



Annual Report 2010/11

CORPORATE STATEMENTS

Our Vision

"To be the centre of excellence for public procurement and asset disposal by 2018"

Mission

"To lead the effective implementation of a devolved, efficient, cost effective, and transparent public procurement and asset disposal system through an appropriate regulatory environment"

Values

Fairness and Equity

The Board shall treat all its customers in a fair, consistent and non discriminatory manner.

Integrity

The activities of the Board shall be characterized by honesty, trustworthiness and shall be above reproach in accordance with best international practice and recognized standards of corporate governance.

Customer service

The Board shall at all times serve its customers efficiently, effectively and with respect.

Partnerships

The Board shall ensure that the strategy and modalities for the achievement of its mandate are based on a solid foundation through collaborative efforts involving all stakeholders.

Communication

The Board shall actively seek to establish and maintain an effective communication channel with all stakeholders and staff.

Transparency

The Board shall ensure, at all times, that the entire procurement system is transparent and meets expectations of all its customers.

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28th September 2011

Honourable O. K. Matambo, M.P
Minister of Finance & Development Planning
P/ Bag 008
GABORONE

Dear Sir,

In accordance with section 60 (b) of the Public Procurement & Asset Disposal Act [CAP 42:08], I hereby submit the Annual Performance Report of the Public Procurement & Asset Disposal Board for the Financial Year ended 31 March 2011.

Thank you.

Yours faithfully

Bridget P. John
Executive Chairperson

BOARD OF DIRECTORS



Executive Chairperson
Bridget P. John



Executive Director - Works
Mosimolodi B. Lefhoko



Executive Director - Services
Ishmael Joseph



Executive Director - Supplies
Idah M. Marumo



Board Secretary
Moffat R. Lubinda



Non Executive Director - Works
Alex L. Monchusi



Non Executive Director - Services
Nelson D. Mokgethi



Non Executive Director - Supplies
Manfred Kgari

EXECUTIVE CHAIRPERSON'S FOREWORD

It is a pleasure to present a report for the financial year 2010/2011. This year was by comparison the most difficult since the establishment of the Board. Notwithstanding the many challenges experienced during the year, the Board made modest achievements in the reform of public procurement and asset disposal as envisaged at its inception in 2002.



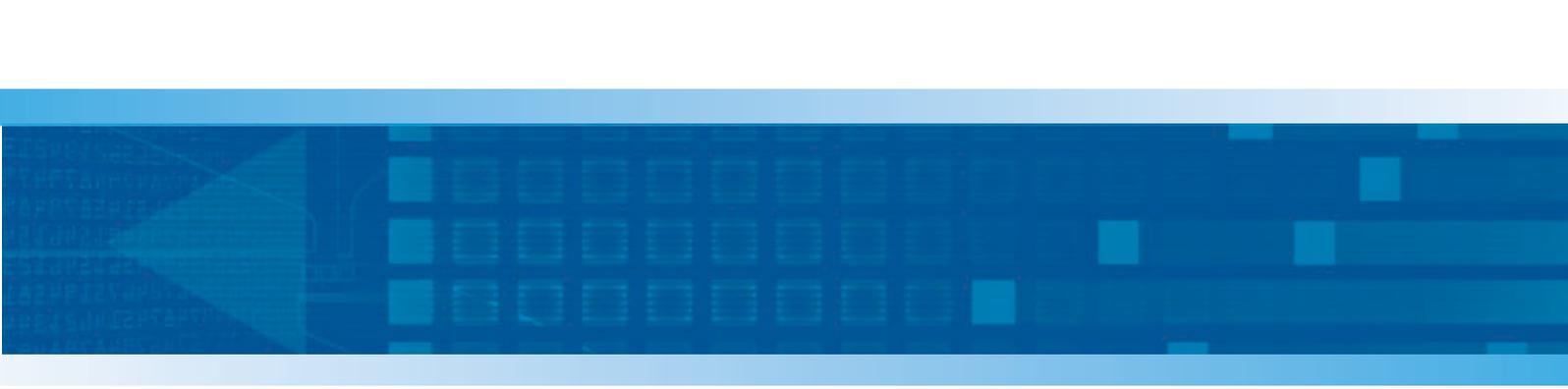
**Executive Chairperson
Bridget P. John**

Highlights

The reporting period of 2010/11 was characterized by an acute shortage of financial resources as a result of the global economic recession and the consequent national call to do more with less. Of the required budget of P41 071 652, only P28 002 880 (68%) was granted. In spite of the financial constraints faced by the Board, satisfactory progress was however achieved in the area of Contractor Registration, as the Board initiated a study to enhance the Contractor Registration system. PPADB has only been registering contractors that do business with the Central Government in the Works category (Construction, Electrical, Civil Engineering, etc) and listing IT and medical equipment suppliers owing to capacity constraints. The study recommended that the Board needed to commence registering contractors in the Supplies and Services categories in line with the provisions of the PPAD Act. A decision was subsequently made to effect the implementation of this recommendation in the next financial year 2011-2012, and the necessary preparatory work has commenced.

Another significant accomplishment during the reporting period was the empowerment of Procurement Entities (PEs) with skills to prepare good tender documents. In order to reduce the incidences of flawed and erroneous Instructions to Tender (ITTs) from Procuring Entities, PPADB made arrangements for direct interaction with PEs, Ministerial Tender Committees (MTCs) and District Administration Tender Committees (DATCs). A total of nine (9) technical visits and sixty three (63) workshops were conducted. In addition, three MTCs and two DATCs secretaries were attached to PPADB Divisions for a minimum of one week to mentor and expose them to the handling and processing of tender documents, as well as handholding opportunities. Some improvements have been noted in this regard.

Furthermore, PPADB was able to develop 25 Training Modules for the Capacity Building of PEs, bidding community, and committees of the Board. These modules will go a long way in ensuring that the training conducted by PPADB is credible, consistent, and of acceptable quality. The intention is to have the modules accredited by the Botswana Training Authority in the near future, to ensure acceptable standards and inspire confidence in those being trained. I am delighted to acknowledge the support received by PPADB from the Supply Chain Management System, a USA-based outfit that provided technical and financial support through Crown Agents, a consultancy company in the United Kingdom for the production of the training modules. This was a noteworthy accomplishment demonstrating the benefit of networking and



partnerships for PPADB, particularly at a time when the organization had no financial resources to carry out this critical initiative.

The Board continued with its primary role of adjudication, and experienced comparatively fewer legal challenges in relation to its award decisions. The apparent reduction in litigation is probably attributable to the fact that fewer tenders went out because of the recession. It could also be an indication that the bidding community is gradually gaining confidence in the operations of the Board. It should be noted that litigation has the undesirable effect of delaying project implementation, but it cannot be totally avoided in a situation where every bidder expects to win.

Challenges

One of the major challenges regarding adjudication is the delay on the part of Procuring Entities in responding to requests for additional information. This draws out decision making and results in late start of projects and the associated cost increases.

Secondly, there is limited outreach in terms of public education on the mandate of the PPADB, owing to lack of resources. This has resulted in negative perceptions, inaccurate reporting about the Board, and loss of public confidence in its operations.

Last but not least, whilst the Committees (MTCs and DATCs) of the Board continue to make significant contribution in the sphere of public procurement and asset disposal, there remain some challenges relating to their inadequate capacity.

Way Forward

In order to comply with the requirements of the PPAD Act and improve the financial viability of the Board in the short to medium term, the Board will strive to increase its revenue base through charges for growing the contractor database that include suppliers and service providers. This will be complemented by the envisaged implementation of the Integrated Procurement Management System which provides for, among others, online application for registration. PPADB will also embark on cost reduction measures, where possible, to reduce its running expenses.

In the next reporting period, PPADB shall intensify the capacity building of PEs and further simplify standardized bidding packages where necessary. Emphasis will also be placed on Procurement Planning to mitigate late procurement that is common towards the end of the financial year, which compromises procurement efficiency and limits competition. The establishment of Procurement Units in Government will support procurement planning and overall procurement coordination.

The Board will also undertake a performance assessment of all MTCs and DATCs in the implementation of delegated functions. This will inform the review of financial thresholds for committees which currently stand at P25 million and P2 million for MTCs and DATCs respectively.

ACKNOWLEDGEMENTS

The achievements of PPADB could not have been possible without the unwavering support of all Board Members who provided strategic guidance and advice. My profound appreciation also goes to the PPADB Executive Management and staff for their commitment and sense of purpose in the attainment of our Vision, Mission and Values.

On behalf of the Board, I wish to record the significant contribution made by the MTCs and DATCs, which exercised their delegated powers responsibly and to the best of their ability, despite their capacity challenges. Without them, and the support of Government, the fulfillment of the role and mandate of the Board would have been a daunting task.

I thank the bidding community and the general public for responding to our calls for consultations to seek input to inform the various initiatives of the Board.

Lastly, I take this opportunity to acknowledge and thank in a special way, the founding and immediate past Executive Chairperson of PPADB, Mr. Armando Vasco Lionjanga for his leadership since the establishment of the Board. He steered the ship through rough waters during the early times and left it on course when he retired. We wish him well in his deserved retirement.

EXECUTIVE MANAGEMENT TEAM



Executive Chairperson
Bridget P. John



Executive Director - Works
Mosimolodi B. Lefhoko



Executive Director - Services
Ishmael Joseph



Executive Director - Supplies
Idah M. Marumo



Divisional Manager Works
Elijah T. Motshedi



Divisional Manager - Services
Joyce M. Mokobi



Information Technology Manager
Nkata Seleka

EXECUTIVE MANAGEMENT TEAM



Board Secretary
Moffat R. Lubinda



General Manager Corporate Services
Tshireletso C. Modukanele



Divisional Manager - Supplies
Kgakgamalo K. Ketshajwang



Chief Accountant
Batho Linchwe



**Public Relations & Public Education
Manager**
Ditapole Chibua-Tsheboeng



Human Resource. & Admin. Manager
Mompoti M. Baleseng

THE BOARD AND CORPORATE GOVERNANCE

Public Procurement and Asset Disposal Board (PPADB) consists of Board members who are appointed by the Minister of Finance and Development Planning (MFDP). The Board has a membership of seven (7) made up of the Chairperson, who is the Executive Chairperson of PPADB, 3 Executive Directors, and 3 Non-Executive Directors who are drawn from different associations of contractors, professional bodies and the private sector.

These members are responsible for providing the strategic guidance that ensures that PPADB upholds its values and delivers on its mandate. The Board continues to strive towards the attainment of the highest Corporate Governance and legal compliance standards in its operations.

The primary function and responsibility of the PPAD Board as per section 37 (1) of the PPAD Act (CAP 42:08) is to adjudicate on bid recommendations from the Government Ministries and make awards accordingly. The Board is also responsible for the management of contractors' registration system, establishment of committees and delegation of power, ensuring compliance with the Act, standardized bidding packages and advising stakeholders on procurement.

Internal sub-committees of the Board

There are 4 sub-committees of the Board which help the Board in carrying out its functions of providing guidance to the organization.

1. Board of Directors Tender Committee

The Committee considers, adjudicates and awards tenders for the procurement of goods and services at a value in excess of P500 000.

This committee comprises;

- The Executive Chairperson (Chairperson of the Committee)
- All Directors
- Board Secretary (Legal Advisor)
- General Manager, Corporate Services, (Secretary).

Two full time Board members and one part time member form a quorum.

2. Management Tender Committee

The Committee considers, adjudicates and awards tenders for the procurement of goods and services at a value of P100 000 to P500 000.

The members of the committee are;

- Two Executive Directors, one of whom acts as a Chairperson
- The Board Secretary
- The General Manager Corporate Services
- The Chief Accountant (Secretary)

3. Manpower and Remuneration Committee

The Manpower and Remuneration Committee has a complement of two members of the Board whilst the other two are members of the Executive Management, and the Human Resources and Administration Manager is a member and the Secretary of the Committee.

During the year, the following comprised the Committee:

Mr. Nelson D. Mokgethi	Non- Executive Director- Chairperson
Ms. Idah M. Marumo	Executive Director- Supplies
Ms. Keitumetse Morolong	Non-Executive Director (resigned on the 1 st June 2010)
Mr. M. Kgari	Non-Executive Director (joined on the 1 st August 2010)
Ms. Tshireletso C. Modukanele	General Manager-Corporate Services
Ms. Mompati M. Baleseng	Human Resources and Administration Manager (Secretary)

The Manpower and Remuneration Committee assumes a compliance and monitoring role to ensure adherence to Corporate Governance Standards. The Committee ensures that decisions in respect of Human Resources Management Policies, Terms and Conditions of Employment including Remuneration and Benefits Policies comply with relevant statutes or pieces of legislation. The main function of the Committee is to advise the Board on human resources policies and strategies, including remuneration and the appointment to senior management positions.

4. Audit Committee

The Audit Committee comprises five (5) members; three are Board members, whilst the other two are members of the executive management.

OPERATIONS OF THE BOARD

The Audit Committee advises the Board on financial and audit matters. The Committee continuously reviews reports, financial internal controls and management of financial resources. The Committee reviews accounting policies and recommends amendments in accordance with international accounting standards and other regulatory bodies.

The following comprised the Audit Committee:

Mr. A.L. Monchusi	Non-Executive Director- Chairperson
Mr. I. Joseph	Executive Director
Ms. K.S. Morolong	Non-Executive Director (resigned 09 th June 2010)
Mr. M. Kgari	Non-Executive Director (joined 1 st August 2010)
Mr. B. Linchwe	Chief Accountant- Member - Secretary
Ms. T.C. Modukanele	General Manager - Corporate Services

STATUTORY COMMITTEES

Special Procurement and Asset Disposal Committee (SPADC)

This Committee is established in terms of Section 63 of the PPAD Act to handle procurement of highly sensitive works, supplies, and services for the disciplined forces in respect of which strict confidentiality and utmost secrecy may be required for a fixed duration. The Committee adjudicates on tenders such as those of the Botswana Defence Force and Botswana Police Services. SPADC comprises two Executive Directors and one Non Executive Director, a senior member of the Public Service and it is chaired by the Executive Chairperson of the Board.

The Committee meets once a week. During the 2010/11 financial year, SPADC considered a total of 206 requests. The distribution of the committee's decisions is shown in the figure below.

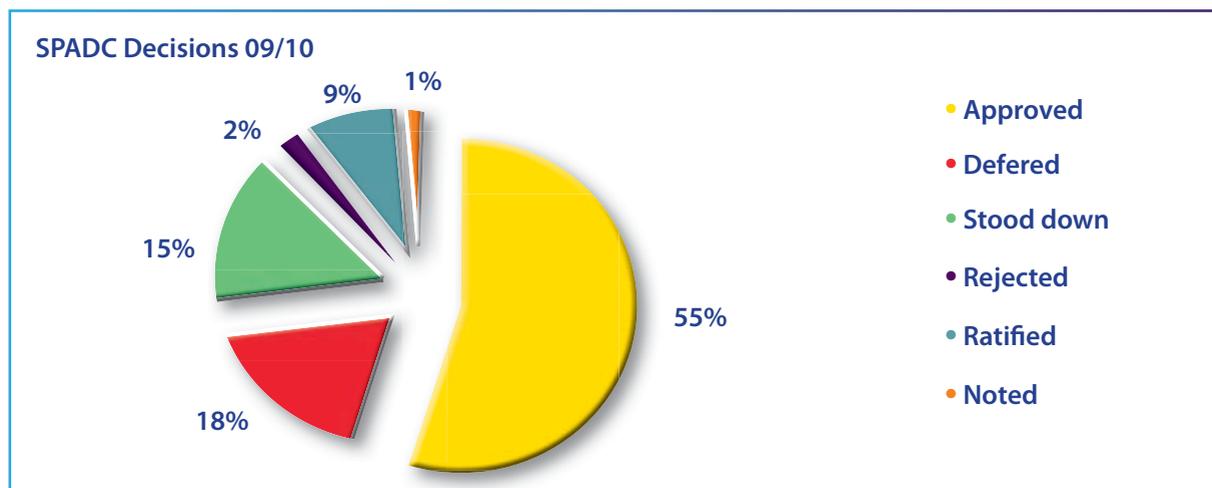


Figure 1: Distribution of decisions reached by SPADC between April 2010 and March 2011

The Committee approved 55% of the submissions. This shows an 8% increase from the previous financial year approval rate. On the other hand, only 18% of the requests were deferred during this period, as opposed to 26% during the 2009/10 financial year.

MINISTERIAL TENDER COMMITTEES (MTCs)

These Committees are established in terms of Section 61 of PPAD Act. The Committees comprise of officials from within Ministries to carry out duties as delegated to them by the Board from time to time. Currently MTCs adjudicate, on behalf of the Board, tenders not exceeding P25, 000,000 in value, subject to biennial review. The members of these Committees are appointed by the Board on recommendation from their respective Ministries. By the end of the 2010/11 financial year, 16 MTCs were operational. MTCs have now been established for all Ministries.

During the 2010/11 financial year 8 out of 16 MTCs that submitted their returns to PPADB considered a total of 2063 requests.

The distribution of the requests is shown below.

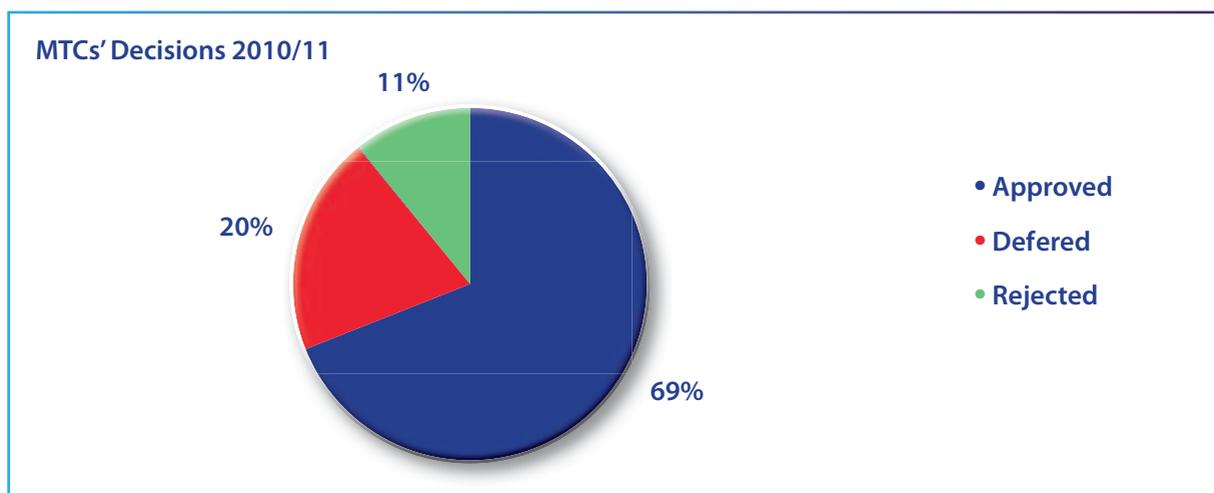


Figure 2: The 2010/11 adjudication decisions by MTCs

The Committees approved 69% of the submissions and deferred 20% of the requests. The rejection rate also stood at 11%.

Other MTCs were not able to submit returns to PPADB for various reasons and will be aggressively pursued in future to submit.

DISTRICT ADMINISTRATION TENDER COMMITTEES (DATCs)

There are 24 DATCs which comprise officials based in Districts, and adjudicate on tenders not exceeding P2,000,000 in value, (mainly dealing with food commodity contracts for Central Government institutions). Members of these Committees are appointed by the Board on recommendations from the District Officers or District Commissioners.

The distribution of submissions handled by the 14 out of 24 DATCs that submitted their returns to PPADB for the period under review is shown as follows;

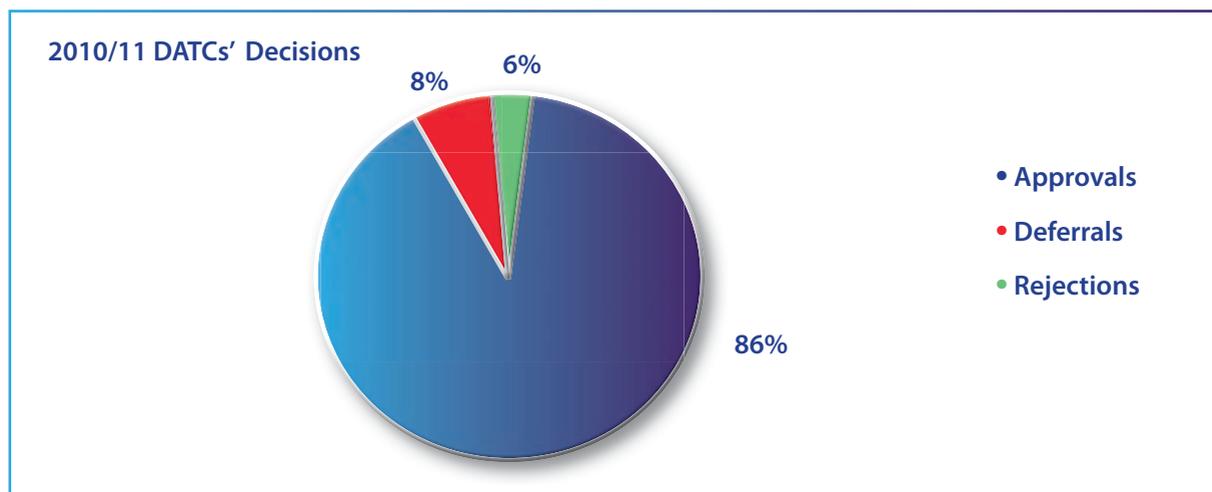
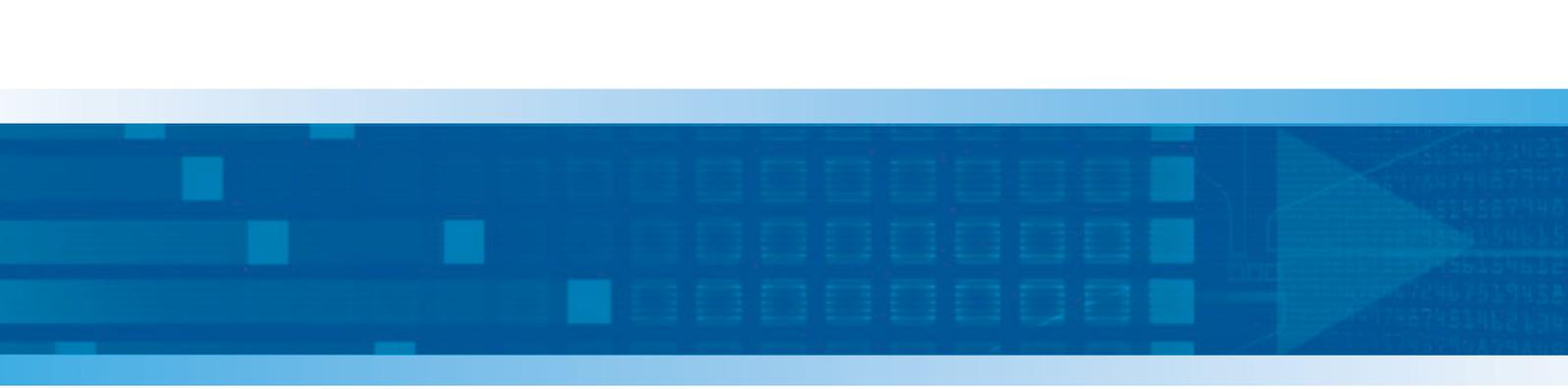


Figure 3: The 2010/11 DATCs' Adjudication decisions

A total of 969 requests were submitted for adjudication. The Committees approved 848 (86%) of the submissions whereas 75 (8%) and 65 (6%) were deferred and rejected respectively. Other DATCs were not able to submit their returns to PPADB for a number of reasons and will be aggressively pursued in future to submit.

INDEPENDENT COMPLAINTS REVIEW COMMITTEE (ICRC)

This is not a Committee of the Board, but a Committee established under section 95 of the PPAD Act. Members of the Independent Committee are appointed by the Minister and are drawn from commerce industry, academia, and professions relevant to the work of the Independent Committee. The Committee comprises the Chairperson and four members. The Committee deals with complaints on the Board's decisions by contractors on the procurement and disposal process, the registration process, disciplinary



process and others. During the year under review, the Independent Committee received four complaints and all of them were decided in favour of the Board.

ADVISORY COMMITTEE ON PUBLIC PROCUREMENT AND ASSET DISPOSAL

This Committee is established in terms of Section 110 of the PPAD Act. This is not a Committee of the Board, but a Committee provided for under the PPAD Act. Members of this Committee are appointed by the Minister from contractors' associations and professional bodies, Ministries, public entities and the PPAD Board as outlined in section 111 of the PPAD Act. The function of the Advisory Committee is to review the performance of the Board, its Committees, the procuring and disposal entities and the Independent Committees. The Committee was not yet operational during the reporting period.

SUSPENSION AND DELISTING COMMITTEE

This is a Committee of the Board established in pursuance of the provisions of section 50 of the PPAD Act. The Committee may be directed by the Board with respect to any aspect of its operations. Any complaint that is lodged with the Board is then submitted to the Suspension and Delisting Committee for investigations. Once the investigations are complete, the Committee will then make recommendations to the Board, which will then take a decision on the complaint. The Committee comprises of one member from the Attorney General's Chambers, one member from the Directorate on Corruption and Economic Crime and three members from the PPADB's three Divisions. The Committee did not start work during the reporting period pending the publishing of the contractors code of conduct for legal effect.

Procurement Management

Adjudication by the PPADB

A total of 1154 submissions were received by the Board and were categorized into Services (49%), Supplies (23%), Works (24%) and Office of the Board Secretary (4%).

The table below summarizes all the Board submissions across Divisions.

	Services	Supplies	Works	OBS	Total	Percentages (%)
Approvals	216	143	74	15	448	39%
Deferrals ¹	315	105	173	21	614	53%
Rejections	38	22	29	3	92	8%
Total	569	270	276	39	1154	100%

Table 1: Total submissions throughput of the Board in 2010/11 financial year

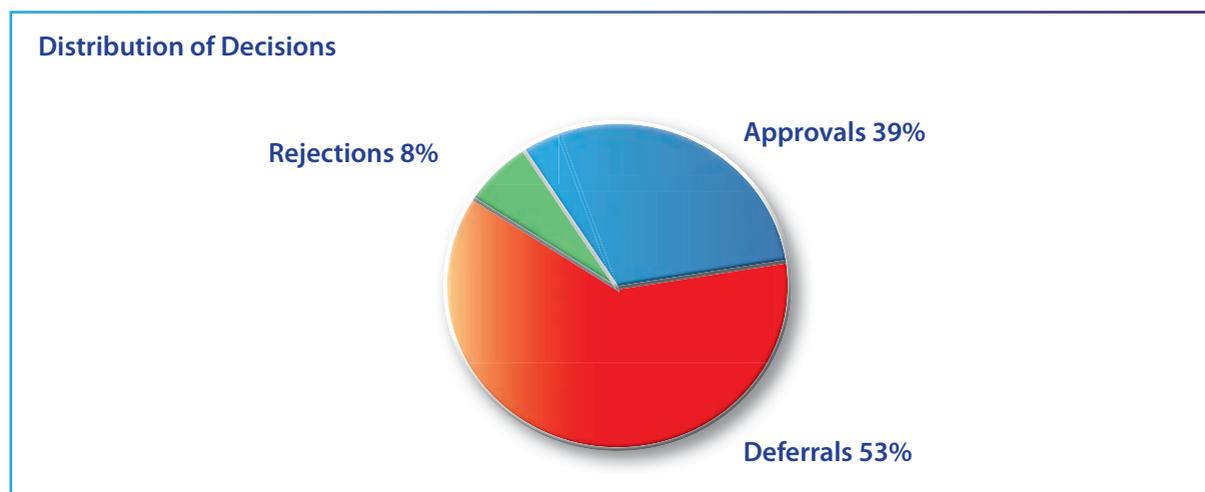


Figure 4: Distribution of Board Adjudication decisions

¹The number of deferred submissions is not a reflection of the number of projects that have been permanently deferred by the Board during the financial year 2010/2011. It represents the number of deferred recommendations during the weekly Board meetings in the above financial year. The submission required a Procuring Entity to provide additional information or address a particular issue that the Board felt was essential to enable it to make an informed decision on that particular submission. Once the required information is submitted by the Procuring Entity, the deferred submission may automatically become an approval or a rejection.

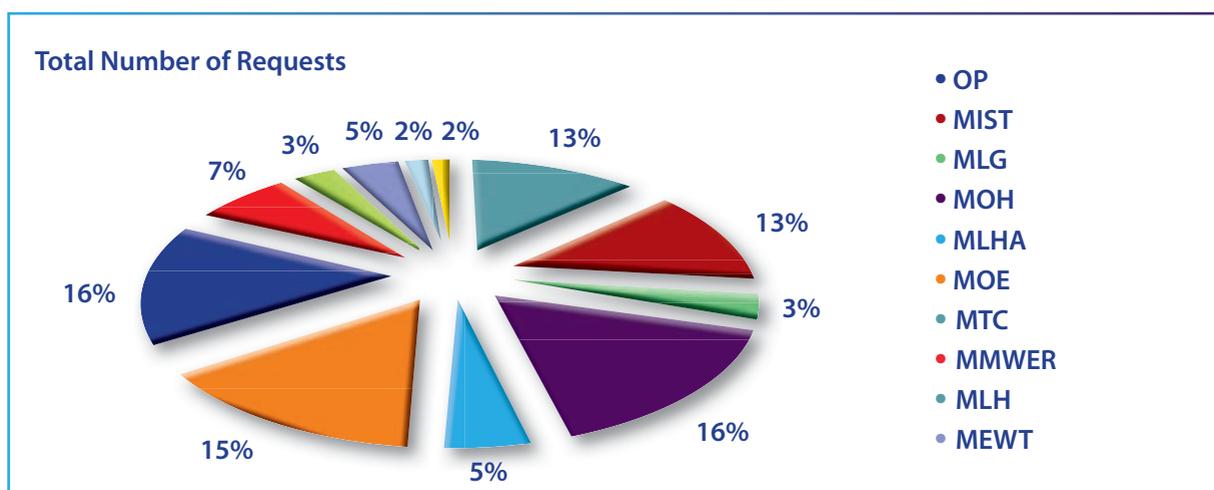
ANALYSIS OF SUBMISSIONS

- The Board received 1154 submissions for adjudication, which shows a 29% decrease from the previous financial year's submissions. The decline in the total number of submissions is due to the fact that the Government was only recovering from the economic recession and hence fewer projects were carried out. This was due to the fact that the development budget for the financial year under review was dedicated mainly to the completion of on-going projects.
- The approval rate decreased from 48% (previous period) to 39%.
- An increase in the deferral rate has been observed from the previous financial year's 47% to 53%.
- There was also an increase in the rejection rate from 5% in the 2009/10 financial year to 8% in the 2010/11 financial year.

A summary of adjudication decisions shows that the approval rate has decreased, whereas that of deferrals and rejections has increased. The results call for more effort from both the Board and Procuring Entities in terms of capacity building and compliance with the Act. To achieve its objective of 90% approval rate and 10% deferral rate, it is critical that the Board should advocate for the setting up of Procurement Units in Ministries as stipulated in Section 12 of PPAD Regulations. The responsibility of the unit is to manage all procurement and disposal activities of the procuring entity.

RETROACTIVE REQUESTS

A total of 67 retroactive requests were submitted to the Board during the 2010/11 financial year. This shows a reduction in the retroactive requests submitted by PEs from the 82 requests submitted during the 2009/2010 financial year.



The Ministry of State President (OP) and the Ministry of Infrastructure, Science and Technology (MIST) both submitted the largest number of requests (16%=9 requests) each. The Ministries with the least number of requests are the Ministry of Trade and Industry (MTI) and the Ministry of Foreign Affairs and International Cooperation (MOFAIC).

The total number of retroactive requests amounted to a cost of P27, 312,908.71 of which P13, 652,956.90 was approved. This shows a tremendous improvement in the cost of retroactive requests when compared to the 2009/10 financial year retroactive requests cost of P245, 982,611.23 of which P159, 221,832.61 was approved.

ITT VETTING

The Board received a total of 115 Invitation to Tenders (ITTs) from Procuring Entities for vetting. Of the total submissions, 108 (94%) were vetted by PPADB within the target turnaround time of 2 weeks whereas 7 (6%) exceeded the target for different reasons.

Summary of ITTs vetted across Divisions

	RECEIVED ITTs	VETTED WITHIN 1 WEEK	VETTED WITHIN 2 WEEKS	VETTED BEYOND 2 WEEKS
SERVICES	18	16	2	0
		89%	11%	0%
SUPPLIES	55	31	20	4
		56%	36%	8%
WORKS	42	0	39	3
		0%	93%	7%
TOTAL	115		108	7
			94%	6%

Table 2: ITTs vetted by the Board during 2010/11 financial year

Challenges Relating to the Vetting of ITTs

- Procurement planning - Quite often when Procurement Entities are requested to attend meetings to discuss their ITTs, they usually take longer than anticipated to avail themselves for the meeting and thus delay in the vetting of ITTs.
- Procurement Entities are still lagging behind in understanding procurement procedures and principles.

Interventions

The PPADB Divisions came up with some of the following interventions to curb these challenges;

- Development of a database - Works Division has developed an excel database to capture ITT details and a procurement officer has been assigned the responsibility of tracking the vetting of ITTs in order to minimize delays. Other Divisions have put in place similar arrangements.
- Capacity Building - Workshops were organized with PEs and the bidding community to improve their level of understanding of procurement procedures so as to improve compliance with the PPAD Act and to minimize delays in project implementation.

Disposal of Assets

The Board received six (4) requests of asset disposal during the 2010/11 financial year. The total reserve value was P28, 720,255.98 and the assets were disposed of at a total value of P37, 728,115.00. The disposal requests are listed in the table below:

APPROVAL DATE	DISPOSING ENTITY	DESCRIPTION OF ITEMS	NO. OF ITEMS APPROVED FOR DISPOSAL	RESERVE VALUE	DISPOSAL PROCEEDS RECEIVED	NO. OF ITEMS DISPOSED	NO. OF ITEMS REMAINING
May/ June 2010	CTO	Boarded vehicles	334	5,966,100.00	974,325.00	270	52
October/ November 2010	CTO	Boarded	321	5,318,335.00	11,445,090.00	296	43
16/12/2010	BDF	CN-235-10 Aircrafts & Associated Spares	2	12,600,000.00	12,957,000.00	2	0
2/1/2011	CTO	Boarded vehicles	271	4,835,420.00	12,405,700.00	230	31
			928	28,720,255.98	37,782,115.00	798	126

STRATEGIC PLAN IMPLEMENTATION

This financial year was the third year in the implementation of the PPADB Strategic Plan 2008 – 2013. Eight Strategic Leverage Areas are being pursued to achieve the organization's vision of being the centre of excellence for public procurement and assets disposal by 2018. These are;

- **Reduced Financial Dependence**
- **Devolution of Authority**
- **Monitoring and Compliance**
- **Human Resource Transformation**
- **Strategy Implementation and Monitoring**
- **Capacity Building**
- **Information and Technology Processes**
- **Stakeholder Relations, Education and Branding**

The implementation of the majority of strategic leverage areas is progressing well. Although teething problems were experienced regarding issues of measures, targets and alignment in the first two planning years, there has been some considerable improvement during the year under review. PPADB is generally on course regarding the implementation of the initiatives identified to drive the Strategic Plan 2008-2013. However, the impact of initiatives driving the leverage areas of monitoring and compliance as well as capacity building is yet to be felt. In future, PPADB intends to develop an organization-wide guideline to ensure that parameters are defined and to facilitate the monitoring and analysis of information. An evaluation of capacity building activities will be undertaken to ensure that knowledge and skills transferred remain relevant over time.

Capacity Building

A total of 63 capacity building workshops were conducted by the Board during the year. The total number of participants trained stood at 2214. This shows an increase from the previous period where 44 workshops were conducted and 1483 participants attended. Participants were capacitated on the following areas, among others:

- **Fundamentals of procurement: procurement planning, procurement methods**
- **Legal and Regulatory framework**
- **The use of SBPs and ITT development**
- **Evaluation, Adjudication and Award**
- **Overview of public procurement system for Central Government**
- **Disposal of Assets**
- **Price adjustment and currency fluctuations**
- **IPMS and contractor registration system**

The distribution of capacity building workshops conducted is shown in Figure 3.

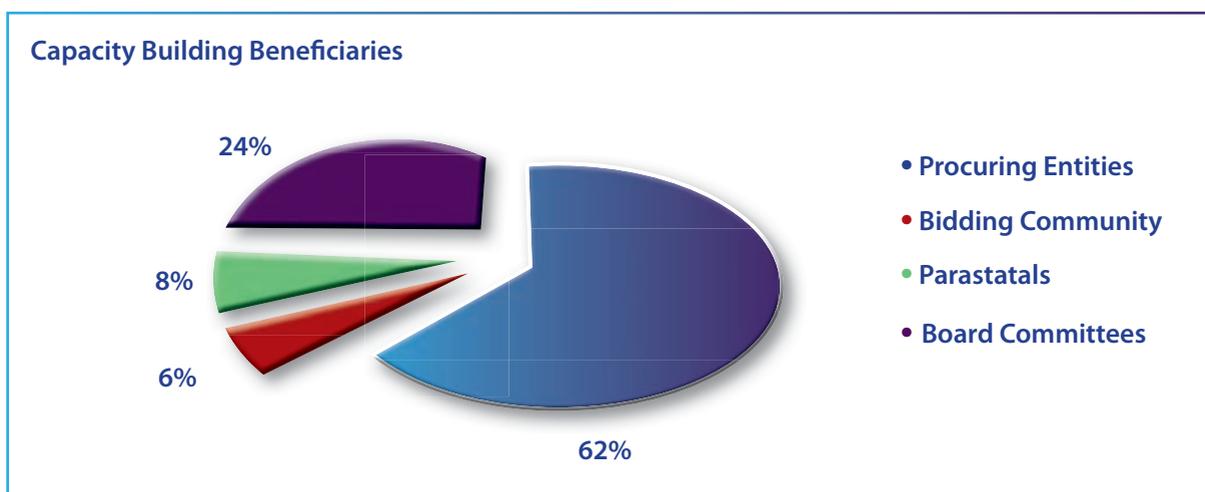


Figure 3: Distribution of capacity building workshops

Out of 63 workshops conducted, 39 (62%) were conducted for Procuring Entities, 15 (24%) for Board Committees (MTCs and DATCs), 4 (6%) for the Bidding community, and 5 (8%) for Parastatals.

Table 4: Distribution of training activities in a given quarter

	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	TOTAL
SERVICES	3	11	4	4	22
SUPPLIES	3	9	8	2	22
WORKS	5	9	2	3	19
TOTAL	11	29	14	9	63

The following are challenges experienced by PPADB;

Challenges

- The absence of Procurement Units in Ministries continues to be a major setback in realizing the objectives of capacity building, as there is no focal point for training and no central accumulation of knowledge in Ministries.
- Financial constraints which limit the number of workshops.

Interventions

- The Board developed training modules for short term programs and conducted a training of trainers' course for PPADB staff.
- The capacity building approach has been intensified for MTCs/DATCs. Accounting Officers continue to be encouraged to establish Procuring Units. Furthermore, the Board has strengthened its compliance monitoring efforts to ensure that the capacity building initiative addresses the real gaps on the ground.

CONTRACTOR REGISTRATION

The Board is mandated to register all contractors in works, supplies and services intending to bid for Government procurement and disposal. To date, the Board has only been able to register contractors and consultants (service providers) in works. In addition and pursuant to the provisions of Part VIII on reservation and preferential treatment, the Board maintains lists of citizen contractors providing ICT supplies and services; and suppliers and/or manufacturers of medical supplies, drugs, laboratory reagents, equipment, and related products.

During the year under review, the Board considered 924 applications, most of which were for construction at 727 (79%) followed distantly by ICT at 107 (11%), Medical at 63 (7%) and Consultants at 27 (3%).

The figure below illustrates the distribution.

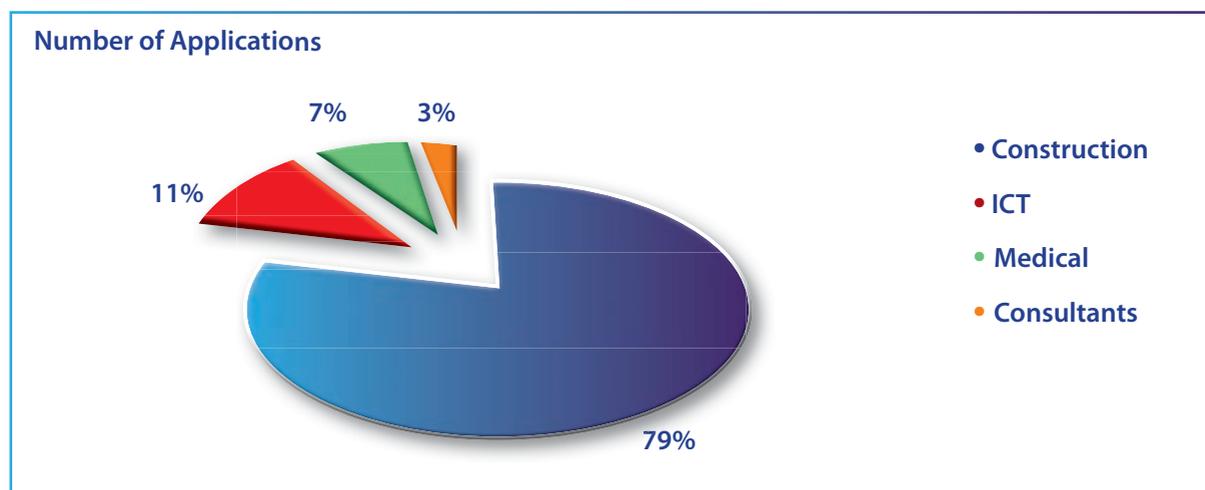


Figure 5: Distribution of applications considered by the Board during 2010/11 financial year

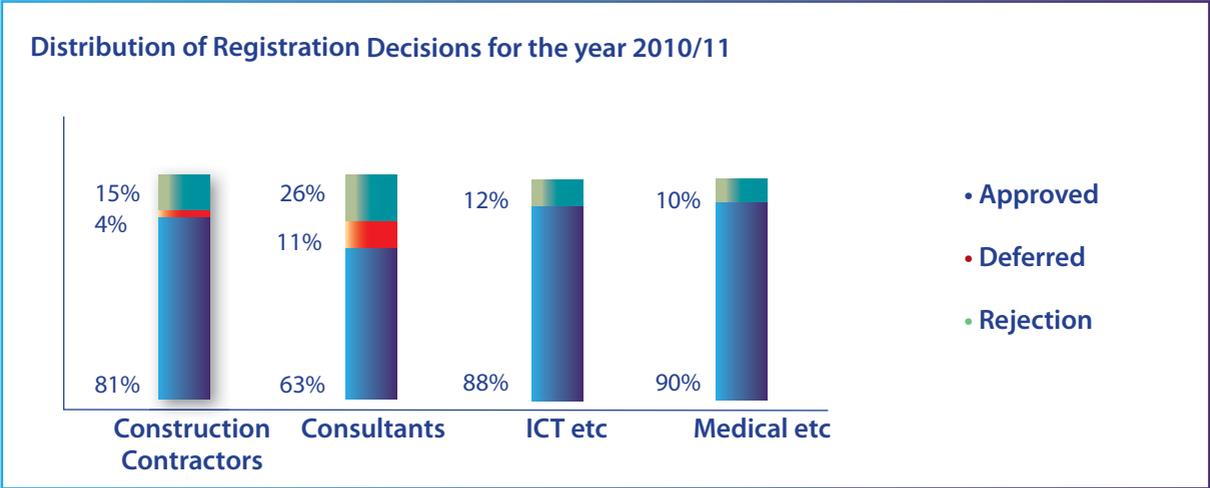


Figure 6: Distribution of registration decisions for the year 2010/11

Submission by Discipline

	APPROVED	DEFERRED	REJECTED	TOTAL
BUILDING DISCIPLINE				
Contractors	308	11	82	401
Consultants	4	2	2	8
Total	312	13	84	409
ROADS				
Contractors	189	6	23	218
Consultants	7	0	1	8
Total	196	6	24	226
WATER ENGINEERING				
Contractors	79	10	4	93
Consultants	4	0	1	5
Total	83	10	5	98
INFRASTRUCTURE				
Contractors	11	4	0	15
Consultants	2	1	0	3
Total	13	5	0	18
CIVIL AVIATION				
Contractors	0	0	0	0
Consultants	0	0	0	0
Total	0	0	0	0
SURVEY & MAPPING				
Contractors	0	0	0	0
Consultants	0	0	0	0
Total	0	0	0	0
TOWN & REGIONAL PLANNING				
Contractors	0	0	0	0
Consultants	0	0	2	0
Total	0	0	2	2
GRAND TOTAL	604	34	115	753

Table 3: Submissions by discipline

Analysis of Submissions

- The Board received 924 submissions for registration, which shows a 38% decrease from the previous year's total of 1473 submissions.
- On average, 81% of the submissions were approved by the Board and this shows a significant increase from 75% during the previous period. The deferral rate stood at 15%, whereas the rejection rate was 4%.
- Table 3 above shows that the Board received 753 applications under contractors and consultants, of which were categorised as: Building discipline (54.3%), Roads discipline (30%), Water Engineering (13%), Infrastructure (2.4%) and Town and Regional Planning (0.3%)

OTHER OPERATIONS AND STRATEGY IMPLEMENTATION AREAS

Stakeholder Relations and Education

In terms of stakeholder relations, 4 radio and TV programmes were planned for the year to promote the work of the Board and educate the public. Three (3) television programmes and 12 radio programmes with various radio stations were achieved. Such programmes ranged from interviews, phone-ins and other discussions. The features included the following;

Table 4: Media programmes and other public events in which PPADB participated

Medium	Programme / Event	Subject
Radio	RB1 : Masa a sele, Lifeline, A Matlhong, Sefalana Sa Papadi	<ul style="list-style-type: none"> • PPADB mandate in the management of tenders; • Establishment of suspension and delisting committee • IPMS Project , General public procurement procedures and processes, challenges, interventions and workshops
	RB2: Rise and Shine, Lunch Hour	<ul style="list-style-type: none"> • General central government procurement issues; Anti corruption measures - how PPADB collaborates with the DCEC to combat corruption in the tendering industry – Kenya ACC benchmarking exercise; Capacity Building and Participation at Consumer Fair 2010
	Gabz FM : Solid Drive morning show	<ul style="list-style-type: none"> • The role of PPADB in facilitating policies of government • Contractor registration requirements • Capacity building workshop
	DUMA FM	<ul style="list-style-type: none"> • Tendering processes and procedures, debriefing policy and lodging complaints
	Yarona FM: Mixed Bag	<ul style="list-style-type: none"> • Legal issues complaints from contractors and bid protest mechanisms
Television	Botswana Television : Morning Breakfast Show	<ul style="list-style-type: none"> • The role of the suspension and delisting committee, contractors’ obligations and call to consultative meetings. • Role of PPADB participation at fairs and expos. • IPMS Tshipidi project - how it will transform the procurement landscape and training opportunities
Fairs and Exhibitions	Botswana Consumer Fair	<ul style="list-style-type: none"> • PPADB mandate and other new developments
	Ministry of Trade and Industry Youth Business Expo	<ul style="list-style-type: none"> • Tendering procedures

A reduction in the number of negative media publications and uninformed articles marked another milestone. The target was to have 50% of positive publications about PPADB during the year. An analysis of the articles published where PPADB was concerned totaled 57 and 46% were considered positive publications. PPADB extended an invitation to the media for internal briefings and other stakeholder events where Botswana Television provided coverage as follows:

- The familiarization tour of PPADB offices by the then Assistant Minister of Finance and Development Planning, Hon. Charles Tibone
- Visit by a delegation from the Kenya Anti Corruption Agency office on a benchmarking mission
- The benchmarking mission by a Chinese delegation to the Botswana anti-corruption agency.

Challenges related to Stakeholder Relations

PPADB has not done very well in terms of outreach programmes due to budgetary constraints.

Interventions

Efforts were made to leverage on free publicity to the extent possible.

HUMAN RESOURCES TRANSFORMATION

Human Resource Policies

The human resources remain the most important asset in driving the agenda of the Board and the realization of its vision. The Human Resources unit focuses on people development, motivation, and retention in its effort to develop a dynamic and robust organization. The Board achieves this by constant assessment and review of its processes to enhance proper implementation of key human resource guiding principles and policies.

Recruitment and retention

As at end of March 2011, the PPADB had a staff complement of 69, comprising of 4 Executive positions, 10 Senior and Middle Management positions, 27 professional positions and 28 technical and support positions. A total of 5 employees were employed during this year in the technical and support groups. Only one employee left the organisation on resignation from the professional group and the Board hopes to continue doing well in terms of staff retention. The staff retention target is 50%.

Performance Management, Training, and Development

The Board has a performance management system in place, which informs the training and development process of the PPADB. The employee performance appraisal is held mid year and end of year. The system is used to identify employee performance gaps, if any, which feed the organization's training and development plan.

During this year however, the organization was not able to implement the training plan because of non-availability of funds. Only continuing training was prioritized for funding.

Employee Welfare

The Board implements a range of employee benefit and welfare schemes and services to assist in improving the welfare of employees, and promote a committed and productive labor force. The Board has a group life assurance and occupational disability cover for its employees with Glenrand Insurance Brokers.

INTEGRATED PROCUREMENT MANAGEMENT SYSTEM (IPMS)

During the period under review, PPADB continued with its computerization project, the Integrated Procurement Management System (IPMS). The solution is being provided by Corporate Business Solutions (Pty) Ltd and project management services are provided by X-Pert Group, both based in Gaborone.

The project's business case is geared towards a reduction of time in the contractor registration and tender cycles, which will in turn result in increased efficiency and transparency in the public procurement and disposal system. IPMS is an interactive web application that will open new channels of doing procurement business in Botswana by providing an open and secure platform. Being a web based application; IPMS will greatly increase accessibility to PPADB services by customers.

The solution is expected to have a wide range of stakeholders as depicted in figure 1 below encompassing the committees of the Board, procuring entities and bidding community.

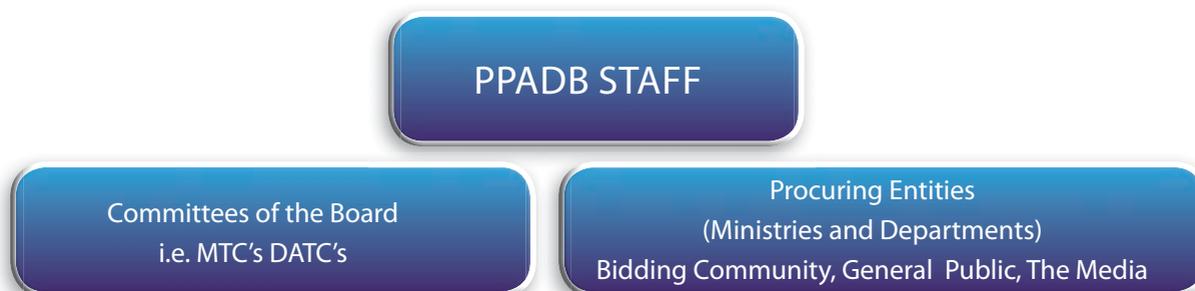
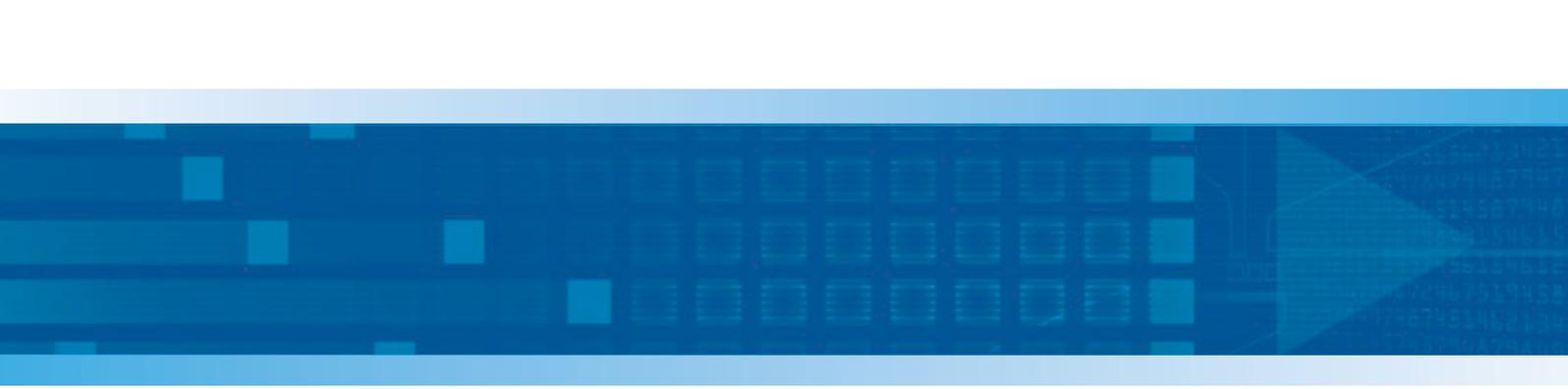


Figure 7: IPMS Stakeholders



Some of the expected benefits of IPMS will be for contractors in Works, Supplies and Services to register online, viewing tenders in circulation online, downloading and submission of bids online and tracking progress of tenders online. This will greatly reduce the need for contractors to travel long distances to access services offered by PPADB. It will increase competition as more and more contractors will be able to participate in the bidding process. The implementation strategy adopted was that Contractor Registration and Procurement Planning modules be implemented first so that benefits from these can be realized as soon as possible.

During the reporting period, the Contractor Registration module went through various stages of testing but is yet to be completed.

Customization of IPMS will continue into the 2011/2012 financial year.

FINANCES OF THE BOARD

One of the leverage areas of the strategic plan is to reduce financial dependence on Government funding; including fees, charges and levies for services provided to all beneficiaries. During the year, PPADB partially implemented the Cost Recovery Strategy. We have not yet reached our target but it is hoped that as the strategy is fully rolled out during the 2011/2012 financial year, the initiative will go a long way in reducing financial dependence on government funding.

Financial Audit

Financial Audits of the operations of the Board were conducted by the Office of the Auditor General for the financial year 2010/11.

Budgetary Constraints

During the year under review The Ministry of Finance and Development Planning approved a recurrent budget of P28 002 880 against an estimated budget of P41 071 652. As a result of the shortfall in the budget, PPADB had to suspend some of the activities which were planned for the 2010/2011 financial year e.g. the establishment of a Contractor Registration Unit and the Reviewing of PPADB Organizational structure, among others.

The cover page features a dark blue background with a grid of lighter blue squares. A large, semi-transparent blue arrow points from the left towards the right, positioned behind the text. The text is centered and reads "ANNUAL FINANCIAL STATEMENTS" in a large, bold, white sans-serif font, with "31 MARCH 2011" in a slightly smaller, bold, white sans-serif font below it. The overall design is clean and professional, typical of a corporate financial report.

ANNUAL FINANCIAL STATEMENTS
31 MARCH 2011

FINANCIAL STATEMENTS

for the year ended 31 March 2011

BOARD MEMBERS

A.V. Lionjanga	Contract Term ended	30/6/2010
B.P. John	Joined	01/02/11
I. Joseph		
I. Marumo		
M. Lefhoko		
D. Mokgethi		
K. Morolong	Resigned	08/07/10
A. L. Monchusi		
Mr. M. Kgari	Joined	01/08/10

BOARD SECRETARY

M.R. Lubinda

NATURE OF BUSINESS

The Public Procurement and Asset Disposal Board (PPADB) was established by an Act of Parliament number Cap 42:08 in 2001. The PPADB is in the business of adjudication of tenders for procurement and disposal of government assets.

REGISTERED OFFICE

Plot 8913
Maakgadigau Way, Gaborone West Industrial Site
Private Bag 0058
Gaborone

AUDITORS

Auditor General

BANKERS

Standard Chartered Bank Botswana
Stanbic Bank Botswana Limited
Bank Gaborone
Stanbic Investment Fund

FINANCIAL STATEMENTS

for the year ended 31 March 2011

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Statement of changes in Funds	41
Cashflow Statement	42
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FINANCIAL STATEMENTS

for the year ended 31 March 2011

BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Members of the Board are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information in accordance with International Financial Reporting Standards.

The Auditor General is responsible to give an independent opinion on the fairness of the annual financial statements based on his audit of the affairs of the Organisation.

The Members of the Board are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the Organisation and to ensure they are duly authorised.

The financial statements have been prepared on the going concern basis, since the Members of the Board have every reason to believe that the Board has adequate resources in place to continue in operation for the foreseeable future.

Against this background, the Members of the Board accept responsibility for the annual financial statements set out on pages 39 to 51 which were approved by the Board of Management on **12th August 2011** and are signed on its behalf by:

Executive Chairperson
B.P. John

Part - Time Director
A.L. Monchusi

TELEPHONE: (+267) 3617100/3951050
FAX: (+267) 3908582/3188145
FARM FORST HILL, NO.9
LOT 134, MILLENIUM PARK
KGALE HILL
GABORONE
BOTSWANA



OFFICE OF THE AUDITOR GENERAL
PRIVATE BAG 0010
GABORONE
BOTSWANA

REPORT OF THE AUDITOR GENERAL TO THE BOARD OF DIRECTORS, PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

I have audited the Financial Statements of the Public Procurement and Asset Disposal Board (PPADB) as set out on page 39 to 51 which comprise Financial Position as at 31 March 2011, the Comprehensive Statement of Income, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended; and notes to the Financial Statements.

The Board of Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements, in accordance with International Financial Reporting Standards. The responsibility includes:

- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities:

My responsibility is to express an opinion on these Financial Statements based on the audit. I conducted the audit in accordance with the International Standards on Auditing. Those standards require that I comply requirements and plan and perform the audit to obtain reasonable assurance on whether the Financial Statements are free from material misstatement; and whether they were prepared in all material respects, in accordance with an applicable reporting frame work.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement. The auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 the accounting policies used, the reasonableness of the accounting estimates made by management, as well as the overall presentation of the Financial Statements.

I have examined the books, accounts and vouchers of the Public Procurement and Asset Disposal Board to the extent I considered necessary and have obtained all the information and explanations I required. I believe that the audit procedures used and the evidence obtained are sufficient and an appropriate basis for the opinion given below.

Audit Opinion:

In my opinion, the Financial Statements of the Board present fairly, in all material respects, the financial position of the Board's affairs as of March 31, 2011, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements:

The Board had prepared the Financial Statements in compliance with the requirements of the Public Procurement and Asset Disposal Act (CAP 42:08);

I have received all the information and explanations, which I required for the purposes of the audit of the Financial Statements of the Board.



R.B. SEBOPENG
AUDITOR GENERAL

Date: 19 August 2011

INCOME STATEMENT

for the year ended 31 March 2011

		MARCH 2011	MARCH 2010
	Notes	P	P
Government Grants	1	26,893,103	25,923,698
Other income	2	2,543,979	3,174,030
Total Revenue		29,437,082	29,097,728
Expenditure:			
Administrative	3	6,569,645	6,464,087
Staff costs	4	23,105,174	23,091,562
Total expenses		29 674 819	29 555 649
Net Operating surplus/(Deficit)		(237,737)	(457,921)
Interest Income		308,030	385,575
Surplus/(Deficit) for the year		70,293	(72,346)

BALANCE SHEET

for the year ended 31 March 2011

	Notes	MARCH 2011 P	MARCH 2010 P
ASSETS			
Non current assets			
Property, plant and equipment	5	2,455,502	2,376,115
Current assets			
Receivables and prepayments	6	2,488,403	2,018,390
Cash and cash equivalents	7	4,981,756	4,269,239
		7,470,159	6,287,629
TOTAL ASSETS		9,925,661	8,663,744
FUNDS AND LIABILITIES			
Capital Funds and Reserves			
Capital Funds		2,455,502	2,376,115
Accumulated funds		638,576	496,877
Revaluation surplus		202,205	87,415
		3,296,283	2,960,407
Current liabilities			
Payables and accruals	8	6,629,378	5,703,337
		6,629,378	5,703,337
TOTAL FUNDS AND LIABILITIES		9,925,661	8,663,744

STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2011

	Capital grants P	Accumulated fund	Revaluation Surplus P	Total P
Balance at 1st April 2009	2,835,724	654,930	1,709	3,492,363
Capital Grants received during the year	433,602			433,602
Loss for the period		(72,346)		(72,346)
Transfer of recognised portion of capital grants	(973,744)			(973,744)
Revaluation surplus	85,706	(85,706)	85,706	85,706
Disposals during the year	(5,173)			(5,173)
Accumulated depreciation adjustment				0
Balance at 31 March 2010	2,376,115	496,878	87,415	2,960,408
Capital Grants received during the year	1,111,530			1,111,530
Profit for the period		70,293		70,293
Transfer of recognised portion of capital grants	(970,528)	170,500		(800,028)
Disposals during the year	(61,614)			(61,614)
Adjustments		15,695		15,695
Revaluation		(114,790)	114,790	0
				0
Balance at 31 March 2011	2,455,503	638,576	202,205	3,296,284

CASH FLOW STATEMENT

for the year ended 31 March 2011

	MARCH 2011 P	MARCH 2010 P
CASHFLOWS FROM OPERATING ACTIVITIES		
Net Surplus or (deficit) for the year	70,293	-72,346
Less: Capital Grant Amortisation	-970,528	-973,744
Add: depreciation charge	970,528	973,744
(Profit)/Loss on disposal of property, plant and equipment	-72,379	-3,071
Less: Interest income	-308,030	-385,575
Operating deficit before working capital changes	-310,116	-460,992
Increase/(decrease) in accounts receivable	-470,013	-486,707
Increase/(decrease) in accounts payable	926,041	1,041,742
Cash generated from operations	456,028	94,043
Net cash from/(used in) operating activities	456,028	94,043
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-1,111,530	-433,602
Proceeds on disposal of property, plant and equipment	248,564	4,779
Interest received	308,030	385,575
Net cash from/(used in) investing activities	-554,936	-43,248

	MARCH 2011 P	MARCH 2010 P
CASHFLOWS FROM FINANCING ACTIVITIES		
Capital Grants received	1,111,530	433,602
Adjustment	10,011	
Net cash from/(used) in financing activities	1,121,541	433,602
NET CHANGE IN CASH AND CASH EQUIVALENTS	712,517	484,397
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	4,269,239	3,784,842
CASH AND CASH EQUIVALENTS END OF YEAR	4,981,756	4,269,239
REPRESENTED BY:		
Cash and cash equivalents	4,981,756	4,269,239

ACCOUNTING POLICIES

for the year ended 31 March 2011

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies. These policies comply with International Financial Reporting Standards. The policies have been consistently followed in all material respects.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Except motor vehicles which are depreciated on revalued amounts.

DEPRECIATION

Depreciation is provided over the estimated useful lives of the assets in equal annual instalments to write off the cost over the periods stated below ;

Furniture, Partitioning and fittings	5 years
Office equipment	5 years
Motor Vehicles	See notes above
Computers	4 years
Cellphones	2 years

FOREIGN CURRENCIES

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

PENSION COSTS

Citizen employees working on a contract basis are entitled to gratuities at the end of every four-year term. Those who are employed on a pensionable basis are entitled to a pension scheme. Provision is made in respect of these benefits on an annual basis and included in the operating results. The assets of the fund are held separately from those of the Board in an independently administered fund.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 March 2011

CAPITAL GRANTS

Funds received from the Government of Botswana in respect of capital assets are credited to capital grants. Capital assets received from the Government are also credited to capital grants. An amount equal to depreciation for the year is amortised to the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and demand deposits, and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

REVENUE

Interest from short-term bank deposits and investments is recognised on an accrual basis.

Government grants are accounted for on a receipt basis. Any operating surplus realised is carried forward and included in overall funds.

FINANCIAL INSTRUMENTS

Investments in financial assets are initially recognised at cost. Subsequently, financial assets are re-measured at fair value, except for those held-to-maturity investments such as debt and loans, which are carried at amortised cost. Financial liabilities are recognised at the original debt less principal repayments and amortisation.

PROVISIONS

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Employee entitlements to annual leave and contractual gratuities are recognized when they accrue to employees as a result of services rendered by employees up to the balance sheet date.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 March 2011

TRADE RECEIVABLES

Receivables are measured at initial recognition at fair value. Bad debts are written off during the year in which they are identified.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	MARCH 2011 P	MARCH 2010 P
1 GRANTS		
Revenue grants received	28,004,633	26,357,300
Revenue grants utilised for capital expenditure	(1,111,530)	(433 602)
	26,893,103	25,923,698
2 OTHER INCOME		
Sundry Income	1,881,481	2,200,286
Amortisation of Capital Fund	970,528	973,744
	2,852,009	3,174,030
3 Administration Expenses		
Loss on disposal of fixed assets	-	-
Audit Fees	67,370	157,716
Advertising and promotion	520,382	451,314
Bank Charges	38,989	43,431
Consulting Fees	149,503	82,675
Cleaning expenses	214,210	205,947
Depreciation of Fixed Assets	970,528	973,744
General Office Expenses	185,493	223,926
Insurance	346,113	246,036
Legal Fees	369,995	621,191
Security	142,646	149,538
Motor Vehicle Expenses	109,027	82,312
Postage	30,712	23,272
Printing and Stationery	665,312	453,114
Rent	1,827,170	1,827,170
Repairs and Maintenance	180,489	253,492
Telephone, fax and internet	298,239	233,962

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2011

	MARCH 2011	MARCH 2010
	P	P
3 Administration Expenses (continued)		
Electricity	253,173	102,525
Water	61,665	55,682
Gardening	73,983	75,350
Subscriptions	64,647	149,095
Bad Debts	-	52,594
Losses and write offs	-	-
	6,569,646	6,464,087
4 Staff costs		
Gratuity	2,554,987	2,556,499
Staff Welfare Costs	205,476	138,366
Salaries and Wages	19,845,075	16,268,210
Training	499,636	1,913,557
	23,105,174	20,876,632

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2011

5 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings P	Office equipment P	Motor vehicles P	Computers P	Total P
Cost at 1st April 2010	1,990,366	1,852,700	557,020	2,473,744	6,873,830
Additions	22,784	195,192	672,808	220,747	1,111,530
Disposals	-4,794	-66,660	-248,000	-57,240	-376,694
Revaluation			-39,720		-39,720
Balance at the end of year	2,008,356	1,981,232	942,108	2,637,251	7,568,946
Accumulated Depreciation					
Balance at the beginning of the year	1,371,461	1,220,092	139,255	1,766,907	4,497,715
Charge for the year	190,501	271,059	106,772	402,197	970,529
Disposals	-4,794	-62,103	-77,500	-55,893	-200,289
Revaluation			-154,510		-154,510
Balance at the end of year	1,557,168	1,429,048	14,017	2,113,211	5,113,444
Net book value as at 31 March 2011	451,188	552,184	928,091	524,040	2,455,502
Net book value as at 31 March 2010	618,905	632,608	417,765	706,837	2,376,115

Cellphones have been classified under office equipment and depreciated using 50% depreciation rate

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2011

	MARCH 2011 P	MARCH 2010 P
6 RECEIVABLES AND PREPAYMENTS		
Staff debtors	2,209,350	1,670,169
Prepayments	76,029	69,713
Deposits	13,372	26,420
Trade Debtors	178,529	252,089
New Loans Clearing	0	0
	2,477,280	2,018,390
7 CASH AND CASH EQUIVALENTS		
Cash	100	100
Current account	(1,546,709)	(1,651,556)
Call account	2,394,362	2,094,149
Stanbic Money Market Fund	4,039,536	3,826,105
Bank Gaborone	89,779	0
Petty Cash	4,688	441
	4,981,756	4,269,239
8 PAYABLES AND ACCRUALS		
Trade payables	178,529	66,921
Other creditors	102,812	28,235
Staff Social Club	70,810	58,993
Accrued Expenses	0	30,643
Leave pay provision	1,161,312	937,533
Income Tax clearing	3,513	109
Gratuity provision	5,106,948	4,473,275
Provision for doubtful debts	0	89,434
Salary clearing a/c	5,374	18,193
Tender Advert Clearing A/C	80	0
	6,629,378	5,703,337

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2011

	MARCH 2011	MARCH 2010
	P	P
9 SURPLUS FROM OPERATIONS		
Deficit from operations is stated after taking into account the following:		
Depreciation	970,528	973,744
Directors' emoluments	2,208,765	2,519,561
10 CONTINGENT LIABILITIES		
PPADB has guaranteed property , motor vehicles and personal loans for its staff members from Stanbic Bank and balances outstanding as at 31 March 2011		
Property	1,263,637	1,531,882
Motor Vehicles	2,764,002	3,013,469
Personal Loans	2,848,866	2,219,710
	6,876,504	6,765,061

CONTINGENT LIABILITIES

PPADB has only one outstanding legal case against it as at 31 March 2011.

ANNUAL REPORT 2010/11