



ANNUAL REPORT CONTENTS

BTA Annual Report 2011

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Chairman's Statement

The year under review marks the second year of the Botswana Telecommunications Authority Strategic Plan 2009/2016. It is my conviction that the new BTA Strategic Plan, which has necessitated the restructuring of the organisation will usher a positive outlook to the challenges currently facing the communication sector. The Strategy addresses six strategic themes, premised on global regulatory trends, the strategic imperatives of the organisation and the need to change and shape the communications sector in the country.

Dr. B. O. Tsheko - Chairman



Chairman's Statement

(Continued)

The six themes are:

- **Universal Access and Service**-Ensure that communications services are broad based and universally accessible to citizens of Botswana by 2016.
- **Network Efficiency and Effectiveness**-Ensure that operators run an efficient and effective network by reducing downtimes and call drop rates.
- **Affordable ICT Services**-Ensure that ICT services in Botswana provide value for money and are within reach of the ordinary citizen.
- **A Knowledge Society**-Facilitate an environment where technology is harnessed to enhance information and knowledge sharing within the country.
- **Globally Competitive Communications Sector**-Ensure that, by 2016, the communications sector in Botswana is able to compete on the global stage.
- **Organisational Efficiency and Effectiveness**-Ensure that the organisation is able to streamline and enhance its internal processes in order to achieve its objectives in an efficient and effective manner.

With the investment that the Botswana Government made in international connectivity through undersea or submarine cables, it is our hope that affordable services will be realised. Botswana is now connected to the East Africa Submarine Cable System (EASSy) and

will soon be connected to the West Africa Cable System (WACS) on the east and west coast of Africa respectively. The Botswana Government's investment in both submarine cables is expected to bring high quality broadband capacity to the country and therefore make business transactions faster and cheaper.

High speed broadband access will open up avenues to new applications, such as e-banking, e-health, e-education, and other related e-services which were initially outside the sphere of telecommunications services. With the growth of mobile internet and the advent of social networking such as Facebook, Twitter, Myspace and others, any player in the telecommunications space that is not innovative and creative will be left behind and may not survive. In the next financial year the BTA, in conjunction with the Government, will develop a Broadband Strategy in order to ensure that the country benefits from enhanced e-services.

Through the support of Government, our collective efforts as the Board of Directors, Management, Staff, internal and external stakeholders should catapult our country into the right developmental course to enable it to meaningfully benefit from gains associated with the information society. The BTA will continue to urge industry players and other stakeholders to be innovative and bring new and exciting services to satisfy customer needs and accelerate our economic diversity and growth.



Chief Executive's Statement

The development of the Information and Communication Technology (ICT) sector is a mammoth task that has to be undertaken with a lot of energy and verve. It involves all stakeholders whose sole objective is to develop the sector. However, to reach the desired target depends on the strategies deployed by the various stakeholders. Some of the strategies may not necessarily be in tandem with the rules of the game as laid down by the national regulatory agency. It is against this background that from time to time, the BTA has to come up with guidelines and/or directives that will enable the sector to operate in accordance with the aspirations of both the operators and the consumers.

Mr.T. G. Phoko - Chief Executive



Chief Executive's Statement

(Continued)

The use of regulatory directives to assist in furthering the development of the ICT environment for the benefit of both the consumers and the operators is one of the tools employed by the BTA. During the period under review, the BTA issued a regulatory directive (Directive No. 1 of 2011 on 8 February 2011) on cost oriented pricing. The Directive mandated the three Public Telecommunications Operators (PTO's) to adjust their wholesale and retail tariffs in line with the pricing framework that was developed following a study on Cost Model and Pricing Framework for telecommunications services in Botswana. The pricing framework adopted is a Long Run Incremental Cost (LRIC) model. The Directive has been implemented by the operators and its impact on the consumers will be discussed in the next reporting period.

In all our stakeholder consultative meetings (ICT Pitso) during the year under review, the cost of bandwidth had been singled out as the one obstacle hindering internet penetration and introduction of broadband services. Therefore, the investment in high-capacity undersea cables made by the Government of Botswana will go a long way into unlocking broadband services, content development and applications. With the EASSy and WACS undersea cables at our disposal, we are a step closer to bridging the digital divide, accelerating economic growth and providing affordable access. In addition, it is our belief that the issue of low internet penetration in Botswana will ultimately be addressed as wholesale tariffs reduce, following our Directive to the PTOs to lower their wholesale tariffs and consequently reduce their retail tariffs.

The BTA will continue to monitor the market with a view to addressing the deficiencies that market forces may have not addressed. The effects of living in a global village are with us as consumers in Botswana increasingly demand telecommunications service standards that their counterparts in other countries are enjoying.

The BTA is also working on a regulatory intervention that will facilitate operators to share their infrastructure erected around the country. In their effort to provide services to the entire country, the PTOs have tended to individually erect communication towers and other ICT equipment in almost all the villages in Botswana. The idea behind the infrastructure sharing initiative is to ensure that where there is an existing ICT tower, other operators who want to provide their services in that area should rent capacity from the existing operator. This will assist in reducing operator capital costs, ultimately reducing consumer tariffs as operators usually recoup their infrastructural expenses from their consumers. In addition, it will mitigate the perceived negative effects of electromagnetic fields on human health associated with having many communications towers erected in close proximity to each other and it is friendly to the environment.

Just like developed countries whose global ICT ratings stand high, the BTA aspires to see Botswana's ICT rating among the best in the world. To that end, attempts are being made to match global leaders in terms of services and regulatory standards. It is the BTA's fervent belief that number portability is not a consumer luxury but a necessary tool that will give consumers a choice to move to any operator without losing their numbers. The BTA is therefore working on the modalities of introducing this concept in the near future.

In line with international standards, the BTA is also working on transferring the administration and management of the Country Code Top Level Name Domain System (ccTLD) or .bw domain name from one of the operators to the BTA. There are several processes that have to be followed in order to fulfil the transfer of obligations, and these are the stages that the BTA is currently working on. It is hoped that the exercise will be concluded during the next reporting period. The move is intended to place the management and allocation of .bw domain names in the authority of a neutral entity where all prospective applications can be assessed impartially.

Chief Executive's Statement

(Continued)

The BTA has continued to play an active role in national, regional and international meetings geared towards promoting ICT's development and usage. Together with the parent Ministry of Transport and Communications, the BTA hosts quarterly ICT meetings termed "ICT Pitso" which bring together national ICT stakeholders to discuss issues that affect the development of ICT's in the country. These meetings have helped to accelerate the implementation of certain regulatory decisions that were deemed to be contributing to the low uptake of ICT services in the country.

The active role of the BTA in the Communication Regulators' Association of Southern Africa (CRASA) has led to the regional regulatory body negotiating the merger with its sister regulatory body for postal services, the Southern Africa Postal Regulatory Association (SAPRA). The negotiations have been completed and the launch will be carried out during the next reporting period. The two bodies have agreed to retain the name CRASA for the new association.

Notwithstanding the BTA's drive to catapult the country into the Information superhighway, precautionary measures are being taken to guard against the negative effects associated with ICTs. The BTA is committed to joining the other regulators in the international telecommunications community in ensuring that there is cyber security. Similarly, concerns of possible negative effects on human health as a result of the electromagnetic fields or radiation from mobile phones and their transmission base stations continue to receive our heightened attention. In October 2010, the BTA took part in the International Telecommunication Union (ITU) Plenipotentiary Conference where the international community debated the issue and agreed on an international approach to it. Following the Conference, the BTA held a workshop in November

2010 on the same subject matter. The BTA continues to monitor developments on the issue with a view to educating citizens of Botswana about the possible effects of electromagnetic emissions.

All the issues highlighted herein require the contribution of all the stakeholders if they are to be overcome. The availability of bandwidth through undersea cables presents the single most important condition for the advancement of Botswana towards the information age. What remains going forward is the development of a broadband internet strategy to encourage the development of content and applications. In the spirit of our open door policy, the BTA remains open to suggestions and inputs that would fast track advancement of this vital component of ICT development. The operationalisation of the e-Government strategy, communications infrastructure sharing framework, the Botswana Innovation Hub, the Botswana International University of Science and Technology and other national developments spell a bright future for the development of the ICTs in this country. The BTA will actively participate in the implementation of the e-Government strategy through promoting the delivery of broadband access to the general public in order to enable the public to access online government services.

On the financial front, the BTA continued to post a good performance. A total comprehensive income of P25.98 million was achieved this year compared to P23.44 million in the previous year. This represents a growth of 10.9% in the bottom line. The main drivers of revenue continued to be turnover fees and radio licence fees. Revenue surpassed the previous year's level mainly as a result of increase in radio licence fees and turnover fees from Public Telecommunications Operators (PTOs). Operating costs increased by 4% compared to last year and the BTA pursued cost control measures in order to contain the costs.

BTA Board of Directors



Mr. R. Phole
(ACCA, B. Com)
University of Botswana

Dr. T. Nyamadzabo
PhD (Economics) University of America, United States of America; MA (Economics) University of Delaware, United States of America and B. A. (Economics and Statistics) University of Botswana

Dr. M.A. Mpotokwane
PhD (Environmental Science) University of Sterling, Scotland; MSc (Rural Surveys) International Institute for Aerial Surveys and Earth Science, Netherlands and BA (Geography and Sociology) University of Botswana

Dr. D. E. Maje (Incoming)
PhD (Electrical Engineering) University of Science and Technology, United States of America; MSc (Electrical Engineering) University of Science and Technology, United States of America; MA (Radio Engineering) State Technical University, Union of Soviet Socialist Republic

Dr. B. O. Tshenko - Chairman
PhD (Economics) University of Sheffield, United Kingdom; MA (Economics) University of Manitoba in Canada and B. A. (Economics) University of Botswana

Dr. S. E. M. Sebusang (Retired)
PhD (Automatic Control Systems) University of Bristol, United Kingdom; MBA, University of Botswana and BSc (Engineering (Hons)), University of Southampton

BTA Management



Corporate Governance

The Board

The BTA is governed by a Board consisting of five Non-Executive Directors. The selection and appointment of members of the BTA Board rests with the Minister for Transport and Communications in terms of the Telecommunications Act [Cap 72:03]. Board appointments are based on prescribed skills and experience. Members of the Board have diverse skills and experience in various disciplines which are helpful in the regulation of the telecommunications industry. The activities of the Board are also regulated by the Board Charter. During the year under review the following were members of the Board:

Dr. Botswiri O. Tsheko	Chairman
Dr. Masego A. Mpotokwane	Vice Chairman
Mr. Ronald M. Phole	Member
Dr. Sebusang E. M. Sebusang	Member
Dr. Taufila Nyamadzabo	Member

Board Meetings

Ordinary Board meetings are scheduled at the commencement of each financial year. During this financial year, the Board held ten (10) meetings; four (4) being the scheduled ordinary Board meetings and six (6) being special Board meetings. The Board receives and considers recommendations from Board Committees generally. However; the Board has delegated authority to the External Tender

Committee to make final determination on tender awards, subject to reporting obligations to the Board. The Board Members attendance schedule for the period April 2010 to March 2011 is shown in Table 1.

During the reporting period, the Board, considered and approved, over and above the recommendations made to it by the Board Committees, the following key regulatory initiatives: Report of the Cost Model and Pricing Framework for Telecommunications Services (2010), which led to the reduction in tariffs and the Country Code Top Level Domain Name (ccTLD) migration strategy and plan regarding the management of the .bw domain name.

Board Committees

The Board has three standing Committees which are the Finance and Audit Committee, the External Tender Committee and the Remuneration Committee.

Finance and Audit Committee

The Finance and Audit Committee consists of three (3) Non-Executive Members. It was set up to ensure that Management creates and maintains an effective control environment. It reviews Financial Controls, Risk Management, Accounting Systems, Reporting to external stakeholders, the work of internal and external Auditors, and monitoring of the BTA's legal compliance. The Committee met five (5) times to consider and make recommendations to the Board on various issues including the 2010/11 Financial Statements, the 2011/12 Budget, and appointment of External Auditors for the BTA.

Corporate Governance (Continued)

Finance and Audit Committee (continued)

The members of the Finance and Audit Committee were:

Dr.T. Nyamadzabo	Chairman
Mr. R. M. Phole	Member
Mr. A. Bogatsu	Member (retired 26 October 2011)

In accordance with its responsibilities, the Committee made recommendations to the Board regarding development of necessary operational policies, reduction of costs to ensure financial sustainability of the BTA and the approval of statutory reports to ensure that the BTA complies with the requirements of the Telecommunications Act in terms of financial reporting and other governance issues.

Remuneration Committee

The Remuneration Committee consists of three (3) Non-Executive Members. The Committee has the mandate to review and recommend to the Board matters regarding Human Resource development, policies and practices, and the framework for remuneration of the employees of the BTA to mention a few. The Committee met ten (10) times in the reporting period to consider and make recommendations to the Board on various issues including the Whistle Blowing Policy and the implementation of the new organisational structure which involved internal recruitment to fill positions in the structure.

The members of the Remuneration Committee were:

Dr. S. E. M. Sebusang	Chairman
Dr. M. A. Mpotokwane	Member
Mr. R. M. Phole	Member

External Tender Committee

The External Tender Committee consists of two (2) Non-Executive Members. The Committee was set up to ensure fairness, value for the BTA and transparency in the award of contracts and tenders for the provision of goods and services valued above P1 000 000.00 (one million). The Committee met six (6) times in the reporting period to consider and approve submissions relating to the following tenders:

Supply and Installation of Waterproof Mobile (guard shelter) and the Construction of Latrines at Automated Spectrum Management System sites;

- Purchase of Computers and Laptops for BTA; and
- Maintenance Contract on the Automated Spectrum Management System.

The members of the External Tender Committee were:

Dr. M. A. Mpotokwane	Chairman
Dr. S. E. M. Sebusang	Member

Declaration of Interests

The Members of the Board were required to declare their interests at every Board and/or Committee meeting to comply with Section 12 of the Telecommunications Act [Cap 72:03] and to ensure good corporate governance.

Corporate Governance

(Continued)

Board Attendance Fees

Botswana Government directive on sitting allowance for Board meetings. The prevailing fees for the BTA were as follows:

	Fees per sitting
Board Chairman	P 735
Deputy Chairman	P 588
Member	P 588

Board Secretary

The Board Secretary's duties include the provision of legal and corporate governance advice and secretarial services to the Board and its Committees, the induction and orientation of new members and provision of advice to members on their roles both in their

individual and collective responsibilities. The Board Secretary is Dr. Godfrey O. Radijeng.

Internal Audit

The Internal Audit function exists within the BTA to assist Management in the control of risks and provides assurance to the Board on the adequacy of risk management processes, governance and internal controls through an established audit plan. The internal audit plan is reviewed by the Finance & Audit Committee on a quarterly basis. The plan for the year 2010/11 focused on addressing the risks identified in the major processes of the organisation including; Asset Maintenance, Performance Management System, Monitoring of Operator Compliance and Ongoing Projects.

Table 1: Schedule of BTA Board Members attendance for the period April 2010 to March 2011

		Board (N/N)	Finance & Audit Committee	External Tender Committee	Remuneration Committee
Dr. B. O. Tsheko	Member	10/10			
Dr. M. A. Mpotokwane	Member	9/10		6/6	9/10
Mr. R. M. Phole	Member	9/10	5/5		10/10
Dr. T. Nyamadzabo	Member	8/10	3/5		
Dr. S. E. M. Sebusang	Member	8/10		6/6	10/10
Mr. A. Bogatsu	Finance & Audit Committee Member		3/3 Retired 26/10/10		

Key: N/N=number of meetings attended in comparison to the total number of meetings held

Corporate Governance

(Continued)

Risk Management

Due to the rapid developments in the communications industry and the general business landscape in Botswana as well as internationally, the BTA faced many uncertainties with potential to impact on the achievement of its objectives. The BTA maintains a Risk Register in line with its Risk Management Policy. Through this mechanism Management addresses and takes responsibility over all organisation wide risks.

Business Continuity and Disaster Recovery

The BTA maintained its Business Continuity and Disaster Recovery Strategy to ensure that the critical operations are not interrupted in the event of a disaster. The critical operations ranged from; licensing, payments, computer systems and compliance systems. A Business Continuity and Disaster Recovery Committee was established and trained. A battle box containing vital documents and information necessary for the recovery of the BTA was established and kept safely at the Recovery Centre to be used in case of a disaster.





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The BTA issued a public statement on electromagnetic fields indicating that **according to ICNIRP guidelines there is no evidence to suggest that mobile phone radiation is harmful to human health**

Engineering Review

In pursuit of its objectives, the BTA focused on the management of radio frequency spectrum, telephone numbering, and equipment type approval. It also reengineered its Information Technology (IT) infrastructure.

Spectrum Management

The BTA continued to monitor the radio frequency spectrum to ensure compliance with the licence parameters. During the year under review the BTA witnessed increased demand for land mobile VHF spectrum largely from the construction industry. This demand had an effect of depleting the land mobile spectrum in High Usage areas such as Gaborone. An intense monitoring of those frequencies to establish usage trends was undertaken. As a result, sharing of frequencies was implemented and more emphasis of the Frequency Plan Review Recommendation for a 12.5 MHz channels spacing to mitigate the depletion.

Radio Licensing

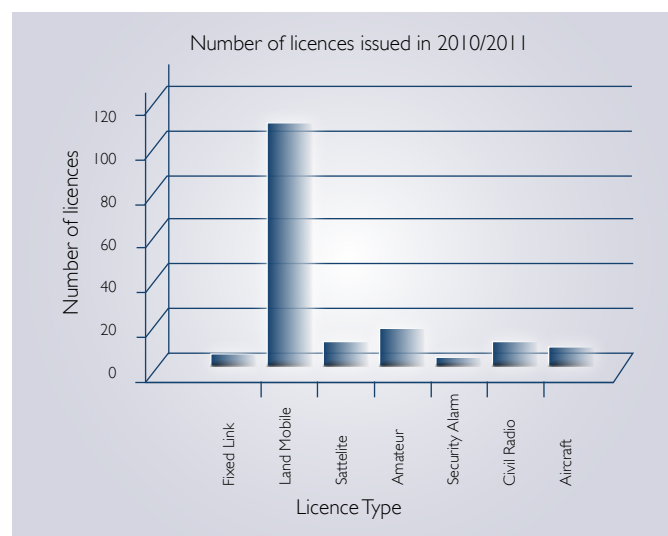
A total of 155 new radio licences ranging from Amateur Licence, Citizen Band License, Licence for Frequency, Satellite Licence, Fixed Links, Radio Transmitter (Security Alarm) and Aircraft Licence were processed during the reporting period. These were distributed as per Figure 1.

Figure 1: Number of Licences issued in 2010/2011

Fixed Wireless Access Spectrum (FWA)

Following the competitive tendering process for the Fixed Wireless Access Spectrum in the frequency bands 1785-1800 MHz, 2500-2690 MHz and 3400-3600 MHz the two successful licensees Global

Broad Band Solutions and Microteck have started rolling out their networks. The BTA is currently monitoring the roll-out to ensure compliance with the licence conditions.



The BTA also received many requests from the Value Added Network Service (VANS) providers for the Fixed Wireless Access Spectrum (FWA). In response to this demand, the BTA started the process of reviewing its allocation of FWA spectrum with the view to licensing other operators.

Engineering Review

(Continued)

World Radio Conference-2012 (WRC-12) Preparations

The International Telecommunication Union (ITU) World Radio Conference (WRC) reviews and revises the international treaty governing the use of the radio-frequency spectrum, the geostationary-satellite and non-geostationary-satellite orbits in every 3/4 years. The next WRC will be held in Geneva from 23 January-17 February 2012 to consider about 35 agenda items which will discuss the technical, procedural and regulatory matters of sharing radio frequency spectrum among various radiocommunication services and in addition allocate the spectrum to new wireless technology innovations. The WRC-12 Agenda among others includes:

- Sharing between mobile services in the digital dividend band (790-862 MHz)
- Harmonisation of spectrum for ENG/OB
- Satellite spectrum and orbital slot allocation and regulatory procedures
- Protection of spectrum used by scientific services
- Regulatory and technical procedure for future Air Traffic Management Systems
- Spectrum allocation for Unmanned Aircraft Systems
- Review of technical and regulatory procedures for Maritime Spectrum
- Flexibility in the international spectrum regulatory framework
- Cognitive Radio/Software Defined Radio

The BTA has established a National Preparatory Committee consisting of various radio frequency spectrum stakeholders to formulate the national position for the various WRC-12 agenda items. The Committee has held several meetings and adopted preliminary positions. At Regional level the BTA has actively participated in the

WRC-12 preparations where regional common proposals were adopted for the various agenda items. The BTA had also participated at the African Telecommunication Union (ATU) meetings which were called to prepare for the WRC-12. Internationally, the BTA participated in Conference Preparatory Meetings (CPM) for WRC-12.

Electromagnetic Radiation

During the first quarter of the reporting period the media carried reports of perceived harmful effects of Electromagnetic Fields propagated by mobile phone handsets and the transmission base stations (towers). The BTA then issued a public statement through the media and its website explaining that, based on the guidelines set by the International Commission on Non-Ionising Radiation Protection (ICNIRP), there is no evidence to suggest that radiation from mobile phones and transmission towers is harmful to human health.

In addition, the BTA acquired EMF measuring equipment (Narda SRM3006) to ascertain measurement levels from base stations in Botswana. The Narda SRM3006 equipment was used to carry out measurements to check compliance of the radio base stations with the International Commission on Non-Ionising Radiation Protection (ICNIRP) exposure limits. The measurement methodology was based on European Committee for Electrotechnical Standardisation / Comité Européen de Normalisation Electrotechnique (CENELEC) 50492 standard. A total of 180 measurements were conducted on the 25 radio base stations in Gaborone. The measured results revealed that EMF emissions were well below the ICNIRP general public guidelines. A summary of the survey results for the 25 radio base stations in Gaborone is as shown in Figure 2. The reports for the individual site measurements can be accessed from the BTA website (<http://www.bta.org.bw/pgcontent.php?UID=48>). A country wide EMF survey is planned for the next financial year.

Engineering Review

(Continued)

NUMBERING AND STANDARDS (continued)

Numbering Database

In order to ensure effective utilisation of numbering resources the BTA will continue to review the numbering policy and plan as part of its efforts to promote and maintain competition.

Country Code Top Level Domain Name (ccTLD)

In 2009, the BTA was mandated by the then Ministry of Communications Science and Technology to take over the administration of the Country Code Top Level Domain Name (ccTLD) from the Botswana Telecommunications Corporation (BTC). A Technical Advisory Committee (TAC), consisting of various internet stakeholders, was inaugurated on 28th April 2010 by the BTA with a mandate to assist and provide advice to the BTA on the establishment of an effective approach to running of ccTLD services. The TAC, in collaboration with the BTA, operates through sub-committees that concentrate on different aspects of the project such as Policy Formulation, Re-Delegation and Public Awareness and Campaign. During the year under review the TAC successfully achieved over 80% of its plan. This consisted of benchmarking exercises with other countries; Memorandum of Understanding (MoU) and Service Level Agreement (SLA) with BTC during the transition; floating a tender for hardware equipment and the development of policy framework and initiating the re-delegation process.



Engineering Review

(Continued)



Enterprise Resource Planning

An Enterprise Resource Planning (ERP) system was identified as a tool that could help in successful integration of BTA's key business operations thereby synchronising, planning and optimising the use of resources available in the existing environment. The ERP software allows companies to integrate all their operations and resources in order to manage them through one system. Consequently, BTA engaged Consultants to do a feasibility study on its existing business (As-IS review); a statement of user requirements; to be design and submitted a report. The implementation of the ERP is expected during the next financial year.



Broadcasting Regulation

The term of most members of the National Broadcasting Board ended on 31st July 2010 and it was reconstituted in February 2011. Consequently all activities which needed Board approval were suspended during that period. Such activities included licensing, decisions on complaints from members of the public, a consultancy service on broadcasting content monitoring and a consultancy on the regulation and licensing framework for digital broadcasting services. However, the BTA being the Secretariat of the Board, continued to support the broadcasting sector in its day to day administrative requirements. A key activity during this period was the continued evolution of the digital migration process following the presentation of the report by the Digital Migration Task Force to Government. The private radio broadcasting services experienced significant growth as they benefited from their nationwide coverage. A growing interest in internet broadcasting was experienced as more entities applied to provide the services. Towards the end of the financial year, a process of establishing a comprehensive monitoring system was initiated.

Private Radio Broadcasting Services

Private radio broadcasting stations continued to benefit from their nationwide coverage as they reached more audiences. Through their joint venture transmission company called Kemonokeng Holdings, the private broadcasters have been able to significantly improve their financial performance with some experiencing annual increases of up to 8 per cent and others increasing their profits by nearly ten times the pre-nationwide licence income.

The three private radio broadcasting stations have achieved coverage in the following sites with a transmission radius of 40 km across each location: Gaborone, Lobatse, Mahalapye, Palapye, Selebi Phikwe, Serowe, Francistown and Maun. At the end of the financial

year, the three stations were in the process of targeting the Orapa/Letlhakane area with their broadcasts.

There have been very few complaints registered either with the radio stations or regulator. This does not necessarily translate to audience satisfaction but could mean a lack of public participation in the content monitoring of the radio broadcasting services in the country.

Television

With regard to television, e-Botswana, a privately owned television station licensed to cover a radius of 60 kilometres from Gabane Hill site faced a major challenge to its operations as a result of the widespread use of the free to air set top decoders. These decoders enable services such as the SABC, of South Africa, to be viewed in Botswana. e-Botswana has successfully lobbied for the removal of South Africa's eTV station from the free to air bouquet in Botswana. However at the time of the report, e-Botswana was in the process of suing SENTEC, which is the signal distributor in South Africa, for not encrypting the SABC channels.

Government Owned Broadcasting Stations Coverage

The estimated population coverage for RB1 & RB2 FM stood at eighty five percent (85%) while for Botswana Television (BTV) was 70% at the time of the report. The transmitter coverage has been divided into 7 regions countrywide. In total there were 88 transmitters for Radio Botswana broadcasting stations (RB1 and RB2) across the country. While a total of 40 transmitters for television were in use across the country. The transmitters are located in 39 villages, 4 towns and 1 city. Table 2 shows the distribution of transmitters for both radio and television broadcasting in Botswana.

Broadcasting Regulation

(Continued)

Government Owned Broadcasting Stations Coverage (continued)

Table 2: Distribution of Transmitters of Government Radio and Television Broadcasting Services

Transmitter (TX)	REGION 1 (Tsabong)	REGION 2 (Gantsi)	REGION 3 (Sebele)	REGION 4 (Serowe)	REGION 5 (Maun)	REGION 6 (Kasane)	REGION 7 (Selibe Phikwe)
Radio Botswana & RB2 TX	10	14	18	14	12	6	14
BTV Transmitters	5	7	7	5	6	3	7
No. of villages in which TX are located	5	7	7	7	5	3	5
No. of towns in which TX are located	-	-	2	-	1	-	1
No. of cities in which TX are located	-	-	-	-	-	-	1

Internet Broadcasting Services

Five (5) companies applied to the NBB to operate internet broadcasting services. The NBB authorised the applicants being Next G Holdings (Pty) Ltd, Bad News FM, Solton Hotels Group, University of Botswana and Internet Option Botswana to go ahead and provide the service. These services are currently not regulated although the operators were given guidelines with regard to content issues.

Digital Migration Process

The major issue surrounding digital broadcasting during the reporting year 2010/2011 was the discussions over the transmission standard to be used by SADC countries. The arguments over whether to

adopt the Integrated System Digital Broadcasting-Terrestrial (ISDBT) or the Digital Video Broadcasting Terrestrial (DVBT) delayed the process significantly. The SADC region however adopted the DVB-T2 standard, with the exception of Botswana (which remained undecided and had indicated that it was going to conduct tests on both standards so that it can better inform itself on which standard to choose) and Angola which opted for ISBDT, at a SADC Ministers of ICT summit in Lusaka, Zambia in November 2010.

At the time of reporting, tests on both standards were underway in Botswana. The tests were conducted by the Department of Broadcasting Services in conjunction with the Digital Migration Task Force.

A photograph of Thari G. Pheko, a man with glasses wearing a grey suit and a pink tie, speaking at a wooden podium with a microphone. He is holding the microphone with his right hand. Behind him, three other people are visible: a man in a dark suit and orange tie to the left, a woman in a dark suit in the center background, and a man in a dark suit and striped tie sitting to the right. The background features a white wall with the text 'internet c' in orange. A newspaper titled 'SUNDAY' is visible in the bottom right corner.

Thari G. Pheko officiates
during the opening of the Orange shop
at Molapo Crossing Shopping Complex

internet c

SUNDAY
Who is feeling

Market Development

UPTAKE OF MOBILE AND FIXED TELEPHONY SERVICES

Mobile and Fixed Telephony Services

Mobile telephony networks of the Public Telecommunication Operators (PTOs) namely BTC, beMOBILE, Orange Botswana and Mascom Wireless Botswana are estimated to cover at least 95% of the Botswana population. This is an extensive coverage of networks whose growth has been underpinned by robust regulatory interventions and policy guidance seeking to achieve universal ICT service. The compound annual growth rate of the number of subscriptions combined for both postpaid and prepaid mobile telephony, over a ten year period from March 2002 to March 2011 is 23.7%. This represents an increase from 332 264 to 2 797 056 subscriptions over the period or an improvement in penetration from 20% to 155%.

While there has been an increase in the number of subscriptions over the years, it has been observed that since March 2006, the increase has been declining steadily. In March 2006 growth was recorded at 44% over one year and in March 2011, growth was recorded at 18% over a year. There are a number of factors that may be attributable to the trend, the most plausible being that a large proportion of the population are already subscribers and therefore there are very few people in need of new subscriptions. Other possible factors would have to do with effects of the global economic recession on the communications market and the erosion of purchasing power of the potential subscribers.

The number of fixed telephone lines were 148 098 lines as at end

of March 2011 showing an increase from 137 422 lines in March 2010. A ten year comparison shows that the compound annual growth rate between March 2002 and March 2011 is -0.038%. This means that there has been a decline in the number of lines during the period. The decline is represented by 57 lines that is, from 148 155 in 2002 to 148 098 subscribers in March 2011. Teledensity over the same period also declined from 9% to 8.2%. Although there has been a decline in uptake of fixed telephony over the ten year period, the past year covering March 2010 to March 2011 realised a growth from 137 422 to 148 098 lines or 8%.

Figure 3: Uptake of Mobile and Fixed Telephony Services

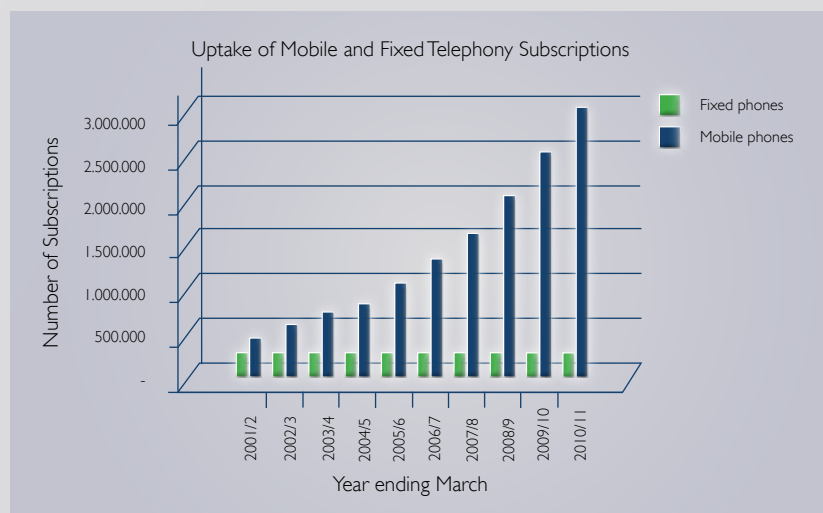


Figure 3 represents the annual number of subscriptions in the Botswana mobile and fixed telephony market

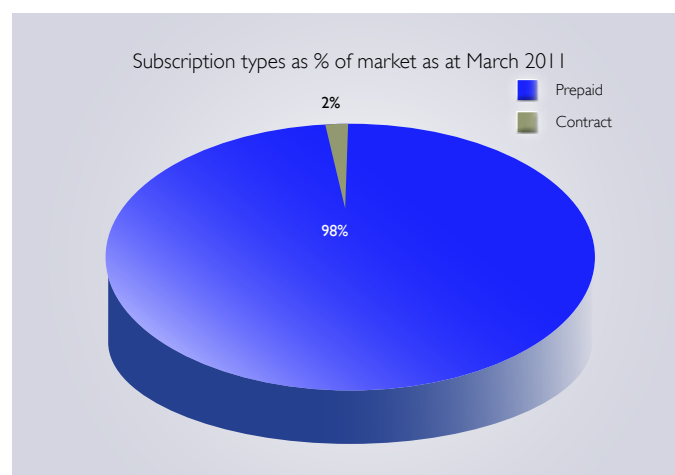
Market Development

(Continued)

Customer Subscription Types

As has been the trend in the mobile telephony market over the years prepaid subscriptions represent 98% of the total number of subscription, whilst postpaid contract subscriptions represent only 2%. Figure 4 shows the subscription types for mobile telephony as at March 2011.

Figure 4: Subscription Types as at March 2011

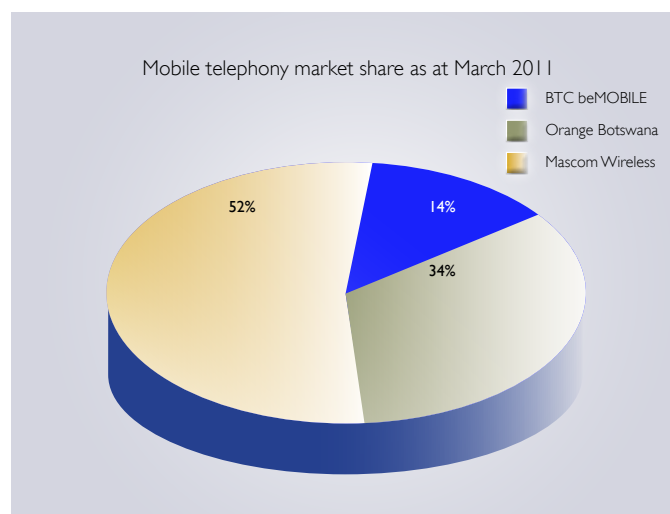


Mobile Telephony Market Share of Public Telecommunications Operators by Number of Subscriptions

Over the past year, that is, from March 2010 to March 2011, there has been a change in market share of the three PTOs as measured by

number of mobile telephony subscriptions. This includes both prepaid and postpaid (contract) subscriptions. In March 2010 the market shares were represented as follows: 6% for BTC beMOBILE, 37% for Orange Botswana and 57% for Mascom Wireless. As at March 2011, market share changed as follows: 14% for BTC beMOBILE, 34% for Orange Botswana and 52% Mascom Wireless. The newly introduced BTC beMOBILE has gained market share by 8 percent against other PTOs. Mascom Wireless and Orange Botswana lost market share by 5 percentage points and 2 percentage points respectively. Figure 5 shows the market shares of the three PTOs.

Figure 5: Mobile Telephony Market Share of Public Telecommunication Operators by Number of Subscriptions as at March 2011



Market Development

(Continued)

MARKET DEVELOPMENT INITIATIVES

Development of a Cost Model and Pricing Framework

The Cost Model and Pricing Framework whose development started in January 2010 was concluded in January 2011, culminating in a Regulatory Directive that required the PTOs to implement reduced termination and retail charges for voice calls to reflect underlying cost of providing the service. Further, the BTC implemented wholesale pricing services such as wire-line data and bandwidth services. Only the fixed termination rates were increased slightly. The new pricing for wholesale and voice termination services was implemented in February 2011 whilst revised pricing for all retail services is to be implemented in May 2011.

Internet and Broadband Penetration

As at end March 2011, Botswana Telecommunications Corporation (BTC) reported that there were 14 082 internet subscribers, for both fixed and mobile internet services, compared with 11 978 internet subscribers recorded in March 2010. This was an increase of 2 104 subscribers for the service. Out of the total internet subscribers, Asymmetric Digital Subscriber Line (ADSL) subscribers were 11 295 compared with 9 868 reported end of March 2010.

Furthermore, as at March 2011, there were 3 832 internet subscribers using WiMAX technologies offered by Orange Botswana. A commendable effort has been made by the service providers to address the gap in the internet market as all mobile operators allow customers to access internet services using their mobile phones.

In addition, service providers have introduced packages that include packaging of the hardware (computers) and internet access to make

Industry stakeholder makes his contribution during the workshop on the cost of telecommunications services



internet affordable, allowing customers to make repayments on a monthly basis. The BTA anticipates that the internet penetration levels will continue to improve as the challenges in the market continue to be addressed. Notably, prices for wholesale internet bandwidth were greatly reduced effective 8 February 2011, making internet access even more affordable.

Market Development

(Continued)

Financial Performance of the Three PTOs

Despite the global economic challenges experienced in the past few years, the telecommunications sector in Botswana maintained a positive growth during the financial period under review. Although the two private telecommunication operators, Mascom and Orange can offer fixed and mobile telephony services, they continue to focus mainly on mobile telephony services. As at end of December 2010, total revenue for the two mobile operators amounted to around P2.2 billion compared with P2 billion recorded in December 2009. Total assets remained the same at around P1.9 billion as at end of December 2010. Total Net Profit increased from around P651 million as recorded in December 2009 to P681 million as at December 2010, representing a marginal increase of around 5% between the two periods.

On the other hand, BTC which offers both mobile and fixed telephony services reported total revenue of around P958.5 million as at end of March 2010, compared with around P835.9 million recorded in March 2009. In terms of revenue streams for BTC, mobile telephony revenues amounted to P60.7 million, fixed telephony services revenues amounted to P877.6 million while the remaining P20.2 million was attributable to broadband and data services.

BTC's total assets increased from around P1.7 billion in March 2009 to around P1.8 billion as at March 2010. BTC's net profit increased from around P119 million in March 2009 to P181 million in March 2010, representing a growth rate of 52 percent, mainly attributable, in part, to increased revenue from data services.

It should be noted that audited financial data used for the PTOs relate to different financial periods that is period ending March 2010 for BTC and period ending December 2010 for Orange and Mascom.

Licensing

The Botswana Telecommunications Authority has set out a framework to promote competition in the communications industry. The current licensing framework is based on the principle of service and technology neutrality. The telecommunications market continues to operate on a three tier licensing framework comprising Public Telecommunications Operator (PTOs), Valued Added Network Service Providers (VANS) and Private Telecommunications Network Operators (PTNOs). The three main operators namely, Botswana Telecommunications Corporation, Mascom Wireless Botswana and Orange Botswana continue to compete in the PTO market offering all types of communication services without any restrictions.

During the period under review, the VANS market continued to enjoy healthy competition. As at end of March 2010 there were 53 registered VANS as compared to 52 as at end of March 2011. Over the same period, the BTA issued two VANS licences and revoked three (3) licences. The revocations were as a consequence of non compliance with licence conditions.

The Private Telecommunications Licences, on the other hand, experienced a marginal increase of one (1) bringing the total number of licensees in this category to 29 from 28 recorded in 2010.

Compliance and Consumer Affairs

Compliance Monitoring

Monitoring for Compliance is an essential aspect in a regulatory environment. It entails monitoring operator adherence to the licence conditions and other regulatory instruments, for quality of service and network efficiency and promotion of good quality and variety of services at a reasonable price for the consumers.

To this end, the Botswana Telecommunications Authority has under its vigilance all its licensees namely: Public Telecommunication Operators, Value Added Network Service (VANS) providers and two-way radio licensees. All these licensees are monitored through analysis of the submitted monthly reports on network performance detailing the status and performance of the network in terms of the set parameters of Quality of Service as determined by the BTA from time to time, regular file checks, and continued engagement through both formal and informal communication, operational meetings, and site visits.

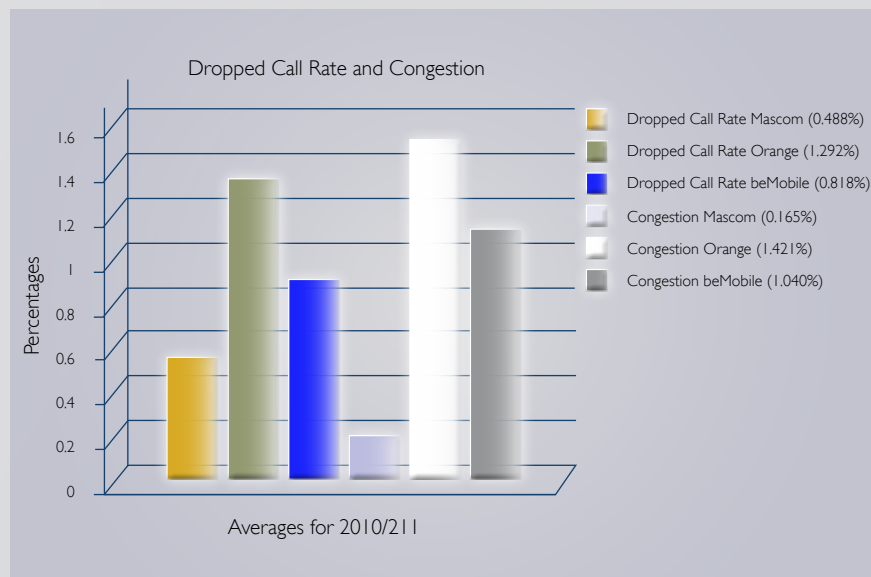
Network Performance of Mobile Operators

The following Figures give a synopsis of the network performance of the three mobile operators for the year 2010/2011. On average, all networks performed well during the year

under review. For purposes of homogeneity, comparison for average annual performance was done based on the Quality of Service Guidelines.

Figure 7: Dropped Call Rate (target 2%) and Congestion (target 2%)

Figure 7 shows that on average, all networks performed well under the 2% threshold indicating that the networks were performing according to expectations.



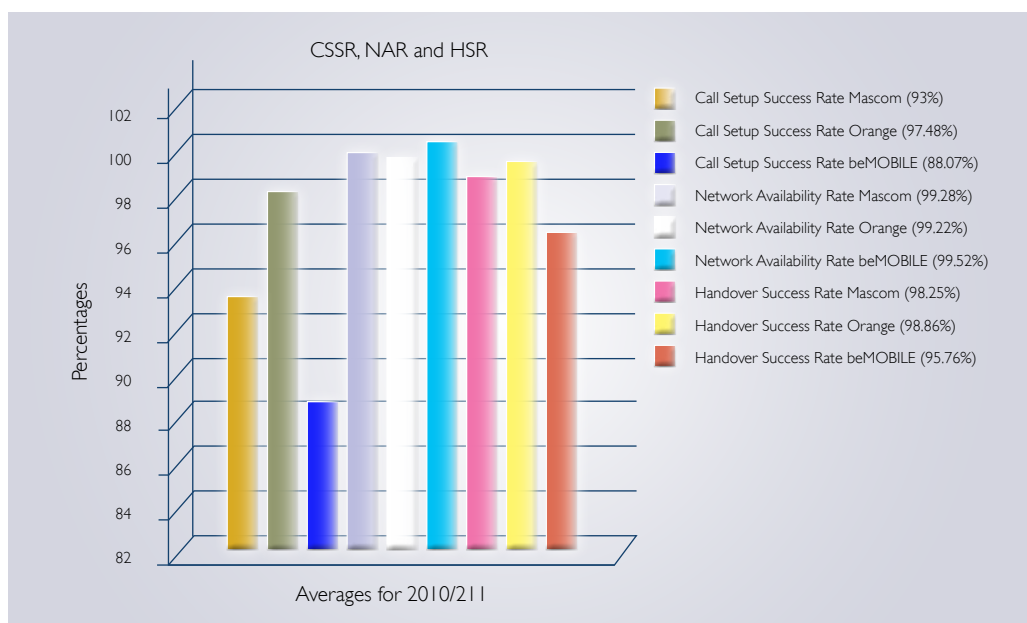
Compliance and **Consumer Affairs**

(Continued)

Network Performance of Mobile Operators (continued)

Figure 8: CSSR (target 98%), NAR (target 99%) and HSR (target 95%)

Figure 8 shows average Call Setup Success Rate for beMOBILE being lower than that of the other two operators. Overall, all operators performed below the 98% threshold as set in the Quality of Service Guidelines.



Average Network Availability for all the networks was good with beMOBILE being the best of the three operators at 99.52%. All operators performed above the threshold on the Hand Over Success Rate.

Network Performance of the Fixed Line Network-(BTC)

For purposes of comparison, information on BTC number of outages and number of minutes in the past three years was used resulting in the following outcome:

Compliance and Consumer Affairs

(Continued)

Network Performance of the Fixed Line Network- (BTC) (continued)

Table 3: BTC Average Outages in Number and Minutes

Year	Outages	Minutes
2008/2009	35.67	27356.17
2009/2010	46.58	25780.42
2010/2011	66.25	28694.08

Figure 9: Average Outages for Years 2008/9, 2009/10 and 2010/11

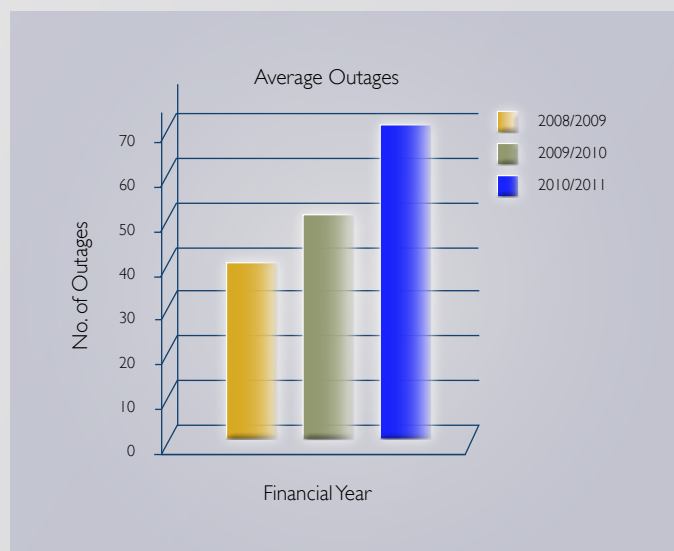
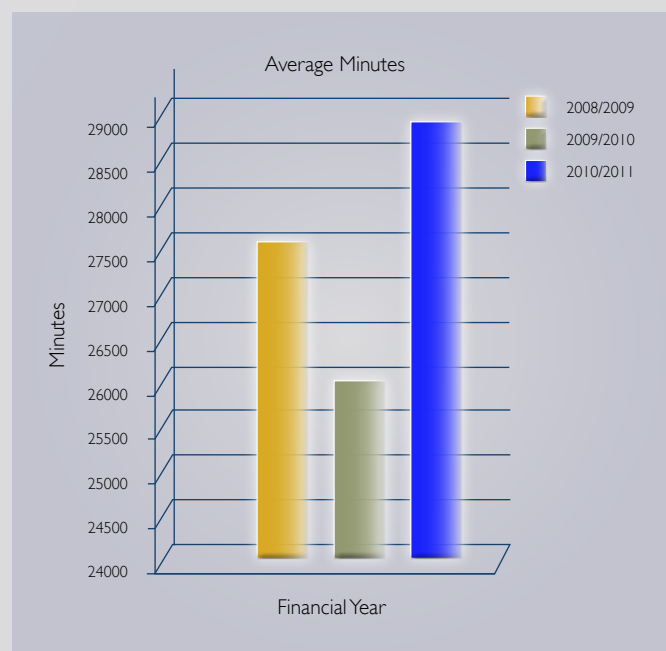


Figure 9 shows increasing number of outages with each new financial year. The increase in outages is largely attributable to loss of commercial power supply (load shedding), optical fibre cable cuts (cable theft) and depleted battery power supply. For the years 2008/2009 and 2010/2011 the increase in outages has translated into an increase on the average minutes taken to restore the service as shown in Figure 10.

Figure 10: Average Minutes taken to Restore Faults over a Three Year Period



Compliance and **Consumer Affairs**

(Continued)

Radio Communication Users

Renewal of radio communication licences has greatly improved. The improvement is attributed to the introduction of the Acknowledgement of Debt form (AoD) which Licensees signed as commitment to liability for payment of their licence fees. The effect of the improvement is presented in Table 4 showing that the number of defaulters has reduced significantly during the reporting period.

BTA addressed several target groups including
Kgatleng District Council



Compliance and Consumer Affairs (Continued)

Table 4: Renewal of Radio Communication Licences During 2010/2011

	No of licences due for renewal (per month)	No of licences validated (per month)	Outstanding no. of licences
April	35	31	4
May	39	35	4
June	35	35	0
July	27	27	0
August	40	39	1
September	32	31	1
October	32	31	1
November	24	23	1
December	15	15	0
January	66	63	3
February	27	26	1
March	25	25	0

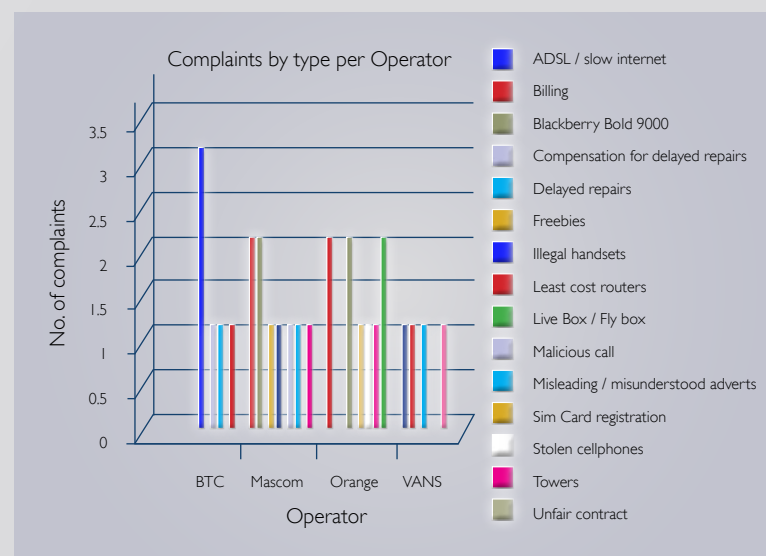
Complaints

The Botswana Telecommunications Authority recorded the highest number of complaints during the period April 2010 to March 2011. It received a total of 28 new complaints, 25 of which were resolved while 3 had not been finalised by the end of the period under review. While the increase in the number of complaints could be interpreted as not a good development in the industry, it could equally be argued that this is a good indicator of a positive outcome

of concerted consumer education activities that were carried out throughout the years and that consumers were now more aware of their rights to good quality service and that they could complain when they are not provided with it.

Figure 11: Number of Complaints by Type per Operator

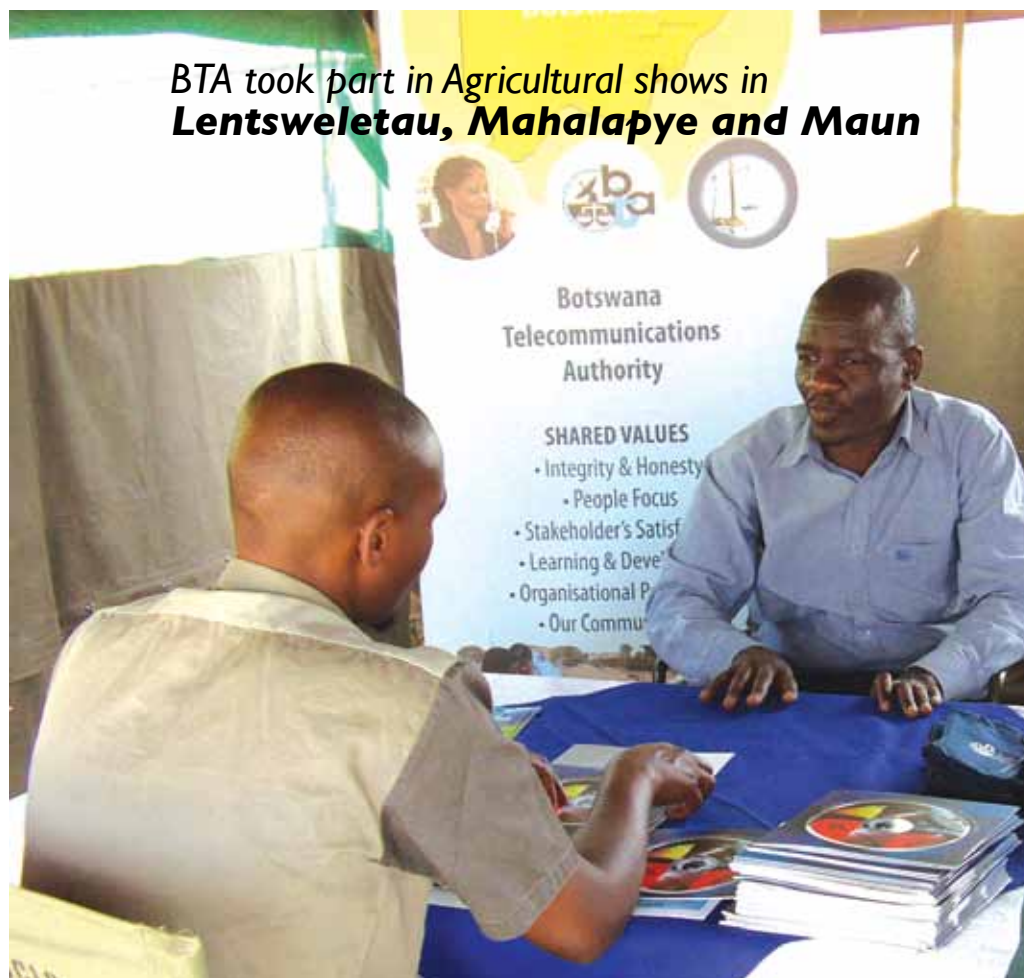
Figure 11 indicates the number of complaints per operator. The complaints were related to billing, particularly internet billing, as customers entered into contracts which they had inadequate information on, especially the tariffs charged with Mascom and Orange having the highest number of complaints than beMOBILE.



Compliance and **Consumer Affairs**

(Continued)

BTA took part in Agricultural shows in Lentsweletau, Mahalapye and Maun



Enforcement

Enforcement of statutory provisions is paramount to the BTA as it discharges its quasi judicial duties. The discharge of such mandate therefore is paramount towards the achievement of the strategic objective of the organization. It is therefore on the basis of this mandate that the following activities, as part of enforcement, were undertaken during the financial year 2010/11.

During the reporting period, investigations were undertaken to update the BTA licensees' database. The investigations revealed that five (5) Internet Service Providers (ISPs) being Geosat, Afriswitch, Romela Internet, Barnets and Bushmail had not converted to the VANS licence despite having been advised to convert. Consequently they were removed from the BTA register for non-compliance.

During the reporting year, the following VANS licensees: Dynabyte (Pty) Ltd, Globalink Trading (Pty) Ltd and Electro Comp (Pty) Ltd were revoked as they had failed to comply with Clause 4 of the VANS licence which mandates licensees to pay licence fees to the BTA to validate their operations. The revocations were made pursuant to section 36 of the Telecommunications Act and were accordingly published in the local newspapers.

Similarly, the BTA directed the PTOs to comply with Clause 3.3 of the Interconnection Guidelines which mandates the PTOs to submit Reference Interconnection Offers (RIOs) to the BTA for approval. The three PTOs complied with the Directive. In addition the BTA developed a Generic/ Default RIO which would be resorted to in the event the operators do not reach consensus on the approved RIOs.

BTA took part in the Vision 2016 launch in Jakalas No1. Oaitse Thatayaone briefs the Guest Speaker, His Honour the Vice President Lt. Gen. Mompoti Merafhe during his tour of the stalls



Public Relations

LOCAL PARTICIPATION

Public Education

Continuous public education is essential for the understanding of the BTA, its mandate and challenges, but more importantly it serves as a medium through which the public can raise their concerns, complaints and/or suggestions towards the betterment of ICT service delivery in the Botswana. During the year under review, the BTA undertook public education through various mediums that included customary courts, agricultural shows, trade exhibitions and the general media. In addition, the BTA addressed specific leadership forums including local authorities, a workshop for Parliamentarians and a gathering for the Hotel and Tourism Association of Botswana (HATAB).

The key message throughout all these public education efforts has been to appraise addressees on developments in the telecommunications sector and respond to specific concerns on areas such as the costs of telecommunications services, concerns of possible negative health effects from electromagnetic radiation, registration of prepaid mobile phone subscribers and the need for operators to share their infrastructure.

World Telecommunication and Information Society Day (WTISD)

The World Telecommunication and Information Society Day (WTISD) is an annual international commemoration whose purpose is to help raise awareness of the possibilities that the use of the internet and other Information and Communication Technologies (ICT) can bring to societies and economies, as well as of ways to

bridge the digital divide. During the 2010 commemoration, the ITU called upon all stakeholders (policy makers, regulators, operators and industry) to promote the adoption of policies and strategies that would promote ICTs in urban areas to contribute towards a better life in cities. The BTA took part in the commemorations that were held in the City of Francistown under the theme: "Better city, better life with ICTs". On this occasion, the BTA continued its social responsibility efforts by donating a total of twelve (12) desktop computers complete with printers to selected primary schools in and around the City of Francistown. The gesture was intended to promote the use of ICTs in primary schools in Francistown in line with the theme.

Vision 2016

The national manifesto for the people of Botswana, commonly known as Vision 2016, states in part that by the year 2016, Botswana will be an educated and informed nation. This goal, in particular, has been identified as crucial by Botswana as it embraces the need for constant improvement and adaptation to the challenges posed by the age of a globalised society. For Botswana to be able to survive in the new millennium, they must have access to information and education that stretches beyond the formal curriculum.

Pursuant to this noble endeavour, the Vision 2016 Council has declared the whole month of September, the Vision Awareness Month under the theme Vision 2016: Ke yame, ke tsaya maikarabelo! The goal of the awareness month is to strengthen ownership and implementation of Vision 2016 with specific objectives to enhance the involvement of stakeholders in the promotion and implementation of Vision 2016 and to mobilise and reaffirm sustained commitment by stakeholders towards implementation of Vision 2016.

Public Relations

(Continued)

Vision 2016 (continued)

The BTA took part in the September 2010 activities of the Vision Awareness Month under the shared pavilion of the Ministry of Transport and Communications to show commitment towards the realisation of the Vision goals. As part of its participation, the BTA donated one (1) heavy duty photocopier to be shared by Jakalas No. 1, Jakalas No. 2 and Senyawwe Primary Schools. The BTA also donated a computer to Jakalas No. 1 Customary Court.

Engagement of Industry Stakeholders

Pursuant to the Minister of Transport and Communications' ICT stakeholders' consultative forum known as the 'ICT Pitso' held in February 2010, the BTA held additional consultative meetings in May and November 2010.

The purpose of the meetings were to provide a platform where the BTA, the Ministry and ICT stakeholders would discuss issues affecting the development of the sector and agree a plan of action for participants to deliver on the issues relevant to their mandates.

Contentious issues were debated relating to allegations of unfair competition by Public Telecommunications Operators (PTOs), high costs of telecommunications services, low levels of internet penetration and lack of internet content, perceived harmful effects of mobile radiation, the need for regulations on infrastructure sharing, registration of mobile phone subscribers etc.

Most of these issues have since been addressed through increased capacity/bandwidth from the Government's investment in the East Africa Submarine Cable System (EASSy) and subsequent reduction of tariffs for telecommunications services. The workshop on Electromagnetic Fields also helped to address concerns of harmful

effects of radiation. Draft Reference Interconnection Offers (RIOs) have also been developed to facilitate interconnection.

REGIONAL PARTICIPATION

CRASA Activities

During the year under review, the BTA participated in a number of activities organised by the Communications Regulators' Association of Southern Africa (CRASA). CRASA was established under Article 10 of the Southern African Development Community (SADC) Protocol on Transport, Communication and Meteorology. The core reason for its establishment is to facilitate harmonisation of ICT policy and regulatory framework in the SADC region. Some of the CRASA activities that the BTA participated in were:

- **The SADC Home and Away Roaming Studies:** The BTA is a member of the Regional Alliance Task Team (RATT) established to investigate mechanisms of reducing the high cost of international roaming in the SADC region with a view to submit a report to the SADC Ministers responsible for Telecommunications, Postal and ICTs for final decision. The RATT engaged a consultancy to undertake a Regulatory Impact Assessment (RIA) on SADC Home and Away Roaming and the report of the study was presented to the Ministers at their meeting held in Luanda, Angola in June 2010. The Ministers accepted the recommendations of the report which broadly dealt with the following policy objectives: transparency, cost based pricing, effective competition, regulatory certainty and predictability, regional development and infrastructure development. The Ministers also approved that the second phase of the Regulatory Impact Assessment Study (RIA) relating to cost information be undertaken as soon as possible and be completed within a period of eighteen (18) months.

Public Relations

(Continued)

CRASA Activities (continued)

- **Review of the SADC Frequency Band Plan:** The revision of the SADC Frequency Band Plan was one of the activities carried out by CRASA at which the BTA participated. The SADC Frequency Band Plan was approved by the Ministers and Member States were encouraged to harmonise their national Frequency Band Plans with the approved SADC Frequency Band Plan.
- In addition CRASA Frequency Planning, Technology and Advanced Services Committee identified the following issues that the SADC require to be dealt with in order to have an all-inclusive harmonised spectrum allocation and management framework:
 - a. Harmonised HF cross-border coordinated frequencies for trucking;
 - b. Harmonised development of specifics for Short Range Devices (SRD's);
 - c. Harmonised spectrum provisions for Public Protection and Disaster Relief (PPDR);
 - d. Finalised channelization arrangement for all key bands that is IMT, CB, BFWA and microwave links;
 - e. Review of footnotes applicable to SADC in readiness for WRC-12;
 - f. Reconsideration of the deployment of T-DAB in the bands 1452 to 1492 MHz;
 - g. Harmonisation of HF usage in SADC which mostly is used for government defence under the SADC military harmonization initiative; and
 - h. Review of the applicable bands for Digital Radio Mondiale (DRM) service.

- **CRASA/SAPRA Merger Proposal:** In June 2009 the SADC Ministers responsible for Telecommunications, Postal and ICTs directed that the Communications Regulators' Association of Southern Africa (CRASA) and Southern Africa Postal Regulators' Association (SAPRA) be merged to form one association. The proposed merger was in recognition of the convergence in ICTs and Postal regulatory frameworks as well as the fact that both Associations were made of the same members, that is the SADC Communications regulators. The Ministers' decision to merge the two associations was also intended to allow for accelerated harmonisation in both the ICTs and Postal regulatory frameworks in the region. The BTA was assigned by the Executive Committee of CRASA to negotiate with SAPRA. The negotiations were concluded in March 2011 with both Associations agreeing to merge. Botswana was chosen as the seat of the new association with BTA being its host.

INTERNATIONAL PARTICIPATION

World Telecommunication Development Conference

The Botswana Telecommunication Authority participated at the fifth World Telecommunication Development Conference (WTDC-10) which was held from 24 May to 4 June 2010 in Hyderabad, India.

The WTDC is a forum for discussion by the ITU Member States on matters concerning development of the ICT sector. The Hyderabad forum adopted, among others, a Plan of Action that aligned the work of the ITU Telecommunication Development Sector (ITU-D) with the objectives and action lines agreed by World Summit on Information Society (WSIS) so as to assist developing countries in achieving universal access to ICTs by 2015.

Public Relations

(Continued)

World Telecommunication Development Conference (continued)

As part of promoting equitable and sustainable development of ICT networks and services in developing countries, the WTDC adopted five programmes and regional initiatives, to be implemented by the ITU Telecommunication Development Bureau (BDT) over the next four years. The regional initiatives for the African Region were as listed below:

- Human and institutional capacity building aimed at providing stakeholders in Africa, on a sustainable basis, with human resources and skills needed for harmonious development of the telecommunication/ICT sector.
- Strengthening and harmonizing policy and regulatory frameworks for integration of African telecommunication/ICT markets with a view to facilitate and promote the reform of Africa's national telecommunication/ICT sectors and facilitate the implementation of telecommunication/ICT strategies in order to achieve sub-regional and regional integration of telecommunication/ICT infrastructure, services and markets.
- Development of a broadband infrastructure and achievement of regional interconnectivity and universal access to assist ITU Member States in the development of backbone broadband infrastructure and access thereto in urban and rural areas, with particular emphasis on sub-regional and continental interconnection.

*BTA took part in the **International Plenipotentiary Conference held in Guadalajara, Mexico***



- Introduction of new digital broadcasting technologies to assist ITU Member States in making a smooth transition from analogue to digital broadcasting in order to take advantage of the digital dividend.

Botswana, through the BTA stands to benefit from the regional approach to all the above African initiatives. In particular, Botswana is currently dealing with issues of backbone broadband infrastructure and transition from analogue to digital television broadcasting, which process will benefit greatly from Conference deliberations.

Public Relations

(Continued)

ITU Plenipotentiary Conference: Mexico

The BTA together with the Ministry of Transport and Communications participated at the ITU Plenipotentiary Conference held in Guadalajara, Mexico from 4-22 October 2010. The Plenipotentiary Conference is the top policy-making body of the ITU that sets the Union's general policies; adopts four-year strategic and financial plans and elects the senior management team of the organization, made up of the Council and the Radio Regulations Board. The Conference decides on the future role of the ITU thereby determining the organisation's ability to influence and affect the development of Information and Communication Technologies (ICTs) worldwide.

Among its main outcomes and achievements the Plenipotentiary Conference made the following resolutions:

- The enhanced use of ICTs in tackling climate change;
- The stepping up of ITU's activities in the area of emergency communications and humanitarian assistance;
- Measures to help prevent the illicit use and abuse of telecommunication networks through unauthorized calling and routing practices;
- New activities to gather and disseminate information concerning exposure to electromagnetic fields, in cooperation with other specialist organisations;
- The need to assist developing nations with migration to IPv6 addressing; and
- The overall assessment of implementation of the outcomes of the World Summit on the Information Society.

As the highest international decision making body on telecommunications development, the Plenipotentiary Conference was beneficial in addressing challenges of global concern that the

world, including Botswana is facing such as concerns of possible negative health effects from electromagnetic fields. From the Plenipotentiary Conference, the BTA held a workshop on the subject matter with assistance of international experts, some of which were approached at the Conference.

Global Symposium for Regulators

The BTA took part in the 10th Global Symposium for Regulators (GSR10) organized by the International Telecommunication Union (ITU) in Dakar, Senegal, from 10-12 November 2010. The GSR10 examined the challenges for regulators to stimulate nationwide broadband deployment through adaptive and targeted regulations and out-of-the-box tools. Regulators discussed the impact of broadband on and beyond the ICT sector as well as the driving forces of today's and tomorrow's ICT markets, notably the migration from analogue to digital terrestrial broadcasting and the allocation of the digital dividend.

Held under the theme Enabling Tomorrow's Digital World, the Symposium sought to leverage the benefits that the Information Society brings with it while mitigating the associated threats to ICT users, regulators and policy-makers. It focused on the need to keep up with the pace of convergence and integration of ubiquitous networks, in particular through adapting institutional structure and mandates, adopting cutting-edge best practices and embracing new tools such as innovative dispute resolution techniques.

The Global Symposium for Regulators is the only forum where regulators converge annually to discuss and collectively find solutions to regulatory challenges that they face. Through attending the forum, the BTA gets to exchange experiences with other regulators and learn best practices available in other parts of the world.

Public Relations

(Continued)

Commonwealth Telecommunications Organisation (CTO) and International Telecommunication Union Group (CIG) Meeting

The BTA sent a delegation of three officers to the 8th Annual Forum and the 50th Council meeting of the Commonwealth Telecommunications Organisation (CTO) and International Telecommunication Union Group (CIG) meeting that took place in Colombo, Sri Lanka from 8-18 September 2010.

The 8th Annual Forum of CTO (the forum) was held under the theme “Towards Digital Commonwealth: Broadband Connectivity for All”. The forum provided an excellent opportunity to address issues concerning the strategies, plans and programmes for extending regional and continental broadband connectivity as well as funding gaps especially for broadband investments. The issue of locally relevant content was also an important consideration in the discussions.

The CIG Meeting considered the draft Commonwealth Common Objectives, and the Identification of Commonwealth Coordinators.

The majority of the meeting was devoted to considering the draft Commonwealth Common Objectives (CCOs) and identifying the Commonwealth Coordinators for each CCO. A number of amendments were made to the CCOs and two CCOs were added. These were on limiting the number of Council Working Groups and on the linkage of the establishment of the new Independent Audit

Advisory Committee of Experts to the possible abolition of the Management and Budget Group.

Over the years, the CTO faced challenges of limited budget. This meeting provided the BTA with opportunity to support amendments that intended to streamline the CTO budget and establish the new Independent Audit Advisory Committee of Experts with a view to improve the operations of the CTO.

ITU workshop on “Delivering Quality Telecommunication Service in a safe Environment in Africa”, the Regional Group for Africa Meeting of Study Groups, and the Regional Consultation on Conformance Assessment and Interoperability for the Africa Region.

Delivering Quality Telecommunication Service in a Safe Environment in Africa

The Delivering Quality Telecommunication Service in a Safe Environment in Africa, in which the BTA participated, was held from 26-27 July 2010 in Nairobi, Kenya. The workshop, among others, provided increased awareness to African Regulators on the ITU work related to Quality of Service (QoS) issues. Participants also shared among themselves views and experiences on QoS provision, regulation and challenges. The workshop also provided useful information on effects of electromagnetic fields (EMF) on health and implications on relevant ITU recommendations.

Public Relations

(Continued)

Delivering Quality Telecommunication Service in a Safe Environment in Africa (continued)

Participants presented reports of tasks they were assigned during the previous meeting held in Ghana in June 2009. Botswana made a presentation on Quality of Service-Quality of Experience (QoS/QoE) parameters of legacy networks.

The meeting emphasised that improvement of QoS/QoE in the region will facilitate the realisation of resolutions 17 and 44 of the 2008 World Telecommunication Standardisation Assembly (WTSA-08) dealing with "bridging the standardization gap between developed and developing countries".

First meeting of the ITU-D Study Group I

The BTA was elected the Acting Rapporteur and chaired the meeting on Question 23/1 (Q23/1) on Strategies and Policies concerning human exposure to electromagnetic fields. The meeting was held in Geneva from 19-23 September 2010. The key purpose of this particular question is to address concerns on the possible effects of the prolonged exposure to emissions from the rapid deployment of the electromagnetic telecommunication equipment on people's health.

The Study Group is mainly tasked to compile and analyse the regulatory policies concerning human exposure to EMF for authorising the installation of radio-communication sites and Power Lines Telecommunications Systems. It is also expected to describe the strategies for raising the awareness of populations and information to populations regarding the effects of EMF due to radio

- communication and finally to propose guidelines and best practice on these matters.

The BTA's mandate as Rapporteur is therefore to present the progress report on the question indicating but not limiting; status, recommendations, liaison statements, contributions, issues and others. The BTA has been working as the focal point for contributions from other countries.

Meeting of Study Group 12 on Performance QoS and QoE

The BTA was represented at the meeting of Study Group 12 on Performance QoS and QoE held in Geneva from 18-27 January 2011.

The Study Group is mainly tasked to identify the needs of the rapidly changing telecommunications market place and to create new Questions or to update existing Questions. The Study Group is also tasked to ensure coordination of QoS/QoE-related activities in the ITU-T, with the focus on identifying gaps in QoS/QoE standardization that present interoperability obstacle to achieving end-to-end QoS. It is equally expected to ensure coordination among various standards activities on QoS/QoE and collaboration with other standards bodies (ongoing), with an emphasis on interoperability.

During the Africa Region meeting held in Kenya in July 2010 countries were requested to comment on standard QoS guidelines for the African Region. Botswana submitted her comments on QoS Guidelines in November 2010. The draft Regional Guidelines were therefore presented and discussed at the SG12 Meeting.

Public Relations

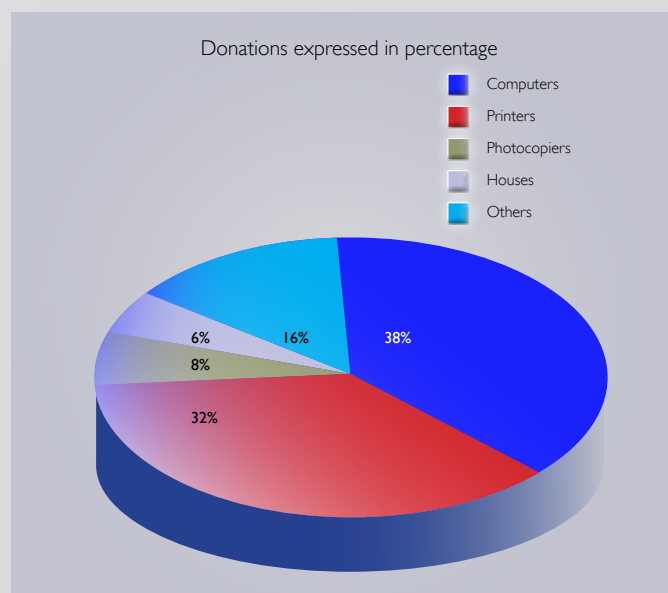
(Continued)

Social Responsibility Programme

In its efforts to facilitate the use of ICTs the BTA donated computers, printers and photocopiers to deserving institutions in line with its social responsibility programme. A large proportion of the ICTs were targeted at primary schools where the need for such ICTs is apparent. A total of 34 desktop computers, 28 printers and 7 heavy duty photocopiers were donated to various institutions including 40 primary schools, 6 junior secondary schools and 2 senior secondary schools across the country. The photocopiers were donated to clusters of three (3) to six (6) primary schools to be used on a shared basis. In addition, the BTA made donations in the form of sponsorships to a wide spectrum of beneficiaries.

The BTA also donated five (5) one-roomed houses to five (5) families of Ramotlabaki Village in the Kgatleng District whose houses were destroyed by a hailstorm. The decision to house the families was taken in line with the Vision 2016 pillar of a Compassionate, Just and Caring Nation. The remaining social responsibility expenditure went to other causes that were approved on a case by case basis.

Figure 12: Donations from April 2010 to March 2011



BTA donated five one-roomed houses

to five (5) families of Ramotlabaki Village in the Kgatleng District whose houses were destroyed by a hailstorm

DONATED BY

Botswana Telecommunications Authority
www.bta.org.bw



Human Resources

Implementation of the BTA Organisational Structure

In order to implement the new BTA Strategic Plan, a new organisational structure was introduced to put at the forefront regulatory matters in the areas of economic regulation and technical regulation. Another consideration was to accommodate an area which was not regulated before being postal services in line with global trends and convergence of technologies. The structure at Figure 13 has two divisions, one dealing with regulatory affairs and the other operations and strategy.

Figure 13: BTA High Level Organisational Structure

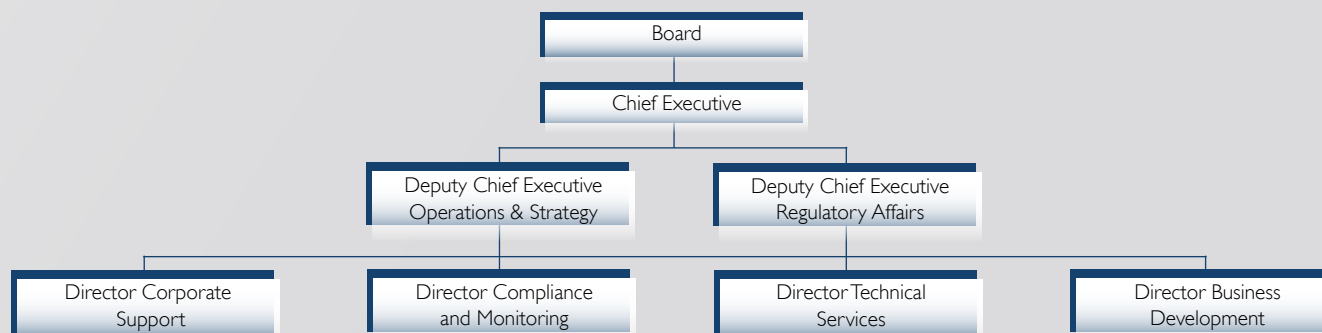
Recruitment

Recruitment for the structure is under way with two (2) Deputy Chief Executives expected to be appointed in May 2011 and Directors in June 2011. The rest of the structure would be populated as an ongoing process by making further appointments.

Executive Training Programme: Singapore

Four (4) staff members attended the Infocomm Development Authority (IDA) of Singapore Executive training programme on Enabling Frameworks for ICT Development from the 12-16 July 2010 in Singapore. The programme aimed to equip participants with analytical and reference frameworks based on the experience of ICT policy and regulatory practitioners at IDA as well as experience sharing among participants. Specifically, the programme covered an array of regulatory issues such as licensing, enforcement, reference interconnection offers, infrastructure sharing, spectrum management, and management of number resources. Singapore's Next Generation National Broadband Network (NGNBN) and IDA's regulatory framework for NGNBN was also covered.

The programme was beneficial to the BTA in that it shared Singapore's experience on issues of particular interest to the Authority such as approach to Reference Interconnection Offer (RIO); Infrastructure Sharing Model; Consumer Protection Framework; Management of Number Resources etc.



Human Resources

(Continued)



Graduate Training Scheme

The BTA graduate scheme was introduced in 2008 and since its inception four (4) trainees have successfully completed the programme and have since been appointed on permanent and pensionable status. The BTA looks for the best and the brightest talent and the programme is the springboard for the graduate trainees to become future leaders of the Authority. It helps the graduates deal with the transition from University to full time work. The graduate trainees embark on a series of intensive job placements, moving regularly between projects and departments to

ensure that the knowledge and insights gained by the graduate is as broad as possible.

The period under review saw the second intake of graduate trainees. The current crop started the programme on 1 September 2010 and will complete at the end of August 2011. The four (4) graduate trainees were recruited for the following functions:

- Information Technology 1
- Legal 1
- Business Development 2

Two (2) of the trainees have already undergone training in Diploma in Telecommunications Management with the Commonwealth Telecommunications Organisation (CTO) with the other two (2) still to attend the programme in the third quarter of the year.

Staff Complement

At the end of March 2011, the staff complement stood at sixty eight (68) with a net decrease of one (1) employee from March 2010. The

decrease is as a result of one resignation. The BTA staff complement comprises of thirty two (32) male staff and twenty six (26) female staff.

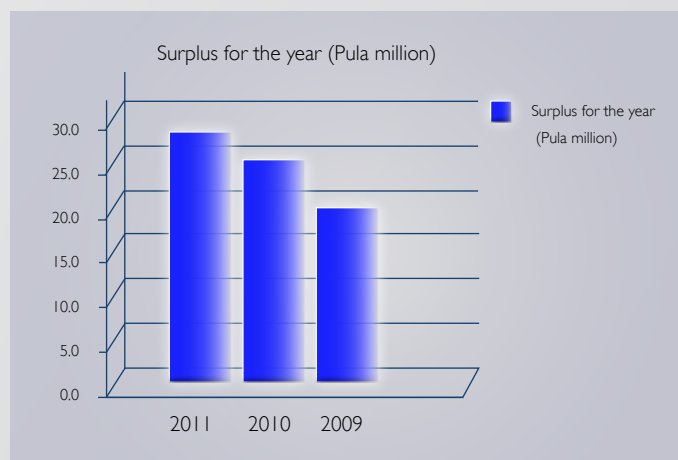
Performance Management System

The BTA has adopted a new performance management system to improve performance of staff in order to deliver effectively on the BTA mandate. Performance contracts for the 2011/2012 will be signed by all members of staff post re-organisation process.

Financial Review

The BTA recorded a total comprehensive income of Pula 25.98 million, representing an increase of 11% from the previous year's figure of Pula 23.44 million.

Figure 14: Surplus for the Period 2009 to 2011



Revenue

The revenue which comprises turnover fees, radio licence fees, system licence fees and service licence fees increased by 10 % from Pula 83.5 million last year to Pula 92.1 million during the year under review. The increase in revenue was due to increased turnover related fees and radio licence fees paid by the Public Telecommunications Operators (PTOs).

Other Income

Other income decreased by 19% from Pula 2.1 million to Pula 1.7 million. The main reason for the recorded decrease was that the prior year's other income had included an insurance claim on loss of property, plant and equipment following the fire in the server room. In addition, rental income decreased following the termination of the lease for part of the BTA Head Office building which had been leased to Botswana Government. Finance income on the other hand, increased by 2%. The fixed deposit earned the BTA interest income at an average interest rate of 5.8% and these were mainly short term deposits (90 day period).

Operating Expenses

Operating expenses increased slightly by 4% to Pula 66.6 million compared to Pula 63.9 million in the previous year. Depreciation decreased due to the fact that a significant number of assets were fully depreciated. Consultancy costs increased significantly in the year under review due to major consultancies carried out such as the Cost Modelling and Pricing Framework and Enterprise Resource Planning (ERP) feasibility study.

Contribution to Universal Service Fund

The BTA maintained an account opened to accumulate the seed funding for the Universal Service Fund (USF). During the year under review the BTA contributed an amount of P7 million to the fund and as at 31st March 2011, the fund had a balance of P33.7 million with total contributions by the BTA of P27.5 million plus the interest earned amounting to P6.2 million.

Financial Review

(Continued)

Contribution to Universal Service Fund (continued)

The results of the BTA over the 3 year period 2009-2011 are summarised in Table 5

Table 5: BTA Financial Performance 2009-2011

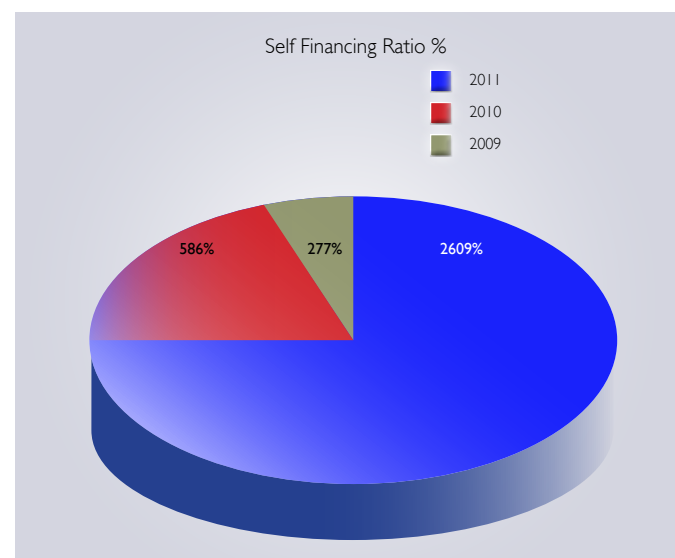
	2011	2010	2009
	Pula million	Pula million	Pula million
Revenue	92.08	83.46	71.25
Other Income	1.68	2.09	1.85
Operating Expenses	-66.63	-63.86	-56.53
Contribution to Universal Service Fund	-7.00	-4.00	-4.00
Finance Income	5.05	4.96	5.60
Fair Value Adjustments	0.80	-	-
Profit on Non-Current Assets held for sale	-	0.79	-
Surplus for the year (Pula million)	25.98	23.44	18.17

Capital Expenditure

Capital expenditure was lower than the prior year, decreasing by P4.3 million or 77.6%. There has not been major acquisition of

property, plant and equipment during the year under review but during the prior year a significant amount was noted as the BTA's building in Phakalane (Spectrum House) and its furniture and fittings were capitalised hence they contributed to the increase in additions for that year.

The Self Financing Ratio with regard to capital expenditure has been growing over the years as follows:



Financial Review

(Continued)

Capital Expenditure (continued)

Figure 15: Self Financing Ratio for Period 2009-2011

Investments

The BTA made investments in certain instruments taking into consideration its cash flow needs. The BTA invested in fixed deposits and money markets with banking institutions offering better interest rates.

The BTA also invested in properties, being town houses. The townhouses were previously classified as held for sale, however

they have since been reclassified under investment property as the decision to dispose them has since been revoked. The townhouses continued to generate rental income.

Financing and Financial Position

The cash generated from operating activities decreased from P32.3 million last year to P32.1 million during the year under review.

Liquidity

The BTA believes that it has adequate resources to finance its operating activities and the anticipated capital expenditure in the financial year 2011/12.

Table 6: Financing and Financial Position 2009-2011

	2011	2010	2009
	Pula million	Pula million	Pula million
Cash Flow from Operating Activities	32.1	32.3	22.2
Cash Flow from Investing Activities	-0.8	-5.3	-7.8
Cash Flow from Financing Activities	2.4	0.8	3
Total Cash Movement for the Year	33.7	27.9	17.4
Cash at the Beginning of the Year	107.9	80	62.6
Cash at the End of the Year	141.6	107.9	80



ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

Independent Auditor's Report	52-53
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The following supplementary information does not form part of the
annual financial statements and is unaudited:

Detailed Income Statement	93-95
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BTA witnessed a number of developments during the period under review. All the mobile network operators introduced new products into the market. Some of these offerings include money transfer services, mobile data services and others. The idea of sharing of communications infrastructure was developed and shared with the industry where it has been welcomed. The Public Telecommunications Operators were directed to reduce their tariffs following a Market Study which was completed at the end of 2010.

General Information

Country of Incorporation and Domicile	Botswana
Nature of Business and Principal Activities	The Authority is a body corporate, established under the Telecommunications Act (Cap 72:03) to regulate, supervise and promote the provision of efficient telecommunication services in Botswana
Members of the Board	Dr. B. O. Tsheko (Chairman) Dr. M. A. Mpotokwane (Vice Chairman) Dr. T. Nyamadzabo Mr. R. M. Phole Dr. S. E. M. Sebusang (Term expired on 30/04/2011) Dr. D. E. Maje (Appointed on 01/05/2011)
Independent Member of Finance and Audit Committee	Mrs. A. T. Khunwana (Appointed 26/07/11) Mr. A. Bogatsu (Retired on 26/10/10)
Chief Executive	Mr. T. G. Phoko
Registered Office	Plot 206/207 Independence Avenue, Extension 5, Gaborone, Botswana
Business Address	Plot 206/207 Independence Avenue, Extension 5, Gaborone, Botswana
Postal Address	Private Bag 00495, Gaborone, Botswana
Bankers	First National Bank of Botswana Limited Barclays Bank of Botswana Limited Standard Chartered Bank Botswana Limited Stanbic Bank Botswana Limited Bank of Baroda (Botswana) Limited
Auditors	Grant Thornton Certified Public Accountants Botswana member of Grant Thornton International Limited
Secretary	Dr. G. O. Radijeng
Functional Currency	Botswana Pula ("P") and is rounded off to nearest Pula

Independent **Auditor's Report**

TO THE MEMBERS OF BOTSWANA TELECOMMUNICATIONS AUTHORITY

Report on the Financial Statements

We have audited the annual financial statements of Botswana Telecommunications Authority, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 92.

Directors' Responsibility for the Annual Financial Statements

The Members of the Board are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards. 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.

Auditor's 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 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.

Independent Auditor's Report

(Continued)

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Botswana Telecommunications Authority as at 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

- The financial statements prepared by the Authority were prepared consistent with that of previous year except for adoption of new standards/new amendments and interpretations issued by the International Accounting Standards Board, the details of which are covered under note 2.1 to these annual financial statements.

Report on Other Legal and Regulatory Requirements

- In accordance with Section 14 (3) of the Telecommunications Act, 1996 (Cap 72:03), we confirm that:
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the performance of our duties as auditors.
- In our opinion the accounts and related records of the Authority have been properly maintained
- The Authority has complied with the financial provisions of the Telecommunications Act 1996 (Cap 72:03).

Grant Thornton

Certified Public Accountant
Practicing Member: Madhavan Venkatachary
(Membership No: 20030049.30)

Gaborone
Date: 11 August 2011

Members Responsibilities and Approval

The Members of the Board are required in terms of the Telecommunications Act, 1996 (CAP 72:03) 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 Authority 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 and supported by reasonable and prudent judgements and estimates.

The Members of the Board acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Members of the Board to meet these responsibilities, 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 Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the

Authority 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 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 Authority's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the Authority has adequate resources to continue in operational existence for the foreseeable future.

The Members of the Board are responsible for the financial affairs of the Authority. The external auditors are responsible for independently reviewing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 52 to 53.

The annual financial statements set out on pages 56 to 92, which have been prepared on the going concern basis, were approved by the board on 8 August 2011 and were signed on its behalf by:



Chairperson of the Board

Gaborone



Chief Executive

Members of the **Board Report**

The Members of the Board have pleasure in submitting their report, which form part of the financial statements for the Authority for the year ended 31 March 2011.

1. Review of Activities

Main Business and Operations

The Authority is a body corporate, established under the Telecommunications Act (cap 72:03) to regulate, supervise and promote the provision of efficient telecommunication services in Botswana.

The operating results and state of affairs of the Authority are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the Authority was P25 983 746 (2010: P23 435 669 surplus)

2. Events after the reporting period

The Members of the Board are not aware of any matter or circumstance arising since the end of the financial year.

3. Members interest in contracts

None of the Members or Officers of the Authority had any interest in any contract during the financial year.

4. Accounting Policies

During the financial year the Authority adopted certain new International Financial Reporting Standards, amendments and interpretations, the details of which are stated in note 2 to these annual financial statements.

5. Members of Management Board

The Board members of the Authority during the year and to the date of this report are as follows:

Name

Dr. B. O. Tsheko (Chairman)
Dr. M. A. Mpotokwane (Vice Chairman)
Dr. T. Nyamadzabo
Mr. R. M. Phole
Dr. S. E. M. Sebusang (Term expired on 30/04/2011)
Dr. D. E. Maje (Appointed on 01/05/2011)

6. Secretary

The secretary of the Authority is Dr. G. O. Radijeng.

Statement of Financial Position

	Note(s)	2011 P	2010 P
Assets			
Non-Current Assets			
Investment property	3	7 000 000	-
Property, plant and equipment	4	85 469 477	96 929 538
		92 469 477	96 929 538
Current Assets			
Trade and other receivables	6	25 271 834	21 965 604
Prepayments		390 277	155 849
Cash and cash equivalents	7	141 593 331	107 860 999
		167 255 442	129 982 452
Non-current assets held for sale	8	-	6 201 000
Total Assets		259 724 919	233 112 990
Equity and Liabilities			
Equity			
Proposed dividends	9	6 495 937	5 858 916
Accumulated surplus		209 807 406	190 319 597
		216 303 343	196 178 513
Liabilities			
Current Liabilities			
Trade and other payables	11	9 758 144	11 538 309
Government of Botswana-Universal Service Fund	10	33 663 432	25 396 168
		43 421 576	36 934 477
Total Equity and Liabilities		259 724 919	233 112 990

Statement of **Comprehensive Income**

	Note(s)	2011 P	2010 P
Revenue	13	92 084 513	83 469 664
Other income		1 681 584	2 092 575
Operating expenses	14	(66 635 834)	(63 860 668)
Contribution to Universal Service Fund	10	(7 000 000)	(4 000 000)
Surplus for the year before finance income	15	20 130 263	17 701 571
Finance income	16	5 054 483	4 955 936
Fair value adjustments	17	799 000	-
Profit on non-current assets held for sale		-	778 162
Surplus for the year		25 983 746	23 435 669
Other comprehensive income		-	-
Total comprehensive income		25 983 746	23 435 669

Statement of Changes in Funds

	Proposed dividends P	Accumulated surplus P	Total funds P
Balance at 01 April 2009	4 543 495	172 742 844	177 286 339
Total comprehensive income for the year	-	23 435 669	23 435 669
Dividend paid	(4 543 495)	-	(4 543 495)
Dividend proposed to the Government transferred to proposed dividend	5 858 916	(5 858 916)	-
Total changes	1 315 421	17 576 753	18 892 174
Balance at 01 April 2010	5 858 916	190 319 597	196 178 513
Total comprehensive income for the year	-	25 983 746	25 983 746
Dividend paid	(5 858 916)	-	(5 858 916)
Dividend proposed to the Government transferred to proposed dividend	6 495 937	(6 495 937)	-
Total changes	637 021	19 487 809	20 124 830
Balance at 31 March 2011	6 495 937	209 807 406	216 303 343
Note(s)			

Statement of Cash Flows

	Note(s)	2011 P	2010 P
Cash flows from operating activities			
Cash generated from operations	19	27 034 453	26 154 223
Finance income		5 054 483	4 955 936
Cash flows of held for sale	20	-	1 200 000
Net cash from operating activities		32 088 936	32 310 159
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 229 945)	(5 514 634)
Sale of property, plant and equipment		464 993	264 228
Net cash from investing activities		(764 952)	(5 250 406)
Cash flows from financing activities			
Movement in Universal Service Fund		8 267 264	5 338 186
Dividends paid		(5 858 916)	(4 543 495)
Net cash from financing activities		2 408 348	794 691
Total cash and cash equivalents movement for the year		33 732 332	27 854 444
Cash and cash equivalents at the beginning of the year		107 860 999	80 006 555
Total cash and cash equivalents at end of the year	7	141 593 331	107 860 999

Accounting Policies

I. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Telecommunications Act, 1996 (CAP 72:03). The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Botswana Pula.

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

I.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is 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 and Other Receivables

The Authority assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in Statement of Comprehensive Income, the Authority 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 and other receivables is calculated on a portfolio basis, based on historical loss ratios.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Authority is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the financial instruments.

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 Authority for similar financial instruments.

Fair values of investment properties are determined by professional external valuers using market related assumptions including yield capitalisation method, discounted future cash flows of rental income etc based on the type of property and area. Market conditions include transactions that have been carried out at a date as close as is possible to the valuation dates. Where external valuers are not involved, management estimates fair value based on similar workings.

Fair values of assets held for sale are determined using market conditions.

Accounting Policies

(Continued)

Impairment Testing

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

The Authority 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 the assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest.

Provisions

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

Useful Life and Residual Value of Property, Plant and Equipment

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are

reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the Country.

Contingent Liabilities

Management applies its judgement 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 Investment Property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair Value

Subsequent to initial measurement investment property is measured at fair value.

Accounting Policies

(Continued)

1.2 Investment Property (continued)

A gain or loss arising from a change in fair value is included in Statement of Comprehensive Income for the period in which it arises.

1.3 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 Authority; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

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 are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average Useful Life
Land	Indefinite
Buildings	50 years
Furniture and fixtures	6-7 years
Motor vehicles	4 years
Office equipment	4 years
IT equipment	2 years
Technical equipment	2-25 years

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

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

The depreciation charge for each period is recognised in Statement of Comprehensive Income unless it is included in the carrying amount of another asset.

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

Accounting Policies

(Continued)

1.4 Financial Instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial Recognition and Measurement

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

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

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through

Statement of Comprehensive Income, transaction costs are included in the initial measurement of the instrument.

Subsequent Measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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

Fair Value Determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis etc.

Impairment of Financial Assets

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

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

Accounting Policies

(Continued)

1.4 Financial Instruments (continued)

Impairment losses are recognised in Statement of Comprehensive Income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in Statement of Comprehensive Income.

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

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 Statement of Comprehensive Income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (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 Statement of Comprehensive Income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in Statement of Comprehensive Income.

Trade and other receivables are classified as loans and receivables.

Trade and Other Payables

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

Cash and Cash Equivalents

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

1.5 Tax

Tax Expenses

No provision for taxation is required as the Authority is exempt from taxation in terms of the Second Schedule, Part I of the Income Tax Act (Cap 52:01).

Accounting Policies

(Continued)

1.6 Leases

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

Operating Leases-Lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual receipts are recognised as an operating lease asset.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is included under other income in statement of comprehensive income.

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 liability. This liability is not discounted.

1.7 Non-Current Assets held for Sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group)

is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.8 Impairment of Assets

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Statement of Comprehensive Income.

Accounting Policies

(Continued)

1.8 Impairment of Assets (continued)

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Statement of Comprehensive Income.

1.9 Employee Benefits

Short-term Employee Benefits

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

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.

Defined Contribution Plans

The Authority operates a defined contribution pension fund for

its permanent citizen employees. The fund is registered under the Pension and Provident Fund Act (Cap 27:03). Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10 Provisions and Contingencies

Provisions are recognised when:

- the Authority 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

Accounting Policies

(Continued)

1.11 Revenue

Revenue includes amounts charged to the telecom operators of the country as Turnover Fees. These fees are based on a fixed percentage of the monthly turnover of the telecom operators initially as certified by them and subsequently certified by their auditors on an annual basis.

Revenue also includes revenue from services such as System License Fees, Service License Fees and Radio License Fees.

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 end of the reporting period. 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 Authority;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

1.12 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.

Accounting Policies

(Continued)

1.13 Translation of Foreign Currencies

Foreign Currency Transactions

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

At the end of the reporting period:

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

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

1.14 Contribution to Universal Service Fund

Contributions to the Universal Service Fund set up by the Government of Botswana and managed by the Authority are recognised as expense in the period when the Members of the Board resolve to make contributions to it. The amount of contribution is at the discretion of the Board.

Notes to the Annual Financial Statements

2011
P

2010
P

2. New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and Interpretations effective and adopted in the current year

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

2009 Annual Improvements Project: Amendments to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The Authority has adopted the amendment for the first time in the 2011 annual financial statements. The impact of the amendment is not material.

Notes to the Annual Financial Statements

(Continued)

	2011	2010
	P	P

2.1 Standards and Interpretations effective and adopted in the current year (continued)

2009 Annual Improvements Project: Amendments to IAS 7 Statement of Cash Flows

The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The Authority has adopted the amendment for the first time in the 2011 annual financial statements. The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 17 Leases

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The Authority has adopted the amendment for the first time in the 2011 annual financial statements. The impact of the amendment is not material.

Notes to the Annual Financial Statements

(Continued)

2011
P2010
P

2.2 Standards and Interpretations not yet effective or relevant

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below.

The following standards and interpretations have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2011 or later periods but are not relevant to its current economic operations:

Annual Improvements 2010

The IASB has published Improvements to IFRSs ('2010 Improvements') which makes minor amendments to nine International Financial Reporting Standards (IFRSs) in May 2010. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. This publication completes the IASB's third round of annual improvements. The 2010 Improvements reflect issues that were included in an exposure draft of proposed amendments to IFRSs published in August 2009. It also includes an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

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

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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2.2 Standards and Interpretations not yet effective or relevant (continued)

IFRS 9: Financial Instruments.

This new standard was issued in November 2009. This standard is the first phase of improvements to existing IAS 39 and deals with classification and measurement of financial assets. The standard requires an entity to classify financial assets at either amortised cost or fair value on the basis of

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset; unless it chooses to designate a financial asset at fair value through profit or loss.

At initial recognition, IFRS 9 requires entities to measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are either measured at fair value or amortised cost as described above.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

The impact of this standard is currently being assessed.

IAS 24-Related Party Disclosure

The main change compared to the previous version is the introduction of an exemption from IAS 24's disclosures for transactions with:

- a government that has control, joint control or significant influence over the reporting entity; and
- other entities controlled, jointly controlled or significantly influenced by the same government.

If a reporting entity applies this exemption, it is required to disclose the name of the government in concern and the nature of its relationship with the reporting entity. It is also required to disclose information on the nature and amount of each individually significant transaction with the government or government-related entity. For other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent is required to be disclosed.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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IAS 24-Related Party Disclosure (continued)

The effective date of the standard is for years beginning on or after 01 January 2011.

The Authority does not envisage the adoption of the standard until such time as it becomes applicable to the Authority's operations.

The adoption of this standard is not expected to impact on the results of the Authority, but may result in more disclosure than is currently provided in the annual financial statements.

Certain other new standards and interpretations have been issued such as IFRS 10, IFRS 11 and IFRS 12 but are not expected to have a material impact on the Authority's financial statements.

3. Investment Property

	Valuation	2011 Accumulated depreciation	Carrying value	Valuation	2010 Accumulated depreciation	Carrying value
Investment property	7 000 000	-	7 000 000	-	-	-

Reconciliation of Investment Property-2011

	Opening carrying value	Transfers	Fair value adjustments	Closing carrying value
Investment property	-	6 201 000	799 000	7 000 000

Investment property comprises of Townhouses situated at Plot 4965, Extension 15, Village, Gaborone. In the earlier periods, the management had resolved to dispose these townhouses and hence these assets were classified as assets held for sale. During the current year, the management have revoked the earlier resolution of disposal and have an intent to hold these properties to generate rental income and capital appreciation.

Accordingly, the property has been reclassified during the year as investment property.

Notes to the Annual Financial Statements

(Continued)

	2011	2010
	P	P

3. Investment Property (continued)

Details of Valuation

The investment property was valued at P7 000 000 by Stocker Fleetwood-Bird, professional property valuers on 25 May 2011. The valuers are independent of the Authority and have the professional expertise to value such properties. The valuation was based on open market value for existing use. The management have recorded the appreciation in investment property based on this valuation in the financial statements as they are of the opinion that there has been no material change in the economic scenario in the country between the valuation date and the balance sheet date.

These assumptions are based on current market conditions.

Amounts recognised in Statement of Comprehensive Income for the year:

Rental income from investment property	300 093	472 356
Repairs and maintenance of the investment property	(17 412)	(54 770)

Notes to the Annual Financial Statements

(Continued)

4. Property, Plant and Equipment

Figures in Pula

	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Buildings	31 134 957	(3 615 133)	27 519 824	31 390 476	(2 977 896)	28 412 580
Furniture and fixtures	6 128 735	(3 024 968)	3 103 767	6 092 448	(2 381 739)	3 710 709
IT equipment	6 347 760	(6 038 432)	309 328	6 053 984	(5 071 833)	982 151
Land	2 135 700	-	2 135 700	2 135 701	-	2 135 701
Motor vehicles	2 502 068	(2 139 022)	363 046	2 502 068	(1 268 667)	1 233 401
Office equipment	5 335 003	(3 279 057)	2 055 946	5 095 549	(2 306 036)	2 789 513
Technical equipment (ASMS)	89 716 946	(39 735 080)	49 981 866	89 056 516	(31 443 472)	57 613 044
Capital work in progress	-	-	-	52 439	-	52 439
Total	143 301 169	(57 831 692)	85 469 477	142 379 181	(45 449 643)	96 929 538

Reconciliation of Property, Plant and Equipment-2011

	Opening Carrying value	Additions	Disposals	Depreciation	Closing Carrying Value
Buildings	28 412 580	-	(255 519)	(637 237)	27 519 824
Furniture and fixtures	3 710 709	36 287	-	(643 229)	3 103 767
IT equipment	982 151	293 776	-	(966 599)	309 328
Land	2 135 701	-	-	(1)	2 135 700
Motor vehicles	1 233 401	-	-	(870 355)	363 046
Office equipment	2 789 513	239 452	-	(973 019)	2 055 946
Technical equipment(ASMS)	57 613 044	660 430	-	(8 291 608)	49 981 866
Capital work in progress	52 439	-	(52 439)	-	-
	96 929 538	1 229 945	(307 958)	(12 382 048)	85 469 477

Notes to the Annual Financial Statements

(Continued)

4. Property, Plant and Equipment (continued)

Figures in Pula

Reconciliation of Property, Plant and Equipment-2010

	Opening Carrying Value	Additions	Disposals	Transfers	Depreciation	Impairment Loss	Closing Carrying Value
Buildings	28 711 103	52 855	-	-	(351 378)	-	28 412 580
Furniture and fixtures	1 126 297	1 036 790	(124 801)	1 989 100	(316 677)	-	3 710 709
IT equipment	1 775 945	775 043	(209 549)	-	(1 359 288)	-	982 151
Land	2 135 701	-	-	-	-	-	2 135 701
Motor vehicles	1 858 918	-	-	-	(625 517)	-	1 233 401
Office equipment	1 087 647	1 167 438	(78 048)	1 407 908	(795 432)	-	2 789 513
Technical equipment (ASMS)	65 212 142	810 416	-	1 637 916	(9 846 445)	(200 985)	57 613 044
Capital work in progress	3 415 271	1 672 092	-	(5 034 924)	-	-	52 439
	105 323 024	5 514 634	(412 398)	-	(13 294 737)	(200 985)	96 929 538

Other Information

Fully depreciated property, plant and equipment still in use	17 029 338	15 332 965
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Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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5. Financial Assets by category

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

2011

	Loans and receivables	Total
Cash and cash equivalents	141 593 331	141 593 331
Trade and other receivables	25 210 121	25 210 121
	166 803 452	166 803 452

2010

	Loans and receivables	Total
Cash and cash equivalents	107 860 999	107 860 999
Trade and other receivables	21 965 604	21 965 604
	129 826 603	129 826 603

6. Trade and Other Receivables

Trade receivables	23 969 897	20 722 968
Receivables from National Broadcasting Board	263 115	399 009
Receivables from CRASA	417 050	51 434
Other receivables	521 973	720 495
Staff debtors	38 086	9 985
Deposits	61 713	61 713
	25 271 834	21 965 604

The carrying amount of trade and other receivables approximates its fair value due to the short term maturity pattern of these instruments.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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6. Trade and Other Receivables (continued)

Credit Quality of Trade and Other Receivables

The major debtors constitute the public telecom operators. The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about major customers default rates.

Trade and Other Receivables past due but not impaired

Trade receivables which are less than 3 months past due are not considered to be impaired unless there are other indicators of impairment. At 31 March 2011, P3 726 649 (2010: P1 802 350) were past due but not impaired. Past due is when an invoice remains outstanding beyond 60 days.

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

1 month past due	110 144	259 649
2 months past due	-	474 484
3 months past due	3 616 505	1 068 217
	3 726 649	1 802 350

Trade and Other Receivables impaired

As of 31 March 2011, trade and other receivables of P416 068 (2010: P448 012) were impaired and provided for:

The amount of the provision was P(416 068) as of 31 March 2011 (2010: P(448 012)).

The ageing of these receivables is as follows:

3 to 6 months	26 873	-
Over 6 months	389 195	448 012
	416 068	448 012

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
6. Trade and Other Receivables (continued)		
Reconciliation of Provision for Impairment of Trade and Other Receivables		
Opening balance	202 892	-
Provision for impairment	356 758	202 892
Unused amounts reversed	(115 381)	-
Recoveries made against provisions	(28 201)	-
	416 068	202 892

The creation and release of provision for impaired receivables have been included in operating expenses in Note 14. 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 receivables mentioned above. The Authority does not hold any collateral as security.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

Bank balances	43 502 385	53 113 300
Cash on hand	500	500
Short-term deposits	98 090 446	54 747 199
	141 593 331	107 860 999

Short term deposit includes Authority's investment in Stanbic money market fund which has an average rate of return of 6% (2010: 6.52%). This amount of P35 649 181 (2010: P16 308 400) can be withdrawn in 24 hours notice.

Cash and cash equivalents at the end of the year include a deposit with Stanbic Bank Botswana Limited of P33 663 432 (2010: P25 396 168) held by the Authority on behalf of the Government of Botswana pending establishment of the Universal Service Fund. The balance includes interest earned on the deposit up to the balance sheet date.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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7. Cash and Cash Equivalents (continued)

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 has been assessed as good by the management, as the amounts are placed with reputed financial institutions who are registered in Botswana and who have past performance history with no defaults in their commitments.

8. Discontinued Operations or Disposal Groups or Non-Current Assets held for Sale

During the previous periods the Members of the Board had resolved to dispose off Plot 4965 (Town houses) and Plot 2624 with developments there on. While property situated at Plot 2624 was disposed during the prior year ended 31 March 2010, the property situated at Plot 4965 was not sold, details of which are set out in Note 3. However during the current year the Authority revoked the decision to dispose this investment property situated on Plot 4965 which was earlier classified as "Non-current assets held for sale". Therefore the above property is classified under investment property.

Profit and Loss

Revenue	-	472 356
Expenses	-	(54 770)
Net surplus	-	417 586
Profit on disposal of non-current asset held for sale	-	778 162
	-	1 195 748

9. Proposed Dividends

In compliance with the savingram notification by the Government of Botswana, the Authority proposes to distribute 25% of its surplus for the year before fair value adjustments as dividend to the Government of Botswana. Accordingly, the Authority has apportioned P6 495 937 from its Accumulated Surplus as Proposed Dividend.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
10. Government of Botswana-Universal Service Fund		
The Authority contributes funds for the proposed Universal Service Fund which is to be established by Botswana Government for the development of the telecommunication sector including infrastructure and technical development for Botswana. The Members of the Board decide on the quantum of contribution every year and is discretionary.		
Opening balance of the Fund	20 500 000	16 500 000
Contribution payable to Government of Botswana during the year - through Statement of Comprehensive Income	7 000 000	4 000 000
Interest earned on deposit-Universal Service fund	6 163 432	4 896 168
	33 663 432	25 396 168
11. Trade and Other Payables		
Employee cost accruals	3 935 049	3 455 835
Amounts received in advance	66 421	138 080
Deposits received	25 949	25 949
Other accrued expenses	1 677 991	4 352 855
Other payables	383 992	425 739
Amount held on behalf of National Broadcasting Board	2 053 572	1 644 306
Trade payables	203 401	693 097
Value added tax	1 411 769	802 448
	9 758 144	11 538 309

The carrying amounts of trade and other payables approximates its fair value.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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12. Financial Liabilities by category

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

2011

	Financial liabilities at amortised cost	Total
Trade and other payables	9 758 144	9 758 144
Government of Botswana-Universal Service Fund	33 663 432	33 663 432
	43 421 576	43 421 576

2010

	Financial liabilities at amortised cost	Total
Trade and other payables	11 538 309	11 538 309
Government of Botswana-Universal Service Fund	25 396 168	25 396 168
	36 934 477	36 934 477

13. Revenue

Turnover fees	69 592 953	64 479 752
System license fees	4 342 303	4 097 329
Service license fees	831 358	898 559
Radio license fees	17 317 899	13 994 024
	92 084 513	83 469 664

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
14. Operating Expenses		
Major categories of Operating Expenses:		
Employee costs	27 927 313	27 838 642
Depreciation, amortisation and impairments	12 738 806	13 698 615
Impairments	356 758	202 892
Consulting and professional fees	7 221 724	4 589 425
Conference expenses	3 173 335	1 583 758
Travel expenses	4 076 236	2 193 338
Repairs and maintenance	1 480 698	1 375 092
Security charges	1 311 638	1 280 707
Training	1 237 718	1 629 464
Internet charges	1 181 687	1 119 517
Advertising	893 711	530 753
Donations	584 120	1 149 336
Other expenses	4 452 093	6 669 129
	66 635 837	63 860 668

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
15. Surplus for the year		
Surplus for the year is stated after accounting for the following:		
Rental income	(1 218 310)	(1 495 965)
Profit on disposal of property, plant and equipment	157 035	(148 170)
Impairment on trade and other receivables	356 758	202 892
Profit on exchange differences	-	(158)
Profit on disposal of non-current assets held for sale and net assets of disposal groups	-	(778 162)
Depreciation on property, plant and equipment	12 382 048	13 495 723
Employee costs	27 927 312	27 838 639
Net Gains (losses) on Financial Instruments:		
Loans and receivables	5 052 833	4 955 936
Impairment of Financial Assets per class		
Loans and receivables	356 758	202 892
16. Finance Income		
Finance Income		
Bank	966 490	939 084
Income from short term investments	4 087 993	4 016 852
	5 054 483	4 955 936
17. Fair Value Adjustments		
Investment property (Fair value model)	799 000	-

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
18. Auditors' Remuneration		
Fees	92 327	121 400
19. Cash generated from Operations		
Profit before taxation	25 983 746	23 435 669
Adjustments for:		
Depreciation	12 382 048	13 495 723
(Loss) / Profit on disposal of assets	(157 035)	148 170
Loss on disposal of non-current assets and disposal groups	-	(778 162)
Finance income	(5 054 483)	(4 955 936)
Fair value adjustments	(799 000)	-
Impairment	356 758	202 892
Changes in Working Capital:		
Trade and other receivables	(3 662 988)	(8 702 569)
Prepayments	(234 428)	344 854
Trade and other payables	(1 780 165)	2 963 582
	27 034 453	26 154 223
20. Cash Flows of held for Sale		
Sale of land and buildings held for sale	-	1 200 000

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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21. Commitments

Authorised Capital Expenditure

Not yet contracted for and authorised by the Board	19 884 333	10 058 000
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This committed expenditure relates to property, plant and equipment and will be financed by existing cash resources, funds internally generated, etc.

Operating Leases-as lessor (income)

Minimum Lease Payments due

- within one year	380 000	1 271 989
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Lease agreements are non-cancelable and have the terms 1 to 2 years. The rentals are renegotiated at the anniversary of the lease agreements to align with the open market rates. There are no contingent rents receivable.

22. Contingencies

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P6 692 195 (2010: P5 659 769).

Guarantee issued by the Authority in favour of Barclays Bank of Botswana Limited towards guarantee for employees' car loan, with a maximum facility of P5 000 000, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P1 175 112 (2010: P1 496 513).

Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P1 328 206 (2010: P1 468 764).

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
22. Contingencies (continued)		
Guarantee issued by the Authority in favour of WesBank (a division of First National Bank of Botswana Limited) towards guarantee for employees' car loan, with a maximum facility of P5 000 000, wherein Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P2 975 326 (2010: P2 630 244).		
23. Related Parties		
Relationships		
Members of the Board	Refer Page 51	
Related Parties	The Authority had transactions with Government and other Government interested organisations. These transactions and these parties were not considered to be related party transactions and related parties. However, National Broadcasting Board is considered as a related party, as transactions are in the nature of collection on behalf of this party.	
Members of Key Management	T. G. Phoko (Chief Executive) M. O. Tamasiga (Deputy Chief Executive) A. N. Mokone T. B. Koontse T. S. Mosinyi O. Tsiang M. Mokgware B. Mine G. O. Radijeng	
Related Party Balances		
Amounts included in Trade Receivable (Trade Payable) regarding related parties		
National Broadcasting Board-net of receivable	(1 790 457)	(1 245 297)
Communications Regulators' Association of Southern Africa	417 050	51 434

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
23. Related Parties (continued)		
Related Party Transactions		
Board Sitting Fees		
Sitting fees	91 105	106 281
Travelling and other expenses of the Board	240 851	723 736
Compensation to Key Management		
Remuneration paid	5 804 663	5 870 124
Post-employment benefits-Pension-Defined contribution plan	469 835	465 638
Other long-term employee benefits	963 572	906 118

24. Risk Management

Capital Risk Management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide services to its customers by pricing for the services appropriately and create sufficient funds for development of world class facilities to monitor its activities effectively.

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 7, and accumulated surplus as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Notes to the Annual Financial Statements

(Continued)

	2011	2010
	P	P

24. Risk Management (continued)

Financial Risk Management

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

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out by a finance department under policies approved by the board. The board provides written principles for overall risk management.

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, Authority's finance department maintains flexibility in funding by maintaining various investments with different maturity dates.

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments based on the approved capital expenditure budget and availability of funds.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

Notes to the Annual Financial Statements

(Continued)

2011					2010
P					P
24. Risk Management (continued)					
At 31 March 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Trade and other payables	9 758 144	-	-	-	
Government of Botswana-Universal Service Fund	-	33 663 432	-	-	
At 31 March 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Trade and other payables	8 082 473	3 455 836	-	-	
Government of Botswana-Universal Service Funds	-	25 396 168	-	-	

Interest Rate Risk

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Authority places its funds both in fixed interest earning deposits (fixed deposits) and fluctuating interest earning deposits which are adjusted on a short term basis based on changes in the prevailing market related interest rates.

Further, these deposits are due on demand. The fixed deposits amounting to P98 million (2010: P54 million) are exposed to cash flow interest rate risk. However considering the short term maturity between 14-90 days for these deposits, these risks are minimised.

Notes to the Annual Financial Statements

(Continued)

2011
P

2010
P

24. Risk Management (continued)

Cash Flow Interest Rate Risk

Financial Instrument	Current Interest Rate	Due in less than 1 year	Due in one to 2 years	Due in two to 3 years	Due in three to 4 years	Due after 5 years
3 months fixed deposits	5.70 %	10 000 000	-	-	-	-
3 months fixed deposits	5.80 %	12 131 572	-	-	-	-
3 months fixed deposits	6.00 %	40 370 924	-	-	-	-
Stanbic money market fund	5.95 %	35 649 181	-	-	-	-
Stanbic Bank Botswana Limited-Call account	3.75 %	33 663 432	-	-	-	-

Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Authority only deposits cash with major banks with high quality credit standing and exposure is spread with different bankers.

Trade receivables are mainly from three major operators from telecommunication sector, amounting to P21 million (2010: P18.99 million) at the year end. Management evaluated credit risk relating to customers on an ongoing basis especially on major customers by obtaining their latest financial statements, budgets etc.

The maximum credit exposure on trade receivables is limited to P24.53 million (2010: P21.45 million). The Management evaluates credit risk relating to its debtors on an ongoing basis and where appropriate, makes adequate provisions for bad and doubtful debts. The cash resources are placed with reputable financial institutions.

Notes to the Annual Financial Statements

(Continued)

	2011 P	2010 P
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24. Risk Management (continued)

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

Financial Instrument

Trade receivables	24 529 956	21 453 448
Receivable from CRASA and NBB	680 165	450 443
Barclays Bank of Botswana Limited	21 403 913	10 146 944
Stanbic Bank Botswana Limited	33 663 432	27 058 948
Bank of Baroda (Botswana) Limited	40 646 859	31 155 420
First National Bank of Botswana Limited	11 651 677	22 573 337
Standard Chartered Bank Botswana Limited	-	617 452
Investment in Stanbic money market fund	35 649 181	16 308 400

The Authority has also provided guarantees to banks for various employee loans sanctioned by the banks. This guarantee exposes the Authority to credit risk. Refer to note 22 for additional details.

Foreign Exchange Risk

There are no foreign currency exposures outstanding at the year end. The Authority does not hedge foreign exchange fluctuations.

Detailed Income Statement

	Note(s)	2011 P	2010 P
Revenue			
Turnover fees		69 592 953	64 479 752
System license fees		4 342 303	4 097 329
Service license fees		831 358	898 559
Radio license fees		17 317 899	13 994 024
	13	92 084 513	83 469 664
Gross Profit		92 084 513	83 469 664
Other Income			
Rental income		1 218 310	1 495 965
Recoveries		143 581	-
Other income		162 658	596 452
Finance income	16	5 054 483	4 955 936
Gains on disposal of assets		157 035	-
Profit on exchange differences		-	158
Fair value adjustments	17	799 000	-
Profit on non-current assets held for sale		-	778 162
		7 535 067	7 826 673
Expenses (Refer to page 94-95)		(73 635 834)	(67 860 668)
Surplus for the year		25 983 746	23 435 669

The information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

(Continued)

	Note(s)	2011 P	2010 P
Operating expenses			
Advertising		(893 711)	(530 753)
Assessment rates & municipal charges		(32 999)	(14 091)
Auditors remuneration	18	(92 327)	(121 400)
Bank charges		(102 516)	(88 250)
Cleaning		(100 643)	(92 126)
Computer expenses		(439 925)	(302 227)
Consulting and professional fees		(7 221 724)	(4 589 425)
Consumables		(17 905)	(38 695)
Depreciation, amortisation and impairments		(12 738 806)	(13 698 615)
Donations		(584 120)	(1 149 336)
Employee costs		(27 927 312)	(27 838 639)
Entertainment		(67 413)	(39 015)
Board expenses		(327 956)	(823 438)
Conference expenses		(3 173 335)	(1 583 758)
Functions hosted by BTA		(382 775)	(264 708)
Internet expenses		(1 181 687)	(1 119 517)
Prepaid registration		-	(1 320 852)
Contribution to Universal Service Fund		(7 000 000)	(4 000 000)
Training levy		(170 471)	(444 390)
Staff Recruitment expenses		(48 279)	(97 986)

The information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

(Continued)

	Note(s)	2011 P	2010 P
Operating expenses (continued)			
Insurance		(595 789)	(558 049)
Legal expenses		(16 040)	(94 647)
Loss on disposal of assets		-	(148 170)
Magazines, books and periodicals		(36 444)	(22 332)
Motor vehicle expenses		(216 099)	(223 481)
Postage		(67 539)	(41 233)
Printing and stationery		(698 891)	(685 852)
Protective clothing		(14 769)	(80 424)
Repairs and maintenance		(1 480 698)	(1 375 092)
Royalties and license fees		-	-
Security		(1 311 638)	(1 280 707)
Staff welfare		(419 574)	(460 800)
Subscriptions		(292 094)	(332 097)
Telephone and fax		(123 890)	(211 688)
Training		(1 237 718)	(1 629 464)
Travel		(4 076 236)	(2 193 338)
Utilities		(544 511)	(366 073)
		(73 635 834)	(67 860 668)

The information presented does not form part of the annual financial statements and is unaudited

Notes

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