Annual General Meeting Report 2022/2023

Empowering Lives, Ensuring Care.


Standard

CONTENTS

Who we are

The Botswana Public Officers' Medical Aid Scheme (BPOMAS) came into existence through a Presidential Directive and was registered as a society (with the Registrar of Societies) in 1990. BPOMAS is a closed Scheme, which provides medical aid cover to public service employees as well as employees of parastatals.

All Government employees are eligible to join BPOMAS and are entitled to subsidy from Government. The Scheme ensures that member interests are protected and access to healthcare is assured.

VISION

Your Number 1 Partner in Sustainable Healthcare.

MISSION

To provide access to affordable, quality, innovative and efficient healthcare solutions that meet your needs.

VALUES

- Professionalism
- Innovation
- Team Orientation
- Accountability
- Service Excellence
- Botho

Our New BPOMAS Membership Cards

PROXY FORM

Appointment of Proxy

If you cannot attend the 2023 Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme (BPOMAS) to be held on the 22nd September 2023 at 0900hrs at AVANI HOTEL, GABORONE, and cannot attend from Francistown (Cresta Marang), and Maun (Maun Lodge), and you are entitled to vote at the Annual General Meeting (i.e. member of the Scheme, whose contributions are not in arrears), you may appoint a proxy to vote on your behalf. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.

A. YOUR DETAILS

FULL NAMES	
MEMBERSHIP NO.	
ID/PASSPORT NO.	
POSTAL ADDRESS	
EMAIL	

B. WHOM DO YOU WANT TO APPOINT AS YOUR PROXY

I appoint as my proxy tick (√) one (1) box only:

☐ *The Chairperson of the Annual General Meeting*

If you appoint the Chairperson as your proxy, and direct the Chairperson on how to vote, the Chairperson must call a poll on that vote and must vote the way you direct.

OR

☐ *The following person*

If you want to appoint someone else, give their details. If you do not provide a name, you will be taken to have appointed the Chairperson as your proxy.

FULL NAMES	
MEMBERSHIP NO.	
POSTAL ADDRESS	
EMAIL	

Only tick (√) the appropriate box if you want to direct your proxy how to vote. If you mark the ABSTAIN box, you are directing your proxy not to vote at the Annual General Meeting and your vote will not be counted when calculating whether the required majority of members have passed the resolution.

RESOLUTIONS

ITEM 1: Approval of Minutes of Meeting held on 9th December 2022.

YES		NO		ABSTAIN	

ITEM 2: Adoption of the Report of the Management Committee to Members for the Year Ended 31 March 2023

YES		NO		ABSTAIN	

ITEM 3: Adoption of the Audited Financial Statements for the Year Ended 31 March 2023.

YES		NO		ABSTAIN	

ITEM 4: Appointment/Re-appointment of external auditors for the ensuing year Ended 31 March 2023

YES		NO		ABSTAIN	

ITEM 5: To authorise the Management Committee (ManCo) and/or the Principal Officer to do all that is necessary and to sign any document necessary to give effect to these resolutions.

YES		NO		ABSTAIN	

DATE: ______________________________ SIGNATURE: ______________________________

* A proxy form shall only be given to a member of the Scheme whose contributions are not in arrears. The instrument appointing the proxy must be deposited at the office of the administrator of the Scheme at Health Risk Management (HRMB), Plot 54349, Ground Floor, West Wing, The Fields Pricinct, CBD or Plot 32397, Office 26, Sunshine Plaza, Francistown or submitted by post to: P.O.Box 625 AAH, Gaborone, or email to agm@bpomas.co.bw not later than 24hrs before the time for holding the Annual General Meeting.

For enquiries please call: Tel 370 2905/ 370 2907 or Fax 397 2402

AGENDA

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 2023 ANNUAL GENERAL MEETING (AGM) OF MEMBERS WILL BE HELD AT AVANI HOTEL, GABORONE, ON 22nd SEPTEMBER 2023 AT 0900HRS

1. NOTICE AND CONSTITUTION OF THE MEETING
2. INTRODUCTION OF THE MANAGEMENT COMMITTEE (MANCO)
3. ADOPTION OF THE AGENDA
4. CHAIRPERSON'S OPENING REMARKS
5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 09 DECEMBER 2022
6. MATTERS ARISING FROM THE MINUTES
7. RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (MANCO) REPORT FOR THE YEAR ENDED 31 MARCH 2023
8. RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
9. UPDATE ON REVIEW OF Scheme RULES
10. APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS
11. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN

*(**Note:** Notices of motions to be placed before the meeting must reach BPOMAS at lkeloneilwe@bpomas.co.bw or the BPOMAS Registered Office, Plot 70667 Fairscape Presinct, The Tower 3rd Floor Fairgrounds, Gaborone no later than 7 days prior to the date of the meeting).*

QUESTION AND ANSWER SESSION

(There shall be a question and answer session after the meeting).

Proxy Form - In terms of the Rules, a member whose contributions are not in arrears may appoint a proxy to attend the Annual General Meeting and vote in his stead. A proxy form is attached and must be received by the Scheme Administrators, less than 24 hours, prior to the meeting.

Note: Members will be able to attend the AGM from Francistown (Cresta Marang Hotel) and Maun (Maun Lodge). A copy of the Annual General Meeting Report and Proxy Form will be accessible at www.bpomas.co.bw

BY ORDER OF THE MANAGEMENT COMMITTEE

Minutes Of The Annual General Meeting Of Members For The Financial Year 31 March 2020/2021 And 31 March 2021/2022 Held On 09 December 2022, At Avani Hotel, Gaborone, At 09:00hrs

1. PRESENT

MEMBERS

One Hundred (100) members were personally present and One thousand and eighty two (1082) by proxy.

MANAGEMENT COMMITTEE (MANCO)

MEMBER	REPRESENTING
G Muzila	Ministry of Health (Chairperson)
T Kesebonye	Botswana Land Board Local Authorities and Health Workers Union (BLLAWU) – Vice Chairperson
R Nkolonyane	Directorate of Public Service Management
M Motloutse	Botswana Police Service (Assistant Commissioner)

W Wankie	Independent Member
G Ntereke	Ministry of Finance
O Lebotse	Botswana Public Employees Union
C Gwere	Independent Member

2. IN ATTENDANCE

PO'S OFFICE

T Molebatsi	Principal Officer & CEO
T Lesejane	Finance and Administration Manager
L Mangadi	Operations Manager
T Rapaeye	Executive Assistant
L Keloneilwe	Legal Counsel & Corporate Secretary – Recording

3. BY INVITATION

ADMINISTRATORS-AFA BOTSWANA (PTY) LTD

L Andries	Managing Director
T Lesetedi	Managed Care Manager
M Scheffers	Finance and Administration Manager
O Kealotswe	Company Secretary

EXTERNAL AUDITORS – KPMG

A Venter	Partner

Continued

4. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been duly circulated was taken as read and approved following a proposal by Ms E. Matlhe, seconded by Mr. L. Lebanna. The legal Counsel and Corporate Secretary confirmed that the meeting was quorate with a total of One Hundred **(100)** members personally present and One Thousand and Eighty-Two **(1,082)** proxies.

In the absence of the Chairperson, the Vice Chairperson chaired the meeting. The Vice Chairperson welcomed all those present and introduced ManCo members (attending physically and virtually) and acknowledged Ms Grace Muzila as the Chairperson of ManCo. In addition, he introduced in absentia, the Chairperson of BPOMAS Finance, Audit Risk and Compliance Sub-Committee, Ms S Molosiwa. Lastly, Management from the PO's Office, External Auditors as well as the administrator were introduced.

5. APOLOGIES FOR NON-ATTENDANCE

No apologies were received from the members.

6. ADOPTION OF THE AGENDA

The agenda was adopted as presented following a proposal by Ms E Matlhe, seconded by Ms. L Lebanna. It was highlighted and noted that the AGM was for two (2) financial years being the year ended 31 March 2021 and the year ended 31 March 2022.

7. CHAIRPERSON'S OPENING REMARKS

The Chairperson highlighted that, two years after the outbreak of COVID 19, the public was still adapting to the new normal of conducting business and cautioned that, while the situation was better than the previous years, there was still need for the public to keep safe by adhering of COVID 19 Protocols.

The Chairperson allowed the PO to highlight some changes to the AGM Report as follows:

- Page 17 – move the table to Paragraph 14.2, on the same page;
- Page 18, bullet 'd' – revise paragraph to make it complete.
- Page 27 – replace entire table with separate, circulated insert.

8. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 11 FEBRUARY 2021

The minutes were considered and approved as a true record of the proceedings on proposal by Ms. M Jourbert, seconded by Mr. S Motswaledi and would be signed by the Chairperson subject to the following corrections:

8.1. Page 11 – Minute 9.9.4, line 5, add the phrase "as a result";

8.2. Page 11 – Minute 9.9.5, correct numbering;

Continued

8.3. Page 13 – correct numbering and correct spacing;

8.4. Page 14 – remove the letter "w" and add "and adoption"

9. MATTERS ARISING FROM THE MINUTES

9.1 Update on signing of Minutes of meeting held on 12 December 2019 – Done.

9.2 Management to resubmit a ManCo Remuneration recommendation for consideration by members – Done. The Remuneration recommendation resubmitted as a substantive agenda item.

9.3 Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee. During the rules review process which included sharing the proposed changes with Government ministries, some ministries requested for more time to reflect on the proposal. To that end, the proposed change would be included in the next rules review.

10. RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE(MANCO) FOR THE YEARS ENDED 31 MARCH 2021 AND 31 MARCH 2022

The Report which had been circulated was noted and taken as read and presented by the PO (on behalf of the Vice Chairperson) who highlighted the following:

10.1 BACKGROUND

The periods under review (2020/21 and 2021/22) were the most challenging due to outbreak of Covid-19. During these periods, the Scheme noted a spike in claims cost with unprecedented claims ratio of **96%** in the financial year 2021/22. There was an increased demand for hospitalisations especially during the financial year 2021/22. There was a sharp increase in the number of deaths due to Covid-19 accounting for more than **50%** in the financial year 2021/22.

10.2 IMPACT OF COVID-19 ON THE Scheme

There was a 6.5% increase in Health Care Costs (HCC) in the financial year 2020/21 with a claims ratio of 87% compared to target range of 80%-85%. A 16% increase in Health Care Cost in the financial year 2021/22 with a claims ratio of 96% was noted. Funeral claims had increased during the financial year 2021/22 due to COVID 19. A slight negative impact on the Scheme's Investment Assets was noted. The Scheme held Money Market Instruments, which are less volatile.

10.3 KEY STRATEGIC RESPONSE BY MANCO

In response to the aforementioned challenges, ManCo implemented the following measures:

10.3.1 Waived Subscription increase in the financial year 2020/21;

10.3.2 Delay Benefit increase in the financial year 2020/21;

10.3.3 Reserve benefits for all elective surgical and medical procedures were pre-booked;

Continued

10.3.4 Increased tariff by **3%** to cushion members against excessive Out of Pocket payments;

10.3.5 Establishment of the BPOMAS Covid-19 Relief Fund for all the products (Premium, High and Standard);

10.3.6 Services covered by the above Relief Fund included: Inpatient services, Home-Based Care services, Covid-19 Laboratory Tests and Vaccine Administration.

10.4 BPOMAS KEY PERFORMANCE HIGHLIGHTS - FINANCIAL YEAR 2020/21

The following key performance highlights were noted:

10.4.1 Membership Performance - as at 31 March 2021, BPOMAS had a membership of 82 215, representing a growth of **2.8%** from prior year. The Total Lives Covered was 190 699 thus a **2.3%** growth from the last reporting period. Membership Retention stood at **99.8%.**

10.4.2 Financial Performance - Group revenue grew by **3.9%.** Gross Contributions Income (GCI) increased by **3%** from the financial year 2019/20.Health Care Costs (HCC) increased by **6.5%** from the financial year 2019/2020.Gross Administrative Expenses increased by **7.4%.** The Total Group Surplus declined by **35%**.

10.5 BPOMAS KEY PERFORMANCE HIGHLIGHTS - FINANCIAL YEAR 2021/22

10.5.1 Membership Performance - The Membership status as at 31 March 2022 was 82,644 Principal Members, representing a Year-on-Year growth of **0.52%.** The number of total lives covered was 191,326.

10.5.2 Financial Performance - Group revenue grew by **4%.** Gross Contribution Income (GCI) increased by **4%** from the financial year 2020/21. HCC increased by **16%** from the financial year 2020/21. General Administrative Expenses (GAE) declined by **7.4%.** Total Group Surplus declined by **76%.**

10.6. Comments

10.6.1 Mr.K Rutherford commended ManCo for diligently leading the Scheme and making decisions in the best interest of members, however pointed out that he had observed that P3m had been contributed to the COVID 19 Fund and was of the view that in principle members should be engaged on such decisions.

10.6.2 Mr. M Seganabeng, sought clarity on whether Home Based Care was also available in villages. Furthermore, whether through technology it was possible to conduct once off KYC on members, to avoid submission of KYC documents to different organisations especially considering that the national identify card (Omang) is specific to one person, therefore there would be easy identification.

10.6.3 Ms G Ramothwa expressed concern about the Adult Child Dependants and how they continued to be unemployed and asked how they could be assisted. Ms Ramothwa also asked whether the P3m contributed to the COVID 19 Fund was not going to negatively affect the Scheme.

10.6.4 Ms Magdeline Joubert enquired why funds that were not utilized at the end of the year were not used to cushion members against inflation.

10.6.5 In response to the question on P3m being contributed to the Covid Fund, the PO clarified that the P3m was in the form of protective clothing and not cash and was contributed as part of Corporate Social Responsibility, being a response to a national call. It was noted that as a responsible corporate citizen it was important for the Scheme to respond to a national call.

10.6.6 With response to Home Based Care it was reported that hospitals were full during the Covid 19 pandemic and therefore provision was made for Doctors to be able to assist members at home.

It was therefore clarified that the provision was specifically made for Covid 19 and was no longer available.

10.6.7 With respect to AML and KYC compliance, LK explained that this was a legal requirement, highlighting that Botswana had previously been grey listed and it was in the best interests of not only the Scheme but the country as well to ensure compliance with AML related legislation and obligations as non-compliance or breach could result in other countries not doing business with Botswana therefore affecting the economy.

10.6.8 With respect to cushioning members with funds not used; the PO explained that medical aid operates on a risk pooling basis, similar to any form of insurance, where savings from low claims are set aside for future claims as there is no guarantee that claims will remain low in future.

10.6.9 Ms. P Nasha pointed out that she would be able to assist with the KYC exercise due to her experience gained during establishment of the Omang and advised that the objective was to have an information bank.

10.6.10 On whether adopting the Botswana Code of Corporate Governance by BAOA would benefit the Scheme or affect the Scheme negatively, LK explained that the Scheme

Continued

had adopted the King Report (King IV) and in adopting the Botswana Code, it would still be aligned with good corporate governance as the Botswana Code was very similar to the King IV report and also follows the apply and explain principle. The principles of the two codes are similar except for minor differences. For instance where it would be a legal requirement for entities (all eligible Public Interest Entities) to adopt the Code, the King IV focuses on only listed companies or rotation of auditors being a legal requirement for the Botswana Code while it is not for King IV. It was highlighted that, for the Scheme, in case of conflict, the Botswana Code would take precedence over the King IV.

10.6.11 Mr. A Lebakanyane enquired why the Scheme would not assist members when funds have been exhausted while they are admitted at hospital.

10.6.12 Mr. Magola enquired how the Scheme assisted pensioners in the event that the former employer delays in paying their terminal benefits, therefore affecting payment of medical aid subscriptions. Mr. Magola also asked whether the Scheme was in a position to assist the member if not able to pay the 10% co-payment.

10.6.13 Ms Moatshe suggested that the P12k chronic meds benefit was not enough and should be reviewed.

10.6.14 Ms S Tlhobogang pointed out that she was a survivor of Covid 19, however expressed concern that the Scheme could not assist her when she needed oxygen as the oxygen machine was not covered, and enquired why she could not be assisted from the Covid 19 Relief Fund as an exception since Covid 19 was peculiar and should have been treated as an exception and be covered. Ms. Tlhobogang expressed with concern that she had to pay for the oxygen tank.

10.6.15 Mr Kealotswe sought clarity on why proof of school was required for dependants that were not yet 35 years of age and whether if already 35, subscriptions are removed or reduced. Mr Kealotswe further suggested increase of Optical Benefit.

10.6.16 Ms. M Ditshweu sought clarity on services covered or not covered under Dental Benefit as generally specialist services were not affordable. Ms. Ditshweu also asked how the Scheme was assisting members with mental health issues.

10.6.17 Mr. Tapela wanted to know more about pensioner benefits and suggested that they be improved by including road side assistance.

10.6.18 Mr. B Mpetolang suggested that 10% co-payment be automatically exempted.

Continued

10.6.19 Mr. Motswaledi enquired whether a member was able to use their funds if not yet exhausted.

10.6.20 Mr. B Oaitse suggested that the Scheme should purchase a CAT Scan machine and also consider sponsoring medical students for areas of speciality to invest in their loyalty in exchange for their services in future.

10.6.21 Mr. Sennanyana expressed concern that loss of members/decrease in membership was due to financial challenges and enquired whether the Scheme could assist members in need to retain them. Mr. Sennanyana requested confirmation of the BPOMAS shareholding in Lenmed Health Bokamoso Private Hospital (LHBPH).

10.6.22 In response to the general concern and/or request for the Scheme to assist members who have exhausted their benefits or who are not able to pay the required **10%** co-payment or their subscriptions, the PO explained how medical aid works, emphasizing the fact that medical aid is a defined product with limited benefits and different options and that members buy different options and therefore pay different subscriptions. The suggestions to assist members were noted and the Scheme would continue to consider other opportunities or avenues to assist members.

10.6.23 With respect to service providers not accepting BPOMAS, the PO explained that not all service providers were on direct payment arrangement with the Scheme and where a member pays the service provider directly, the member would be refunded in line with Scheme tariffs.

10.6.24 With respect to exhausted benefits, the PO explained that these were reviewed annually however not enough to cover for everyone's needs. The PO confirmed that interventions were in place with an effort to cushion members but the results would be realized in future.

10.6.25 With respect to the need for awareness on pensioner products, the PO noted the advice and would ensure more awareness. On delays of terminal benefits, members were encouraged to pay their medical aid subscriptions from any other part of their benefits that would have been paid.

10.6.26 The PO encouraged members to inform the Scheme of service providers who request advance payments as they were not allowed to do so.

10.6.27 With respect to the Scheme not assisting with oxygen tanks during Covid 19; the PO confirmed that the Scheme assisted/ provided oxygen tanks during Covid 19 and that perhaps the member's unfortunate incident occurred before the COVID 19 relief fund dispensation.

Continued

The member was advised to engage further after the meeting if necessary.

10.6.28 With respect to the request for the adult child dependent to provide proof of schooling, the difference between the adult child dependent and the special dependent was explained being that the adult child dependent is covered up to 35 years, if unemployed. Proof of schooling is required the special dependent (someone above age 21, but is still studying)..

10.6.29 Mr. Ditsheu was advised to contact the office for assistance regarding the dental claim.

10.6.30 With respect to the suggestion to automatically exempt the 10% co-payment for pensioners, the PO explained that it would negatively impact the Scheme and other members generally to exempt pensioners from the co-payment.

10.6.31 On how much shareholding BPOMAS held in LHBPH, the PO confirmed that BPOMAS owned 30% shareholding in LHBPH.

It was RESOLVED that the Report of the Management Committee (ManCo) for the years ended 31 March 2021 and 31 March 2022 be and are hereby adopted.

11. CORPORATE GOVERNANCE REPORT

The report was taken as read and the following were highlighted by L Keloneilwe.

11.1 BPOMAS continued to comply with good governance practice as stipulated by the King Code. She further highlighted that BPOMAS was keeping abreast with developments in the corporate governance arena and had resolved to formally adopt any Code of Corporate Governance as shall be established by BAOA for use by Public Interest Entities, in line with the Financial Reporting Regulations, 2021.

11.2 AML/CFT – In support of Botswana's efforts and commitment to work with the Financial Action Task Force (FATF) and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to strengthen the effectiveness of its Anti-Money Laundering (AML)/Combating the Financing of Terrorism and Proliferation (CFT) (AML/CFT) regime and address any related technical deficiencies, the Scheme has made commitment to combat money laundering, financing of terrorism and proliferation in line with the Financial Intelligence Act (FI Act) and Financial Intelligence Regulations.

11.3 Compliance with local, statutory requirements of the regulator, Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the Registrar of Societies at group level and the Companies and Intellectual Property Authority (CIPA) at subsidiary level therefore remain a priority.

Continued

11.4 On the group structure, it was reported that BPOMAS owns 100% of BPOMAS Property Holdings (Pty) Ltd and 30% on LHBPH. It was reported that, BPOMAS has governance instruments including BPOMAS Rules, Charters and Policies in place that guide the operations of the Scheme. ManCo as established by Scheme rules is appointed by the Appointing Authority (Minister, Ministry of Health). It comprises of Chairperson, who is the Permanent Secretary in the Ministry of Health. ManCo shall consist not more than eight (8) members, six (6) of whom are representatives of critically essential major stakeholders and two (2) independent members with required skills. As per the Scheme rules a Management Committee member shall remain in office for a maximum period of three (3) years; save that at the end of his term of three (3) years, the incumbent may be re-appointed by the Appointing Authority (Minister of Health).

11.5 The role of ManCo is to adhere to and ensure the Scheme is managed in accordance with the Rules; ensure that the Scheme is managed in accordance with the requirements of any legislation (e.g Societies Act); advise the employer in writing within fourteen (14) days of receiving monthly financial results should such reflect technical insolvency; guide strategy and policy making to achieve and maintain high quality service in harmony with the values of the Scheme; ensure that the financial affairs of the Scheme are conducted in a responsible manner and in accordance with established policies; Actively participate in meetings and/or committees of the Scheme; exercise powers and duties with reasonable care and diligence; exercise powers and duties in good faith and in the best interests of the Scheme and its beneficiaries; avoid conflict of interests between duties to the Scheme and personal interests and observe standards of good corporate governance.

11.6 In exercising all its responsibilities, ManCo is guided by a Charter that was informed by Scheme Rules and King Code of Corporate Governance. The Charter provides guidance on the following:

- ManCo Composition; Disqualification for appointment; Appointment and Tenure.
- Resignation, Removal and Withdrawal.
- Appointment, Tenure and Role of Chairperson
- Meeting Procedures; declaration of interests and Ethics
- Role of Sub-Committees
- Delegation
- Remuneration

Continued

11.7 In line with the Scheme Rules, ManCo has delegated some of its powers and duties to Sub-Committees to ensure that all aspects of the Scheme operations are properly managed. Currently the following Sub-Committees are in place:

- Finance, Audit, Risk and Compliance Sub – Committee (FARC),
- Investment Sub-Committee (ISC),
- Nominations, Remuneration and Human Resource Sub-Committee (NRHR), and
- Procurement Sub-Committee.

Envisaged Sub-Committees (as recommended by King IV):

- Social and Ethics
- Benefits and Service Quality

11.8. All the Sub-Committees have Charters that govern their operations. All members of the Sub Committees are appointed by the Management Committee and shall consist of a maximum of five (5) members, two (2) of whom shall be members of the Management Committee and the others shall be suitably qualified and experienced independent professionals. They meet at least four (4) times every financial year, or as and when necessary, at the instance of the Chairperson.

11.9. The Scheme has a 100% owned subsidiary, BPOMAS Property Holdings, which owns the land and buildings leased to Lenmed Health Bokamoso Private Hospital (LHBPH). The Subsidiary consists of five (5) Directors, three (3) of whom are independent and two (2) ManCo representatives. The Board of Directors meets quarterly and has during the 2020/2021 and 2021/2022 financial year met as scheduled with a minimum of two (2) special meetings.

11.10. On Anti-Money Laundering (AML) Combating the Financing of Terrorism (CFT) and Counter Proliferation Financing CPF), it was reported that as per Financial Intelligence Act, 2022 (FI Act 2022) – BPOMAS is an Accountable Institution (AI) and had to meet the requirements for AML, CFT & CPF set out for all Accountable Institutions in Botswana, which includes conducting due diligence on customers (KYC). Furthermore BPOMAS was required before establishing a business relationship or carrying out a transaction, to obtain and verify, at a minimum, a prospective customer's identity, address and source of funds as part of the Know Your Customer (KYC) Exercise. In line with the FI Act 2022, the Scheme has a compliance function and AML Officer proportionate to its size and risk level.

11.11. BPOMAS has embarked on a KYC Exercise and has been working with Botswana Post and the Botswana Institute of Banking

Continued

and Finance (BIBF) to assist in collection of KYC forms from members. To date, about 51,000 out of 84100 members have been collected. Members are requested to cooperate and assist the Scheme in the efforts to complete KYC forms and therefore be compliant with regulatory requirements.

12. RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 AND MARCH 2022

T. Lesejane presented the Audited Financial Statements and highlighted the following;

12.1. RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12.1.1. Statement Of Comprehensive Income

12.1.1.1. The Group's Total Income for the reporting period (2021) was **P894M**, comprised of Contributions income, Rental income, and Finance income and Other income. The Scheme through BPH continued to receive rental income from LHBPH. Further, through its investment in LHBPH, it had received its share of profits from the hospital.

12.1.1.2 Other income was largely income from other investments, being money market portfolio in which the Scheme earned interest on. Other investments included fixed deposits held in various financial institutions (banks). The Cost of Services (benefits paid) included Health Care Costs, Emergency Medical Services and funeral benefit. The expenditure increased from **P704M** in 2020 to **P749M** in 2021, year on year increase of **6%.** Claims ratio (percentage of the contributions used to pay claims) for 2021 was **86%**, an increase from **84%** in 2020.

12.1.1.3 Administration expenses were **P117M** in 2021 compared to P105M in 2020, an increase of P11M (being **10%)**. Administration expenses include Administration fees, finance costs, Repairs and maintenance, Actuarial fees, staff related expenses & other operating expenses.

12.1.1.4 The group recorded a surplus after tax of **P54M** in 2021, a reduction of **P27M** from prior year. While BPH and LHBPH experienced an improvement in their financials, the Scheme incurred a reduction compared to prior year.

12.1.2. Group Statement Of Financial Position

Investment property was valued at **P287M** in 2021, an increase from **P266M** as at end of 2020.Property, Plant and Equipment stood at **P1.5M** in 2021 and has slightly decreased from **P2M** in 2020. Current assets decreased from **P269M** to **P242M**. Investments are in money market funds. Total Assets increased from **P775M** to **P844M** from 2020 to 2021 .

Continued

Reserves grew from **P610M** in 2020 to **P663M** in 2021. Non-current liabilities includes Deferred Tax and Botswana Govt loan to the Scheme that came in place between the two parties during the sequestration of the Hospital. These decreased from **P66M** to **P63M**.Current liabilities decreased from **P269M** in 2020 to **P242M** in 2021. This class of liabilities comprises mainly of the Scheme's provision for outstanding claims, lease liabilities and trade payables.

12.1.3 Statement Of Cash Flows (GROUP)

It was reported that in 2021, cash flows from operating activities was **P13M**. Cash flow from investing activities was **P71M** and Cash flow from financing activities stood at **P11M**. Cash and cash equivalent at the beginning of the year was **P168M** whilst it was **P73M** at the end of the 2021 year.

Thato Lesejane concluded by indicating that there had been an improvement in performance from prior year to the 2021 financial year end for LHBPH and BPH. However, BPOMAS's financial performance had declined.

12.2. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12.2.1 Statement of Comprehensive Income Group

Group's total income for year ended March 2022 was **P930M**, a growth from prior year (**P894M** in 2021).

The Scheme through BPH continued to receive rental income from LHBPH. Further, through its investment in LHBPH, it had received its share of profits from the hospital. Other income was largely income from other investments, being money market portfolio in which the Scheme earns interest. Other investments include fixed deposits held in various financial institutions (banks).

The Cost of Services (benefits paid) included Health Care Costs, Emergency Medical Services and funeral benefit. The expenditure increased from **P749M** in 2021 to **P872M** in 2022, year on year increase of **16%**. Claims Ratio for 2022 was **96%**, an increase from **86%** in 2021. Administration expenses were **P117M** in 2021 compared to **P109M** in 2022, a decrease of **P8M**. Administration expenses included Administration fees, finance costs, Repairs and maintenance, Actuarial fees, staff related expenses & other operating expenses.

The group recorded a surplus after tax of **P13M** in 2022, a reduction of **P40M** from prior year. While BPH and LHBPH experienced an improvement in their financials, the Scheme incurred a reduction compared to prior year.

12.2.2 Group Statement Of Financial Position

Investment property was valued at **P326M** in 2022, an increase from **P287M** as at end of 2021.Property, Plant and Equipment stood at **P964K** in 2022 and has slightly decreased from **P1.5M** in 2021. Current Assets increased from **P242M** to **P259M**. Investments are in Money Market Funds. Total Assets increased from **P844M** to **P848M** in 2021 and 2022 respectively. Reserves grew from **P663M** in 2021 to **P677M** in 2022.Non-current liabilities includes Deferred Tax and Botswana Government loan to the Scheme that came in place between the two parties during the sequestration of the Hospital. These decreased from **P63M** to **P56M**. Current Liabilities decreased from **P118** in 2021 to **P116M** in 2022. This class of liabilities comprises mainly of the Scheme's provision for outstanding claims, lease liabilities and trade payables.

12.2.3 Statement Of Cash Flows (GROUP)

The cash flows from operating activities was reported as **P97M**. Cash flow from investing activities of **P115M** and Cash flow from financing activities of **P11M**. Cash and cash equivalent at the beginning of the year was **P73M** whilst it was **P81M** at the end of the 2022 financial year. On the other hand, the Group in 2021 reported cash flows from operating activities of **(P13M),** Cash flow from investing activities of **(P71M)** and Cash flow from financing activities of **P11M**. Cash and cash equivalent at the beginning of the year was **P168M** whilst it was **P73M** at the end of the 2020 financial year.

In her conclusion T. Lesejane reiterated that there had been an improvement in performance from prior year to the 2021 financial year end for LHBPH and BPH. However, BPOMAS's financial performance had declined.

It was **RESOLVED** the Audited Financial Statements for the Year Ended 31 March 2021 and 31 March 2022 be and are hereby adopted on proposal by Ms E. Mathe, seconded by Ms F. Motlhabane.

13. CONSIDERATION AND APPROVALOF THE PROPOSED RULE CHANGES

L Keloneilwe highlighted that the Rules which were noted and taken as read, had been approved by Management Committee and therefore presented for noting as the changes do not increase or decrease the rates of contributions and the extent of benefits by more than 25%. This was following approval of the Rules by Cabinet on 15 August 2022, authorising ManCo to approve Rules provided the changes do not increase or decrease the rates of contributions and the extent of benefits by more than 25%.

Continued

14. APPOINTMENT OF EXTERNAL AUDITORS

T. Lesejane reported that at the last AGM, KPMG was appointed the Scheme External Auditors for a period of three (3) years effective January 2021, renewable annually at each AGM subject to performance, to audit the following financial years: 2020/21, 2021/22 and 2022/23.

The External Auditors were reappointed to audit the 2021/22 financial year. The Management Committee **recommended that** KPMG be reappointed to audit the 2022/23 financial year.

Furthermore, the Management Committee **recommended that** KPMG be re-appointed to audit the 2022/23 financial year.

IT WAS RESOLVED THAT the external auditors' appointment for the financial year 2022(i.e. to audit the financial year ended 2021/22) be and is hereby ratified through proposal by Ms M. Molathwe seconded by Ms D Dintletse.

IT WAS FURTHER RESOLVED THAT the external auditors be re-appointed for the financial year 2022/2023 (i.e. to audit the financial year ended 31 March 2023) through proposal by Mr M. Keatimilwe, seconded by Ms. E. Mathe.

15. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN

There was no Other Business for which due notice was given.

16. RECOMMENDATIONS: REVIEW OF MANAGEMENT COMMITTEE AND SUB-COMMITTEES REMUNERATION POLICY AND SITTING ALLOWANCES

L. Keloneilwe took the report as read and highlighted the following:

16.1 The essence of the policy was to provide a framework for decision-making and ensure overall alignment with business needs. LK further pointed out that there were two core objectives of the Remuneration Policy, being to attract, retain and motivate high calibre people through remuneration that was fair and competitive and to encourage and reward superior performance and the creation of stakeholder value.

16.2 A benchmarking exercise was carried out to ensure that proposed policy was line with best practice and remuneration fees were within market rates. The policy provided guidance on attraction, retention and motivating the right calibre. It further stipulated the relevant skills.

16.3 On the Remuneration, a limited fixed fee, which shall not include any additional benefits was proposed. Furthermore, a fee per meeting and not on an all-inclusive annual or retainer fee was also proposed.

Continued

The policy recommended that Chairperson (ManCo/Sub-Committee) shall be remunerated at a rate higher than other Committee members. No fee shall be payable to an alternate member unless he/she attended the meeting on behalf of the substantive member(s). The policy shall be reviewed every two (2) years by the Nominations, Remuneration and HR Sub - Committee of the ManCo which shall make any necessary amendments and recommend same to the Members at the AGM for approval.

16.4. The policy stated that the Scheme shall indemnify each individual member for any acts or omissions arising out of and/or in connection with their bona fide and diligent performance of their functions. However, its emphasis was on the fiduciary duty of ManCo members.

16.5. In their comments to presentations, members thanked L Keloneilwe for the presentation, Mr K Phekoetsile suggested that the policy should be reviewed every two years as prescribed and also when there is any material development.

It was RESOLVED that the revised policy be adopted as moved by M Magola seconded by K Phekoetsile.

It was FURTHER RESOLVEDthe revised Sitting Allowance be approved as proposed though a proposal by T Maboa, seconded by Ms L Moatshe.

17. DATE OF NEXT MEETING

The date of the next meeting would be communicated as soon as possible in line with the Scheme Rules.

18. CLOSURE

In the absence of further business, the meeting ended at 14:20hrs with a closing prayer by Mr Tlhobogang.

CONSIDERED AND APPROVED ON ________ SEPTEMBER 2023

AND SIGNED BY THE CHAIRPERSON

____

CHAIRPERSON

ACTION ITEMS-09 DECEMBER 2022 2022			
#	ACTION ITEM	ACTION BY	DUE DATE
1	**Minute 9, CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 11 FEBRUARY 2021** The minutes were considered and approved as a true record of the proceedings on proposal by Ms. M Jourbert, seconded by Mr. M.Motswaledi and would be signed by the Chairperson subject to the following corrections: Page 11 – Minute 9.9.4, line 5, add the phrase "as a result"; Page 11 – Minute 9.9.5, correct numbering; Page 13 – correct numbering and correct spacing; Page 14 – remove the letter "w" and add "adoption"	Chairperson	Next AGM
2	**Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee.** During the rules review process which included sharing the proposed changes with government ministries, some ministries requested for more time to reflect on the proposal. To that end, the proposed change would be included in the next rules changes. **RECOMMENDATIONS: REVIEW OF MANAGEMENT COMMITTEE AND SUB-COMMITTEES POLICY AND SITTING ALLOWANCES:**	PO	Next AGM
3	**It was RESOLVED that** the revised policy be adopted as moved by M Magola seconded by K Phekoetsile. It was **FURTHER RESOLVED** that the revised Sitting Allowance be approved as proposed though a proposal by T Maboa, seconded by Ms L Moatshe.	ManCo	Next AGM

MATTERS ARISING FROM THE MINUTES OF 09 DECEMBER 2022 2022			
#	ACTION ITEM	ACTION BY	UPDATE
1	**Minute 9, CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 11 FEBRUARY 2021** The minutes were considered and approved as a true record of the proceedings on proposal by Ms. M Jourbert, seconded by Mr. M.Motswaledi and would be signed by the Chairperson subject to the following corrections: Page 11 – Minute 9.9.4, line 5, add the phrase "as a result"; Page 11 – Minute 9.9.5, correct numbering; Page 13 – correct numbering and correct spacing; Page 14 – remove the letter "w" and add "andadoption"	Chairperson	Done
2	**Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee.** During the rules review process which included sharing the proposed changes with government ministries, some ministries requested for more time to reflect on the proposal. To that end, the proposed change would be included in the next rules changes.	PO	Engagements with the ministry of health are ongoing: Update to be provided at the next AGM.
3	**RECOMMENDATIONS: REVIEW OF MANAGEMENT COMMITTEE AND SUB-COMMITTEES POLICY AND SITTING ALLOWANCES:** **It was RESOLVED that** the revised policy be adopted as moved by M Magola seconded by K Phekoetsile. It was **FURTHER RESOLVED** that the revised Sitting Allowance be approved as proposed though a proposal by T Maboa, seconded by Ms L Moatshe.	ManCo	Done

Chairperson's FOREWORD

Ms Grace **Muzila**
Chairperson

I am pleased to present an overview of the performance of the Botswana Public Officers Medical Aid Scheme (BPOMAS) for the financial year 2022/23 on behalf of the Management Committee (ManCo). The year under review was a challenging yet rewarding one for the Scheme. I would like to provide an update on the state of the Scheme, the challenges faced and their implications as well as the strategies we have put in place for the Scheme's future performance and growth. This report will take you as the BPOMAS member on a journey of transformation and efforts taken to better serve you through access to quality, innovative and effective healthcare solutions to suit your needs as a promise we strive to deliver on annually.

This report reflects our dedication to providing access to quality healthcare services and maintaining the well-being of our members. I will provide a comprehensive overview of the key highlights, including challenges, achievements, and future direction of the Scheme as envisaged by its leadership.

REFLECTIONS ON THE STRATEGIC ACHIEVEMENTS

This year marks 32 years of realising our vision of being your ideal partner in sustainable healthcare, a vision we well intend to achieve. The 2022/23 financial year marked the end of our five-year strategy. This strategy guided our operations with a view to enhance efficiencies and member value proposition. During the Strategy period we sought to align with the changing healthcare environment in order to make our members healthcare journey efficient and reliable. The key focus areas included among others:

Continued

- **Reducing Out Of Pocket Payments:** It is in the interest of the Scheme to continuously make healthcare manageable and accessible to our members. With this dedication in mind, and as reported previously, the Scheme introduced VAT Absorption on in-hospital services. Through this initiative the Scheme paid VAT for all in-hospital services, thus reducing out of pockets payments by members, and improving access to healthcare.

- Further to this, great efforts were made to arrest the then growing gap between Service Provider fees and Scheme tariffs. This gap constrained members access to care as at times the gap left members with unaffordable out of pocket payments. While this continues to be work in progress in some instances, on the whole I have no doubt that positive strides have been made. For most part of the strategic period, the Scheme's annual tariff adjustments were in line with inflationary increase in providers' tariffs.

- **Product Development:** During the Strategy period the Scheme extended cover to members' Adult Child Dependents as well as Parents and Parents-in-Law Cover, followed by Grandchild Dependent Cover which was introduced during the 2022/23 financial year. The focus of these products is to provide support and well-being to various generations within a family, including adult children who are aged between 21-35 years and are not in receipt of regular income. The Parents and Parents in Law Cover pays homage to those who have nurtured us, ensuring their wellness and wellbeing. The Grandchild Dependent Cover reflects our commitment to inclusivity, welcoming the youngest members of the families under our Scheme's protective canopy. I'm happy to report that these products were well received by members, evidence by the relatively high take-up rates.

- **Membership Growth:** During the strategy period, we experienced the highest membership growth in recent years, registering a net growth of 16% from 73,711 principal members as of 01 April 2018 to 85,386 principal members as at 31 March 2023. Total Lives Covered grew from 175,063 to 195,997 in the same period while our retention rate was consistently around 99% annually.

- **Revenue Diversification:** The Scheme through its subsidiary company, BPOMAS Property Holdings (BPH) expanded bed capacity at Lenmed Health Bokamoso Private Hospital (LHBPH) from 135 to 181 beds. This decision was informed by an increase in demand for specialised care services including Neonatal Intensive Care and Paediatric Surgical Services. The project resulted in increase in rental income for BPH.

- **Cost Containment:** Healthcare costs remain the biggest component of total costs for the Scheme. We have a strategic target of maintaining healthcare costs within the range of 80 – 85% of total Contributions Income. We experienced challenges in this area, exacerbated by the onset of COVID 19, whose effects on claims continue to be felt. We have recorded claims ratios in excess of 100% in some years, putting a lot of pressure on the Scheme finances. We were able to roll out some health risk management interventions,

Continued

with the aim to reduce waste and help contain healthcare costs. Despite the high healthcare costs, we have seen cost savings emanating from these interventions. On the administrative expenses front, we were able to operate within the strategic target of 12% for most part of the Strategy period.

STRATEGIC OUTLOOK

The Scheme has developed strategies to guide its growth, build a solid financial foundation, protect its existing base, deliver excellent service and be well positioned for challenges that lie ahead. The organisation distinguishes itself as the leading health Scheme, achieving high results in both the short-term and medium-term.

The ManCo has recently adopted the new five-year Strategy to take the Scheme to greater heights. The Priorities in the new Strategy include the following ;

- **Sustainability and growing the BPOMAS balance sheet.**
  In this area, the Scheme will be seeking to grow and diversify sources of income, diversifying the business model, with prudent financial management as the cornerstone.

- **Improving value to members and the health balance sheet.**
  This priority area is primarily about continued membership growth, improving membership profile, and increasing customer satisfaction and the Scheme's Value Proposition.

- **Improving Governance, Risk and Compliance (GRC)**
  The Scheme will continue to coordinate people, processes and technologies in complying with the consolidated GRC Framework and Index covering ethical management by the governing body (Manco), in accordance with approved plans and strategies, enacting strategies to manage risk and monitoring the level of adherence to standards, regulations and best practices as mandated by relevant regulatory bodies and laws.

- **Enhancing Operations**
  We will work towards positioning BPOMAS as a digital organisation, enhancing and diversifying product and service offering. Leveraging data analytics, we will gain deeper insights into healthcare utilization patterns. This knowledge will inform our decision-making, enabling us to tailor our products and services more effectively. We are committed to optimizing operational efficiency to control costs while maintaining a high level of care our members expect. This includes streamlining administrative processes and leveraging vendor partnerships.

- **Enhancing Organisational capacity and capabilities.**
  The Scheme has a strong focus on high performance at all levels, and aims to be classified a "High Performing Organisation".

Continued

KEYPERFORMANCE HIGHLIGHTS FOR THE FY 2022/23

Financial Performance

Our commitment to transparency and accountability drives us to provide an overview of our financial achievements, challenges, and the strategies we are implementing to ensure the continued success of our Scheme.

Group Financial Performance:

The group experienced a positive trend in revenue over the reporting period. In the financial year **2021/22**, group's revenue was reported as **BWP 1,059,598,385** an increase of **13%** from prior year figure of **BWP 934,876,809.** This growth was primarily driven by an expanding membership base and subscriptions increase. However, the positive revenue growth was offset by a significant increase in claims costs leading to a loss for the reporting period. Total group loss before tax amounted to **P57, 230,584** in **2022/23**, decreasing from a surplus of **P13,000,621** reported in **2021/22**.

There was a fair value gain in the net assets investment in BPOMAS Property Holdings (Pty) Ltd and a share in profit/loss by the associate, Lenmed Health Bokamoso Private Hospital (LHBPH)., which contributed to the overall financial position.

Group Financial Performance	
2022/23	BWP 1,059,598,385
2021/22	BWP 934,876,809 Increase in group's revenue

Total Group Loss Before Tax	
2022/23	BWP 57,230,584
2021/22	BWP 13,000,621 Decreasing from a surplus

13% Groups Revenue increase

Gross Contributions Income	
2022/23	BWP 1,024,037,233
2021/22	BWP 905,449,520 Increase over the years

Overall Claims Ratio

2022/23	101%	**80-85%** strategic target range
2021/22	96%	

Health Care Cost

2021/22	BWP 871,735,466
2022/23	BWP 1,029,993,055 Increase over the years

12% Contributions Income

Gross Administrative Expenses

2022/23	BWP 116,735,729
2021/22	BWP 102, 381,565

Scheme Financial Performance:

The Scheme recorded growth in Gross Contributions Income (GCI) over the year. In **2022/23** the GCI was recorded as **BWP 1,024,037,233** a **13%** growth from prior year figure of **BWP 905,449,520.** This increase was primarily due to growth of membership and subscriptions increase.

On the cost side, Health Care Costs (HCC) increased significantly in the **2022/23** financial year. The HCC for the year were reported as **BWP 1,029,993,055**, reflecting an **18%** increase compared to **BWP 871,735,466** reported in **2021/22**. This increase was attributed to higher utilization of benefits by members,. The overall claims ratio for **2022/23** was **101%**, which was higher than the **96%** reported in **2021/22**, exceeding the strategic target range of **80-85%**. The challenge of medical inflation continues to impact the healthcare industry. We acknowledge the need to balance rising medical costs while ensuring our members' access to quality care remains affordable.

The Scheme also experienced an increase in Gross Administrative Expenses (GAE). In the **2022/23** financial year, the GAE amounted to **BWP 116,735,729**, a rise from **BWP 102, 381,565** reported in **2021/22**. However, the GAE remained within the strategic target of **12%** as a percentage of contributions income.

Continued

The primary driver for the rise in GAE was attributed to Scheme administrator fees, which were linked to the growth of the membership base.

In terms of overall financial position, the Scheme recorded a loss of **BWP 58,194,216** in the **2022/23** financial year, in contrast to a profit of **BWP 25,546,192** reported in **2021/22**. This indicated a decline in the Scheme's surplus compared to the previous year.

Overall Financial Position		
2022/23	BWP 58,194,216	Loss
2021/22	BWP 25,546,192	Profit

Other Healthcare Indicators

The average age of principal members and beneficiaries remained unchanged at **45** and **31** years respectively. The percentage of pensioners remained constant at **11%**. Beneficiaries enrolled for Non-Communicable Diseases (NCD) Benefit Management Program increased from **18,212** to **20,435**, reflecting a growing burden of NCDs within the population. The HIV/AIDS Disease Management Program slightly increased from **11,136** to **11,236**, indicating a rise in infection rates. The number of General Practitioner visits increased from **438,363** to **608,280**, suggesting greater utilization of primary healthcare services. Hospital admissions decreased slightly, and the admission rate per **1000** lives covered decreased from **3.8** to **3.4**. The average length of stay increased from **2.1** days to **2.6** days due to increased co-morbidities. Maternity cases decreased from **977** to **907**, and C-sections as a percentage of total deliveries continued to rise. Emergency medical cases decrease from **1,342** to **1,065**, reflecting lower utilization of emergency services. Funeral Benefit Usage decreased significantly, dropping from **BWP 11,175,400** to **BWP 4,358,300**, suggesting a return to pre-Covid trends. Meeting the evolving healthcare demands of our members while managing costs poses a delicate challenge. Striking this balance necessitates ongoing innovation and cost-effective strategies

NCD Benefit Program

18,212 - 20,435

Increase

HIV/AIDS Disease Management Program

11,136 - 11,236
Increase

438,363 - 608,280
Increase

General Practitioner visits

Funeral Benefit Usage

Decrease
BWP11,175,400
BWP4,358,300

Membership Growth and Retention

We fully understand that the foundation of membership growth and retention lies in understanding the needs and preferences of our members. Regularly soliciting feedback through surveys, focus groups, and direct interactions to identify areas for improvement has once again enabled us to maintain our stance as the number one medical aid provider in Botswana.

For the period under review, we achieved a commendable growth in the principal membership of the Scheme. Between the financial years **2021/22** and **2022/23**, our principal membership recorded an impressive increase of **3.3%**, reaching a total of **85,386** members. The total lives covered also experienced a notable rise, reaching **195,997**, compared to **191,326** in the preceding year. An indication of market confidence and trust in the Scheme as well as its value proposition. A thriving and expanding member base is essential for the sustainability and success of the Scheme.

Principal Membership Increase

2022/23
2021/22
3.3%
Increase with a total of **85,386**

Total Lives Covered

195,997, compared to
191,326 in the preceding year

2.4%
Increase

Continued

Conclusion

In conclusion, this report underscores our unwavering commitment to the health and well-being of our members. It serves as a comprehensive guide to our achievements, challenges, and the roadmap for the future.

In closing, we want to extend our heartfelt gratitude once again to all our esteemed members. Your unwavering support and trust in the Scheme have been the driving force behind our continuous growth and success. It is your engagement and loyalty that inspire us to constantly strive for excellence and better serve your needs. I wish to express our deep appreciation to the dedicated members of the Management Committee and its Sub-Committees. Their relentless efforts and strategic vision have been instrumental in charting the course for our accomplishments.

We are also immensely grateful to the Board of Directors of the BPH and LHBPH for their steadfast commitment and guidance. Their leadership and wisdom have been pivotal in driving the Group towards achieving its goals.

Finally, we recognize the exceptional contributions of the BPOMAS employees. Their dedication and hard work have been the pillar of our continued good performance, ensuring that we consistently deliver on our promises to our valued members.

As we move forward, we pledge to uphold the highest standards of service and remain dedicated to enhancing the Scheme for the benefit of all.

We look forward to continuously serving you for the better.

Thank you.

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE 2022/23 FINANCIAL YEAR

1. Financial Performance

The Group

Group revenue for the year was **P1,071,401,830,** a growth of **13%** from prior year figure of **P973,556,834**. This was mainly due to growth in membership base. Total group loss before tax amounted to **P57,230,584**, decreasing from a surplus of **P15,071,622** reported in **2021/22.** The group loss is mainly attributable to an increase in claims costs.

Investment income, which is inclusive of the share of profits from the investment in Lenmed Health Bokamoso Private Hospital (LHBH) increased to **P23,402,776** from **P19,622,957** in **2021/22**.

Group Total Revenue	
2022/23	BWP 1,071,401,830
2021/22	BWP 973,556,834

Group Total Claims And Other Costs	
2022/23	BWP (1,152,035,190)
2021/22	BWP (978,108,469)

Group Net Other Income	
2022/23	BWP 23,402,776
2021/22	BWP 19,622,957

Group (Loss)/Profit Before Tax	
2022/23	BWP (57,230,584)
2021/22	BWP 15,071,622

The Scheme

Gross Contributions Income (GCI) for the year was **P1,024,037,233**. This represents **13%** increase from prior year and is attributable to growth in membership base.

Health Care Costs (HCC) closed the year at **P1,029,993,055,** reflecting an **18%** increase from **P871,735,466** reported in **2021/22**. The increase was largely due to increased utilisation by members. Overall, HCC were high with a claims ratio of **101%,** up from **96%** reported in the **2021/22** financial year. These figures are above the strategic target range of **80-85%** claims ratio.

Gross Administrative Expenses (GAE) amounted to **P116,735,729** up from **P102,381,565** reported in the prior year. GAE as percentage of GCI was **11.4%,** a slight increase from **11.3%** in prior year and within the strategic target of **12%**. The major driver of the increase in GAE is Scheme administrator fees which proportionally increase with membership growth.

The Scheme realised a loss of **P58,194,216** against a surplus of **P25,546,192** in prior year. There is however a fair value gain in the net asset investment in BPOMAS Property Holdings (Pty) Ltd and share in profit/loss by the associate LHBPH.

Health Care Costs	
2022/23	BWP 1,029,993,055
2021/22	BWP 871,735,466
	HCC Closed the year with an increase of 18%

2022/23	101%	Claims Ratio
2021/22	96%	

80% - 85%

Strategic Target Range - Claims Ratio

Gross Administrative Expenses	
2022/23	BWP 116,735,729
2021/22	BWP 102,381,565

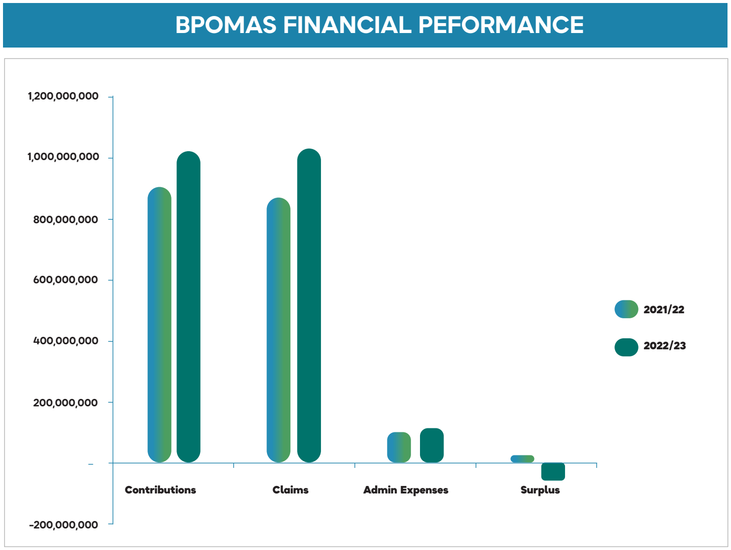
11.4% & 11.3%

GAE as percentage of GCI for 2021/22 and 2022/23 respectively.

Strategic Target is 12%

2022/23	BWP (58,194,216)	Scheme's loss
2021/22	BWP 25,546,192	Scheme surplus

Figure 1: A graph showing financial performance for the reporting period



2. Membership

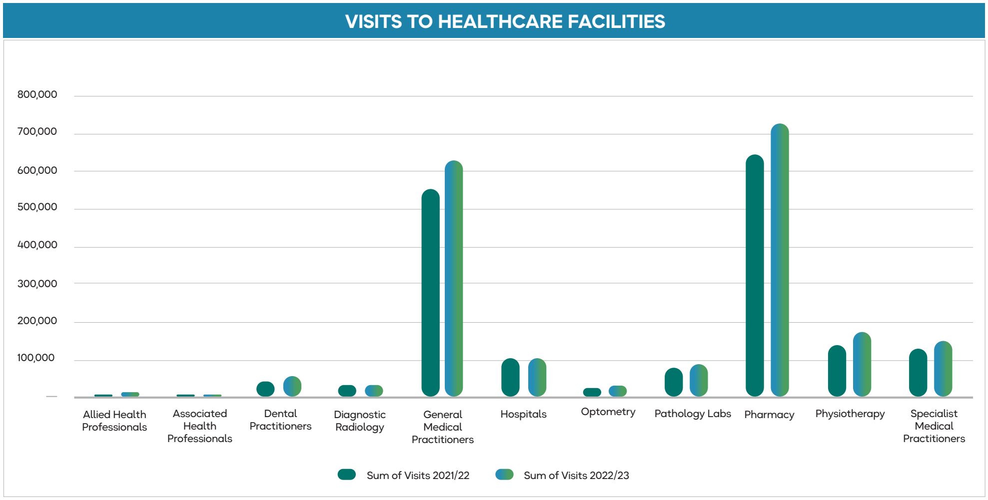
Principal membership was **85,386,** a growth of **3.3%** from **82,644** in prior year. Total lives covered stood at **195,997** against prior year figure of **191,326.** Membership retention rate was **99%,** which is within the strategic target.

3. Providing Access to Health Care Service

The Scheme continues to facilitate access to healthcare services in pursuance of its primary mandate.

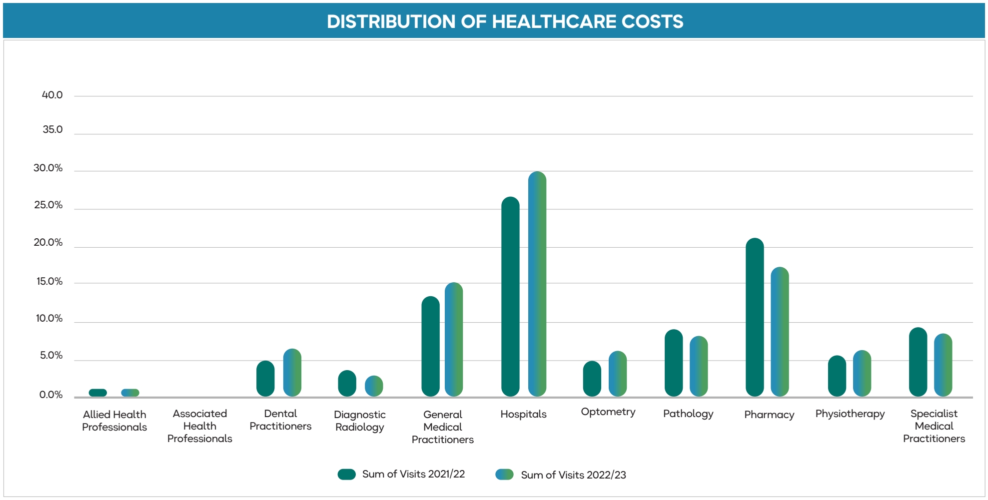
As shown in the following graph, the most visited healthcare providers by members were pharmacies (731,400 visits), followed by general medical practitioners (633,453 visits) and physiotherapists (178,464 visits). Healthcare facility visits remained the same as in the prior year. The Scheme experienced an increase of **14%** in the overall number of visits to healthcare facilities, this indicating normalisation of health seeking behaviour by members post the Covid-19 pandemic. Significant increases in number of visits to healthcare facilities were recorded in allied health professionals **(44%),** optometry **(40%),** dental practitioners **(26%),** physiotherapy **(26%),** general medical practitioners **(13%)** and specialist medical practitioners **(12%).**

Figure 2: A graph showing visits to healthcare facilities for the reporting period



The top three (3) highest paid service providers were hospitals at **30%** of total claims paid, followed by pharmacies at **17%** and general medical practitioners at **15%.** As shown in the following graph, the trend remains the same as in prior year.

Figure 3: A graph showing distribution of healthcare costs for the reporting period



4. Other Healthcare Indicators

The table below shows other healthcare indicators for the 2022/23 financial year compared to prior year.

Figure 4: A table showing key healthcare indicators for the reporting period

Indicator	2022/23	2021/22	Percentage Movement	Comment
Average age of principal members	45 years	45 years	0%	No movement due to younger lives continuing to join the Scheme
Average age of all beneficiaries	31 years	31 years	0%	No movement due to younger lives continuing to join the Scheme
Percentage of pensioners	11 %	11 %	0%	No movement
Beneficiaries registered on NCD benefit management program	20 435	18 212	12.2%	Gradual increase reflecting growing burden of NCD's
Beneficiaries on the HIV/AIDS disease management program	11 236	11 136	0.9%	Slight Increase indicating increasing infection rates
Number of GP visits	608 280	438 363	38.8%	Significant increase in visits post Covid-19 pandemic, reflecting more utilisation of primary healthcare services
Number of Hospital Admissions	105 633	106 581	-0.9%	Slight decrease in hospital visits post Covid-19 pandemic and normalisation of hospital admission patterns
Admission rate per 1000 lives covered	3.4	3.8	-0.1%	Decrease post Covid 19 pandemic and normalisation of hospital admission patterns
Hospital average length of stay (LOS)	2.6 days	2.1 days	23.8%	Increase in LOS driven by increasing co-morbidities
Number of maternity cases	907	977	-7.2%	Decrease compared to the previous year
C-Sections as percent of	66%	61%	8.2%	Continuing higher rates of C-Section as a result of increasing preference by members and doctors

Indicator	2022/23	2021/22	Percentage Movement	Comment
Number of emergency medical cases (evacuation/ responses)	1 065	1 342	-20%	Significant decrease post Covid 19 pandemic, indicating normalisation to pre-pandemic trends
Funeral benefit usage (BWP)	4 358 300	11 175 400	-61%	Significant decrease post Covid 19 pandemic, indicating normalisation to pre-pandemic trends

The above table highlights an increasing chronic disease burden as well as the normalisation of utlisation of services by the membership post the Covid-19 pandemic. The high rate of C-section deliveries remains a concern and interventions to address this situation continue to be explored.

CORPORATE GOVERNANCE

1. Overview

The Scheme having long adopted the King Code, continues to be compliant with good corporate governance. In keeping abreast with developments in the corporate governance arena as well as relevant laws, the Scheme has resolved to formally adopt PULA Code of Corporate Governance as established by BAOA for use by Public Interest Entities once it comes into effect, in line with the Financial Reporting Regulations, 2021. ManCo as the governing body Conducts its affairs according to ethical values and within a governance framework consisting of Scheme Rules, ManCo Charter and Policies.

2. Scheme Commitment to Corporate Governance

The operations of the Scheme are conducted in accordance with internationally accepted principles of good governance and best practice.

Compliance with local statutory requirements of the regulator, Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the Registrar of Societies at group level and the Companies and Intellectual Property Authority (CIPA) at subsidiary level therefore remain a priority. To ensure compliance to good governance, the Scheme continuously engages with governing bodies concerning good governance and relevant legislative changes.

The Scheme is conscious of its responsibilities in observing all regulatory provisions and best international practices, and continuously strives to improve the level of compliance in all its activities. In support of Botswana's efforts and commitment to work with the Financial Action Task Force (FATF) and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to strengthen the effectiveness of its Anti-Money Laundering (AML)/Combating the Financing of Terrorism and Proliferation (CFT) (AML/

Continued

CFT) regime and addressing any related technical deficiencies; the Scheme has made a commitment to combat money laundering, financing of terrorism and proliferation in line with the Financial Intelligence Act (FI Act) and Financial Intelligence Regulations and will to this end continue to keep abreast with and comply with relevant regulations and laws.

3. ManCo Composition and Effectiveness

The Management Committee (ManCo) is responsible for governance, providing strategic direction and leadership of the BPOMAS Group. ManCo is composed of Government Officials, Trade Union representatives and independent members and members are appointed by the Minister of Health. In line with the Scheme Rules, the Chairperson of ManCo is the Permanent Secretary to the Ministry of Health (MoH). ManCo has delegated the operational running of the Group to the Executive Office, which is headed by the Principal Officer who is also the Chief Executive Officer of the Scheme.The ManCo oversees the Executive Office and meets quarterly to consider and approve proposals and pass resolutions. To ensure effective governance of the Scheme, members of the ManCo undergo a fit and proper assessment through a vetting process by NBFIRA before appointment.The ManCo was constituted as per Table 1 below for the financial year 2022/23:

Member	Representing
1. **Ms. Grace Muzila**	Ministry of Health and Wellness – Chairperson
2. **Mr. Thatayaone Kesebonye**	Botswana Land Board Local Authorities and Health Workers Union (BLLAWU) – Vice Chairperson
3. **Mr. Olesitse Masimega**	Ministry of Finance & Economic Development
4. **Mr. Christopher Gwere**	Independent member
5. **Ms. Rose Nkolonyane**	Directorate of Public Service Management (DPSM)
6. **Mr. Motsekedi Motloutse**	Disciplined Forces (Botswana Defence Force/Botswana Police Service)
7. **Mr. Wankie Wankie**	Independent Member
8. **Brigadier Sidney Molomo** (alternate to Mr Motloutse)	Disciplined Forces (Botswana Defence Force/Botswana Police Service)
9. **Mr. Motshidisi Mafoko** (alternate to Mr Thatayaone Kesebonye)	Botswana Land Board Local Authorities and Health Workers (BLLAWU)
10. **Ms. Grace Ntereke** (alternate to Mr Olesitse Masimega)	Ministry of Finance & Economic Development

Continued

4. Sub-Committees

In line with the Scheme Rules, ManCo has delegated some of its powers and duties to Sub-Committees to ensure that all aspects of the Scheme operations are properly managed. Currently the following Sub-Committees are in place:

- Finance, Audit, Risk and Compliance Sub-Committee (FARC),
- Investment Sub-Committee (ISC),
- Nominations, Remuneration and Human Resource Sub-Committee (NRHR), and
- Procurement Sub-Committee.

An adhoc committee, Steering Committeee, was established for the Change of Administrator Project. It is worth noting that terms of appointment of ManCo members on Sub-Committees (ie. those representing ManCo at sub-committee level) are tied to their appointment on ManCo, therefore their membership on Sub-Committees automatically ceases when their membership on ManCo ceases.

5. Meetings

ManCo Meetings

In line with the ManCo Charter, ManCo meets on a quarterly basis to consider quarterly reports and strategic issues of the Group. However, the Chairperson may convene a special meeting or upon requisition by a majority of the ManCo members, should the need arise, provided the matters to be discussed are clearly stated in the request. The ManCo held sixteen (16) meetings as follows: 27 April 2022; 27 May 2022 ;02 June 2022; 16 June 2022; 04 July 2022; 14 July 2022; 18 August 2022; 26 August 2022; 08 September 2022; 10 November 2022; 18 November 2022; 01 December 2022; 07 December 2022; 09December 2022; 02 February 2023 and 23 February 20232, three (3) of which were quarterly meetings and thirteen (13) special meetings. The ManCo also attended two (2) training sessions, one of which was industry training and the other per regulatory requirement and two (2) internal workshops, in line with the Annual Business Plan. All meetings were attended exceptionally well with an average of one (1) apology per meeting throughout the year.

Continued

6. Remuneration for ManCo and Sub - Committees

ManCo

Before the 09 December 2022 AGM, all ManCo members were paid sitting allowance at a rate of **P4,500** (Four Thousand Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively. However, following the AGM resolution, ManCo members were paid sitting allowance at a rate of **P7,500** (Seven Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and Members respectively. The total remuneration for ManCo as at March 2023 was **P897,806.80** compared to **P342,000** in March 2022.

Investment Sub-Committee (ISC)

The Investment Sub-Committee consists of five (5) members as shown on Table 2 below, one of which is an ex-officio member and is not entitled to a sitting allowance. One of the mandates of the ISC is to develop and implement investment objectives, policies, strategies and procedures. The ISC meets on a quarterly basis to execute its mandate. The ISC members eligible for remuneration were paid sitting allowance at a rate of **P4, 500** (Four Thousand Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and members respectively until December 2022, and thereafter at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively. The total remuneration for quarterly meetings of the ISC as at March 2023 was **P39,300** compared to **P49,500** in March 2022.

Table 4: Investment Sub-Committee members

Member	Representing
Mr Reuben Morapedi (independent)	Chairperson
Mr Olesitse Masimega	ManCo
Ms Peo Pillar	Independent
Mr Kumbulani Munamati	Independent
Mr Thulaganyo Molebatsi	Ex-Officio

Continued

Finance, Audit, Risk & Compliance Sub-Committee (FARC)

The Finance, Audit, Risk and Compliance Sub-Committee is among others responsible for monitoring the financial performance of the Scheme as a whole and its major business lines against approved budgets, long term trends and industry benchmarks. The FARC also oversees the Actuarial Services, Internal and External Auditors as well as Risk and Compliance management. The FARC members on Table 3 below were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively, until December 2022, and thereafter at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively. The total remuneration for quarterly meetings and special meetings was **P131,000** for the 2022/23 financial year, compared to **P103,500** in 2021/22.

Table 5: Finance, Audit, Risk and Compliance Sub-Committee members

Member	Representing
Ms Sethunya Molosiwa (independent)	Chairperson
Mr Moore Gondo	Independent
Ms Agnes Motlhanka	Independent
Mr Motsekedi Motloutse	ManCo
Ms Grace Ntereke	ManCo

Nominations, Remuneration & Human Resource (HR) Sub-Committee

The NRHR Sub-Committee has been delegated the responsibility to lead the process for identifying suitable candidates for ManCo appointments and to ensure that the ManCo and its Sub-Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Scheme to enable them to discharge their respective responsibilities effectively. The NRHR members on Table 4 below, were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively, until December 2022, and thereafter at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively. The total remuneration for the meetings held as at March 2023 was **P55,500** compared to **P40,500** in 2021/22.

Continued

Table 6: Nominations, Remuneration & HR Sub-Committee members

Member	Representing
Ms Rose Nkolonyane	Chairperson
Mr Christopher Gwere	Independent
Brigadier Sydney Molomo	Manco

Procurement Sub-Committee

The Procurement Sub-Committee oversees the procurement and asset disposal process of the Scheme. The Procurement Sub-Committee members as shown below, were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively, until December 2022, and thereafter at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively. The total remuneration for the members of the Sub-Committee on Table 5 below was **P477,600** as at March 2023, compared to **P120,000** as at March 2022. The Procurement Sub-Committee was required to meet more often than other Sub-Committees due to the Administration Services Tender following an appeal by one of the disqualified bidders, to the Procurement Tribunal in July 2022, as well as the increased number of procurement activities in the year as per the procurement plan. The aforementioned bidder withdrew the matter in November 2022.

Table 7: Procurement Sub-Committee members

Member	Representing
Mr Wankie Wankie (Independent)	Chairperson
Mr Thatayaone Kesebonye	Manco
Ms Rose Nkolonyane	Manco

Administration Services Project Steering Committee

Change of Administrator

The Scheme outsources selected administration services to a third-party administrator (the Scheme was administered by Associated Fund Administrators (AFA) Botswana (Pty) Ltd during the reporting period). According to the Rules of BPOMAS, the Management Committee (ManCo) shall appoint an Administrator for the proper execution of the business of the Scheme. The AFA Administration Contract came to an end on 31 March 2023, therefore BPOMAS invited proposals from suitably qualified entities to bid for the role of Administrator of the Scheme.

Continued

Following the procurement process, Health Risk Management Botswana (HRMB) and Professional Provident Society Health Care Administrators (PPSHA) (Pty) Ltd Joint Venture (PPSHA being the technical partner) was appointed as the Administrator commencing on 01 April 2023. The commencement date would however later be extended to 01 July 2023 in order to allow for operational processes.

A Project Steering Committee was established to oversee the change of Administrator process, and three (3) members were appointed as per below Table 6. The members as shown below, were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively, until December 2022, and thereafter at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively. The Inaugural meeting of the SteerCo was held during the quarter on 30 November 2022. The total remuneration for the three (3) member Sub-Committee was **P21,000** as at March 2023.

Table 8: Administration Services Project Steering Committee

Member	Representing
Mr R Morapedi (Independent)	Chairperson – ISC
Ms A Motlhanka (Independent)	FARC
Mr M Motloutse	Manco

Governance Instruments

The Scheme has several governance instruments (Policies, Terms of Reference, Charters, Code of Conduct etc.) in place that serve as guidelines to ManCo and its Sub-Committees. A Delegation of Authority and Matrix together with reviewed charters and terms of reference were considered and approved by ManCo during the year. All governance instruments are reviewed every two (2) years.

Continued

COMPLIANCE

The Scheme is committed to complying with regulatory requirements as these contribute to the Scheme being an ethical and sustainable and a good corporate citizen. ManCo monitors compliance with applicable laws and the adopted corporate governance codes and standards through the FARC Sub-Committee. The Finance, Audit, Risk and Compliance Sub-Committee considered for adoption and recommendation to ManCo, a Compliance Risk Management Plan (CRMP) on 13 April 2023. The CRMP would be approved during the next financial year. The CRMP lists legislation the Scheme needs to comply with and monitors such compliance on a continuous basis. The adequacy and effectiveness of the Scheme's compliance management function is assessed periodically by the Scheme's internal audit function with the most recent review conducted during Q4 2023 showing no breaches to compliance.

The Scheme has also embarked on efforts to prepare for compliance with the Data Protection Act which will come into effect on 15 September 2023. The Scheme is in the process of putting in place a Data Protection Framework as well as to recruit a Data Protection Officer as required by the Act.

Enterprise Risk Management

The ERM Report and Risk Register is reported to the FARC Sub-Committee, on a quarterly basis, who in turn report to ManCo.

Regulatory Compliance

Non-Bank Financial Institutions Regulatory Authority (NBFIRA)

Vetting of Controllers

ManCo members continued to be vetted by NBFIRA before appointment as members of ManCo (controllers). Members whose terms expired and were re-appointed did not need to be vetted again provided they remained fit and proper. All members of ManCo remain fit and proper to serve as members of the Management Committee.

Financial Intelligence Authority (FIA)

Anti-Money Laundering (AML) Combating the Financing of Terrorism (CFT) and Counter Proliferation Financing CPF)

As per the governing Financial Intelligence Act, 2022 (FI Act 2022), BPOMAS is an Accountable Institution (AI) and has to meet the requirements for AML, CFT & CPF set out for all Accountable Institutions in Botswana. The Scheme has adopted an AML/CFT Policy and Framework as well as a Risk Management Systems Compliance Programme which aids the Scheme in ensuring alignment with the FI Act 2022 and related financial crime laws. In line with the FI Act 2022, the Scheme has a compliance function and AML Compliance Officer proportionate to its size and risk level. The Scheme is committed to combating AML, CFT & CPF and will to this end continue to keep abreast with and comply with relevant regulations and laws.

Continued

Know Your Customer (KYC)

Following a regulatory AML/CFT inspection by the NBFIRA which highlighted Due Diligence/KYC deficiency, a KYC drive was initiated by the Scheme to expedite and ensure uptake by members and service providers. Total forms received as at 31 March 2023 were 60,968 out of a possible 83,000 forms compared to 58,078 received as at 03 February 2023. Total Prominent Influential Persons (PIPs) registered as at 31 March 2023 were 19,448 compared to 16,601 as at 03 February 2023. The KYC exercise is still ongoing and members are urged to continue cooperating by providing the Scheme with required documentation.

Transactions Reporting & Monitoring

BPOMAS is expected to conduct ongoing due diligence to monitor and understand business relationships and guard against dealings with sanctioned persons/countries, suspicious or uncharacteristic transactions and activities. NBFIRA regularly sends updated Sanctions Lists to all AML Compliance Officers to check against members/ dealings with a view to ensuring that there are no dealings with those on the list. Upon receipt, the list is usually sent to the Administrator (S33 FI Act, records kept by a third party), to screen and confirm that there are no such dealings. Reports of a match or non-match are sent to FIA and acknowledgement of receipt sent to NBFIRA. BPOMAS has to date been compliant in this regard and sent report of non-match to FIA during the reporting period.

The Scheme continues to report non-matches to FIA and acknowledgment of receipts to NBFIRA as required.

The Scheme had made impressive progress in implementation of the AML/CFT Framework as was evident and confirmed by NBFIRA following their AML/CFT Inspection conducted in September 2021 as well as progress updates made monthly to the NBFIRA and the subsequent official closing of inspection during the 2022/2023 financial year.

Botswana Accountancy Oversight Authority (BAOA)

In terms of Section 27 of the Financial Reporting Act, 2010, the Scheme is required to renew its annual registration with BAOA. Such renewal is accompanied by the Annual Financial Statements. The financial statements were filed with BAOA and a certificate of renewal issued for both BPOMAS and its subsidiary, BPH during the reporting period.

Registrar of Societies

Annual Returns

In terms of the Societies Regulations, every registered society shall furnish the Registrar an annual return not later than 31st March in each year. Due to the delay in the audit and holding of the 2020/2021 and 2021/2022 AGM in December 2022, the Annual Returns would be filed in March 2023.

Continued

However due to the new Societies Act, that requires re-registration of Societies, the Registrar of Societies had advised that they had frozen any filing pending familiarization with the new/amended Act as well as preparation for implementation of the Act. Although, not in the reporting period, the Annual Returns were subsequently filed.

Rules Review

Generally, and in line with Rule 40.1, the Rules shall be reviewed on an annual basis without further approval by the employer or the member, however there are no proposed Rules changes proposed for the period. This was to allow settling in of the new Administrator and to embark on the next Rules Review with the new Administrator. All previously suggested changes by members have been noted and would be considered for review during the next financial year.

Governance Of Information And Technology

In terms of King IV Principle 12, the governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives. The governing body should assume responsibility for the governance of technology and information by setting the direction of how technology and information should be approached and addressed in the organisation. BPOMAS has an approved ICT Strategy, approved on the 31 August 2021. A review of the ICT strategy is planned during Q3 of 2023/24 to ensure alignment with corporate strategy 2023/28.

In line with the recommendation to approve policy that articulates and gives effect to the organisation's set direction on the employment of technology and information, BPOMAS has approved several ICT policies that are reviewed periodically. Furthermore, the governing body should delegate to management the responsibility to implement and execute effective technology and information management and in this regard, the IT Department, through the Office of PO, delivers on projects as identified in the ICT strategy for approval by ManCo as per the Annual Business Planning Process. The ICT strategy and policies are all approved by ManCo and monitored for implementation and compliance by the FARC, which reports quarterly to ManCo.

The ManCo considers the need to receive periodic independent assurance on the effectiveness of the Scheme's technology and information arrangements, including outsourced services and has appointed internal and external auditors, whose findings are reported to and monitored through the FARC Sub-Committee, with ManCo providing assurance and effectiveness of the Scheme technology and information arrangements.

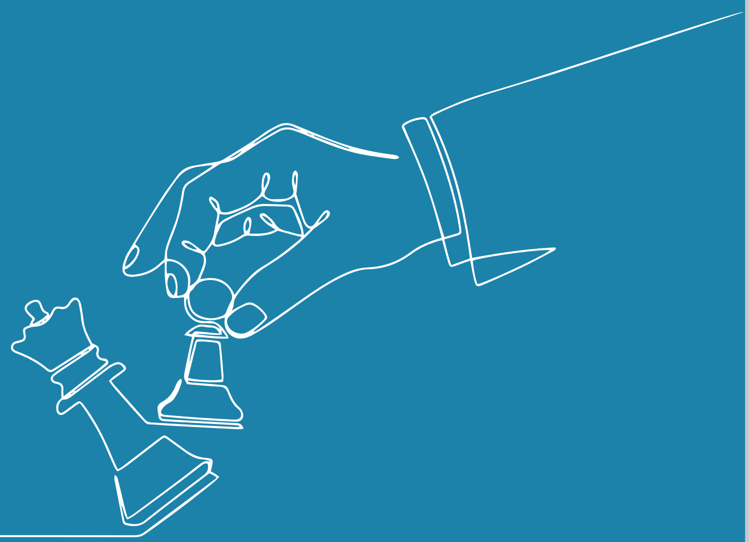
Continued

CONCLUSION

In general, the Scheme continues to perform its duties in line with good corporate governance and is for the most part, compliant to Regulatory and/or Statutory Requirements.

MANCO (BOARD) GOVERNANCE

As already reported, ManCo is the custodian of Corporate Governance. As is required by King Reports, ManCo "acts as the focal point of Corporate Governance" and they must "set the tone at the top" with the starting point being the Board Charter. In addition to the Board Charter (ManCo Charter), which sets out, among others, the roles and responsibilities of ManCo, ManCo has in place good governance structures, frameworks and policies to assist in the achievement of the Scheme strategy. Below is a table that shows performance of the Scheme against the Principles of the King IV Report and efforts for continuous improvement:



MEMBER	STATUS	APPLY AND EXPLAIN
PART 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
LEADERSHIP		
Principle 1: The governing body should lead ethically and effectively	✓	The Manco/Board is responsible for providing effective leadership on an ethical foundation and is committed to the highest standards of Corporate Governance based on the principles of integrity, transparency, and accountability in its dealings with all stakeholders. All Manco members before appointment undergo a fit and proper test by the Regulator. There is a Code of Ethics Policy reviewed annually. Board evaluations are also carried out and cover accountability and governance principles/practices and board involvement etc. In terms of the Scheme Rules the ManCo members are expected to act in good faith and in the best interest of the Scheme in making their decisions and avoid conflict of interests at all costs.
ORGANISATIONAL ETHICS		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	✓	There is a Code of Ethics Policy reviewed annually. ManCo sets the tone at the top; follows the Code of Ethics Policy; Declares Conflict of Interests annually and at the beginning of each meeting in relation to the Agenda.

Continued

MEMBER	STATUS	APPLY AND EXPLAIN
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 3: The governing body should ensure that the organisation is, and is seen to be a responsible corporate citizen.	✓	The Scheme has a Corporate Social Responsibility Policy in place and follows it in assisting those in need in the community with a view to being a good corporate citizen.
PART 5.2: STRATEGY, PERFORMANCE AND REPORTING		
STRATEGY AND PERFORMANCE		
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	✓	The Group's strategic objectives, priorities and risks are documented in the Strategy Document and Risk Framework. Strategy and Risk are assessed during strategy planning and risk assessment sessions. ManCo receives and considers regular(quarterly) reports on performance against Strategy as well as Risk assessment.
REPORTING		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	✓	The Audited Annual Financial Statements (AFS) of the Scheme are published in the Annual Report and presented to members at the Annual General Meeting (AGM). AGM reports go beyond presentation of AFS, but also report on performance against the Scheme's object. AGM reports covering Scheme financials as well as Scheme Rules are available on the Scheme website and for viewing at the Scheme office as and when requested by members

Continued

PART 5.3: GOVERNING STRUCTURES AND DELEGATION

PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	✓	The ManCo is committed to the corporate governance principles contained within King IV and applies them in the Scheme Policies and Frameworks as necessary.
COMPOSITION OF THE GOVERNING BODY		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	✓	The ManCo consists of not more than eight (8) members appointed by the Appointing Authority, six (6) of whom are representatives of critically essential major stakeholders and two(2) independent members with required skills, appointed by the Appointing Authority from time to time The composition of the ManCo ensures that a balance of power is maintained; considering requisite skills and expertise which shall without limitation include Finance & Accounting; Administration; Economics; Law; Actuarial Sciences; Health; Social Welfare.
COMMITTEES OF THE GOVERNING BODY		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.		Without abdicating its own overall responsibility, the ManCo delegates certain functions to sub-committees being the Finance, Audit, Risk & Compliance Committee, Investment Sub-Committee, Nominations, Remuneration & HR Sub-Committee (which have separate agendas/ mandates). All sub-committees are governed by ManCo approved Terms of Reference. The composition of the sub-committees is in the Annual Report (AGM Report). All the Sub-Committees report quarterly to ManCo.

Continued

EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY

Principle		Comment
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness.	✓	The ManCo understands expectations regarding functions, duties and performance criteria. A formal evaluation of the ManCo and the individual members was performed annually by an independent consultant and to be done annually thereafter where training needs would be identified through the performance appraisal process. The ManCo in implementing one of the recommendations from the assessments to consider meeting once a year in absence of chairperson, to discuss the chairperson's performance.

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle		Comment
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	✓	The Scheme appointed a Principal Officer/CEO in 2016. A framework for delegation of authority was adopted and to provide role clarity and set out all authorities and/or signatories.

PART 5.4: GOVERNANCE FUNCTIONAL AREAS

Principle		Comment
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	✓	The ManCo is responsible for the governance of risk in terms of the ERM Framework. The Finance, Audit, Risk & Compliance Sub-Committee is mandated to oversee risk management and report to the ManCo.

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle		Comment
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	✓	The Scheme has as one of its Strategic Objectives, leveraging on technology and has approved an ICT Strategy with a view to achieving this strategic objective.

Continued

MEMBER	STATUS	APPLY AND EXPLAIN
COMPLIANCE GOVERNANCE		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	✓	The Legal Counsel & Corporate Secretary identifies and tracks changes in relevant legislation and reports to the Finance, Audit, Risk & Compliance Sub-Committee and ManCo on Governance and Compliance matters. A Compliance Risk Management Plan has been developed and monitors compliance risk.
REMUNERATION GOVERNANCE		
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	✓	ManCo and Sub-Committee' remuneration is benchmarked against appropriate and relevant remuneration scales. The remuneration is disclosed in the Annual Report/AGM Report and the AFS.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.		The Finance, Audit, Risk & Compliance Sub-Committee evaluates and oversees the Internal and External Audit Function. The External Audit Scope includes their own quality assurance function. A combined assurance framework will formally be proposed and adopted. Assurance services are procured as and when necessary.

Continued

MEMBER	STATUS	APPLY AND EXPLAIN
STAKEHOLDERS		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	✓	Important stakeholder groups have been identified in the Stakeholder Management Plan and include members, government bodies, regulators employees, suppliers and Healthcare Providers. Stakeholder perceptions are a regular item on the board's agenda (as part of the Business Update) and are monitored by the Business Development Unit, who report on material matters to the PO, who in turn reports to the ManCo.
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS		
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	✓	In terms of how the Scheme performs against this principle, the ISC 's role is to set the investment policies and strategies, work with appointed asset consultants and asset managers, as well as monitor their performance against adopted investment strategies and policy. The ISC charter and accompanying policies are reviewed annually, The ISC reports quarterly to ManCo.

Management Committee

Grace **Muzila**
Chairperson

Thatayaone **Kesebonye**
Vice Chairperson

Olesitse **Masimega**
Member

Continued

Rose **Nkolonyane**
Member

Motsekedi **Motloutse**
Member

Christopher **Gwere**
Independent Member

Onalethata **Lebotse**
Member

Management Committee

Our Leadership

Continued

Wankie **Wankie**
Independent Member

Motshidisi **Mafoko**
Alternate to Thatayaone Kesebonye

Grace **Ntereke**
Alternate to Olesitse Masimega

Brigadier Sidney **Molomo**
Alternate to Motsekedi Motloutse

Management Committee

Our Leadership

Executive Management Team

Our Leadership

Thulaganyo **Molebatsi**
CEO and Principal Officer

Linda **Keloneilwe**
Legal Counsel & Corporate Secretary

Lorato **Mangadi**
Operations Manager

Thato **Lesejane**
Finance and Admin Manager

GENERAL INFORMATION

Country of incorporation and domicile	Botswana	
Nature of business and principal activities	Providing health care services and letting of property	
Management committee	Ms Grace Muzila	Chairperson
	Ms Onalethata Lebotse	
	Ms Rose Nkolonyane	
	Mr Christopher Gwere	
	Mr Wankie Wankie	
	Mr Olesitse Masimega	
	Mr Thatayaone Kesebonye	
	Mr Motsekedi Motloutse	
	Mr Motshidisi Mafoko	**Alternate** to Mr Thatayaone Kesebonye
	Ms Grace Ntereke	**Alternate** to Mr Olesitse Masimega
	Brigadier Sidney Molomo	**Alternate** to Mr Motsekedi Motloutse
Principal officer	Mr Thulaganyo Molebatsi	
Registered office	AFA House Plot 61918 Showgrounds Office Park Gaborone	
Postal address	P O Box 1212 Gaborone Botswana	
Bankers	First National Bank Botswana ABSA Bank Botswana Limited Access Bank Botswana Limited Bank Gaborone Limited	
Auditors	KPMG Botswana Chartered Accountants Plot 67977 Fairgrounds Gaborone	
Legal advisors	Laurence Khupe Attorneys	
Asset manager	African Alliance Botswana Management Company Proprietary Limited Botswana Insurance Fund Management Limited Morula Capital Partners Proprietary Limited	
Administrators	Associated Fund Administrators Botswana Proprietary Limited (contract ended 31 March 2023) Health Risk Management Botswana Proprietary Limited	
Functional and presentation currency	Botswana Pula (P)	

Consolidated and Separate Financial Statements

For The Year Ended 31 March 2023

CONTENTS

The following supplementary information does not form part of the consolidated and separate financial statements and is unaudited:

MANAGEMENT COMMITTEE'S RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *(Continued)*

The Management Committee is responsible for the preparation and fair presentation of the consolidated and separate financial statements ("financial statements") of Botswana Public Officers' Medical Aid Scheme, comprising the consolidated and separate statements of financial position as at 31 March 2023, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Scheme's Rules and the Societies Act of Botswana.

The Management Committee is required by the Scheme's Rules and the Societies Act of Botswana, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group and Scheme as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS.

The consolidated and separate financial statements are prepared in accordance with IFRS and in the manner required by the Scheme's Rules and the Societies Act of Botswana and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Management Committee responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Management Committee responsibility also includes maintaining adequate accounting judgements and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated and separate financial statements.

The Management Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Scheme and place considerable importance on maintaining a strong control environment. To enable the Management Committee to meet these responsibilities, the Management Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner.

MANAGEMENT COMMITTEE'S RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *(Continued)*

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 group and all employees are required to maintain the highest ethical standards in ensuring the Scheme's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Management Committee has made an assessment of the ability of the group to continue as going concerns and have no reason to believe the businesses will not be going concerns in the year ahead.

The independent auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been audited by the group's independent auditors and their report is presented on pages 5 to 11.

Approval of the consolidated and separate financial statements of the Scheme

The consolidated and separate financial statements set out on pages 12 to 69, with supplementary information on pages 73 to 71, which have been prepared on the going concern basis, were approved and authorised for issue on 27 July 2023 by the Management Committee and were signed on its behalf by:

Chairperson

Committee member

KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairgrounds Office Park
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Web http://www.kpmg.com/

We have audited the consolidated and separate financial statements of Botswana Public Officers' Medical Aid Scheme (the Group and Scheme), set out on pages 13 to 72 which comprise the statements of financial position as at 31 March 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements cash flows for the year then ended, significant accounting policies and notes to the consolidated and separate annual financial statements.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Public Officers' Medical Aid Scheme as at 31 March 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Scheme in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of provisions for outstanding claims

Refer to accounting policies 1.5 – Significant judgements and sources of estimation uncertainty and 1.22 – Provision for outstanding claims (OCR) and note 16 – Provisions for outstanding claims to the consolidated and separate financial statements. This key audit matter relates to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
The outstanding claims provision ("OCR") for claims Incurred But Not Reported ("IBNR") of P 74,562,250 at year-end, for the Group and the Scheme, is held as a provision for the estimated cost of healthcare benefits that have been incurred prior to yearend but that will only be reported after year-end. The IBNR provision is calculated by external actuaries, engaged by the group (the "Scheme's actuaries") and is reviewed by Management and the Finance, Audit and Risk Committee. The Scheme's actuaries use an actuarial model based on the Scheme's actual claim development patterns throughout the year to project the year end IBNR provision. This model applies a combination of prior estimates of ultimate loss ratios and development patterns shown in the Basic Chain Ladder estimation method. The claim service date, processing date and amount are used to derive the claim development patterns.	Our audit procedures included the following: • We obtained an understanding from the Scheme's actuaries regarding the process followed to calculate the IBNR provision to ensure that the assumptions and actuarial model (them "model") applied by the Scheme is consistent with prior years and is generally applied within the medical aid Schemes industry. • We assessed the Scheme's actuaries' professional competence, capabilities and objectivity by evaluating their qualifications, terms of engagement and experience in carrying out similar engagements. • With the assistance of our own actuarial specialists, we assessed the appropriateness of the model and assumptions used by the Scheme's actuaries.

Valuation of provisions for outstanding claims

Refer to accounting policies 1.5 – Significant judgements and sources of estimation uncertainty and 1.22 – Provision for outstanding claims (OCR) and note 16 – Provisions for outstanding claims to the consolidated and separate financial statements. This key audit matter relates to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
The observed historical patterns are then used to estimate the IBNR provision. The key assumption used to estimate the IBNR provision include: – previous experience in claims; • claims settlement patterns; and • trends in the claims frequency and changes in the claims processing cycle. We identified this as a matter of most significance to the audit because of the inherent uncertainty in the projected claims pattern and the assumptions applied.	• We evaluated the design and implementation and tested the operating effectiveness of the controls over the completeness and accuracy of data used in the IBNR provision calculation. This included testing controls over receiving, initiation, recording, approval and settlement of incurred expenditure claims and claims paid in advance. • For a sample of actual claims incurred in the 2023 financial year, we tested the accuracy and validity of the service claims amount, service dates, approval and payment dates as recorded in the member administration system to underlying documentation. We also assessed validity of these claims under the existing claim rules. • On a sample basis we agreed claims data included in the model to the recorded claims data in the member administration system. To test the reasonableness of the Scheme's actuaries' estimation process: • We performed a retrospective review over the prior year IBNR provisions by comparing the total value of actual claims received in the current year that relates to service events prior to 31 March 2022 to the IBNR provision as at 31 March 2022.

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Valuation of provisions for outstanding claims

Refer to accounting policies 1.5 – Significant judgements and sources of estimation uncertainty and 1.22 – Provision for outstanding claims (OCR) and note 16 – Provisions for outstanding claims to the consolidated and separate financial statements. This key audit matter relates to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
	• We compared the value of actual claims received subsequent to year end (and within the claim validity period of 30 June 2023) relating to service events prior to 31 March 2023 to the related IBNR provision held as at 31 March 2023. We evaluated the adequacy of the disclosures made in the IBNR provision in relation to the requirements of IFRS 4, Insurance Contracts.

Valuation of investment property

Refer to accounting policies 1.5 – Significant judgements and sources of estimation uncertainty and 1.6 – Investment property and note 7 – Investment Property to the consolidated and separate financial statements. This key audit matter relates only to the consolidated financial statements.

The Group accounts for investment property at fair value. The carrying value of investment property at year end amounted to P330,800,000. The Group's valuation of investment property is based on a valuation carried out by an independent valuer which is based on the income capitalisation method and market value method. Significant judgement and assumptions are required to determine the fair value of investment property, especially with respect to the determination of appropriate capitalisation rates, net cash flows and market values.	Our audit procedures included the following: We evaluated the competence and capabilities of the Group's independent valuer by verifying their qualifications and experience. We inspected that the valuer: • is in good standing with relevant professional bodies; and • is free from any direct or indirect shareholding or financial interest in the Group. We compared the valuation techniques used by the independent valuer against the requirements of IAS 40, Investment Property (IAS 40) and IFRS 13, Fair value measurement

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Valuation of investment property

Refer to accounting policies 1.5 – Significant judgements and sources of estimation uncertainty and 1.6 – Investment property and note 7 – Investment Property to the consolidated and separate financial statements. This key audit matter relates only to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
We considered the valuation of investment property to be a matter of significance to the current year audit due to the significant judgements and assumptions associated with determining the fair value of investment property.	(IFRS 13), and industry norms to evaluate whether that the methodology was appropriate under the circumstances. We tested data inputs used in the independent valuation, by referencing actual and projected cash flows to the rental agreements, business plans and historical performance for reasonableness. We compared the capitalisation rate utilised in the valuation to those generally used in the market for properties of similar size, rates used in historical valuations, general market factors (such as comparable yields) and property specific risk factors. We compared the valuation recorded in the financial statements to the valuation ranges suggested by the independent valuer using the income capitalisation method. We evaluated the adequacy of the disclosures made in the consolidated financial statements with respect to accounting policies and the fair value methodologies applied in relation to the requirements of IAS 40 and IFRS 13.

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Other information

The Management Committee members are responsible for the other information. The other information comprises the General Information, Management Committee's Responsibility and Approval of the Consolidated and Separate Financial Statements and the Detailed Income Statement but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Committee members for the consolidated and separate financial statements

The Management Committee members are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and for such internal control as the Management Committee members determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Management Committee members are responsible for assessing the Group and Scheme'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 Management Committee members either intend to liquidate the Group or the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs 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 consolidated and separate financial statements.

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

– Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee 12 members.
- Conclude on the appropriateness of the Management Committee members' 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 Group and Scheme'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 consolidated and separate 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 Group and Scheme to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Scheme or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Management Committee members 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.

From the matters communicated with the Management Committee members, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

KPMG
Firm of Certified Auditors
Practicing member: Adele Venter (CAP 0040 2023)
2 August 2023
Gaborone

bpomas

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		Group		Scheme	
Figures in Pula	Note(s)	2023	2022	2023	2022
Assets					
Non-Current Assets					
Property, plant and equipment	4	703,889	964,294	703,889	964,294
Right-of-use assets	5	5,199,282	402,968	5,199,282	402,968
Investment property	7	330,800,000	326,000,000	-	-
Investment in associate	9	61,978,312	49,334,445	61,978,312	49,334,445
Investments at fair value	10	129,243,909	212,295,436	129,243,909	212,295,436
Investment in linked units	8	-	-	375,145,922	354,794,461
		527,925,392	**588,997,143**	**572,271,314**	**617,791,604**
Current Assets					
Trade and other receivables	11	106,183,269	162,051,284	97,991,727	143,466,035
Investments at fair value	10	53,683,243	14,749,224	53,683,243	14,749,224
Current tax receivable	30	1,757,618	2,006,749	-	-
Cash and cash equivalents	12	111,154,868	80,532,490	43,988,220	37,609,517
		272,778,998	**259,339,747**	**195,663,190**	**195,824,776**
Total Assets		**800,704,390**	**848,336,890**	**767,934,504**	**813,616,380**
Equity and Liabilities					
Equity					
Fair value reserve	17	8,373,816	8,373,816	8,373,816	8,373,816
Retirement reserve	18	299,022,272	299,022,272	299,022,272	299,022,272
Accumulated profit		312,148,889	369,218,632	311,024,418	369,218,634
		619,544,977	**676,614,720**	**618,420,506**	**676,614,722**
Liabilities					
Non-Current Liabilities					
Borrowings	13	17,391,060	25,115,416	17,391,060	25,115,416
Lease liabilities	5	4,454,481	-	4,454,481	-
Deferred taxation	14	28,197,084	30,936,023	-	-
		50,042,625	**56,051,439**	**21,845,541**	**25,115,416**
Current Liabilities					
Trade and other payables	15	47,474,896	27,178,062	44,026,565	23,559,188
Borrowings	13	8,226,660	7,786,738	8,226,660	7,786,738
Lease liabilities	5	852,982	700,854	852,982	700,854
Retention liabilities	19	-	165,615	-	-
Provisions for outstanding claims	16	74,562,250	79,839,462	74,562,250	79,839,462
		131,116,788	115,670,731	127,668,457	111,886,242
Total Liabilities		**181,159,413**	**171,722,170**	**149,513,998**	**137,001,658**
Total Equity and Liabilities		**800,704,390**	**848,336,890**	**767,934,504**	**813,616,380**

STATEMENTS OF PROFIT OR LOSS

		Group		Scheme	
Figures in Pula	Note(s)	2023	2022	2023	2023
Revenue from contributions	20	1,024,037,233	905,449,520	1,024,037,233	905,449,520
Incurred claims	21	(1,029,993,055)	(871,735,466)	(1,029,993,055)	(871,735,466)
Net income/(loss)		**(5,955,822)**	**33,714,054**	**(5,995,822)**	**33.714,054**
Rental income	22	29,148,985	25,281,990	-	-
Fair value gains	24	11,739,120	38,616,000	27,290,581	71,485,263
Other operating income	23	6,476,492	4,209,624	7,523,248	5,159,059
Movement in expected credit loss allowances	11	(1,839,863)	(556,035)	(1,839,863)	(556,035)
Administrative expenses		(120,202,272)	(105,816,968)	(116,735,729)	(102,381,565)
Operating (loss)/profit before investment income	25	**(80,633,360)**	**(4,551,335)**	**(79,393,823)**	**7,420,776**
Investment income	26	10,202,818	14,563,464	18,323,411	13,065,923
Finance costs	27	(2,443,909)	(2,935,673)	(2,443,909)	(2,935,673)
Income from equity accounted investments	9	15,643,867	7,995,166	15,643,867	7,995,166
(Loss)/profit before taxation		**(57,230,584)**	**15,071,622**	**(58,194,216)**	**25,546,192**
Taxation	28	160,841	(2,071,001)	-	-
(Loss)/profit for the year		**(57,069,743)**	**13,000,621**	**(58,194,216)**	**25,546,192**

The accounting policies on pages 17 to 41 and the notes on pages 42 to 72 form an integral part of the consolidated and separate annual financial statements. The Group does not report other comprehensive income because it does not have any items that qualify for inclusion in other comprehensive income.

STATEMENTS OF CHANGES IN EQUITY

Figures in Pula	Fair value	Retirement reserve	Accumulated reserve	Total equity profit
Group				
Balance at 01 April 2021	**8,373,816**	**302,860,046**	**352,380,237**	**663,614,099**
Profit for the year	-	-	13,000,621	13,000,621
Transfer between reserves	-	(3,837,774)	3,837,774	-
Balance at 01 April 2022	**8,373,816**	**299,022,272**	**369,218,632**	**676,614,720**
Loss for the year	-	-	(57,069,743)	(57,069,743)
Balance at 31 March 2023	**8,373,816**	**299,022,272**	**312,148,889**	**619,544,977**
Note(s)	17	18		
Scheme				
Balance at 01 April 2021	**8,373,816**	**286,249,176**	**356,445,538**	**651,068,530**
Profit for the year	-	-	25,546,192	25,546,192
Transfer between reserves	-	12,773,096	(12,773,096)	-
Balance at 01 April 2022	**8,373,816**	**99,022,272**	**369,218,634**	**676,614,722**
Loss for the year	-	-	(58,194,216)	(58,194,216)
Balance at 31 March 2023	**8,373,816**	**299,022,272**	**311,024,418**	**618,420,506**
Note(s)	17	18		

STATEMENTS OF CASH FLOWS

		Group		Scheme	
Figures in Pula	Note(s)	2023	2022	2023	2022
Cash flows from operating activities					
Cash used in operations	29	(20,350,857)	(95,294,399)	(55,044,092)	(131,603,054)
Tax paid	30	(2,328,967)	(1,959,900)	-	-
Net cash to operating activities		**(22,679,824)**	**(97,254,299)**	**(55,044,092)**	**(131,603,054)**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(264,851)	-	(264,851)	-
Purchases of investments at fair value	10	(6,943,372)	(7,202,647)	(6,943,372)	-
Income from investmets in linked units	8	-	-	10,323,762	-
Proceeds from sales of investments		58,000,000	120,000,000	58,000,000	120,000,000
Investment income	26	3,259,446	2,542,000	11,380,039	32,587,224
Dividends received	9	3,000,000	-	3,000,000	-
Net cash from investing activities		**63,994,595**	**115,339,353**	**72,115,188**	**152,587,224**
Cash flows from financing activities					
Government loan repayment	13	(7,284,434)	(6,734,865)	(7,284,434)	(6,734,865)
Repayment of leases	5	(964,050)	(1,020,518)	964,050)	(1,020,518)
Finance costs	27	(2,443,909)	(2,935,673)	(2,443,909)	(2,935,673)
Net cashflow to financing activities		**(10,692,393)**	**(10,691,056)**	**(10,692,393)**	**(10,691,056)**
Total cash movement for the year		**30,622,378**	**7,393,998**	**6,378,703**	**10,293,114**
Cash and cash equivalents at the beginning of the year		80,532,490	73,138,492	37,609,517	27,316,403
Cash and cash equivalents at the end of the year	12	**111,154,868**	**80,532,490**	**43,988,220**	**37,609,517**

Reporting entity

Botswana Public Officers' Medical Aid Scheme (the "Scheme") was registered on 31 July 1990 under the Societies Act No 18:01 of 1972 to provide assistance to members of the Scheme and their dependents in defraying expenditure incurred in connection with medical and related services. The Scheme is domiciled in Botswana. The Scheme has a 100% stake in BPOMAS Property Holdings Proprietary Limited, a limited liability company incorporated in Botswana, which engages in the business of letting out of properties and a 30% stake in Lenmed Health Bokamoso Private Hospital Proprietary Limited, a limited liability company incorporated in Botswana, which engages in the provision of private healthcare services. The annual consolidated financial statements comprise the consolidated financial position and results of the Scheme, the subsidiary and associate company (together referred as to as the "group"). The Scheme's registered office address and principal place of business is AFA House Plot 61918 Showgrounds Office Park.

1. Significant Accounting Policies

1.1 Basis of preparation and statement of compliance

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate financial statements and the Societies Act of Botswana.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial instruments and leasehold land and buildings which are stated at fair value. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year.

1.3 Functional and presentation currency

These consolidated and separate financial statements are presented in and rounded to the nearest Pula, which is the Scheme's functional currency.

1.4 Consolidation

Basis of consolidation

Interest in subsidiaries

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Scheme and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

SIGNIFICANT ACCOUNTING POLICIES

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. They are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Scheme.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards).

1.4 Consolidation *(continued)*

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Interest in equity-accounted Investees

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting where investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date,

SIGNIFICANT ACCOUNTING POLICIES

1.4 Consolidation *(continued)*

Except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any noncontrolling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Valuation of investment property

The fair value of investment property is determined by an independent valuer.

Significant judgement is required to determine the fair value of investment property.

Use of the most appropriate method: the valuer considers outputs from a range of methods, including income capitalization and depreciated replacement cost and comparable market values to determine the fair value of the investment property.

Unobservable inputs:

- Future rental cash inflows: based on the actual location, type and quality of the property and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
- Capitalisation rates: based on actual location, size and quality of the property and taking into account market data at the valuation date;
- Cost per Sqm: the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property; and
- Depreciation factor: based on the age of the property and conditions of the property.
- The adjustment of recently transacted prices of similar properties to reflect the uniqueness of the company's properties.

Impairment testing of assets

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

The group determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its products and the ability of the group to penetrate a sufficient portion of that market in order to operate profitably. The group increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives. The final determined figures for property, plant and equipment are disclosed in note 4.

Allowance for credit losses

An allowance for credit losses is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Scheme will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay. Provisions are inherently based on assumptions and estimates using the best information available.

The final determined figures for trade receivables are disclosed in note 11.

Taxation

The Scheme is not subject to income tax under the Income Tax Act in Botswana except for its subsidiary and associate. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for its subsidiaries. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made for its subsidiaries.

1.5 Significant judgements and sources of estimation uncertainty *(continued)*

The final determined figures for tax are disclosed in note 28.

Provision for outstanding claims

The outstanding claims provision for claims Incurred But Not Reported is a provision for the estimated cost of health care claims that have been incurred prior to year-end, but will only be reported after year-end. The provision is accounted for following IFRS 4 guidance. The provision is calculated by the group and Scheme's actuaries and is reviewed by Management and the Finance, Audit and Risk Committee.

The assumptions that have the greatest effect on the measurement of the outstanding claims reserve provision are the expected claims development for the most recent benefit months. There is some estimation uncertainty that has to be considered in the provision for the estimate of the liability arising from outstanding claims i.e., the cost of health care claims that have occurred before the end of the accounting period but have not been reported to the group and Scheme by that date.

Sources of unreported claim payments include:

- Unknown and hence unreported claims; and
- closed claims that later become reopened and have additional payments made.

If no or insufficient allowance is made for these claims, the result is that the Scheme is likely to hold insufficient funds aside for paying claims. This in turn impacts the Scheme's cash flow and ability to honour claims. The group and Scheme does not discount its outstanding risk claims provision as the effect of the time value of money is not considered material.

Additional comments are provided in note 16.

1.6 Investment property

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.
Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Scheme, is classified as investment property.

Investment property comprises leasehold land and buildings. Subsequent to initial recognition, investment property is stated at fair value.

Investment property *(continued)*

Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

The final determined figures for investment property are disclosed in note 7.

Fair value

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

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

Property interests held under operating leases are accounted for as investment property when the property is subleased.

Reclassification

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its value at the date of reclassification becomes its cost for accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income.

Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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	10 years
Computer equipment	Straight line	3 years

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.

The depreciation charge for each year is recognised in the profit and loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.8 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is

1.8 Investments in associates *(continued)*

classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss.

1.9 Investments in linked units

Investments in linked units are classified as a financial asset which is a debt instrument. They are carried at fair value with fair value changes recognised in profit or loss and reported under other operating gains.

1.10 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

SIGNIFICANT ACCOUNTING POLICIES

1.10 Financial instruments *(continued)*

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments whichdo not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

These financial assets measurements fair value hierarchy is as disclosed in note 10.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option is applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

1.10 Financial instruments *(continued)*

Note 3 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market-place.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 24).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

1.10 Financial instruments *(continued)*

- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables which do have a significant financing component, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 11.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is recognised in profit or loss as a movement in credit loss allowance (note 25).

1.10 Financial instruments *(continued)*

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 3).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains/(losses) on financial assets at amortised cost line item.

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are recognised in other operating gains/(losses) (note 24).

1.10 Financial instruments *(continued)*

Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through profit or loss is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 3).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 27).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

1.10 Financial instruments *(continued)*

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts and borrowings

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.
The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.11 Tax

Current tax assets and liabilities

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted orsubstantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

1.11 Tax *(continued)*

Tax expenses

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

All Group entities are subject to taxation except for the Scheme which is exempt from income taxation in terms of the second schedule of the Botswana Income Tax Act (Chapter 52:01).

1.12 Leases

The Scheme assesses whether a contract is, or contains a lease, at the inception of the contract following the IFRS 16 guidance.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Scheme has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

1.12 Leases *(continued)*

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Scheme as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Scheme is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Scheme recognises the lease payments as an operating expense (note 25) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Scheme has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Scheme is a lessee are presented in note 5 (Leases).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Scheme uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset).

1.12 Leases *(continued)*

The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 25).

The lease liability is presented as a separate line item on the Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using theeffective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 27).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-ofuse asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statements of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;

1.12 Leases *(continued)*

- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.13 Finance income and finance costs

The group's finance income and finance costs include interest income and interest expense. Interest income or expense is recognised in profit or loss using the effective interest rate method.

1.14 Impairment of non-financial assets

The group 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 group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group 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.

1.14 Impairment of non-financial assets *(continued)*

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.

1.15 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

1.15 Provisions and contingencies *(continued)*

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Provisions are disclosed in note 16.

Contingent assets and contingent liabilities are not recognised.

1.16 Short-term employee benefits

The Group has defined contribution pension Schemes which are funded through payments to a pension Scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. Contributions to an approved defined contribution pension plan are recognised in profit or loss in the year to which these costs relate.

Employees who are not members of these approved pension funds and are not entitled to gratuities per their employment contracts, are entitled to severance benefits as regulated by the Employment Act Chapter 47:01 (2003) of Botswana. Employee entitlements to annual leave, bonuses, medical aid, pension contributions and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date.

1.17 Insurance revenue

IFRS 4 Insurance contracts

Contracts under which the Scheme accepts significant insurance risk from another party (the member or other beneficiaries)

1.17 Insurance revenue *(continued)*

by agreeing to compensate the member or other beneficiaries if a specified uncertain future event (the insured event, i.e. occurrence of a medical expense) adversely affects the member or their dependents are classified as insurance contracts. In terms of these contracts the Scheme is obligated to compensate its members for the healthcare expenses they have incurred.

Income recognition

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Contributions represent the gross contributions per the registered rules. The earned portion of contributions received is recognised as revenue. Risk contributions are earned from the date of attachment of risk, over the indemnity period on an accrual basis.

Income from contributions

The Scheme obtains monthly contributions from its members. These contributions are recognised in the statement of profit or loss and other comprehensive income on an accrual basis. The premiums include adjustments to premiums from backdated termination and registrations.

1.18 Revenue from contracts with customers

Revenue is the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

1.19 Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

1.20 Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in profit and loss using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method. Dividend income is recognised in profit or loss when the right to receive payment is established.

The accumulated fair value adjustments are included in profit or loss as gains and losses from the investment securities.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. The group has presented Interest income on financial assets as part of finance income because it does not

1.20 Investment income *(continued)*

consider it as part of its revenue-generating activities but rather investing activities. Therefore, this is presented in the statement of cashflows as Finance income from investing activities.

1.21 Other operating income

Other operating income is recognised in profit or loss when it is probable that the future economic benefits associated with the transaction will flow to the entity and the amount of the income can be reliably measured. Other operating income comprises of administration fees and sundry income.

1.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Provision for outstanding claims (OCR)

Due to the time periods between the dates on which medical aid claims are reported, processed and finally settled, the ultimate claims experience must be estimated to allow for claims that are still outstanding. This is referred to as the outstanding claims reserve ("OCR"). These outstanding claims comprise of both reported but not settled ("RBNS") claims and incurred but not reported ("IBNR") claims. The OCR is calculated by independent actuaries using two methods, namely the Basic Chain Ladder (BCL) method and the Bornhuetter-Ferguson (BF) method based on average historical reporting delay claims reported in the month following the valuation date where the claims event occurred prior to the

1.22 Provision for outstanding claims (OCR) *(continued)*

valuation date. The inherent volatility of the BCL methodology adds to the discrepancies between estimation period. The inherent volatility is a short coming of the BCL method and is due to the volatility in the development factors (on a monthly basis) that are used to determine the gross-up factors and the current loss ratio in each month. In order to reduce the impact of this general variability on the estimation of the OCR, the BF method is then used.

The BF method incorporates both an independently-derived estimate of the expected claims as well as the development patterns shown in the BCL Method. In order to reduce the impact of this general variability on the estimation of the OCR, the BF method is then used. The BF method incorporates both an independently-derived estimate of the expected claims as well as the development patterns shown in the BCL Method.

Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by comparing current estimates of all future contractual cash flows and the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made and the group and Scheme recognises the deficit in profit or loss for the year. The group and Scheme do not discount its outstanding risk claims provision, since the effect of the time value of money is not considered material.

1.24 Claims incurred

Claims incurred consists of claims paid during the financial year together with the movement in the provision for outstanding claims.

The provision for outstanding claims comprises the group's estimate of the cost of settling all claims incurred but unpaid at the reporting date.

Whilst the Trustees consider that gross provisions for claims are fairly stated on the basis of information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used to value these provisions, and the estimates made, are reviewed regularly.

1.25 Related parties

Related parties are defined as those parties related to the reporting entity directly or indirectly through one or more
intermediaries which:

(A) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;

1.25 Related parties *(continued)*

- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(B) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
- The entity is controlled or jointly controlled by a person identified in (a)
- A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The group has adopted the following standards and interpretations that are effective for the current financial year:

Standard/ Interpretation:	Effective date:Years beginning on or after
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022
Annual Improvement to IFRS Standards 2018-2020:	01 January 2022

The above amendments did not have a material impact on these financial statements.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2023 or later periods:

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The amendment is effective for financial reporting periods beginning on or after 01 January 2024.

The amendment is unlikely to have a material impact on the group's consolidated and separate annual financial statements.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The amendment is effective for financial reporting periods beginning on or after 01 January 2023.

The amendment is unlikely to have a material impact on the group's consolidated and separate financial statements.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

2.2 Standards and interpretations not yet effective *(continued*

The amendment is effective for financial reporting periods beginning on or after 01 January 2023.

The amendment is unlikely to have a material impact on the group's consolidated and separate financial statements.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated and separate annual financial statements that are subject to measurement uncertainty."

The amendment is effective for financial reporting periods beginning on or after 01 January 2023.

The amendment is unlikely to have a material impact on the group's consolidated and separate financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The amendment is effective for financial reporting periods beginning on or after 01 January 2023.

The amendment is unlikely to have a material impact on the group's consolidated and separate financial statements.

IFRS 17 Insurance Contracts

The Standard was issued in May 2017 and replaces IFRS 4 – Insurance Contracts for annual periods beginning on or after 1 January 2023. The Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The health cover contracts issued by the Scheme to its members were assessed to be in the scope of IFRS 17 as the Scheme indemnifies members and their registered dependants against the risk of financial loss arising from a health or other insured event (such as funeral benefit, premium waiver), the timing, frequency, and severity of which is uncertain.

2.2 Standards and interpretations not yet effective *(continued*

The Scheme has assessed the requirements of the standard and agreed a project plan implementation plan. The implementation of the plan is currently in progress and the accounting policies and outcomes may be subject to change pending completion of reviews of all the technical papers by management and external audit. The annual financial statements for the year ending 31 March 2024 will disclose the full set of accounting policies that will be used.

The Scheme will commence with the application of the Standard on 1 April 2023 and will restate 2022/2023 comparatives when reporting on 2023/2024 financial period. Once the implementation is complete, the Scheme's management will have identified, recognised, and measured each group of insurance contracts and assets for insurance acquisition cash flows, as if IFRS 17 had always been applied. They will also have derecognised any existing balances that would not exist had IFRS 17 always been applied, and they would also have recognised any resulting net difference in equity.

A quantitative assessment of adopting IFRS17 is currently in progress and the Scheme expects to comply with the quantitative disclosure requirements for the 2023/2024 financial year.

Training of all impacted stakeholders is scheduled to be carried out in parallel to equip stakeholders with the understanding of the expected impact of IFRS 17 on financial results, and to refine and embed the new reporting processes, including the on boarding of management teams, audit committees and the board.

The outcomes of certain aspects of the expected future accounting policies of the accounting policies are summarised below:

Level of aggregation

Each product exposes the Scheme to morbidity and/or mortality risks, with its own benefits and limits, but the underlying insurance risk remains the same. The Scheme's product range for the year ended 31 March 2023 does not have separately identifiable components. Therefore, the contracts issued by the Scheme are subject to similar risks and managed together and fall into the same portfolio with no further disaggregation into groups. The level of aggregation is set at the overall Scheme level.

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or has substantive obligation to provide the policyholder with insurance contract services.

The substantive obligation ends when the contract expires and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

2.2 Standards and interpretations not yet effective *(continued*

The contract boundary for the Scheme's insurance contracts does not exceed twelve months and is aligned with the Scheme's reporting period (financial year).

Recognition and measurement

A group of insurance contracts that are issued will be recognised from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from the policy holder becomes due; or
- When the group becomes onerous.

BPOMAS provides a service after receiving a subscription, initial recognition will likely be the 1st of each month for new policies, that is when the first payment from the policyholder becomes due. Contracts are generally recognised on 1 April. Contracts for policyholders who join during the course of the year, will be added to a group provided the contract is issued no more than one year from contracts already recognised in the group.

The coverage period is preliminarily assessed to be twelve months which makes the Scheme eligible to apply a simplified valuation model, (the Premium Allocation Approach (PAA)), to measure its contracts.

The Scheme will be required to recognise a liability for remaining coverage (with reference to the premiums received) and a liability for incurred claims (calculated as the expected cash outflows and a risk adjustment).

The Scheme will also be required to assess for onerous contracts at the point that members elect the benefit option for the following year based on relevant facts and circumstances. Where the Scheme, as a whole, has priced for a deficit position at the net healthcare result level, onerous groups of contracts should be recognised when facts and circumstances indicate that they are onerous.

Insurance Acquisition Cashflows

In applying the PAA, the Scheme may choose to recognise any insurance acquisition cash flows as expenses when it incurs those costs, given that the coverage period of each contract in the group at initial recognition is no more than one year.

Acquisition expenses are "the costs of selling, underwriting, and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Such cash flows include cash flows that are not directly attributable to individual contracts or group of insurance contracts within the portfolio."

The coverage period of member contracts is generally one year and therefore BPOMAS may choose to expense the acquisition cash flows as they are incurred or alternatively capitalise the costs against the liability for remaining coverage when it incurs the costs. The choice of treatment of the acquisition costs for contracts with a contract boundary of less than a year, is an accounting policy choice still being considered.

Derecognition

The Scheme shall derecognise an insurance contract when, and only when it is extinguished, that is, when the obligation specified in the insurance contract expires or is discharged or cancelled; or if the insurance contract is substantially modified. *Initial application of IFRS 17 and IFRIS 9 - comparative information*

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. This narrow scope amendment is not expected to have any impact on the Scheme's 2024 financial statements as the Scheme already adopted IFRS 9 in the prior years.

3. Financial instruments and risk management (continued)

Categories of financial assets - In Pula

Group - 2023

	Note(s)	Fair value through profit cost or loss - Designated	Amortised	Total	Fair value
Investments at fair value	10	182,927,152	-	182,927,152	182,927,152
Trade and other receivables	11	-	106,082,544	106,082,544	106,082,544
Cash and cash equivalents	12	-	111,154,868	111,154,868	111,154,868
		182,927,152	**217,237,412**	**400,164,564**	**400,164,564**

Group - 2022

	Note(s)	Fair value through profit cost or loss - Designated	Amortised	Total	Fair value
Investments at fair value	10	227,044,660	-	227,044,660	227,044,660
Trade and other receivables	11	-	161,893,551	161,893,551	161,893,551
Cash and cash equivalents	12	-	80,532,490	80,532,490	80,532,490
		227,044,660	**242,426,041**	**469,470,701**	**469,470,701**

Scheme - 2023

	Note(s)	Fair value through profit cost or loss - Designated	Amortised	Total	Fair value
Investment in linked units	8	-	375,145,922	375,145,922	375,145,922
Investments at fair value	10	182,927,152	-	182,927,152	182,927,152
Trade and other receivables	11	-	97,891,002	97,891,002	97,891,002
Cash and cash equivalents	12	-	43,988,220	43,988,220	43,988,220
		182,927,152	**517,025,144**	**699,952,296**	**699,952,296**

Scheme - 2022

	Note(s)	Fair value through profit cost or loss - Designated	Amortised	Total	Fair value
Investment in linked units	8	-	354,794,461	354,794,461	354,794,461
Investments at fair value	10	227,044,660	-	227,044,660	227,044,660
Trade and other receivables	11	-	143,363,511	143,363,511	143,363,511
Cash and cash equivalents	12	-	37,609,517	37,609,517	37,609,517
		227,044,660	**535,767,489**	**762,812,149**	**762,812,149**

3. Financial instruments and risk management (continued)

Categories of financial liabilities - In Pula

Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	44,086,062	44,086,062	44,086,062
Borrowings	13	25,617,720	25,617,720	25,617,720
		69,703,782	**69,703,782**	**69,703,782**

Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	18,854,152	18,854,152	18,854,152
Borrowings	13	32,902,154	32,902,154	32,902,154
		51,756,306	**51,756,306**	**51,756,306**

Scheme - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	40,655,499	40,655,499	40,655,499
Borrowings	13	25,617,720	25,617,720	25,617,720
		66,273,219	**66,273,219**	**66,273,219**

Scheme - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	15,235,278	15,235,278	15,235,278
Borrowings	13	32,902,154	32,902,154	32,902,154
		48,137,432	**48,137,432**	**48,137,432**

3. Financial instruments and risk management *(continued)*

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the group at the reporting date was as follows:

		Group		Scheme	
Figures in Pula		**2023**	**2022**	**2023**	**2022**
Borrowings	13	25,617,720	32,902,154	25,617,720	32,902,154
Lease liabilities	5	5,307,463	700,854	5,307,463	700,854
Trade and other payables	15	47,474,896	27,178,062	44,026,565	23,559,188
Retention liabilities	19	-	165,615	-	-
Provisions for outstanding claims	16	74,562,250	79,839,462	74,562,250	79,839,462
Total borrowings		**152,962,329**	**140,786,147**	**149,513,998**	**137,001,658**
Cash and cash equivalents	12	(111,154,868)	(80,532,490)	(43,988,220)	(37,609,517)
Net borrowings		**41,807,461**	**60,253,657**	**105,525,778**	**99,392,141**
Equity		619,544,977	676,614,720	618,420,506	676,614,722
Gearing ratio		7 %	9 %	17 %	15 %

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The management committee has overall responsibility for the establishment and oversight of the group's risk management framework.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. Financial instruments and risk management *(continued)*

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 31 March 2023, the group's maximum exposure to credit risk which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. For investments in corporate bonds, the group transacts with entities that are rated the equivalent of investment grade. The historical probability of default on the bond portfolio is nil and the current and forwarding looking probability of default is also deemed to be nil thus no provision is made on the bonds.

The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored.

The group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of each month to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the management consider that the group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all shot-term receivables. To measure the expected credit losses, short-term receivables have been grouped based on shared credit risk characteristics and the days past due. The ageing of these receivables is disclosed in note 11.

The maximum exposure to credit risk is presented in the table below:

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Group - In Pula		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Investment in linked units	8	375,145,922	-	375,145,922	354,794,461	-	354,794,461
Investments at fair value through profit or loss	10	182,927,152	-	1 82,927,152	227,044,660	-	227,044,660
Trade and other receivables	11	114,407,594	(8,325,050)	106,082,544	168,474,240	(6,580,689)	161,893,551
Cash and cash equivalents	12	111,154,868	-	111,154,868	80,532,490	-	80,532,490
		708,277,346	**(8,325,050)**	**699,952,296**	**769,392,838**	**(6,580,689)**	**762,812,149**

Scheme - In Pula		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Investments at fair value through profit or loss	10	182,927,152	-	82,927,152	227,044,660	-	227,044,660
Trade and other receivables	11	106,216,052	(8,325,050)	97,891,002	149,944,200	(6,580,689)	143,363,511
Cash and cash equivalents	12	43,988,220	-	43,988,220	37,609,517	-	37,609,517
		333,131,424	**(8,325,050)**	**324,806,374**	**414,598,377**	**(6,580,689)**	**408,017,688**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for investment in linked units is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2023

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	19,164,255	19,164,255	17,391,060
Lease liabilities	5	-	5,087,767	5,087,767	4,454,481
Current liabilities					
Provision for outstanding claims	16	74,562,250	-	74,562,250	74,562,250
Trade and other payables	15	44,086,062	-	44,086,062	44,086,062
Government loan	13	9,582,127	-	9,582,127	8,226,660
Lease liabilities	5	1,198,071	-	1,198,071	852,982
		129,428,510	**24,252,022**	**153,680,532**	**149,573,495**

Group - 2022

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	28,746,387	28,746,387	25,115,416
Current liabilities					
Provision for outstanding claims	16	79,839,462	-	79,839,462	79,839,462
Trade and other payables	15	18,854,152	-	18,854,152	18,854,152
Government loan	13	9,582,127	-	9,582,127	7,786,738
Lease liabilities	5	719,376	-	719,376	700,854
		108,995,117	**28,746,387**	**137,741,504**	**132,296,622**

Scheme - 2023

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	19,164,255	19,164,255	17,391,060
Lease liabilities		-	5,087,767	5,087,767	4,454,481
Current liabilities					
Provision for outstanding claims	16	74,562,250	-	74,562,250	74,562,250
Trade and other payables	15	40,655,499	-	40,655,499	40,655,499
Government loan	13	9,582,127	-	9,582,127	8,226,660
Lease liabilities	5	852,982	-	852,982	852,982
		125,652,858	**24,252,022**	**153,680,532**	**146,142,932**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. Financial instruments and risk management *(continued)*

Scheme - 2022

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Government loan	13	-	28,746,387	28,746,387	25,115,416
Current liabilities					
Provision for outstanding claims	16	79,839,462	-	79,839,462	79,839,462
Trade and other payables	15	15,235,278	-	15,235,278	15,235,278
Government loan	13	9,582,127	-	9,582,127	7,786,738
Lease liabilities	5	719,376	-	719,376	700,854
		105,376,243	**28,746,387**	**134,122,630**	**128,677,748**

Foreign currency risk

The group is exposed to foreign currency risk for transactions that are denominated in a currency other than Pula. The group does not take cover on foreign currency as it regards the Pula as a stable currency.

The net carrying amounts, in Pula equivalent, are denominated in Indian Rupee. The amounts have been presented in Pula by converting the Rupee amounts at the closing rate at the reporting date:

Exposure in Pula

Current liabilities:

Trade and other payables (foreign claims) - BWP	15	3,843,984	1,663,072	3,843,984	1,663,072

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Current liabilities:

Trade and other payables (foreign claims) - Rupee	15	24,282,060	11,056,602	24,282,060	11,056,602

3. Financial instruments and risk management *(continued)*

Exchange rates

The following closing exchange rates were applied at reporting date:

Rupee per unit of Pula:	6.317	6.648	6.317	6.648

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to a 10% increase or decrease in the Rupee.

Group	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Indian Rupee denominated balances	(349,453)	349,453	(1,663,072)	1,663,072

Interest rate risk

As the group has interest-bearing assets and liabilities the group's policy is to minimise interest rate risk exposure on these financial assets and financial liabilities. The group's investments in bonds, call accounts, short term investments and offshore cash and cash equivalents are considered long term and short term strategic investments. During the year, the group was exposed to changes in the market interest rates through bank borrowings, investments in bonds, call accounts, short term investments and offshore cash and cash equivalents.

Interest rate profile

The group invests with reputable institutions and is subject to normal interest rate risk. The effective annual interest rates on the financial instruments noted above are as follows:

3. Financial instruments and risk management *(continued)*

	Note	Average effective interest rate		Carrying amount	
Group - In Pula		2023	2022	2023	2022
Variable rate instruments:				**Pula**	**Pula**
Assets					
Investments in money markets	10	5.16 %	0.53 %	7,911,691	5,297,082
Investments in balanced portfolio		5.38 %	4.38 %	9,557,663	6,360,685
Bank call accounts		2.30 %	0.53 %	99,473,865	34,730,069
Fixed rate instruments:					
Assets					
Investments in money markets	10	9.90 %	7.78 %	45,771,552	9,452,142
Investments in balanced portfolio		6.36 %	6.01 %	5,380,384	17,825,473
Liabilities					
Botswana Government Loan	13	8.00 %	8.00 %	25,617,720	32,902,154
Lease liabilities	5	7.00 %	7.00 %	5,307,463	700,854

	Note	Average effective interest rate		Carrying amount	
Scheme		2023	2022	2023	2022
Variable rate instruments:				**Pula**	**Pula**
Investments in money markets		5.16 %	0.53 %	7,911,691	5,297,082
Investments in balanced portfolio		5.38 %	4.38 %	9,557,663	6,360,685
Bank call accounts		2.30 %	0.53 %	43,947,824	37,575,007
Fixed rate instruments:					
Assets					
Investments in money markets		9.90 %	7.78 %	45,771,552	9,452,142
Investments in balanced portfolio		6.36 %	6.01 %	5,380,384	17,825,473
Liabilities					
Botswana Government Loan		13 8.00 %	8.00 %	25,617,720	32,902,154
Lease liabilities		7.00 %	7.00 %	5,307,463	700,854

3. Financial instruments and risk management *(continued)*

Interest rate sensitivity analysis

A change of 50 basis points in interest rates during the reporting period would have increased /(decreased) the profit before taxation by an equal amount in either direction, as shown below.

Group - In Pula	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Bank call accounts	11,439,494	(11,439,494)	18,499	(18,499)
Investments in money markets	2,041,216	(2,041,216)	140,373	(140,373)
Investments in balanced portfolio	2,571,011	(2,571,011)	1,392,990	(1,392,990)
	16,051,721	**(16,051,721)**	**1,551,862**	**(1,551,862)**

Scheme - In Pula	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Bank call accounts	5,054,000	(5,054,000)	828,667	(828,667)
Investments in money markets	2,041,216	(2,041,216)	140,373	(140,373)
Investments in balanced portfolio	2,571,011	(2,571,011)	1,392,990	(1,392,990)
	9,666,227	**(9,666,227)**	**2,362,030**	**(2,362,030)**

Price risk

The group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio, and through the use of option contractson relevant indexes, where necessary.

Price risk sensitivity analysis

A change of 10% in the equity and unit trust prices during the reporting period would have increased/(decreased) the profit before taxation by an equal amount in either direction, as shown below:

3. Financial instruments and risk management *(continued)*

Group	2023	2023	2022	2022
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Listed equity	38,997,607	31,907,133	109,512,538	89,601,168
Investments in unit trusts	64,311,782	52,618,730	98,205,672	80,350,096
	103,309,389	**84,525,863**	**207,718,210**	**169,951,264**

4. Property, plant and equipment

Group and Scheme		**2023**			**2022**	
Figures in Pula	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	2,573,582	(2,143,965)	429,617	2,573,582	(1,767,016)	806,566
IT equipment	1,120,800	(846,528)	274,272	855,949	(698,221)	157,728
Total	**3,694,382**	**(2,990,493)**	**703,889**	**3,429,531**	**(2,465,237)**	**964,294**

Reconciliation of property, plant and equipment - Group and Scheme - 2023

Figures in Pula **Cost**	**Furniture and fixtures**	**IT equipment**	**Total**
At 01 April 2021	2,573,582	855,949	3,429,531
At 31 March 2022	2,573,582	855,949	3,429,531
Additions	-	264,851	264,851
At 31 March 2023	**2,573,582**	**1,120,800**	**3,694,382**
Accumulated depreciation			
At 31 March 2021	(1,363,544)	(553,364)	(1,916,908)
Depreciation charge	(403,472)	(144,857)	(548,329)
At 31 March 2022	(1,767,016)	(698,221)	(2,465,237)
Depreciation charge	(376,949)	(148,307)	(525,256)

At 31 March 2023	**(2,143,965)**	**(846,528)**	**(2,990,493)**
Carrying amount			
Cost	2,573,582	855,949	3,429,531
Accumulated depreciation	(1,767,016)	(698,221)	(2,465,237)
At 31 March 2022	**806,566**	**157,728**	**964,294**
Cost	2,573,582	1,120,800	3,694,382
Accumulated depreciation	(2,143,965)	(846,528)	(2,990,493)
At 31 March 2023	**429,617**	**274,272**	**703,889**

5. Right of use assets and lease liabilities

The Scheme leases two buildings on cancelable leases of 3 and 5 years respectively with options to renew. Lease payments are renegotiated every 3 and 5 years on renewal to reflect market rental prices. The Scheme is restricted from entering into any sub-lease agreements. As of the end of the reporting period, one lease lapsed and the other lease was renewed for an additional five years.

A weighted average incremental borrowing rate of 7% (2022:7%) was applied in the calculation of the discounted present value of the lease liabilities on 31 March 2023.

Group and Scheme		**2023**			**2022**	
Figures in Pula	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	5,570,659	(371,377)	5,199,282	3,648,137	(3,245,169)	402,968

Right-of-use asset reconciliation - Group and Scheme

2023 - In Pula	**Buildings**	**Total**
Balance at 1 April 2022	402,968	402,968
Addition	5,570,659	5,570,659
Current depreciation charge	(774,345)	(774,345)
Balance at 31 March 2023	**5,199,282**	**5,199,282**

5. Right of use assets and lease liabilities *(continued)*

2022 - In Pula	**Buildings**	**Total**
Balance at 1 April 2021	1,344,121	1,344,121
Current depreciation charge	(941,153)	(941,153)
Balance at 31 March 2022	**402,968**	**402,968**
Other disclosures		
Interest expense on lease liabilities	146,212	88,410
Principal lease payments	964,050	1,020,518
	1,110,262	**1,108,928**
Lease liabilities - Group and Scheme		
Minimum lease payments due:		
Within one year	1,198,071	719,376
Two to five years	5,087,767	-
	6,285,838	719,376
Less: future finance charges	(978,375)	(18,522)
Present value of minimum lease payments	**5,307,463**	**700,854**
Present value of minimum lease payments due		
Within one year	852,982	700,854
Two to five years	4,454,481	-
	5,307,463	**700,854**
Reconciliation of lease liability		
Opening balance	700,854	1,721,372
Additions	5,570,659	-
Finance costs	146,212	88,410
Repayment	(1,110,262)	(1,108,928)
	5,307,463	**700,854**
Non-current liabilities	4,454,481	-
Current liabilities	852,982	700,854
	5,307,463	**700,854**

6. Intangible assets

Group and Scheme	2023			2022		
Figures in Pula	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	-	-	-	701,406	(701,406)	-

Reconciliation of intangible assets - Group - 2022

	Opening balance	Amortisation	Total
Computer software	18,761	(18,761)	-

7. Investment property - Group

Figures in Pula	2023	2022
Investments consists of:		
(i) Bokamoso private hospital	302,550,000	298,725,200
(i) Undeveloped land	28,250,000	27,274,800
	330,800,000	**326,000,000**

Reconciliation of investment property - Group

	In Pula Investment property
At 01 April 2021	287,000,000
Additions	7,202,647
Fair value adjustments	31,797,353
At 31 March 2022	**326,000,000**
Fair value adjustments	4,800,000
At 31 March 2023	**330,800,000**

Amounts recognised in profit and loss for the year - Group

Figures in Pula	2023	2022
Insurance	188,146	188,146
Repairs and maintenance	2,333,460	2,439,678
Valuation fees	88,895	43,500
	2,610,501	**2,671,324**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

7. Investment property - Group *(continued)*

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Details of valuation

The independent valuation was performed by Mr Pumulo M. Kathurima of Willy Kathurima Associates Limited to determine the fair value of the investment property as at 31 March 2023. He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of the investment property, especially with respect to the determination of appropriate capitalisation rates, net cash flows and market values. The significant assumptions associated with determining the fair values of investment property are disclosed in the accounting policies under Significant judgements.

Valuation method

(i) Bokamoso private hospital

The investment property was valued on the income capitalisation method.

This net income capitalisation method provides an indication of value by converting future cash-flow to a single current value. This is done through capitalization of current income by predetermined capitalisation rate into perpetuity. Then a time and reversion discounted cash flow is used to discount perceived future income stream to a net present value.

Management have elected to measure the investment property using the net income capitalisation valuation method due to the following key reasons:

- Rental determination for hospitals is very individualized and depend on the license, type of clinic or hospital, amount and quality of theatres and wards, location, age of building etc. Therefore, no specific rule of thumb or market norm can be deduced from applying a comparable basis.

- This investment property is directly income generating as there is a long-term lease contract that assures the company of maximum possible revenue regardless of vacancy. Due to the long-term nature of the rental agreements, management are of the opinion that reasonable projections can be derived from the contracts with both the amounts and timing of future income.

- Further, due to the specialized nature of the hospital, it cannot be easily recreated with the same utility for immediate use without incurring significant premiums and legal restrictions such as change of land use.

On the basis of the foregoing, the use of the net income capitalisation method is therefore more appropriate to the market comparison or replacement cost basis.

(ii) Undeveloped land

The undeveloped land was independently valued at **P28,250,000** (2022: **P27,274,800**) on the open market value basis in March 2023.

7. Investment property - Group *(continued)*

The open market value basis is defined as the estimated amount for which the property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

Information about fair value measurements using significant unobservable inputs (Level 3) 2023

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalization rate of 8.95% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	**Valuation**	**Estimate**	**Impact lower**	**Impact**
Higher				
Depreciated replacement cost	342,000,000	Market value per sqm +/- 10%	(34,200,000	)34,200,000
Income capitalisation: Bokamoso private hospital	302,550,000	Capitalisation rate +/- 10%	(33,616,042)	27,504,034
Market value: Undeveloped land	28,250,000	Land value per sqm +/- 10%	2,824,890	(2,824,890)

Information about fair value measurements using significant unobservable inputs (Level 3) 2022

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalization rate of 9.07% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	**Valuation**	**Estimate**	**Impact lower**	**Impact higher**
Depreciated replacement cost	308,725,200	Market value per sqm +/- 10%	(33,600,000)	33,600,000
Income capitalisation: Bokamoso private hospital	298,725,200	Capitalisation rate +/- 10%	(33,155,166)	27,126,954
Market value: Undeveloped land	27,274,800	Land value per sqm +/- 10%	(272,748)	272,748

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The group leases out the investment property to the associate (Lenmed Health Bokamoso Private Hospital). The lease is cancelable and runs for a period of 15 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rental prices. The lessee is restricted from any sub-lease agreements. As at end of the reporting period, there were five (5) years remaining on the rental lease period.

8. Investment in linked units

Group and Scheme	% Holding 2022	% Holding 2021	Number of linked units 2022	Number of linked units 2021
BPOMAS Property Holdings Proprietary Limited (incorporated in Botswana)	100%	100%	178,300,000	178,300,000

The Scheme invested in linked units of BPOMAS Property Holdings Proprietary Limited (BPH). The linked units consist of ordinary shares in BPH which are linked to debentures. These linked units are measured at fair-value at each reporting date by actuarial consultants. The expected future cash-flows are reassessed at each reporting date in determining the fair-value of future cash-flows. Linked units are classified as level 3 on the fair value hierarchy as the inputs used in determining the fair value of linked units are not based on observable market data. Refer to note 24 for fair value gains in linked units.

The following table reports the fair value of linked units as at reporting date:

Figures in Pula	2023	2022
Opening balance	354,794,461	321,670,610
Fair value gains	30,675,223	33,123,851
Income from investments in linked units	(10,323,762)	-
	375,145,922	**354,794,461**

9. Investment in associate

The following table lists all of the associates in the group:

Group and Scheme

Figures in Pula Name of company	Held by	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
Lenmed Health Bokamoso Private Hospital Proprietary Limited	Botswana Public Officers' Medical Aid Scheme	30 %	30 %	61,978,312	49,334,445

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

9. Investment in associate *(continued)*

Reconciliation of investment in associate

Opening balance	49,334,445	41,339,279
Share of profit from associate	15,643,867	5,573,331
Dividend received	(3,000,000)	-
Effect of restatement of the associate's financial statement	-	2,421,835
Closing balance	**61,978,312**	**49,334,445**

The Scheme holds a strategic investment entered into during the year 2012. The entity provides private healthcare services and its principal place of business is Mmopane Block 1, Molepolole road. Lenmed Health Bokamoso Private Hospital has a 28th February year end and dividends amounting to **P3,000,000** (2022: P0) were received for the reporting period.

Summarised financial information of material associates

Summarised statements of profit or loss and other comprehensive income	**Lenmed Health Bokamoso Private Hospital Proprietary Limited (incorporated in Botswana)**	
Figures in Pula	**2023**	**2022**
Revenue	470,213,534	383,379,639
Other income and expenses	(402,715,466)	(351,184,195)
Profit before tax	67,498,068	32,195,444
Tax expense	(15,351,845)	(5,544,891)
Profit from continuing operations	52,146,223	26,650,553
Total comprehensive income	**52,146,223**	**26,650,553**
Dividends received from associate	**3,000,000**	**-**
Income from equity accounted investment:		
Share of current year profit	15,643,867	5,573,331
Effect of restatement of the associate's financial statement	-	2,421,835
	15,643,867	**7,995,166**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

9. Investment in associate *(continued)*

Summarised Statements of Financial Position	Lenmed Health Bokamoso Private Hospital Proprietary Limited	
	2023	**2022**
Assets		
Non-current	188,166,227	176,836,192
Current	320,853,271	275,712,430
Total assets	509,019,498	452,548,622
Liabilities		
Non-current	157,851,768	148,050,665
Current	144,573,357	140,049,808
Total liabilities	302,425,125	288,100,473
Total net assets	206,594,373	164,448,149

The associate's financial year ends on February 28, while the Scheme's financial year ends on March 31. Due to this difference in the reporting periods, the Scheme accounts for the associate's financial information using the most recent available audited financial statements, adjusted for any significant transactions or events occurring between the associate's and the Scheme's reporting dates. The most recent available audited financial statements used to account for the associate's financial information were for the year ended 28 February 2023 (2022: 28 February 2022). Management has determined that the impact of the difference in reporting dates is not material to the Scheme and Group's financial statements because there were no significant transactions or events occurring between the associate's year-end and the Scheme's reporting date.

10. Investments at fair value

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022
Designated at fair value through profit or loss:				
Investments in money markets	53,683,243	14,749,224	53,683,243	14,749,224
Investments in balanced portfolio	35,326,283	23,460,699	35,326,283	23,460,699
Listed equity	35,452,370	99,556,853	35,452,370	99,556,853
Investments in unit trusts	58,465,256	89,277,884	58,465,256	89,277,884
	182,927,152	**227,044,660**	**182,927,152**	**227,044,660**
Split between non-current and current portions				
Non-current assets	129,243,909	212,295,436	129,243,909	212,295,436
Current assets	53,683,243	14,749,224	53,683,243	14,749,224
	182,927,152	**227,044,660**	**182,927,152**	**227,044,660**

10. Investments at fair value *(continued)*

Investments reconciliation				
Opening balance	227,044,660	328,204,549	227,044,660	328,204,549
Fair value gain	6,939,120	6,818,647	6,939,120	6,818,647
Purchases of investments at fair value	6,943,372	12,021,464	6,943,372	12,021,464
Proceeds from sale of investments	(58,000,000)	(120,000,000)	(58,000,000)	(120,000,000)
	182,927,152	**227,044,660**	**182,927,152**	**227,044,660**

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.
- Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies inputs which are not based on observable market data. Refer to note 8 for investment in linked units.

Level 1				
Balanced portfolio	35,326,283	23,460,699	35,326,283	23,460,699
Listed equity	35,452,370	99,556,853	35,452,370	99,556,853
	70,778,653	**123,017,552**	**70,778,653**	**123,017,552**
Level 2				
Investments in money	53,683,243	14,749,224	53,683,243	14,749,224
Investments in unit trusts	58,465,256	89,277,884	58,465,256	89,277,884
	112,148,499	**104,027,108**	**112,148,499**	**104,027,108**
	182,927,152	227,044,660	182,927,152	227,044,660

11. Trade and other receivables

Financial instruments at amortised cost:				
Trade receivables	8,191,542	17,696,723	-	-
Contributions receivable	90,264,396	144,293,559	90,264,396	144,293,559
Loss allowance	(8,325,050)	(6,580,689)	(8,325,050)	(6,580,689)

	Group		Scheme	
Figures in Pula	**2023**	**2022**	**2023**	**2022**
Trade receivables at amortised cost	90,130,888	155,409,593	81,939,346	137,712,870
Other receivables	15,951,656	5,422,327	15,951,656	5,650,641
Sundry receivable	-	1,061,631	-	-
Non-financial instruments:				
VAT	-	55,209	-	-
Prepayments	100,725	102,524	100,725	102,524
Total trade and other receivables	**106,183,269**	**162,051,284**	**97,991,727**	**143,466,035**

11. Trade and other receivables *(continued)*

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	106,082,544	161,893,551	97,891,002	143,363,511
Non-financial instruments	100,725	157,733	100,725	102,524
	106,183,269	**162,051,284**	**97,991,727**	**143,466,035**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected credit loss rate:

	Estimated gross carrying amount at default	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due: 3% (2021: 0%)	44,483,060	(1,307,797)	35,222,886	-
31 - 60 days past due: 1% (2021: 0%)	36,229,949	(540,753)	34,475,233	-
61 - 90 days past due: 38% (2021: 0%)	1,156,375	(437,277)	34,318,899	-
91 - 120 days past due: 57% (2022: 2.26%)	1,036,796	(593,880)	31,042,039	(703,022)
More than 120 days past due:74% (2022: 63.60%)	7,358,216	(5,445,343)	9,242,401	(5,877,667)
Total	**90,264,396**	**8,325,050**	**144,301,458**	**(6,580,689)**

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for benefits receivables:

Opening balance	(6,580,689)	(6,434,167)	(6,580,689)	(6,434,167)
Additional provisions	(1,839,863)	(556,035)	(1,839,863)	(556,035)
Amounts written off against receivables	95,502	409,513	95,502	409,513
Closing balance	**(8,325,050)**	**(6,580,689)**	**(8,325,050)**	**(6,580,689)**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8,201	2,678	8,201	2,678
Bank balances	103,007,299	50,529,809	43,980,019	37,606,839
Short-term deposits	8,139,368	30,000,003	-	-
	111,154,868	**80,532,490**	**43,988,220**	**37,609,517**

The bank balances are held with First National Bank Botswana, African Banking Corporation of Botswana and Bank Gaborone. These financial institutions are highly reputable and are registered with and regulated by the Bank of Botswana. The credit quality of bank balances is deemed high therefore no provision for expected credit losses have been recognised in respect of the company's bank balances. Cash and cash equivalents are held at an average interest rate of 4.5%.

13. Borrowings

Group and Scheme		
Held at amortised cost		
Botswana Government Loan	25,617,720	32,902,154
Split between non-current and current portions		
Non-current liabilities	17,391,060	25,115,416
Current liabilities	8,226,660	7,786,738
	25,617,720	**32,902,154**

The Government loan was obtained in 2010. The loan is unsecured and is repayable in 26 semi-annual installments of **P4,791,214** with repayments commencing June 2013, after a three year grace period. The Government loan bears a fixed interest rate of 8% per annum (2022: 8%).

	Group		Scheme	
Figures in Pula	**2023**	**2022**	**2023**	**2022**
Maturity profile of borrowings				
Amounts due within one year			9,582,127	9,582,127
Amounts due within two to five years			19,164,255	28,746,387
			28,746,382	38,328,514
Less future finance charges			(3,128,662)	(5,426,360)
			25,617,720	**32,902,154**

13. Borrowings *(continued)*

Borrowings comprises:		
Accrued interest	502,308	645,140
Principal borrowings	25,115,412	32,257,014
	25,617,720	**32,902,154**
Current and non-current		
Current		
Accrued interest	502,308	645,140
Principal borrowings	7,724,352	7,141,598
Total current	**8,226,660**	**7,786,738**
Non-current		
Principal borrowings	17,391,060	25,115,416
Total	**25,617,720**	**32,902,154**

14. Deferred tax

Deferred tax liability				
Property plant and equipment	(28,197,084)	(30,936,023)	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred taxation liability from investment property	(28,197,084)	(30,936,023)	-	-

Reconciliation of deferred taxation asset

At beginning of year	(30,936,023)	(28,865,022)	-	-
Movement per profit or loss	2,738,939	(2,071,001)	-	-
	(28,197,084)	**(30,936,023)**	**-**	**-**

15. Trade and other payables

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022
Financial instruments at amortised cost:				
Returned claims payment	31,180,714	4,862,689	31,180,714	4,862,689
Trade payables - related parties	3,144,925	3,370,323	-	-
Other payables	19,701	19,701	19,701	19,701
Sundry payables	4,883,320	5,990,314	4,598,312	5,709,119
Administration fees payable	4,857,402	4,611,125	4,856,772	4,643,769
Non-financial instruments:				
Provision for employee benefits	2,966,126	8,323,910	2,966,126	8,323,910
Subscriptions received in advance	404,940	-	404,940	-
VAT	17,768	-	-	-
	47,474,896	**27,178,062**	**44,026,565**	**23,559,188**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	44,086,062	18,854,152	40,655,499	15,235,278
Non-financial instruments	3,388,834	8,323,910	3,371,066	8,323,910
	47,474,896	**27,178,062**	**44,026,565**	**23,559,188**

Fair value of trade and other payables

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

16. Provisions for outstanding claims

Reconciliation of provisions for outstanding claims - Group and Scheme - 2023

Opening balance	79,839,462	78,336,780	79,839,462	78,336,780
Current year increase in provision	82,545,010	77,064,252	82,545,010	77,064,252
Payment in respect of prior year	(87,822,223)	(75,561,570)	(87,822,223)	(75,561,570)
	74,562,249	**79,839,462**	**74,562,249**	**79,839,462**

The provision for outstanding claims represents the Management Committee's best estimate of claims, with the assistance of actuaries, that have been incurred during the current financial year but which have not been reported prior to reporting date and therefore are payable after the year-end.

The outstanding claims provision is calculated by the group and Scheme's actuaries which is reviewed by management of the Scheme and the Audit and Risk Committee and recommended to the Management Committee for their approval.

16. Provisions for outstanding claims *(continued)*

The group and Scheme's actuaries use an actuarial model based on the Scheme's actual claim development patterns throughout the year to project the year-end provision. This model applies a combination of prior estimates of ultimate loss ratios and development patterns shown in the Basic Chain Ladder. The claim service date, processing date and amount are used to derive claim development patterns . These historical patterns are then used to estimate the outstanding claims provision.

Key assumptions

Outstanding claims reserve is determined as accurately as possible on the basis of a number of factors based on the following assumption:

- previous experience in claims,
- claims settlement patterns,
- trends in claims frequency and changes in the claims processing cycle.

The following table illustrates the quantum of uncertainty inherent to the outstanding risk claims provision estimates. As opposed to claims for FY2022 that have already been paid, the claims for FY2023 estimate to be paid (or reopened) in future payment months are still subject to uncertainty. This quantity forms a useful basis for a sensitivity analysis. The table below illustrates the effect of a 10% increase and decrease in this amount respectively:

	2023		2022	
Base scenario	**Outstanding risk claims provision**	**Impact on profit or loss**	**Outstanding risk claims provision**	**Impact on profit or loss**
Figures in Pula				
Base case scenario	74,562,249		79,839,462	
10% Increase	82,018,474	(7,456,225)	87,823,408	(7,983,946)
10% Decrease	(67,106,024)	7,456,225	(71,855,516)	7,983,946

The group and Scheme monitors each month's initial outstanding risk claims provision over a three-month period as subsequent claims are received. The average percentage variance of provision to actual paid out historically has been 10%. The management committee believe that the liability for claims reported in the statement of financial position is adequate. However, it recognizes that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

17. Fair value reserve

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022
Fair value assets	8,373,816	8,373,816	8,373,816	8,373,816

The fair value reserve is an accumulation of the Scheme's previously held equity instruments that were then disposed of. These were held through other comprehensive income. There has been no new purchases of the equity instruments through other comprehensive income during the financial year, therefore, the reserve balance remains unchanged.

18. Retirement reserve

The group's policy is to maintain a strong capital base. Therefore, the retirement reserve was formed as an alternative accumulated surplus account for future benefits pay-outs. These pay-outs are in connection to the anticipated excess claims over premiums paid on retired pensioner Schemes. Management made a decision to maintain a retirement reserve for suchpurposes. Therefore, fifty percent of the annual profits are transferred to the retirement reserve.

Balance at the beginning of the year	299,022,272	302,860,046	299,022,272	286,249,176
Transfer from retained earnings	-	12,773,096	-	12,773,096
Transfer to retained earnings *	-	(16,610,870)	-	-
Closing balance	**299,022,272**	**299,022,272**	**299,022,272**	**299,022,272**

* The transfer to retained earnings at group of P16,610,870 was effected to align the group's retirement reserve closing balance to the Scheme's.

19. Retention liabilities

Retention	-	165,615	-	-

The group engaged a contractor to construct additions to investment property and these were withheld retentions as at year end. The amounts due were paid back to the contractor and there were no defects noted on the developed property within six months of the completion of the project.

20. Revenue from contributions

Contributions from high benefit option	54,315,486	44,695,207	54,315,486	44,695,207
Contributions from premium benefit option	62,620,043	53,601,145	62,620,043	53,601,145
Contributions from standard benefit option	907,101,704	807,153,168	907,101,704	807,153,168
	1,024,037,233	**905,449,520**	**1,024,037,233**	**905,449,520**

21. Incurred claims

		Group		Scheme	
Figures in Pula		2023	2022	2023	2022
Monthly local claims		1,020,913,912	855,826,291	1,020,913,912	855,826,291
Funeral Policy Premium		5,925,777	5,873,419	5,925,777	5,873,419
Medical evacuation premium		8,430,578	8,533,074	8,430,578	8,533,074
Provision for outstanding claims		(5,277,212)	1,502,682	5,277,212)	1,502,682
		1,029,993,055	**871,735,466**	**1,029,993,055**	**871,735,466**

22. Rental income

Rental income	29, 148,985	25,281,990	-	-

Operating leases – as lessor (income)

The company leased out property to Lenmed Health Bokamoso Hospital Proprietary Limited under two cancelable operatingleases, a hospital lease agreement and a residential lease agreement. The lease terms are disclosed below:

Hospital lease

The time period of rental agreement is from March 2012 to February 2037. Monthly rental installments of **P106,867** are paid in full and in advance on or before the third day of each succeeding month. Rental arrears are subject to a 2% above First National Bank's prime interest rate calculated daily and compounded monthly. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time.

Residential lease

The effective date of the lease is 1 August 2013. Monthly rental installments of **P305,000** are paid on or before the seventh day of every month. Rental arrears are subject to a 10% annual interest reckoned from the due date until they are paid. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time and/or as maybe negotiated and agreed by the parties.

23. Other operating income

Administration fees	6,412,167	4,145,299	7,523,248	5,159,059
Other sundry income	64,325	64,325	-	-
	6,476,492	**4,209,624**	**7,523,248**	**5,159,059**

24. Fair value gains

Fair value gain on investment property	7	4,800,000	31,797,353	-	-
Fair value gain on other financial assets		-	-	30,675,223	64,666,616
Fair value gain on balanced portfolio		6,939,120	6 ,818,647	6,939,120	6,818,647
		11,739,120	**38,616,000**	**37,614,343**	**71,485,263**

25. Operating profit/(loss)

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022
Operating profit for the year is stated after accounting for the following:				
External auditor's fees	1,051,973	1,169,221	901,973	1,019,221
Internal auditor's fees	311,264	280,004	231,260	200,000
Administration and management fees	61,779,507	57,924,834	61,779,507	57,924,869
Consulting and professional services	3,120,317	2,099,347	3,065,602	1,995,267
Directors sitting allowance	251,345	69,000	1,845	-
Employee costs	16,150,580	16,563,069	16,123,961	16,537,511
Pension contributions	4,279,954	3,702,931	4,279,954	3,702,931
Repairs and maintenance	2,333,611	2,440,124	151	446
Depreciation on property, plant and equipment	525,256	548,329	525,256	548,329
Depreciation of right of use assets	774,345	941,153	774,345	941,153
Amortisation of intangible assets	-	18,761	-	18,761
Legal expenses incurred/(recovered)	672,806	(64,067)	648,091	(116,477)

26. Investment income

Interest income - investments	10,202,818	14,563,464	7,999,649	13,065,923

27. Finance costs

Interest on lease liabilities	146,212	88,410	146,212	88,410
Interest expense on government loan	2,297,697	2,847,263	2,297,697	2,847,263
	2,443,909	**2,935,673**	**2,443,909**	**2,935,673**

28. Income tax expense

Taxation consists of :				
Current				
Current taxation	2,578,223	-	-	-
Local income tax - prior period (over) under provision	(125)	-	-	-
	2,578,098	**-**	**-**	**-**
Deferred				
Deferred taxation	(2,738,939)	2,071,001	-	-
	(160,841)	**2,071,001**	**-**	**-**

	Group		Scheme	
Figures in Pula	2023	2022	2023	2022
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit/(loss)	(57,230,584)	15,071,622	(58,194,216)	25,546,192
Tax at the applicable tax rate of 22% (2022: 22%)	(12,590,728)	3,315,757	(12,802,728)	5,620,162
Tax effect of adjustments on taxable income				
Permanent differences from Scheme loss/(income)	18,355,606	4,482,739	12,802,728	(5,620,162)
Non taxable capital gain	(5,925,594)	(4,255,973)	-	-
Prior year deferred tax over provision	-	(1,471,522)	-	-
Prior year income tax over provision	(125)	-	-	-
	(160,841)	**2,071,001**	**-**	**-**

29. Cash used in operations

	Group 2023	Group 2022	Scheme 2023	Scheme 2022
Profit before taxation	(57,230,584)	15,071,622	(58,194,216)	25,546,192
Adjustments for non-cash items:				
Depreciation and amortisation	1,299,601	1,508,243	1,299,601	1,508,243
Fair value gains	(11,739,120)	(38,616,000)	(37,614,343)	(71,485,263)
Movement in expected credit loss allowances	1,839,863	556,035	1,839,863	556,035
Provision for outstanding claims	(5,277,212)	1,502,682	(5,277,212)	1,502,682
Income from equity accounted investments	(15,643,867)	(7,995,166)	(15,643,867)	(7,995,166)
Adjust for items which are presented separately:				
Investment income	(10,202,818)	(14,563,464)	(7,999,649)	(13,065,923)
Finance costs	2,443,909	2,935,673	2,443,909	2,935,673
Changes in working capital:				
Trade and other receivables	54,028,152	(51,421,918)	43,634,445	(73,527,490)
Trade and other payables	20,296,834	(4,102,368)	20,467,377	2,421,963
Retention liabilities	(165,615)	(169,738)	-	-
	(20,350,857)	**(95,294,399)**	**(55,044,092)**	**(131,603,054)**

30. Tax paid

Tax receivable at the beginning of the year	2,006,749	46,849	-	-
Current tax recognised in profit or loss	(2,578,098)	-	-	-
Tax receivable at end of the year	(1,757,618)	(2,006,749)	-	-
	(2,328,967)	**(1,959,900)**	**-**	**-**

31. Related parties

Relationships

Subsidiary of Botswana Public Officers' Medical Aid Scheme **BPOMAS** Property Holdings Proprietary LimitedAssociate of Botswana Public Officers' Medical Aid Scheme Lenmed Health Bokamoso Private Hospital Proprietary Limited

Related party balances

Amounts due from related parties				
BPOMAS Property Holdings Proprietary Limited	-	-	-	228,313
Amounts due to related parties				
Lenmed Health Bokamoso Private Hospital Proprietary Limited	(3,144,925)	(3,370,324)	-	-
Investment in associate company				
Lenmed Health Bokamoso Private Hospital	-	-	64,978,312	49,334,445

Related party transactions

Amounts received from investment in linked units (debenture interest)				
BPOMAS Property Holdings Proprietary Limited	-	-	(10,323,762)	(12,927,460)
Rent received from related parties				
Lenmed Health Bokamoso Private Hospital Proprietary Limited	-	(25,281,990)	-	-
Management fees received from related parties				
BPOMAS Property Holdings Proprietary Limited	-	-	(1,111,081)	(1,013,760)

The investments in subsidiary represents 100% holdings in **BPOMAS** Property Holdings, a company incorporated in Botswana which is in the business of letting out of properties.

Transactions with its key management personnel:				
Directors and management committee meetings sitting allowance	2,193,914	985,316	2,193,914	985,316

Directors training	23,110	-	-	-

Key Management personnel

Management of the Scheme, in terms of the Rules, is performed by the Management Committee. As defined by the Scheme rules, "the affairs of the Scheme shall be managed according to these Rules by a Management Committee consisting of not more than eight (8) members, six (6) of whom shall be representatives of critically essential major stakeholders appointed by the Appointing Authority and two (2) independent members with required skills, to be appointed by the Appointing Authority from time to time."

32. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group made a loss before tax of **P57,230,584** (2022: **P58,194,216**) for the financial year ended 31 March 2023. The group has significant cash and investments reserves to meet its financial obligations as they fall due. Further, the group has actuarial services at its disposal for the calibration of its contributions, tariffs or benefits limits to protect itself from unsustainable losses. Based on current cash reserves and future cash flow projections, management is of the view that the group will generate adequate resources to meet its financial obligations as they fall due.

The management committee is of the view and have confidence that the group will be able to continue its operations till the end of the next financial year without serious impairments as a going concern. The financial statements are prepared on the basis of the accounting policies applicable to a going concern.

33. Commitments

The management committee is not aware of any commitments that existed as at the financial reporting date.

34. Contingent liabilities

The management committee is not aware of any contingent liabilities that existed as at the financial reporting date.

35. Events after the reporting period

The group, through its subsidiary BPOMAS Property Holdings Proprietary Limited, won a bid to purchase an immovable property for **P30,953,389** from BCL Limited - In liquidation subsequent to the reporting date and the purchase will be funded through internally generated cash resources. A deposit of **P15,476,694** is payable by 31 July 2023 and the payment terms for the balance are still under negotiation. The said property will be leased to a third party to operate a hospital for a rental consideration to the group. Except for this matter, the management committee is not aware of any events that occurred after the reporting date which would require adjustments or disclosure in these financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

DETAILED INCOME STATEMENT

		Group		Scheme	
Figures in Pula	Notes(s)	2023	2022	2023	2022
Revenue					
Contributions from high benefit option		907,101,704	807,153,168	907,101,704	807,153,168
Contributions from standard benefit option		54,315,486	44,695,207	54,315,486	44,695,207
Contributions from premium benefit option		62,620,043	53,601,145	62,620,043	53,601,145
	20	**1,024,037,233**	**905,449,520**	**1,024,037,233**	**905,449,520**
Incurred claims		(1,029,993,055)	(871,735,466)	(1,029,993,055)	(871,735,466)
Gross profit/(loss)		**(5,955,822)**	**33,714,054**	**(5,955,822)**	**33,714,054**
Other operating income					
Rental income		29,148,985	25,281,990	–	–
Administration fees		6,412,167	4,145,299	7,523,248	5,159,059
Other sundry income		64,325	64,325	–	–
		35,625,477	**29,491,614**	**7,523,248**	**5,159,059**
Other operating gains					
Fair value gains		11,739,120	38,616,000	37,614,343	71,485,263
Expenses (Refer to page 71)		**(122,042,135)**	**(106,373,003)**	**(118,575,592)**	**(102,937,600)**
Operating (loss)/profit 25		**(80,633,360)**	**(4,551,335)**	**(79,393,823)**	**7,420,776**
Investment income	26	10,202,818	14,563,464	7,999,649	13,065,923
Finance costs	27	(2,443,909)	(2,935,673)	(2,443,909)	(2,935,673)
Income from associate		15,643,867	7,995,166	15,643,867	7,995,166
(Loss)/profit before taxation		**(57,230,584)**	**15,071,622**	**(58,194,216)**	**25,546,192**
Taxation	28	160,841	(2,071,001)	–	–
(Loss)/profit for the year		**(57,069,743)**	**13,000,621**	**(58,194,216)**	**25,546,192**

DETAILED INCOME STATEMENT

		Group		Scheme	
Figures in Pula	Notes(s)	2023	2022	2023	2022
Other operating expenses					
AFA data migration costs		(3,625,076)	-	(3,625,076)	-
Accounting and secretarial fees		(30,000)	(8,170)	-	-
Administration and management fees		(61,779,507)	(57,924,834)	(61,779,507)	(57,924,869)
Advertising		(48,411)	(1,201)	(48,411)	(1,201)
Agency fees		(540,800)	(547,200)	(540,800)	(547,200)
Aid for Aids		(1,420,560)	(1,450,513)	(1,420,560)	(1,450,513)
Amortisation		-	(18,761)	-	(18,761)
Annual general meeting expenses		(2,393)	(1,838,411)	(2,393)	(1,838,411)
Asset consultancy		(693,265)	(552,328)	(693,265)	(552,328)
Bank charges		(400,882)	(218,180)	(384,778)	(199,795)
Communication		(966,228)	(185,239)	(950,978)	(115,063)
Consulting fees		(617,508)	(540,868)	(617,508)	(497,368)
Corporate social investments		(304,255)	(242,458)	(304,255)	(242,458)
Debenture Trustee fees		(30,000)	(90,000)	-	-
Dental Health Risk Management		(7,117,425)	(5,672,117)	(7,117,425)	(5,672,117)
Depreciation		(1,299,601)	(1,489,482)	(1,299,601)	(1,489,482)
Directors allowances and expenses		(251,345)	(69,000)	(1,845)	-
Directors training		(23,110)	-	-	-
Donations		(1,035,244)	(127,942)	(1,035,244)	(127,942)
Employee costs		(16,150,580)	(16,563,069)	(16,123,961)	(16,537,511)
External auditors' remuneration		(1,051,973)	(1,169,221)	(901,973)	(1,019,221)
Facilities Manager		(164,074)	(115,714)	-	-
IT expenses		(739,771)	(853,240)	(739,771)	(853,240)
Insurance		(690,110)	(659,950)	(501,964)	(471,804)
Internal auditors' remuneration		(311,264)	(280,004)	(231,260)	(200,000)
Legal fees		(672,806)	64,067	(648,091)	116,477
Levies		(46,666)	(41,197)	-	-
Managed care fees to administrator		(5,043,199)	(4,884,772)	(5,043,199)	(4,884,772)
Management committee allowances & expenses		(2,193,914)	(985,316)	(2,193,914)	(985,316)
Motor vehicle expenses		(396,625)	(313,322)	(396,625)	(313,322)
Movement in expected credit losses		(1,839,863)	(556,035)	(1,839,863)	(556,035)
Office expenses		(379,745)	(332,878)	(379,745)	(332,878)
Postage		(934,103)	(676,184)	(934,103)	(676,184)
Printing and stationery		(44,919)	(33,496)	(44,919)	(33,496)
Professional fees		(1,106,738)	(1,062,048)	(1,106,738)	(1,062,048)
Promotions and advertising		(2,418,838)	(2,512,947)	(2,418,838)	(2,512,947)
Repairs and maintenance		(2,333,611)	(2,440,124)	(151)	(446)
Strategic review		(1,155,755)	(739,015)	(1,155,755)	(739,015)
Strategy implementation expenses		(169,196)	(20,828)	(169,196)	(20,828)
Subscriptions		(3,043,805)	(598,548)	(3,043,805)	(598,548)
Transport and freight		(549,731)	(282,224)	(549,731)	(282,224)
Travel and accommodation		(330,344)	(296,734)	(330,344)	(296,734)
Valuation fees		(88,895)	(43,500)	-	-
		(122,042,135)	**(106,373,003)**	**(118,575,592)**	**(102,937,600)**

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MEMO

FROM : MANAGEMENT COMMITTEE
TO : MEMBERS
DATE : 28 AUGUST 2023
RE: APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2023/2024 FINANCIAL YEAR

Background

At the last AGM, KPMG was appointed as the Scheme External Auditors for a period of three (3) years effective January 2021, renewable annually at each AGM subject to performance, to audit the following financial years:

- 2020/2021;
- 2021/2022;
- 2022/2023.

The external auditors had performed satisfactorily and were re-appointed at each AGM thereafter to audit the 2020/2021, 2021/2022 and 2022/2023 financial years.

In light of the above, KPMG was, at the last AGM appointed for the calendar year 01 January 2023 to 31 December 2023 to audit the financial year 2022/2023 and their term will therefore end on 31 December 2023. It is **recommended that** the Management Committee be authorised to appoint or re-appoint external auditors and advise the members accordingly at the next AGM.

Requested Resolution

It is RESOLVED that the Management Committee be and is hereby authorised to appoint or re-appoint external auditors at the end of the current external auditors' contract.

It is FURTHER RESOLVED that the Management Committee and/or the Principal Officer be authorised to do all that is necessary to give effect to this resolution.

NOTES

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