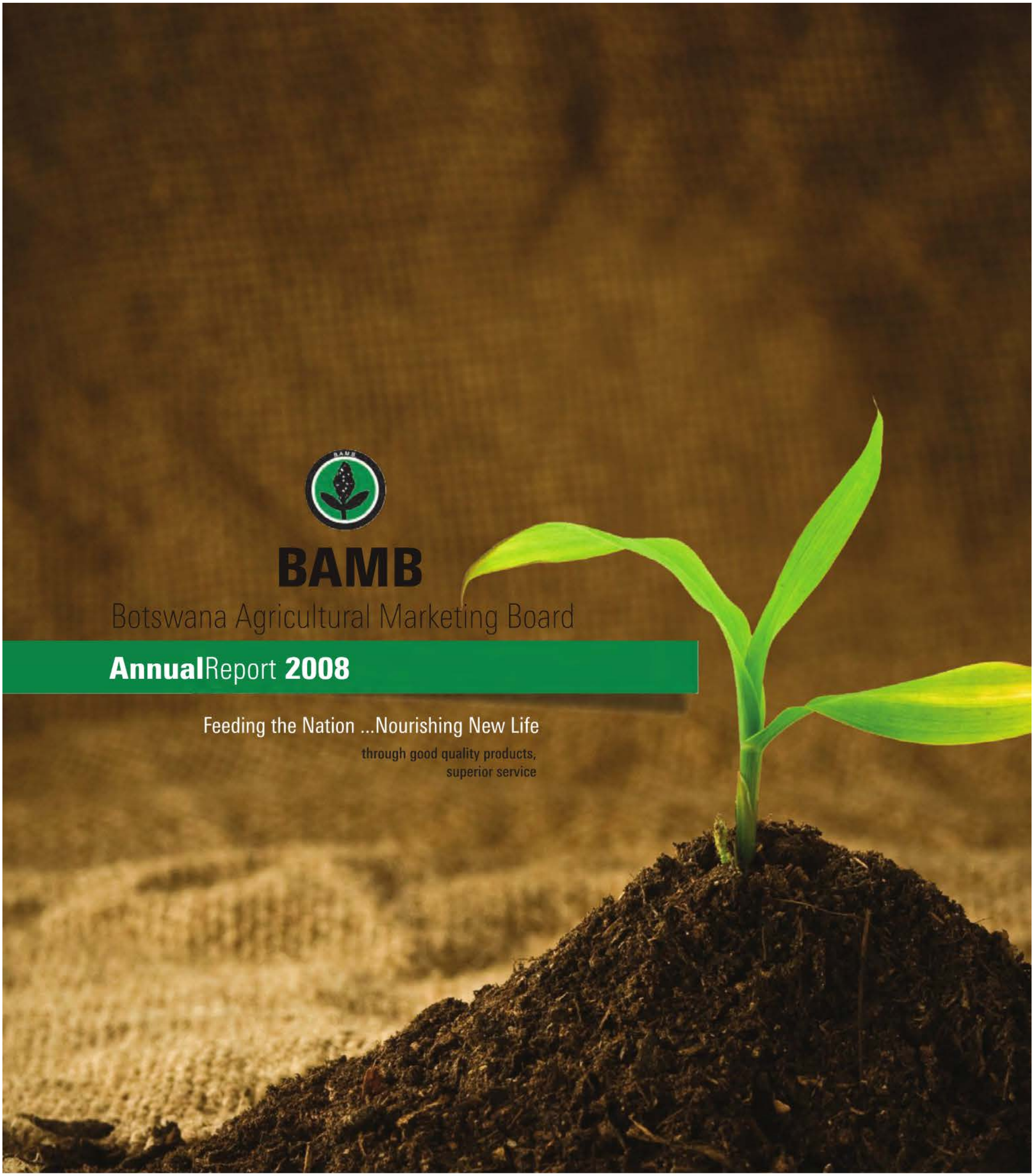


BAMB

Botswana Agricultural Marketing Board

AnnualReport 2008

Feeding the Nation ...Nourishing New Life

through good quality products,
superior service

CONTENTS

COMPANY OVERVIEW

Our Mandate

Botswana Agricultural Marketing Board (BAMB) is a Government Public Enterprise established by an act of Parliament, No. 2 of 1974 mandated to provide a market for locally produced rainfed crops, whilst ensuring that adequate supplies exist for sale to customers at affordable prices.





WHITE MAIZE ▲

White Maize is mainly sold to maize millers and individual consumers. It is by far the most popular carbohydrate food source in Botswana with demand in excess of 100,000 mt per year as compared to local production which on average is lower than 10,000 mt per year. It can be grown successfully in the Barolong Farms, Ngwaketse South areas and Chobe Enclave and Pandamatenga.

Vision

To be a preferred market for quality agricultural products and services

Mission

We provide marketing and storage services for growing the agricultural industry through knowledge, information and dedicated staff

Values

- Integrity
- Trustworthiness
- Courtesy
- Timeliness
- Efficiency
- Teamwork

YELLOW MAIZE ▲

Yellow Maize demand in the animal feed industry is growing. It can be grown successfully in the Barolong Farms, Ngwaketse South areas and Chobe Enclave and Pandamatenga. BAMB sells yellow maize seeds and encourages farmers to grow it since at present market demand exceeds local production.

Our Products and Services

We offer the following services to the farming community and customers alike:

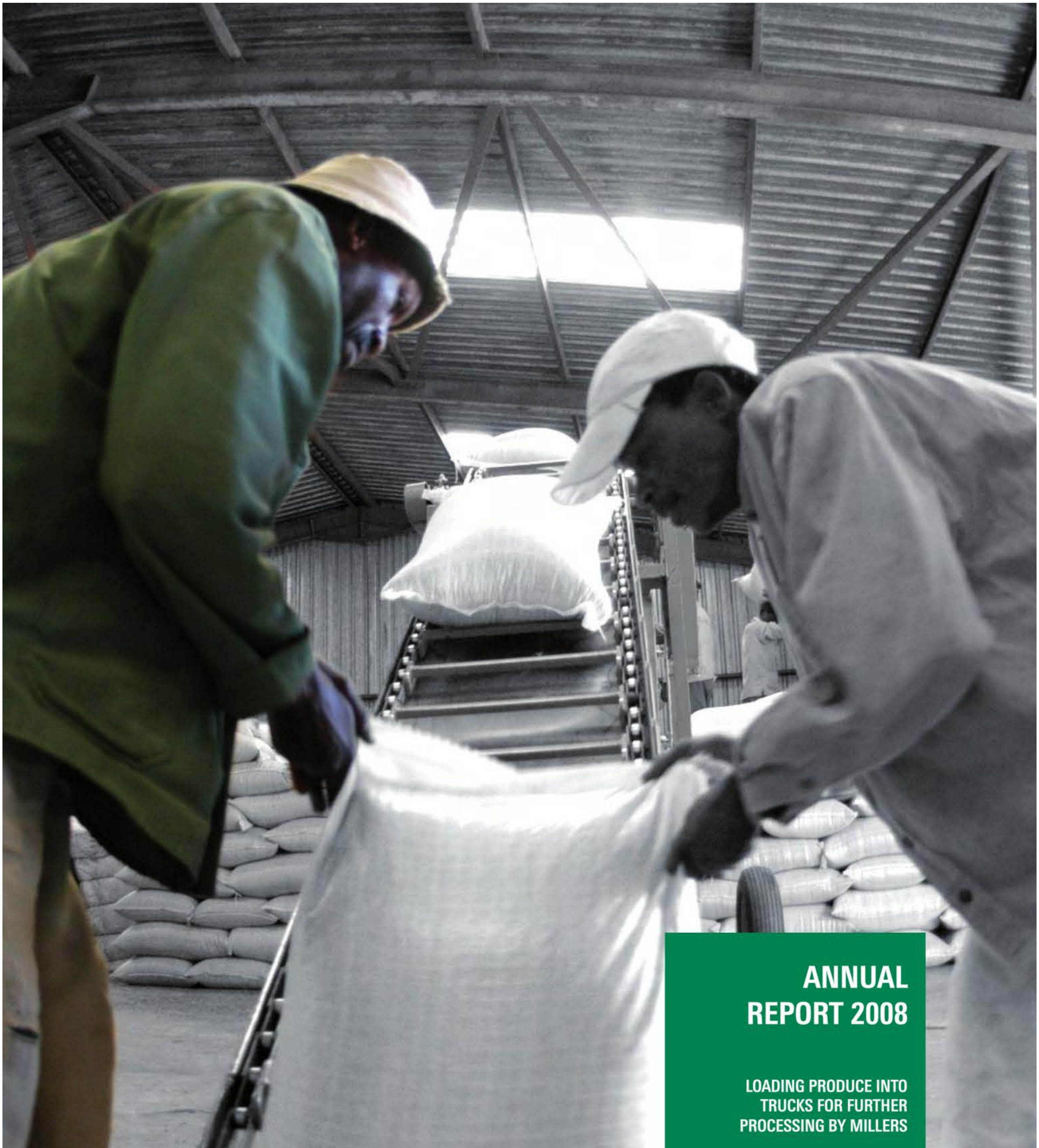
1. **Agricultural Produce:** buying, packaging, processing and selling locally produced grain (Sorghum, Maize, Millet) pulses (Tswana Cowpeas, Purple Cowpeas, Blackeye Beans, White Harricots, Jugo Beans, Tepary Beans and China Peas) and oilseeds (Groundnuts and Sunflower).
2. **Agricultural Farm Inputs:** We sell different types of fertilisers, rainfed agricultural seeds, vegetable seeds and packaging materials for agricultural produce.
3. **Animal Feeds:** We also stock a wide range of animal feeds, for cattle, poultry, piggery, game and small stock.





BLACK EYED COWPEAS ▲

Black eyed peas are a popular product in Botswana. They are tasty and protein rich. BAMB buys them from local farmers, pre-paks them in smaller packages for retail. They can be grown successfully in most parts of Botswana. Currently demand for this product far exceeds supply and BAMB keenly promotes its production.



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LOADING PRODUCE INTO TRUCKS FOR FURTHER PROCESSING BY MILLERS

BOARD OF DIRECTORS

L R Manthe
Board Chairperson

B A Mpete
Board Member

G E Kalaben
Board Member

Dr M C Chimbombi
Board Member

M C Kruger
Board Member

D Tibe
Board Member

ANNUAL REPORT 2008

PRE-PACKING TSWANA COWPEAS IN SMALLER PACKAGES FOR RETAIL

MANAGEMENT

M Mphathi
Chief Executive Officer

E Ncaagae
Finance Manager

L Makubate
Operations Manager

B Maifala
Human Resource and
Administration Manager

J Proctor
Marketing Manager

Z Ziga
Internal Auditor

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FREQUENT CLEANING OF THE SILO INSURES HYGIENE

CHAIRPERSON'S REPORT

L R Manthe
Board Chairperson

The Honourable Christian De Graaf MP
Ministry of Agriculture
Private Bag 003
Gaborone

Sir

Botswana Agricultural Marketing Board (BAMB) has recorded a net profit of P3, 526,556 for the year ended 31st March 2008 as compared to the net loss of P3, 541,805 in the previous year. This was attributed to a significant growth in its business over the reporting period as compared to previous year.

Accounts of the Board show that the Board has complied with the financial provisions of the Botswana Agricultural Marketing Board Act (CAP 74:06), except for Section 14 which requires the 'Board to perform its functions and conduct its activities so far as possible to ensure that taking one financial with the other, its revenue are sufficient to enable the Board to meet the expenditure of the Board properly chargeable to revenue account'. Despite the profit made, the Board still has an accumulated deficit of P 5,119,904 as at March 31, 2008.

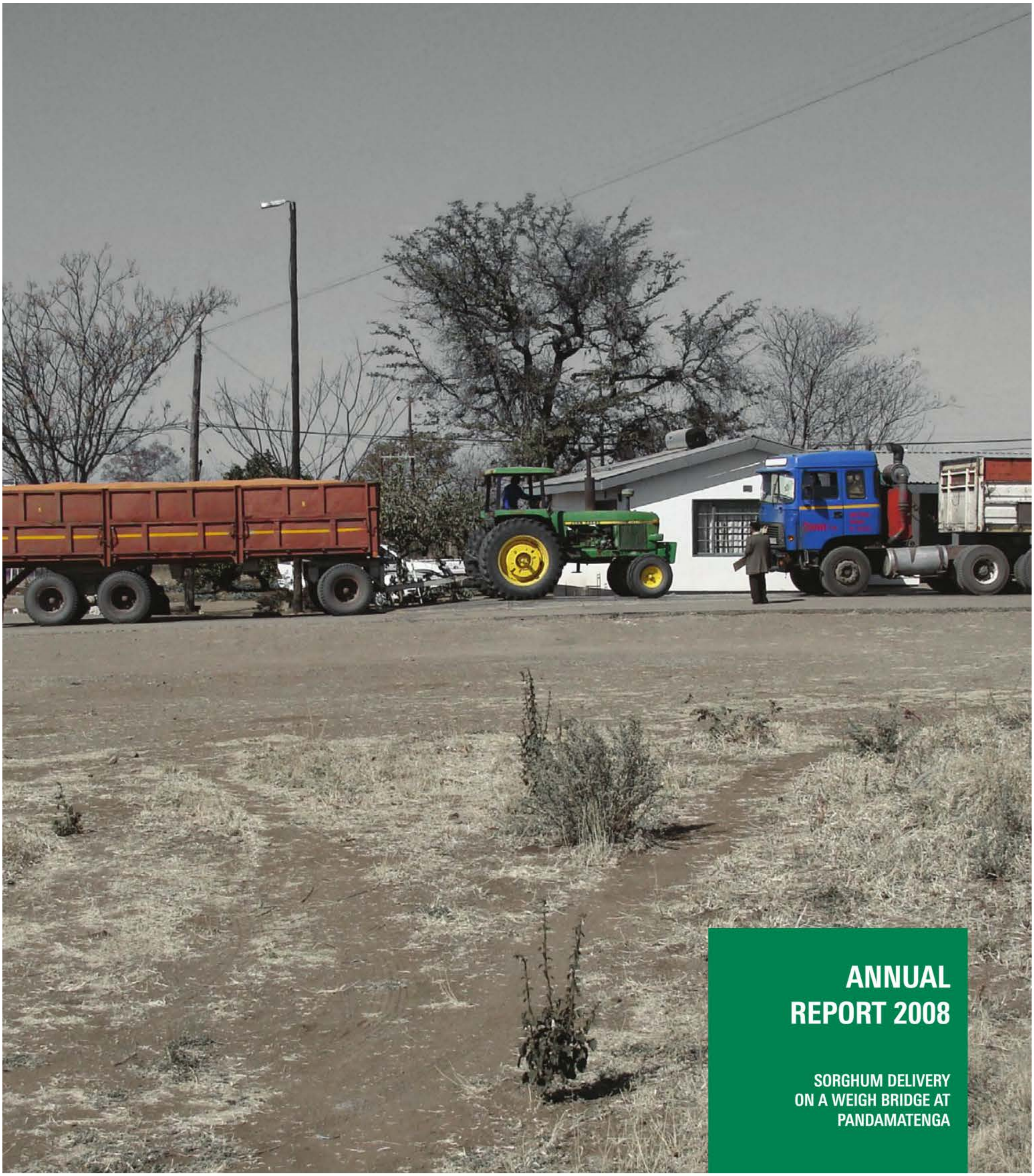
The Board has developed a three year strategic plan that puts in place measures by which it intends to sustain its operations. This plan will be effected during the financial year 2008/09. The strategies of the Board continue to be inclined towards creating a stable production environment and growth of the arable agriculture sector so as to increase grain supplies from local sources. These strategies include supply chain management concepts such as contract farming and sale of high quality inputs such as hybrid seeds and agro chemicals. In the 2007/2008 planting season the Board signed production contracts for 11,687 Mt of sorghum, maize and pulses with ten (10) commercial farmers in Pandamatenga and twenty (20) small scale farmers in the Southern part of the country. This arrangement is already bearing positive results as some farmers are starting to appreciate the advantages of taking part in the planning and implementation of their marketing strategies, rather than being passive price takers.

The Board continues to manage the government Strategic Grain Reserve (SGR) at the required level of 10,000 Mt of sorghum to ensure national food security.

As required by Section 16 subsection (3) of the Botswana Agricultural Marketing Board Act, Cap 74:02 the Board has the honour of submitting the Thirty third Annual Report and the accounts for the year ended 31st March 2008.

The accounts were approved by the Board of Directors at its meeting held on the 26th June 2008.

Ms L. R. Manthe
BOARD CHAIRPERSON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SORGHUM DELIVERY
ON A WEIGH BRIDGE AT
PANDAMATENGA

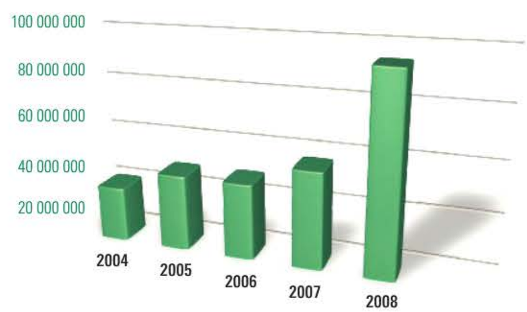
CHIEF EXECUTIVE OFFICER'S REVIEW

M Mphathi
Chief Executive Officer

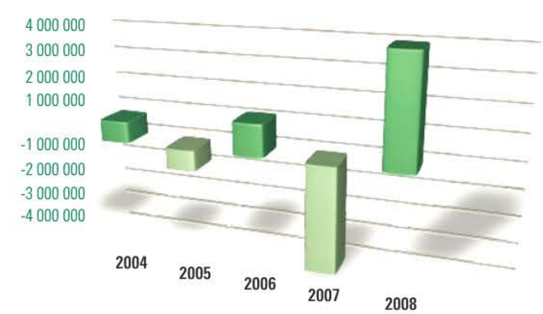
FINANCIAL REVIEW

Botswana Agricultural Marketing Board has registered a net profit of P3, 526,556 in 2007/08 financial year as compared to the net loss of P3, 541,805 in 2006/07. Sales for the year ended 31st March 2008 have increased by 73.2% from P53, 379, 412 in 2007 to P92, 454, 968 in 2008. The gross profit margin has also increased from 20.9% of revenue or P11, 205,496 in 2007 to 24.5% of revenue or P22, 672,602 in 2008. Although this is below the target profit margin of twenty seven percent (27%), it is a fair improvement considering the competitive environment the Board operates in which normally puts pressure on product gross margins.

BAMBTURNOVER (2004-2008)



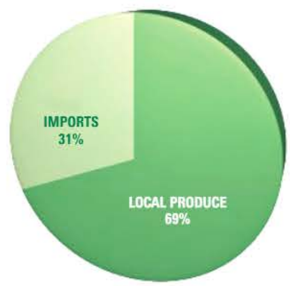
PROFIT/LOSS (PULA)



BUSINESS REVIEW

Grain Purchases: In 2007 there was poor harvest locally due to low rainfall and as a result the Board purchased only 10,335 Mt of scheduled produce which included 9,070 Mt of sorghum from Pandamatenga farms, 1204 pulses and groundnuts, 35 Mt of sunflower and 26 Mt of white maize. During the reporting period the following commodity were imported: 1309 Mt of white maize from Zambia and South Africa, 1069 Mt of yellow maize from South Africa and 2,250 Mt of sugar beans from South Africa.

FIG.1 LOCAL PRODUCE vs IMPORTS (Mt)



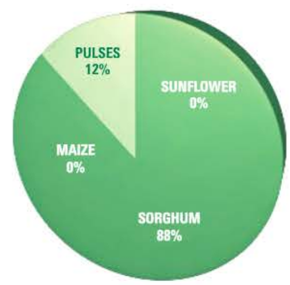


FIG.2 LOCAL PURCHASED SCHEDULED PRODUCE

Prices: The grain market is largely unregulated, although form time to time import restrictions are imposed to promote local production. In order to compete in the market the Board has adopted import parity pricing to set producer prices. Unlike in previous years producer prices have been fairly stable over the reporting period. During the 2007/2008 Harvesting season producer prices (buying prices) in Pula/Mt for the local agricultural produce ranged as follows:

PRODUCT	**PRICE RANGE** (PULA/Mt)
Sorghum	1 400 - 1 420
Millet	1 400 - 1 500
Maize (White & Yellow)	1 440 - 1 546
Sunflower	1 767 - 2 755
Groundnuts	3 200 - 3 300
Pulses	2 500 - 3 300

These producer prices were adjusted on monthly basis to stay in line with market prices during the harvesting period.

Agricultural Inputs and Animal Feeds: During the reporting period, about 1012 Mt of rainfed cereal seeds, 2,151 Mt of animal feeds, 908 Mt of fertilizers, 13,320 litres of agro chemicals, 263 kg of vegetable seeds, and 283,000 packaging materials in the form of plain plastic bags were sold. Of the total grain seeds sold about 85% were government subsidized seeds, while 15% were hybrid seeds. The provision of fertilizers and hybrids seeds by the Board is in line with the Board's strategy of promoting technology adoption and commercialization of arable sector. We believe these technologies will contribute in a significant way to increasing yield per hectare and grain supplies from local sources.

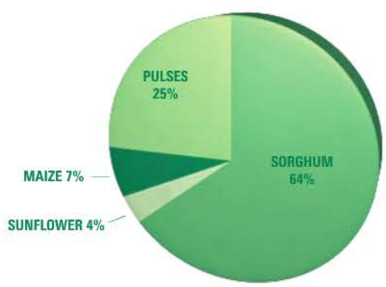
SALES SUMMARY

The total sales registered during the reporting period were P87, 283,440 and most of the sales were derived from agricultural produce which contributed 83%, (P72,709,296) while agricultural inputs contributed 17% (P14,574,144).

AGRICULTURAL PRODUCE/GRAIN SALES

On the total sales of agricultural produce realized this year, sorghum contributed about 64% (P46, 091,817) followed by pulses at 25% (P18, 223,766), Maize at 7% (P5, 252,367) and sunflower 4 % (P3, 001,101). There has been an increase in the demand for pulses as compared to last year and this presents an opportunity for farmers to increase their production and earnings from pulses.

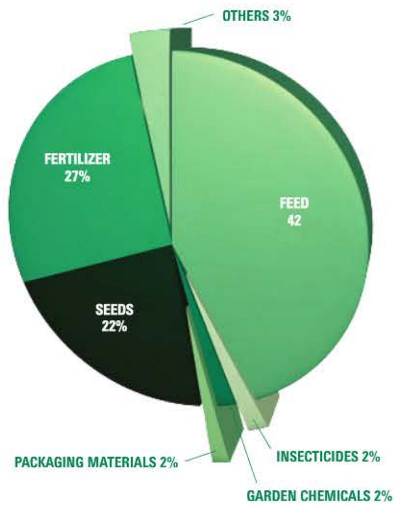
FIG.3 SALES OF AGRICULTURAL PRODUCE



AGRICULTURAL INPUTS SALES

In the agricultural inputs category feeds constituted about 42%, fertilizer 27 %, seeds 22%, packaging material 2 %, garden chemicals and insecticides 2% each. There was an unusually high demand for sorghum, maize and pulses seeds mainly due to good rains during the last planting period.

FIG.4 SALES OF AGRICULTURAL INPUTS



CORPORATE STRATEGIC REVIEW

During the reporting period the Board developed the Strategic Plan for the organization using the Balance Score Card concept and its implementation was be effected in April 2008. The main emphasis of this strategic plan is to put in place measures which will sustain the organization. Some of the strategies advocated for include: provision of high quality products and services, popularizing BAMB products and services, improving effectiveness and efficiency within the organization, building capacity, improving communication channels as well as collaborating with other organizations and institutions.

HUMAN RESOURCES

The Board continues to develop its staff as well as improve the conditions of service so that they stay at par with market conditions. Staff turnover has over the years been low with only three resignations in a staff complement of 130 during the reporting period.

During the reporting period the Board members Messrs. E.M. Maphanyane and A.B Tafa resigned from the Board. Mr. E. M. Maphanyane was replaced by Mr. D. Tibe and Ms. L.R. Manthe (Deputy Chairperson) was elevated to be the Board Chairperson.

CORPORATE GOVERNANCE

The Board of Directors oversees the organization's performance and provides strategic leadership. To achieve this, the Board meets management on a quarterly basis and regularly reports the organization's activities to Government. Meetings and attendance of the board over the reporting period are as follows:

BOARD MEMBERS	ATTENDANCE OF BOARD MEETINGS 05.07.07	06.09.07	29.11.07	28.02.08
E M MAPHANYANE	•	•		
L R MANTHE	•	•	•	•
G E KALABEN	•	•	•	X
A B TAFA	•			
B A MPETE	•	X	X	•
M C KRUGER	X	•	•	X
D TIBE			X	•
T Y RAPHAKA	X	•	X	X
M C CHIMBOMBI	•	X	•	X

The following subcommittees have been established to assist the Board of Directors in furthering its mandate.

FINANCE AND AUDIT COMMITTEE

Finance and Audit committee assists the Board of Directors to effectively carry out its mandate relating to accounting policies, internal control, and financial reporting practices. This committee is primarily supported by the Internal Audit department which provides frequent, timely, accurate information and analysis of the operations of the Board.

COMMITTEE MEMBERS	ATTENDANCE FOR FINANCE & COMMITTEE MEETINGS 16.04.07	03.07.07	28.08.07	22.11.07
L R MANTHE	•	•	•	
G E KALABEN	•	•	•	•
D TIBE				•
M C CHIMBOMBI	•	X	X	X

TENDER COMMITTEE

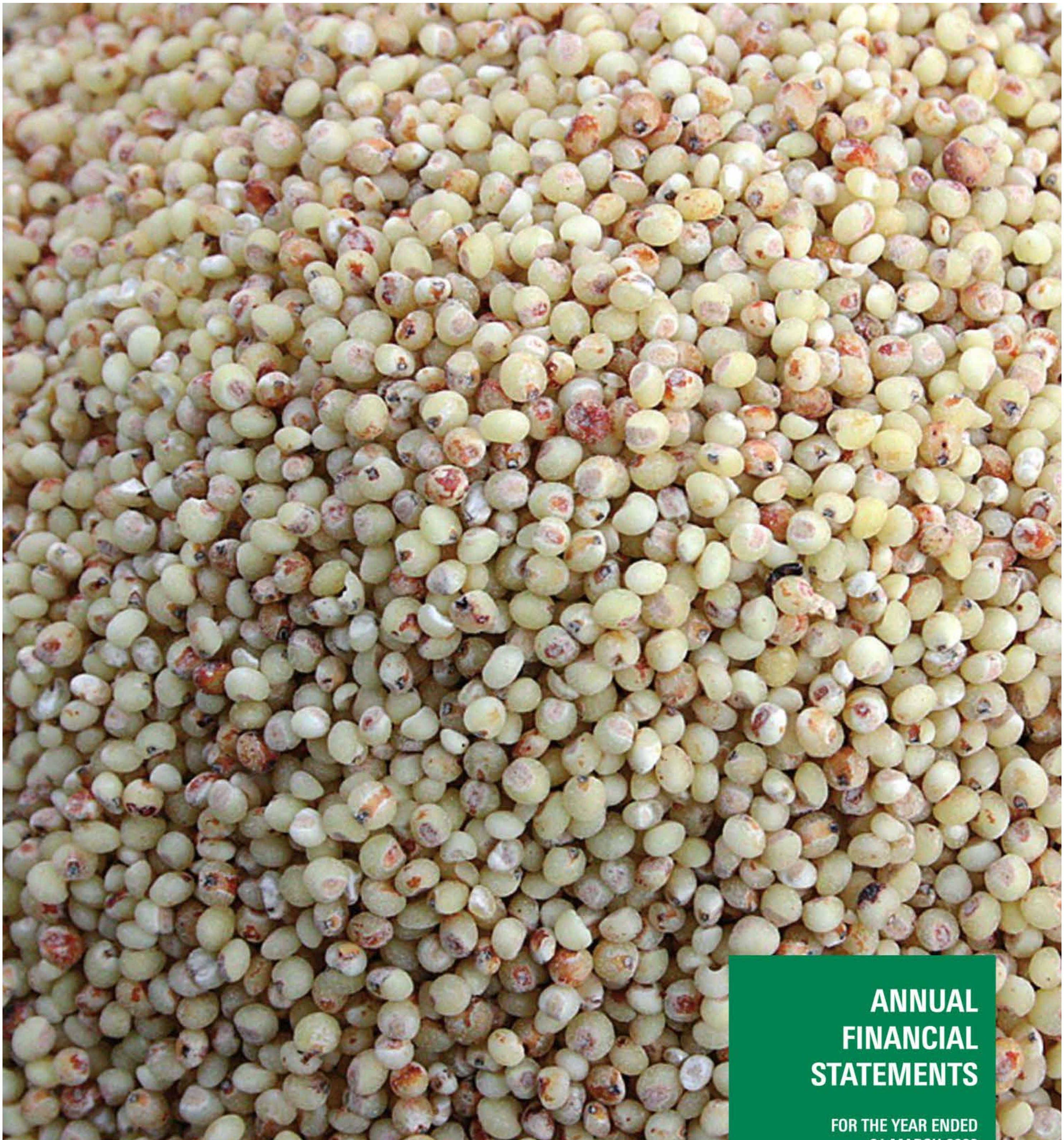
This committee is responsible for evaluating and awarding tenders for procurement of goods and services within the set limits and in line with the Board's procurement guidelines.

COMMITTEE MEMBERS	ATTENDANCE OF TENDER COMMITTEE MEETINGS 21.02.08	27.11.07
G E KALABEN	•	•
B A MPETE		•

HUMAN RESOURCES COMMITTEE

It oversees the overall recruitment of the Board and advises the Board on human resources practices including appointments of senior management staff. It also sets performance targets and monitors the performance of the Chief Executive Officer.

KEY:	• PRESENT	X APOLOGIES



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2008

Botswana Agricultural Marketing Board
Annual Financial Statements for the year ended March 31, 2008

GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	The Board is a parastatal organisation established under the Act of the Parliament (CAP 74:02 of 1974), to market grain and agricultural inputs in Botswana
Members of the Board	L R Manthe (Chairperson) E M Maphanyane (Term expired on 9 Sep 2007) G Kalaben M C Chimbombi B A Mpete M C Kruger T Y Raphaka D Tibe (Appointed on 10 September 2007) A B Tafa (Resigned on 06 Sep 07)
Business address	Private Bag 0053 Gaborone Botswana
Postal address	Plot No 130, Unit 3 & 4 Nkwe Square, GIFP Gaborone Botswana
Bankers	Standard Chartered Bank Botswana Limited Barclays Bank of Botswana Limited
Auditors	Grant Thornton Certified Public Accountants
Secretary	B Maifala
Registration number	0687900

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The reports and statements set out below comprise the annual financial statements presented to the members:

INDEPENDENT AUDITORS' REPORT

To the members of Botswana Agricultural Marketing Board Report on the Financial Statements

We have audited the accompanying annual financial statements of Botswana Agricultural Marketing Board, as set out on pages 21 to 47, which comprise the balance sheet as at March 31, 2008, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board members' Responsibility for the Financial Statements

The Board's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in compliance with the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Grant Thornton
Certified Public Accountants
Gaborone

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Botswana Agricultural Marketing Board as of March 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06).

Report on Other Legal and Regulatory Requirements

In accordance with Section 16(5) of the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06), we confirm that:

- we have received all the information and explanations which to the best of our knowledge and belief were necessary for the performance of our duties as auditors;

- in our opinion, the accounts and related records of the Board have been properly kept.

- the statement of accounts (annual financial statements) prepared by the Board on a consistent basis with that of previous year except for adoption of new International Financial Reporting Standards; Interpretations and amendments the details of which are stated in note 2 to this financial statements.

- The Board has complied with the financial provisions of the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06), except for compliance of section 14 of that Act, which requires the Board to perform its function and conduct its activities so far as possible to ensure that taking one financial year with the another, its revenues are sufficient to enable the Board to meet the expenditure of the Board properly chargeable to revenue account. Though the Board has achieved this objective during the current financial year, existence of accumulated deficit of P5 911 904 as at March 31, 2008 (2007: P9 958 230) is an indication that Board has not complied with this provision of the Act. Therefore, we are of the opinion that the Board has not complied with the financial provisions set out in section 14 of the Botswana Agricultural Marketing Board Act.

Grant Thornton

Certified Public Accountants
Date: 04 -07- 2008
Gaborone

BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The members of the board are required by the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Board as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied except for adoption of new standards as stated in note 2 to the financial statements and supported by reasonable and prudent judgments and estimates.

The members of the board acknowledge that they are ultimately responsible for the system of internal financial control established by the Board and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the members of the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members of the board have reviewed the Board's cash flow forecast for the year to March 31, 2009 and, in the light of this review and the current financial position, they are satisfied that the Board has or has access to adequate resources to continue in operational existence for the foreseeable future.

The members of the board are primarily responsible for the financial affairs of the Entity. The external auditors are responsible for independently reviewing and reporting on the Board's annual financial statements. The annual financial statements have been examined by the Board's external auditors and their report is presented on pages 18-19.

The annual financial statements set out on pages 21 to 49, which have been prepared on the going concern basis, were approved by the members of the board on 26/06/2008 and were signed on its behalf by:

Chairperson **Member**

BALANCE SHEET

	Note(s)	2008 P	2007 P
Assets			
Non-Current Assets			
Property, plant and equipment	4	27 631 472	28 514 627
Current Assets			
Inventories	6	18 727 693	35 718 023
Trade and other receivables	7	4 327 514	8 544 449
Cash and cash equivalents	8	7 764 657	3 282 428
		30 819 864	**47 544 900**
Total Assets		**58 451 336**	**76 059 527**
Equity and Liabilities			
Equity			
Government equity	9	27 455 061	27 455 061
Reserves		20 485 273	19 231 449
Accumulated loss		(5 911 904)	(9 958 230)
		42 028 430	**36 728 280**
Liabilities			
Non-Current Liabilities			
Finance lease obligation	15	97 122	551 924
Current Liabilities			
Other financial liabilities		226 406	-
Finance lease obligation	15	442 150	566 820
Trade and other payables	16	9 431 210	4 971 920
Bank overdraft	8	6 226 018	33 240 583
		16 325 784	**38 779 323**
Total Liabilities		**16 422 906**	**39 331 247**
Total Equity and Liabilities		**58 451 336**	**76 059 527**

INCOME STATEMENT

	Note(s)	2008 P	2007 P
Revenue	18	92 454 968	53 379 412
Cost of sales	19	(69 782 366)	(42 173 916)
Gross profit		**22 672 602**	**11 205 496**
Other income		2 607 221	4 347 843
Operating expenses		(18 714 150)	(17 714 610)
Finance income	21	437 478	857 436
Finance costs	22	(3 476 595)	(2 237 968)
Profit (loss) for the year		**3 526 556**	**(3 541 803)**





MOSUTLHANE (SORGHUM RICE) ▲

Mosutlhane is produced by dehulling sorghum, i.e removing the husk through a process similar to rice making. This product is part of traditional cuisine which got lost with the influx of foreign foods. BAMB promotes it as an affordable and nutritious carbohydrate, which can substitute rice.

STATEMENT OF CHANGES IN EQUITY

	Government equity P	Hedging reserve P	Revaluation reserve P	Stabilisation fund P	Development fund P	Total funds and reserves P	Accumulated loss P	Total equity P
Balance at April 1, 2006	**27 455 061**	**-**	**19 827 816**	**-**	**-**	**19 827 816**	**(7 012 794)**	**40 270 083**
Changes in equity								
Amortisation of revaluation reserve	-	-	(519 867)	-	-	(519 867)	519 867	-
Transfer of revaluation reserve upon disposal	-	-	(76 500)	-	-	(76 500)	76 500	-
Net income (expenses) recognised directly in equity	-	-	(596 367)	-	-	(596 367)	596 367	-
Loss for the year	-	-	-	-	-	-	(3 541 803)	(3 541 803)
Total recognised income and expenses for the year	-	-	(596 367)	-	-	(596 367)	(2 945 436)	(3 541 803)
Total changes	-	-	(596 367)	-	-	(596 367)	(2 945 436)	(3 541 803)
Balance at April 1, 2007	**27 455 061**	**-**	**19 231 449**	**-**	**-**	**19 231 449**	**(9 958 230)**	**36 728 280**
Changes in equity								
Amortisation of revaluation reserve	-	-	(519 770)	-	-	(519 770)	519 770	-
Funds received from Government of Botswana	-	-	-	1 000 000	1 000 000	2 000 000	-	2 000 000
Forward exchange contract	-	(226 406)	-	-	-	(226 406)	-	(226 406)
Net income (expenses) recognised directly in equity	-	(226 406)	(519 770)	1 000 000	1 000 000	1 253 824	519 770	1 773 594
Profit for the year	-	-	-	-	-	-	3 526 556	3 526 556
Total recognised income and expenses for the year	-	(226 406)	(519 770)	1 000 000	1 000 000	1 253 824	4 046 326	5 300 150
Total changes	-	(226 406)	(519 770)	1 000 000	1 000 000	1 253 824	4 046 326	5 300 150
Balance at March 31, 2008	**27 455 061**	**(226 406)**	**18 711 679**	**1 000 000**	**1 000 000**	**20 485 273**	**(5 911 904)**	**42 028 430**
Note(s)	9	11	12	13	14			

CASH FLOW STATEMENT

	Note(s)	2008 P	2007 P
Cash flows from operating activities			
Cash generated from (used in) operations	24	33 725 945	(35 096 358)
Finance income		437 478	857 436
Finance costs		(3 367 607)	(2 038 757)
Net cash from operating activities		**30 795 816**	**(36 277 679)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(610 561)	(3 838 717)
Sale of property, plant and equipment	4	-	160 272
Net cash from investing activities		**(610 561)**	**(3 678 445)**
Cash flows from financing activities			
Movements in other financial liabilities		226 406	-
Finance lease payments		(688 460)	(347 459)
Stabilisation and development grants received		2 000 000	-
Other non-cash item		(226 406)	-
Net cash from financing activities		**1 311 540**	**(347 459)**
Total cash movement for the year		**31 496 795**	**(40 303 583)**
Cash at the beginning of the year		(29 958 155)	10 345 427
Total cash at end of the year	8	**1 538 640**	**(29 958 156)**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06). The annual financial statements have been prepared on the historical cost basis, except for property, plant and equipment and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy

1.1 Significant judgements

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

Trade Receivables

The Board assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the Board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance is raised for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the cost of sales note.

Fair value estimation

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

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

Impairment testing

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

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time.

Provisions

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

Useful life and residual value of fixed assets

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

Contingent liabilities

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

1.2 Property, plant and equipment

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for the buildings which are stated at valuation less accumulated depreciation and any impairment losses.

Any increase in building's carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The amount credited to revaluation reserve account is amortised on a yearly basis and directly credited to accumulated deficit. The amortised amount is the difference between depreciation based on the revalued amount and the depreciation based on original costs. Depreciation is calculated on a straight line basis so as to write off the cost or revalued amount of each asset over its expected useful life to its residual value. The following expected useful lives are used in calculation of depreciation.

Item	**Average useful life**
Land	Indefinite
Buildings	40 years
Equipment	3-5 years
Furniture and fittings	5 years
Motor vehicles	3-5 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Consumable items and loose tools are written off in the year of purchase.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the Board's balance sheet when the Board becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. 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 against other income in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

1.4 Tax

Tax expenses

No provision for taxation is required as Botswana Agricultural Marketing Board is exempt from taxation in terms of second schedule, Part I of the Income Tax Act (CAP 52:01)

1.5 Leases

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Income for leases is

disclosed under other income in the income statement.

Operating leases - lessee

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

There are no provision in the agreement for payment of contingent rents.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, transportation costs and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.7 Impairment of assets

The Board assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the income statement. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

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

1.8 Government equity

Government equity comprises of equity capital and recallable capital. Equity capital is recorded at the value at which the loan and other payables to Government was converted on 14 September 2000 based on the Presidential Directive CAB30/2000. Recallable capital recorded at the proceeds received.

1.9 Stablisation funds

The stabilisation fund represents the fund established by Board in terms of Section 12 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06) and the amount represents the amount allocated by the Government and any amounts set aside by the Board from time to time. The maximum amount of stabilisation fund shall not exceed such amount as approved by the Government time to time, which is currently P 1 million. The amount credited in stabilisation fund would be utilised to stabilize the prices paid for the scheduled produce; to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for such other purpose as approved by the Minister responsible for Agriculture and Minister responsible for finance.

1.10 Development fund

The development fund represents the fund established by Board in terms of Section 13 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06) and the amount represents the amount allocated by the Government and any amounts set aside by the Board not exceeding an amount equivalent to two times of the tonnage of schedule produce handled by the Board in each of the financial years. The amount credited in development fund would be utilised to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for various development programmes approved by the Minister responsible for Agriculture.

1.11 Employee benefits

Short-term employee benefits

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

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

Gratuities are paid to employees of the Board based on terms of employment contract over the period of employment and are not discounted.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for the plan.

Consideration is given to any event that could impact the funds up to balance sheet date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1.12 Provisions and contingencies

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:
- the Board will comply with the conditions attaching to them; and
- the grants will be received.

Government grants (including grants given to meet major repair expenses) are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

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

Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

1.14 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Board has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Board retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Board; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Board;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Service fees including maintenance fee for statutory grain reserve and emergency grain reserve, if any, are recognised as revenue over the period during which the service is performed.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Translation of foreign currencies

Foreign currency transactions

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

At each balance sheet date:

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

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

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

1.18 Prior year figures

Prior year figures have been regrouped to conform with current years presentation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.
- IAS 1 Presentation of financial statements: Capital Disclosures.
- IFRS 7 Financial instruments: Disclosure

Amendments to IAS 1 Presentation of financial statements: Capital Disclosures

This amendment was issued in 2005 and is effective for the financial period commencing on or after 1 January 2007 and the amendment requires the Board to make new disclosures to enable users of financial statements to evaluate the Board's objectives, policies and processes for managing capital.

New IFRS 7 Financial instruments: Disclosure

This new Standard issued in 2005 and is effective for the financial periods commencing on or after 1 January 2007. This Standard requires disclosures that enable users of the financial statements to evaluate the significance of the Board's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

The impact of all other Standards and Interpretations issued and effective either not applicable or not expected to have a material impact on the financial statements.

3. Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:
- IAS 23 - Borrowing costs (effective first annual period commencing on or after 1/1/2009)
- IAS 1 - Presentation of financial statements (effective first annual period commencing on or after 1/1/2007)

IAS 23 - Borrowing costs

This amendment is effective for the financial periods beginning on or after 1 January 2009. This amendment requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, or construction of qualifying assets that need a period of time to get ready for their intended use or sale.This amendment will not have any change in the accounting policies of the Board as it adopted alternative treatment allowed in the previous version of the Standard which is identical to the amended provision.

IAS 1 - Presentation of financial statements

This revised Standard is effective for the financial periods beginning on or after 1 January 2009. The revised IAS 1 affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Board's management will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of comprehensive income). This revision does not affect the financial position or results of the Board but will give rise to additional disclosures.

The impact of all other Standards and Interpretations not yet effective are either not applicable or not expected to have a material impact on financial statements.

	2008	2007
	P	P

4. Property, plant and equipment

	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	2 238 000	-	2 238 000	2 238 000	-	2 238 000
Buildings	26 605 859	(3 700 230)	22 905 629	26 516 965	(3 030 425)	23 486 540
Equipment	3 953 210	(2 684 050)	1 269 160	3 465 350	(2 372 624)	1 092 726
Furniture and fittings	825 411	(340 447)	484 964	791 602	(201 717)	589 885
Motor vehicles	2 583 630	(1 849 911)	733 719	2 583 630	(1 476 154)	1 107 476
Total	**36 206 110**	**(8 574 638)**	**27 631 472**	**35 595 547**	**(7 080 920)**	**28 514 627**

Reconciliation of property, plant and equipment - 2008

	Opening net book value	Additions	Depreciation	Closing net book value
Land	2 238 000	-	-	2 238 000
Buildings	23 486 540	88 892	(669 803)	22 905 629
Plant and machinery	1 092 726	487 860	(311 426)	1 269 160
Furniture and fixtures	589 885	33 809	(138 730)	484 964
Motor vehicles	1 107 476	-	(373 757)	733 719
	28 514 627	**610 561**	**(1 493 716)**	**27 631 472**

Reconciliation of property, plant and equipment - 2007

	Opening net book value	Additions	Disposals	Depreciation	Closing net book value
Land	2 238 000	-	-	-	2 238 000
Buildings	22 064 536	2 121 974	(81 291)	(618 679)	23 486 540
Plant and machinery	694 067	670 589	(63 535)	(208 395)	1 092 726
Furniture and fixtures	33 021	613 679	-	(56 815)	589 885
Motor vehicles	1 106 120	432 475	-	(431 119)	1 107 476
	26 135 744	**3 838 717**	**(144 826)**	**(1 315 008)**	**28 514 627**

Pledged as security

	2008	2007
Carrying value of assets pledged as security:		
Net carrying value of assets held under finance lease	428 325	626 901

Revaluations

The effective date of the revaluations was 26 March, 2004. Revaluations were performed by Mr. M R Ramoroka, BSc, MRICS, MIVSA of C B Richard Ellis, professional property valuers and are not connected to the Board.

Land and buildings are re-valued independently every 4-5 years and last valuation was for P 28 240 000 and was based on open market value.

	2008 P	2007 P

5. Financial assets by category

2008

	Loans and receivables	Total
Trade and other receivables	4 327 506	4 327 506
Cash and cash equivalents	7 764 567	7 764 567
	12 092 073	**12 092 073**

2007

	Loans and receivables	Total
Trade and other receivables	8 554 441	8 554 441
Cash and cash equivalents	3 282 427	3 282 427
	11 836 868	**11 836 868**

6. Inventories

	2008 P	2007 P
Merchandise	18 727 693	35 718 023

The Board maintains Strategic Grains Reserves (SGR) on behalf of Botswana Government. The value of these inventories are excluded from the year end inventory value of recorded in the books of the Board.

Inventory pledged as security

Inventories are pledged as security for the overdraft denominated in Botswana Pula as well as South African Rand and other banking facilities of the Board for a maximum limit of P 49 130 000 (2007: P 31 850 780). At year end the overdraft outstanding amounted to P 6 226 018 (2007: P 33 240 583).

7. Trade and other receivables

	2008 P	2007 P
Trade receivables	3 845 440	8 263 741
Employee advances	378 132	298 293
Other receivable	103 942	(17 585)
	4 327 514	**8 544 449**

None of the financial assets that are fully performing have been renegotiated in the last year. However during the current year the Board reduced the credit limit of some of the debtors to P 300 000 and also resolved to charge interest on overdue balance.

Fair value of trade and other receivables

	2008 P	2007 P
Trade and other receivables	4 327 506	8 544 441

Impairment provisions are made based on review of individual debtors current credit situation, past performance and other factors and where required, appropriate provisions are raised for impairments

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired unless there is a specific debtor under certain circumstances. At March 31, 2008, P 1 596 960 (2007: P 2 743 015) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2008 P	2007 P
7. Trade and other receivables (continued)		
1 month past due	104 573	287 292
2 months past due	42 388	354 597
3 months past due	1 449 999	2 101 126

Trade and other receivables impaired

As of March 31, 2008, trade and other receivables of P 3 776 873 (2007: P 1 372 455) were either fully impaired or partly impaired and provided for.

The amount of the provision was P 3 262 176 as of March 31, 2008 (2007: P 1 056 253).

The ageing of these balances is as follows:

1 to 3 months	361 325	316 201
Over 3 months	3 415 548	1 056 254

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 056 253	538 185
Provision for impairment	2 482 223	615 168
Amounts written off as uncollectible	(276 300)	(97 100)
	3 262 176	**1 056 253**

The creation and release of provision for impaired receivables have been included in finance cost in the income statement (note 20). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Board does not hold any collateral as security.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	83 734	235 338
Bank balances	2 231 574	267 154
Short-term deposits	5 449 349	2 779 936
Bank overdraft	(6 226 018)	(33 240 583)
	1 538 639	**(29 958 155**
Current assets	7 764 657	3 282 428
Current liabilities	(6 226 018)	(33 240 583)
	1 538 639	**(29 958 155)**

The Board's overall banking facility with Standard Chartered Bank Botswana Limited consist of various facilities as follows:
Botswana Pula Overdraft facility of P 20 million is to be utilised for general working capital requirements; repayable on demand; carries an interest rate at Bank's BWP prime less 2.65% per annum and is secured by cession of inventories.
South African Rand Overdraft facility of ZAR 34.98 million is to be utilised exclusively to finance the import of grain from United States of America; carries interest rate at Bank's ZAR prime rate less 1.50% per annum. The facility is secured by the cession of imported inventories held by the Board time to time.
Botswana Pula lease facility is to be utilised for acquisition of motor vehicles; with a maximum lease period of 5 years; carries an interest rate of Bank's BWP prime less 2% per annum and secured by assets financed out of these facilities.

	2008 P	2007 P

8. Cash and cash equivalents (continued)

United States Dollars letter of credit facility limit of USD 5.50 million to be utilised for securing various letters of credits for duration not exceeding 180 days from the date of issue. The fees for issuance of letter of credit will be based on
0.5% of value of letters of credit issued.
Botswana Pula letter of credit/guarantee facility limit of P 2.08 million to be utilised for securing various letters of credit for a maximum duration of 6 months and in case of guarantee for a maximum duration of 12 months from the date of issue. The fees for this facility will be based on 1% of the value of letters of credit/guarantees issued.
Botswana Pula guarantee facility limit of P 2 million is to be utilised for issuance of guarantee infavour of Government of Botswana and fees for this facility will be based on 1% of the value of the guarantee issued.
Forward foreign exchange facility limit of USD 0.25 million has option of inter changing with other currencies and may be drawn down in one or more amounts.
The above banking facilities are freely transferable and convertible into Botswana Pula, South African Rand and US Dollars. However the overall banking facilities should be restricted to US Dollar equivalent of USD 7.558 million (Botswana Pula equivalent of P 51.07 million).

In addition to execution of deed of hypothecation for pledging its inventories to the bank, the Board is committed to the bank that it will not create any encumbrances on any of its present and future property, revenues or assets without prior written permission unless with it is in normal course of business and such encumbrances discharged in 90 days of its execution.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired and are placed with reputed financial institutions which are registered in Botswana. The Board's bankers in Botswana are not rated but each of these banks are subsidiaries of major South African or United Kingdom registered
institutions.

9. Government equity

Government equity		
Equity capital	26 455 061	26 455 061
Recallable capital	1 000 000	1 000 000
	27 455 061	**27 455 061**

The Government equity represents the amount converted from the short term loan and long term loan in August 2000 as per Presidential Directive (CAB 30/2000 dated 14 September 2000).

10. Capital Disclosures

The Board's objective when maintaining capital grants and accumulated surplus is to safeguard the ability to continue as a going concern, so that it can provide services to its customers by pricing their products appropriately. The capital structure of the Board consists of Government equity, recallable capital and accumulated surplus as disclosed in the statement of changes in equity. There are no externally imposed capital requirements applicable to the Board. In order to maintain or adjust capital structure, whenever required, the Board may adjust the pricing of its products or secure grant/capital from the Government. During the year ended 31 March 2008, the Board's strategy of managing capital has remained unchanged from the year ended 31 March 2007.

11. Hedging reserve

Hedge reserve arising on account of un-expired portion of foreign exchange forward contracts outstanding at the balance sheet date, which are held for cash flow hedge. The contracts are evaluated using appropriate rates and the strike rates. The amount credited in the hedge reserve will be transferred to income statement upon honouring of the commitments under the contract.

Arising during the year upon evaluation of contracts	(226 406)	-

	2008 P	2007 P

12. Revaluation reserve

Revaluation surplus representing the difference between carrying value and open market value of the properties credited directly to the revaluation reserve and amortised on a yearly basis directly to accumulated deficit to the extent of difference between depreciation based on revalued amount and depreciation based on original costs.

At the beginning of the year	19 231 449	19 827 813
Amortised and transferred to accumulated deficit	(519 770)	(519 864)
Transferred on disposal	-	(76 500)
	18 711 679	**19 231 449**

13. Stabilisation fund

The stabilisation fund represents the fund established by the Board in terms of Section 12 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06). This fund is created with the amount allocated by the Government and/or any amounts set aside by the Board from time to time. As per the provisions of Section 12, the maximum amount of stabilisation fund shall not exceed such amount as approved by the Government time to time, which is currently P 1 million. The amount credited in stabilisation fund would be utilised to stabilise the prices paid for the scheduled produce; to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for such other purpose as approved by the Minister responsible for Agriculture and Minister responsible for finance. During the year the Government of Botswana paid over P 1 million towards this fund.

Received during the year from Government of Botswana	1 000 000	-

14. Development fund

The development fund represents the fund established by Board in terms of Section 13 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06). This fund is created with the amount allocated by the Government and/or any amounts set aside by the Board from time to time not exceeding an amount equivalent to two times of the tonnage of schedule produce handled by the Board in each of the financial years. The amount credited in development fund would be utilised to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for various development programmes approved by the Minister responsible for Agriculture. During the year the Government of Botswana paid over P 1 million towards this fund.

Received during the year from Government of Botswana	1 000 000	-

15. Finance lease obligation

	2008 P	2007 P
Minimum lease payments due		
- within one year	488 881	688 921
- in second to fifth year inclusive	99 604	588 599
	588 485	1 277 520
less: future finance charges	(49 213)	(158 776)
Present value of minimum lease payments	**539 272**	**1 118 744**

	2008 P	2007 P
Present value of minimum lease payments due		
- within one year	442 150	566 820
- in second to fifth year inclusive	97 122	551 924
	539 272	**1 118 744**

	2008 P	2007 P
Non-current liabilities	97 122	551 924
Current liabilities	442 150	566 820
	539 272	**1 118 744**

It is Board's policy to lease some of its motor vehicles under under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 2% below prime rate. (2007: 2% below prime rate).
Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for payment of contingent rent.

The Board's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.
The fair value of Board's lease obligation approximate their carrying amount.

16. Trade and other payables

	2008 P	2007 P
Trade payables	4 772 915	2 629 038
Unutilised grants income	1 441 517	-
Value Added Tax	282 132	457 321
Accrued leave pay and gratuity	2 642 497	1 837 474
Accrued expense	-	47 126
Deposits received	288 450	-
Other payables	3 699	961
	9 431 210	**4 971 920**

17. Financial liabilities by category

2008

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Finance lease obligation	539 272	-	-	539 272
Trade and other payables	6 788 713	-	-	6 788 713
Bank overdraft	6 226 018	-	-	6 226 018
	13 554 003	**-**	**-**	**13 554 003**

	2008 P	2007 P

17. Financial liabilities by category (continued)

2007	Financial liabilities at amortised cost for trading	Fair value through profit or loss - held designated	Fair value through profit or loss -	Total
Finance lease obligation	1 118 744	-	-	1 118 744
Trade and other payables	3 134 446	-	-	3 134 446
Bank overdraft	33 240 583	-	-	33 240 583
	37 493 773	**-**	**-**	**37 493 773**

18. Revenue

	2008 P	2007 P
Sale of goods	88 577 214	49 501 658
Rendering of services - SGR fees	3 877 754	3 877 754
	92 454 968	**53 379 412**

19. Cost of sales

	2008 P	2007 P
Sale of goods		
Cost of goods sold	65 019 126	40 092 700
Cost of packing materials	39 141	54 650
Inventory losses and allowances	1 692 790	664 875
Distribution costs	3 031 309	1 361 691
	69 782 366	**42 173 916**

20. Profit (loss) before taxation

Profit (loss) before taxation for the year is stated after accounting for the following:

	2008 P	2007 P
Remuneration, other than to employees, for:		
Board members sitting fees and expenses	46 999	48 512
Operating lease charges		
Premises		
- Contractual amounts	50 424	240 883
(Profit) loss on sale of property, plant and equipment	-	(15 446)
Insurance	635 784	478 362
Impairment on trade and other receivables	2 482 223	615 168
Depreciation on property, plant and equipment	1 493 717	1 315 002
Employee costs	8 926 080	7 688 289
Motor vehicle expenses	681 403	588 227
Repairs and maintenances	611 253	2 785 603
Telephone and fax	430 894	359 981
Travelling expenses	501 692	613 282
Security expenses	817 709	717 779

Included in the Employee costs an amount of P441 013 (2007: P 434 542) towards contribution to the defined benefit pension fund. All employees other than the management and industrial class employees are members of the Board's pension fund, wherein the Board and employee contributes 11.29% and 4% respectively. The Board also pays an allowance to the extent of employee's contribution.

	2008 P	2007 P
21. Finance income		
Interest revenue		
Bank	350 150	649 471
Interest charged on trade and other receivables	68 663	190 688
Loans to employees	18 665	17 277
	437 478	**857 436**
22. Finance costs		
Loss (profit) on foreign currency borrowings	(174 772)	108 145
Finance leases	108 988	199 211
Bank	3 471 074	1 930 612
Other interest paid	71 305	-
	3 476 595	**2 237 968**
23. Auditors' remuneration		
Fees	105 000	79 000
Fees for other services	10 000	22 530
Expenses	17 220	-
	132 220	**101 530**
24. Cash generated from (used in) operations		
Profit (loss) before taxation	3 526 556	(3 541 803)
Adjustments for:		
Depreciation and amortisation	1 493 717	1 315 002
Profit on sale of assets	-	(15 446)
Interest received	(437 478)	(857 436)
Finance costs	3 476 595	2 237 968
Impairment loss	2 482 223	615 168
Changes in working capital:		
Inventories	16 990 330	(32 581 174)
Trade and other receivables	1 734 712	(2 055 063)
Trade and other payables	4 459 290	(213 574)
	33 725 945	**(35 096 358)**

25. Commitments

Authorised capital expenditure

Not yet contracted for and authorised by the members of the board	4 079 900	448 900

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained profits, existing cash resources, funds internally generated, etc.

Operating leases - as lessor (income)

Certain of the Board's properties are partly held generate rental income. Lease agreements are non-cancelable and have terms from 2 to 5 years. There are no contingent rents receivable as per the lease agreements.

	2008 P	2007 P

26. Contingencies

The Board has an uncommitted facility in place with its bankers, Standard Chartered Bank Botswana Limited to issue guarantees/letters of credit whenever is required in the normal course of its business. The total guarantees outstanding as at the balance sheet date is P 5 189 098 (2007: P 2 084 101).

The Board has a forward foreign exchange facility with Standard Chartered Bank Botswana Limited. As on the balance sheet date one contract for purchase of a minimum of 9 million South African Rands in three monthly installments commencing from April 2008 is outstanding.

27. Related parties

Relationships	
Owner with significant influence	Government of Botswana
Members of the Board	Refer page number 16
Members of key management	M Mphathi (Chief Executive Officer) E Ncaagae L Makubate B Maifala J Proctor Z Zinga
Related parties	The Board had transactions with Government, parastatals and other Government interested organisations the normal course of operations. Transactions with Government departments are only disclosed in the notes below.

Related party balances

	2008 P	2007 P
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Government of Botswana	801 259	1 327 505
Related party transactions		
Purchases from (sales to) related parties		
Government of Botswana	(21 862 536)	(792 029)
Board member fees and expenses		
Sitting fees and expenses	46 999	48 512
Fees paid to (received from) related parties		
Government of Botswana - SGR fees received	(3 877 754)	(3 877 754)
Government of Botswana - Transport subsidy received	(2 410 845)	(4 610 323)
Grants received - towards repairs of silos	(588 483)	(2 684 767)
Compensation to Chief Executive Officer and other key management		
Short-term employee benefits	1 781 350	1 494 580
Gratuity and leave pay	663 701	492 663
	2 445 051	**1 987 243**

	2008	2007
	P	P

28. Comparative figures

Certain comparative figures have been reclassified. The reclassification did neither result in change in the profit (loss) reported in the prior year nor it affects any items reported in the balance sheet as of 31 March 2007

The effects of the reclassification are as follows:

Income statement	Pre-reclassification	Post reclassification
Revenue	49 539 416	53 379 412
Cost of sales	(42 302 022)	(42 173 916)
Other income	8 207 801	4 347 843
Finance costs	(2 129 823)	(2 237 968)

Revenue upon reclassification increased by P 3 839 996, mainly due to reclassification of revenue by way of fees for managing the Governments special grains reserve of P 3 877 754, which is considered as normal activity. This amount was in the prior year was classified under other income.

Cost of sales upon reclassification decreased by P 128 106 is mainly due to reclassification of exchange loss which is currently classified to finance cost as required by IFRS 7 on Financial instruments.

Other income reduced by P 3 859 958 mainly due to reclassification of fee income on special grains reserve into revenue as it is one of the main activities of the Board

Finance cost is increased by P 108 145 due to reclassification of foreign exchange loss into finance cost in terms of IFRS 7.

29. Risk management

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

The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Board's financial performance. The Board uses derivative financial instruments to hedge certain risk exposures.

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 and seasonal nature of the underlying businesses, Board's finance department maintains flexibility in funding by maintaining availability under committed credit facilities.

The Board's risk to liquidity is a result of the funds available to cover future commitments. The Board manages liquidity risk through an ongoing review of future commitments and credit facilities. Monthly management meetings are held where liquidity requirements are discussed and adequate unutilised borrowing facilities are monitored.

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

29. Risk management (continued)

At March 31, 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdraft	6 226 018	-	-	-
Trade and other payables	9 431 210	-	-	-
Finance lease obligations	442 150	97 122	-	-

At March 31, 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank overdraft	33 240 583	-	-	-
Trade and other payables	4 971 920	-	-	-
Finance lease obligations	566 820	442 150	109 774	-

The table below analyses the Board's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Forward foreign exchange contracts - cash flow hedges				
- Outflow	7 826 087	-	-	-

Interest rate risk

As the Board has no significant interest-bearing assets, the Board's income and operating cash flows are substantially independent of changes in market interest rates.

The Board's interest rate risk arises from long-term borrowings and short term borrowings. Borrowings issued at variable rates expose the Board to cash flow interest rate risk. During 2008 and 2007, the Board's borrowings at variable rate were denominated in the Pula and the South African Rands.

The Board analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Board calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

At March 31, 2008, if interest rates on Pula-denominated borrowings had been 0.5% higher/lower with all other variables held constant, the impact for on surplus for the year would have been P 4 344 (2007: P 22 667) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowing.

At March 31, 2008, if interest rates on South African Rand-denominated borrowings had been 0.5% higher/lower with all other variables held constant, the impact for on surplus for the year would have been P 30 962 (2007: P 159 254) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowing.