswana	16 Nov 2017	3 808.00
GLOBAL ANNUAL HEALTH AWARENES S	2	Corporate Services - Finance	Botswana	10 Nov 2017	10 152.00
TOTAL	23			TOTAL	165, 854.07

Human Resources and Administration *[continued]*

3. STAFF WELFARE

The BTO hosted this year's Inter-Tourism games. The games are intended to encourage cultural exchange as well as to develop the various skills through interaction between the different countries. The participating countries take turns to host. As the host, Botswana hosted the following countries

- Botswana
- Swaziland
- Lesotho
- North West Tourism Board (South Africa)

Games include; football, netball, volleyball, tug of war. This year, the highlight of the games for the BTO was attaining position one in the Men's' Volleyball game.

In addition to the games, there is a day set aside which is termed "cultural day" where the different countries get to showcase their different cultures through song, praise and traditional attire. This year the cultural day was held at Boiketlo Gardens.





Achievements/Successes

- 3.1 Normalisation of Band 8 leave earning rate from 15 to 20 days
- 3.2 The reduction of Medical Aid Contribution for Bands 7 and 8 from 50 % to 25%
- 3.3 The normalisation of subsistence allowance to a flat rate across all bands.
- 3.4 Staff Union recognition and drafting of a Collective Agreement

4. GRADUATE DEVELOPMENT/ INTERNSHIP PROGRAMME

Recruitment of permanent and contracted employees is not the only assignment that BTO embarks on in its continued contribution to talent development in the market. Acquisition and development of unemployed Graduates is another initiative implemented by the Organisation. Seven (7) Interns were engaged in BTO during the 2017/18 financial year. These Interns are continuing their career development in the Quality Services; Investment & Product Development; Marketing; IT; and HR & Administration fields

respectively. An additional thirty (30) Interns have been engaged for a Grading project under the Quality Services department; this project is aimed at improving the standards of products and services offering of the tourism (accommodation) enterprises through monitoring and mentorship.

5. CHALLENGES

5.1 Staff Welfare:

The implementation of staff welfare initiatives continues to pose a challenge owing to budgetary constraints and limited resources, but BTO continues to find solutions to make sure its staff is well taken care of.

5.2 Lack of a Performance

Management System (PMS): PMS has been suspended since 2013. PMS is a crucial tool which measures the organisational progress and achievements together with its employees.

5.3 Lack of Adequate Training

Funds/budget: BTO continues to suffer from a lack of funds and this hampers training and development of staff. Although there were constraints in terms of training budgets, BTO managed to train at least twenty three (23) employees.

UPDATE ON INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology department, under the Corporate Services Division, is tasked with the delivery, maintenance and support of the organisations' IT infrastructure to enable secure and efficient processing of the organization's daily activities.

IT Training

The following courses were attended by two (2) IT staff at IT-IQ in Gaborone;

- Administering Microsoft Exchange Server 2016 in November 2017
- Designing and Deploying Microsoft Exchange Server 2016 in December 2017

Organisation Information

FOR THE YEAR ENDED 31 MARCH 2018

Domicile, legal form and principal business activity:

Botswana Tourism Organisation (the "Organisation") was established by the Botswana Tourism Act, 2009 in order to market the Botswana tourist product, grade and classify tourist accommodation facilities as well as promote investment in the tourism sector. The Organisation is domiciled in Botswana.

Registered address:

Plot 70667, Fairscape Precinct
Fairgrounds Office Park
Gaborone

Directors:

Chairperson – Mr Laurance Khupe
Vice Chairperson - Mr Keith Vincent
Mr Thabo Thamane
Major General Otisitswe Tiroyomodimo
Ms Patience Dambe
Ms Letlhogonolo McVey
Mr Gus Dino Christ

Postal Address:

Private Bag 275
Gaborone

Auditors:

PricewaterhouseCoopers
Gaborone

Bankers:

First National Bank of Botswana Limited
Barclays Bank PLC (United Kingdom)
Barclays Bank Botswana Limited

Annual Financial Statements

For the Year Ended 31 March 2018

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48 Statement of changes in funds

49 Statement of cash flows

50 Notes to the separate financial statements



Statement of responsibility by the Board of Directors

FOR THE YEAR ENDED 31 MARCH 2018

The directors are required in terms of the Botswana Tourism Act, 2009 to maintain adequate accounting records and are responsible for the content and integrity of the separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the separate annual financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the separate annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk

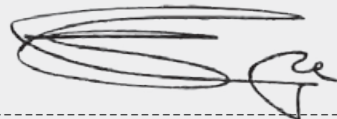
of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Organisation and all employees are required to maintain the highest ethical standards in ensuring the Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Organisation. While operating risk cannot be fully eliminated, the Organisation endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the separate annual financial statements. The directors have no reason to believe that the Organisation will not be going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Environment, Natural Resources Conservation and Tourism and from the income received from royalties collected from tourist concessions through the Resource Utilisation Royalties Fund.

The external auditors are responsible for independently auditing and reporting on the Organisation's separate annual financial statements. The separate annual financial statements have been examined by the Organisation's external auditors and their report is presented on pages 39 to 45.

The separate annual financial statements on pages 46 to 83 were authorised for issue by the Board of Directors on 17th April 2019 and are signed on its behalf by:



Director



Director

Independent Auditor's Report

TO THE MINISTER OF ENVIRONMENT, NATURAL RESOURCES CONSERVATION AND TOURISM

Report on the audit of the consolidated and separate financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Tourism Organisation (the Organisation) and its subsidiaries (together the Group) as at 31 March 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Botswana Tourism Organisation's consolidated and separate financial statements set out on pages ... to ... comprise:

- the consolidated and separate statements of financial position as at 31 March 2018;
 - the consolidated and separate statements of comprehensive income for the year then ended;
 - the consolidated and separate statements of changes in equity for the year then ended;
 - the consolidated and separate statements of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for qualified opinion

The Group did not have adequate internal controls to maintain and record the revenue of subsidiaries. We were unable to obtain sufficient appropriate audit evidence to substantiate the accuracy and completeness of revenue from the sale of goods and services disclosed in note 1. As a consequence, we were unable to determine whether any adjustments were required to the consolidated and separate financial statements relating to the accuracy and completeness of revenue from the sale of goods and services.

We conducted our audit in accordance with International Standards on Auditing (ISAs). *Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the *Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code")* and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

Independent Auditor's Report [continued]

Key audit matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment assessment of Investments in Subsidiaries (separate financial statements)</p> <p>As at 31 March 2018, the total carrying value of Investments in subsidiaries amounted to P 46,677,443. Investments in subsidiaries are carried in the separate financial statements at cost less accumulated impairment. IAS 36 <i>Impairment of Assets</i> (IAS 36) requires the Organisation to assess, at the end of each reporting period, whether there is an indication that its investments in subsidiaries recorded in the separate financial statements may be impaired.</p> <p>In the event that an impairment indicator is identified, management assesses the value of the land and buildings held by the Organisation's subsidiaries in order to evaluate whether its investment in the subsidiary might be impaired. This involves estimating the fair value of the land and buildings less costs of disposal at the reporting date.</p> <p>The decision as to whether an impairment charge in respect of its investments in subsidiaries should be recorded can thus be significantly influenced by:</p> <ul style="list-style-type: none"> the reasonableness of general economic and industry performance indicators, competitor activity in relevant market areas; and the assumptions applied by management (fair value of land and building, valuation adjustment percentage, and adjustment of cost to sell) in determining the fair value of land and buildings held in the respective subsidiaries. 	<p>We compared the impairment indicators identified by management to the requirements of IAS 36. We found the indicators used by management to be appropriate. We tested management's valuation of the land and buildings held by the respective subsidiaries by performing the following procedures:</p> <ul style="list-style-type: none"> We assessed the objectivity, competence and experience of the independent valuer used by management by assessing their qualifications, past experience and obtaining written confirmation from the valuer that: <ul style="list-style-type: none"> all professional staff involved in the valuation process were in good standing with relevant professional bodies; the valuer was free from any financial interest in the Organisation and its subsidiaries which might affect his independence; the Organisation did not place any restrictions on the valuation processes; and the valuer was not aware of any information relevant to the valuations, which had been withheld by the Organisation. We inspected the Organisation's contract with the independent valuer and noted that the valuer was appointed in 2017. We found this to be inline with the Organisation's policy to appoint an independent valuer to value the land and buildings held by the Organisation's subsidiaries once every three years; We evaluated the reasonableness of the most recent fair value of land and buildings held by the Organisation's subsidiaries by comparing the market price used in the expert's calculation to the market price of similar land and buildings. We also compared the discount rate used by the expert to market rates. No material differences were noted;

Key Audit Matter	How our audit addressed the key audit matter
<p>Management concluded that the currently recorded accumulated impairment losses for the land and building held by the subsidiaries was appropriate and that no further impairment charge was necessary in respect of the Organisation's investments in subsidiaries.</p> <p>We determined the impairment assessment of Investments in subsidiaries to be a matter of most significance to our current year audit of the separate financial statements due to the following:</p> <ul style="list-style-type: none"> • the significant judgement, assumptions and estimates applied by management; and • the magnitude of investments held in subsidiaries. <p>The disclosure associated with investments held in subsidiaries is set out in the following notes:</p> <ul style="list-style-type: none"> • Critical accounting estimates and judgements, Impairment of Investment in subsidiaries (pages 63); • Note 13 – Investment in Subsidiaries (page 69); and • Note 13.1 – Impairment (page 70). 	<ul style="list-style-type: none"> • We enquired from the independent valuer whether there were any new developments and conditions that might indicate additional impairment charges to be recorded in respect of the valuation of land and buildings held by the Organisation's subsidiaries. We physically verified the land and buildings held by the Organisation's subsidiaries. There were no indication of significant deterioration of buildings noted; • We inspected the subsidiaries' financial statements for significant movements in the cost of land and buildings held by subsidiaries and revenue earned during the year. We noted that the revenue increased from prior year and there were no significant additions to land and buildings in the current year.
<p>As at 31 March 2018, the aggregate carrying amount of all land and buildings included in the consolidated financial statements amounted to P 35,172,680 Mn.</p> <p>The land and buildings are carried at cost less accumulated depreciation and accumulated impairment charges.</p>	<p>We obtained an understanding of the valuation model used by management's valuation expert (independent valuer) to determine the recoverable amounts of the relevant land and buildings.</p> <ul style="list-style-type: none"> • We assessed the objectivity, competence and experience of the independent valuer used by management by assessing their qualifications and past experience and by obtaining written confirmation from the valuer that: <ul style="list-style-type: none"> o all professional staff involved in the valuation process were in good standing with relevant professional bodies; o the valuer was free from any financial interest in the Organisation and its subsidiaries which might affect his independence; o the Organisation did not place any restrictions on the valuation processes; and o the valuer was not aware of any information relevant to the valuations, which had been withheld by the Organisation.

Independent Auditor’s Report [continued]

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment assessment of Investments in Subsidiaries (separate financial statements)</p> <p>As it relates to depreciable assets (i.e. assets with a finite useful life), the Group is required to review for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. In respect of indefinite lived assets, the impairment assessment is performed annually.</p> <p>The Group performed an assessment of the recoverable amounts of all land and buildings included in the consolidated financial statements at year end and concluded that the land and buildings were not impaired.</p> <p>For purposes of performing the impairment assessment at a Group level, management identifies the individual subsidiaries as a single Cash Generating Unit (“CGU”). The recoverable amount of the CGU is determined based on the higher of the fair value less cost of disposal or the value in use. The Group has not considered value in use since the subsidiaries are loss making and positive cash flows are not expected for the next five years. As a result, the recoverable amount is calculated based on an independent valuer’s estimate of the fair value less cost of disposal of the individual subsidiaries’ land and buildings.</p> <p>The assessment contains a number of significant assumptions, both quantitative and qualitative, including the valuer’s estimate of the cost of the land and buildings and the appropriateness of valuation adjustments (i.e adjustments for marketability, location, proximity to access roads and villages/ towns and the condition of the building). Changes in these assumptions may lead to potential impairment charges on the carrying value of the land and buildings of the group. The use of assumptions in the assessment also requires estimates and judgment, which may be affected by future projections in relation to the tourism market and economic or political conditions in Botswana.</p>	<ul style="list-style-type: none"> • We tested the mathematical accuracy of the underlying calculations in the valuation model; • We assessed the key quantitative and qualitative assumptions used by management’s valuation expert in the valuation model for reasonableness. <ul style="list-style-type: none"> • We tested the quantitative factors by comparing the value used to the value of similar land and buildings adjusted for location, conditions of the buildings, access road availability and proximity to the nearest village. No material differences were noted. • We assessed the reasonableness of qualitative factors such as compliance with legal requirements, future economic growth forecasts and historical performance of the tourism industry by comparing them to market information. We concurred with management’s conclusion on the qualitative factors. • We obtained and recomputed management’s sensitivity analysis regarding the quantitative key assumptions, to ascertain whether selected adverse changes to the key assumptions, both individually and in aggregate, would not cause the carrying amount of the land and buildings to exceed its recoverable amount. No material differences were noted.

Key Audit Matter	How our audit addressed the key audit matter
<p>We determined this to be a matter of most significance to our current year audit as land and buildings are significant to the Group's operations and the assessment performed by management involved significant estimates and judgment.</p> <p>The disclosure associated with property, plant and equipment is set out in the consolidated financial statements in the following notes:</p> <ul style="list-style-type: none"> • Accounting policy on impairment of assets (page 77); • Critical accounting estimates and judgements, property, plant and equipment (page 63); and • Note 5.1 – property, plant and equipment (page 56); and • Note 5.1 – Provision for impairment (page 56). 	

Other information

The directors are responsible for the other information. The other information comprises the information included in the *Consolidated and Separate Annual Financial Statements for the year ended 31 March 2018*. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

Independent Auditor's Report [continued]

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on other legal and regulatory requirements

In accordance with Section 22(3) of the Botswana Tourism Organisation Act, 2009, we confirm that:

- We have received all information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Botswana Tourism Organisation have been properly kept. However, inadequate control systems were implemented over subsidiaries' revenue;
- The Botswana Tourism Organisation has complied with all the financial provisions of the Act, except for inadequate control systems implemented over subsidiaries' revenue; and
- Consolidated and separate financial statements prepared by the Botswana Tourism Organisation were prepared on a basis consistent with that of the preceding year, except for the adoption of new and revised International Financial Reporting Standards as stated in Note 14.1 to the consolidated and separate financial statements.



Individual practising member: Lalithkumar Mahesan
Membership number: 20030046

18 June 2019
Gaborone

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 P	2017 P
Revenue	1	140,932,855	118,653,867
Operating expenses	2.3	(130,242,558)	(140,924,988)
Net depreciation and impairment charge		-	(12,813,339)
Other income	2.1	7,473,816	2,459,967
Other gains - net	2.2	(73,414)	208,025
Surplus / (deficit) for the year		18,090,699	(32,416,468)
Finance income	2.4	4,281	381,220
Finance costs	2.4	(2,116,456)	-
Finance costs - net		(2,112,175)	381,220
Profit / (loss) before income tax		15,978,524	(32,035,248)
Income tax expense	3	-	-
Surplus / (deficit) for the year		15,978,524	(32,035,248)
Other comprehensive income		-	-
Total comprehensive surplus / (deficit) for the year		15,978,524	(32,035,248)



Statement of Financial Position

AS AT 31 MARCH 2018

	Note	2018 P	2017 P
ASSETS			
Non-current assets			
Property, plant and equipment	5.1	11,276,058	14,232,033
Investment in subsidiaries	13	46,410,934	37,045,986
Intangible assets	5.2	766,275	1,250,085
		58,453,267	52,528,104
Current assets			
Trade and other receivables	4.1	10,412,191	52,110,034
Cash and cash equivalents	4.2	25,821,570	13,912,502
		36,233,761	66,022,536
Total assets		94,687,028	118,550,640
LIABILITIES			
Non-current liabilities			
Capital grants	5.6	1,736,605	6,118,046
Capital grants - projects	5.4	14,052,484	14,052,484
Deferred lease liability	5.7	1,330,189	940,269
		17,119,278	21,110,799
Current liabilities			
Trade and other payables	4.3	30,256,993	17,378,112
Employee benefit obligations	5.3	4,725,296	5,115,424
Projects grants	5.5	6,507,914	8,833,081
		41,490,203	31,326,617
Total liabilities		58,609,481	52,437,416
Net assets		36,077,547	66,113,224
FUNDS			
Funds and reserves			
Accumulated funds		20,700,801	20,099,023
Tourism Development Fund Reserve		15,376,746	46,014,201
Total funds		36,077,547	66,113,224

Statement of Changes in Funds

FOR THE YEAR ENDED 31 MARCH 2018

	Accumulated fund P	Tourism Development Fund Reserve P	Total P
For the year ended 31 March 2017			
Balance at 1 April 2016	16,765,223	81,383,249	98,148,472
<i>Comprehensive income</i>			
Deficit for the year	(32,035,248)	-	(32,035,248)
Transferred from Tourism Development reserves	35,369,048	(35,369,048)	-
Balance at 31 March 2017	20,099,023	46,014,201	66,113,224
For the year ended 31 March 2018			
Balance at 1 April 2017	20,099,023	46,014,201	66,113,224
<i>Comprehensive income</i>			
Surplus for the year	15,978,524	-	15,978,524
Transferred to Tourism Development reserves	(15,376,746)	15,376,746	-
Funds transferred to the Ministry of Environment, Natural Resources Conservation and Tourism	-	(46,014,201)	(46,014,201)
Balance at 31 March 2018	20,700,801	15,376,746	36,077,547



Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 P	2017 P
Cash flows from operating activities			
Operating surplus / (deficit)		15,978,524	(32,035,248)
Adjustment for:			
Depreciation on property, plant and equipment	5.1	3,777,298	4,037,721
Amortisation on intangible assets	5.2	604,143	446,899
Amortisation of capital grant	5.6	(4,381,441)	(4,484,619)
Amortisation of capital grant - project	5.4	-	(549,061)
Impairment of investment in subsidiaries	13	-	13,362,399
Deferred lease liability		389,920	315,262
Exchange gain / (loss) on cash and cash equivalents	2.2	89,042	(95,635)
Interest received on call deposits	2.4	(4,281)	(381,220)
Profit on disposal of property, plant and equipment	2.2	(15,628)	(112,390)
Changes in working capital			
Trade and other receivables		41,697,843	(7,958,813)
Trade and other payables		12,488,753	4,344,579
Project grants		(2,325,167)	(3,063,328)
Net cash generated from/(utilised in) operating activities		68,299,006	(26,173,454)
Cash flows from investing activities			
Payment for property, plant and equipment	5.1	(821,887)	(9,417,007)
Payment for intangible asset	5.2	(120,333)	(1,299,191)
Investment in subsidiaries	13	(9,364,948)	(25,386,196)
Interest received	2.4	4,281	381,220
Proceeds from sale of property, plant and equipment		16,192	349,571
Net cash utilised in investing activities		(10,286,695)	(35,371,603)
Cash flows from financing activities			
Funds transferred to the Ministry of Environment, Natural Resources Conservation and Tourism		(46,014,201)	-
Net cash utilised in financing activities		(46,014,201)	-
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		13,912,502	75,361,924
Exchange gain / (loss) on cash and cash equivalents	2.2	(89,042)	95,635
Cash and cash equivalents at end of year	4.2	25,821,570	13,912,502

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

	2018 P	2017 P
1. Revenue		
Government subvention (Note 12)	123,145,892	84,494,880
Funds from Royalty fund (Note 12)	16,949,463	33,960,917
Grading fees	837,500	198,070
Sale of services and goods	-	-
Total Revenue	140,932,855	118,653,867
2 Other income and expenses items		
2.1 Other income		
Royalty fund administration fees (Note 12)	2,494,917	2,368,128
Sundry income	4,978,899	91,839
Total other Income	7,473,816	2,459,967
2.2 Other gains / (loss)		
Profit on disposal of property, plant and equipment	15,628	112,390
Net foreign exchange gain / (loss)	(89,042)	95,635
Total other gains /(loss)	(73,414)	208,025



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 P	2017 P
2.3 Breakdown of expenses by nature			
Advertising		3,439,776	3,878,151
Auditors' remuneration		1,252,270	454,570
Business travel		8,550,635	9,206,528
Computer expenses		1,249,860	947,891
Events costs		23,874,448	30,500,922
Exhibition costs		8,551,032	12,597,967
Impairment provision on advance paid		3,326,810	-
Office expenses		9,643,070	9,833,473
Overseas representation costs		7,295,026	10,833,301
Promotional expenses		11,566,671	14,727,094
Salaries and wages		37,203,210	35,765,382
Training costs		173,700	855,939
Utilities		1,836,883	2,722,744
Other expenses		12,279,167	8,601,026
Total administrative expenses		130,242,558	140,924,988
Salaries and wages			
Salaries and wages		30,495,218	29,313,974
Defined pension fund contributions		3,574,688	3,435,904
Gratuity and leave pay provision		3,133,304	3,015,504
Total salaries and wages		37,203,210	35,765,382
2.3.1 Net depreciation and impairment			
Amortisation of capital grants	5.6	4,381,441	4,484,619
Amortisation of capital grants - projects (investments)	5.4	-	549,061
Amortisation of intangible assets	5.2	(604,143)	(446,899)
Depreciation on property, plant and equipment	5.1	(3,777,298)	(4,037,721)
Impairment of investment in subsidiaries (loan)	13.1	-	(12,813,338)
Impairment of capital grants - projects	13.1	-	(549,061)
		-	(12,813,339)

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

	2018 P	2017 P
2.4 Finance income		
<i>Finance income</i>		
Interest received	4,281	381,220
<i>Finance costs</i>		
Related party receivable - discounting	(2,116,456)	-
Net finance	(2,112,175)	381,220

The interest income relates to interest earned on short-term deposits maintained with the banks.

3 Income tax expense

Botswana Tourism Organisation has been exempted from paying income tax through the Income Tax Act (Amendment) Act No. 14 of 2015.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

4 Financial assets and financial liabilities

The Organisation holds the following financial instruments:

Financial assets	Notes	Assets at fair value through profit or loss P	Financial assets at amortised cost P	Total P
At 31 March 2018				
Trade and other receivables*	4.1	-	476,508	476,508
Amounts due from related parties	12	-	6,381,091	6,381,091
Cash and cash equivalents	4.2	-	25,821,570	25,821,570
		-	32,679,169	32,679,169
At 31 March 2017				
Trade and other receivables*	4.1	-	313,181	313,181
Amounts due from related parties	12	-	48,051,386	48,051,386
Cash and cash equivalents	4.2	-	13,912,502	13,912,502
		-	62,277,069	62,277,069
Financial liabilities	Notes			Liabilities at amortised cost P
Organisation				
At 31 March 2018				
Trade and other payables*			4.3	30,256,993
At 31 March 2017				
Trade and other payables*			4.3	17,378,112

*excluding non-financial liabilities

Organisation's exposure to various risks associated with the financial instruments is discussed in note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

4.1 Trade and other receivables

	Organisation	
	2018 P	2017 P
Trade receivables	276,500	280,311
Other receivables	200,008	32,870
Deposits and prepayments	6,881,402	3,745,467
Less: provision for impairment	(3,326,810)	-
Amounts due from related parties (Note 12)	6,381,091	48,051,386
	10,412,191	52,110,034

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Organisation's other accounting policies for trade and other receivables are outlined in note 14.6.

Since the impact of discounting is not significant, the balance receivable equals the carrying amount. The carrying amounts of trade and other receivables are denominated in Botswana Pula.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Organisation does not hold any collateral as security. None of the trade and other receivables were impaired as at year-end (2017: P Nil).

4.2 Cash and cash equivalents

	2018 P	2017 P
Botswana Tourism Organisation - operational funds	15,389,289	2,921,877
Botswana Tourism Organisation - project funds	4,618,792	6,071,100
Tourism Development Fund	5,813,489	4,919,525
	25,821,570	13,912,502
Cash and cash equivalents include the following amount denominated in foreign currencies:		
British Pounds	310,506	336,405

(i) Reconciliation to cash flow statement

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

4.2 Cash and cash equivalents

	2018 P	2017 P
Bank balances	25,821,570	13,912,502
Cash on hand	-	-
	25,821,570	13,912,502

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 14.5 for the Organisation's other accounting policies on cash and cash equivalents.

4.3 Trade and other payables

	2018 P	2017 P
Trade payable	5,048,025	12,346,011
Other payables and accruals	25,208,968	5,032,101
	30,256,993	17,378,112

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5 Non-financial assets and liabilities

5.1 Property, plant and equipment

	Work-In- progress P	Leasehold improvements P	Motor vehicles P
At 1 April 2016			
Cost	342,710	6,319,292	8,736,569
Accumulated depreciation	-	(4,717,441)	(5,426,261)
Net book amount	342,710	1,601,851	3,310,308
Year ended 31 March 2017			
Opening net book amount	342,710	1,601,851	3,310,308
Additions	6,329,254	181,569	612,548
Disposals - Cost	-	(361,515)	(569,181)
Disposals - Accumulated depreciation	-	361,497	332,021
Depreciation	-	(687,173)	(1,453,896)
Transfers	(342,710)	342,710	-
Closing net book amount	6,329,254	1,438,939	2,231,800
At 31 March 2017			
Cost	6,329,254	6,482,056	8,779,936
Accumulated depreciation	-	(5,043,117)	(6,548,136)
Net book amount	6,329,254	1,438,939	2,231,800
Year ended 31 March 2018			
Opening net book amount	6,329,254	1,438,939	2,231,800
Additions	-	-	-
Disposals - Cost	-	-	-
Disposals - Accumulated depreciation	-	-	-
Depreciation	-	(561,219)	(1,308,567)
Closing net book amount	6,329,254	877,720	923,233
At 31 March 2018			
Cost	6,329,254	6,482,056	8,779,936
Accumulated depreciation	-	(5,604,336)	(7,856,703)
Net book amount	6,329,254	877,720	923,233



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

Furniture and fittings P	Office Safes P	Office equipment P	Computer equipment P	Total P
5,028,795	98,355	3,404,773	5,909,088	29,839,582
(3,359,920)	(68,773)	(2,897,029)	(4,280,230)	(20,749,654)
1,668,875	29,582	507,744	1,628,858	9,089,928
1,668,875	29,582	507,744	1,628,858	9,089,928
11,600	-	1,386,220	895,816	9,417,007
-	-	(70,605)	(73,412)	(1,074,713)
-	-	70,604	73,410	837,532
(491,641)	(9,836)	(570,202)	(824,973)	(4,037,721)
-	-	-	-	-
1,188,834	19,746	1,323,761	1,699,699	14,232,033
5,040,395	98,355	4,720,388	6,731,492	38,181,876
(3,851,561)	(78,609)	(3,396,627)	(5,031,793)	(23,949,843)
1,188,834	19,746	1,323,761	1,699,699	14,232,033
1,188,834	19,746	1,323,761	1,699,699	14,232,033
20,000	-	134,722	667,165	821,887
-	-	-	(18,302)	(18,302)
-	-	-	17,738	17,738
(450,552)	(9,148)	(505,850)	(941,962)	(3,777,298)
758,282	10,598	952,633	1,424,338	11,276,058
5,060,395	98,355	4,855,110	7,380,355	38,985,461
(4,302,113)	(87,757)	(3,902,477)	(5,956,017)	(27,709,403)
758,282	10,598	952,633	1,424,338	11,276,058

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5.1 Property, plant and equipment [continued]

(i) *Disclosure of depreciation in the statements of comprehensive income*

Depreciation charge for the year has been classified in the statement of comprehensive income as follows:

	2018 P	2017 P
Administration expenses	3,777,298	4,037,721
	3,777,298	4,037,721

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements the shorter lease term as follows:

Leasehold improvements	The lesser of remaining life of lease or 10 years
Computer Equipment	3 years
Motor vehicles	4 years
Furniture and Fittings	10 years
Office Equipment	4 years
Borehole and fencing	4 years

Building in the course of construction for are carried at cost less any identified impairment loss. When the properties are ready for use or a completion certificate has been issued, such properties are transferred to property, plant and equipment. Depreciation is not charged when properties are still under construction.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5.2 Intangible assets

	Computer Software P	Total P
At 1 April 2016		
Cost	1,638,504	1,638,504
Accumulated amortisation	(1,240,711)	(1,240,711)
Net book amount	397,793	397,793
Year ended 31 March 2017		
Opening net book amount	397,793	397,793
Additions- acquisition	1,299,191	1,299,191
Amortisation charge	(446,899)	(446,899)
Closing net book amount	1,250,085	1,250,085
At 31 March 2017		
Cost	2,937,695	2,937,695
Accumulated amortisation and impairment	(1,687,610)	(1,687,610)
Net book amount	1,250,085	1,250,085
Year ended 31 March 2018		
Opening net book amount	1,250,085	1,250,085
Additions- acquisition	120,333	120,333
Amortisation charge	(604,143)	(604,143)
Closing net book amount	766,275	766,275
At 31 March 2018		
Cost	3,058,028	3,058,028
Accumulated amortisation and impairment	(2,291,753)	(2,291,753)
Net book amount	766,275	766,275

Organisation amortises intangible assets within a limited useful life using the straight-line method over the following period:

Software 3 years

See note 14.8 for the other accounting policies relevant to intangible assets .

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5.3 Employee benefit obligations

	Leave pay P	Gratuity P	Total P
Balance at beginning of the year	2,404,200	2,711,224	5,115,424
Provisions for the year	1,172,763	2,507,884	3,680,647
Payments during the year	(1,224,613)	(2,846,162)	(4,070,775)
Balance at end of the year	2,352,350	2,372,946	4,725,296

Gratuity

Certain employees receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated liability towards such employees up to the end of reporting period.

Leave pay

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of P2,352,350 (2017: P2,404,200) is presented as current, since Organisation does not have an unconditional right to defer settlement of these obligations.

5.4 Capital grants - projects

	2018 P	2017 P
Opening balance	14,052,484	14,601,545
Amortisation of capital grant	-	(549,061)
Closing balance	14,052,484	14,052,484

The above capital grants relates to funding received from the Government of Botswana through the Ministry of Environment, Wildlife and Tourism to acquire investments in subsidiaries (Note 13).



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5.5 Project grants

	Balance at beginning of year P	Grant received P	Expenditure P	Balance at end of the year P
For the year ended 31 March 2017				
Project grant receivable - ITB Berlin	(4,466,966)	12,507,255	(19,755,505)	(11,715,216)
Project grant payable				
Land Bank	8,619,248	-	(3,490,487)	5,128,761
Kasane-Kazungula	-	2,362,947	(2,227,590)	135,357
ESP Project	-	6,338,456	(5,405,552)	932,904
Lake Ngami	3,277,161	-	(641,102)	2,636,059
	11,896,409	8,701,403	(11,764,731)	8,833,081
For the year ended 31 March 2018				
Project grant receivable				
ITB Berlin	(11,715,216)	6,765,794	(942,613)	(5,892,035)
Project grant payable				
Land Bank	5,128,761	2,168,104	(2,534,687)	4,762,178
Kasane-Kazungula	135,357	-	(307,438)	(172,081)
ESP Project	932,904	-	(282,800)	650,104
Lake Ngami	2,636,059	-	(1,368,346)	1,267,713
	8,833,081	2,168,104	(4,493,271)	6,507,914

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

5.6 Capital Grant

	2018	2017
	P	P
Balance at the beginning of the year	6,118,046	10,602,665
Amortisation to capital grant	(4,381,441)	(4,484,619)
	1,736,605	6,118,046

5.7 Deferred lease liability

Opening balance	940,269	625,007
Movement during the year	389,920	315,262
Closing balance	1,330,189	940,269



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

6 Critical accounting estimates and judgments

The preparation of separate annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Organisation's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in notes 1 to 5 together with information about the basis of calculation for each affected line item in the separate annual financial statements.

6.1 Significant estimates and judgements

Management assesses the value of the land and buildings held by the Organisation's subsidiaries in order to evaluate whether its investment in the subsidiary may be impaired. This involves estimating the fair value of the land and buildings less cost of disposal at the reporting date.

The decision as to whether an impairment charge in respect of its investments in subsidiaries should be recorded can thus be significantly influenced by:

- the reasonableness of general economic and industry performance indicators, competitor activity in relevant market areas; and
- the assumptions applied by management (fair value of land and building, valuation adjustment percentage, and adjustment of cost to sell) in determining the fair values of land and buildings held in the respective subsidiaries.

Management concluded that the currently recorded accumulated impairment losses for the land and building held by the subsidiaries is appropriate and that no further impairment charge is necessary in respect of the Organisation's investments in subsidiaries.

The disclosure associated with investments held in subsidiaries is set out in the following notes:

- Note 13 – Investment in Subsidiaries (page 30); and
- Note 13.1 – Impairment (page 30).

7 Financial risk management

The Organisation's risk management is carried out by the Finance Department of Botswana Tourism Organisation under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Organisation's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, and investment of excess liquidity.

7.1 Market risk

(i) Foreign currency risk

Foreign currency risk is managed by the finance function. Its objective is to minimise losses arising from the Organisation's exposure to various currencies by attempting to match foreign currency denominated current liabilities against current assets of similar currencies to the extent possible.

In the ordinary course of operations, the Organisation enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to British Pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

Foreign currency bank accounts are maintained in the United Kingdom.

At 31 March 2018, if the currency had weakened / strengthened by 1% against the British Pounds with all other variables held constant, post-tax profit for the year would have been P 3,105 (2017: P 3,364) higher / lower, mainly as a result of foreign exchange gains / losses on translation of British Pound denominated bank balances.

(ii) Cash flow and fair value interest rate risk

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

The Organisation has no long-term significant interest-bearing assets. The grant is deposited in short-term deposits until it is used for the purpose for which the grant is received from the Government.

At 31 March 2018, if interest rates on short-term deposit had been 1% higher / lower with all other variables held constant, surplus of income over expenditure for the year would have been P 25,821 (2017: P13,912) lower / higher, for the Organisation, mainly as a result of higher / lower interest income on floating rate deposits.

(iii) Price risk

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

7.2 Credit risk

The Organisation does not engage in any material trading activities. In this regard the credit risk associated with trade and other receivables is not considered to be material. The Organisation holds bank accounts with reputable financial institutions.

Cash and bank

	2018 P	2017 P
Barclays Bank PLC	649,925	336,405
First National Bank of Botswana Limited	25,171,645	13,546,097
	25,821,570	13,912,502

The Organisation only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Organisation has deposits with Barclays Bank PLC and First National Bank of Botswana Limited. There are no credit ratings available in Botswana. The banks are listed companies and have reported sound financial results and continued compliance with minimum capital adequacy requirements.

Barclays Bank PLC has a primary listing on the London Stock Exchange and is a constituent of the FTSE 100 Index. It has a secondary listing on the New York Stock Exchange. Barclays Bank PLC has a credit rating of A-2 for short-term and A – (Negative) for long-term (Standard & Poor's) in the UK.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of FirstRand Bank Limited, a Group listed on the Johannesburg Stock Exchange. Long-term credit rating assigned to the bank by Moody's is Baa2. Long-term credit rating assigned to the bank by Standard & Poor's is BB+ (strong capacity to meet its financial commitments). FirstRand Botswana's rating reflect the bank's strong market position as one the big four banks in South Africa as well as its focused strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

7.3 Liquidity risk

Management monitors rolling forecasts of the Organisation's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Organisation does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Surplus cash is invested in interest bearing call accounts and time deposits by choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Organisation's has P 25,821,570 (2017: P 13,912,502) of financial assets that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Organisation's financial liabilities based on the remaining period at the reporting date 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.

	Liabilities Less than six months P	Total P
As at 31 March 2018		
Trade and other payables (Note 4.3)	30,256,993	30,256,993
As at 31 March 2017		
Trade and other payables (Note 4.3)	17,378,112	17,378,112

7.4 Capital risk management

The Organisation manages its capital informally in order to safeguard the Organisation's ability to continue as a going concern and benefits for other stakeholders and to minimise the use of debt capital.

There is no active capital risk management process in place primarily because the Organisation is constituted under an Act of Parliament. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of the Organisation comprises accumulated funds as disclosed in the statement of changes in funds. Consistent with this objective the Organisation does not monitor capital on the basis of the gearing ratio.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

8 Contingent liabilities

There were no contingent liabilities at the reporting date.

9 Capital commitments

There was no significant capital expenditure contracted for at the end of the reporting date.

10 Non-cancellable operating leases

The organisation leases various offices under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. No leased property has been sublet to third parties and there are no contingent rental clauses applicable.

	2018 P	2017 P
Less than a year	2,151,422	6,286,599
More than a year but less than five years	2,596,708	18,885,778
	4,748,130	25,172,377

These commitments will be financed from internal resources and revenue grants received from the Government of Botswana. There were no other commitments at the end of the year that require disclosure in the separate financial statements.

11 Events after reporting period

There were no material events that occurred after the end of reporting period date that require disclosure or adjustment to the separate financial statements.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

12 Related party transactions and balance

The organisation is wholly owned by the Government of Botswana. The fund and/or other entities are related to the organisation through common control. All other entities below are subsidiaries of the Organisation. The Organisation carried out the following transactions with its related party during the financial year ended 31 March 2018:

Transactions carried out with the related parties during the year were as follows :

	2018 P	2017 P
Government subvention	123,145,892	84,494,880
Funds received from Resource Utilisation Royalties Fund	16,949,463	33,960,917
	140,095,355	118,455,797
Royalty fund administration fees	2,494,917	2,368,128
<i>Balance receivable from the related parties at year-end is as follows.</i>		
Resource Utilisation Royalties Fund	489,056	36,336,170
Ministry of Environment, Natural Resources Conservation and Tourism (Note 5.5)	5,892,035	11,715,216
	6,381,091	48,051,386

Related party balances are unsecured, interest free and have no formal repayment terms.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

12 Related party transactions and balance [continued]

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Organisation, directly or indirectly, including any director (whether executive or otherwise) of the Organisation.

Key management personnel compensation	2018 P	2017 P
Salaries and wages	1,106,126	1,341,699
Gratuity and leave pay provision	269,707	325,862
	1,375,833	1,667,561
Post employment benefits	500,000	500,000
Sitting allowance for directors	46,200	12,390

13 Investment in subsidiaries

The Organisation's principal subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Organisation, and the proportion of ownership interests held equals the voting rights held by the Organisation. The country of incorporation or registration is also their principal place of business.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

13 Investment in subsidiaries [continued]

Name of entity	Place of business/ country of incorporation	Ownership interest held by the organisation %	Ownership interest held by non- controlling interest %	Principal activities	2018 P	2017 P
Goo Moremi Resorts (Proprietary) Limited (equity)	Botswana	51	49	Accommodation and tourism activities	10,906,673	10,906,673
Lepokole Nature Reserve (Proprietary) Limited (equity)	Botswana	51	49	Accommodation and tourism activities	7,688,962	7,688,962
Muzi Wetu (Proprietary) Limited t/a Seboba Nature and Recreational Park (equity)	Botswana	51	49	Accommodation and tourism activities	16,390,584	16,390,584
Tsamama Tours (Proprietary) Limited t/a Tsabong Eco-Tourism Carmel Park (equity)	Botswana	51	49	Accommodation and tourism activities	16,032,740	16,032,740
Goo Moremi Resorts (Proprietary) Limited (debt)					35,515,783	28,460,027
Lepokole Nature Reserve (Proprietary) Limited (debt)					1,345,971	204,844
Muzi Wetu (Proprietary) Limited t/a Seboba Nature and Recreational Park (debt)					5,780,630	4,259,840
Tsamama Tours (Proprietary) Limited t/a Tsabong Eco-Tourism Carmel Park (debt)					5,022,916	3,259,185
					98,684,259	87,202,855
Provision for impairment of investment in subsidiaries (equity and debt) (Note 13.1)					(50,156,869)	(50,156,869)
Related party balance - discounting					(2,116,456)	-
Balance at the end of year					46,410,934	37,045,986

Related party balances are unsecured, interest free and have no formal repayment terms.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

13.1 Impairment of investment in subsidiaries [continued]

	Organisation	
	2018 P	2017 P
Opening balance	50,156,869	36,794,470
Impairment of loan to subsidiaries (debt)	-	12,813,338
Impairment of investments in subsidiaries (equity)	-	549,061
Closing balance	50,156,869	50,156,869



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14. Summary of significant accounting policies

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

14.1 Basis of preparation

The separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Organisation reporting under IFRS. The separate annual financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The separate annual financial statements have been prepared under the historical cost convention.

The preparation of separate annual financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate annual financial statements and the reported amounts of revenue and

expenses during the reporting period. Although these estimates are based on Management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires Management to exercise its judgment in the process of applying the Organisation's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in Note 6.

(i) Adoption of standards in the current financial year

New and amended standards adopted by the Organisation

The following new standards, amendments and interpretations to existing standards have been adopted for the Organisation's accounting periods beginning on or after 1 April 2017.

- Amendment to IAS 7 – Cash flow statements - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional

disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities (effective from 1 January 2017).

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS separate annual financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

- Amendment to IAS 12 – Income taxes - Recognition of deferred tax assets for unrealised losses - The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.1 Basis of preparation [continued]

(i) Adoption of standards in the current financial year [continued]

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets (effective 1 January 2017).

New and amended standards applicable to the current period but not relevant to the Organisation's operation

Management assessed the relevance of the following amendments and interpretations with respect to the Organisation's operations and concluded that they are not relevant to the Organisation

- IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. (effective 1 January 2017).

(ii) Adoption of standards in future financial periods

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

The following new standards, amendments and interpretations to existing standards are relevant for the Organisation's accounting periods beginning after 1 January 2017. These have not been early adopted by the Organisation. The Organisation is yet to assess the impact of these new standards.

- IFRIC 22, 'Foreign currency transactions and advance consideration - This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice (effective 1 January 2018).
- IFRS 9 – Financial Instruments (2009 & 2010)
 - Financial liabilities
 - Derecognition of financial instruments
 - Financial assets
 - General hedge accounting

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the

multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss (effective 1 January 2018).

- Amendment to IFRS 9 - 'Financial instruments', - on general hedge accounting - The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39 (effective 1 January 2018).



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.1 Basis of preparation [continued]

(i) Adoption of standards in the current financial year [continued]

- Amendment to IFRS 9 - 'Financial instruments', - on prepayment features with negative compensation and modification of financial liabilities - The narrow-scope amendment covers two issues:

 - The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
 - How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets - The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures (effective date postponed).
- IFRS 16 – Leases - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' (effective from 1 January 2019).

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.1 Basis of preparation [continued]

(ii) Adoption of standards in future financial periods [continued]

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

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

Management assessed the relevance of the following new amendments and improvements with respect to the Organisation's operations and concluded that they are not relevant to the Organisation:

- Amendments to IFRS 2 – 'Share-based payments'
 - This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority (effective from 1 January 2018).
- IFRS 15 – Revenue from contracts with customers-
 - The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer (effective from 1 January 2018).
- Amendment to IFRS 15 – Revenue from contracts with customers-
 - The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard (effective from 1 January 2018).
- IFRS 17, 'Insurance contracts'
 - The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.1 Basis of preparation [continued]

(i) Adoption of standards in the current financial year [continued]

- For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. (effective from 1 January 2021).
- Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9 (effective from 1 January 2019).
 - IFRS 4, 'Insurance contracts' - Regarding the implementation of IFRS 9, 'Financial instruments' - These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.
 - IAS 40, 'Investment property' - Transfers of investment property - These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence (effective from 1 January 2018).
 - IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 (effective from 1 January 2018).
 - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition (Effective from 1 January 2018).
 - IFRIC 23, 'Uncertainty over income tax treatments' - IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.1 Basis of preparation [continued]

(ii) Adoption of standards in future financial periods [continued]

guidance in the Interpretation and consider the impact on income tax accounting. (Effective from 1 January 2018)

- IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. (Effective from 1 January 2019).
- IFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. (Effective from 1 January 2019).
- IAS 12, 'Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. (Effective from 1 January 2019)
- IAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. (Effective from 1 January 2019)

14.2 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "other losses and gains". All other foreign exchange gains and losses are presented in profit or loss within cost of sales.

14.3 Government grant

(i) Government subvention

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and Organisation has complied with all attached conditions.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

(ii) Funds from royalty fund

Royalties are received from the Resource Utilisation Royalties Fund. These are recognised in the accounting period in which they accrue.

Funds relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Organisation recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Organisation; and when specific criteria have been met for each of the Organisation's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Organisation bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Interest income

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

(ii) Administration fees

Administration fees from the administration of the Resource Utilisation Royalties Fund are recognised in the accounting period in which they accrue.

(iii) Grading fees and other income

Grading fees and other income are recognised in the accounting period in which they accrue.

(iv) Sales of services and goods

Sales of goods and services are recognised when the customer has collected goods / received the services rendered and collectability of the related receivables is reasonably assured.

14.5 Impairment of non-financial assets

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

As a minimum, Management considers the existence of the following external and internal indicators at the end of each reporting period date which individually or collectively may indicate impairment on non-financial assets.

External sources of information

- An unexpected significant decline in market value of an asset.

- A significant change in the technological, market, economic or legal environment within which the Organisation operates or in the market to which an asset has been dedicated, that adversely affects the Organisation.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- The carrying amount of the net assets of the Organisation is more than its market capitalisation.

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Organisation have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used.

Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

14.7 Trade receivables and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 4.1 for further information about the Organisation's accounting for trade receivables.

14.8 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and

the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Organisation are disclosed in note 5.1.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

14.9 Intangible assets

Computer software

Computer software are included at cost less accumulated amortisation charge and impairment loss. Costs associated with maintaining software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by the Organisation are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised on a straight-line basis over their estimated useful lives from time its ready for the intended use, which do not exceed three years. Refer to note 5.2 for details about amortisation methods and periods used by the Organisation for intangible assets.

14.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Organisation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14.11 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

14.12 Employee benefits

(a) Short-term employee benefits

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

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

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

(b) Gratuities

The Organisation operates a gratuity scheme in terms of employment contracts. The expected gratuity is provided in full by way of an accrual.

Employee termination payments are recognised when the Organisation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(c) Defined contribution plan

The Organisation's contributions to defined contribution pension fund are charged to the statement of comprehensive income in the period to which the contributions relate. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

14.13 Project Grants

Project grants relate to grants received from the Government of Botswana for specific projects. These are deferred and included in current liabilities. The related expenditure is netted off against the project grant funds received. Expenditure funded from the organisation's accumulated funds that is not recoverable from the Government of Botswana is recognized in the statement of comprehensive income.

14.14 Capital grants

Capital grants comprise grants received from the Government of Botswana utilised towards capital expenditure. Funds received are credited to capital funds and the related assets are capitalised. An

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.14 Capital grants [continued]

amount equal to the depreciation and impairment charge of the fixed assets and investments funded by the capital grant is recognised as income in the statement of comprehensive income. Subsequent movement of fixed assets and investments in terms of sale and impairment are treated accordingly in the capital grants.

14.15 Related parties

A party is deemed related to the Organisation if it is the Government of Botswana, a director, member, entity under common control or an entity owned by the Organisation. Related party transactions are disclosed in Note 12 to the financial statements.

14.16 Consolidation

The Organisation has prepared both separate financial statements and the consolidated financial statements for the year ended 31 March 2018 which were authorised by the Board of Directors on 17 April 2019.

The reason of preparing both sets of financial statements was to give adequate understanding to the users of the financial statements on the different opinions that separately apply to either of the subsidiaries or the Organisation.

The consolidated financial statements for the Group as of 31 March 2018, disclose a consolidated total comprehensive surplus of P10,536,783 and consolidated net equity of P 34,652,353.

Those consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards and contain all the Group companies, using the applicable consolidation method in each case.

14.17 Financial assets

14.17.1 Classification

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

14.17.2 Recognition and measurement

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



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.17 Financial assets [continued]

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

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

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

security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in statement of comprehensive income, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

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

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

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

14.17.3 Offsetting financial instruments

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

14.17.4 Impairment of financial assets

(a) Assets carried at amortised cost

The Organisation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and

Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.17 Financial assets [continued]

14.17.4 Impairment of financial assets [continued]

where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(b) Assets classified as available for sale

The Organisation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

(c) Loans and receivables

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Organisation may measure impairment on the basis of an instrument's fair value using an observable market price

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

14.18 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities are classified at fair value through profit or loss where the financial liabilities is either held for trading or it is designated at fair value through profit or loss. Such changes in fair value are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

The Organisation does not currently have financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method, with the interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating amortised cost of a financial liability and of



Notes to the Financial Statements [CONTINUED]

FOR THE YEAR ENDED 31 MARCH 2018

14.18 Financial liabilities [continued]

allocating the interest expense over the relevant period. The effective interest rate is the rate which exactly discounts the estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(c) *Derecognition of financial liabilities*

The Organisation derecognizes financial liabilities, when and only when the Organisation's obligations are discharged, cancelled or they expire.

14.19 Leases

Leases of assets under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

14.20 Tourism Development Fund Reserve

Tourism Development Fund Reserve is the fund available from Resource Utilisation Royalties Fund and its not utilised by the Organisation.

Tourism Development Fund Reserve relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.



Wanna

tourism



botswana
tourism

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