



HRDC
HUMAN RESOURCE DEVELOPMENT COUNCIL

ANNUAL REPORT

2015/16

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HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

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HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

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HRDC 2015/16 MILESTONES/ACHIEVEMENTS



ABOUT THE HUMAN RESOURCE DEVELOPMENT COUNCIL (HRDC)

The Human Resource Development Council (HRDC) is responsible for providing policy advice on all matters of national human resource development; coordination and promotion of the implementation of the National Human Resource Development Strategy; development of the National Sector Human Resource Development (HRD) Plans and advising on Tertiary Education Financing and Work-Place Learning.



Contact Details



Chairperson of the HRDC Board

Mr Batho C. Molomo



Acting - Chief Executive Officer (CEO)

Dr Patrick D. Molutsi (Retired 31st May 2016)



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Botswana Human Resource Development Council



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INTRODUCTION

CORPORATE PROFILE

The Human Resource Development Council (HRDC) was established by the HRDC Act No 17 of 2013 which became effective on the 8th November, 2013. In a supervisory capacity and acting as Government's advisor on human resource development, the HRDC provides a platform for the Public Sector, Private Sector and Civil Society to act in concert to drive the National Human Resource Development Strategy (NHRDS). Specifically, HRDC coordinates efforts by all parties to study Botswana's education and skills development mechanism, assesses its impact on national priorities, identifies barriers to effective delivery of the NHRDS and mutually agrees on targeted solutions that should be implemented in the short, medium and long term in alignment with the strategic intent (as pronounced in the NHRDS). The implementation of the above targeted solutions were driven by a set of clear initiatives that were coordinated, promoted and overseen by the HRDC in partnership with relevant stakeholders.

The establishment of the HRDC, therefore, represents a clear acknowledgement by Government of the need to drive effective HRD through a process that engages and accommodates the input and broad participation of the public sector, the private sector, civil society, labour, youth, educational institutions and other key stakeholders as partners in establishing an effective sector-focused HRD base.



FUNCTIONAL STRUCTURE

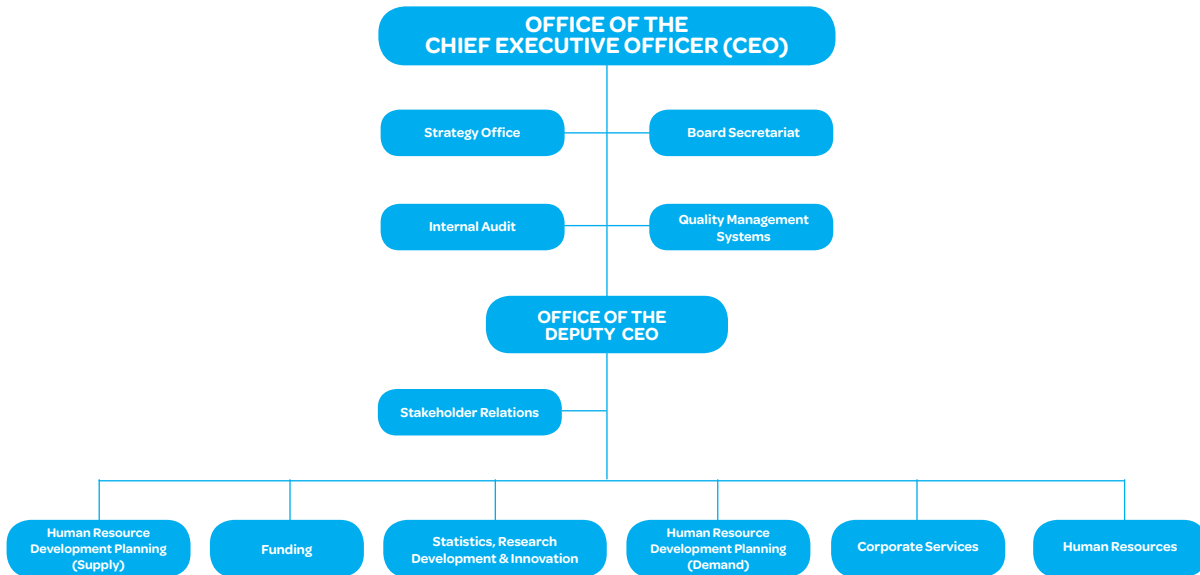


Figure 1. The 2015/16 HRDC Functional Structure

Organisation Growth from 68 to 101 staff members

During the year under review, the HRDC was in Phase one of implementing the new organisational structure. This phase saw the organisation grow from 68 to 101 staff members.

This growth covered key positions such as:

Director, Human Resource Development Planning (Demand), Director, Human Resource Development Planning (Supply), Manager, Sector Committees, Manager, Quality Management Systems, Manager, Claims Assessor, Manager, Work-Place Learning, Manager, Graduate Research and Innovation, Researchers, Tertiary Education Institution Planners, Work-Place Planners, and Procurement Managers etc.



HRDC

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CORPORATE GOVERNANCE REPORT

The HRDC is committed to fulfilling its mandate in line with corporate governance standards and practices, in particular with regards to accountability, transparency, professionalism and ethical values. Furthermore, HRDC is alive to the highest standards of service delivery and integrity in all its activities and or undertakings. As an essential part of this commitment, the members of the Board support high standards of corporate governance. The mandate of the Board is clearly stipulated in the HRDC Act No 17 of 2013 which established the HRDC.

The Board adheres to International Financial Reporting Standards (IFRS) in the preparation of its financial statements, which require that the information reported in the financial statements is transparent, relevant, complete and reliable. The HRDC understands that adhering to sound principles of corporate governance is critical to earning and maintaining the trust of key stakeholders and meeting service delivery standards.



HRDC BOARD MEMBERS

The HRDC is governed by a Board consisting of 13 members appointed by the Minister of Education and Skills Development (MoESD) as per the HRDC Act. The inaugural Board was constituted in June 2015 for a period of three (3) years.

Selection of the Board members is based on their experience in various disciplines but balanced to ensure that the different professionals can blend together and give strategic direction to the Council.

The Board meets on a quarterly basis to consider projects, various strategic and policy issues and make decisions. However, it is worth noting that in the 2015/16 Financial Year, the Board met more regularly on special meetings. All together, the Board met 13 times to address pressing issues and make decisions related to the on-going transformation of the organisation.



Mr Christopher B. Molomo
Chairperson



Ms Moggie F. Mbaakanyi
Deputy Chairperson



Dr Thapelo Matsheka
Member



Ms Kebosweditse Ntebela
Member



Mr Sebetlela Sebetlela
Member



Ms Seilaneng Godisang
Member

HRDC BOARD MEMBERS (CONTINUED)



Ms Ruth Maphorisa
Member



Mr Kelapile Ndobano
Member



**Dr Grace G. Kgakge –
Tabengwa**
Member



Ms Michelle Adelman
Member



Ms Helen C. Chilisa
Member



Ms Serty Leburu
Member



Ms Dorcas Phirie
Member



Mr Labane Mokgosi
Member

HRDC BOARD COMMITTEES

The Board has Five (5) Committees as follows:

A. Name of Committee: Funding Committee (FC)

Purpose of Committee: It provides oversight and strategic guidance on the management of the three funds namely; the Human Resource Development Fund (HRDF), the Public Tertiary Education Institutions Fund (PTEIF) and the Tertiary Education Student Support Fund (TESSF). These funds are meant for funding the education and training sector.

Membership

1.	Dr Thapelo Matsheka –Chairperson		
2.	Ms Serty Leburu	7.	Mr Thomas M. Ntobedzi
3.	Ms Moggie F. Mbaakanyi	8.	Ms Selebo A. Jobe
4.	Ms Ruth Maphorisa	9.	Mr Mmetli Masire
5.	Ms Dorcas Phirie	10.	Dr Patrick D. Molutsi
6.	Dr Grace G. Kgakge - Tabengwa		

B. Name of Committee: Human Resource Committee

Purpose of Committee: The role of this Board Committee is to monitor, evaluate and advise the Board with respect to policies and strategic matters related to the HRDC human resource.

Membership

1.	Ms Helen C. Chilisa –Chairperson		
2.	Ms Ruth Maphorisa		
3.	Ms Kebosweditse Ntebela		
4.	Ms Seilaneng Godisang		
5.	Dr Patrick D. Molutsi		

C. Name of Committee: Procurement Committee

Purpose of Committee: The role of this Board Committee is to monitor, evaluate and advise the Board with respect to policies and strategic matters relating to procurement, upkeep and disposal of assets

Membership

1.	Dr Grace G. Kgakge - Tabengwa –Chairperson		
2.	Ms Kebosweditse Ntebela		
3.	Ms Michelle Adelman		
4.	Mr Faried van Vyck		
5.	Dr Patrick D. Molutsi		

BOARD COMMITTEES (CONTINUED)

D. Name of Committee: Finance and Audit Committee
Purpose of Committee: The role of this Board Committee is to monitor, evaluate and advise the Board with respect to policies and strategic matters pertaining to Finance and Audit.

Membership

1.	Ms Serty Leburu – Chairperson
2.	Dr Thapelo Matsheka
3.	Mr Kelapile Ndobano
4.	Ms Seilaneng Godisang
5.	Ms Helen C. Chilisa
6.	Dr Patrick D. Molutsi

E. Name of Committee: Human Resource Development Planning Committee
Purpose of Committee: It provides direction on National Human Resource Development (HRD) Planning by applying sector-focused approach to respond to the mismatch between the supply and demand needs.

Membership

1.	Ms Moggie F. Mbaakanyi – Chairperson
2.	Dr Grace G. Kgakge – Tabengwa
3.	Dr Patrick D. Molutsi
	Chairpersons of all Sector Committees
4.	Dr Howard Sigwele - Agriculture Sector
5.	Prof Nthabiseng Phaladze - Health Sector
6.	Ms Sally Anne Follet - Smith - Tourism Sector
7.	Mr Phillip Segola - Creative Industries Sector
8.	Mr Ikothaeng Bagopi - Public Service Sector
9.	Ms Motlhagodi Molomo - Manufacturing Sector
10.	Mr Tshepo Tsheko - Research, Innovation, Science and Technology (RIST)
11.	Mr Norman Sebonego - Information and Communication Technology (ICT) Sector
12.	Dr Comfort Mokgothu -Transport and Logistics Sector
13.	Dr Roshen Kushin - Education and Training Sector
14.	Mr Sebetlela Sebetlela - Minerals, Mining, Water and Energy Resource (MMWER) Sector
15.	Mr Othata Batsetswe - Finance and Business Sector

SECTOR HRD COMMITTEE CHAIR PERSONS

The Sector HRD Committee Chairpersons are responsible for ensuring that the 12 Sector Committee develop their sector specific plans which serves as a tool for defining the skills requirements for the sector. The plans advise the Government and Education Training Providers to respond accordingly when planning the Human Resource of the country.



**Ms Sally Anne Follet -
Smith**
Tourism Sector



Dr Howard Sigwele
Agriculture Sector



Mr Ikothaeng Bagopi
Public Service Sector



**Prof Nthabiseng
Phaladze**
Health Sector



Dr Comfort Mokgothu
Transport and Logistics
Sector



Mr Norman Sebonego
Information and
Communication Technology
(ICT) Sector



Mr Sebetlela Sebetlela
Minerals, Mining, Water
and Energy Resource
(MMWER) Sector



Dr Roshen Kushin
Education and
Training Sector



**Ms Motlhagodi
Molomo**
Manufacturing Sector



Mr Tshepo Tshoko
Research, Innovation,
Science and Technology
(RIST) Sector



Mr Phillip Segola
Creative Industries
Sector



Mr Othata Batsetswe
Finance and Business
Sector

SENIOR MANAGEMENT TEAM



Dr Patrick D. Molutsi
Acting Chief Executive Officer



Mr Ralph Maganu
Acting Deputy Chief Executive Officer



Ms Victoria Damane
Director, Funding



Mrs Masego I. Mokubung
Acting Director, Statistics Research
Development & Innovation



Dr Ellah Matshediso
Director, Human Resource
Development Planning (Supply)



Dr Fernando Siamisang
Director, Human Resource
Development Planning (Demand)



Ms Matshepo Rapulane
Director, Human Resource



Mr Matthews Phiri
Manager, Strategy Office



Ms Faith Tuelo
Manager, Stakeholder Relations

SENIOR MANAGEMENT TEAM



Ms Atlasaone Motshegwe
Manager, Quality Management
Systems



Mr Nyaladzi Dichaba
Acting Director, Corporate Services



Mr Enole Ditsheko
Acting Board Secretary



HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

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CHAIRPERSON'S STATEMENT



It is my pleasure to present the Annual Report for the financial year 2015/16 on behalf of the Board. The Report details progress made by the HRDC in contributing towards the development of Botswana's human capital.

This Report reflects the HRDC's commitment to corporate governance through its comprehensive coverage of all operations of HRDC. It also accounts extensively on the public resources that enable HRDC to effectively deliver its mandate. In addition, the report highlights activities, new initiatives and approaches towards fulfillment of its mandate. Financially, the Board adhered to International Financial Reporting Standards (IFRS) in all financial matters and service provision. The financial statements attached at the end of this Annual Report, therefore depict information that is transparent, relevant and complete.

The HRDC is on track with regards to its functions as stipulated in the HRDC Act No 17 of 2013 and commendable progress against the objectives and functions of HRDC has been achieved. In line with its mandate and implementation of the National Human Resource Development Strategy (NHRDS), HRDC has provided guidance on the many facets of human capital development in Botswana and continues to provide policy advice the Agriculture, Tourism and Mining, Minerals, Energy and Water Resources Sectors have completed their HRD Sector Skills' Plans which seek to address the misalignment between supply and demand for skills from the labour market. The HRD Sector Skills' Plans will inform the National Skills Plan which ultimately will lend support to the implementation of the country's National Development Plan (NDP) 11. With these developments, it is our belief that through a demand-driven system of skills development, challenges or problems of unemployment caused by the mismatch of skills in the labour market would be addressed, thereby promoting sustainable economic growth, which in turn leads to job creation.

In a bid to create awareness and educate stakeholders about the mandate of HRDC, the Work-Place Learning and the Human Resource Development Fund staff extensively engaged with stakeholders across the country through workshops, support visits and consultative meetings. Moving forward, HRDC remains committed to monitoring and reviewing the human capital development actions and activities through updates and continuous discussions and consultations with its various stakeholders. The HRDC stands guided by its deep-rooted principles and core values reaffirming its commitment to continuous improvement in service delivery.

On behalf of the Board and on my own behalf in presenting this Annual Report, I wish to thank the Ministry of Education and Skills Development, the Board, Senior Management and the Staff of HRDC for collectively working together in traversing the challenges and delivering the mandate. We wish the HRDC leadership, management and staff success and fruitful service delivery.

I thank you.

A handwritten signature in black ink, appearing to read 'C. Molomo'. The signature is fluid and cursive, written over a light blue horizontal line.

Mr Christopher B Molomo
Board Chairperson

HUMAN RESOURCE DEVELOPMENT COUNCIL (HRDC)



I am privileged to present the HRDC Annual Report for the financial year 2015/16 which is also the last year of the Interim Board and the last year before my own retirement from HRDC. The report focuses on the implementation of the mandate, performance, operations and strategies aimed at developing Botswana's human capital.

Strategic Plan Development

The 2015/16 financial year saw the development of the first Strategic Plan for the Council which will cover the five-year period from 2016 – 2021. The Strategic Plan was developed using the Balanced Score Card Model to ensure alignment of goals and objectives. In terms of internal organisational capacity, the Strategic Plan advocates for significant investment in technology systems which will enable HRDC to automate in a bid to improve service delivery hence satisfying our stakeholders. It also focuses on customer service and stakeholder satisfaction. It is hoped that the strategic plan will catapult HRDC towards greater achievements in the next five years.

The 2015/16 financial year was a notably good year for the HRDC in many fronts, especially the human resource development planning. HRDC also continued to embark on projects.

People and Capacity

Human capital remains the greatest asset of Botswana and it is the role of HRDC to facilitate its development to its fullest. A talented workforce is also integral to the attainment of the mandate of HRDC. Therefore, HRDC continued to relentlessly develop employees through a variety of capacity building initiatives to specifically ensure achievement of their departmental performance objectives. The staff brought innovative ideas that sparked inspiration within HRDC.

Sector HRD Skills Plans

HRDC launched five more Sector HRD Committees to make 12 and continued to ensure that Government's national priority on 'Human Capital Development' is achieved. The Agriculture, Tourism and Minerals, Mining, Energy and Water Resources Sector HRD Committees continued to facilitate Botswana's strategies of matching the supply and demand of human resource, thus improving employment prospects, supporting economic diversification as well as facilitating Botswana's transition to a knowledge-based economy where citizens can compete globally. The Sector HRD Skills' Plans developed profile the sectors, identify strategic direction of the sectors, determine the current skills in demand and analyse the impact of future changes on the demand for skills. Furthermore, they analyse the factors influencing the supply of human resource and priority areas for human resource development, leading to the development of responsive strategies for skills development.

Partnerships

During the year 2015/16 HRDC signed a Memorandum of Understanding (MoU) with Statistics Botswana, Ghanzi Brigade and the Barefoot College in Tilonia, India where seven women from marginalised communities were trained to become Solar Energy technicians. HRDC also partnered with OneSource Consulting to stage the first-ever Botswana Jobs' Summit.

The main objective of the first Botswana Jobs Summit was to identify challenges for job creation, unpack quick wins as well as to identify medium and long-term opportunities for jobs creation in Botswana. The Summit presented an opportunity for a think-tank process that is solution-oriented in identifying opportunities for jobs creation through multiple stakeholder engagement.

Service Delivery

Stakeholders and customers remain central to HRDC priorities. The desire to achieve world class service delivery emanates from recognising our stakeholders as valuable consumers of our products and services. As in the past, during 2015/16 HRDC extensively engaged with its different stakeholders around the country covering particularly work-places, levy payers, learners and others.

Botswana Human Resource Development Skills Fair and Career Clinics

HRDC aligned the annual Botswana Tertiary Education Fair with the mandate of HRDC and changed its name from Botswana Tertiary Education Fair and Conference to Botswana Human Resource Development Skills Fair and Career Clinics (BHRDS). This year's was the seventh Fair since the first one in 2010.

On behalf of the HRDC outgoing Board, I would like to take this opportunity to thank the Senior Management and the entire staff of HRDC for their dedication and commitment to their work, which if continued and sustained will enable HRDC to become the Centre of Excellence and a High Performance Organisation (HPO). I would also like to thank the Government of Botswana, particularly the Minister of Education and Skills Development for continuing to provide policy guidance and support to the HRDC. In the same vein, I would like to extend my appreciation to all chairpersons and members of the 12 Sector HRD Committees. Their commitment and influence on the curricula of our Education & Training Providers (ETPs) supports the vision of HRDC in leading Botswana's human resource development agenda. Last but not least, I wish to express my sincere gratitude to the HRDC Stakeholders and customers including the general public for their unwavering support.



Patrick D. Molutsi (PhD)
Acting Chief Executive Officer

HUMAN RESOURCE DEVELOPMENT COUNCIL (HRDC)

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HUMAN RESOURCE DEVELOPMENT COUNCIL

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ORGANISATIONAL PERFORMANCE

The HRDC's Annual Work Plan for the 2015/16 was mapped using the Balanced Score Card (BSC) and has 19 strategic objectives and 47 measures with pre-defined targets. Targets were set based on previous performance trends, budgetary provisions, staffing and availability of other resources for the year. This report, therefore, presents the performance for the period 1st April 2015 to 31st March 2016 against the set targets.

It is worth noting that for the past two years, HRDC has been operating without a strategic plan in part due to the transition. In the interim, was the development and implementation of Annual Plans that were prepared based solely on the mandate of the HRDC as per the HRDC Act. The execution and performance under the 2015-16 plan was monitored continuously throughout the year, and quarterly performance reports were prepared for the Board.

A major achievement to note for this reporting period is that the first organisational strategic plan of the HRDC was developed. The plan will be implemented in a five-year period from April 2016 to March 2021.

As for the 2015/2016 financial year, the HRDC achieved most of its planned activities. Other activities were not achieved due mainly to lack of clear guidance in the absence of a strategic plan. The performance is presented as per the key functions of the HRDC in the following sections of the report.



Public Sector Committee Workshop

ACHIEVEMENTS

DEVELOPMENT OF HUMAN RESOURCE DEVELOPMENT SECTOR PLANS

There are three Sector Human Resource Development Plans that have been completed and approved by the HRDC Board. These are the Agriculture, Tourism and Mining, Minerals, Water and Energy Resources (MMWER). The plans are being disseminated to the relevant stakeholders, with selected strategic objectives progressively being implemented in order to influence human resource development at all levels.

IMPLEMENTATION OF SOME KEY STRATEGIC OBJECTIVES OF THE COMPLETED PLANS

Implementation of the three (3) approved Sector Plans (Agriculture, Tourism, Mining, Minerals, Energy and Water Resources) has commenced and they have started influencing improvement of curriculum relevance in addressing alignment of training to the demand of the labour market. Across the three (3) sectors; there is a growing partnership between industry and tertiary institutions in developing graduates who meet the requirements of the labour market. Additionally, sector committees shared with prospective tertiary students on the priority skills needed by the labour market, in order to empower them with information on career choices at tertiary institutions.

MINING, MINERALS, ENERGY AND WATER RESOURCES (MMEWR) SECTOR COMMITTEE (ARTISAN TRAINING PROGRAMME).

The MMEWR sector committee after identifying skills deficiency within artisans trained by Technical Vocational Education Training (TVET) system, particularly for the mining sub-sector, initiated training of artisans mainly to address the impending demand for well-trained artisans that are fit for the job. Through this innovation, the Botswana Chamber of Mines (BCM) in collaboration with GIZ contributed in recommending the appropriate infrastructure and facilities, and participated in training students with the aim of improving graduate employability. The project started in 2013 at Botswana College of Engineering Technology (BCET) in Gaborone and Francistown College of Technical and Vocational Education (FCTVE).

NOTE: Funds were not available for funding the Year 2 Cohort as the project is heavily dependant on HRDC funding. Monitoring of the programme has been conducted and sustainability of the project is currently being considered by the relevant stakeholders (DTVET, BCM, GIZ and HRDC).

	Francistown College of Technical Vocational Education (FCTVE)							Botswana College of Engineering and Technology (BCET)			
	Maintenance Fitting and Machining	Industrial Electrical	Millwright	Instrumentation	Refrigeration and air Conditioning	Plumbing and pipe Fitting	Sub Total	Heavy Plant	Welding/Fabrication	Sub Total	Total
Year 1	16	16	16	16	16	16	96	22	15	37	133
Year 3	16	16	16	16	-	-	64	19	16	35	99
Total	32	32	32	32	16	16	160	41	31	72	232

Figure 2. Enrolment by year and trades in Gaborone and Francistown.

DETERMINING DEMAND FOR HUMAN RESOURCE DEVELOPMENT REPORT (CONTINUED)

The pictures below showcase some of the workshops used for practicals:



Francistown College of Technical and Vocational Education (FCTVE) Millwright workshop



Botswana College of Engineering Technology (BCET) Welding workshop

TOURISM SECTOR COMMITTEE

The Tourism Sector disseminated their Sector HRD Plan at the Hospitality and Tourism Association of Botswana (HATAB) Conference in March 2016. The Tourism Sector HRD Plan already has an influence in addressing issues of mismatch concerning supply of graduates and demand from the labour market. One of the strategic objectives in the plan is partnership of the industry with the tertiary institutions. Several Tertiary Institutions have formed partnerships with the hotels in Gaborone and Francistown. The partnerships allow for continuous engagement between the hotels and tertiary institutions and opens up opportunities for learner internships with the aim of making graduates ready for work in the hospitality and tourism industry. The Botswana Accountancy College (BAC) conducted a Tracer Study for their Hospitality and Tourism graduates and invited Tourism and Hospitality Industry to disseminate the findings. This was a commendable initiative as tracer studies give tertiary institutions feedback on relevance of their programmes, improve opportunities of graduate employability, and create stakeholder engagement or partnership which creates opportunities for student internship to make graduates ready for work.



Botswana Elephants swimming across the Chobe River, with tourists on safari watching on.

DETERMINING DEMAND FOR HUMAN RESOURCE DEVELOPMENT REPORT (CONTINUED)

AGRICULTURE SECTOR COMMITTEE

The Agriculture Sector Committee disseminated their Sector HRD Plan to Botswana University of Agriculture and Natural Resources (BUAN). The dissemination workshop was attended by BUAN's Executive Management and Teaching Staff. The purpose of the dissemination workshop was to share with BUAN the priority skills needed by the employers with the main objective of addressing the mismatch of supply of graduates with demands from the labour market. The findings and recommendations from the plan will also influence curriculum relevance, teaching and learning methodologies.



Botswana University of Agriculture and Natural Resources (BUAN) Practicals

INFORMATION AND COMMUNICATION TECHNOLOGY SECTOR COMMITTEE

The Information and Communication Technology Sector (ICT) partnered with the Ministry of Education and Skills Development (MoESD) in infusion of ICT in teaching & learning aid at primary and secondary schools. The North East Region is piloting the project and the main role of ICT Sector Committee is capacity-building on teachers with the aim of skills development that will improve both the efficiency and effectiveness of teaching and learning.

CHALLENGES

The development of Sector Human Resource Development Plans and National Human Resource Development Plan has been slow due to lack of local expertise to develop sector plans mainly because sectoral planning approach is new, not only to Botswana, but to most developing countries. The absence of real time and current data is a major problem leading to delay in completion of the sector plans. Therefore, without real time and current data, it is difficult to provide forecasts for skills development on short-term, medium-term and long-term basis.

The slow development of sector and national human resource development plans will therefore, result in very little contribution to the National Development Plan (NDP) 11 and VISION 2036, hence alternative proposals of fast tracking the development of both the Sector And National Human Resource Development Plan will be considered.

ACHIEVEMENTS:

CAREER GUIDANCE CLINICS 2016

The Career Guidance Clinics were held in March, 2016 under the theme “Guidance for Human Resource Development: Gateway towards diversifying Botswana’s Economy.” The main objective was to advise post-senior secondary school leavers on career pathways in relation to the labour market needs. This annual event is a one-stop service that attracts thousands of learners and also provides the institutions with an opportunity to showcase their programmes to prospective students. The highlight of the event was the tell-all Learner’s Guide which entails occupations that are available in different sectors of the economy, the institutions offering the programs and the prerequisites thereof.



Career Guidance Clinics 2016

CAPACITY BUILDING WORKSHOPS FOR SENIOR SECONDARY SCHOOLS GUIDANCE AND COUNSELLING TEACHERS

HRDC in partnership with the Ministry of Education and Skills Development, and Ba Isago University held two (2) workshops for Guidance and Counselling Teachers in Palapye and Gaborone respectively. The workshops targeted 26 guidance and counselling teachers from Schools in the Central, North West, North East and 23 from the Southern, Ghanzi and Kgalagadi Regions. The two workshops were facilitated by HRDC Sector Committees and revolved around career options and paths as informed by skills’ gap identified and prioritised by the industry.

TERTIARY EDUCATION INSTITUTIONS (TEIs) STUDENT LEADERSHIP TRAINING

The training was borne out of Student Affairs Sensitisation Workshops, where it was observed that student leaders did not demonstrate leadership acumen. In this regard, 43 Student Representative Councils (SRC) leaders from different institutions participated in the workshop under the theme ‘Student Leadership Gateway to Proactive and Progressive Future Leadership’. The roll-out strategy has been developed.

Types of Institutions Reached for Student Leadership Training 2015/16

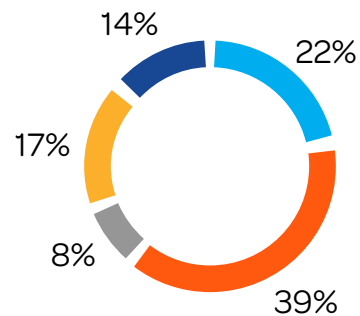
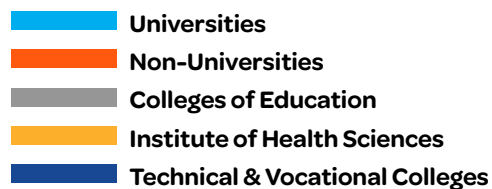


Chart 1. Institutions that participated by type.

COORDINATING SUPPLY OF HUMAN RESOURCE DEVELOPMENT REPORT (CONTINUED)

TERTIARY EDUCATION INSTITUTIONS' (TEI) HIV AND AIDS AWARENESS PROGRAMME

The National AIDS Coordinating Agency (NACA) sponsorship for the teAIDS Programme ceased during 2014/15 financial year. Interestingly, some institutions continued to implement the project interventions in earnest. They submitted sustainability plans which justified their continued use of the project assets and indicated commitment by employing dedicated full time staff for the teAIDS project. HRDC continued to offer them technical support accordingly.

TERTIARY EDUCATION INSTITUTIONAL FRAMEWORKS

During the year under review, Non-University and University Level Planning Frameworks were developed with the sole purpose of guiding the tertiary institutions to assess themselves and develop academic content, enrolments, infrastructure and governance plans. The same institutions were mobilised and sensitised through information dissemination seminars.

WORK-PLACE LEARNING SUPPORT

In its bid to improve learning and training in the work-place, the HRDC conducted countrywide Work-Place Learning workshops to sensitise industries on the development of Work Skills' Plans (Training Plans) and reporting. Work-places need to be continuously sensitised on the benefits of planning their training and of imparting skills relevant for the operations of the companies. During the year under review, 10 Work-Place Learning workshops were held in various places across the country. The work-place visits were also undertaken and 19 industries were reached.



Work-place visits - HRDC team being taken through the Job Safety Environment Analysis (JSEA) at Majwe Mining

Work-Place Visits By Sector 2015/16

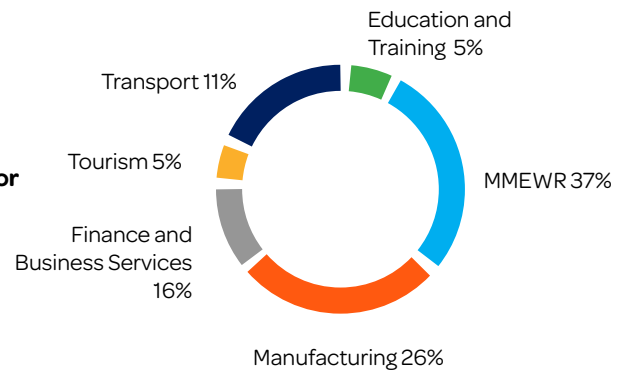


Chart 2. Work-Place visit by sector.

WORK SKILLS' PLANS

In an endeavour to empower work-places for better delivery in the area of work-place learning, HDRC introduced Work Skills' Plans. The Work Skills' Plans are central to achieving skills development, provision of important information on skills' needs and skills development interventions, which in turn inform the sector skills' plans.

Work Skills Plans Recieved by Sector 2015/16

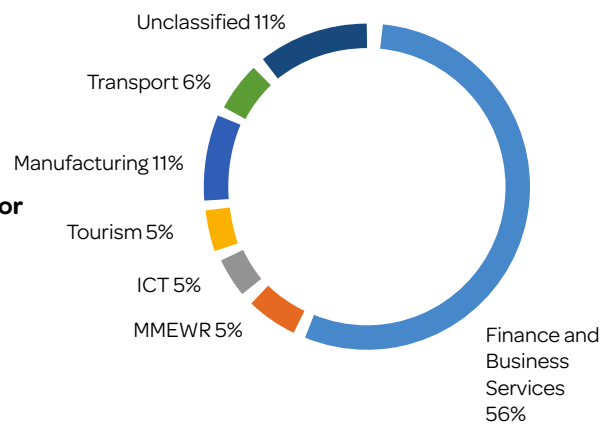


Chart 3. Distribution of Work Skills' Plans submitted by each sector.

CHALLENGES:

1. Shortage of Human Resource

This remains a constraint as the organisation is undergoing transformation.

2. Under utilisation of the policies and programmes by the institutions and the industry

Institutions and the industry have been slow in embracing policies and programmes despite the information and mobilisation endeavours. In particular during the year under review no institutional plans were developed and submitted. Only a few industries, 28 out of 48 levy payers submitted work skills plans.

3. Limited experts locally

Inability to identify expertise locally for development of frameworks and guidelines, delayed the development of both the Student Affairs Services (SAS) Norms and Standards as well as development of the work-place learning framework for both the institutions and industries.

4. Inability of HRDC to host BHRDS Skills Fair and Career Guidance Clinics beyond Gaborone

The HRDC has for the past seven years been hosting the fair and career guidance clinics in Gaborone only thereby inhibiting other learners who are not able to travel to Gaborone to access the interventions. This challenge has been raised by both parents and learners.



Student Representative Council leadership training workshop participants

PUBLIC TERTIARY EDUCATION INSTITUTIONS FUND (PTEIF)

It is clear that there is lack of knowledge on how much it actually costs to deliver education and how these costs compare with the outcomes achieved. Accurately measuring costs and comparing them with outcomes is one of the most important strategies that can be used to measure system performance in education. Therefore, for purposes of calculating programme unit costs, a student unit cost is defined as the monetary outcome of a measurement of the cost incurred in making teaching personnel, and teaching and learning resources available to one student for a specified period.

During the year under review, the unit cost calculations exercise was carried in 20 institutions in total on the 2014/15 financial year figures. As illustrated in Chart 4 and 5, Health Training Institutions (General Nursing Unit Cost 2014/15) and Colleges of Education successfully completed their unit cost calculations. Unit cost calculations at the institutions listed in the following charts were conducted through the Manual Unit Cost Calculation Methodology.

It is worth noting that at the University of Botswana (UB) and Botswana University of Agriculture and Natural Resources (BUAN) unit costs were calculated using the Tertiary Education Management Information system (TEMIS) based methodology. The usage of this tool was necessitated by the large amount of data for the two institutions. The data from UB and BUAN was too large for the manual system thereby providing an opportunity to test the functionality of the system itself.

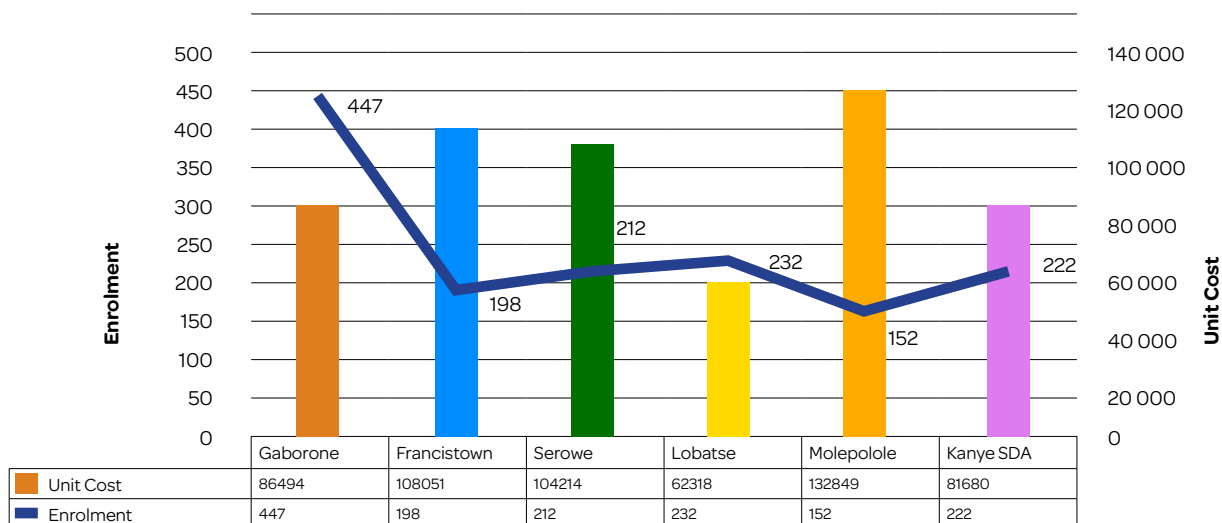


Chart 4. General Nursing Unit Cost 2014/15

FINANCING OF EDUCATION AND TRAINING REPORT (CONTINUED)

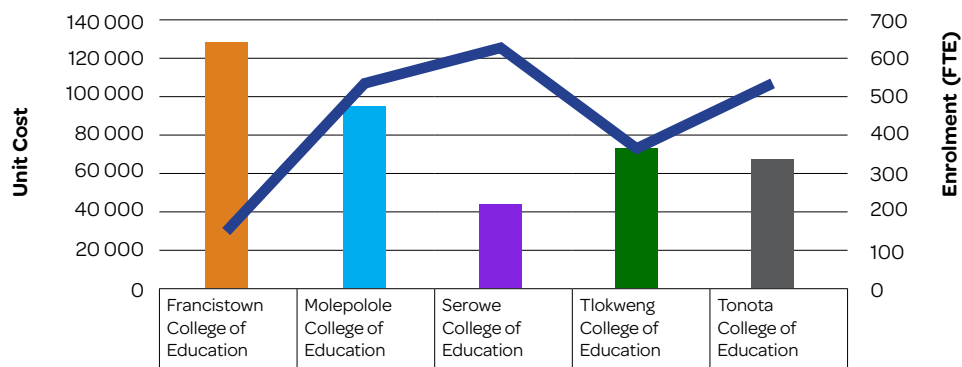


Chart 5. Enrolment and Unit Cost of Colleges of Education 2014/15

HUMAN RESOURCE DEVELOPMENT FUND (HRDF)

HRDC continued with the administration of the levy based Human Resource Development Fund (HRDF) following its transfer from Botswana Qualifications Authority (BQA) in April 2014. Subsequent to the transfer of the Fund to HRDC, consultative meetings were held with all the respective stakeholders to reflect and further discuss draft regulations which are more reflective of the wider human resource development mandate of the HRDC. The purpose of HRDF is to reimburse employers for the costs incurred in training their employees on accredited programmes offered by registered institutions and accredited trainers. The cumulative balance of unutilised funds (surplus) by the employers have been used in funding other human resource development initiatives especially the artisan training and the National Internship Programme (NIP). Table 1 and Chart 6 show how the surplus funds were disbursed during the year under review.

Funded Initiative	Amount Disbursed
MoESD- Department of Technical and Vocational Education and Training (DTVET) Funding	26,556,300.00
Medical Internship	2,599,750.69
Botswana Chamber of Mines (BCM)	5,016,031.60
National Internship Programme (NIP)	12,543,660.00
HRDC - Sector HRD Plans	1,500,000.00
Total amount	48,215,742.00

Table 1. Surplus Funds Disbursed

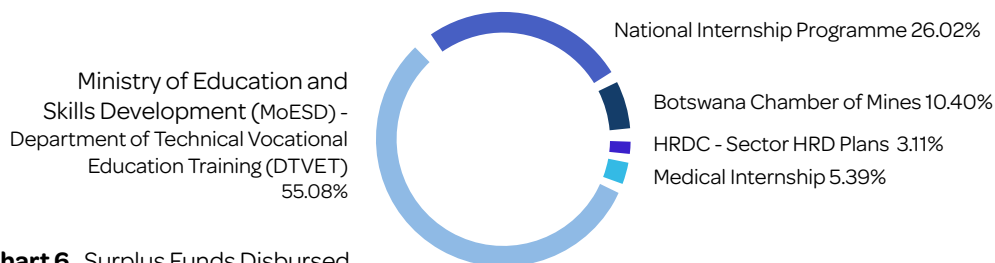


Chart 6. Surplus Funds Disbursed

ESTABLISHMENT OF TERTIARY EDUCATION STUDENT SPONSORSHIP FUND

Request for authority to establish the Tertiary Education Student Sponsorship Fund (TESSF) was made to the Ministry of Education and Skills Development. The purpose of the fund is to finance tertiary education costs for tuition and living expenses. It will be capitalised in accordance with the HRDC Act Section 28 (2) (a) to (d) as follows: appropriation by Parliament into the Fund, charges for services provided; recovered student loans; and, money received from any other entity for payment into the Fund.

CHALLENGES

There have been some setbacks including;

1. Activities by claimants that are intended to defraud the HRD Fund.
2. Low uptake of the HRD Fund with only 15% of eligible levy payers claiming from the Fund
3. Training of employees on unaccredited programmes by levy payers
4. Variation of programme names and content by levy payers without consulting the accrediting authority (BQA)
5. General non-adherence to the guiding regulations, thus defeating the objectives for setting up the HRD Fund.
6. Lack of a comprehensive and responsive Information Management System to accurately calculate programmes' unit costs.



One of the Levy Payer's Workshops

ACHIEVEMENTS

The Human Resource Development Council (HRDC) is mandated to collect and manage tertiary education and training data and information among other objectives. The Council successfully carried out annual institutional census in all registered tertiary education institutions (TEIs) and produced indicators and information in a comprehensive report- 'Tertiary Education at a Glance 2015'. The report was launched and published in collaboration with Statistics Botswana on the 28th of February 2016. This report provides information that allows the Council to monitor performance of the sector as well as benchmark performance across the region and globally. Some of the major highlights from the tertiary education statistics report include the enrolment trends and participation of the private sector in the provision of tertiary education and training and enrolment by gender. Table 2, Chart 7 and Table 3 below offer insight:

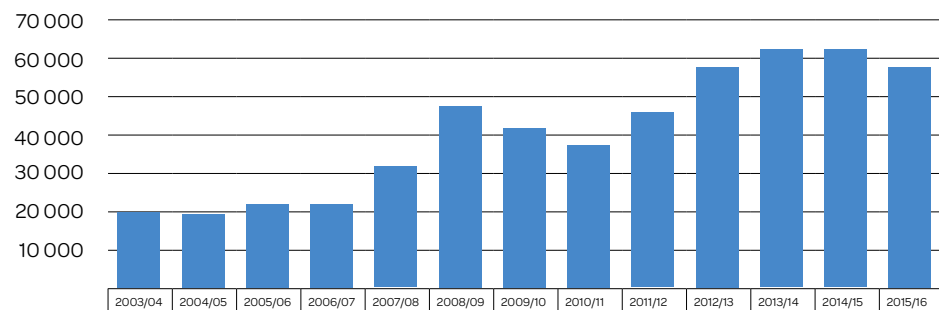


Table 2. Total Number of Students Enrolled in all Institutions from 2003/04 - 2015/16



Tertiary Education At A Glance (Statistical Report) 2015 Launch

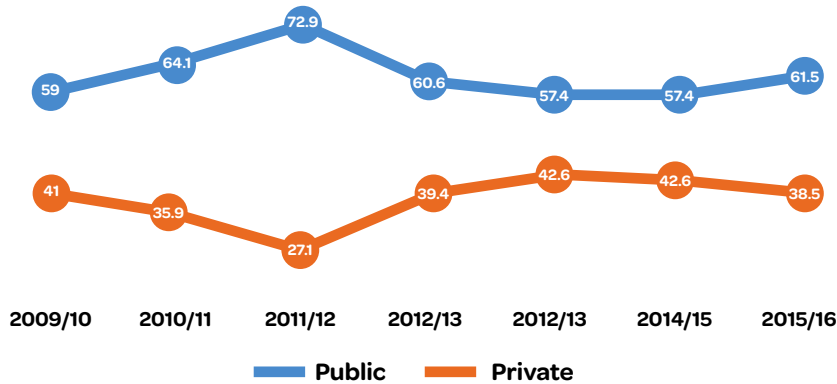


Chart 7. Enrolment Share between Public and Private - 2009/10 - 2015/16

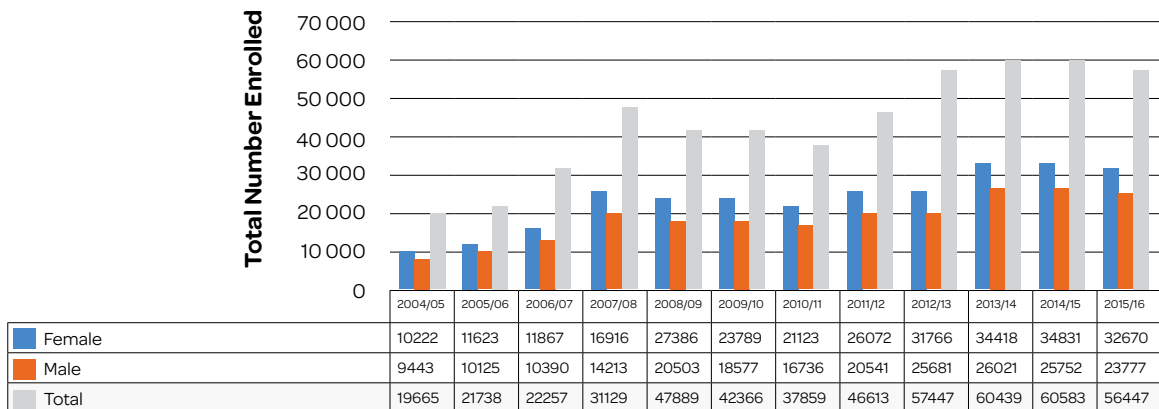


Table 3. Enrolment Trend by Gender - 2004/05 - 2015/16

RESEARCH DEVELOPMENT AND INNOVATION

During the year under review, the Council disseminated Small Grant Research results by 15 researchers from tertiary education institutions. The initiative of Research Grants is an effort to build and enhance research capacity in tertiary education. The Council also compiled and produced a booklet of the Small Grants Research results.

THE JOB VACANCY DATABASE

In an effort to establish the gap that exists in the job market, the HRDC uses the Job Vacancy Database (JVD), which is a tool that has been adopted to indicatively provide information on the most advertised occupations in the country, through tracing and collection of information on the job vacancy advertisements made in the local newspapers.

These advertised jobs are classified into nine major fields of occupations in accordance with the Botswana Standard Classification of occupations and 17 industrial classes in accordance with the Botswana Standard Industrial Classification (BSIC).

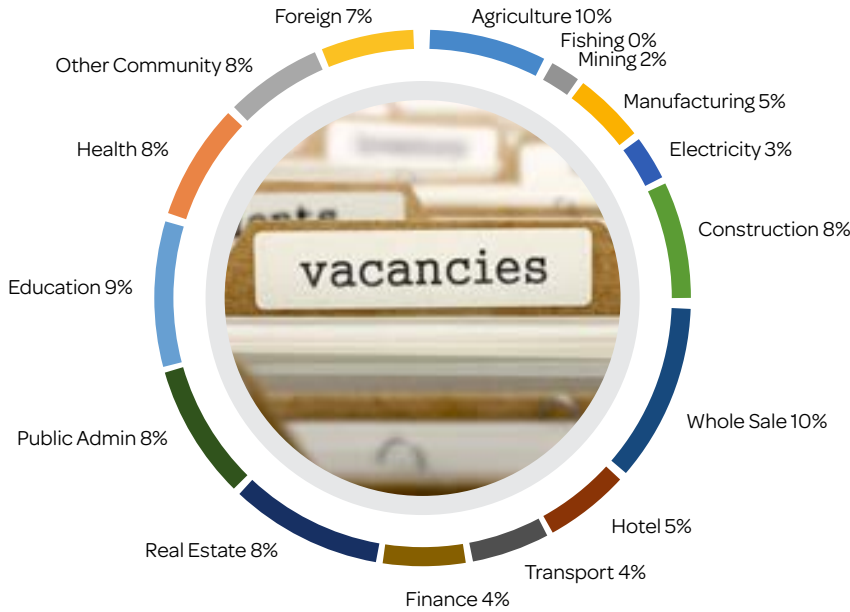


Chart 8. Percentage Share of Job Vacancies by Industry

Source: HRDC, Job Vacancy Database 2016

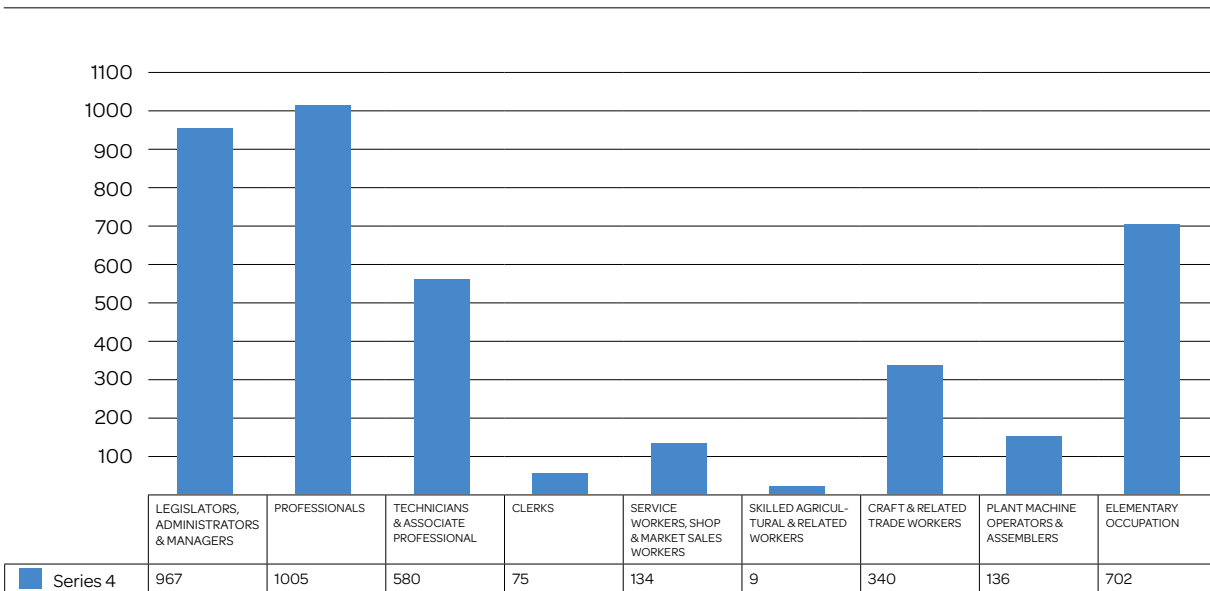


Table 4. Number of Job Vacancies Advertised by Occupation

Source: HRDC, Job Vacancy Database 2016

CHALLENGES

In contrast to the above, the number of job losses through retrenchments and closures between 2013 and 2016 reported by the local newspapers was 9,557. Of these, 723 (7.6%) job losses were due to retrenchments whilst 8,834 (92.4%) were a result of closures. The affected companies represented sectors including beef, water, mining, construction, finance and banking as well as manufacturing.



Retrenchments

STAKEHOLDER ENGAGEMENT

The HRDC Communication with stakeholders during 2015/16 created new communication platforms that ushered in a new vision of an organisation in transition by leveraging on stakeholder engagement to position HRDC and its services.

Additionally, HRDC strengthened its relations with media houses as vehicles through which HRDC's mandate was projected to the public.

The organisation launched public education and stakeholder campaign initiatives. During these activities, stakeholders provided feedback on key national human resource development related issues in their communities, which enabled the HRDC to tailor its communication, advocacy and marketing activities accordingly.

In a quest to reach out to the farthest parts, HRDC built on its good relations with media houses through press conferences, media breakfast briefings as well as press releases. Subsequently, the good relations coupled with an open-door policy for media queries, led to increased volume of positive publicity in both print and broadcast media for the year under review.

HRDC utilised social media to interact with its wide stakeholders. These include Facebook, Google +, Twitter, which have been useful in strengthening relationships with the public, the stakeholders and customers. It was also used for driving engagement with HRDC brand, our services and products. HRDC stakeholders are active on social media channels, thus creating an instant feedback mechanism that allowed them to respond with questions and comments on how we can improve the quality of our services.

The function has continued to interface with core functions of the organisation to appreciate their daily business and support them to get their messages out on time and on budget. Such support was mainly through interviews to collect stories and publish them on an email-circulated Weekly Brief, Quarterly Newsletter and posting them on the intranet.

EXHIBITIONS AND FAIRS

Leveraging the profile of HRDC to stakeholders also required active participation and partnership in summits, workshops and fairs. The HRDC was represented at a number of exhibitions around the country in a bid to create awareness and educate the public on its mandate, products and services. In particular, we were the major corporate sponsor of the first-ever Botswana Job Summit in October, 2015 where a host of key players in the economy met for two days to brainstorm on practical strategies for job creation.



One of the stakeholder engagement activities - BOCCIM Northern Trade Fair

During the year under review, HRDC had **150** established positions, **68** were filled at the beginning of the financial year while **32** were prioritised for recruitment during the year. Of the **32** vacancies **25** were substantively filled and **13** were temporarily filled bringing the total to **101**. During this period, five (**5**) employees opted for exit as a consequence of the transition from T.E.C to HRDC and as per agreement with the Staff Union.



HRDC recruitment growth as at end of March 2016.

The Conditions of Service were revised with a view to creating an environment conducive for the high performance organisation that HRDC aspires to become. A computer based Human Resource Information System was also procured.

CHALLENGES

HRDC has a unique mandate of human capital development there by requiring dynamic skills to execute its mandate. This therefore led to HRDC encountering challenges with recruiting the rightfully skilled workforce. In a bid to close this gap staff development was identified as a priority to empower staff with the requisite skills and experience through benchmarkings, short and long term training.

OPPORTUNITIES

The Wellness Programme and associated initiatives including motivational and health talks, charity and teambuilding events were successfully held to build a strong and cohesive team that promotes the envisaged culture of High Performance Organisation (HPO).

CORPORATE BUDGETS

As the HRDC is still going through its formative years its budget is gradually increasing as it builds up capacity and also develops its key operational tools and frameworks in the likes of the Sector Human Resources Development Plans, the National Human Resource Development Plan, the National Education and Training Information System, etc.

In a bid to deliver on its expanded mandate, the Council requested for more financial resources from Government and others. The approved budget for the year under review was **P107.4 Million** representing an increase of **26%** from the previous year budget of **P85.3 Million**. The budget was funded by a Government Recurrent Grant of **P41.2 Million**, a Government Capital Grant of **P8.7 Million**, a Human Resource Development Fund Administration Fee of **P28.2 Million** and the balance of **P29.3 Million** from other sources. The recurrent expenditure provision was **P97.7 Million** representing **90%** of the budget while the capital expenditure provision was **P9.7 Million** representing **10%** of the budget.

The actual expenditure for the year 2015/16 was **P63.8 million**. Considering that HRDC is a knowledge-based organisation the larger part went to personnel emoluments' and related items at **P36.1 million**. The second major cost item was Consultancy Services at **P4.7 million**, a significant part of which was for development of Sector Plans.

HRDC continued to use a number of policies adopted from its legacy organisation (T.E.C.) during the year under review. These were the Finance, Procurement and the ICT Polices. However, a new Delegation of Authority Matrix was developed to reflect the new Governance Structures and aid efficiency.



ESTABLISHMENT OF A QUALITY MANAGEMENT SYSTEM (QMS)

The implementation of the new organisational structure brought about a new function of Quality Management System (QMS) in an endeavour to improve the organisation's capability to achieve excellence and high standards in service delivery to stakeholders.

The key objectives of QMS are to drive HRDC's activities and initiatives towards the achievement of ISO certification award, ensure the accreditation and compliance of key operational processes with ISO certification requirements, raise awareness of the quality assurance mechanisms and the need for systematic monitoring and evaluation for improving processes and services. The QMS implementation started off with staff training on ISO 9001 Awareness and Document Development. These initial steps were meant to empower staff to have a general understanding of ISO 9001 Standard and what their responsibilities are in complying with the standard requirements. QMS will achieve its intended outcomes, if employees understand the importance of their job in meeting customer needs' requirements.

APPENDIX: ONE

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APPENDIX: TWO

TERTIARY INSTITUTIONS

Private Institutions include:

ABMUC	ABM University College
ABC	Assembly Bible College
BIUC	Ba Isago University College
BC	Boitekanelo College
BTI	Boitekanelo Training Institute
BBTI	Bosa Bosele Training Institute
BU	Botho University
ISB	Imperial School of Business
FMS	Flying Mission School
GAE	Gaborone Academy of Education
GIPS	Gaborone Institute of Professional Studies
GUCL	Gaborone Universal College of Law
KCTE	Kgogagano College of Theological Education
LUCT	Limkokwing University College of Creative Technology
MANCOSA	Management College of Southern Africa
NEC	New Era College of Arts & Technology

Colleges of Education include:

FCE	Francistown College of Education
MCE	Molepolole College of Education
SCE	Serowe College of Education
TKCE	Tlokwen College of Education
TCE	Tonota College of Education

Institute of Health Science include:

BLSN	Bamalete Lutheran School of Nursing
IHSF	Francistown Institute of Health Science
IHSG	Gaborone Institute of Health Sciences
IHSL	Lobatse Institute of Health Sciences
IHSM	Molepolole Institute of Health Sciences
IHSS	Serowe Institute of Health Sciences
KSDASN	Kanye Seventh Day Adventist School of Nursing

Technical Colleges include:

FCTVE	Francistown College of Technical Vocational Education
GTC	Gaborone Technical College
BCET	Botswana College of Engineering and Technology

Other Colleges include:

BWTI	Botswana Wildlife Training Institute
IDM	Institute Development Management
DCSC	Defence Command Staff College

Public Universities include:

BIUST	Botswana International University of Science and Technology
UB	University of Botswana
BAC	Botswana Accountancy College
BUAN	Botswana University of Agriculture and Natural Resources
BOCODOL	Botswana College of Distance and Open Learning

MEMBERSHIP OF THE 12 SECTOR HRD COMMITTEES

1. TOURISM SECTOR COMMITTEE

Ms. Sally-Anne Follet-Smith - **Chairperson**
Mr. Montle Siya
Mr. Labane Mokgosi
Mr. Rex Boy Mokandla
Mr. Thomas Sinvula
Mr. Dichaba Molobe
Mr. Onkemetse Joseph
Mr. Kenson Kgaga
Mr. Mpho Moruakgomo
Dr. Phumzile Magagula-Thobokwe
Mr. Gokgathang Timex Moalosi
Ms. Lily Rakorong
Ms. Kelebaone Maselesele
Ms. Selebo Auma Jobe

2. AGRICULTURE SECTOR COMMITTEE

Dr. Howard K. Sigwele - **Chairperson**
Mr. Boikaego Phole
Mr. Blom Lekoma
Mr. Mooketsi Ramatlapeng
Dr. Ezekiel Chimbombi
Mr. Abel Modimo
Dr. Wame Boitumelo
Mr. David Headman
Mr. Ishmael Mosinyi
Prof. Samodimo Ngwako
Mr. Boweditse Masilo
Mr. Japhta Radibe
Mr. Harry E. Johnson
Ms. Segomotso S. Chimbombi

3. MINING, MINERALS, ENERGY AND WATER RESOURCES SECTOR COMMITTEE

Mr. Sebetlela Sebetlela - **Chairperson**
Mr. Charles Siwawa
Mr. Jacob Thamage
Mr. Godfrey Mudanga
Mr. Martin Cowley
Mr. Jack Tlhagale
Mr. Pierre du Plessis
Mr. Kgomotso Abi
Prof. Tunde Oladiran
Mr. Jacob Raleru
Mrs. Pauline Paledi-Mokou
Ms. Sandra Pabalinga

4. INFORMATION, COMMUNICATION AND TECHNOLOGY SECTOR COMMITTEE

Mr. Norman Sebonego - **Chairperson**
Prof. Kgomotso Hildegard Moahi
Ms. Julia Batlhoki
Mr. Letsapa Mojaphoko
Mr. Teko Monko
Mr. Thato Kewakae
Ms. Matshidiso Mosalagae
Ms. Naledi Mooketsane
Mr. Pontsho Pusoetsile
Ms. Keolebogile Rantsetse
Mr. Billy Batlegang
Mr. Cecil Masiga
Mr. John Vassiliadis
Mr. Boikanyo Chilume
Mr. David Serojane
Dr. Geoffrey Seleka
Dr. Andrew Molwane

5. FINANCE AND BUSINESS SERVICES SECTOR COMMITTEE

Mr. Othata Batsetswe - **Chairperson**
Mr. Richard Nlebesi
Mr. Oabile Mabusa
Ms. Nosipho Ditlhabi
Mr. Michael Tlhagwane
Mr. Mooketsi Maphane
Ms. Monica Moalosi
Ms. Zoe Isaacs
Mr. Tony Mautsu
Mr. Tirelo Leshetla
Ms. Verily Molatedi
Mr. Alvin Yalala
Mr. Jayson Chakalisa
Dr. Justice Gaeonale

6. CREATIVE INDUSTRIES SECTOR COMMITTEE

Mr. Lesiga Phillip Segola - **Chairperson**
Mr. Gaokgakala Lemmenyane
Mr. Kaelo Sabone
Ms. Neo Matome-Harun
Ms. Shirley Nkepe
Mr. Gregory Lebekwe
Mr. Dean Molebatsi
Mr. Jameela T. Gilika
Mr. Thabiso Mashaba
Mr. Bafana Pheto
Mr. Japhta Batshedi Radibe
Ms. Segomotso S. Chimbombi

MEMBERSHIP OF THE 12 SECTOR HRD COMMITTEES (CONTINUED)

7. HEALTH SECTOR COMMITTEE

Prof. Nthabiseng Phaladze - **Chairperson**

Mr. Duncan Thela
Dr. Bangwato Sikwa
Ms. Tina Molatlhegi
Dr. Oathokwa Nkomazana
Dr. Boipelo Mariri
Ms. Thokgamo Boitshwarelo
Mr. Moakanyi Seile
Dr. Malaki Tshipayagae
Dr. Kelly Kgosibodiba

8. EDUCATION AND TRAINING SECTOR COMMITTEE MEMBERS

Dr. Roshen Kishun - **Chairperson**

Ms. Phondy Morwaeng
Mr. Richard Molefe
Ms. Mphoentle Methodi
Ms. Thato Buckland
Sir Wonder Jeconiah Masebola
Dr. Nephious Mwandila
Ms. Tebogo Gwaila-Morolong
Mr. Shadreck Majwabe
Mr. Cassius Mmopelwa
Mr. Mothusi Kgaladua
Ms. Refilwe Otsile Diamond
Ms. Lillian Nkosazana Moremi
Ms. Gorata Lesedi Kewakae
Mr. Jeff Thabo Mzwinila
Prof. Wapula Raditloaneng
Dr. Moreetsi Thobega
Dr. Phetolo Malau- Modiega

9. PUBLIC SECTOR COMMITTEE MEMBERS

Mr. Ikwatthaeng G. Bagopi - **Chairperson**

Mr. Bajaki Chika
Mr. Clifford Maribe
Ms. Beauty Wright
Mr. Jimmy Mathuba
Ms. Goitsehang Tidimane
Mr. David B. Phekoetsile
Ms. Wame Samapipi
Mr. Mbakiso G. Morapedi
Mr. Faried van Wyk
Ms. Maele Lele Rabashwa
Ms. Bitsang Kgosi
Mr. Tshepo Sayed
Ms. Maelagongwe R. Dintwe
Mr. Tobokani Rari
Ms. Okhola Ruud
Dr. Violet Essilfie

10. TRANSPORT & LOGISTICS SECTOR COMMITTEE MEMBERS

Dr. Comfort Mokgothu - **Chairperson**

Mr. Johnson Thupane
Mr. Fred Mabonga
Ms. Priscilla Mpondori
Ms. Mpho Monametsi
Mr. Godwin Tlhogo
Mr. Gobusamang Keebine
Mr. Patrick Masikara
Ms. Masego Bethel
Mr. Claude Kamangirira
Mr. Moses Sebolai
Ms. Josephine Mothudi
Mr. Victor Tshambane
Dr. Phetolo Malau- Modiega

11. RESEARCH, INNOVATION, SCIENCE AND TECHNOLOGY SECTOR COMMITTEE MEMBERS

Mr. Tshepo Tsheko - **Chairperson**

Ms. Joyce Bannyaditse
Mr. Oscar Chiwira
Mr. Timothy Moalosi
Ms. Lesego Motoma
Ms. Simisane Mosalakatane
Prof. Shedden Masupe
Ms. Keorutwe Baitsemi
Prof. Gabriel Anabwani
Prof. Daniel Motlhanka
Mr. Uyapo Ronald
Mr. Outule Rapuleng
Prof. John Cooke
Prof. Elisha Toteng
Dr. Andrew Molwane

12. MANUFACTURING SECTOR COMMITTEE MEMBERS

Ms. Motlhagodi Molomo - **Chairperson**

Mr. Shahid Ghafoor
Ms. Pelonomi Bantsi
Ms. Josephine Mothudi
Mr. Motsholathebe Kutoro
Mr. Dallas Ntopo
Mr. Duncan Kgame
Mr. Mahesh Shukla
Mr. Bonny Wadikonyana
Mr. Fredy Morwaagole
Mr. Barry Mabena
Mr. Vincent Selema
Mr. Meshack Ramatu
Mr. Lovemore Marire
Mr. Ndulamo Chingapani
Mr. Nixon Marumoloa

HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

5 HRDC ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016



HRDC ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

COUNCIL INFORMATION	
Domicile, legal form and principal business activity:	
Human Resource Development Council (HRDC) was established under the Human Resource Development Council Act No, 17 of 2013 which also repealed the Tertiary Education Act, 1999. The Council is responsible for the coordination of and promotion of the implementation of the National Human Resource Development Strategy (NHRDS). The Council is domiciled in Botswana.	
Registered address:	Plot 60113, Block 7, Ext 48, Gaborone West, Botswana
	
Members of the Board:	Chairperson - Mr Christopher B Molomo Ms Moggie F Mbaakanyi Mr Sebetlela Sebetlela Dr Grace G Kgakge - Tabengwa Ms Michelle Adelman Ms Serty Leburu Ms Kebosweditse Ntebela Ms Helen C Chilisa Ms Seilaneng Godisang Dr Thapelo Matsheka Mr Kelapile Ndobano Ms Ruth Maphorisa Mr Labane Mokgosi Ms Dorcas Phirie Chief Executive Officer – Dr P Molutsi
Postal address:	Private Bag BR 108, Gaborone
Auditors:	PricewaterhouseCoopers, Gaborone
	
Bankers:	Barclays Bank of Botswana, Stanbic Bank of Botswana Bank Gaborone Bank ABC
	   
Lawyers:	Motumise Attorneys

HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

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HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL

STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS FOR THE YEAR ENDED 31 MARCH 2016

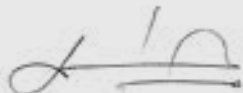
The Board Members of Human Resource Development Council are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Human Resource Development Act of 2013.

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

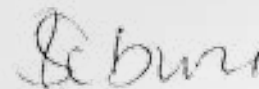
The going concern basis has been adopted in preparing the annual financial statements. The members have no reason to believe that the Council will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Education and Skills Development.

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

The financial statements set out on pages 50 to 78 and supplementary information on Annexure 1 were approved by the Members of the Board and are signed on its behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUMAN RESOURCE DEVELOPMENT COUNCIL



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUMAN RESOURCE DEVELOPMENT COUNCIL

Report on the financial statements

We have audited the accompanying annual financial statements of Human Resource Development Council, ("Council") which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 78.

Board Members' Responsibility for the Financial Statements

Human Resource Development Council's board members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Human Resource Development Council Act, 2013 and for such internal controls as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw*

Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUMAN RESOURCE DEVELOPMENT COUNCIL



Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Human Resource Development Council as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with Section 23 (3) of the Human Resource Development Council Act, 2013, 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 Council have been properly kept;
- The Council has complied with all the financial provisions of the Act except for Section 25(1) as detailed in the Non-compliance with Section with Section 25 (1) of the Human Resource Development Council Act, 2013 paragraph; and
- The financial statements prepared by the Council was 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 2 to the financial statements.

Non-compliance with Section 25 (1), Human Resource Development Council Act, 2013

Section 23 (2), Human Resource Development Council Act, 2013 requires that the financial statements of Human Resource Development Council in respect of each financial year to be audited by an auditor appointed by the Board of Directors within three months of the year end. Further, Section 25 (1) prescribes that the Human Resource Development Council shall within a period of six months after the end of the financial year or within such a longer period that the Minister may approve, submit to the Minister a comprehensive report on the operations of Human Resource Development Council during the year together with the audited financial statements. The Council was unable to submit the audited financial statements to the Minister within the stipulated period of 30 September 2016.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Individual practising member: Sheyan Edirisinghe
Membership number: 20030048

Gaborone

24 NOV 2016

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2016

	Note	2016 P	2015 P
Revenue	5	69,453,794	60,931,287
Other income	6	9,710,272	7,943,263
Administrative expenses	7	(63,878,569)	(61,952,674)
Deficit from HRDAC	9	-	(85,555)
Operating surplus		15,285,497	6,836,321
Finance income	10	1,832,300	1,213,878
Finance costs	10	-	(113,373)
Net finance income		1,832,300	1,100,505
Surplus for the year		17,117,797	7,936,826
Other comprehensive income		-	-
Total comprehensive income for the year		17,117,797	7,936,826

STATEMENT OF FINANCIAL POSITION as at 31 March 2016

	Note	2016 P	2015 P
ASSETS			
Non-current assets			
Property, plant and equipment	11	42,295,995	43,294,285
Intangible assets	12	283,468	155,823
		42,579,463	43,450,108
Current assets			
Trade and other receivables	13	12,084,197	10,232,343
Cash and cash equivalents	14	42,920,728	29,038,633
		55,004,925	39,270,976
Total assets		97,584,388	82,721,085
FUNDS AND LIABILITIES			
Funds			
Accumulated surplus		27,615,113	10,497,316
		27,615,113	10,497,316
Non-current liabilities			
Capital grants	15	42,579,462	43,450,107
Current liabilities			
Trade and other payables	16	27,389,813	28,773,662
Total liabilities		69,969,275	72,223,769
Total funds and liabilities		97,584,388	82,721,085

STATEMENT OF CHANGES IN FUNDS for the year ended 31 March 2016

	Accumulated Surplus P
For the year ended 31 March 2015	
Balance at 1 April 2014	2,560,490
Total comprehensive income for the year	7,936,826
Balance at 31 March 2015	<u>10,497,316</u>
For the year ended 31 March 2016	
Balance at 1 April 2015	10,497,316
Total comprehensive income for the year	17,117,797
Balance at 31 March 2016	<u><u>27,615,113</u></u>

STATEMENT OF CASH FLOWS for the year ended 31 March 2016

	Note	2016 P	2015 P
Cash generated from operations			
Operating surplus		15,285,497	6,836,321
Adjustments for:			
Depreciation	11	2,312,656	2,661,410
Amortisation of intangible assets	12	98,801	131,584
Profit on disposal of plant and equipment	6	(30,030)	-
Provision for restructuring		-	9,989,048
Amortisation of deferred income	15	(2,411,458)	(2,792,995)
		15,255,466	16,825,368
Changes in working capital			
Trade and other receivables		(1,851,854)	(6,795,218)
Trade and other payables and provision for restructuring		(1,383,849)	(5,837,530)
Cash generated from operations		12,019,763	4,192,620
Interest paid		-	(113,373)
Net cash generated from operating activities		12,019,763	4,079,247
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(1,314,367)	(2,745,144)
Purchase of intangible assets	12	(226,446)	(27,813)
Proceeds from disposal of plant and equipment		30,031	-
Interest income received	10	1,659,396	1,091,298
Net cash used in investing activities		148,614	(1,681,659)
Cash flows from financing activities			
Capital grant utilised in current year	15	1,540,813	2,772,957
Net cash generated from financing activities		1,540,813	2,772,957
Net change in cash and cash equivalents		13,709,191	5,170,545
Cash and cash equivalents at beginning of year		29,038,633	23,841,073
Net foreign exchange differences		172,904	27,015
Cash and cash equivalents at end of year	14	42,920,728	29,038,633

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. General information

Human Resource Development Council (HRDC) was established under the Human Resource Development Council Act No, 17 of 2013. The Council is responsible for the coordination of and promotion of the implementation of the Human Resource Development Strategy. The address of its registered office is Plot 60113, Block 7, Ext 48, Gaborone West.

The financial statements set out on pages 50 to 78 have been approved by the Members of the Board on 11 November, 2016.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost basis, unless stated otherwise.

The preparation of Council financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Council financial statements are disclosed in the respective section of the financial statements. Refer to note 4 for critical accounting estimates and judgements policy notes. All amounts are shown in Pula which is the entity's functional and presentation currency. All values are rounded to the nearest Pula, unless otherwise stated.

2.1.1 Adoption of standards in the current financial year

(a) The following new standards were adopted by the Council during the year

- IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' - Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:
 - either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
 - the accumulated depreciation is eliminated against the gross. (Effective 1 July 2014).
- IAS 24, 'Related party disclosures' - The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') (Effective 1 July 2014).
- IFRS 13, 'Fair value measurement' - The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. (Effective 1 July 2014).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2016

2.1.1 Adoption of standards in the current financial year (continued)

(a) The following new standards were adopted by the Council during the year (continued)

- Amendment to IFRS 13, 'Fair value measurement' - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (Effective 1 July 2014).

(b) New and amended standards applicable to the current period but not relevant to the Council

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

- Amendment to IAS 19 regarding defined benefit plan - These narrow scope amendments apply to contribution from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. (Effective 1 July 2014).
- IFRS 1, 'First-time adoption of International Financial Reporting Standards' - The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. (Effective 1 July 2014).
- IFRS 3, 'Business combinations' - The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. (Effective 1 July 2014).
- Amendment to IFRS 8, 'Operating segments' - The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. (Effective 1 July 2014).

2.1.2 Adoption of standards in future annual periods

The following new standards, amendments, improvements and interpretations to existing standards are mandatory for the Council's accounting periods beginning on or after 1 April 2016. These have not been early adopted by the Council.

(a) New standards, amendments and interpretations which are relevant to the Council's operations

- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative - In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. (Effective from 1 January 2016).
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (continued)

a) New standards, amendments and interpretations which are relevant to the Council's operations (continued)

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 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 (Effective 1 January 2017).

- IFRS 9 – Financial Instruments (2009) - 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. (Effective from 1 January 2018).
- IFRS 9 – Financial Instruments (2010) - 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 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 good or service transfers to a customer. (Effective 1 July 2017).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the Council'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 Council's financial statements.

b) New standards, amendments and interpretations which are not relevant to the Council's operations

- Amendment to IAS 12 – Income taxes - The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets (Effective 1 January 2017).
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants- In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41. (Effective 1 January 2016).
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. (Effective 1 January 2016).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (continued)

b) New standards, amendments and interpretations which are not relevant to the Council's operations (continued)

- Amendments to IAS 27, 'Separate financial statements' on equity accounting- In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. (Effective 1 January 2016).
- Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. (Effective 1 January 2016).

The amendment also clarifies that changing the disposal method does not change the date of classification.

- 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. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:
 - The own credit risk requirements for financial liabilities.
 - Classification and measurement (C&M) requirements for financial assets.
 - C&M requirements for financial assets and financial liabilities.
 - The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. (Effective 1 January 2018).

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets- The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. (Effective 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption- The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. (Effective 1 January 2016).
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.- This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. (Effective 1 January 2016).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (continued)

b) New standards, amendments and interpretations which are not relevant to the Council's operations (continued)

- IFRS 14 - The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (Effective 1 January 2016).
- IFRS 16 - Leases - After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

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 1 January 2019).

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

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

2.2.2 Transaction and balances

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

2.3 Property, plant and equipment

a) Measurement

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and to get the items ready for their intended use.

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 Council and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the surplus/deficit during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.3 Property, plant and equipment (continued)

b) Depreciation

Depreciation commences when the assets are available for use. Depreciation is calculated on the straight line basis at rates designed to depreciate the cost of the assets, to their residual value, over their estimated useful lives as follows:

• Furniture and Office Equipment	5-10 years
• Gym equipment	5-10 years
• Computer equipment	3-5 years
• Motor vehicles	4-8 years
• Buildings	50 years
• Buildings- Porta Cabins	20 years
• Leasehold improvements	Over the life of the lease
• Leasehold land	Over the life of the lease

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

c) Derecognition

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus/deficit when the asset is derecognised.

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the fair value less cost of disposal and its value in use. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.4 Intangible assets

Acquired Computer software

Intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses, if any. Acquired computer software licenses are capitalised and recorded as intangible assets on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised on the basis of an expected useful life between three to five years, using the straight-line method. Useful lives and amortisation methods are assessed and adjusted for prospectively, if necessary, on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.5 Financial assets

2.5.1 Initial recognition and measurement

Financial assets are recognised when the Council becomes a party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Council's financial assets include cash and short-term deposits and trade and other receivables. All financial assets held by the council are classified as loans and receivables.

2.5.2 Subsequent measurement

After initial measurement, financial assets are subsequently measured at amortised cost, using the effective interest method less impairment. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Gains and losses are recognised in surplus/deficit upon impairment or derecognition as well as through the amortisation process.

2.5.3 Allowance for credit losses

An allowance for loans and receivables is established when there is objective evidence that the council will not be able to collect all amounts due according to the original terms of the assets. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the surplus/deficit.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease is because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting the allowance account. The reversal does not result in the carrying amount of the financial assets exceeding what the amortised cost would have been had the impairment not been recognised previously. The amount of the reversal is recognised in surplus/deficit.

2.5.4 Derecognition

Financial assets are de-recognised when the right to receive cash flows from the financial assets has expired or has been transferred, and the Council has transferred substantially all risks and rewards of ownership.

2.5.5 Off-setting

Financial assets and liabilities are set off and the net balance reported in the statement of financial position where there is a currently legally enforceable right to set off, where it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Financial liabilities

2.6.1 Initial recognition and measurement

Financial liabilities are recognised when the Council becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, and for those which are not measured at fair value through profit or loss, directly attributable transaction costs are included in the initial measurement of the instrument.

2.6.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

a) Trade and other Payables

Trade and other payables classified as loans and borrowings are subsequently measured at amortised cost at the effective interest rate method.

b) Bank overdraft

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

c) Restructuring provision

Restructuring provisions are recognised only when the council has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline and the employees affected have been notified of the plan's main features.

2.6.3 Derecognition

Financial assets are de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing financial liability are substantially modified, such a modification is treated as the derecognition of the original liability and the recognition of a new liability.

2.6.4 Off-setting

Financial assets and liabilities are set off and the net balance reported in the statement of financial position where there is a currently legally enforceable right to set off, where it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.7 Trade receivables (continued)

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited as other income in the statement of comprehensive income.

2.8 Cash and cash equivalents

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

2.9 Trade payables

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

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

2.10 Employee benefits

The terminal benefits such as end of contract gratuity are accrued for employees based on their employment contracts over the period of the contract. These costs are recognised as part of the staff costs in the statement of comprehensive income.

2.11 Provisions

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable. The Council recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Council; and when specific criteria have been met for each of the Council'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 Council 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

2.12 Revenue recognition (continued)

2.12.1 Government grants

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

Grants relating to capital 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.

2.12.2 Human Resource Development Fund (HRDF) Administration fee

The administration fee is earned from the administration of the Human Resource Development Fund. This is a Fund where the training levy is collected into from the companies that are eligible. Money that is transferred into this fund is collected on a quarterly basis from the Botswana Unified Revenue Service (BURS) and forwarded to the Fund account. HRDC receives 10% of the money transferred by BURS towards the fund for the administration of this Fund.

2.12.3 Interest income

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

2.13 Leases

Leases of property, plant and equipment where the Council assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings.

The interest element of the finance charges is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

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.

3. Financial risk management

3.1 Financial risk factors

The Council's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance. Risk management is carried out under policies approved by the members of the board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

3. Financial risk management (continued)

(I) Market Risk

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar. Foreign exchange risk arises from commercial transactions. Management has set up a policy to require Council to manage their foreign exchange risk against their functional currency.

		Cash and cash equivalents	Effect on surplus/deficit
2016			
Increase in exchange rate	1%	1,681,045	16,810
Decrease in exchange rate	-1%	(1,681,045)	(16,810)
2015			
Increase in exchange rate	1%	2,040,541	20,405
Decrease in exchange rate	-1%	(2,040,541)	(20,405)

(b) Price risk

As the Council has no equity securities, the Council's income and operating cash flows are substantially independent of changes in equity price risk.

(c) Interest rate risk

At 31 March 2016, if interest rates on short-term deposit had been 1% higher / lower with all other variables held constant, excess of expenditure over income for the year would have been P 429,199 (2015: P 290,352) lower/ higher, mainly as a result of higher / lower interest income on floating rate deposits.

(II) Credit Risk

Financial assets of the Council, which are subject to credit risk, consist mainly of debtors and cash resources. The Council has policies in place to ensure that the premises are rented to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. No credit limits were exceeded during the reporting period. Please refer to note 20 for disclosure on credit quality.

(III) Liquidity Risk

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

The Council's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the statement of financial position date. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2016

3. Financial risk management (continued)

(III) LIQUIDITY RISK (CONTINUED)

Less than 1 year
P

At 31 March 2016	
Trade and other payables	27,389,813*
At 31 March 2015	
Trade and other payables	28,773,662*

* Excluding statutory liabilities

3.2 Capital risk management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern and benefits for stakeholders and to minimise the use of debt capital. In order to maintain or adjust the capital structure the Council may adjust the assets or sell asset to reduce the debt.

The Council is funded by the Government. Consistent with this objective the Council does not monitor capital on the basis of the gearing ratio.

3.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

There are no financial assets classified as fair value through profit or loss at the reporting date.

4. Critical accounting estimates and judgements

The Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Critical accounting estimates and judgements (continued)

(a) Residual values and useful lives of property, plant and equipment

Residual values and useful lives of property, plant and equipment are based on current estimates of the value of these assets at the end of their useful lives. The estimated residual values of buildings have been determined by the members of the Council based on their knowledge of the industry.

(b) Intangible assets - estimate of amortisation method and period

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

(c) Impairment loss on trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

5. Revenue

	2016	2015
	P	P
Government subventions	41,225,318	27,991,245
Grants utilised for teAids project	-	3,864,613
HRDF Administration fees	28,228,476	29,075,429
	69,453,794	60,931,287

6. Other income

	2016	2015
	P	P
Amortisation of Capital grant (note 15)	2,411,458	2,792,995
HRDC Education Fair	2,720,725	2,598,310
Reimbursement of sector plan costs	2,287,392	2,109,029
Sale of tender documents and sundry income	410,219	442,929
Reversal of restructuring over provision	1,850,448	-
Profit on disposal of assets	30,030	-
	9,710,272	7,943,263

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

7. Expenses by nature

2016	2015
P	P

The following items have been charged/(credited) in arriving at operating surplus before finance income:

Auditors' remuneration	126,000	190,364
Depreciation	2,312,656	2,661,410
Amortisation of intangible assets	98,801	127,995
Advertising	2,317,745	2,457,955
Consultancy	4,701,006	2,790,944
Travelling and accommodation	2,357,587	2,213,109
Board members' sitting allowances	796,497	455,994
Repairs and maintenance	1,596,723	1,267,034
Staff costs (note 8)	36,195,294	39,510,454
Stakeholder Meetings and Conferences	2,355,461	1,671,819
Botswana Human Resource Development Skills Far and Career Clinics	3,225,381	2,613,799
Subscriptions	1,136,572	1,143,315
Training and capacity building	1,093,430	526,959
Insurance	407,832	464,449
Printing and stationery	895,239	537,769
Sector Committee initiatives	677,491	-
Electricity and Water	726,328	327,634
Other Administration expenses	2,858,526	2,991,671
	63,878,569	61,952,674

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

8. Staff costs

	2016	2015
	P	P
Salaries and wages	28,188,251	20,753,649
Restructuring costs	-	9,989,048
Medical and gratuity expenses	8,007,043	8,767,757
	36,195,294	39,510,454
Average number of employees	101	68

9. Deficit from HRDAC

Deficit from HRDAC	-	85,555
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The Human Resource Development Advisory Council (HRDAC) was established through a presidential directive in July 2009 under the Ministry of Education and Skills Development to establish HRDC and BQA. After fully accomplishing its mandate, the governing council approved the winding up and closure of the HRDAC by 31st December 2014.

10. Net finance income

	2016	2015
	P	P
Finance income		
Interest income	1,659,396	1,091,298
Foreign exchange gain	172,904	122,580
	1,832,300	1,213,878
Finance costs		
Interest paid to HRDAC	-	(113,373)
Net finance income	1,659,396	977,925

The interest expense relates to the portion of bank interest income on cash that belongs to HRDAC but was held in the name of HRDC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

11. Property, plant and equipment

	Land and buildings	Motor vehicles	Computer equipment	Gym equipment	Furniture and office fittings	Total
	P	P	P	P	P	P
As at 01 April 2014						
Cost or valuation	42,784,224	1,721,515	2,663,826	111,198	5,418,207	52,698,970
Accumulated depreciation	(3,200,644)	(808,989)	(1,815,095)	(60,124)	(3,603,567)	(9,488,419)
Net book amount	39,583,580	912,526	848,731	51,074	1,814,640	43,210,551
Year ended 31 March 2015						
Net book amount at beginning of year	39,583,580	912,526	848,731	51,074	1,814,640	43,210,551
Additions	686,326	715,142	439,945	196,773	706,958	2,745,144
Depreciation	(943,078)	(257,821)	(449,926)	(51,755)	(958,830)	(2,661,410)
Net book amount at end of year	39,326,828	1,369,847	838,750	196,092	1,562,768	43,294,285
As at 31 March 2015						
Cost or valuation	43,470,550	2,436,657	3,103,771	307,971	6,125,165	55,444,114
Accumulated depreciation	(4,143,722)	(1,066,810)	(2,265,021)	(111,879)	(4,562,397)	(12,149,829)
Net book amount	39,326,828	1,369,847	838,750	196,092	1,562,768	43,294,285
Year ended 31 March 2016						
Net book amount at beginning of year	39,326,828	1,369,847	838,750	196,092	1,562,768	43,294,285
Additions	132,405	-	853,609	-	328,353	1,314,367
Cost on disposal	-	-	(564,147)	-	(327,158)	(891,305)
Depreciation on disposal	-	-	564,147	-	327,160	891,307
Depreciation	(949,901)	(285,456)	(405,848)	(61,594)	(609,857)	(2,312,656)
Net book amount at end of year	38,509,332	1,084,391	1,286,511	134,498	1,281,266	42,295,995
As at 31 March 2016						
Cost or valuation	43,602,955	2,436,657	3,393,233	307,971	6,126,359	55,867,176
Accumulated depreciation	(5,093,623)	(1,352,266)	(2,106,722)	(173,473)	(4,845,094)	(13,571,178)
Net book amount	38,509,332	1,084,391	1,286,511	134,498	1,281,266	42,295,995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

12. Intangible assets

	2016	2015
	P	P
Net book amount at beginning of year	155,823	259,594
Additions	226,446	27,813
Amortisation charge	(98,801)	(131,584)
Net book amount at end of year	283,468	155,823
Cost	990,763	764,317
Accumulated amortisation	(707,295)	(608,494)
Net book amount	283,468	155,823

Intangible assets consist of computer software.

13. Trade and other receivables

	2016	2015
	P	P
Trade receivables	1,549,261	1,583,413
Less: Provision for impairment of trade receivables	(219,627)	(584,572)
	1,329,634	998,841
Receivable from HRDF	7,134,910	6,783,880
Other receivables	3,619,653	2,449,622
	10,754,563	9,233,502
	12,084,197	10,232,343

As of 31 March 2016, trade receivables of P 914,739 (2015: 998,841) were fully performing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

13. Trade and other receivables (Continued)

As at 31 March 2016, trade receivable P 414,895 (2015: nil) were past due but not impaired. These relates to a number of customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:

	2016 P	2015 P
Up to 3 months	414,895	-

As at 31 March 2016, trade receivables amounting to P 219,627 (2015: P 584,572) were impaired and provided for. The movement in the provision is as follows:

	2016 P	2015 P
Opening balance	584,572	297,049
(Reversal) / Provision for the year	(364,945)	287,523
Closing provision	219,627	584,572

The fair values of trade and other receivables approximated their book values due to their short term nature

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

14. Cash and cash equivalents

	2016	2015
	P	P
Cash on hand	864	3,409
Cash at bank	5,931,590	13,698,874
Short-term deposits	36,988,274	15,336,350
	42,920,728	29,038,633

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

	2016	2015
	P	P
Bank balances	42,919,864	29,035,224
Cash on hand	864	3,409
	42,920,728	29,038,633

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Council, and earn interest at the respective short-term deposit rates.

Cash and cash equivalents denominated in foreign currencies are as follows:

	2016	2015
	P	P
US Dollar	1,681,045	2,040,541

15. Capital grants

	2016	2015
	P	P
Balance at beginning of year	43,450,107	43,470,145
Grant received during the year	1,540,813	2,772,957
Amortisation during the year (Note 6)	(2,411,458)	(2,792,995)
Balance at end of year	42,579,462	43,450,107

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

16. Trade and other payables

	2016	2015
	P	P
Trade and other payables	6,268,309	5,800,682
Sundry creditors	294,880	328,674
Staff accruals (note 16.1)	6,995,219	8,809,811
Unutilised grants (note 16.2)	11,006,376	3,845,447
Provision for restructuring (note 16.3)	2,825,029	9,989,048
	27,389,813	28,773,662

16.1 Staff accruals

Movement in staff accruals is as follows

	Gratuity	Leave pay	Total
	P	P	P
Balance at beginning of year	7,282,041	1,527,770	8,809,811
Additional accrual during the year	7,048,745	1,412,229	8,460,974
Paid during the year	(8,557,906)	(1,717,660)	(10,275,566)
Balance at end of year	5,772,880	1,222,338	6,995,219

16.2 Unutilised grants

	2016	2015
	P	P
HRDC Capital Grant	8,194,678	1,033,749
HRDC Research Grant	1,311,698	1,311,698
Recurrent Grant - Sector Committees	1,500,000	1,500,000
	11,006,376	3,845,447

Government capital grants have been received for capital expenditure. Unutilised grants are non-refundable and there are no unfulfilled conditions or contingencies attached to these grants. Unutilised grants can be used for other Council's operational activities upon approval by the Council's Board Members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

16.3 Provision for restructuring

	2016	2015
	P	P
Opening balance	9,989,048	-
Provision for the year	-	9,989,048
Utilised during the year	(5,313,572)	-
Reversal of overprovision	(1,850,448)	-
Balance at end of year	<u>2,825,029</u>	<u>9,989,048</u>

Human Resource Development Council recorded a restructuring provision at the onset of the transition process. The provision relates principally to the exit packages that were expected to be paid to the employees who might elect to take their exit packages instead of be absorbed into the new HRDC structure. The restructuring plan was drawn up and announced to the employees of HRDC when the provision was recognised in its financial statements. The restructuring was completed by 31 March 2016.

The fair values of trade and other payables approximate their book values due to their short term nature'

17. Commitments

	2016	2015
	P	P
Commitments for consultancies and projects		
Centre for Employment Initiatives (CEI) - Development of Sector Committee Plans	-	1,859,019
ACHAP - Development of Sector Committee Plans	-	1,476,747
LEADDEX Consulting -Development of Sector Committee Plans	-	659,270

These are commitments relating to the development of sector plans. There were no commitments relating to the current year.

18. Events after reporting date

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

19. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2016	2015
	P	P
Loans and receivables:		
<i>Assets as per statement of financial position</i>		
Trade and other receivables excluding prepayments	12,084,197	10,232,343
Cash and cash equivalents (Note 14)	42,920,728	29,038,633
	<u>55,004,925</u>	<u>39,270,976</u>
Other financial liabilities at amortised cost:		
<i>Liabilities as per statement of financial position</i>		
Trade and other payables excluding non-financial liabilities	<u>27,389,813</u>	<u>28,773,662</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

20. Credit quality of financial assets

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

Trade receivables	2016 P	2015 P
Group 2	1,329,634	998,841
Total fully performing trade receivables	<u>1,329,634</u>	<u>998,841</u>

Group 1 - New customers

Group 2 - Existing customers with no defaults in the past

Group 3 - Existing customers with some defaults in the past. All defaults were fully recovered.

Cash at bank and short-term bank deposits	2016 P	2015 P
Stanbic Bank Botswana Limited	3,583,868	5,502,113
Barclays Bank of Botswana	1,781,339	2,141,445
BancABC	10,703,150	15,187,529
Bank Gaborone	26,851,507	6,204,137
	<u>42,919,864</u>	<u>29,035,224</u>

The Council only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Council has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Barclays Bank PLC and Banc ABC. There are no credit ratings available in Botswana.

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

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Bank Gaborone is a wholly owned subsidiary of Capricorn Investment Holdings (Botswana) (Pty) Ltd. Bank Gaborone was issued a license by the Bank of Botswana on 1st February 2006 to commence with its full retail banking business.

Bank ABC previously known as African Banking Corporation Botswana Limited is a subsidiary of ABC Holdings Limited (ABCH) Group. ABC Holdings Limited is dually listed on the Botswana Stock Exchange and on the Zimbabwe Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2016

21. Related party transactions

Human Resource Development Council (HRDC) was established through the Human Resource Development Act No. 17 of 2013. The Council is responsible for the co-ordination of and promotion of the implementation of the national Human Resource Development Strategy.

(a) Transactions with the Ministry of Education and Skills Development;

	2016	2015
	P	P
Government grants received		
Government subventions and research grants	41,225,317	29,603,870
Capital grant received from the Ministry of Education	8,700,000	-
	49,925,317	29,603,870

(b) Key management compensation

Key management includes Board members and the executive committee. The compensation paid or payable to key management for employee services together with payments made to the directors are shown below;

	2016	2015
	P	P
Key management -salaries and short term employment benefits	8,831,574	5,214,940
Key management - gratuity and leave pay	753,584	2,338,799
Management - total	9,585,159	7,553,739
Payments made to board members	281,417	250,130
	9,866,576	7,803,869

22 Contingent liabilities

Staff Loan Guarantees

The Human Resource Development Council has guaranteed the obligations of its employees under a motor vehicle, housing and personal loan guarantee scheme operated through Botswana Savings Bank and Barclays Bank Botswana Limited. The maximum amount guaranteed at 31 March 2016 was P12 525 945 (2015 : P2,875,548). No losses are expected to arise from these arrangements.

All housing loans mortgage bonds are registered in the name of HRDC and the bond together with the title deed are retained by HRDC until the loan has been repaid in full. For motor vehicle loans, the related motor vehicle will be registered in the name of the employee while the financial interest of the HRDC will be noted on the vehicle registration book. As for personal loans the loan amount should not exceed the gratuity amount to be earned by the employee during his/her contract period.

The Board Members confirm that there were no other contingent liabilities at the reporting date.

DETAILED EXPENDITURE STATEMENT for the year ended 31 March 2016

1 Administrative expenses

	Annexure I	
	2016 P	2015 P
Advertising	2,317,745	2,457,955
Amortisation of intangible assets (note 6)	98,801	131,584
Audit fees	126,000	190,364
Bad debts	518,060	-
Bank Charges	61,711	98,408
Board expenses	218,794	-
Computer expenses	22,284	23,144
Consultancy	4,701,006	2,790,944
Depreciation	2,312,656	2,661,411
Development office Expenses	587,771	498,474
Electricity and Water	726,328	327,634
Hospitality	-	35,175
Impairment of receivable	(364,945)	287,523
Insurance	407,832	464,449
Legal Fees	131,276	412,874
Library	164,486	11,028
Printing and Stationery	895,239	537,769
Recruitment Cost	507,686	19,420
Relocation Costs	-	30,778
Repairs and maintenance	1,596,723	1,267,034
Research and Development	-	937,375
Salaries and Wages	36,195,294	39,510,454
Sector Committee initiatives	677,491	-
Security Services	228,950	211,926
Sitting Allowance	281,417	250,130
Sitting Allowance-Sector committee	515,080	205,864
Staff welfare	395,285	126,183
Stakeholder meetings and Conferences	2,355,461	1,671,819
Subscription	1,136,572	1,143,315
Telephone and Postage	297,731	213,463
Botswana Human Resource Development Skills Far and Career Clinics	3,225,381	2,613,799
Training and capacity building	1,093,430	526,959
Travel and accommodation	2,357,587	2,213,109
Vehicle Expenses	89,437	82,310
	63,878,569	61,952,674

This notes to the detailed expenditure statement does not form part of the financial statements covered by the audit opinion on pages 48 and 49

ACRONYMS

(ACHAP)	African Comprehensive HIV/AIDS Partnerships	(HRDC)	Human Resource Development Council
(BAC)	Botswana Accountancy College	(HRDF)	Human Resource Development Fund
(BC)	Boitekanelo College	(HRDFC)	Human Resource Development Fund Committee
(BCET)	Botswana College of Engineering and Technology	(IAS)	International Accounting Standards
(BCET)	Botswana College of Engineering Technology	(IASB)	International Accounting Standards Board
(BCM)	Botswana Chambers of Mines	(ICT)	Information and Communication Technology
(BEC)	Botswana Examinations Council	(IFRS)	International Finance Reporting Standards
(BGCSE)	Botswana General Certificate of Secondary Education	(IFRS)	International Financial Reporting Standards
(BHRDS)	Botswana Human Resource Development Skills Fair and Career Clinics	(JVD)	Job Vacancy Database
(BOCCIM)	Botswana Confederation of Commerce Industry & Manpower	(JVD)	Job Vacancy Database
(BQA)	Botswana Qualifications Authority	(LMIS)	Labour Market Information System
(BSC)	Balance Score Card	(LMO)	Labour Market Observatory
(BSIC)	Botswana Standard Industrial Classification	(MMWER)	Mining, Minerals, Water and Energy Resources
(BTEC)	Botswana Tertiary Education Conference	(MOESD)	Ministry of Education and Skills Development
(BTEF)	Botswana Tertiary Education Fair	(MOA)	Memorandum of Agreement
(BUAN)	Botswana University of Agriculture and Natural Resource	(MOU)	Memorandum of Understanding
(BURS)	Botswana Unified Revenue Services	(NDP 11)	National Development Plan 11
(CEI)	Centre for Employment Initiatives	(NHRDS)	National Human Resource Development Strategy
(CGC)	Career Guidance Clinic	(NIP)	National Internship Programme
(FC)	Funding Committee	(NIP)	National Internship Programme
(FCTVE)	Francistown College of Technical and Vocational Education	(PTEIF)	Public Tertiary Education Institutions Fund
(HATAB)	Hospitality and Tourism Association of Botswana	(QMS)	Quality Management System
(HPO)	High Performance Organisation	(SRC)	Student Representative Council
(HRC)	Human Resources Committee	(T.E.C)	Tertiary Education Council
(HRD)	Human Resource Development	(TEI)	Tertiary Education Institutions
(HRDAC)	Human Resource Development Advisory Council	(TEMIS)	Tertiary Education Management Information system
		(TVET)	Technical Vocational Education Training
		(UNESCO)	United Nations Educational Scientific and Cultural Organisation
		(VTF)	Vocational Training Fund



Notes

Series of horizontal lines for taking notes.

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HUMAN RESOURCE DEVELOPMENT COUNCIL

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