Centre for Coordination of Agricultural Research and Development for Southern Africa

Financial Statements for the year ended 31 December 2018

General Information

Country of incorporation and domicile	Botswana	
Directors	Dr. C. Mungoma - Chairperson	Republic of Zambia
	Prof. A. M. Dlamini	Kingdom of Eswatini
	Ms. T. Madziva	Republic of Zimbabwe
	Dr. J. E. Mutondo	Republic of Mozambique
	Ms. P. Pali	Kingdom of Lesotho
	Ms. B. A. Chinyamunyamu	Republic of Malawi
	Dr. M. E. Mogajane	Republic of South Africa
	Ms. V. Ramalonisa	Republic of Madagascar
	Dr. O. O. Akinbamijo	FARA Representative
	Dr. D. Gove	SADC Representative
Acting Executive Director	Dr. Simon Mwale	
Business address	CCARDESA Secretariat Ground Floor Red Brick building Plot 4701 Station Exit Road	
Postal address	Private Bag 00357 Gaborone Republic of Botswana	
Bankers	Standard Chartered Bank of Botswana Limited Stanbic Bank Botswana Limited	
Auditors	Baker Tilly Certified Auditors Plot 50668, Unit 3B, RDC Mpingo, Tholo Office Park, Fairgrounds Gaborone, Botswana	
Year of institution	2010	
Parent Institution	Southern African Development Community(SADC)	

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Directors' Responsibilities and Approval

The directors are required in terms of the Charter founding the Secretariat to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Public Sector Accounting Standards (IPSAS). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Public Sector Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors are satisfied that the secretariat has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the secretariat's annual financial statements. The annual financial statements have been examined by the secretariat's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 28 which have been prepared on the going concern basis, were approved by the board of directors on 12/07/2019 and were signed on their behalf by:

Approval of financial statements

Chairman of the Board	**Acting Executive Director**

bakertilly

Certified Auditors
Unit 3B Tholo Office Park, RDC
Mpingo, Plot 50668.
Fairgrounds, Gaborone
Botswana

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Independent Auditor's Report

To the members of Centre for Coordination of Agricultural Research and Development for Southern Africa

Opinion

We have audited the annual financial statements of the Centre for Coordination of Agricultural Research and Development for Southern Africa set out on pages pages 7 to 28, which comprise the statement of financial position as at 31 December 2018, and the statement of financial performance, statement of changes in net assets/ equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the financial position of Centre for Coordination of Agricultural Research and Development for Southern Africa as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the Secretariat in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition	
IAS 240 states that there is presumed risk of material misstatement due to fraud. Material misstatement due to fraud normally results from overstatement of revenue through premature recognition of revenue or recording fictitious revenue. The auditor therefore considers this a key audit matter because of the fraud risk aspect involved on the recognition of revenue from donors.	In addressing the fraud risk, we performed the following procedures: • We had discussions with management regarding fraud related risks and risk of material misstatement in the financial statements. • Determined the appropriateness of the amount recognised, by matching the expenditure incurred to the amount recognised as revenue. • We also confirmed the amounts received from various donors and supporting partners. • Tested if deferred revenue was appropriately recognised.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Secretariat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly

Baker Tilly
Certified Auditors
Practicing Member: Samuel N.Njanji
Certified Auditor: 20140132

14/08/2019

Date
Unit 3B, Tholo Office Park
RDC Mpingo, Plot 50668
Fairgrounds, Gaborone
Botswana

Statement of Financial Position as at 31 December 2018

	Note(s)	2018 USD	2017 USD
Assets			
Non-Current Assets			
Property, plant and equipment	3	1 459	5 564
Current Assets			
Recoverable amounts from exchange transactions	4	1 368 150	1 434 005
Cash and cash equivalents	5	617 043	824 642
		1 985 193	**2 258 647**
Total Assets		**1 986 652**	**2 264 211**
Equity and Liabilities			
Equity			
Reserves		403 345	419 595
Accumulated loss		(2 250)	(7 048)
		401 095	**412 547**
Liabilities			
Current Liabilities			
Trade and other payables	10	1 585 557	1 851 664
Total Equity and Liabilities		**1 986 652**	**2 264 211**

Statement of Financial Performance

	Note(s)	2018 USD	2017 USD
Revenue	11	685 074	1 099 602
Other income	12	32 499	18 558
Other operating gains	13	3 088	636
Operating expenses		(715 863)	(1 118 796)
Surplus for the year	14	**4 798**	**-**
Surplus for the year		**4 798**	**-**
Total comprehensive surplus for the year		**4 798**	**-**

Statement of Changes in net assets/equity

	Reserve fund	Member States contribution fund	Project funds	Capital grant	Total reserves	Accumulated deficit	Total equity
	USD	USD	USD	USD	USD	USD	USD
Balance at 01 January 2017	**970 767**	**-**	**(571 124)**	**20 478**	**420 121**	**(7 048)**	**413 073**
Amortisation of capital grants	-	-	-	(18 558)	(18 558)	-	(18 558)
Contributions received	266 392	71 801	765 689	3 644	1 107 526	-	1 107 526
Net advances	1 810	-	-	-	1 810	-	1 810
Funds utilised	(631 033)	(84)	(456 550)	-	(1 087 667)	-	(1 087 667)
Net Advances	-	-	(3 637)	-	(3 637)	-	(3 637)
Total contributions recognised directly in equity	**(362 831)**	**71 717**	**305 502**	**(14 914)**	**(526)**	**-**	**(526)**
Balance at 01 January 2018	**607 936**	**71 717**	**(265 622)**	**5 564**	**419 595**	**(7 048)**	**412 547**
Surplus for the year	-	-	-	-	-	4 798	4 798
Total comprehensive surplus for the year	**-**	**-**	**-**	**-**	**-**	**4 798**	**4 798**
Amortisation of capital grants	-	-	-	(4 105)	(4 105)	-	(4 105)
Contributions received	7 888	268 534	402 896	-	679 318	-	679 318
Funds utilised	(212 350)	(131 215)	(371 689)	-	(715 254)	-	(715 254)
Amount refunded to Donors	-	-	(5 000)	-	(5 000)	-	(5 000)
Reversal of gratuity payable	-	-	28 394	-	28 394	-	28 394
Other receipts	-	-	397	-	397	-	397
Total contributions recognised directly in equity	**(204 462)**	**137 319**	**54 998**	**(4 105)**	**(16 250)**	**-**	**(16 250)**
Balance at 31 December 2018	**403 474**	**209 036**	**(210 624)**	**1 459**	**403 345**	**(2 250)**	**401 095**
Note(s)	6	7	8	9			

Statement of Cash Flows

	Note(s)	2018 USD	2017 USD
Cash flows from operating activities			
Cash used in operations	15	(194 438)	(4 210)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(3 644)
Sale of property, plant and equipment		4 798	-
Sale of financial assets		-	571 331
Net cash from investing activities		**4 798**	**567 687**
Cash flows from financing activities			
Movement in funds		(16 250)	(526)
Total cash and cash equivalent movement for the year		**(205 890)**	**562 951**
Cash and cash equivalents at the beginning of the year		824 642	261 055
Effect of exchange rate movement on cash balances		(1 709)	636
Total cash and cash equivalents at end of the year	5	**617 043**	**824 642**

Accounting Policies

Reporting entity

The Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA) is a subsidiary of SADC and a sub-regional organisation (SRO) covering 15 Member States of the Southern African Development Community (SADC). The organisation was designed by the Member States under the influence of the Forum for Agricultural Research in Africa (FARA); an apex continental organisation responsible for coordinating and advocating for agricultural research for development (AR4D). It was established as a regional agricultural Research and Development institution operating under the principle of subsidiarity. The establishment of CCARDESA was approved by the SADC Council of Ministers on 5 November 2010 and the Charter establishing CCARDESA entered into force on 5 April 2011, when two thirds of the Member States signed it. By 2015, all the SADC Member States had signed the Charter. The organisation became fully operational in 2013. Its responsibility is to coordinate the implementation of agricultural research and development in the SADC region.

1. Accounting policies

1.1 Basis of preparation

These financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) as adopted by the The International Public Sector Accounting Standards Board (IPSASB) and have been prepared on a historical cost basis, except for certain financial instruments and liabilities that are stated at fair value.

In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgment in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users so that the financial statements.

-represent faithfully the financial position, financial performance and cash flows of the entity;

-reflect the economic substance of transactions, other events and conditions and not merely the legal form.

-are neutral, i.e. free from bias;

-are prudent; and.

-are complete in all material respects.

The principal accounting policies have been consistently applied in the current and previous financial year, unless stated otherwise. Standards, interpretations and amendments to published standards that were adopted by the Secretariat or are not yet effective, are discussed in note 2.

Based on materiality, certain comparatives in the notes have been aggregated.

All amounts disclosed in these financial statements have been rounded off to the nearest United States Dollars, unless otherwise stated.

1.2 Presentation currency

The Secretariat's results are presented in United States Dollars (USD) which is also its functional currency.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The more significant areas requiring the use of management estimates and assumptions relate to contingent liabilities, fair value estimations, depreciation and amortization calculations, asset impairments/reversals, provisions and useful life and residual value of plant and equipment.

The more significant areas requiring the use of management estimates and assumptions relate to contingent liabilities, fair value estimations, depreciation and amortization calculations, asset impairments/reversals, provisions and useful life and residual value of plant and equipment.

Accounts receivables

The secretariat assesses its receivable for impairment at the end of each period. In determining whether an impairment loss should be recorded in the account, the secretariat makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset. The impairment for accounts receivable is calculated on an individual basis.

Impairment testing

At each reporting date, the Secretariat reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in profit or loss.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised previously. Reversals of impairment losses are recognised in profit or loss.

Impairment of trade and other receivables is established when there is objective evidence as a result of a loss event that the group will not be able to collect all amounts due according to the original terms of the receivables. Objective evidence includes failure by the counterparty to perform in terms of contractual arrangements and agreed terms. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairments relate to specific accounts whereby the carrying amount is directly reduced. The impairment is recognised in the income statement.

Provisions

Provisions are recognised when the Secretariat has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Litigation and administrative proceedings are evaluated on a case-by-case basis considering the information available, including that of legal counsel, to assess potential outcomes.

Where it is considered probable that an obligation will result in an outflow of resources, a provision is recorded for the present value of the expected cash outflows if these are reasonably measurable. These provisions cover the estimated payments to plaintiffs, court fees and the cost of potential settlements.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Useful life and residual value of property, plant and equipment

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

1.4 Property, plant and equipment

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

- it is probable that future economic benefits associated with the item will flow to the Secretariat; and

- the cost of the item can be measured reliably.

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economic benefits is depreciated separately over its useful life.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	4 years
IT equipment	Straight line	3 years
Assets purchased for specific projects	Straight line	100% during the project

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economic benefits is depreciated separately over its useful life.

Accounting Policies

1.5 Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Secretariat becomes party to the contractual provision of an instrument, initially at fair value plus directly attributable transaction costs (except for financial instruments classified at fair value through profit and loss). Purchases and sales are recognised on trade date being the date the Secretariat commits to purchase or sell an asset.

The Secretariat derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset

The Secretariat derecognises financial liabilities when, and only when, the Secretariat's obligations are discharged, cancelled or they expire.

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Other long-term receivables and trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The Secretariat's principal financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Secretariat's principal financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Accounts receivable/recoverable

Accounts receivable represent receivables from exchange transactions and recoverable from non-exchange transactions.

Disbursements to implementing partners and outstanding funds from donors are treated as recoverable in the statement of financial position. Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectable debts.

Cash and cash equivalents

All cash and other highly liquid investments which initial maturities of three months or less to be cash and cash equivalents. These are initially and subsequently recorded at fair value.

Accounting Policies

1.6 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Secretariat also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

1.7 Capital grant

Capital grant relates to grants used to purchase property, plant and equipment. The capital grant is amortised over the useful life of the purchased assets.

1.8 Employee benefits

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

Accounting Policies

1.9 Grants

Grants received are recognized at their fair value over the period necessary to match them with the costs that they are intended to compensate, and when there is reasonable assurance that the organization will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are separately presented in the statement of financial performance as revenue.

1.10 Translation of foreign currencies

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

At the end of the reporting period:

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

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

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date of standard	Application date
• PBE IPSAS 12, PBE IPSAS 27- 2016 Omnibus Amendments to PBE Standards	01 January 2018	01 January 2018
• PBE IPSAS 1- Approved Budget (Amendments to PBE IPSAS 1)	01 January 2018	01 January 2018

2.2 Standards and interpretations not yet effective

The Secretariat has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Secretariat's accounting periods beginning on or after 01 January 2019 or later periods:

Standard/ Interpretation:	Effective date of standard	Application date
• PBE IPSAS 34, PBE IPSAS 35, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 38 - PBE Standards on interests in other entities: PBE IPSAS 34 Separate Financial Statements PBE IPSAS 35 Consolidated Financial Statements PBE IPSAS 36 Investments in Associates and Joint Ventures PBE IPSAS 37 Joint Arrangements PBE IPSAS 38 Disclosure of Interests in Other Entities	1 January 2019	1 January 2019
• PBE IPSAS 21, PBE IPSAS 26 - Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)	1 January 2019	1 January 2019
• PBE IPSAS 39 - Employee Benefits	1 January 2019	1 January 2019
• PBE IFRS 9 - Financial Instruments	1 January 2021/ 1 January 2018 for Crown entities	1 January 2021/ 1 January 2018 for Crown entities
• PBE FRS 48 - Service Performance Reporting	01 January 2021	01 January 2021

Notes to the Financial Statements

3. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	36 766	(36 612)	154	36 766	(34 605)	2 161
Motor vehicles	9 300	(9 299)	1	18 600	(18 598)	2
Office equipment	4 218	(4 211)	7	4 218	(4 211)	7
IT equipment	90 385	(89 088)	1 297	90 385	(86 991)	3 394
Total	**140 669**	**(139 210)**	**1 459**	**149 969**	**(144 405)**	**5 564**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Disposals	Depreciation	Total
Furniture and fixtures	2 161	-	(2 007)	154
Motor vehicles	2	(1)	-	1
Office equipment	7	-	-	7
IT equipment	3 394	-	(2 097)	1 297
	5 564	**(1)**	**(4 104)**	**1 459**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	9 381	-	(7 220)	2 161
Motor vehicles	4 650	-	(4 648)	2
Office equipment	844	-	(837)	7
IT equipment	5 603	3 644	(5 853)	3 394
	20 478	**3 644**	**(18 558)**	**5 564**

Notes to the Financial Statements

	2018 USD	2017 USD

4. Recoverable amounts from exchange transactions

Advances to staff	1 000	1 000
Prepayments	-	8 511
Donor receivable - MDTF	1 367 150	1 424 494
Other receivables	102 908	55 246
Provision for impairment on other receivables	(102 908)	(55 246)
	1 368 150	**1 434 005**

Recoverable amounts from exchange transactions past due but not impaired

Included in Donor receivables-MDTF, is an amount of USD 1 367 150 (2017 : USD 1 424 494) related to the MDTF project funded by the World Bank.

Recoverable amounts from exchange transactions impaired

As of 31 December 2018, recoverable amounts from exchange transactions of USD 102 908 (2017: USD 55 246) were impaired and provided for.

The amount of the provision was USD 102 908 as of 31 December 2018 (2017: USD 55 246).

The ageing of these loans is as follows:

6 months past due	102 908	55 246

Reconciliation of provision for impairment of trade and other receivables

Opening balance	55 246	55 246
Provision for impairment	47 662	-
	102 908	**55 246**

The impairment losses recognised in the prior years relate to the advances to Flexi Mind Properties (Proprietary) Limited. The current year impairment losses are recognised of USD 47 662 relates to amounts receivable from the ex-Executive Director. The recoverable amount of these receivables was estimated to be zero.

The creation and release of provision for impaired receivables have been included in Reserves. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Secretariat does not hold any collateral as security.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	23
Bank Balance	617 043	824 619
	617 043	**824 642**

Notes to the Financial Statements

	2018 USD	2017 USD

6. Reserve fund

The Reserve fund represents once off contributions by Member States as pledged on the inception of the Secretariat. The fund is used to support the Secretariat programmes, projects or activities which may not be donor funded but are a priority to SADC Member States.

Republic of Namibia	86 020	86 020
Republic of Botswana	91 000	91 000
Republic of Mauritius	86 000	86 000
Republic of Mozambique	86 000	86 000
Republic of South Africa	300 000	300 000
Republic of Angola	320 000	320 000
Kingdom of Eswatini	79 000	79 000
Kingdom of Lesotho	77 000	77 000
Republic of Madagascar	85 000	85 000
United Republic of Tanzania	98 280	98 280
Republic of Zambia	91 000	83 112
Salaries and operational costs	(841 669)	(629 319)
Impairment	(154 157)	(154 157)
	403 474	**607 936**

Funds Pledged and not received by 31 December 2018		
Democratic Republic of Congo	98 000	98 000
Republic of Malawi	80 000	80 000
United Republic of Tanzania	720	720
Republic of Zambia	-	7 888
Republic of Zimbabwe	82 000	82 000
	260 720	**268 608**

Funds pledged and not yet paid by the Member States are not recognised as revenue and receivable in the financial statements. The information is provided for information purposes only.

Notes to the Financial Statements

	2018 USD	2017 USD

7. Member States Contribution fund

The Ministers responsible for Agriculture and Food Security approved annual contributions by Member States of USD 1.2 million for a period of three years to support CCARDESA's operational financial needs. The Contributions per country are based on the SADC formula. The Member States had made the following contributions by 31 December 2018:

Republic of Namibia	66 147	66 147
Republic of Madagascar	5 654	5 654
Republic of Botswana	67 900	-
Kingdom of Eswatini	61 108	-
Republic of Zambia	80 059	-
Kingdom of Lesotho	59 492	-
Bank Charges	(109)	(84)
Funds utilised	(131 215)	-
	209 036	**71 717**

Funds pledged and not received by 31 December 2018		
Republic of Mozambique	67 669	67 669
Republic of Botswana	-	67 900
Republic of South Africa	240 012	240 012
Republic of Angola	139 227	139 227
Kingdom of Eswatini	-	61 133
Kingdom Lesotho	-	59 492
Republic of Madagascar	58 992	58 992
United Republic of Tanzania	84 371	84 371
Republic of Zambia	-	74 437
Republic of Zimbabwe	66 086	66 086
Democratic Republic of Congo	77 460	77 460
Republic of Malawi	62 227	62 227
Republic of Seychelles	3 542	3 542
Republic of Mauritius	65 596	65 596
	865 182	**1 128 144**

Funds pledged and not yet paid by the Member States are not recognised as revenue and receivables in the financial statements. The information is provided for information purposes only.

Notes to the Financial Statements

	2018 USD	2017 USD

8. Accumulated funds

The accumulated fund balances are inclusive of the following donor funds and balances.

MDTF Fund	(1 419 933)	(1 576 244)
SDC Fund	199 934	199 934
CCARDESA Payroll	(6 664)	(6 490)
APPSA Fund	460 438	580 452
UNIBRAIN Fund	8 407	8 407
CCARDEA USAID Fund	(215)	(215)
SSA CP Fund	17 707	17 707
CTA Fund	26 378	26 378
PRO INTENSE Africa Fund	15 350	20 350
AHC STAFF Fund	235 294	235 294
AGRA Fund	(429)	(429)
MoA-Swaziland Fund	23 268	23 268
Forschungsinstitut fur Biologis	10 011	10 011
FAO Fund	12 560	12 560
CCARDESA ADMINISTRATION- Fund	182 878	177 895
AU IBAR	4 264	17 669
Wheat for Africa	(12 261)	6 354
IFPRI	3 780	3 858
GIZ	50 990	-
USAID	(22 381)	(22 381)
	(210 624)	**(265 622)**

9. Capital grant

The balance comprises grants received from supporting partners utilised for the acquisition of items of plant and equipment. The reserve is amortised over the life of the assets. The carrying amount of the capital grants is equivalent to the carrying amount of plant and equipment.

Capital grants at the beginning of the period	5 564	20 478
Additions to capital grants	-	3 644
Amortisation of capital grants	(4 105)	(18 558)
	1 459	**5 564**

10. Trade and other payables

Trade payables	9 754	58 017
Donor payable	1 367 150	1 424 494
Other payables	19 513	19 513
Gratuity and leave provision	119 520	154 322
Other payroll accruals	12 802	13 025
Audit fee provision	6 646	6 646
Other accrued expenses	50 172	175 647
	1 585 557	**1 851 664**

Notes to the Financial Statements

	2018 USD	2017 USD
11. Revenue		
Donor grants received	685 074	1 099 602
Amounts received from various supporting partners and SADC member states for funding projects and operational activities during the year:		
SDC Fund Balances	-	5 189
SADC Member states - Reserve fund	7 888	268 201
SADC Member states - MS Contribution	268 533	71 801
APPSA country contributions	161 309	669 949
CCARDESA Administration fund – Management fees and other fees	29 395	68 069
IFPRI	-	7 498
MDTF	136 233	-
Wheat for Africa	24 975	-
GIZ	50 985	-
	679 318	**1 090 707**
12. Other income		
Sundry income	28 394	-
Amortisation of capital grants	4 105	18 558
	32 499	**18 558**

Reconciliation of revenue recognised through amortisation of capital grants and capital grants:

Capital grants at the beginning of the period	5 564	20 478
Additions to capital grants	-	3 644
Amortisation of capital grants	(4 105)	(18 558)
	1 459	**5 564**
13. Other operating gains (losses)		
Gains on disposals		
Property, plant and equipment	4 797	-
Foreign exchange gains (losses)		
Net foreign exchange (losses) gains	(1 709)	636
Total other operating gains	**3 088**	**636**

Notes to the Financial Statements

	2018 USD	2017 USD

14. Operating surplus

Surplus before financial income and expense for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	6 646	6 646
Adjustment for previous year	-	(4 179)
	6 646	**2 467**
Employee costs		
Salaries and other benefits	489 417	633 480
Depreciation and amortisation		
Depreciation of property, plant and equipment	4 104	18 558
Other		
MDTF ineligible expenditure refund	-	136 520
Board expenses	6 888	73 376
Partnerships / Collaborations	10 594	41 476
Other meetings	122 521	105 509

15. Cash used in operations

Surplus for the year	4 798	-
Adjustments for:		
Depreciation and amortisation	4 104	18 558
Gains on disposals	(4 797)	-
Gains (losses) on foreign exchange	1 709	(636)
Changes in working capital:		
Recoverable amounts from exchange transactions	65 855	1 454
Trade and other payables	(266 107)	(23 586)
	(194 438)	**(4 210)**

16. Related parties

Relationships

CCARDESA is governed by a board of directors whose members are entitled to payment of honoraria and other travel related expenses when participating in CCARDESA meetings or any other CCARDESSA business. The list of directors during the year under review is listed on page 1 of the financial statements.

No board member received any remuneration or loans other than the entitlements Board sitting allowances, per diems and travel reimbursements as indicated above during the year under review.

Notes to the Financial Statements

17. Risk management

Credit risk

In the normal course of business, the organization incurs credit risk from accounts receivable and transactions with banking institutions. Organization manages its exposure to credit risk by: Holding bank balances and short-term deposits (demand deposits) with Botswana registered banks, which are subsidiaries of major banks listed in United Kingdom and South Africa. These banking institutions do not have any separate credit rating. Maintaining credit control procedures over accounts receivable.

Recoverable from non-exchange transactions, receivables from exchange transactions and prepayments as at 31 December 2018 totalled USD 1 368 150 (2017: USD 1 434 005).

18. Presentation of budget information in financial statements

Key assumptions include:

- Funding available throughout the periods
- Donors interest in sponsoring programs of the Secretariat
- The approval of the budget by General Assembly (through the board of directors) empowers the Secretariat (through the Executive Director):
- To commit and authorize expenditures and to make all payments to be borne by the Secretariat, for the purposes and within the limits of the appropriations and the commitment authority, as the case maybe;
- To receive the income entered in the budget, together with any other resources accruing to the Secretariat in respect of its activities.

The projects budgets are approved by the donors as contained in the signed contracts and agreements covering each project. Comparison of budget and actual on a high level and also at the level of projects.

Detailed Income Statement

	Note(s)	2018 USD	2017 USD
Revenue			
Grant revenue		685 074	1 099 602
Other operating income			
Sundry income		28 394	-
Amortisation of capital grant		4 105	18 558
	12	**32 499**	**18 558**
Other operating gains (losses)			
Gains on disposal of assets		4 797	-
Foreign exchange (losses) gains		(1 709)	636
	13	**3 088**	**636**
Expenses (Refer to page 28)		**(715 863)**	**(1 118 796)**
Surplus for the year		**4 798**	**-**

Detailed Income Statement

	Note(s)	2018 USD	2017 USD
Other operating expenses			
Advertising		(100)	-
Auditors remuneration - external auditors	14	(6 646)	(2 467)
Bank charges		(5 886)	(4 191)
Computer expenses		(4 174)	(4 320)
Consulting and professional fees		(11 960)	(10 200)
Consumables		(1 805)	(1 883)
Depreciation		(4 104)	(18 558)
Employee costs		(489 417)	(633 480)
Board expenses		(14 863)	(73 343)
Other meeting expense		(125 237)	(104 761)
Cost recovery/overheads		(21 438)	(59 561)
Partnerships/ collaboration		(10 594)	(41 476)
Facilitators		(3 600)	(1 200)
Small value assets		-	(39)
Recruitment expenses		(352)	-
Insurance		-	(3 117)
Motor vehicle expenses		(26)	(1 036)
Other expenses		(157)	(300)
Postage		(181)	(1 159)
Printing and stationery		(2 914)	(4 360)
Promotions		(1 765)	-
Repairs and maintenance		(241)	(760)
Research and development costs		-	(136 520)
Staff welfare		-	(1 666)
Subscriptions		(317)	-
Telephone and fax		(10 029)	(14 366)
Transport and freight		(57)	(33)
		(715 863)	**(1 118 796)**