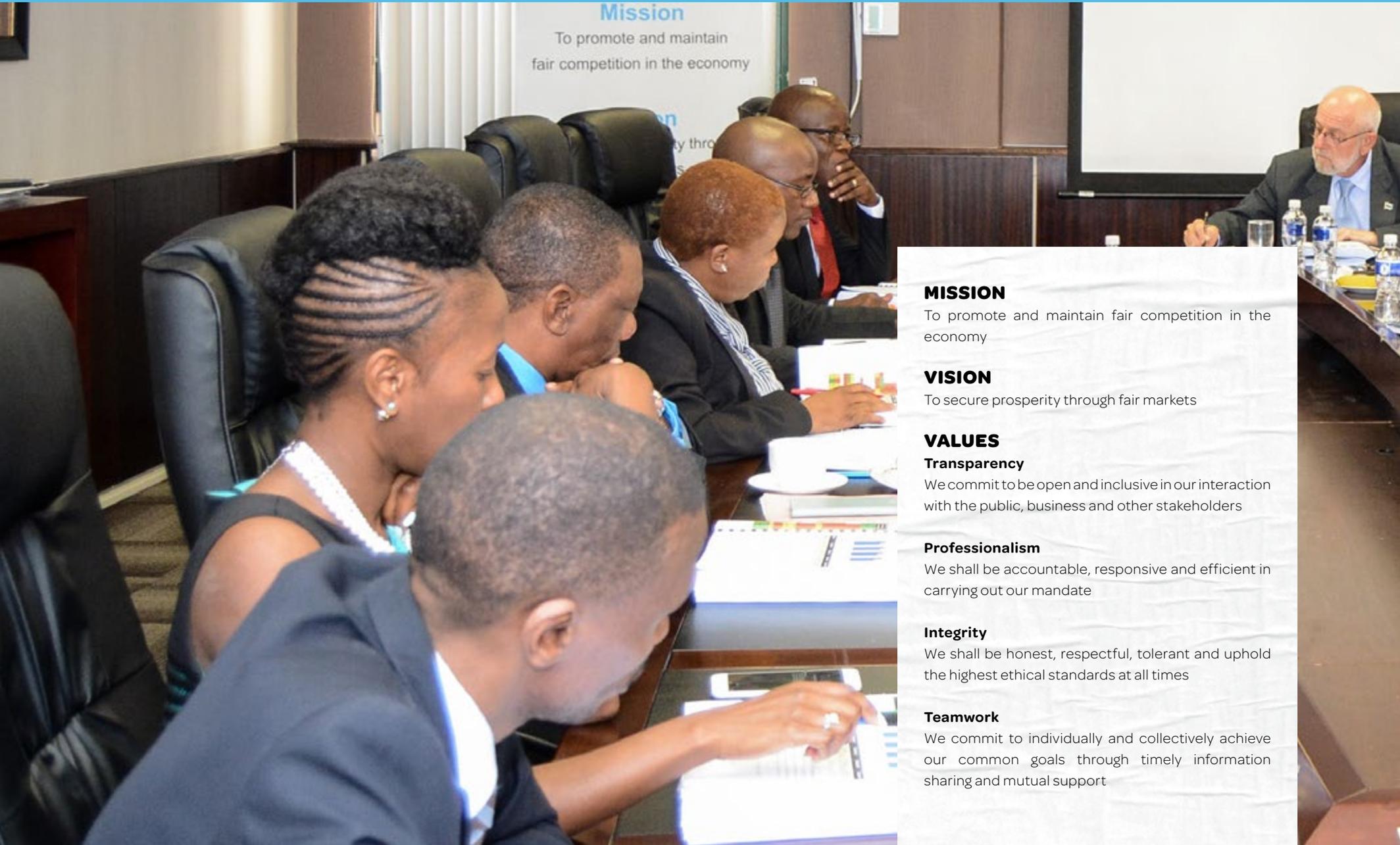




Mission Statement



MISSION

To promote and maintain fair competition in the economy

VISION

To secure prosperity through fair markets

VALUES

Transparency

We commit to be open and inclusive in our interaction with the public, business and other stakeholders

Professionalism

We shall be accountable, responsive and efficient in carrying out our mandate

Integrity

We shall be honest, respectful, tolerant and uphold the highest ethical standards at all times

Teamwork

We commit to individually and collectively achieve our common goals through timely information sharing and mutual support



Corporate Profile

The Competition Authority (Authority) is constituted in terms of the Competition Act (Cap 46:09) and is domiciled in the Republic of Botswana. The Authority is responsible for the prevention of, and redress for, anti-competitive practices in the economy, and the removal of constraints on the free play of competition in the market. The governing body of the Authority is the Competition Commission (Commission) which is responsible for the direction of the affairs of the Authority.

Chairperson of the Competition Commission

Dr. Onkemetse B. Tshosa

CEO and Secretary to the Competition Commission

Mr. Thula Kaira

Registered Office

Plot 28, Matsitama Road
Main Mall
Gaborone, Botswana

Contact Details

Postal: Private Bag 00101, Gaborone, Botswana
Telephone: +267 393 4278
Fax: +267 312 1013
Email: CA@competitionauthority.co.bw
Website: www.competitionauthority.co.bw
Facebook: Competition Authority Botswana
Twitter: @CompetitionBots

Bankers

Barclays Bank of Botswana Limited
Barclays House
P.O. Box 478
Gaborone, Botswana

Standard Chartered Bank Botswana Limited
Mall Branch
P.O. Box 469
Gaborone, Botswana

External Auditors

Ernst & Young
Chartered Accountants
2nd Floor, Plot 22, Khama Crescent
P.O. Box 41015
Gaborone, Botswana

Internal Auditors

KPMG
Chartered Accountants
Plot 67977, Off Tlokweng Road
Fairgrounds
P.O. Box 1519
Gaborone, Botswana

Reporting Date

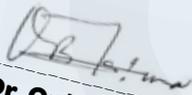
31st March 2016



To: Honourable Minister of Investment, Trade and Industry

Pursuant to section 24 of the Competition Act (Cap 46:09), please find attached a comprehensive report on the operations of the Competition Authority, together with the Auditor's Report and the Audited Accounts for the financial year 2015/16, for you to lay before the National Assembly.

Yours Faithfully,



Dr. Onkemetse B. Tshosa

Chairperson of the Competition Commission



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Acronyms

ACF	African Competition Forum	DCEC	Directorate on Corruption and Economic Crime
BDC	Botswana Development Corporation	DATC	District Administration Tender Committee
BITC	Botswana Investment and Trade Centre	ICN	International Competition Network
BMC	Botswana Meat Commission	ICT	Information Communication Technology
BPC	Botswana Power Corporation	LEA	Local Enterprise Authority
BPOPF	Botswana Public Officers Pension Fund	MoU	Memorandum of Understanding
BRP	Business Rescue Practitioners	MITI	Ministry of Investment, Trade and Industry
BURS	Botswana Unified Revenue Service	MLGRD	Ministry of Local Government and Rural Development
CEO	Chief Executive Officer	MTC	Ministerial Tender Committee
CEDA	Citizen Entrepreneurial Development Agency	NBFIRA	Non-Bank Financial Institutions Regulatory Authority
CAAB	Civil Aviation Authority of Botswana	PPADB	Public Procurement and Asset Disposal Board
CIPA	Companies and Intellectual Property Authority	PPC	Pretoria Portland Cement Company Limited
CSR	Corporate Social Responsibility		



**COMPETITION
AUTHORITY**

Mission

To promote and maintain
fair competition in the economy

Vision

Prosperity through
markets

Corporate Governance

Competition Commission

The Competition Commission is the governing body of the Competition Authority and is responsible for the direction of the affairs of the Authority. The Commission has both corporate governance and adjudicative functions under the Competition Act.

Commission Charter

The Commission has a Commission Charter (Board Charter), which states the responsibilities and duties of the Commission in ensuring high standards of corporate governance, professionalism, transparency and separation of powers.

Members of the Competition Commission as at 31st March 2016



Member	Date of Appointment	Term	Expiry Date
Dr. Onkemetse Tshosa: Chairperson	1st September 2015	5 years	31st August 2020
Mr. Gaylard Kombani: Vice-Chairperson	1st June 2013	3 years	31st May 2016
Mr. Tendekani E. Malebeswa	1st June 2015	5 years	31st May 2020
Ms. Nelly W. Senegelo	1st May 2015	Duration of term as DPS	End of term as DPS
Dr. Selinah Peters	1st December 2013	3 years	30th November 2016
Dr. Jay S. Salkin	1st June 2014	4 years	31st May 2018
Ms. Thembisile T. Phuthogo	1st June 2014	4 years	31st May 2018

Competition Commission Committees as at 31st March 2016

COMMITTEES	MEMBERS	RESPONSIBILITY
Finance and Audit Committee	Dr. Jay S. Salkin - Chairperson Mr. Gaylard Kombani - Member Ms. Nelly W. Senegelo - Member	The Committee assists the Commission in discharging its oversight responsibilities of monitoring and reviewing: financial activities of the Authority and the financial reporting process to ensure balance, transparency and integrity; the Authority's compliance with the legal and regulatory requirements; the effectiveness of the Authority's internal controls; and the effectiveness of the Authority's risk management strategies.
Human Resources Committee	Ms. Thembisile T. Phuthego - Chairperson Ms. Nelly W. Senegelo - Member Dr. Selinah Peters - Member	The Committee assists the Commission in discharging its oversight responsibilities of establishing, monitoring and reviewing of appropriate human resource and compensation policies and strategies that provide the Authority with the capability to achieve its short and long term strategic objectives.
Technical Committee	Mr. Tendekani E. Malebeswa - Chairperson Dr. Jay S. Salkin - Member Mr. Gaylard Kombani - Member	The Committee is tasked with assisting the Commission in discharging its oversight responsibilities of formulation, monitoring and review of appropriate legal and technical policies, rules, guidelines and procedures that enable the Authority to undertake its enforcement and advocacy functions.
Commission Tender Committee	Dr. Selinah Peters - Chairperson Ms. Thembisile T. Phuthego Mr. Tendekani E. Malebeswa	The Committee reviews and monitors policy and thresholds for tendering, and reports to the Commission accordingly. It also approves Authority tenders above P500 000.

Competition Commission



**Ms. Thembisile
T. Phuthego**
Member

**Mr. Tendekani
E. Malebeswa**
Member

**Dr. Selinah
Peters**
Member

**Dr. Jay S.
Salkin**
Member



**Mr. Gaylard
Kombani**
Vice Chairperson

**Dr. Onkemetse
B. Tshosa**
Chairperson

Mr. Thula Kaira
CEO and Secretary to the
Commission

**Ms. Nelly W.
Senegelo**
Member



Dr. Onkemetse B. Tshosa
Chairperson of the
Competition Commission

“I am privileged to introduce the 2015/16 Annual Report of the Competition Authority to you. This is the fifth annual report of the Authority and for me this is my maiden edition as the Chairperson of the Competition Commission, having taken over from the founding Chairperson, Dr. Zein Kebonang, after he was appointed to the bench as an Acting Judge of the High Court of Botswana.”

Chairperson's Statement

The annual report is an official medium through which an organisation accounts to its shareholder. In this case, the Authority accounts to the Government of Botswana, and by extension also accounts to the tax payer. Every year the Authority is allocated funds from the national budget through the parent Ministry of Investment, Trade and Industry to implement the mandate of the Competition Authority, which is clearly spelt out in the Competition Act. While the Competition Commission carries out its oversight functions over the Authority to ensure that there is prudent use of public resources throughout the year, there is both a legal and moral obligation to demonstrate to our ultimate principals efforts that have been made to make the Authority compliant with the expected standards. In this regard, we believe the annual report provides a much better platform to account to all key stakeholders.

The Annual Report includes the statement of accounts which would, in greater detail, show how the Authority has spent the funds that were received from the Government. Equally important, this annual report contains the activities that the Authority has embarked upon as part of its strategic annual plan to achieve its vision of a free and fair market in Botswana. This report, in my view, should not be seen as an end in itself, but rather as an important opportunity for Botswana and key stakeholders to appreciate and scrutinise what the Authority is doing or is unable to do, and this could be the start of fruitful engagements with the Authority.

A cursory look through the report would indicate that the Authority has been very active in implementing both its advocacy and enforcement mandates. A number of key milestones have been attained during this financial year. For the first time since inception, competition cases have been taken to the High Court on appeal.

The biggest gain is that it will lead to growth in jurisprudence, particularly in Competition Law, which is a fairly new branch of law in Botswana.

There were a number of engagements with stakeholders such as the business community; and government departments were inducted on key initiatives such as competition assessment; and generally, other stakeholders were informed about the mandate of the Authority. I am equally heartened to note that some of the Authority's investigations have resulted in the lifting of barriers to entry in a number of sectors that were under investigation.

This is a victory that should be underscored and celebrated since one of the key mandates of the Authority is to ensure that there is fairness in the market place, including free access. What is perhaps more profound about these achievements is that the Authority was able to get these concessions from the market without engaging in a long drawn out and costly investigation process and prosecution.

One of the chief performance measures of a regulator in the mould of the Authority is how effective it is in facilitating business, particularly in a developing nation such as Botswana. The business community and indeed the public do not expect regulators to frustrate business, for this could surely stifle trade and undermine economic productivity. In this connection, I am pleased to note that the Authority continues to facilitate business by ensuring that mergers and acquisition transactions that are brought to the Authority by businesses are efficiently processed in terms of the regulatory requirements.

During the year under review, a total of thirty three (33) merger transactions have been processed by the Authority. Most of these mergers have injected much needed capital in

the economy, some have resulted in innovation in the market and even facilitated desired growth in employment.

It is my hope that the Authority will continue to build on this outstanding performance going forward.



Dr. Onkemetse B. Tshosa
Chairperson of the Competition Commission





Mr. Thula Kaira
Chief Executive Officer

It is a great pleasure for me to present this fifth, and for me, the last Annual Report of the Competition Authority as its CEO. The Authority has grown over the last five years to be a trust worthy organisation that Batswana can bank on to deal with all conduct that prevents, restricts or distorts competition in all economic sectors in Botswana. This is a task that requires the highest values as aptly captured in our core values: Transparency, Professionalism, Integrity and Teamwork. I wish to highlight our achievements, leadership development, and the future of the Authority.

¹Mr. Kaira's contract ended on 17th April 2016

Chief Executive Officer's Statement

In the year 2015/16, the Authority had a total case load of 16 cases. While our enforcement has suffered some teething problems on procedural grounds, the teething stage has provided greater learning insights and understanding of the investigations and prosecution processes. Arising from this, a more focussed investigation team was trained and repositioned to centralise all investigations and ensure that there was more effective monitoring and accountability with regards to compliance with the letter and spirit of the law.

The Authority continued to undertake impactful interventions in relation to removal of anti-competitive barriers to entry that adversely affect business development. In this regard, five new entrants entered the market after the intervention of the Authority in the security and retail supply sectors. Of our merger cases handled in the period, about P8 million was injected into the economy in Botswana through expansion of existing businesses.

On amendments to the Competition Act of 2009, the Authority submitted its final comments to the Government and it is expected that the Amendment Bill would be finalised in the 2016/17 financial year. The Authority is also expected to enforce the Consumer Protection Act, which has also been submitted for amendment.

Since its inception in 2011, a lot of time and resources have been spent on training and retraining Authority staff in investigations, prosecution and economic analysis, as well as relevant specialised professional areas in support services. With this, the staff acquired the relevant technical skills, but there was clearly a need to have an in-depth and comprehensive organisation-wide review of both leadership and followership in order to move the Authority to the next level of excellence.

The staff of the Authority successfully underwent a tailor-made Leadership Development Programme, which assisted greatly to enhance internal communication, authentic feedback and performance management. The executive and middle management underwent one-on-one coaching and mentoring sessions which assisted with unlocking barriers to effective coordination, personal accountability and commitment to the values, goals and vision of the organisation.

Following this training, it was no surprise that the Authority successfully hosted the International Competition Network (ICN) Agency Effectiveness Workshop in Gaborone.

The workshop was attended by representatives of 25 countries and brought to Botswana renowned experts in competition authority leadership and development. I have no doubt that the training from the leadership development and the ICN Agency Effectiveness Workshop will remain a reference point for the growth and development of Competition Law and Policy in Botswana through the staff of the Authority.

The future of the Authority will continue to depend on and thrive on effective leadership, authentic feedback, integrity and ethics of both the Commission members and staff. I have no doubt that I leave both a Commission and an Authority that will continue to drive the Government's vision and policy for fair competition in the economy to the next level. Botswana remains a centre of excellence in governance and economic management; and I believe that both the Commission and the Authority will continue to espouse these qualities and assist in providing useful checks and balances with regard to adherence to fair competition rules.

Finally, farewell!

It has been a great pleasure to work in Botswana in the last five years and to have witnessed the establishment, staff recruitment and training, and the unprecedented growth of the investigation, prosecution and adjudication of competition cases.

To the Commission members and staff of the Authority, it was a great pleasure to interact with you and learn from you. Indeed, I came, I experienced and I grew. I leave 'Tswanalised' with 'botho' and 'therisanyo' because of you.

A Modimo o le thuse!



Mr. Thula Kaira
Chief Executive Officer

Office of the *CEO*



Mr. Thula Kaira
Chief Executive Officer



**Ms. Dimpho
Motseonageng**



**Ms. Tidimalo
Serameng**



**Mr. Vincent
Oremeng**

Office of the CEO



**Ms. Tebogo
Tyolo**



**Mr. Dikago
Seitiso**



**Ms. Bonyana
Ndubiwa**



**Mr. Otlaathusa
Seforo**



**Ms. Yaone
Mack**

Executive Management



Mr. Thula Kaira
Chief Executive Officer



Ms. Tebelelo Pule
Director: Corporate
Services



Mr. Gideon Nkala
Director:
Communications
and Advocacy



**Ms. Magdeline
Gabaraane**
Director: Mergers
and Monopolies



Mr. Duncan Morotsi
Director: Legal and
Enforcement

Managers



**Mr. Kitso
Mocuminyane**
Manager: Finance



Ms. Gladys Ramadi
Manager:
Communications
and Advocacy



**Ms. Tshepo
Wadipeba**
Manager: Human
Resources



Mr. Ernest Bagopi
Manager:
Investigations and
Research Analysis



**Mr. Innocent
Molalapata**
Manager: Mergers
and Monopolies



**Ms. Bonyana
Ndubiwa**
Manager: Policy
Coordination and
International
Liaison



**Mr. Vincent
Oremeng**
Performance
Improvement
Coordinator



Ms. Tapiwa Masie
Manager: Legal and
Enforcement

Overview

The Competition Authority is charged with the implementation of the Competition Act. Every year, the Authority undertakes a number of projects, initiatives and activities, all of which are meant to ensure the effective and efficient implementation of the Competition Act. Through its five Departments; Research Analysis, Corporate Services, Legal and Enforcement, and Mergers and Monopolies, the Authority implements its Annual Performance Plan within the confines of the organisation's approved budget.

The Annual Report presents a highlight of the projects and initiatives that the Authority has been able to achieve as well as those that it has not been able to achieve due to various reasons. Cumulatively, these projects and initiatives are expected to lead to the realisation of the mandate of the organisation.

In this report, achievements, challenges and opportunities are highlighted and simultaneously measured against the Authority's corporate values, which are Transparency, Professionalism, Integrity and Teamwork.

²Formerly Competition and Research Analysis

Awareness and Advocacy



**Mr. Gideon
Nkala**



**Ms. Gladys
Ramadi**



**Ms. Kelebogile
Ngwenya**



**Mr. Modimoosi
Matebesu**



**Ms. Bonolo
Motsamai**

Awareness and Advocacy

The Competition Authority promotes public awareness about competition issues, as well as compliance with the Competition Act, through its Advocacy and Communications function. It also promotes the building of a competition culture in Botswana through continuous engagement with key stakeholders such as the business community, sector regulators, Government and the general public in accordance with section 5(2)(c)(d) and (e) of the Act. Key deliverables under this function also include increasing a positive brand perception of the Authority and increasing stakeholder satisfaction.

In the year under review, the Authority implemented a number of activities to achieve these goals, which included workshops and conferences, publications, media relations, open days, press conferences, website and social media engagement.

Achievements

The highlights in awareness creation and advocacy for the 2015/16 financial year are indicated below:

Awareness Creation and Stakeholder Engagement

The Competition Authority continued to engage its key stakeholders, including the business community, the media, government ministries, tertiary institutions, other parastatals, local authorities and members of the public in order to raise awareness and promote compliance with the Competition Act. The engagement was in various forms, including presentations and meetings, open days, fairs and exhibitions, press conferences and workshops as follows:

Open Day

The Competition Authority hosted an Open Day on 2nd December 2015 at its offices in Gaborone. The Authority and the Competition Commission explained their core mandates and activities to members of the public. The event was also utilised to get feedback from members of the public and other key stakeholders, and to record any enquiries or complaints about anti-competitive conduct. The Open Day was part of the wider international festivities in recognition of World Competition Day, which is observed by many consumer agencies, civil society and competition agencies annually on 5th December.

International Competition Network (ICN) Workshop

The Competition Authority hosted a two day workshop of the ICN's Agency Effectiveness Working Group from 10th to 11th March 2016. This was the first time since its inception for the Authority to host an international workshop of this magnitude.

More than 120 participants from 25 countries attended the workshop and discussed, amongst others, agency ethics, strategy and planning, as well as enforcement tools and procedures. The workshop was officially opened by the Minister of Investment, Trade and Industry, Honourable Vincent T. Seretse, while the keynote address was delivered by Professor William Kovacic, Non-Executive Director of the UK Competition and Markets Authority.

The workshop was invaluable to the Competition Authority in a number of ways. It brought competition experts from around the world to Botswana to train staff on a number of strategic topics, such as the investigation process, advocacy initiatives, practical strategies in carrying out research and other competition-related investigations, which ordinarily could have taken a lot of time and resources to accomplish. The workshop made it easy for the Commission and Authority staff to share experiences with their counterparts from across the world. Most importantly, the workshop helped to enhance the Competition Authority of Botswana's standing in the world competition community, and possibly boosted Botswana as a tourism destination, as participants had an opportunity to sample the tourism potential of the country at Mokolodi Nature Reserve.

Awareness and Advocacy

Stakeholder Awareness and Brand Perception Survey

The Authority carried out a Stakeholder Awareness and Brand Perception Survey from 19th October to 13th November 2015. The objective of the survey was to determine the level of awareness, brand perception and satisfaction of the Authority's stakeholders.

According to the survey report, the levels of positive brand perception, satisfaction and awareness of the Authority's mandate were perched at 60%. Unlike in the previous years where the surveys were conducted during events, this survey was administered on a broader scale even to areas where the Authority had not physically made any presentations.

The results of the survey will be used to guide the Authority on how to improve its stakeholder engagement initiatives, and respond to stakeholder needs in order to raise the level of satisfaction, awareness and positive brand perception of the Authority.

Media

Media engagement continued to be a key strategy used by the Authority in information dissemination. The Authority held two press conferences; one to launch the 2014/15 Annual Report, and the other to introduce the new Chairperson of the Competition Commission. The Authority issued six press releases and was featured in six radio news stories, four television stories and 98 newspaper articles.

Social Media and Website

The Authority continued to engage its stakeholders through social media and the website. Due to the high level interaction characterised by regular updating of content on the website, Facebook and Twitter pages, there was a satisfactory increase in the number of users on these platforms.

The number of Facebook Likes increased to 2 480, up from 1 995 in the previous year. The number of Twitter Followers stood at 799 by 31st March 2016, compared to 531 in the previous year. The website recorded 3 468 visitors, up from 3 201 in the previous year, with 67% returning visitors compared to 61% in the year ending 31st March 2014.

Publications

During the year under review, the Authority published six e-newsletters to a local and international audience. A Setswana version of the corporate brochure was published. Furthermore, four brochures on Discriminatory Conduct, Refusal to Deal, Predatory Conduct and Market Definition were designed and published for distribution to stakeholders.

Awareness and Advocacy

Complaints and Enquiries

The Authority received 30 complaints and 11 enquiries during the period under review. A total of 16 complaints were investigated by the Authority as they had competition concerns and fell under the ambit of the Competition Act. Fourteen (14) complaints were referred to sister agencies, such as the DCEC, PPADB and NBFIRA, as they were not competition-related.

Corporate Social Responsibility

The Competition Authority responded to the national call for assistance following a road accident which claimed the lives of some students of Matsha Senior Secondary School. A donation in the form of sanitary towels, T-shirts and toiletries was made to Scottish Livingston Hospital in Molepolole for use by the students.

The Authority also visited and made donations to communities in Mokgenene, Khuduga, Monwane and Bontleng in Gaborone, where some families and a hospice were assisted with a number of essentials items, such as food, roofing materials, children's clothing, school shoes and school bags. Other contributions were in the form of labour and cash.

Training on Competition Assessment

The Authority initiated a number of advocacy programmes aimed at training legislators on the importance of competition assessment. While the plan was to raise awareness in Parliament as well as in the Local Government Councils, the Authority's presentation at the National Assembly was halted as Parliament had to attend other matters.

The Authority engaged with the various district, city and town councils across the country to brief them on the importance of competition assessment. Competition assessment in this context means that when laws, regulations, directives and by-laws that seriously impact on the day to day running of businesses are being formulated and decided upon, the legislators must first consider the likely effect of these legal restrictions on competition. Some regulations may be adopted in good faith to address market irregularities or broader public or national interests,

while, in effect, their unintended consequences may lead to distortions of competition in the market and reduce social welfare.

Members of the Councils were advised to always interrogate laws for possible anti-competitive effects before bringing them into operation. The Councillors were also advised that even laws and regulations that were passed many years ago could be revisited and their relevance examined in light of the prevailing Competition Law in Botswana, because some of them may be, or are seen to be anti-competitive.

A total of six Councils were engaged. These are Gaborone and Francistown City Councils, Selebi-Phikwe and Jwaneng Town Councils, Central and Kgalagadi District Councils. The other councils will be engaged in future.

Awareness and Advocacy

Table 1 below gives a summary of stakeholder engagement by sector in the period under review:

Table 1: Summary of Stakeholder Engagement by Sector in 2015/16

STAKEHOLDER	TYPE OF ENGAGEMENT
Government	Presentation to Ministerial and District Administration Tender Committees on bid-rigging Presentation to MITI Technical Committee on Competition Policy on the Authority's achievements and challenges
Business	Mergers and acquisitions public hearings Meetings and workshops
Media	Press releases, press conferences, radio and television interviews
Parastatals and Sector Regulators	Meetings with BURS, CIPA, CEDA, LEA, BDC, CAAB and BITC
Youth Entrepreneurs	Presentation to Youth Development Fund Beneficiaries in Ramotswa Presentation to MITI workshop in Gaborone for Southern Region youth
Tertiary institutions	Presentations to Botho and Ba Isago Universities
Councils	Presentations to Gaborone and Francistown City Councils Presentations to Selebi-Phikwe and Jwaneng Town Councils Presentations to Central and Kgalagadi District Councils
Public	Open Days and Fairs Stakeholder Awareness and Brand Perception Survey

Investigations and Research



**Mr. Ernest
Bagopi**



**Ms. Thabiso
Mbongwe**



**Ms. Goitseone
Modungwa**



**Mr. Setso
Sikwane**



**Mr. Thabang
Tlhalerwa**



**Mr. Christson
Daman**

Investigations and Research

The Authority is mandated under sections 5(2)(g) and (k) of the Competition Act to undertake market studies and investigate cases.

During the financial year 2015/16, the Authority handled 16 cases and completed three research studies on Shopping Malls, In-House Brands and Aviation, which were started in the last financial year.

After conducting preliminary investigations, the Authority closed five cases after no infringements on the Competition Act were found. Three cases are still under investigation, while the other eight cases have not progressed beyond preliminary assessment as at 31st March 2016.

ACHIEVEMENTS

The following were the key accomplishments in research and investigations in the year under review:

RESEARCH

Lifting of Barriers to Entry in the Supply of Fly Ash

The Authority conducted research in the cement industry in collaboration with Kenya, Namibia, South Africa, Tanzania and Zambia under the auspices of the African Competition Forum (ACF). It was through this study that an exclusive agreement with regard to the supply of soda ash, which is the main ingredient in the manufacturing of cement, was identified between Botswana Power Corporation (BPC) and Pretoria Portland Cement Company Limited (PPC). Through the Authority's intervention, the market was opened for greater competition by stopping exclusive dealing between the two parties.

RESEARCH PROJECTS

The three on-going research projects carried out during the year are:

- i. The nature and state of competition in the Botswana shopping mall retail property market (shopping malls);
- ii. In-house brands by retail chain stores in Botswana; and
- iii. Competitive analysis of the Aviation sector in Botswana (with specific focus on chartered light aircraft that fly into the Okavango Delta)

IMPACT

Through continuous monitoring, collating of prices and cost of data from the retailers, it was established that the price to cost ratio had decreased, signalling growth in competition between supermarkets. These market forces, which have led to stronger competitive pricing in the retail market (supermarkets), is attributed to stakeholder awareness.

The basis for the employment of this tool was the retail study that was conducted during the 2013/14 financial year. This intervention did not just lead to the lifting of barriers, but had a tangible effect in the market place, led to employment creation (22 new jobs were created) and a 30% increase in the production of the Pure Sugar brand.

Investigations and Research

CASES CLOSED DUE TO THE ABSENCE OF COMPETITION ISSUES

The Authority closed the following five cases after no infringements of the Competition Act were found as follows:

1. Retail Holdings Botswana (Pty) Ltd and Tswana Pride (Pty) Ltd

Retail Holdings Botswana (t/a Shoprite) complained about the alleged anti-competitive conduct by Tswana Pride, a poultry company. It was alleged that Tswana Pride engaged in excessive pricing by charging smaller customers (such as Shoprite and others) a price that is about 30% higher than the price paid by Choppies Enterprises Limited (t/a Choppies). Evidence gathered failed to confirm these allegations.

2. Red Eclipse (Pty) Ltd and Botswana Meat Commission

Red Eclipse lodged a complaint with the Authority alleging that BMC was engaged in collusive tendering or bid-rigging in the tender for the supply of Stewed Steak with Gravy.

i. The inquiry revealed that BMC deals with Red Eclipse on a supplier-customer relationship, and not a supplier-agent relationship;

ii. BMC does not have any exclusive arrangement with Red Eclipse; and

iii. BMC developed the Stewed Steak product solely for the purpose of supplying the Government of Botswana.

Due to these findings, the elements of collusive tendering or bid-rigging could not be satisfied and hence the investigation did not lead to prosecution.

3. Beuliah Sanitation and Water (Pty) Ltd and Chassefy (Pty) Ltd

An anonymous complainant lodged a complaint with the Authority alleging that Beuliah Sanitation and Water (Pty) Ltd and Chassefy (Pty) Ltd may have engaged in bid-rigging when responding to the tender for the supply of refuse collection, transportation and disposal services to the Lobatse Town Council.

The findings of the preliminary enquiry showed no signs of an agreement in the two respondents' bids. Therefore, the Authority concluded that there were no signs of bid-rigging or collusion.

4. Chicken Licken and Coldline (Pty) Ltd

Chicken Licken complained about anti-competitive conduct by Coldline, a supplier of poultry meat. It was alleged that Coldline supplied Chicken Licken with chicken wings at an excessive price, which resulted in a significant increase of its production costs. Chicken Licken further alleged that the increased production costs led to the closure of its outlet at the Gaborone Taxi Station.

The allegation of excessive pricing could not be substantiated because Chicken Licken has no trade or supply agreement with Coldline, hence Chicken Licken could not allege that Coldline was charging it an excessive price on chicken wings.

According to the franchise agreement, Chicken Licken can only source chicken wings from Senn Foods.

The investigations revealed that during periods where Senn Foods does not have stock for Chicken Licken, it sources chicken wings from Coldline and supplies Chicken Licken. As a result, the price for chicken wings would go up for consignments sourced from Coldline. However, Chicken Licken and Coldline do not have a supplier and customer relationship. The investigation concluded that Chicken Licken will have to engage the franchise owners to address this issue.

5. Botswana Advertiser

In this case, it was alleged that Botswana Advertiser was selling advertising space for its builders advertising section at a very low price, with the intention of driving competitors out of the market, or creating barriers to entry for potential new competitors.

The complaint on abuse of dominance through predation could not be substantiated due to the following:

- i. The Botswana Advertiser is not a dominant player in the market of daily and weekly commercial space available for advertising in print media; and
- ii. The advertiser did not price their advert space at rate below their production cost (of the said space).

AUDIT OF MEGA PROJECTS

In February 2015, the Authority, through its Joint MoU with PPADB and DCEC and in collaboration with the Auditor General, undertook to audit mega Government projects that had already been implemented. The audits were aimed at determining if there were any irregularities in the procurement process or any corruption or anti-competitive acts that may have contaminated the procurement process. A total of four mega projects were earmarked for audit during the reporting period as follows:

- i. Thune Dam Construction Project;
- ii. Poverty Eradication Programme;
- iii. Ministry of Health Facilities Management Project; and
- iv. Procurement of Radiology Equipment for the University of Botswana Academic Hospital.

The Projects were each selected for their importance to the economy and also in consideration of the numerous complaints that had been received by the PPADB on some of the Projects. All the audits were undertaken and completed during the financial year.

Thune Dam Construction Project

The first project to be audited involved the construction of an earth fill dam on the Thune River to provide water for domestic use to villages in the catchment area, as well as raw water for irrigational use.

The audit was undertaken from May to July 2015 in a bid to determine whether the Project was properly implemented for its desired benefits to be realised. The audit was completed with no competition issues being identified. On 25th November 2015, the Authority implemented a recommendation to train the Executive Management of the audited organisation, being the Ministry of Minerals, Energy and Water Resources (MMEWR) on bid-rigging in mega projects. As MMEWR is engaged in many mega projects, the training enlightened its Executives on the practice of bid-rigging and what they should look out for as they implement such large projects.

Poverty Eradication Programme

The Poverty Eradication Programme was the second project to be audited from August to September 2015. The programme was introduced by the Government in 2009 with the aim of uplifting and empowering underprivileged citizens and their families through the provision of funding for small agricultural and commercial projects.

The audit was aimed at determining whether the programme was being effectively implemented. As none of the beneficiaries were in the same industries targeted by the programme, the audit did not reveal any issues on competition, but rather highlighted concerns with regard to administrative procedures that were followed in its implementation.

Other Audits

The last two audits, being the Facilities Management Project under the Ministry of Health and the Procurement of Radiology Equipment for the University of Botswana Academic Hospital were completed in January and March 2016, respectively. As the reports for these audits are still being finalised, the findings will be shared in the next reporting period.

Enforcement and Prosecutions



Enforcement and Prosecutions



**Mr. Duncan T.
Morotsi**



**Ms. Tapiwa
Masie**



**Mr. Kesego
Modongo**



**Ms. Katumelo
Searobi-Mhutsiwa**

Enforcement and Prosecutions

The Authority is mandated to ensure that there is proper enforcement of the Competition Act and that action is taken against enterprises that are found to have infringed upon it by referring all such cases investigated to the Competition Commission for adjudication.

Commission and High Court Cases

In furtherance of its objective to ensure compliance with the Competition Act, the Authority referred and prosecuted two cases of possible bid-rigging before the Competition Commission in the last financial year. Both cases related to large tenders for the supply of goods to the Government, where bid-rigging was suspected and investigated by the Authority.

The briefs below give details on the cases, and while the cases were lost by the Authority, it is a worthwhile achievement for the Authority to have investigated the cases and referred them to the Commission so that jurisprudence on Competition Law is created, and clarity on provisions of the Competition Act is attained. The appeals to the High Court have also given the Court the opportunity to consider the first competition cases ever brought before it.

Enforcement and Prosecutions

Sugar Beans Case

The first case related to a tender floated by the Ministry of Local Government and Rural Development (MLGRD) for the Supply of 7 530 metric tonnes of sugar beans to various parts of the country. The tender was awarded in two parts to Creative Business Solutions (Pty) Ltd in the sum of P58 047 304 and to Rabbit Group (Pty) Ltd in the sum of P55 956 600. The Authority's investigations indicated a possible bid-rigging arrangement between the companies, enabling them to outsmart their competitors and win the tender through a market allocation scheme.

Following the referral of the case to the Commission, the Respondents raised points of law that were to be determined before the Commission could hear arguments on the bid-rigging case. The matter therefore turned on these points of law at the hearing of the Commission held on 30th March 2015, with

the main point being whether the Authority had referred the case to the Commission within the stipulated 12 months statutory time limit. Arguments were heard by the Commission to determine when exactly the Authority is deemed to have commenced an investigation, from which date the 12 months investigation period could be calculated.

The Commission delivered its ruling on 12th May 2015, finding that the Authority had started its investigation even before it issued a formal Notice of Investigation to the Respondents.

The Commission was of the view that any step taken by the Authority in furtherance of the investigation provisions in the Act, including requesting information from third parties found to be relevant to the investigation, was done in pursuance of an ongoing

investigation. The referral to the Commission was therefore considered to have been done outside of the statutory time and the Commission ruled that it had no jurisdiction to hear the matter.

The Authority appealed the decision of the Commission to the High Court, which appeal was heard on 15th February 2016 by Justice Gaopalelwe Ketlogetswe. In dealing with the question of when the Authority opened or commenced investigations, the learned Judge accepted and agreed with the Commission's finding that the investigation commenced when the Authority issued a notice to the PPADB as a party relevant to the investigation. The Court therefore found that the Authority had failed to refer the matter to the Commission within the 12 months statutory time limit.

Infant Formula Milk Case

The second case involved the same companies, who, in response to a tender floated by the Department of HIV/AIDS Prevention and Care under the Ministry of Health (MoH), are alleged to have colluded in quoting for the supply of 1 500,000 units of infant formula milk in 400 gram cans. The Authority's investigation indicated the possibility of a price fixing arrangement between Creative Business Solutions (Pty) Ltd and Rabbit Group (Pty) Ltd to rig the tender by agreeing on the prices to be quoted for the infant formula milk.

The Authority referred the case to the Commission on 24th February 2015 for a hearing. In a similar manner as in the Sugar Beans Case, the attorneys representing the Respondents raised points of law that were to be decided by the Commission before the bid-rigging case could be heard. The same points of law were once again raised as the facts of this case were almost the same as those in the Sugar Beans Case. Once again, the Commission, in its ruling delivered on 18th August 2015, found that the Authority had not referred the matter to the Commission within the 12 months statutory time. The Commission therefore found that it had no jurisdiction to hear the matter. The ruling of the Commission was appealed to the High Court by the Authority and has been set down for argument on 23rd May 2016.

**The court has since handed down judgement in favour of the Authority*



Mergers and Acquisitions



**Ms. Magdeline
Gabaraane**



**Mr. Innocent
Molalapata**



**Mr. Ridwell
Moremi**



**Mr. Mothusi
Lotshwao**



**Mr. Othusitse
Oletile**



**Ms. Gorata
Selelo**



**Ms. Lizaloze
Ganaope**

Mergers and Acquisitions

The Authority administers Part X of the Competition Act, which entails investigation and assessment of merger transactions by determining whether the proposed merger is likely to substantially prevent or lessen competition; and whether the merger can or cannot be justified on public interest grounds. In assessing the mergers, the Authority has statutory timelines which guide the duration of the assessment, as stipulated in section 56 of the Act.

In light of this, administratively, mergers are classified, based on their effect (or lack thereof) on competition, into two categories: simple or complex. The simple mergers are those with no competition and/or public interest concerns and these are envisaged to be assessed within 30 calendar days. Complex mergers are those that, at face value, are likely to pose some competition and/or public interest concerns, and are assessed within 60 working days.

Whether simple or complex, the process of merger assessments can be extended further by a period of no more than 90 calendar days, in accordance with the provisions of the Act. In its determination of the proposed merger(s), the Authority may: (i) unconditionally approve; (ii) conditionally approve; or (iii) outright prohibit/reject the merger.

MERGERS ACTIVITY

A total of 33 merger notifications were handled in the 2015/16 financial year, a slight increase from the 32 mergers handled in the previous year. Out of the 29 mergers finalised during the year, 18 were simple, while 11 were complex mergers. From these 29 finalised mergers, 26 were approved without conditions, and three with conditions, while no mergers were prohibited on the grounds of substantial lessening of competition and potential abuse of dominance. Public interest concerns were addressed with appropriate remedies and conditions. The four remaining mergers will be carried over to the next financial year.

The mergers handled by the Authority involve a vast number of sectors. Table 2 below gives the trends in sectoral representation of the mergers handled, indicating that many transactions handled over the years are in the retail sector. In 2012/13, many transactions were in the mining industry, which has seen a decline in the year under review, as the predominant sector is now retail.

Mergers and Acquisitions

Table 2: Sectoral Representation of Mergers Notified and Reviewed from 2012/13 to 2015/16

SECTOR	2012/13	2013/14	2014/15	2015/16	TOTAL
Agriculture	2	4	0	0	6
Construction	2	1	1	1	5
Advertising	0	0	1	0	1
Education	0	0	2	0	2
Finance and Banking	0	1	2	0	3
Health	3	0	0	0	3
Hospitality	2	3	2	1	8
ICT	2	1	1	2	6
Insurance	4	0	1	2	7
Manufacturing	0	2	2	5	9
Mining	5	5	6	2	18
Motor Industry	0	0	1	0	1
Pharmaceuticals	0	0	1	0	1
Property	0	1	1	3	5
Retail	4	5	6	12	27
Security services	0	0	2	1	3
Telecommunications	0	0	1	0	1
Transportation	1	7	2	0	10
Other	5	2	0	4	11
TOTAL	30	32	32	33	127

TURNAROUND TIMES

The review of the administrative timelines as an operational efficiency measure reflects an improvement in the merger assessment timelines. During the period under review, the Authority completed a mix of both simple and complex mergers at an average turnaround time of 27 and 69 calendar days, respectively.

MERGERS APPROVED UNCONDITIONALLY

In the event that a proposed transaction poses no competition and/or public interest concerns, the Authority would approve it unconditionally. In the period under review, 26 mergers were approved unconditionally, a 13% increase from the 23 mergers of the previous period.

Mergers and Acquisitions

Table 3 below shows mergers that were approved unconditionally in the period under review:

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/014/2015	Mining	Discovery Copper Botswana (Pty) Ltd	Khoemacau Copper Mining (Pty) Ltd
MER/015/2015	Facilities Management Consultancy	Iridescent Investments	Servest
MER/016/2015	Retail	Famous Brands	Retail Group
MER/017/2015	Retail	Coca-Cola Company	SAB Miller
MER/018/2015	Manufacturing	Canvas and Tents Manufacturing	Lobatse Canvas (Pty) Ltd
MER/019/2015	Manufacturing	Canvas and Tents Manufacturing and Botswana Cap	Helmet Manufactures (Pty) Ltd
MER/020/2015	Manufacturing	Robor (Pty) Ltd	Tiso Blackstar Group SE
MER/021/2015	Retail	Standard Chartered Private (Mauritius); Development Capital Africa Master Fund, L.P.; and Chalk Farm Investments (Pty) Ltd	Spark Capital (Pty) Ltd
MER/021/2015	Retail	Iorn Core (Pty) Ltd	ZCX Investments (Pty) Ltd
MER/021/2015	Retail	Spark Capital (Pty) Ltd	ZCX Investments (Pty) Ltd
MER/022/2015	Aviation	North West Air	Air Charter Botswana
MER/023/2015	Retail	Torre Equipment Africa	Equipment Sales & Services
MER/024/2015	Road Construction	Tshepo Tile Products	Asphalt Botswana
MER/025/2015	Retail	Coricraft Group (Pty) Ltd	Actis 4PCC (Mahogany Cell)
MER/026/2015	Mining	Tango Mining	Monak Venture & Firestone Botswana
MER/027/2015	Manufacturing	Etex SA (Pty) Ltd	Lafarge Gypsum Botswana (Pty) Ltd
MER/028/2015	Retail	Reatile Gaz (Pty) Ltd	Easigas Botswana (Pty) Ltd
MER/029/2015	Retail	Kilimanjaro Sakhumnotho Consortium	Main Street 87
MER/030/2015	Manufacturing	Infrastructure Specialist Group	Kwena Rocla
MER/031/2015	Security	Nice Systems (Pty) Ltd	Gognify Ltd
MER/032/2015	Document storage	Atikin (Pty) Ltd	Document Bank (Pty) Ltd
MER/033/2015	Insurance	Botswana Insurance Holdings	Teledimo
MER/034/2015	Retail	Juicy Mango	Chemspec Botswana
MER/036/2015	Tourism	Pula Properties Limited	Mashatu Investments (Pty) Ltd
MER/037/2015	Property	BPOPF	Mall Properties (Pty)
MER/039/2015	ICT	Synergy Communications	Virtual Business Network Services

Mergers and Acquisitions

Mergers Approved with Conditions

The Authority approves a merger with conditions if it has found that a specific remedy can address the competition and/or public interest concerns identified during the merger assessment. In the current financial year, just as in the previous one, a total of three mergers were approved with conditions.

The behavioural conditions seek to address competition concerns by regulating the terms on which the merged entity may do business; whereas structural remedies are imposed either where there is no equally effective behavioural remedy or where any equally effective behavioural remedy would be more burdensome for the undertaking concerned.

The following mergers were approved with conditions in the period under review:

Sector: Hospitality

Acquiring Firm: Sun International South Africa

Target Firm: Maxshell 114 Investments (Peermont Group)

Conditions:

- 1.** Sun International will, upon implementation of the proposed transaction, remove its appointed director from the board of directors of Sun International Botswana (SIB) and will undertake all such steps as are necessary to remove any contractual right that it has to appoint such a director;
- 2.** Sun International will, within six months of the date of implementation of the transaction, ensure that the Operating Management Agreement in relation to the SIB casinos is amended to reflect that;
 - 2.1** Minor Hotel Group or any of its affiliates shall solely be responsible for determining all matters of any strategic importance in relation to the function, operation and marketing of the SIB casinos, including in relation to price setting, promotions, giveaways and service standards;
 - 2.2** Sun International shall not be called upon to provide any input into any such matter and it shall at all times refrain from providing any such input; and
 - 2.3** Sun International will merely conduct the day to day operation of these casinos attending only to matters of no strategic or competitive importance or relevance.
- 3.** Sun International will ensure that upon implementation of the proposed transaction:
 - 3.1** None of its employees providing services within the operations of the SIB casinos will in any manner or capacity simultaneously be employed within the operations of any Peermont casino within Botswana (and vice versa); and
 - 3.2** All employees within the SIB casinos and Peermont casinos in Botswana are subject to appropriate non-disclosure undertakings.
- 4.** Given the undertakings, Sun International is expected to provide the Competition Authority with an annual and detailed report on execution of these undertakings, until such a time to be determined by the Authority. The report is to be compiled by an Independent Consultant approved by the Authority, and Sun International South Africa will bear the costs of engaging such consultant.

Mergers and Acquisitions

Sector: Retail

Acquiring Firm: Callus (Pty) Ltd

Target Firm: VPB Propco (Pty) Ltd

Conditions:

1. Callus will continue sourcing from the same suppliers that were engaged by VPB and are YUM Restaurants International (Pty) Ltd accredited, as well as consider sourcing from any other YUM accredited suppliers based in Botswana;
2. Callus will ensure that there will be no job losses as a result of the proposed transaction;
3. Callus should demonstrate to the Authority efforts made towards facilitating that local suppliers penetrate the market or meet YUM Restaurants International (Pty) Ltd's standards of accreditation; and
4. Callus is expected to annually (for a period of three years) submit to the Competition Authority a detailed report indicating a list of its new and old Botswana based suppliers, as well as the efforts referred to under (3) above.



COMPETITION
AUTHORITY

fair competition for prosperity

Mergers and Acquisitions

Sector: Retail

Acquiring Firm: Lewis Stores Botswana

Target Firm: Ellerine Furnishers and Ellerine Retail t/a Beares and Ellerines Stores

Conditions:

1. There shall be no redundancies without the consent of employees of the merging parties, as a result of the proposed transaction. This does not prevent Lewis Botswana, in the ordinary course of the business, from retrenching employees as a result of changes to its (Lewis Botswana's) operational requirements, including store closures when such stores are not economically viable;
2. All employees employed in the Beares and Ellerines stores that are assigned at the implementation date will transfer to Lewis Botswana on terms and conditions that are on the whole not less favourable to the employees than those on which they were employed by the Beares and Ellerines businesses of Ellerine Botswana;
3. Lewis Botswana shall harmonise the employment terms and conditions of employees employed in the Beares and Ellerines stores with the employment terms and conditions of Lewis Botswana. Lewis Botswana will throughout the review and harmonisation process engage in appropriate consultations with staff and the relevant trade union representatives. Lewis Botswana will also ensure that the harmonisation process is undertaken in accordance with the relevant labour laws in Botswana;
4. Lewis Botswana shall invite persons from the retrenched workforce (49 affected employees) to apply whenever making new appointments on any created positions or any other positions that may become available, for a period of 12 months from the date of approval of the transaction;

In order to facilitate the invitation process, and to the extent that the Business Rescue Practitioners (BRP) has retrenched

5. employees employed at Ellerine Botswana's Beares and Ellerines stores prior to the implementation date, the BRP must on the implementation date provide Lewis Botswana with lists identifying all affected employees and interested employees. The list of interested employees must contain the following information relating to each interested employee:
 - 5.1 Full name;
 - 5.2 Positions/designations held at the Acquired Business and a brief description of relevant experience;
 - 5.3 Contact details (postal address, email address and cellular phone number);
 - 5.4 Preferred mode of communication (letter, email or SMS) as indicated by the interested employee; and
 - 5.5 For each interested employee:
 - 5.5.1 The employment positions and/or opportunities in respect of which the interested employee would want to be invited to apply;
 - 5.5.2 The geographic location(s) where the interested employee would be willing to take up an employment opportunity; and
 - 5.5.3 The salary or wage at which the interested employee would wish to receive.
6. In order to facilitate the invitation of affected employees, the Business Rescue Practitioners and/or Lewis Botswana shall, where appropriate and having regard to applicable labour laws and employment policies, commence the process

whereby affected employees can register as interested employees in parallel to any consultation processes with potentially affected employees;

7. The hiring of interested employees by Lewis Botswana shall be subject to the current hiring policies applicable to the various divisions of Lewis Botswana. The interested employees shall be required to, inter alia, satisfactorily complete application forms and undergo interviews, and possess the requisite skills in respect of the position applied for (that is, the positions are competence based).

Furthermore, any interested employees who may ultimately be hired by other divisions of Lewis Botswana shall be employed in accordance with the terms and conditions of employment in place for the relevant divisions at the time.

8. Given these undertakings and in order for the Authority to properly monitor compliance with these, the Authority shall require Lewis Botswana to adhere to the following procedures:
 - 8.1 Lewis Botswana shall, within six months of the date of implementation of the transaction, provide the Authority with an immediate and long term plan of how they shall harmonise the business models of the Beares Stores and Ellerines Stores, as well the employment terms of the transferred employees; and
 - 8.2 Lewis Botswana shall within the 12 months period, from the date of approval, provide the Authority with written reports detailing all vacant positions filled and the recruitment procedure followed (in re-employing the affected employees), as well as the rationale and sufficient proof of its transparency and fairness.

Mergers and Acquisitions

Prohibited Mergers

Some mergers, when assessed, can prove to substantially prevent or lessen competition, be likely to result in an enterprise acquiring a dominant position in the market, or even have public interest concerns. In such instances, the Authority may choose to outright reject/prohibit the proposed transactions.

In the period under review, no mergers were rejected, as conditions were instead put in place to address issues of substantial lessening of competition, potential abuse of dominance and public interest concerns.

Mergers Carried Forward

The following merger files were carried forward to the 2016/17 financial year on account of their finalisation/determination date falling outside the end of the financial year:

Table 5: Mergers Carried Forward to the 2016/17 Financial Year

FILE NUMBER	SECTOR	ACQUIRING FIRM	TARGET FIRM
MER/001/2016	Retail	Anheuser-Busch InBev SA/NV	SAB Miller
MER/002/2016	Property	Debswana Pension Fund	United Promotional Enterprises
MER/003/2016	Property	Debswana Pension Fund	DBN Development Partnership
MER/004/2016	Insurance	African Essence Enterprises	Penrich Insurance Brokers

Post-Merger Impact Assessment

The Authority has a strategic objective of assessing the impact of the decisions made with respect to mergers. These ex-post reviews are usually carried out in order to assess the actual competitive developments resulting from the actions taken by the Authority.

In the period under review, four merger transactions, which were implemented between the period 2012 and 2014, were selected for review to assess their impact in the Botswana economy:

CASE STUDY 1:



Merger between G4S (Botswana) Ltd and Trojan Security Services (Pty) Ltd (Hotline Security Services (Pty) Ltd and Cyber Space Age (Pty) Ltd), as well as the merger between G4S (Botswana) Ltd and Shield Security

The acquisition of Trojan Security Services ("Trojan") and Shield Security ("Shield") by G4S (Botswana) Limited ("G4S") raised competition concerns and was therefore rejected. This rejection was intended to aid in increasing competition in the security services market through providing an opportunity for more competitors to enter the relevant market, thus achieving citizen empowerment through active participation in the market, as well as employment creation. The impact analysis indicates that the assumptions on which the Authority based its predictions were sensible, as the desired impact has been realised.

Mergers and Acquisitions

CASE STUDY 2:



Merger between Mont Trade (Pty) Ltd and NWK Ltd (South Africa)

The merger did not give rise to any competition or public interest concerns in Botswana by virtue of its implementation. Nonetheless, the Authority noted in making its decision that the merging parties had indicated that the merger would result in public interest benefits in the form of the merged entity opening new trading branches in Lobatse, Kanye, Maun, Gantsi, Kasane and Selebi-Phikwe. The opening of these branches was expected to create employment for the locals, in line with section 59(2)(e) of the Competition Act, on the promotion of employment. In assessing the progress of the transaction against the desired impact, it is evident that NWK has successfully opened 11 branches (Lobatse, Francistown, Pandamatenga, Selebi - Phikwe, Kasane, Palapye, Gantsi, Maun, Mahalapye, Serowe and Gaborone) against a total of six which they had committed to when they applied to merge. This expansion by NWK has resulted in an additional 162 citizens being employed.

CASE STUDY 3:



Merger between Pinks Family Outfitters and Leapingeagles Investments (Pty) Ltd (Woolworths Group)

The merger did not raise any competition concerns, but rather raised public interest concerns. The Authority was concerned that Woolworths Group (a non-citizen owned entity) was acquiring total control of all the 22 Woolworths franchise stores in Botswana, thus taking away the involvement of citizens in the ownership of Woolworths stores, which appeared against the spirit of citizen empowerment in line with section 59(2)(f) of the Competition Act on the advancement of citizen empowerment initiatives. The assessment of the transaction has shown that the Woolworths Group has made great efforts towards implementing the commitments made to the Authority, despite facing a few challenges. Some of the envisaged benefits, such as contribution to employment creation and SMME development, have been realised.

CASE STUDY 4:



Merger between Shell Botswana and Vivo Energy

This merger was not likely to give rise to substantial competition concerns in the distribution of fuel and lubricants markets in Botswana. However, considering the increasing levels of unemployment in Botswana, the Authority resolved to authorise the proposed transaction to take effect, subject to the commitments by the parties that: the level of employment within Shell Botswana will not be negatively affected as a result of the transaction; and Vivo Energy presents more opportunity for enterprises trading in the downstream market as fuel retailers through increased capital injection and by providing more start-up capital to aspiring entrepreneurs. The impact analysis showed that Vivo Energy's initiatives, post the transaction, have ensured that there were not only no job losses, but a 47% growth in employment levels. In addition, there have been new entrants in this market which speaks to the objectives of competition and increased sector competitiveness. Overall, it can be deduced that the Vivo transaction has been able to achieve its desired results, which were mainly on public interest issues, through increasing employment levels, and advancing citizen empowerment.

Corporate Services



**Ms. Tebelelo
Pule**



**Mr. Kitso
Mocuminyane**



**Ms. Tshepo
Wadipeba**



**Mr. Mooketsi
Ntwaagae**



**Mr. Kamogelo
Ditsele**



**Ms. Sebilo
Kebotsamang**



**Mr. Tonny G.
Kolanyane**



**Mr. Morulaganyi
Modikwa**



**Ms. Neo
Gopolang**



**Mr. Keoagile
Ntshaanana**



**Ms. Rebecca
Rabakane**



**Mr. Botsalo
Makolo**



**Ms. Kenewang
Morupisi**



**Ms. Tshegofatso
Moathaping**



**Mr. Potlako
Mpe**

Human Resources



The Competition Authority understands that employees who are engaged in their work are likely to be motivated, to remain committed to their employer and to stay focused on achieving business goals and driving the organisation's future. The focus during the reporting period has been on improving leadership effectiveness and improving employee engagement.

Employee Welfare

During the period under review, the Authority conducted an Employee Engagement Survey to gauge the level at which employees are engaged; that is whether they are committed to the organisation's goals and values; motivated to contribute to organisational success, and enthusiastic about their work. The results of the survey indicated that employee engagement in the Authority is currently at 71.8% against the Authority's strategic target of 85%. This was a slight increase from the 69.2% of last year's survey.

The survey results indicated that the employees are mostly happy with the areas of Work Engagement, Relationship Management and Communication. The key areas of concern for the employees were Compensation and Benefits, and Career Development. The good news is that, regardless of their concerns, the survey results indicate that employees seem to be highly committed and engaged in their work, as the responses under work engagement were highly positive. Basically, the employees seem to enjoy being part of the Competition Authority, and are determined to give their best at work every day.

In a bid to enhance leadership, employee engagement and retain the best talent, the Authority implemented a Leadership Development Programme and an Employee Engagement Improvement Plan during the 2015/16 financial year.

Employee Wellness

The Authority continued to promote employee wellness, health and safety through the effective implementation of the Health and Safety Policy. Despite the budgetary constraints during the reporting period, the Authority managed to successfully host a Wellness Day on 25th September 2015 by sourcing free services from government institutions such as Botswana Defence Force (for fitness training), Ministry of Health (for health screening) and other service providers for wellness education and for financial management education.

The theme for the event was "Your Health and Wellbeing is your Personal Responsibility, Invest in Yourself".

The Health Screening Report that was compiled indicated that the Authority's workforce is generally healthy and fall on the neutral point in relation to the illness-wellness continuum.

The report also indicated that the level of education and awareness, on health and wellness related issues amongst the employees, is above that of the general population. This can be attributed to the effective health and safety initiatives that have been put in place by the Authority.

Human Resources

Team Building

The Authority continued to promote team building in line with its value of Teamwork. On 8th March 2016, the Authority hosted a team building event for the employees, whose main objective was to help the team break down personal barriers and improve personal emotional connections.

Performance Management

During the period under review, the Authority reviewed and enhanced its performance management processes and this assisted it to further inculcate a culture of high performance. A key lesson learnt is that a Performance Management System needs to be fortified by tangible motivational rewards to staff for it to make sustainable impact, more so in relation to Performance Based Salary Increments. However, the Authority has not been able to implement performance based salary Increments due to financial constraints. To address this challenge, the Authority implemented innovative non-monetary initiatives to reward employees.

Skills and Capacity Building

The Authority recognises that, in the knowledge age, the most important investment an organisation can make is in the development of its people and that the human resource is the most valuable asset, and it is thus committed to the support and promotion of staff training and development.

Training and development has been provided to employees over the past four years, especially in Competition Law. In view of the current financial constraints, Management is now implementing the concept of formalised in-house training, whereby employees who have acquired skills over the years impart such knowledge through formalised in-house workshops. The programme started in Quarter 1 with intensive training of the Investigations team on Investigation Techniques. In addition, the Authority also provided financial assistance to three employees through training advances for Diploma in Business Management, MSc Strategic Management and Diploma in Archives and Records Management.

In support of its strategic goal of developing a pool of leaders and managers through appropriate training, coaching and mentoring, the Authority engaged a service provider for the employees who are in leadership, management and supervisory positions. The objective of the Leadership Development Programme was to help the employees to acquire the necessary management and leadership skills that will assist them to respond effectively to current and future challenges.

The programme commenced in May 2015 and included executive and middle management, and officers. Management has already recognised the impact of the training and coaching as the following improvements have been observed:

- i.** Commitment to the implementation of the Employee Engagement Plan;
- ii.** Team dynamics have changed for the better as there is now more open communication between team members;
- iii.** Feedback is given between team members and staff are courageously authentic in giving feedback;
- iv.** Perceptions staff have had about each other in the past are also being addressed openly in an effort to create cordial relationships; and
- v.** Overall organisational effectiveness and performance has also improved as reflected in the corporate performance report.

Staff Turnover

The Authority continued to monitor the attrition rate, and during the reporting period there were two employees who terminated their employment, which put the turnover rate for the year at 6.06%.

Challenges and Opportunities

The Competition Authority encountered some challenges in the year under review with budgetary constraints continuing to be the major challenge.

The table below captures the challenges encountered and the measures taken to address them in the year under review:

Table 6: Challenges, Opportunities and Initiatives Undertaken by the Authority to Address them

CHALLENGES AND OPPORTUNITIES	INITIATIVES TO ADDRESS CHALLENGES AND OPPORTUNITIES
Limited funding. Subvention from Government was way below the Authority's proposed budget resulting in difficulty in implementing some planned projects	Engagements with MITI to request for additional funding
Inadequate staff complement	The Authority implemented measures to address the manpower shortages which include engaging interns and temporary employees
Inability to detect (notifiable) mergers and acquisitions that are concluded without being notified to the Authority. Some mergers are detected, but a lot more are undetected due to limited resources	Amendment of the Act, which will include a penalty for non-notification of mergers and acquisitions that meet the threshold, will hopefully serve as a deterrent to businesses to merge without notifying the Authority
Late submission of data or information (especially in the retailing industry) as the head offices are mostly in South Africa	Sign MoU with SADC competition authorities to ease information sharing
Dual role of the Commission as governing and adjudicating body	Proposed amendment of the Competition Act to separate the roles



Annual Financial Statements

COMPETITION AUTHORITY ANNUAL FINANCIAL STATEMENTS 31 March 2016

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Commissioners' Responsibility And Approval Of Annual Financial Statements

For the year ended 31 March 2016

The Competition Commission is responsible for the preparation of the Annual Financial Statements of the Competition Authority and all other information presented therewith. Their responsibility includes maintenance of financial records and the preparation of Annual Financial Statements in accordance with the International Financial Reporting Standards and in the manner required by the Competition Act, 2009.

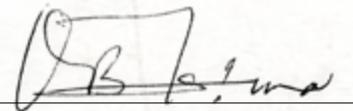
The Competition Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse of the Competition Authority's assets. According to Section 23 of the Competition Act 2009, the Competition Authority appoints the External Auditor but the Competition Commission is also responsible for providing policy and reviewing the design, implementation, maintenance and monitoring of the systems of internal control.

The Independent Auditors are responsible for giving an independent opinion on the Annual Financial Statements based on their audit of the affairs of the Competition Authority.

After making enquiries, the Competition Commission has no reason to believe that the Competition Authority will not be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these Annual Financial Statements based on forecasts, available cash resources and continued support of the Government of the Republic of Botswana.

The Competition Commission is 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 Competition Authority and to ensure that all transactions are duly authorised.

Against this background, the Competition Commission accepts responsibility for the Annual Financial Statements on pages 59 to 81, which were signed on its behalf by:

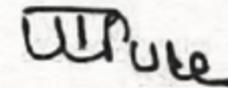


Dr. Onkemetse Tshosa

Chairperson of the Competition Commission

Appointed 1st September 2015

Date: 15 September 2016



Ms. Tebelelo Pule

Acting Chief Executive Officer of the Competition Authority and Secretary to the Competition Commission

Appointed 18th April 2016

Report of the Independent Auditors To the Members of the Competition Commission

For the year ended 31 March 2016

Report on the financial statements

We have audited the accompanying financial statements of Competition Authority, which comprise the statement of financial position as at 31 March, 2016, and the statement of comprehensive income, statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 81.

Competition Commissioners' responsibility for the financial statements

The Competition Commissioners are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Competition Act, 2009 and for such internal control as the Competition Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

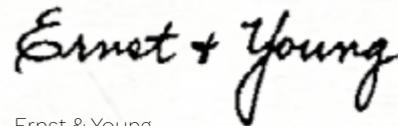
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Competition Authority as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Competition Act, 2009.



Ernst & Young

Practicing Member: Thomas Chitambo (20030022)

Certified Auditor

2nd Floor, Plot 22
Khama Crescent
P O Box 41015
Gaborone
Botswana

Gaborone
20 September 2016

Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	March 2016 BWP	March 2015 BWP
REVENUE			
Government subvention	1	21,153,953	19,985,073
Amortisation of subvention relating to capital assets	16	1,147,621	1,570,198
Total grants revenue		22,301,574	21,555,271
Other Income			
Exemption fees	17	-	130,096
Merger fees	17	1,199,693	1,991,229
Sale of tender documents	17	13,500	11,000
Interest revenue	6	38,207	139,109
		1,251,400	2,271,434
Total Income		23,552,974	23,826,705
EXPENDITURE			
Staff costs	2	15,922,593	15,909,593
Consultancy costs	3	754,747	220,000
Administration expenses	4	6,094,569	10,217,222
Operating lease expenses	5	1,938,029	2,411,368
		24,709,938	28,758,183
Deficit for the year		(1,156,964)	(4,931,478)
Other Comprehensive Income		-	-
Total Comprehensive Loss		(1,156,964)	(4,931,478)

Statement of Financial Position

For the year ended 31 March 2016

	Notes	March 2016 BWP	March 2015 BWP
ASSETS			
Non-Current Assets			
Plant and equipment	7	2,151,440	2,780,902
Current Assets			
Receivables and prepayments	8	1,108,374	2,061,957
Cash and cash equivalents	9	250,494	252,935
		1,358,868	2,314,892
Total Assets		3,510,308	5,095,794
FUNDS, RESERVES AND LIABILITIES			
Funds and Reserves			
Accumulated funds (refer to page 61)		(910,814)	246,150
Non-Current Liabilities			
Government subvention	16.1	584,495	791,378
		584,495	791,378
Current Liabilities			
Trade and other payables	10	1,190,270	1,285,898
Provisions	11	1,498,735	1,202,169
Government subvention	16.1	1,147,621	1,570,198
		3,836,626	4,058,265
Total Funds, Reserves and Liabilities		3,510,308	5,095,794

Statement of Changes in Funds

For the year ended 31 March 2016

	Accumulated Funds BWP	Total BWP
Balance at 01 April 2014	5,177,628	5,177,628
Total comprehensive loss	(4,931,478)	(4,931,478)
Balance at 31 March 2015	246,150	246,150
Balance at 01 April 2015	246,150	246,150
Total Comprehensive loss for the year	(1,156,964)	(1,156,964)
Balance at 31 March 2016 (refer to page 60)	(910,814)	(910,814)

Statement of Cash Flows

For the year ended 31 March 2016

	Notes	March 2016 BWP	March 2015 BWP
CASH FLOWS FROM OPERATING ACTIVITIES:			
Deficit for the year		(1,156,964)	(4,931,478)
Adjustments for:-			
Interest Received		(38,207)	(139,109)
Amortisation of Government subvention	16	(1,147,622)	(1,570,198)
Depreciation	4	1,147,621	1,570,714
Movement in provision for gratuity pay for the year	11.1	(6,072)	(57,403)
Movement in provision for leave pay for the year	11.2	359,543	(594,211)
Movement in provision for leave travel for the year	11.3	(56,904)	57,500
Cash utilised by operations before working capital changes		(898,604)	(5,664,184)
Decrease in trade and other receivables	8	953,584	999,969
(Decrease)/Increase in trade and other payables	10	(95,628)	144,217
Interest Received		38,207	139,109
Net cash flows from operating activities		(2,442)	(4,380,889)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of plant and equipment for expansion	7	(518,160)	(66,127)
Net cash flows used in investment activities		(518,160)	(66,127)

Statement of Cash Flows (Continued)

For the year ended 31 March 2016

	Notes	March 2016 BWP	March 2015 BWP
CASH FLOWS FROM FINANCING ACTIVITIES:			
Government subvention	16	518,160	66,127
Net cash flows from financing activities		518,160	66,127
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(2,442)	(4,380,889)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		252,935	4,633,822
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	9	250,493	252,935

Notes to the Annual Financial Statements

For the year ended 31 March 2016

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost basis. All values are rounded to the nearest Pula (BWP 1), except when otherwise indicated.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Competition Act (Cap. 46:09). The financial statements have been prepared in a manner consistent with prior periods, except for the adoption of the new or revised standards.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements is in conformity with the IFRS, which requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. The estimation is based on Management's best judgment. There are no areas of estimation or judgment that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the current year.

PLANT AND EQUIPMENT

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

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated separately over their estimated useful lives. The methods of depreciation, useful lives

and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following rates were used during the period to depreciate plant and equipment on a straight line basis to estimated residual values:

Furniture and Fittings	10 - 20%
Motor Vehicles	20%
Computer Equipment	20 - 25%

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Authority assesses whether there is any indication that assets are impaired. If any such indication exists for any asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where an asset does not generate cash flows that are largely independent of those of other assets or group of assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined by the market values relating to the asset and the related costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating-unit) is increased to the revised estimate of its recoverable amount. This increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in surplus or deficit.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Competition Authority, and the revenue can be reliably measured, while government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to the purchase of an asset, it is recognised as capital grant in the statement of financial position and released to the surplus or deficit as income in equal amounts over the expected useful life of the related asset.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

OTHER INCOME

Merger Fees

Merger fees are recognised when it is probable that the merger notified for the approval of the Authority as stipulated in section 56(1) of the Competition Act meets the threshold in Regulation 20 of the Competition Regulations as read with section 54 of the Competition Act. The threshold for merger notification is satisfied when either the turnover or asset value of the target enterprise is more than BWP10 million or the combined market share of the merging enterprises is 20% or more. It is also required under Regulation 16(2) that a merger shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher.

Exemption Fees

Exemption fees are recognised when an application for an exemption is received. It is required under Regulation 6(2) that an application for an exemption shall be accompanied by an application fee of 0.01 per cent of the applicant's latest turnover.

Interest Income

Interest income is recognised as it accrues (using the effective interest rate). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Sale of Tender Documents

Tender fees are recognised when payment is received from the bidders.

EMPLOYMENT BENEFITS

Pension

For eligible permanent and pensionable employees, the Competition Authority operates a defined contribution scheme for the employees. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due.

Gratuity

For contract employees, the Competition Authority pays gratuity in accordance with the respective contracts of employment. The Commission passed a resolution that gratuity earned can be paid annually, or the contractual employee may opt that gratuity be deferred and settled at the end of the contract.

Leave Pay Provision

The Competition Authority recognises, in full, employees' rights to annual leave entitlement in respect of past service. The recognition is made each year and is calculated based on accrued leave days not taken during the year.

The charge is made to expenses in the surplus or deficit and a separate provision is recognised in the Statement of Financial Position.

FINANCIAL INSTRUMENTS

Financial Assets

Initial Recognition

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, including transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Competition Authority commits to purchase the asset. The Competition Authority's financial assets include cash and cash equivalents, as well as trade and other receivables. Gains and losses on disposal of financial assets are recognised in the Statement of Comprehensive Income under Other Income.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest rate method less any impairment. Gains and losses are recognised in surplus or deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Gains are shown in the statement of comprehensive income under other operating income, while losses are shown under other operating expenses.

Loans and receivables consist of trade and other receivables.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and deposits on call in banks. Cash and cash equivalents are subsequently carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates their fair value.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

Impairment of Financial Assets

The Competition Authority assesses, at each reporting date, whether there are indicators that a financial asset or group of financial assets may be impaired such as through the default of payment of a receivable and liquidation of receivable, etc.

If there is objective evidence that an impairment loss on an assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The Competition Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Competition Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal should not result in a carrying amount that exceeds what the amortised cost would have been had no impairment loss been recognised at the date the impairment is reversed. Any subsequent reversal of an impairment loss is recognised in surplus or deficit. If there is evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Authority will not be

able to collect all of the amounts due under the original terms of the invoice, the carrying amount of the receivable is reduced through the use of an allowance account. Loans and receivables are written off, together with the related allowance, when they are assessed as uncollectable.

Financial Liabilities

Initial Recognition

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Competition Authority determines the classification of its financial liabilities on initial recognition. Loans and borrowings are initially measured at fair value, net of directly attributable transaction costs.

Subsequent Measurement

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income under other income and administration expenses, respectively.

The Competition Authority's financial liabilities include trade and other payables of short term nature.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Competition Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a

third party under a 'pass-through' arrangement; and either (a) the Competition Authority has transferred substantially all the risks and rewards of the asset, or (b) the Competition Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Competition Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Competition Authority's continuing involvement in the asset.

In that case, the Competition Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Competition Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Competition Authority could be required to repay.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit. Due to the short term nature of financial liabilities, the amortised cost/carrying amount approximates its fair value.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

PROVISIONS

Provisions are recognised when the Competition Authority 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. Provisions are measured at Management's best estimate of expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of the time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

LEASES (Where the Competition Authority is a Lessee)

Operating Leases

An operating lease is the one in which all the risks and benefits of ownership are effectively retained by the lessor. Operating lease payments are recognised as an expense in the statement of comprehensive income on the straight line basis over the lease period.

FAIR VALUE MEASUREMENT

The Authority measures financial instruments, such as "trade and other receivables" and "trade and other payables", at fair value at each balance sheet date.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1) In the principal market for the asset or liability; or

2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

CHANGE IN ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards on a basis consistent with the prior year, except for the adoption of the following new or revised standards.

The Competition Authority has adopted the following new and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations during the period. Adoption of these revised standards and interpretations did not have any financial effect on the financial statements of the Competition Authority. They did, however, give rise to additional disclosures, including, in some cases, revisions to accounting policies. Only those amendments that may have an impact on the Competition Authority have been disclosed.

Standards issued, but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The IASB has issued other amendments, which are not included below as they are not applicable to the Authority. The Authority intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of International Auditing Standards (IAS) 39 and applies to classification and measurement of financial assets and financial liabilities, as well as hedge accounting. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Authority will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued. The amendments are effective for periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods, and key judgements and estimates. The Authority has not yet determined the impact that the new standard will have. This standard is effective for periods commencing on or after 1 January 2018.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

IFRS 16: Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The Authority is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date. This standard is effective for periods commencing on or after 1 January 2019.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively and will not have an impact on the Authority. These amendments are applicable for periods commencing on or after 1 January 2016.

IAS 1 Disclosure Initiative

The amendments to **IAS 1 Presentation of Financial Statements**, clarify rather than significantly change existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the Statement of Comprehensive Income and Other Comprehensive Income (OCI) and Statement of Financial Position may be disaggregated;
- That entities have the flexibility as to the order in which they present the notes to the financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit and loss.

These amendments are applicable for periods commencing on or after 1 January 2016 and will have no impact on the Authority.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

	Note	2016 BWP	2015 BWP
1 GOVERNMENT SUBVENTION			
Revenue/subvention received from the Government of the Republic of Botswana		21,153,953	19,985,073
Capital grants received from the Government of the Republic of Botswana	16	518,160	66,127
Total Government subvention received		<u>21,672,113</u>	<u>20,051,200</u>
<p>Amount recognised as income includes amortisation of grants previously received to fund capital expenditure.</p> <p>There were no unfulfilled conditions or contingencies attached to these income and capital grants.</p>			
2 STAFF COSTS			
Basic salaries		10,609,545	10,602,269
Allowances		3,384,456	3,337,103
Defined contribution pension plan expense		1,131,128	1,053,476
Contract gratuity		797,465	916,745
		<u>15,922,593</u>	<u>15,909,593</u>
3 CONSULTANCY COSTS			
Human resources consultancies		712,962	122,000
Hardware support charges		41,785	98,000
		<u>754,747</u>	<u>220,000</u>

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

4 ADMINISTRATION EXPENSES	Note	2016 BWP	2015 BWP
Advertising		253,965	904,893
External Audit fees		108,000	114,520
Internal Audit fees		586,579	241,538
Bank charges		10,616	53,661
Competition Commission allowances		121,390	100,590
Competition Commission other expenses		69,034	121,256
Adjudication expenses		446,688	1,213,810
Depreciation		1,147,621	1,570,714
Motor Vehicle		394,636	394,636
Computer Equipment		315,416	742,603
Furniture		437,569	433,475
Insurance		323,730	327,659
Office expenses		595,623	694,230
Printing and stationery		156,081	28,111
Staff related costs		771,785	2,528,599
Utilities		1,053,581	1,102,932
Corporate Social Responsibility		-	29,068
Vehicle expenses		80,266	71,141
Legal expenses		369,608	737,777
VAT adjustment		-	376,723
		6,094,569	10,217,222

Staff related costs include recruitments, training, travel, seminars, etc.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

5 OPERATING LEASE EXPENSES

Office and household rental

1,938,029	2,411,368
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6 INTEREST REVENUE

Interest revenue of bank deposits

	2016	2015
	BWP	BWP
Interest revenue of bank deposits	38,207	139,109

7 PLANT AND EQUIPMENT

2016

COST

At 31 March 2015

Additions for the period

At 31 March 2016

	Furniture & Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
At 31 March 2015	3,225,891	1,973,180	2,970,411	8,169,482
Additions for the period	40,495	-	477,665	518,160
At 31 March 2016	3,266,386	1,973,180	3,448,076	8,687,642

ACCUMULATED DEPRECIATION

At 31 March 2015

Depreciation

At 31 March 2016

At 31 March 2015	1,348,387	1,388,245	2,651,948	5,388,580
Depreciation	437,569	394,636	315,416	1,147,622
At 31 March 2016	1,785,956	1,782,881	2,967,365	6,536,202

CARRYING AMOUNT

At 31 March 2016

At 31 March 2016	1,480,429	190,299	480,711	2,151,440
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Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

2015 COST

At 31 March 2014

Additions for the period

At 31 March 2015

ACCUMULATED DEPRECIATION

At 31 March 2014

Depreciation

At 31 March 2015

CARRYING AMOUNT

At 31 March 2015

	Furniture & Fittings BWP	Motor Vehicles BWP	Computer Equipment BWP	Total BWP
At 31 March 2014	3,182,964	1,973,180	2,947,211	8,103,355
Additions for the period	42,927	-	23,200	66,127
At 31 March 2015	3,225,891	1,973,180	2,970,411	8,169,482
At 31 March 2014	914,912	993,609	1,909,345	3,817,866
Depreciation	433,475	394,636	742,603	1,570,714
At 31 March 2015	1,348,387	1,388,245	2,651,948	5,388,580
At 31 March 2015	1,877,504	584,935	318,463	2,780,902

8 RECEIVABLES AND PREPAYMENTS

Staff advances

Receivables and prepayments

	2016 BWP	2015 BWP
Staff advances	230,582	252,275
Receivables and prepayments	877,792	1,809,682
	1,108,374	2,061,958

Receivables consists of rental deposits and utilities deposits. Prepayments mainly consist of rental, utilities and insurance paid for in advance

Staff advances are receivable over six months for advances and twenty four months for training advance and do not attract any interest.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

9 CASH AND CASH EQUIVALENTS

	2016 BWP	2015 BWP
Call	181,380	160,995
Current	65,015	87,793
Cash on hand	4,099	4,147
	<u>250,494</u>	<u>252,935</u>

A sweeping arrangement is in place for the call account with Standard Chartered Bank.

10 TRADE AND OTHER PAYABLES

Accruals	218,156	310,167
Audit Fees	107,897	114,520
Merger Fees received in advance	310,000	-
Subvention recovery	14,372	14,372
Operating lease liability	539,845	846,839
	<u>1,190,270</u>	<u>1,285,898</u>

Accruals are non-interest bearing and have an average term of three months. Accruals are mainly utilities relating to the financial year, but paid after year end. Subvention recovery is the cost paid by the Government on behalf of the Authority and is recoverable from the subvention. Audit fee provision is based on the terms of the engagement letter. It is payable in stages with the last payment due on delivery of the signed audit report.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

	2016	2015
	BWP	BWP
11 PROVISIONS		
11.1 Gratuity		
Opening balance	557,881	615,284
Provision raised during the period	759,665	916,745
Provision used during the period	(765,737)	(974,148)
Closing balance	551,809	557,881
11.2 Leave - Annual		
Opening balance	565,973	1,160,184
Provision raised during the period	549,095	920,978
Provision used during the period	(189,552)	(1,515,189)
Closing balance	925,516	565,973
11.3 Leave - Travel		
Opening balance	78,314	20,814
Provision raised during the period	40,096	59,500
Provision used during the period	(97,000)	(2,000)
Closing balance	21,410	78,314

Total provisions relate to gratuity, leave and leave travel as at the reporting date. The Gratuity provision is calculated in accordance with the respective contracts of employment. Leave provision is calculated based on accrued leave days not taken during the year, while leave travel is a contractual benefit payable after every two years of service. Under contract employment, there is an option to pay the gratuity on an annual basis.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

12 FINANCIAL INSTRUMENTS

The accounting classification of each category of financial instruments and their carrying amounts are as follows:

	Note	Loans and receivables BWP	Financial liabilities at amortised cost BWP	Total carrying amount BWP
2016				
Staff Advances	8	230,582	-	230,582
Cash and cash equivalents	9	250,494	-	250,494
Trade and other payables	10	-	(122,269)	(122,269)
		481,077	(122,269)	358,808
2015				
Staff Advances	8	252,275	-	252,275
Cash and cash equivalents	9	252,935	-	252,935
Trade and other payables	10	-	(114,520)	(114,520)
		505,210	(114,520)	390,690

Financial risk management objectives and policies

The main risks arising from the Competition Authority's financial instruments are interest rate risk, credit risk and liquidity risk. The Competition Authority does not hold any derivative financial instruments.

Credit Risk

The Competition Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised institutions and other counterparties will not be able or willing to pay or fulfil their obligations in accordance with the Competition Act. The Authority is exposed to credit risk through its cash balances that are placed with local banks. Reputable financial institutions are used for investing purposes. All cash and cash equivalents are placed with financial institutions registered in Botswana.

The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and cash and cash equivalents, as shown in the Statement of Financial Position. Credit risk on receivables is managed on the basis that a significant amount of income, mainly merger fees, is paid in advance as per the Competition Act. Any outstanding amounts on staff debtors are recovered from terminal benefits in accordance with the contractual terms and conditions of employment.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

12 FINANCIAL INSTRUMENTS (continued)

Significant Concentration of Credit Risk

Financial assets that potentially subject the Competition Authority to concentrations of credit risk consist primarily of cash and cash equivalents, as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal course of trading. The Competition Authority does not engage in any other investment portfolios. Expertise and controls have been put in place to manage credit risk..

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 9). The Competition Authority has no long-term significant interest bearing assets. Since the Competition Authority receives funds from Government on a quarterly basis, which are linked to expenditure, it does not engage in long-term investments which attract significant interest rates.

The Competition Authority is also monitoring instructions from the Central Bank on issues relating to interest rates trends.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates with all other variables held constant.

2016	Increase / decrease in basis points	Effect on Surplus or deficit and equity
Pula	+100	1,814
Pula	-100	(1,814)
<hr/>		
2015		
Pula	+100	1,610
Pula	-100	(1,610)

Liquidity Risk

The Competition Authority's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Competition Authority's reputation.

The ultimate responsibility for liquidity risk management rests with the Competition Commission, which has established appropriate liquidity risk management procedures for the management of the Competition Authority's funding and liquidity management requirements. The Competition Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecast and actual cash flows, and by matching the Government Subvention to the maturity profile of the financial liabilities.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

The following table summarises the maturity profile of the Competition Authority's financial liabilities as at 31 March 2016 based on contractual undiscounted payments:

2016

	Less than 1 month BWP	1 to 3 months BWP	3 to 12 months BWP	1 to 5 years BWP	> 5 years BWP	Total BWP
Trade and other payables	-	122,269	-	-	-	122,269
	-	122,269	-	-	-	122,269

2015

	Less than 1 month BWP	1 to 3 months BWP	3 to 12 months BWP	1 to 5 years BWP	> 5 years BWP	Total BWP
Trade and other payables	-	1,285,898	-	-	-	1,285,898
	-	1,285,898	-	-	-	1,285,898

Fair Values

Due to the short-term nature of all financial assets and financial liabilities, the amortised cost approximates their fair value

Capital Management

Capital consists of the line item Accumulated funds in the Statement of Financial Position. The Competition Authority's objectives when managing capital are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created. Management is of the view that these objectives are being met. During the period under review, the Competition Authority did not have borrowings. As a new government owned institution, the Competition Authority is supported by the Government of the Republic of Botswana, which currently provides the necessary support to sustain the operations of the Competition Authority.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

13 RELATED PARTY TRANSACTIONS

2016
BWP

2015
BWP

The Competition Authority was set up by the Competition Act (CAP 46:09) and is, therefore, related to the Government of Botswana. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties:

Relationships

Owner with control of entity

Government of Botswana

Members of Board of Commissioners

Refer to General Information Page

Subvention Received

Government of the Republic of Botswana

1

2016	2015
21,672,113	20,051,200

Compensation Paid to Key Management Personnel of the Authority

Basic salaries and allowances

3,774,888	4,259,285
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Gratuity

811,681	916,745
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Rental for CEO's official residence

227,783	216,150
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Total employee benefits

4,814,352	5,392,180
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Key management personnel are also provided with staff advances under the terms applicable to all staff. Competition Commissioners' fees are not included in the compensation paid to management above. As at year end, there were no outstanding salary advances from any of the key management personnel. The CEO is also entitled to an official vehicle and rented official residence

Trading Transactions

The following transactions were on an arms length basis:

Purchases from related parties

2,538,098	2,325,404
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BURS (VAT refunds)

-	(302,180)
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2,538,098	2,023,224
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Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

The purchases from related parties are made at normal market prices. These relate to services from other parastatals, namely; Water Utilities Corporation, Botswana Power Corporation, Botswana Telecommunications Corporation and Botswana Investment and Trade Centre. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2016, the Competition Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Competition Commissioners' Fees

Competition Commissioners' fees for the year amounted to BWP 116 130 (2015: BWP 97 020)

The Adjudicators' fees for the year amounted to BWP 304 080 (2015: BWP 339 545)

14 TAXATION

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

15 COMMITMENTS AND CONTINGENCIES

15.1 Operating Lease Commitments

The Competition Authority has entered into a rental lease agreement as follows:

Operating lease commitments where the Authority is the lessee

The Competition Authority rented office premises and a residential plot under operating leases.

For office rental, the lease commenced on 1st October 2013 and shall continue for a period of 5 years. Termination will require three months notice. The residential lease is for a period of 1 year which commenced on 1st May 2015. Termination will require two months notice.

The future minimum rent payments under cancellable lease are as follows:

Within one year

2,132,153 2,160,906

After one year, but not more than five years

3,541,951 6,307,866

More than five years

- -

5,674,104 8,468,772

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

15.2 Capital Commitments

As at 31 March 2016, the Competition Authority had no capital commitments.

There were no other commitments already made at the end of the reporting period.

15.3 Guarantees

The Competition Authority does not have guarantees on employee loans.

16 GOVERNMENT GRANTS/SUBVENTION

Opening balance

Received during the year

Amortisation of government grants

Closing balance

16.1 GOVERNMENT GRANTS/SUBVENTION

Current

Non-Current

2016
BWP

2015
BWP

Opening balance	2,361,576	3,865,647
Received during the year	518,160	66,127
Amortisation of government grants	(1,147,621)	(1,570,198)
Closing balance	1,732,116	2,361,576
Current	1,147,621	1,570,198
Non-Current	584,495	791,378
	1,732,116	2,361,576

The Competition Authority is funded through Government Subvention or Grant. As at the reporting date, there were no unfulfilled conditions or contingencies relating to the grant that had not been fulfilled. The abovementioned grant is a grant related to assets.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2016

	2016	2015
	BWP	BWP
17 OTHER INCOME		
17.1 Merger Fees	1,199,693	1,991,229
Regulation 16(2) stipulates that a merger shall be accompanied by a merger fee of 0.01 percent of the merging enterprises' combined turnover or assets in Botswana, whichever is higher.		
17.2 Sale of Tender Documents	13,500	11,000
Bidders are required to pay for the tender documents upon collection.		
17.3 Exemption Fees	-	130,096

Regulation 6(2) stipulates that an application for an exemption shall be accompanied by an application fee of 0.01 per cent of the applicant's latest turnover.

18 EVENTS AFTER THE REPORTING DATE

There were no material events that occurred after the reporting date and up to the date of this report which would require adjustment to or disclosure in the financial statements.

19 GOING CONCERN

The Authority incurred a net deficit for the year ended 31 March 2016 of P1 156 964 (2015 – P4,931,478) and, as at that date, its total liabilities exceeded its total assets by P910 814. The Authority has received a letter from the Ministry of Investment, Trade and Industry indicating continued financial support for the Authority going forward.

The Authority is currently fulfilling its mandate, being instituted by the Competition Act, 2009 and there is no reason to believe that the Authority will cease to receive grants from the Government, or not be able to continue fulfilling its mandate.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Authority will continue to have the financial support of the Government and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



Plot 28, Matsitama Road, Main Mall, Gaborone, Botswana

Tel: +267 393 4278
Fax: +267 312 1013
Website: www.competitionauthority.co.bw
Facebook: Competition Authority Botswana
Twitter: @CompetitionBots