



Success line



Season's greetings and
best wishes for a bright and
prosperous 2009

From our Managing Partner's desk



Jay Ramesh

We are coming to an end of a remarkable year. The year that brought excitement, promise and crisis. The global economic crisis has left the whole western countries reeling in panic and reconstruction while the rest of the world is awaiting for the aftermath to reach its shores. Though Botswana has not outwardly felt the impact of the financial crises, we have seen it been reflected in diamond sales that was almost none during the closing months of this year.

Your choice firm, Grant Thornton, has shown its resilience, positiveness and its traditional passion for serving its clients throughout this year. The resilience aspect was tested when some of our trained resources were taken away by one of the senior players in our profession. However, our partners, managers and staff rose up to the occasion to complete the tasks successfully, by their dedication, sincerity and application. We thank you, our valuable clients, for understanding us during this period. We have successfully recruited, trained and deployed valuable resources back into our teams to deliver our passionate service to you.

Grant Thornton Botswana is fully aligned to the offices of Grant Thornton around the world. **We work together as one cohesive global organization to provide distinctive client service.** We share expertise in all areas of our service delivery more especially in the service lines of Transaction advisory services, Capital market services including performing corporate valuations and due diligence reviews. Expertise towards performance of statutory audits of large corporates is available in the Botswana office and is also supported by Professional Standards teams regionally and internationally.

Our firm has shown significant growth in client profile and assignment profile and has geared its

self to serve the expanding needs of our clients that have grown dramatically. This is in line with the global strategy of Grant Thornton and as reflected by the combined results of the Grant Thornton firms around the world. **Grant Thornton on a worldwide basis is a 4 billion dollar turnover organization that has shown outstanding growth as compared to similar firms internationally.**

You have chosen us to be the only credible alternative to the major firms operating in the market and we are thankful for your support and faith in our organization and our people. We will continue to keep our most valuable human resources well trained and equipped to keep them technically competent and passionate to serve.

We wish Mr Rajendran Varma a quiet retirement and a less hectic work schedule. As you all know, he was a senior partner of the firm, our tax guru and a pillar of strength for all of us. He is still available to us for consultation at a high level. We also bid farewell to Mr Jayaram Karumathil during the year. Jayaram was with us for 15 years and has now moved to industry from practice.

Raja Ram, Dinesh, Vijay, Girish, Aswin, Joe, our other team leaders – Anju, Tony, Rajesh, Pushpa, Ranjitha, Jagdish, our managers, executives and staff join me and take this opportunity to wish you all a very happy festive season, wonderful holidays and a prosperous, healthy and successful 2009.

Credit Crunch

What does it mean to Botswana

We have been hearing about the financial market collapse, credit crunch, slowdown in economy etc over the past few months. What does it mean to Botswana and how to stay unaffected by it?

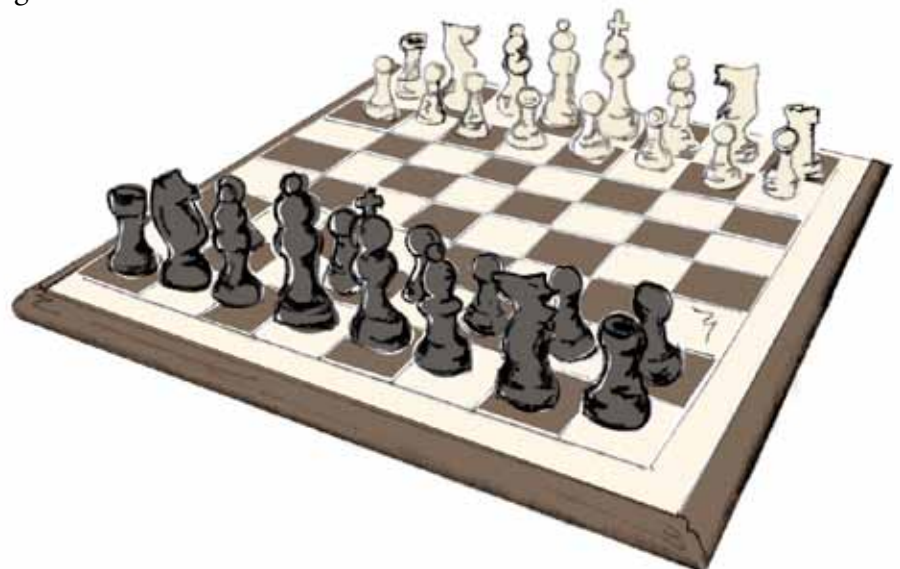
Over the past few years, the financial institutions, mainly banks, lent money against securities which were not worth the value they were thought to be worth. When borrowers started failing in their payment, banks could no longer use these securities to secure the principal and most of these mortgage debts had to be considered bad. This affected the bank's earnings and also the customers who depend on the bankers to finance their business requirements.

Botswana has not witnessed the credit crunch as yet. The exports of the country could get affected which could further slow down the projects of the government. Our general advice to client is to take proactive steps to prepare for challenging days ahead.

What can be done to overcome it, one may ask. With careful planning and foresight, you might even be able to turn conditions to your advantage. Businesses

that are well capitalised, well positioned, and well managed should see opportunities. Here are a few tips that could help.

1. Monitor and manage cash flow periodically. After all, Cash is king
2. Look at cash flow as a source of measure rather than sales or other earnings.
3. Be relentless on cost control. Remember a thebe saved is a thebe earned
4. Draw up budgets and stick to them.
5. Maintain the credit terms with customers aggressively. A follow up would not harm the business any day. Remember to evaluate the credit worthiness periodically
6. Renegotiate with suppliers whenever feasible. Try to determine if you need lesser suppliers with more better terms



7. Pay appropriate taxes. Neither allow overpayment to hamper your cashflow nor underpayment to burden you with additional interest. Meet with your tax consultants periodically to determine what is and what is not allowable as deduction. Capitalise on tax provisions wherever you can.
8. Follow up with BURS and other regulators to get prompt refunds. Remember, interest on these refunds is almost negligible
9. Reconsider capital investments. If they can be deferred, they should be.
10. Bankers are your friends. Approach them for any benefit you might derive.
11. Build cash reserves and hire professionals who can help you assess your options. In most cases, doing nothing will cause value to erode rapidly.
12. Defer conversations with banks and bondholders until a full game plan is developed. Do not agree to provide additional collateral or a personal guarantee in exchange for covenant waivers, until you have fully assessed your options.

Call professional advisers far in advance of a financial crisis. The more time you have to identify your options and craft a plan, the better are your chances of success.

Compiled by Madhavan V. – Manager – Audit team, taking excerpts from e bizz line of Grant Thornton South Africa.



BOTA Training Levy Queries and Replies

- 1 Who is required to pay the training levy?
Any person registered for VAT is required to pay the training levy.
- 2 When do I pay my levy?
Along with your VAT return either bi-monthly or monthly
- 3 Is it tax deductible?
No. This is a levy and not eligible for tax deduction
- 4 Are all training expenses reimbursed?
Only expenses approved by BOTA is reimbursed.
- 5 Is the refund taxable?
The claim shall be charged to tax as the expense on training is an allowable expense. The claim is treated as a reimbursement of expenses incurred.
- 6 How do I make a claim?
All expenses along with the details of the levy are forwarded to BOTA and they approve the same
- 7 Can I set off the VAT refund against the levy?
No. BURS is collecting on behalf of BOTA and hence the VAT refund cannot be set off against the levy payable
- 8 On what format is the levy paid?
It is paid along with the VAT. The new VAT forms have been modified to include the training levy. You will pay your training levy when you submit your VAT forms
- 9 Can I issue one cheque?
You may.
- 10 What is Turnover?
It shall be the VATable turnover and shall exclude exempt turnover, but zero rated turnover are applicable
- 11 Am I still eligible for the training allowance of 200%?
At the moment it is still allowed as per the Income Tax regulations
- 12 Can I claim this from my customers?
No. This is a levy and has to be paid by the assessee.

Compiled by Rajesh Narasimhan, Manager – Tax team, from various client queries.

Effective dates of new standards and IFRIC interpretations

The table below lists new IFRS standards and IFRIC Interpretations with an effective date on or after 1 January 2007. Companies are required to make certain disclosures in respect of new Standards and Interpretations under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2007

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IAS 1	Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures	1 Jan 2007	Yes
IFRS 7	Financial Instruments: Disclosure	1 Jan 2007	Yes
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007	Yes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 Jan 2008	Yes
IFRIC 12	Service Concession Arrangements	1 Jan 2008	Yes
IFRIC 13	Customer Loyalty Programmes	1 Jan 2008	Yes
IFRS 8	Operating Segments	1 Jan 2009	Yes
IAS 23	Amendments to IAS 23 Borrowing Costs	1 Jan 2009	Yes
IAS 1	Presentation of Financial Statements	1 Jan 2009	Yes
IFRS 2	Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 Jan 2009	Yes
IAS 32 and IAS 1	Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	1 Jan 2009	Yes (but must be applied in conjunction with related amendments to IAS 39, IFRS 7 and IFRIC 2)
IFRS 3	Business Combinations (Revised 2008)	1 July 2009	Yes (but only for periods beginning on or after 30 June 2007 and in conjunction with IAS 27 Revised 2008)
IAS 27	Consolidated and Separate Financial Statements	1 July 2009	Yes (but must be applied in conjunction with IFRS 3 Revised 2008)
IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements	1 January 2009	Yes
Various	Annual Improvements to IFRSs 2008	1 January 2009 (unless otherwise stated)	Yes
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	Yes
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	Yes
IAS 39	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009	Yes

*Excerpts from IFRS news publication of Grant Thornton International Ltd.

The Chat line



Community Service

Our community service held annually in December is always our highlight for a happy ending of the year. On December 6 the Grant Thornton family spent their day at the Reneetswe Happy Home Centre at the Mmankgodi Village. **As our commitment to Corporate Social responsibility towards an educated nation, the firm donated P10 000.00 to the Centre towards their development of library and purchase of books for the children.** We also donated clothes and goody bags with X'mas gifts to the children. Donations towards this project were generated through sale of wrist bands stating "investing in our community" and personal contributions from employees.

A painting competition was held for the children of different age groups having a theme as "Nature or Wildlife". Prizes were distributed to the winners in different age categories.

Congratulations

To our Corporate Services Team leader Anju Suresh on successful completion of CSA qualification.

To our upkgale team who once again bagged the 1st and the 2nd prizes in the BIA – KPMG Upkgale climbing competition. Grant Thornton has been consecutively winning the 1st prize in this event for the 4th year now. Our flag always soars high!!

Grant Thornton bagged the 2nd prize in the BIA – Pricewaterhouse football tournament.

14th Grant Thornton – BIA six a side cricket tournament, which has always been a fantastic annual social event among accountants was held on 3-4 October 2008. The winners Pioneers were given trophies at the end of the event. During this year's tournament we had a hat trick being taken by Deepak of Grant Thornton "A" team.

Training

Aswin, our Audit Partner attended the series of International Partners Development Programme conducted by Grant Thornton International. Selected partners of Grant Thornton from 24 countries attended this prestigious development programme. This Programme is held in London, Brussels and Durham.



Madhavan our Audit Senior Manager recently attended the training on implementation of VOYAGER, Grant Thornton's new audit software.

Our Specialist Advisory Services team recently attended the Corporate Finance training on the latest in Transaction Services and Valuations in Johannesburg. Grant Thornton employees have also participated in various training courses conducted by Botswana Institute of Accountants during the year.

With the ongoing participation in training activities we are able to extend our services with the latest tools and technologies available to serve our clients better.

Farewell

Rajendran Varma our Senior Partner and "tax guru" retired in July this year after being part of the Grant Thornton family for more than 24 years. His contribution to the growth and development of the firm is invaluable.

Grant Thornton also bid farewell to Jayaram Karumathil our Senior Partner who left the firm to join in the industry sector in August 2008.

Our best wishes to both of them.



*Thank you for your
support. We look
forward working
together for a successful
2009*

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