ANNUAL
GENERAL
MEETING
REPORT FOR
THE FINANCIAL
YEAR 2014/15



Your health is our concern!

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NOTICE TO MEMBERS

THE 2016 ANNUAL GENERAL MEETING (AGM) OF THE SCHEME WILL BE HELD ON 3 JUNE 2016, AT ANNEX HALL, FAIRGROUND HOLDINGS, GABORONE AT 09:00AM

AGENDA

- 1. Notice convening the meeting
- 2. Apologies
- 3. Adoption of the Agenda
- 4. Chairman's Opening Remarks
- Confirmation of the minutes of the previous Special General Meeting (SGM) held on 02 April 2012
- 5.1. Matters arising from the SGM held on 02 April 2012
- Consideration and adoption of the Report of the Management Committee for the years 2010/11 to 2014/15.
- Consideration and adoption of the audited Annual Financial Statements for the years 2010/11 to 2014/15 and the 7. report of the External Auditors
- Consideration and Approval of proposed Amendments to the Scheme Rules
- 9. Appointment or Re-Appointment of External Auditors for the ensuing year
- 10. Any other business
- 11. Closure

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf and such a proxy shall be a member of the Scheme. The instrument appointing such a proxy must be deposited at the registered office of the Scheme at Plot 61918, Fairgrounds Office Park, Gaborone not less than 24 hours before the meeting.

By Order of the Management Committee



APPOINTMENT OF PROXY FORM

If you cannot attend the Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme to be held on the 3rd June 2016 at Gaborone, and you are entitled to vote at the Annual General Meeting, 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.

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FULL NAM	1ES				
MEMBERSI	HIP NO.				
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EMAIL					
B. WHO D	O YOU WANT 1	TO APPOINT AS	YOUR PROXY		
I appoint as	s my proxy (tick	one box only):			
Chair o	f the Annual Ge	neral Meeting	*	e Chair as your proxy, and dire	
The foll	lowing person			opoint someone else, give the	-
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directing yo	our proxy not to	vote at the Annu		how to vote. If you mark the g and your vote will not be consolution.	*
ITEM 1:	Adoption of the	ne Audited Finan	icial Statements fo	r the year ended 30 March 20	15
	YES		NO	ABSTAIN	
ITEM 2:	Re-appointme	ent of Pricewate	rhouseCoopers as	the Scheme's external audito	rs for the financial year
	YES		NO	ABSTAIN	
			· ·	e office of the Administrators o	

AFA House, Plot 61918, Showgrounds Office Park, P O Box 1212, Gaborone, Tel: 365 0500, Fax: 395 1165.

MINUTES OF THE SPECIAL GENERAL MEETING OF THE MEMBERS HELD ON MONDAY 02 APRIL 2012, AT 14:00, AT FAIRGROUNDS HOLDINGS (ANNEX HALL)

1. PRESENT

K C S Malefho Ministry of Health (Chairman)
A Nthokwa-Kiberu Botswana Public Employees' Union

O Masimega Ministry of Finance and Development Planning K Kebakile Directorate of Public Service Management

T J Moabi Department of Prisons

M D Setshego Botswana Land Boards & Local Authorities Health Workers' Union

O Fane Botswana Teachers' Union M Nkgapha Botswana Defence Force

N D Joel National Amalgamated Local and Central Government and Parastatal Manual Workers' Union

2. IN ATTENDANCE

2.1. MANAGEMENT COMMITTEE - ALTERNATES

D Marope Department of Prisons

2.2. ADMINISTRATORS - AFA BOTSWANA (PTY) LTD

R T Tatedi

D Thela

D Mongudi

E Shamakumba

M Matome

S Senwelo

B Sempe

H Marks

M Isaacs

M Monageng

D Baliki (Recording)

The meeting was called to order at 14:05.

3. OPENING PRAYER

The meeting was opened with a prayer by a member.

4. NOTICE AND CONSTITUTION OF THE MEETING

The Chairman announced that with a total of 416 members personally present and 619 proxies, the meeting was duly constituted.

The notice of the meeting having been duly circulated was taken as read and approved.

5. APOLOGIES FOR NON-ATTENDANCE

Apologies for non-attendance were received from all the Management Committee members not present and a number amongst the general membership.

6. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed all the members present and thereafter, introduced the Management Committee and the Administrators. He stated that the purpose of the meeting was as outlined in the agenda, which was circulated to the members before the meeting.

CONFIRMATION OF THE MINUTES OF THE SPECIAL GENERAL MEETING (SGM) HELD ON 09 JUNE 2011

The members were referred to Pages 5 to 20 of the SGM Report containing the minutes of the previous meeting held on 09 June 2011. The minutes were taken as read.

The following corrections were made to the minutes:

- Page 6, Minute 8, last paragraph, third line: substituted "Mrs" with "Mr".
- b) Page 12, Minute 11.1, paragraph (h): Substituted the name "Gilbert Lekaukau" with "Moses Lekaukau" and on every page where the name "Gilbert Lekaukau" appeared.

With the aforegoing corrections, the minutes were adopted as a true and correct record of the proceedings, following a proposal by Mr Moroka P Tumaeletse, seconded by Mrs Emeldah Mathe.

7.1 MATTERS ARISING

7.1.1 Update on the Formation of New Corporate Structures to Own and operate the Bokamoso Private Hospital:

The Chairman reported that the matter would be addressed under substantive agenda item 6, being "Update on the Bokamoso Private Hospital Trust (In Sequestration)".

7.1.2 Update on the Scheme Rules Amendment:

The Chairman reported that the consultation process had commenced with the Proposed Rules having been circulated to Government ministries and departments en route to submission to Cabinet for approval.

7.1.3 Update on the Date for the 2011 Annual General Meeting (AGM): (Action: MANCO)

The Chairman advised the members that as was common cause, the 2011 AGM did not take place due to the on-going Sequestration of the Bokamoso Private Hospital Trust (BPHT) which precluded the conclusion of the external audit of the Scheme. He reminded members that the primary purpose of the AGM was for members to receive and adopt the Scheme Audited Financial Statements. (Action: MANCO)

7.1.4 Update on the Educational Campaign on Member Awareness:

> The Chairman reported that the Educational Campaign was on-going and referred members to continuing publications in the local print media, in particular that of "Aus Bee", as part of the Campaign.

COMMENTS ON THE MATTERS ARISING REPORT Following the above report, the Chairman invited comments from the members.

Mrs Emeldah Mathe

The member enquired on whether or not, the Management Committee had considered the request by the Botswana Civil Servants Pensioners' Association (BCSPA) to be represented in the Management Committee.

Response

The Chairman advised that the Proposed Rule Amendments increased the number of bodies to be represented in the Management Committee from 12 to 16. However, the Rules were not in effect as they had to be approved by Cabinet and subsequently be approved and registered with the Registrar of Societies. Consequently, prior to that, no consideration could be made regarding the BCSPA's request.

Ishmael Selebogo c)

The member requested that the designation of the "Management Committee" be changed to that of a "Board", to adequately reflect the onerous duties and responsibilities of the Committee, relative to the size of the Scheme.

In response, the Chairman stated that the Proposed Rules Amendments had recommended as such.

8. CONSIDERATION OF THE DECISION BY THE MEDICAL AND DENTAL PRACTITIONERS; AND OPTOMETRISTS TO IMPLEMENT BALANCE BILLING (BB)

The members were referred to Pages 21 to 24 of the SGM Report containing the Report to Members on Balance Billing (BB). The Report was taken as read.

The Chairman made a PowerPoint Presentation on the subject highlighting the following:

Since the early 1990's, the Scheme had a direct reimbursement arrangement with Service Providers (SP's) wherein the Scheme and SP's entered

into an agreement regarding tariffs for healthcare services. Around 2003/04, the Scheme reduced this arrangement into a formal contract wherein SP's were allowed to opt in or out of the said reimbursement model.

- In 2011, SP's and the Scheme failed to agree on tariffs, the former citing that the current tariffs were too low and could not sustain their practices. The Botswana Dental Association (BODEA) subsequently noticed the Scheme that they intended implementing Balance Billing. The Medical Practitioners Group (MPG) followed soon thereafter, noticing the Scheme of their intention to implement Balance Billing in February 2012.
- Balance Billing was a model wherein SP's charged patients the balance between what they wanted to charge for their services and what the Scheme would reimburse (recognised tariff).
- (d) Parallel to this, BODEA had submitted a complaint to the Competition Authority about the alleged contraventions of the Competition Act by BPOMAS and other schemes. The Scheme was, therefore, under investigation by the Competition Authority.
- The Chairman referred members to the slides indicating the percentage increase for consultation for healthcare services in respect of General and Specialist Medical Practitioners which stood at 153% and 102% respectively. He further highlighted differences within dental services showing for example, that consultation fees would increase by up to 52%, whilst scaling and polishing would increase by 75%.
- The Management Committee had considered and rejected both proposals at separate meetings on similar grounds that the implementation of Balance Billing (BB) stood to place an additional financial burden on the members at a time when they were most vulnerable. Further that by so doing; SP's contravened the Service Provider Agreements (SPA) entered into between them and the Scheme which provided that Scheme beneficiaries should be charged up to the recognised tariff (Scheme Tariff) and no more; as contained in the Scheme Rules.
- Whilst the Management Committee rejected the proposals from BODEA and MPG, they had mandated the Administrators (AFA) to continue engaging with the Consolidated Health Group (BODEA, MPG and Optometrists) with a view to finding a more sustainable, affordable and costeffective model to replace Balance Billing, should there be agreement and in the interim, request the Private Practitioners to suspend the implementation of Balance Billing.
- The Consolidated Health Group (CHG) had acceded (h) to the proposal for further engagement but indicated that their members would continue with Balance Billing during the on-going discussions.

(i) On 14 February and 01 March 2012 respectively AFA presented to the CHG, the principles of a Reimbursement Model that would promote reimbursement of Private Practitioners based on the quality of clinical outcomes and cost-effectiveness. Although the Private Practitioner Groups had indicated willingness to engage further on the Model, they unfortunately resolved to continue with Balance Billing during the discussion period.

BPOMAS' Position With Regard To Balance Billing

The Management Committee, at its meeting of 22 February 2012, took the decision; following the implementation of Balance Billing by some SP's that the Scheme would not pay claims from SP's who applied Balance Billing and/or members who would have obtained healthcare services from SP's who applied Balance Billing.

The Management Committee, at its meeting of 13 March 2012, reviewed their previous decision and resolved to only reimburse members who would have consulted Private Practitioners who applied Balance Billing, but only up to the Scheme's Recognised Tariff.

However, the decision not to directly reimburse Private Practitioners who implemented Balance Billing would remain since by implementing Balance Billing, the Practitioners would have terminated the SPA they entered into with the Scheme, which provided for direct reimbursement for services rendered to the Scheme beneficiaries. Without such an agreement in place, the Scheme was not obligated to directly reimburse the Private Practitioners.

Following the above report, the Chairman invited comments from the members.

8.1 COMMENTS ON BALANCE BILLING REPORT

(a) Mr Odirile Mabaila

The member lamented the position taken by the Scheme in rejecting Balance Billing in its totality without considering reasons advanced by SP's.

Response

The Chairman advised that the application of Balance Billing constituted a breach of the existing SPA; as well as the Scheme Rules. Furthermore, the decision of the Management Committee was informed by the negative financial impact that Balance Billing would have on both the members and the Scheme.

(b) Ms Bontle Mokete

The member enquired whether the impasse between the Scheme and SP's could not be referred to an Arbitrator for dispute resolution.

Response

The Administrators advised that the SPA's provided for dispute resolution. However, there was seemingly unwillingness on the part of SP's to resolve the matter in that manner given their unilateral decision to implement BB.

(c) Ms Mphoentle Seganeleng

The member requested the Management Committee to produce a list of all doctors that did not apply

Balance Billing to enable members to acquire affordable healthcare services.

Response

The Administrators advised that they had to date requested 600 SP's to indicate whether or not they applied or were intending to apply Balance Billing. However, at the time of the meeting, only 73 SP's had responded; with 86% thereof indicating that they were neither applying nor intending to apply Balance Billing.

(d) Mr Justice Gaolekwe

The member highlighted that the consultation process appear to be without good faith, given the language adopted by the Management Committee in their communication with SP's. He added that whilst as members they noted the figures presented by the Management Committee, it was important that the consultation process did not culminate in a stand-off as that would be an inconvenience to the members. The member added that what was important was the uninterrupted provision of healthcare services to members given that they contributed towards medical aid.

Response

The Chairman advised that the decision to reject Balance Billing was taken in the interests of the members. He advised that to expose members to undeterminable liability would be negligent of the Management Committee at the very at least.

(e) Mr Ishmael Selebogo

The member was of the view that the position taken by the Management Committee was correct and fair, adding that SP's had unilaterally breached the terms of the SPAs and their decision to implement and/or continue with Balance Billing during negotiations was mala fide and a clear indication of their position not to negotiate.

Response

In concurring with the member, the Chairman advised that in making decisions regarding costs, the Committee related contribution income to the cost of service. Consequently, the sustainability of the Scheme was important; as well as members' access to affordable healthcare services.

The Chairman further advised that ultimately, the decision as to whether or not to reject Balance Billing was that of the membership, taking into account how that decision would be financed by the Scheme, should members agree to Balance Billing.

(f) Mr Hector Kepadisa

The member enquired as to whether or not increase in members' contributions could not mitigate the impact of Balance Billing.

Response

The Chairman stated that members were free to propose an increase to their contributions to allow for the Scheme to propose a higher tariff to SP's given that their concern related to alleged low tariffs.

Mr Moses Lekaukau (g)

The member suggested that members be provided with a list of service providers who applied Balance Billing and those that did not so that members could make informed choice between SP's that applied Balance Billing and those that did not. Furthermore, those members who wished to procure services from SP's who applied Balance Billing should be reimbursed by the Scheme only up to the Recognised Tariff.

Response

The Chairman noted the comment.

Mr Norman S Moleboge

The member suggested that negotiations between the Administrators and SP's continue in earnest and that an update be presented to members at a later date. The member further implored the Management Committee to consider the arbitration route with a view to reaching an amicable solution soon.

Response

The Chairman noted the comment.

Ms Sethunya Mosiieman

The member requested advice as to the origin of the Balance Billing Model and whether it was practiced in other jurisdictions.

Response

The response was deferred.

Mr Itumeleng Batsalelwang (i)

The member out-rightly rejected Balance Billing and shared the same view with Mr Lekaukau that a list of doctors not applying Balance Billing be provided to assist members choose which service providers to consult.

Response

The Chairman noted the comment.

Mr Kodisa Abram Selotlegeng

The member added that as the membership, they had mandated the Management Committee to manage the Scheme sustainably on their behalf and as such, the Management Committee should be allowed to do so. The Member added that, as highlighted by the Management Committee, should the Scheme allow the implementation of Balance Billing, the Scheme would not remain sustainable in the long term. The member proposed that the membership consider only those service providers that did not apply Balance Billing; further that the BPH should, given the challenges associated with the implementation of Balance Billing, provide an option for members, more so that the Hospital was built in order to provide members greater access to cost-effective healthcare services.

Response

The Chairman noted the comment.

Mrs Emeldah Mathe

The member requested that the CHG be invited to a

forum such as this to enable members to hear and understand their position first hand.

Response

The Chairman noted the comment.

Ms Ogomoditse Pule

The member highlighted the challenges relating to limited/low Scheme benefits; as well as the lack of accessibility of some service providers and hospital facilities, to BPOMAS membership. The member reiterated Mrs Mathe's comments regarding a joint forum of all the parties to facilitate an informed decision by the membership.

Response

The Chairman noted the comment.

Mr Phineas Seosenyeng

The member enquired as to whether or not a member could join any other medical aid scheme given that the benefits offered by the Scheme were low when compared to other medical aid schemes.

Response

The Chairman referred the member to the office of the Administrators as the question was operational.

Ms Anastacia Tlhabologang

The member enquired as to whether or not one could register his or her parent as a dependant.

Response

The Chairman referred the member to the office of the Administrators as the question was operational.

Following the comments from members, the Chairman identified three (3) key issues raised, namely:

- Members required a list of all medical and dental (a) practitioners; and optometrists that did not apply the Balance Billing Model;
- Members who procured healthcare services from (b) practitioners that applied Balance Billing should be reimbursed only up to the Recognised Tariff; and
- Negotiations between the Scheme and the CHG (c) should continue and that an update be presented to members at a later date.

At this point, the Chairman proceeded to call for a vote by show of hands on whether or not, the Scheme should reject Balance Billing, and notify members that in the event services were procured from a practitioner applying Balance Billing, the Scheme would only be liable up to the Recognised Tariff.

Preliminary Points

Three (3) points were raised in limine to the proceedings. These were:

(a) Mr Topias Marenga

The member opined that a vote could not be called for when certain members' comments/questions had not addressed, specifically the question on the origin of Balance Billing.

(b) Ms Pelonomi Moeng

The member challenged the basis of calling for a vote stating that a vote only served to divide members into those that required specialist services and those that did not.

(c) Ms Gaolefufa Masukusuku

The member stated that a vote could only be called if members were availed all the relevant information. She highlighted conflicting reports in the media and supported a joint forum wherein both BPOMAS and the SP's could engage. The member expressed the view that a response of 73 SP's out of 600 was not a measure of any response to go by and accordingly, it would be naive to suggest that most of the SP's did not apply Balance Billing.

Following the points raised, the Chairman adjourned the meeting for a recess.

On reconvening, the Chairman advised that the points raised were not procedural points that could affect continuance of proceedings. He, however, acknowledged that the point raised by Mr Topias Marenga was only valid regarding an omission by the Management Committee to respond to all the comments/questions raised by members. He accordingly requested the Administrators to respond to the enquiry on the origin of Balance Billing.

The Administrators advised that Balance Billing originated in the United States of America. They (AFA) advised that BODEA had engaged a consultant to advise them on other reimbursement models within the healthcare field. It was found that the Model was applied in both South Africa and Namibia.

The Administrators, however, pointed out that in South Africa the Model generally applied was the "Preferred Provider Network Model (PPN)". Under PPN, the medical aid schemes had a network of recognised SP's and members enjoyed lower copayments than if they procured services outside the recognised network.

Following the response, the Chairman proceeded to call for a vote by show of hands.

Resolutions Arising Therefrom

The members unanimously resolved with 147 in favour; 04 against and 27 abstentions that:

- (a) The Scheme should reject Balance Billing;
- (b) Negotiations between the CHG and the Scheme should continue with a view to finding a more sustainable, affordable and cost-effective model, which could replace Balance Billing, should there be an agreement.
- (c) The Management Committee to report back to the members within a period of six (6) months from the date of the meeting.
- (d) Members who procured healthcare services from medical and dental practitioners; as well as optometrists that applied Balance Billing should only be reimbursed up to the Scheme's Recognised Tariff.

 SP's who implemented or applied BB should not enjoy direct reimbursement arrangement with BPOMAS.

9. UPDATE ON THE BOKAMOSO PRIVATE HOSPITAL TRUST (BPHT) (IN SEQUESTRATION)

The members were referred to a PowerPoint Presentation that provided an update on the BPHT (in Sequestration).

The Chairman presented the update on the BPHT as follows:

9.1 BACKGROUND

The BPHT was placed under Provisional Sequestration following an Order by the High Court on 12 January 2011 and Final Sequestration through an Order of the High Court on 30 June 2011. The High Court appointed Mr Massimo Marinelli and Dr Edward Maganu as Joint Trustees of the BPHT (in Sequestration) and the two (2) had been running the affairs of the Hospital since 13 January 2011.

The members at the Special General Meeting of 09 June 2011 had mandated the Management Committee to engage in a process towards the continuance of the operations of the BPH under such corporate structure(s) that they might deem appropriate; in line with prudent business principles.

9.2 PROGRESS

Pursuant to the aforegoing, the Scheme entered into an Agreement with Lenmed Health of South Africa and formed an Operating Company (OPCo) with BPOMAS holding 30% and Lenmed 70% of the issued share capital. The OPCo had since offered to purchase the operating assets of the BPHT (in Sequestration) for P67m.

BPOMAS also formed a Property Company (PROPCo) wherein it holds 100% of the issued share capital. The PROPCo had since offered to buy the immovable assets of the BPHT (in Sequestration) for P178.3m.

Both offers were put before the Joint Trustees, the Creditors of the BPHT (in Sequestration); as well as the Registrar and Master of the High Court. The Trustees and the Creditors had approved the offers by the two (2) companies. However, there remained other Conditions Precedent that had to be satisfied which inter alia included:

- (a) Approval by the Competition Authority, of the ownership structure and purchase of assets (immovable and movable) by the OPCo and PROPCo.
- (b) Transfer of the Private Hospital License from the BPHT to the OPCo, by the Minister of Health.
- (c) Approval of the transaction by the South African Reserve Bank in view of Lenmed's involvement.
- (d) Execution of agreements: Subscription and Shareholders', Property Sale and Hospital Lease.
- (e) Finalisation of governance and administrative processes.

Furthermore, there were several pending cases at the High Court whose outcome could negatively affect the distribution of dividends by delaying the process and possibly threatening the continued operation of the BPH. In the interim, pending determination of the legal suits. the Joint Trustees had contracted Lenmed to manage the affairs of the BPH on an Interim Management Agreement basis, during the past five (5) months on a three (3) monthly renewable contract.

In order to fund the BPH's operations, the Scheme negotiated a soft loan of P66m with Government of which to date P7.6m had not been drawn down.

From January 2011 to January 2012, the Hospital recorded a loss of P66.2m. However, this compared favourably with the loss of P196.1m that the Hospital had incurred between January and September 2010. The lower losses came as a result of prudent management, down-sizing, improvement in processes, increased hospital occupancy, higher patient volumes; as well as the removal of specialist medical practitioners from the Hospital's pay-roll effective 01 February 2012. The said doctors (specialists) were now self-employed and leased office space from the Hospital.

Following the brief update on the BPHT, the Chairman invited comments from members.

(a) Ms Thongbotho Mphovakgosi

The member enquired as to whether or not, doctors at the BPH implemented Balance Billing.

Response

The Administrators advised that the Hospital did not support Balance Billing and accordingly; had requested doctors at the Hospital not to apply the Model. To date, out of the 12 doctors practicing at the BPH, only three (3) had implemented Balance Billing.

Mr Topias Marenga

The member questioned the continuance of the Scheme's relationship with Mr Marinelli given that one of the creditors (Standard Chartered Bank Botswana) sought to remove him from office on grounds of conflict of interest in that he was an employee of Deloitte and it was Deloitte that had recommended the Sequestration of the BPHT.

Response

The Chairman advised that Mr Marinelli's appointment was approved by the High Court, but that notwithstanding, he had experience in turning around distressed businesses. The latter was, perhaps, the primary reason for his appointment.

Mr Luther Ndjarakana (c)

The member enquired as to whether or not, Pula Medical Aid Fund (PULA) was a partner in the new corporate structure as they were previously involved in the project.

Response

The Chairman advised that PULA had declined to continue as a partner in the new corporate structure.

(Action: MANCO)

Ms S Hirschfeld

The member enquired on the nature of the relationship between the OPCo and t PROPCo.

Response

The Chairman, with the assistance of the Administrators, advised that the OPCo would lease the Hospital buildings from PROPCo at an annual rental of P7.14m or 6% of the annual turnover, which ever was greater.

DATE OF NEXT MEETING

The date of the next meeting would be communicated by the Management Committee at an appropriate time.

In the absence of any further business, the meeting adjourned at 17:20.

#	ITEM	ACTION
1	Update on the Scheme Rules Amendment: Refer to Minute 7.1.2, Page 3	MANCO
2	Update on the 2011 Annual General Meeting: Refer to Minute 7.1.3, Page 3	MANCO
3	Update on Notification of Members of the Scheme's Position on Balance Billing: Refer to minute 8, Page 12	MANCO
4	Update on Balance Billing: Refer to Minute 8, Page 12	MANCO

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING COVERING THE PERIODS 2010/11 TO 2014/15

On behalf of the Management Committee, I am pleased to have the opportunity to present a consolidated annual report covering the periods 2010/11 to 2014/15. Members would be aware that the last members' Annual General Meeting (AGM) and Special General Meetings were held in July 2010, June 2011 and April 2012, respectively.

The delay in holding AGMs is particularly regretted; however, members may note that this was occasioned by the need to complete and close all the issues around and transactions relating to the sequestration of the Bokamoso Private Hospital Trust (BPHT) and subsequently subjecting the Scheme's operations and financial transactions to external audits per financial year so that prior year figures could be used as opening balances for the year that follow.

Members may note that in the midst of the above mentioned activities, there was a change in external auditors (KPMG to PricewaterhouseCoopers (PwC)) in 2011/12), including a change in the composition of the Management Committee which occurred post April 2013: after Cabinet's and the Registrar's approval of the Rules that were approved at the Members' SGM of June 2011.

BPOMAS Rule 35.1.1 states the purpose of an AGM to be "receiving and adopting the audited annual financial statements together with a report of the Management Committee on the past year's financial and operational performance of the Scheme".

BPOMAS Rule 35.2 provides ManCo with discretionary authority to convene a Special General Meeting, hence, whilst it might have been desirable from a communications perspective for ManCo to have called an SGM in the interim (between 2010 and 2015) there were no significant substantive issues that would have justified (cost-benefit) the convening of an SGM.

Importantly, members are requested to note that without audited Annual Financial Statements (AFS), the Scheme or Management Committee could not convene any AGM, further that at the 06 June 2011 SGM members resolved that "the AGM be held within a reasonable period following the external audit of the Scheme's accounts".

The Management Committee received from the external auditors (PwC) and approved the BPOMAS Consolidated Annual Financial Statements for the year ended March 2013 and March 2014 on 26 November 2015 and for March 2015 on 3rd March 2016; hence, immediately started working on the AGM preparations.

1. GENERAL UPDATE

1.1. BOKAMOSO PRIVATE HOSPITAL TRUST AND RELATED ISSUES

The Bokamoso Private Hospital Trust (BPHT) was a joint venture between BPOMAS and Pula Medical Aid Fund (PULA) wherein both Schemes contributed 80% and 20% "equity" respectively. In view of the BPHT poor performance, BPOMAS engaged, in November 2010, an independent Corporate Financial Advisor (Deloitte) to conduct an Independent Business Review of the BPHT, which resulted in the BPHT being placed under Provisional Sequestration by the High Court on 12 January 2011.

At the SGM of June 2011, Management Committee (ManCo), assisted by Deloitte (Corporate Financial Advisors) presented a comprehensive report on the Bokamoso Private Hospital (BPH) covering issues such as: the initial hospital's feasibility study findings, consultations with members, BPHT funding, BPH facilities, including services, operational and financial challenges. In addition, the said presentations dealt with the recommendation (options) from the Independent Business Review (IBR) and the BPHT (in sequestration).

Members may be aware that at the same Members' meeting it was resolved to "mandate the Management Committee to engage in the process towards the continuance of the operations of the BPH under such corporate structure they might deem appropriate; in line with prudent business principles"

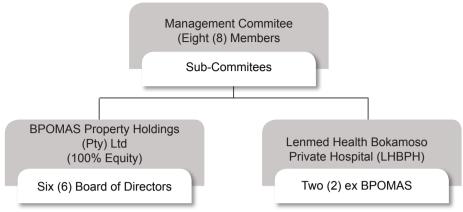
In pursuance of the above resolution and with the assistance of Deloitte (Corporate Financial Advisors), ManCo established two (2) companies BPOMAS Property Holdings (Pty) Ltd (BPOMAS PH) and Lenmed Health Bokamoso Private Hospital (LHBPH). The former being a 100% subsidiary of BPOMAS that acquired and now owns all the immovable assets of the erstwhile BPHT and the latter being a joint venture between BPOMAS (30% equity) and Lenmed Health RSA (70% equity). LHBPH is a hospital operating company that currently runs what is commonly known as the Bokamoso Hospital.

After having acquired the assets of the erstwhile BPHT in October 2012, on its own and through the joint venture with Lenmed Health RSA, the Scheme has had to conclude all outstanding issues around impairment loss from the sequestration of the BPHT, payment and reconciliation of related transactions, including reconciliations of loans (working capital and equity contributions) to the above said companies as well as loans from commercial banks and Government of Botswana that BPOMAS had obtained in order to finance the purchase of the immovable and movable assets of the erstwhile BPHT and to keep the Bokamoso Hospital running.

The BPOMAS PH was converted into a Variable Loan Stock (VLS) company in July 2014 with BPOMAS being the sole debenture holder in order to maximize benefits derived from the company for BPOMAS and its beneficiaries (members and their dependants). The VLS conversion changed how BPOMAS PH would deal with its taxation and what would be due to BURS, and thus further assistance was sought in this regard from tax experts.

Consequent to the above BPOMAS' business has expanded from being a simple medical aid scheme to include property and a hospital management company, hence; the audited BPOMAS Consolidation (Group) Annual Financial Statements had to be completed and done per Financial Accounting / Auditing Standards, prior to holding any AGM.

1.2. BPOMAS Group



1.2.1. SUMMARY OF CORE BUSINESS PER ARM

BPOMAS a)

BPOMAS was established in 1990 and is administered. by Associated Fund Administrators Botswana (Pty) Ltd (AFA).

BPOMAS is a not for profit medical aid scheme with about 72 400 principal members and 172 600 lives covered. Its core business is to provide and/or facilitate access to cost-effective, affordable and sustainable quality healthcare services to its members and their dependants: through comprehensive medical cover. local and regional service provider networks.

BPOMAS remains the largest medical aid scheme in Botswana and has more than twice (2 times) the number of principal members of the second largest medical aid scheme in Botswana.

b) BPOMAS Property Holdings (Pty) Ltd (BPOMAS PH) BPOMAS PH started its operations on 16 November 2012 (seven (7) months into the BPOMAS financial year) and is a 100% subsidiary of BPOMAS.

BPOMAS PH is a Variable Loan Stock (VLS) company that owns and rents-out immovable / fixed property at Plot 4769 Mmopane Block 1; comprising of the "Bokamoso Private Hospital" and 102 Residential Units.

Associated Fund Administrators Botswana (Pty) Ltd provides Secretariat and Financial Accounting services to BPOMAS PH.

The Company has six (6) Board Members; two (2) members from ManCo and four (4) Independents.

Lenmed Health Bokamoso Private Hospital (LHBPH) LHBPH is an associate company to BPOMAS that started its operations in October 2012 and is a joint venture between BPOMAS and Lenmed Health RSA. LHBPH operates the hospital at Plot 4769

Mmopane Block 1 and is a tenant of the BPOMAS PH. The 200 bed hospital provides outpatient and inpatient hospital services up to tertiary level and has; specialized medical services, 8 operating theatres, 12 ICU beds (incl. neonatal ICU), cardiac catheterization laboratory, dialysis unit, oncology unit, 24 labour delivery recovery and post-partum beds, MRI & CT scan and a 24 hour trauma unit (Accident and Emergency Service), among others.

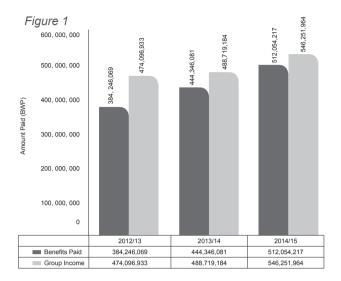
BPOMAS has 30% equity in LHBPH whilst Lenmed RSA has 70%.

BPOMAS has two (2) representatives (all Independents - i.e. non-ManCo members) in the LHBPH Board. The LHBPH Board is chaired by a BPOMAS representative.

1.2.2. GROUP PERFORMANCE OVERVIEW

Subsequent to the sequestration of the Bokamoso Private Hospital Trust (BPHT). BPOMAS has transformed structurally into a debenture holder and equity owner in the property business and hospital management arena. This transformation came about mainly because of one principal objective: increasing access by its beneficiaries and Batswana at large to affordable, sustainable and cost-effective quality private hospital services that range from primary to tertiary level healthcare services.

Whilst on the one hand BPOMAS (the Scheme) and BPOMAS Property Holdings (Pty) Ltd (BPOMAS PH) form one group, the hospital management company (Lenmed Health Bokamoso Private Hospital) is an associate company; since BPOMAS does not hold the controlling shares. The BPOMAS Group Annual Financial Statements (AFS) as at March 2013 reflect only five (5) months of BPOMAS PH's operations due to the fact that the Company started its operations in November 2013.



1.2.1. SUMMARY OF CORE BUSINESS PER ARM

Between 2012/13 and 2013/14 the Group's (BPOMAS & BPOMAS PH) revenue grew by 3% (P14.6m), whilst between 2013/14 and 2014/15 revenue grew by 12% (P57.5m). The latter was due to an 11% increase in medical aid contributions and 24.7% (P5.6m) growth in BPOMAS PH's rental income from the LHBPH.

Benefits paid on behalf of BPOMAS beneficiaries to healthcare service providers and for allied services grew by 16% between 2012/13 and 2013/14 and 15% between 2013/14 and 2014/15, largely due to high healthcare (claims) costs. As at March 2015 the benefits paid were 94% of total revenue, whilst administrative expenses stood at 13% and thus resulting in a Group deficit of P30.0m, after accounting for exceptional items and share of profits from the associated company (LHBPH).

Total comprehensive income for BPOMAS PH was P14.5m, whereas share of profits from the associated company was P1.0m as at March 2015. BPOMAS (medical aid scheme) recorded a deficit of P48.6m as at March 2015. Consequently, BPOMAS contributed the largest share to the Group's deficit whilst the other two companies returned positive results. The significant deficit recorded was due high benefits paid out by BPOMAS relative to its contribution income; as a result of high benefit utilization by BPOMAS members and their dependants.

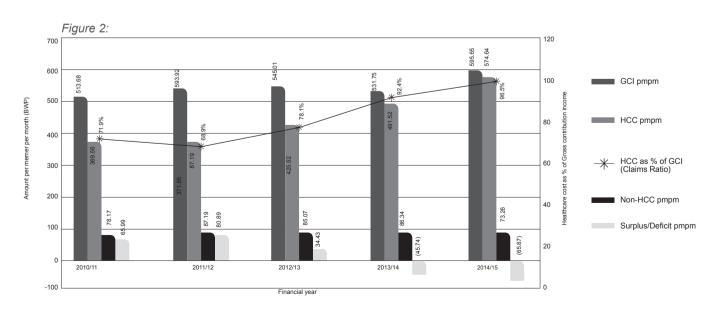
Despite the aforegoing it is important to note that the BPOMAS Group was able to meet all its financial and operational objectives, albeit that the former had to be met from reserves during the year under review. Total Group reserves stood at P301.3m as at March 2015.

During the year under review the Management Committee resolved to implement a Turnaround Strategy that is aimed at improving the fortunes of the BPOMAS Group. Among others, the Turnaround Strategy will result in BPOMAS Rules changes that Members will be requested to approve at the Members' Annual General Meeting (AGM) as well as some structural changes in the Group and BPOMAS itself.

Members may note that some of the implemented initiatives from the Turnaround Strategy are starting to bare fruits whilst some are long-term in nature.

2. BPOMAS (MEDICAL AID SCHEME) PERFORMANCE

The Figure 2 below shows the financial performance of BPOMAS on a per member per month (pmpm) basis over the last five (5) financial years



The Figure 2 also shows average contribution per member per month for each financial year, healthcare costs (average claims paid) per member per month per corresponding financial year, average non-healthcare costs per member per month per corresponding financial year and average surpluses/ (deficit) per member per month per financial year. It can be noted that the gap between contribution and healthcare costs per member per month continued to narrow culminating in deficits for the financial years 2013/14 and 2014/15.

The figure also shows that between 2010/11 and 2014/15 average Gross Contribution Income pmpm grew by 16%, whilst Healthcare Costs pmpm grew by 55%. The relatively rapid growth in healthcare expenses relative to income resulted in a lower surplus being recorded for 2012/13 (P34.43 pmpm) and deficits for the financial years 2013/14 (P45.74 pmpm) and 2014/15 (P65.87 pmpm).

The Claims Ratio (claims paid as percentage of contribution income per member per month) increased from 78.1% (2012/13) to 92.4% (2013/14), largely due to significant increases in benefits (approx. 60% increase) and introduction of the Premium Benefit Option, implemented in April 2013, without contribution increases being implemented in the 2013/14 financial

Members may note that there were no contribution increases in 2012/13 and 2013/14 whilst healthcare costs increased by 14% and 16%, respectively. In addition, in 2013/14 the Scheme restructured its contribution tables resulting in a decrease in Gross Contribution Income pmpm of 2% (P4.6m): this result decreased the gap between income and healthcare costs. Between 2013/14 and 2014/15 Gross Contribution income per member per month increase 12%, whilst healthcare costs increased by 17%, resulting in adverse funding gap of 5%; hence, the Scheme recorded a deficit of P65.87 per average member per month as at March 2015.

During 2014/15 the claims ratio recorded was 96.5%; which meant that for every P100.00 collected from a member P96.50 was used to pay for members' healthcare costs leaving only P3.50 to pay for the cost of running the Scheme (non-healthcare costs) and for building reserves. The amount required to run the Scheme would have been about P13.00 under this scenario

FIGURE 3: Financial Peformance 2009/2010 - 2014/15

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Gross Contribution Income (GCI)	375,206,343	425,507,880	467,050,431	470,418,007	465,809,088	517,693,981
Health Care Cost (HCC)	293,561,239	306,120,248	321,668,389	367,282,887	430,574,323	499,435,285
Gross Administration Expenses (GAE orNon-HCC)	58,844,525	64,749,874	75,423,360	83,330,014	62,128,234	76,292,778
Operating Surplus (Deficit)	68,323,764	54,664,618	69,969,922	29,721,181	(40,067,888)	(57,252,630)
Total comprehensive income for the year	68,323,764	(529,039,429)	110,291,136	39,910,759	(15,972,020)	(48,552,279)

The performance of the scheme over the past of six (6) years is depicted in figure 3, above.

It may be noted that a large deficit of **P529.0m** was recorded during the 2010/11 financial year due to the **P624.1m** impairment loss experienced after the sequestration of the Bokamoso Hospital Trust in 2011. The Scheme recorded deficits of **P15.9m** and **P48.5m** for the financial years 2013/14 and 2014/15, respectively, mostly due to; the high claims ratio as a result of two (2) consecutive years without contributions increases, increases in benefit limits (+/- 60%), introduction of the Premium Benefit Option and high benefit utilization by members and their dependants.

The Premium Option's claims ratio exceeded 300% several months after its introduction; largely due the fact that members who joined the Option appeared to have done so in order to take advantage of its high comprehensive benefit cover. The high claims ratio negatively impacted the Schemes reserves and solvency.

However, members may note that the Premium Benefit Option is en-route to improved performance and sustainability; its claims ratio, although not yet ideal, was **97%** as at March 2015.

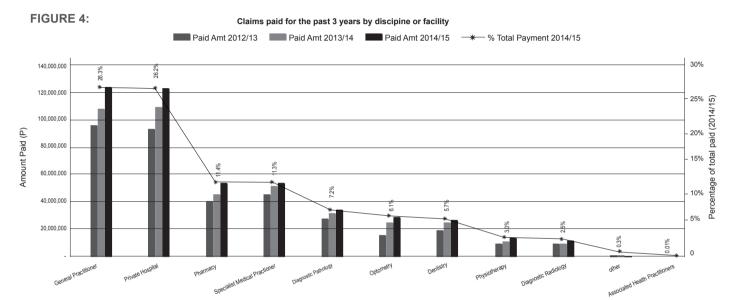


Figure 4, above, shows that most of the BPOMAS beneficiaries (members and dependants) accessed private healthcare services through General Medical Practitioners (GP), Private Hospitals, Pharmacy and Specialist Medical Practitioners (SP). The four (4) disciplines or facilities represented about 75% of all BPOMAS' healthcare cost for the financial year 2014/15. A similar trend is observable for the prior years. Whilst the GPs represented about 26% of the total healthcare costs bill they had only two (2) main services viz; consultations and dispensed medicines.

The Management Committee has thus resolved to advocate and request for the separation of the professional roles of prescribing and dispensing to mitigate the risk of perverse interest and contain costs. In addition, health risk management (managed care) initiatives such as enhanced hospital case management and pharmaceutical benefit management have been introduced as part of the Scheme's Turnaround Strategy.

2. BPOMAS (MEDICAL AID SCHEME PERFORMANCE

Furthermore, other related interventions will be implemented subject to the key objective of ensuring that the Scheme beneficiaries have access to quality cost-effective healthcare services without adversely affecting the desired clinical outcomes.

Members may also note that, as chronicity (number of beneficiaries with chronic illnesses) and dread disease cases continue to increase, resulting in higher short and long-term healthcare costs, the Management Committee will continually explore options and models aimed at ensuring appropriate cost-effective treatment of these long-term conditions as well as enhancing preventive benefits and/or interventions; again as part of the Turnaround Strategy.

In order to address the adverse funding gap between contributions and healthcare costs, the Scheme will have to implement annual contribution increases as a matter of course (in order to catch-up), review contribution tables and align them to current Government Salary structures, advocate for differential Government subsidies of the monthly member contributions based on employee salary scale; to ensure continued growth and affordability of monthly members contribution (attraction and retention).

Members will be requested to approve some of these Turnaround Strategy interventions in the form of Rule changes at the AGM and to utilize their Scheme benefits prudently as a matter of course.

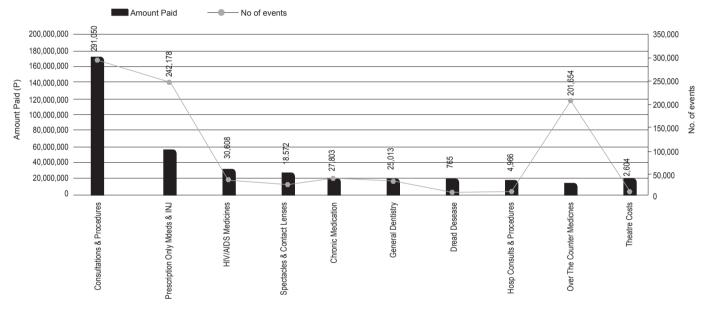
2.1. Facilitating Access to Healthcare Services

During the past three (3) years the Scheme continued to meet its core mandate, which is to provide and/or facilitate access to private healthcare services for its beneficiaries through local, regional and other service provider networks.

	Fin Yr 2012/13	Fin Yr 2013/14	Fin Yr 2014/15	Increase/ (Decrease): 2012/13 to 2013/14	Increase/ (Decrease): 2013/14 to 2014/15
No. of Beneficiaries accessing healthcare services	119,416	127,433	128,030	6.7%	0.5%
Total Lives covered	176,531	173,565	172,639	(1.7%)	(0.5%)
Cost per beneficiary	2,995.46	3,406.05	3,681.89	13.7%	8.1%

The table above shows that year-on-year the number of beneficiaries accessing care has been increasing despite reduction in total lives covered. This trend could be due to increased disease burden, increasing age of the Scheme's beneficiaries and chronicity (10.4% of the dependants had chronic conditions). The average adult beneficiary age increased from 33.4 years in 2011 to 43.1 years as at March 2014, whilst the average family size remained largely unchanged at 2.4 as at March 2015.

FIGURE 5: Top ten (10) most accessed healthcare services for 2014/15



During 2014/15 the Scheme facilitated access for its beneficiaries to 291 050 consultations and procedures, 242 178 prescription for prescription only medicines (acute conditions medicines), 201 664 over-the-counter medicine prescriptions, 30 608 antiretroviral drug's (ART) prescriptions, 27 803 chronic medicine prescriptions (excl. ART) and 18 572 spectacles and contact lenses prescriptions, among others.

In addition, the following services were also facilitated as shown in the table below.

TABLE 2: Access to select healthcare services during 2014/15

	Service	Number of events	Costs of events (P)
	SAFE MALE CIRCUMCISION	140	119,894.85
ľ	CAESARIAN SECTION	592	6,294,665.22
ľ	NORMAL DELIVERY	411	2,833,944.36

Members may note that the Scheme provides cover for safe male circumcision as an HIV preventive intervention. The table above also shows that 903 deliveries (maternity cases) were facilitated during 2014/15.

The Scheme has defined certain healthcare services as "primary care health services" such that no referral is required for direct access by beneficiaries and these are: General Medical Practitioners, General Dental Practitioners, Obstetrics and Gynaecology Practitioners, Paediatricians and Optometry services.

During the financial year 2014/15, the Scheme beneficiaries accessed these services as shown in the table below.

TABLE 3: ACCESS TO PRIMARY CARE SERVICES DURING 2014/15

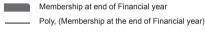
General Medical Practitioners (GP)	58,829
General Dental Practitioners (GDP)	6,041
Obstetrics and Gynaecology Practitioners	5 192
Paediatricians	3 485
Optometry	4 040

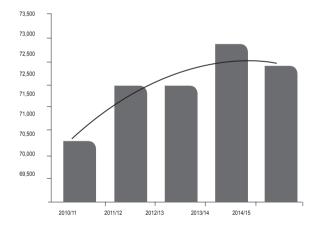
As can be seen from the aforegoing, the most consulted practitioners were GPs and as a result the GPs were and continue to be the largest recipient (> 26%) of the Scheme's total pay-out for healthcare services. Whilst it is expected that the GPs ought to see more of the Scheme's beneficiaries as healthcare service "gate-keepers"; it is imperative that they execute their role with professionalism and due care to general cost and existing legislation.

2.2. MEMBERSHIP

Figure 6: Membership trends over the past five (5) years







Membership grew by 4.9% between 2010/11 and 2014/15. However, the Figure 6 above, shows that growth is stagnating, and between 2013/14 and 2014/15 there was a reduction in membership of 0.8%.

During 2014/15 the Scheme enrolled 4 508 new principal members and 5 156 members either resigned from the Scheme or their membership was terminated.

Members may note that a significant number of members had their membership terminated due to non-payment of contribution (citing financial constraints) or due to separation with the employer. However, it may be noted that despite members citing financial constraints, BPOMAS' monthly member contributions remain the most competitive in the market

Whereas more effort will be expended and product improvement / enhancements undertaken; ManCo would like to encourage members to be ambassadors of the Scheme and recruit more members so that the Scheme continues to grow and remains sustainable.

Consideration is been had for the introduction of a maternity program which should encourage younger prospective members to join the Scheme.

In addition, members will be requested to approve continuation membership for "adult child dependants" (21 – 35 years old children) who are unemployed and dependent on their parents for their upkeep at the AGM; subject to terms and conditions.

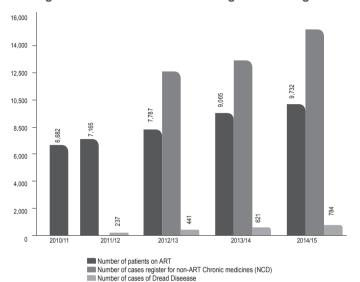
Table 4: Membership distribution by Benefit Options

	2012/13	2013/14	2014/15
Premium	0	767	1,651
High	64,410	64,763	63,741
Standard	7,518	7,470	7,035
Total Membership	71,928	73,000	72,427
Lives Covered	176,531	173,565	172,639

The Table 4 above shows membership distribution by Benefit Option per financial year for the last three (3) years. Members may recall that the Premium Benefit Option was introduced in April 2013 and has since grown significantly; largely due to members on the High Benefit Option transferring to the Premium Benefit Option.

2.3. MANAGED CARE

Figure 7: Enrolment into the Managed Care Programmes



The Figure 7 above shows that all three (3) categories represented have experienced an upward trend since monitoring started. Between 2012/13 and 2013/14 number of patients enrolled in the Disease Management Programme for HIV/AIDS increased significantly (16%) as a result of Government of Botswana's (MoH's) termination its ART Programme that was outsourced to the private sector. A number of BPOMAS beneficiaries were using the programme. Although the number of Dread Diseases cases is significantly lower than the NCD cases and number of patients on ART, their cost were almost same as those for NCD cases (Ref: Figure 5) during 2014/15. The highest claims cost among the Dread Disease category were due to cancer. Consequently, there is need to develop and implement disease management programmes for select high impact dread diseases and NCDs, as well as related preventive interventions.

Members are reminded to enroll on the various programmes under managed care to ensure appropriate cost-effective treatment plans and good clinical outcomes.

3. OTHER MATTERS

3.1.TURNAROUND STRATEGY

During November 2014, ManCo held a Turnaround Strategy Workshop aimed at finding ways of addressing the poor performance of the Scheme post the sequestration of the Bokamoso Private Hospital Trust (incl. related write-offs).

Members may note that the sequestration of the BPHT had resulted in the reduction of the Scheme's solvency from 173% to 52%; this being due to the write-offs of

loans to and investments in the BPHT. Whereas it was projected that post this adverse event the solvency would increase over time, it has since continued to decline

The Management Committee (ManCo) had increased benefit limits for the Standard and High Benefit Options, introduced the Premium Benefit Option in response to membership feedback on same, but was not in a position to increase member contributions for two (2) consecutive years. The latter was influenced by the lack of salary increases for public servants during the same period. The aforementioned changes in benefits were necessitated by the need to mitigate the erosion of the Scheme's benefits limits by inflationary pressures since they had not been reviewed over the vears, as well as the need to improve and make the BPOMAS product more attractive; as a strategy to stimulate membership growth given the experienced stagnation.

During 2014/15 projected financial performance of the Scheme to 2019/20 showed that should current trends continue BPOMAS would be almost technically insolvent by end of 2019/20 Financial Year.

The above circumstances together with higher than expected benefit utilization by members, subsequently resulted in the decline in the solvency level of the Scheme and the need to have a Turnaround Strategy.

The following interventions were recommended and accepted by ManCo as part of the Turnaround Strategy, among others:

- a) Implementation of Health Risk Management / Managed Care Interventions (e.g. Hospital Case Management, Chronic medicines programmes, profiling and engagement with service providers etc)
- Reviewing of contribution levels and aligning them to b) current Government of Botswana pay structures and higher healthcare costs (i.e. appropriate alignment between income and expenditure)
- c) Review of certain benefits to manage over-use
- d) Coverage of non-income earning adult child dependants (continuation membership)
- e) Advocacy for appropriate regulatory implementation by relevant authorities (separation of professional services and mitigation against perverse interest)
- f) Product differentiations though enhancements; to ensure retention and attractiveness of the Scheme across the hoard
- Review of BPOMAS' investments and their structures g) (Boards) to ensure appropriate monitoring and cost containment

The Management Committee, through the Administrators, is in the process of implementing the Turnaround Strategy and thus far the Scheme has begun to realise

demonstrable benefits. Members may note that some of the aforementioned interventions would require Scheme Rule changes and hence; members will be requested to approve same during the AGM.

3.2. APPOINTMENT OF A PRINCIPAL OFFICER (PO) FOR THE SCHEME

As provided for in the Scheme Rules, ManCo is in the process of recruiting a Principal Officer who will be charged with ensuring that the Scheme's strategies, including the Turnaround Strategy, are implemented and monitored, as well as performing some of the functions stated in the Scheme Rules. The PO will be responsible, among others, for liaison with members and other stakeholders and monitoring performance of third pay contracts.

3.3. THIRD PARTY CONTRACTS

3.3.1. External Auditors

The KPMG external auditor contract ended after the completion of 2010/11 audit, PwC was appointed through a tender process for a period of three years i.e. up to the conclusion of the 2013/14 audit. However, this was extended to facilitate conclusion of the 2014/15 audit. In view of the time it has taken to conclude all audits i.e. up to the end of 2014/15 financial year and to ensure that the Scheme has external auditors during 2015/16 ManCo recommends a one (1) year contract extension for the external auditors (i.e. up to end of 2015/16).

3.3.2. Administrators' Contract

In view of the various activities alluded to in this report (reconciliation of transactions and loans, setting up of business structures for the Scheme and its investments, change of auditors, conclusion of the audits, reconstitution of Manco and the need to implement the Turnaround strategy), ManCo took a decision to extend the AFA/BPOMAS administration contract to March 2018.

ManCo has undertaken a benchmarking exercise with a similar medical aid scheme (Government Employees Medical Aid Scheme (GEMS) and the Regulator (Council for Medical Aid Scheme) in South Africa for purposes of informing decisions around various service structures, processes and related procurement within BPOMAS. The benchmarking

exercise will also inform how best the Scheme should structure its business processes, tenders and contracts henceforth.

The appointment of the Scheme's Principal Officer (PO) will also aid actualization of the Scheme's corporate strategy and ensure that a tender process is undertaken for the appointment of various third-parties providing services to BPOMAS, including the administrators. The latter would be done before the expiry of the current administrators' contract extension.

Notwithstanding the above, ManCo is cognizant of prior undertakings and desire to appoint BPOMAS administrators through a public tender process and requests members indulgence in view of the aforegoing.

4. CONCLUSION

ManCo has started implementing some of the Turnaround Strategies and it is anticipated that the Scheme will show improvement with respect to its financial performance by end of 2015/16. Should members approve the proposed Scheme Rule changes and ensure prudent utilization of their benefits the Scheme is expected to continue to improve performance.

The past four (4) years have been operationally and financially challenging for the Scheme, given the impact of the sequestration of the Bokamoso Private Hospital Trust and high healthcare costs experienced, despite this, the Scheme has managed to meet all its operational and financial obligations during the period.

Going into the future, the Scheme will and must focus on implementation of strategies aimed at improving quality of service, product offering, operational and financial performance to ensure its long-term sustainability. To this end it is expected that the PO will work with the Administrators to ensure more focus on all these strategies and interventions.

In conclusion, members may note that despite the challenges experienced thus far, the Scheme has and will continue to meet its obligations to them and other stakeholders; performance in the first (6) months of 2015/16 shows that should the trend continue the Scheme would perform significantly better than during the previous four (4) years.



GENERAL INFORMATION

for the year ended 31 March 2015

MANAGEMENT COMMITTEE

Management Committee as at 31 March 2015 are as follows:

Main members

- K C S Malefho Chairman
- A Nthokwa Kiberu
- N W Senegelo
- R Nkolonyane
- H Digobe
- C Gwere
- S Mosweu
- M Setshego

Alternative members

- R Phetogo
- P Masame

ADMINISTRATORS

Associated Fund Administrators Botswana (Proprietary) Limited P O Box 1212, Gaborone, Botswana

REGISTRATION

The Scheme was registered in Botswana under the Societies Act No 18:01 of 1972

PRINCIPAL ACTIVITY

The Scheme provides assistance to its members and their dependents in defraying expenditure incurred in relation to medical and related services.

BUSINESS ADDRESS

P O Box 1212, Gaborone, Botswana

REGISTERED OFFICES

AFA House, Plot 61918, Showgrounds Office Park, Gaborone

AUDITORS

PricewaterhouseCoopers

BANKERS

First National Bank of Botswana Limited and Barclays Bank of Botswana Limited

ASSET MANAGERS

African Alliance Botswana Management Company (Proprietary) Limited Fleming and Asset Management (Proprietary) Limited

LAWYERS

Colins Newman & Co

INDEX TO THE ABRIDGED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

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STATEMENT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

The abridged consolidated financial statements on pages 24 to 45 is an extract of the audited financial statements for the year ended 31 March 2015 and contains a summary of significant information, which the Management Committee believe are relevant and appropriate for the purpose of the Annual General Meeting of Botswana Public Officers' Medical Aid Scheme.

Our audit opinion issued in respect of the annual audited financial statements for the year ended 31 March 2015, which is unqualified has been included in the full set of the annual financial statements which is available on the Botswana Public Officers' Medical Aid Scheme's website.

Individual practicing member: Sheyan Edirisinghe

(lwaterhouse Coppers

Membership number: 20030048

3 May 2016 Gaborone

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

Revenue Income from contributions Sental income 51		-		777		
	20	2015		41.07		2013
	Group	Scheme	Group	Scheme	Group	Scheme
	△	△	△	۵	△	△
	517,693,981 28,557,983	517,693,981	465,809,088	465,809,088	470,418,007	470,418,007
	546,251,964	517,693,981	488,719,184	465,809,088	474,096,933	470,418,007
Cost of services Benefits paid	(512,054,217)	(512,054,217)	(444,346,081)	(444,346,081) (384,246,069) 21 463 007 89 850 864	I .	(384,246,069)
Fair value gain on investment property Other income	6,000,000	781,452	14,000,000	327,312.00	99,035,267	000'6
Administrative expenses 3 (7	(71,741,553)	(63,673,846)	(67,299,780)	(62,128,234)	(69.041,702)	(96,366,830)
lus before exceptional items	(30,762,354)	(57,252,630)	(8,599,365)	(40,337,915)	119,853,429	19,814,108
Exceptional items 6	'	1	270,027	270,027	9,907,073	9,907,073
Operating (deficit)/surplus after exceptional items	(30,762,354)	(57,252,630)	(8,329,338)	(40,067,888)	129,760,502	29,721,181
Finance income 4 Finance cost 4	7,465,436 (5,692,911)	11,392,833 (5,692,911)	8,138,978 (5,986,328)	25,088,342 (5,986,328)	9,960,051 (13,241,789)	18,453,051 (13,241,789)
ome/(cost) - net	1,772,525	5,699,922	2,152,650	19,102,014	(3,281,738)	5,211,262
Share of profit on investments accounted for using equity method 10	1,006,074	1,006,074	3,365,397	3,365,397	2,155,343	2,155,343
	(27,983,755)	(50,546,634)	(2,811,291)	(17,600,477)	128,634,107	37,087,786
Income tax expense 5	(4,018,260)	•	(1,843,161)	1	(19,323,159)	1
Total (deficit)/surplus for the year (3	(32,002,015)	(50,546,634)	(4,654,452)	(17,600,477)	109,310,948	37,087,786
Other comprehensive income Changes in fair value of available-for-sale financial assets 11	1,994,355	1,994,355	1,628,457	1,628,457	2,822,974	2,822,974
Total comprehensive (loss)/income for the year	(30,007,660)	(48,552,279)	(3,025,995)	(15,972,020)	112,133,922	39,910,760
Attributable to: Owners of the parent (3	(30,007,660)	(48,552,279)	(3,025,995)	(15,972,020)	112,133,922	39,910,760
Non-controlling interests	(30 007 660)	- (48 552 279)	(3 005 005)	(15 070 070)	- 110 133 000	30 010 760

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2015

			2015		2014		2013
	Notes	Group	Scheme	Group	Scheme	Group	Scheme
		۵	۵	۵	۵	۵	۵
Non-current assets Property, plant and equipment	7	27,540,034	,	32.264.217		33.140.486	
Investment property	œ	263,000,000	1	257,000,000	1	243,000,000	•
Investment in subsidiary	6	•	1,783,000	1	100	1	100
Investment in associate company	10	6,527,114	6,527,114	5,521,040	5,521,040	2,155,643	2,155,643
Available-for-sale financial assets	11.1	19,505,603	196,022,603	17,511,248	17,511,248	15,882,791	15,882,791
Amounts due from related parties		23,099,700	23,099,700	23,099,700	201,899,600	23,099,700	201,899,600
		339,672,451	227,432,417	335,396,205	224,931,988	317,278,620	219,938,134
Current assets							
Loans and advances		•	•	•	•	20,184,723	20,184,723
Available-for-sale financial assets	11.2	61,969,899	61,969,899	87,458,604	87,458,604	82,344,426	82,344,426
Trade and other receivables	12	38,734,049	26,093,476	26,474,025	38,167,213	27,955,051	35,929,834
Cash and cash equivalents	13	25,948,238	17,395,671	33,480,215	22,024,153	31,426,175	28,892,061
		126,652,186	105,459,046	147,412,844	147,649,970	161,910,375	167,351,044
Total assets		466,324,637	332,891,463	482,809,049	372,581,958	479,188,995	387,289,178
RESERVES AND LIABILITIES							
Reserves							
Available-for-sale reserve		7,236,200	7,236,200	5,241,845	5,241,845	3,613,388	3,613,388
Accumulated surplus		178,180,617	74,466,786	210,182,632	125,013,420	214,837,084	142,613,897
Retirement reserve	14	115,906,962	115,906,962	115,906,962	115,906,962	115,906,962	115,906,962
		301,323,779	197,609,948	331,331,439	246,162,227	334,357,434	262,134,247
Non-current liabilities	4	75 404 500		24 466 920		10 222 150	
Borrowings	16	62.925.540	62.925.540	69.236.217	69.236.217	72,761,508	72.761.508
)		88,110,120	62,925,540	90,402,537	69,236,217	92,084,667	72,761,508
Current liabilities							
Borrowings	16	7,695,400	7,695,400	10,065,005	10,065,005	5,344,447	5,344,447
Provision for outstanding claims	17	47,974,422	47,974,422	38,821,175	38,821,175	35,658,794	35,658,794
Trade and other payables	18	21,220,916	16,686,153	12,188,893	8,297,334	11,743,653	11,390,182
		76,890,738	72,355,975	61,075,073	57,183,514	52,746,894	52,393,423
Total liabilities		165,000,858	135,281,515	151,477,610	126,419,731	144,831,561	125,154,931
Total reserves and liabilities		466,324,637	332,891,463	482,809,049	372,581,958	479,188,995	387,289,178

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2015

Group	Notes	Available -for- sale reserve P	Accumulated surplus	Reinsurance reserves P	Retirement reserve	Total P
For the year ended 31 March 2013 Balance as at 1 April 2012		790,414	103,021,709	19,970,625	98,440,739	222,223,487
Comprehensive income Surplus for the year		-	109,310,973	-	-	109,310,973
Other comprehensive income Changes in fair value of available-for-sale financial assets	11	2,822,974	-	-	-	2,822,974
Contributions to members Transfer from reinsurance reserve Transfer to retirement reserve Balance as at 31 March 2013		- - 3,613,388	19,970,625 (17,466,223) 214,837,084	(19,970,625)	17,466,223 115,906,962	334,357,434
For the year ended 31 March 2014 Balance as at 1 April 2013		3,613,388	214,837,084	-	115,906,962	334,357,434
Comprehensive income Deficit for the year		-	(4,654,452)	-	-	(4,654,452)
Other comprehensive income Changes in fair value of available-for-sale financial assets	11	1,628,457	-	-	-	1,628,457
Balance as at 31 March 2014		5,241,845	210,182,632	-	115,906,962	331,331,439
For the year ended 31 March 2015 Balance as at 1 April 2014		5,241,845	210,182,632	-	115,906,962	331,331,439
Comprehensive income Deficit for the year		-	(32,002,015)	-	-	(32,002,015)
Other comprehensive income Changes in fair value of available-for-sale financial assets	11	1,994,355	-	-	-	1,994,355
Balance as at 31 March 2015		7,236,200	178,180,617	-	115,906,962	301,323,779

STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2015

Scheme	Notes	Available -for- sale reserve P	Accumulated surplus P	Retirement reserves P	Reinsurance reserve P	Total P
For the year ended 31 March 2013 Balance as at 1 April 2012	}	790,414	103,021,709	19,970,625	98,440,739	222,223,487
Comprehensive income Surplus for the year		-	37,087,786	-	-	37,087,786
Other comprehensive income Changes in fair value of available-for-sale financial assets	11	2,822,974	-	-	-	2,822,974
Contributions to members Transfer from reinsurance reserve Transfer to retirement reserve Balance as at 31 March 2013		3,613,388	19,970,625 (17,466,223) 142,613,897	(19,970,625)	17,466,223 115,906,962	- - 262,134,247
For the year ended 31 March 2014 Balance as at 1 April 2013	ļ	3,613,388	142,613,897	115,906,962	-	262,134,247
Comprehensive income Deficit for the year		-	(17,600,477)	-	-	(17,600,477)
Other comprehensive income Changes in fair value of available-for-sale financial assets Balance as at 31 March 2014	11	1,628,457 5,241,845	125,013,420	115,906,962	<u>-</u>	1,628,457 246,162,227
For the year ended 31 March 2015 Balance as at 1 April 2014	3	5,241,845	125,013,420	115,906,962	-	246,162,227
Comprehensive income Deficit for the year		-	(50,546,634)	-	-	(50,546,634)
Other comprehensive income Changes in fair value of available-for-sale financial assets Balance as at 31 March 2015	11	1,994,355 7,236,200	74,466,786	115,906,962	<u>-</u>	1,994,355 197,609,948

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2015

				-		207
Notes	Group	Scheme	Group P	Scheme P	Group P	Scheme P
19.1	519,364,014	519,364,014	460,590,551	460,590,551	472,213,245	472,213,245
19.1	(495,720,089)	(495,720,089)	(445,708,187)	(445,708,187)	(376,212,201)	(376,212,201)
	(26,340,310)	(27,636,829)	(14,851,130)	(42,235,734)	20,090,595	9,563,506
	(5,692,911)	(5,692,911)	(5,986,328)	(5,986,328)	(13,241,789)	(13,241,789)
	(32,033,221)	(33,329,740)	(20,837,458)	(48,222,062)	6,848,806	(3,678,283)
۰ م	(272,617)	r	(1,513,292)	ı	(34,335,267)	1
0 4			1 1		4,306,663	4,306,663
4 4	533,773	194,879	641,775	605,139	807,808	807,808
, , =	, ,)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(4,208,066)	(4,208,066)
7	30,000,000	30,000,000	1	1		1
	1	1	1	1		(100)
		1	1	1	(300)	(300)
ľ	500,000	500,000	20,184,723	20,184,723	174,207,608	174,207,583
'	33,181,524	37,381,538	21,696,231	40,158,887	(21,440,407)	(13,447,432)
16	(8,680,280)	(8,680,280)	1,195,267	1,195,267	(16,809,080)	(16,809,080)
	(8,680,280)	(8,680,280)	1,195,267	1,195,267	(16,809,080)	(16,809,080)
	(7,531,977)	(4,628,482)	2,054,040	(6,867,908)	(31,400,681)	(33,934,795)
13	25,948,238	17,395,671	33,480,215	22,024,153	31,426,175	28,892,061
9 9 9 9 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	L G E G E E E E E E E E E E E E E E E E	(484) (1) (2) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	519,364,014 21,595,608 (495,720,089) (4 (71,579,843) (6,692,911) (6,692,911) (7,533,221) (7,531,977) (7,531,977) (8,680,280) (8,680,280) (8,680,215) (25,948,238) (25,948,238)	519,364,014 519,364,014 460, 21,595,608 - 5, (495,720,089) (495,720,089) (445,7 (71,579,843) (51,280,754) (35,0 (26,340,310) (27,636,829) (14,8 (32,033,221) (27,636,829) (14,8 (32,033,221) (33,329,740) (20,8 (32,033,221) (33,329,740) (20,8 (32,033,221) (33,329,740) (20,8 (32,033,221) (33,329,740) (20,8 (32,033,221) (33,329,740) (20,8 (32,033,221) (33,329,740) (20,8 (33,773 6,686,659 2,0 (33,329,740) (3,680,280) 1, (8,680,280) (8,680,280) 1, (8,680,280) (8,680,280) 1, (7,531,977) (4,628,482) 2, (7,531,977) (4,628,482) 2, (33,480,215 22,024,153 31,25,948,238 17,395,671 33,	519,364,014 519,364,014 460,590,551 460, 21,595,608 (495,720,089) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (445,708,187) (65,692,911) (5,692,911) (5,692,911) (5,692,911) (5,692,911) (6,686,328) (5,692,911) (6,686,328) (6,686,328) (6,686,328) (6,686,659) (1,513,292) (19,775 19,782 19,783 19,783 10,783,102 10,783,102 10,783,102 10,783,102 10,783,102 10,783,102 10,782,267 1,785,267 1,735,267 1,735,287 1,735,287 2,284,153 2,054,040 (6,880,215) 1,735,677 1,735,677 1,735,677 2,224,153 2,224,153 2,224,153 2,224,153 2,224,153 2,224,152 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2,222,122,122 2	519,364,014 519,364,014 460,590,551 460,590,551 71,595,608 (495,720,089)

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

1 General information

For the comprehensive notes to the financial statements as well as the company policies, please refer to www. bpomas.co.bw.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied on a consistent basis with those of the previous year, are set out below.

2.1 Basis of preparation

The abridged annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair values through profit or loss and property, plant and equipment measured at fair value.

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

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally indicated by a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in changes in reserves. Gains or losses on disposals to non-controlling interests are also recorded in changes in reserves.

c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. 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.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

d) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Investment property

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

Investment property comprises leasehold land and buildings.

Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income 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 group 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.

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 as a revaluation of property, plant and equipment under IAS 16.

2.4 Property, plant and equipment

Property, plant and equipment are shown at fair value, based on periodic valuations by external independent valuators, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as other reserves in members' reserves.

Decreases that off-set previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in changes in reserves; all other decreases are charged to the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The depreciation is calculated based on the depreciated replacement cost valued by an independent valuer. The estimated useful lives as shown below have been determined by the valuers in consideration of the depreciation.

Hospital assets

Plant and machinery	11-16 years
Furniture and fixtures	6-11 years
Medical and laundry equipment	6-16 years
Electrical equipment	6-11 years

Residential assets

Furniture and fixtures	1-2 years
Catering and laundry equipment	1-2 years

2.5 Impairment of non-financial assets

The group evaluates the carrying value of assets with finite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. Indicators of possible impairment include, but are not limited to: significant under-performance relative to expectations based on historical or projected future operating results; significant changes in the manner of use of the assets or the strategy for the group's overall business; significant negative industry or economic trends.

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

For the purposes of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss (comprehensive income statement), loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

a. Financial assets at fair value through profit or loss (comprehensive income statement)

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The group's loans and receivables comprise ' loans and advances', 'trade receivables', ' other receivables' and Cash at bank and cash equivalents in the statement of financial position.

c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets unless management intends to dispose of the investment within 12 months of the reporting date.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of comprehensive income. Financial assets carried at fair value through statement of comprehensive income are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Availablefor-sale financial assets and financial assets at fair value through statement of comprehensive income are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Changes in fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in statement of changes in reserves.

2.6.3 Off-setting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.7 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The impairments of financial assets are done in accordance with financial asset recognition and measurement criteria.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.8 Investments

The group classified its investments in debt and equity securities into the following categories: trading, heldto-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short term is defined as 3 months. Investments

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

with a fixed maturity date that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the reporting date which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The group currently invests in available-for-sale investments as disclosed under note 11.

Purchase and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in reserves. The fair value of investments is based on quoted bid prices or amounts derived from cash flow models.

Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer.

Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

2.9 Trade receivables

Trade receivables are amounts due from customers for insurance cover provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the

effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written-off to the statement of comprehensive income during the year in which they are identified.

2.10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank net of bank overdrafts and deposits held at call with banks. Bank overdrafts are given under short term borrowings in the statement of financial position.

2.11 Revenue recognition

2.11.1 Income from contributions

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

2.11.2 Rental income

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

2.11.3 Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of comprehensive income, 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 the 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 the statement of comprehensive income when the right to receive payment is established.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

The accumulated fair value adjustments of available-forsale investments are included in the income statement as gains and losses from investment securities, at the time of disposal.

2.12 Claims incurred

Claims incurred consist 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 the 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.

2.13 Administration fees

Administration fees relate to amounts paid to the group's administrators. The fees are charged to the statement of comprehensive income as the services are provided.

2.14 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.15 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted in Botswana at the reporting date, where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The normal Botswana tax has not been made as the Scheme is registered under a Societies Act No 18:01 of 1972 and according to part 1, paragraph (v) of the second schedule of the Income Tax Act, 1995, the Scheme is exempt from income tax.

2.16 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2015

2.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision is made for estimated outstanding claims incurred during the financial year, which are payable in the succeeding financial year.

Provision for outstanding claims (IBNR)

The IBNR provision is calculated using run-off techniques or as a multiple, based on average historical reporting delay of the claims reported in the month following the valuation date where the claims event occurred prior to the valuation date. These claims are not discounted due to the short-term nature of outstanding claims.

2.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Leases

Leases of assets under which a significant portion of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

Properties leased out under operating leases are included under investment properties. See note 8 for the accounting policy relating to property held on an operating lease and used as investment property.

3. Analysis of expenses by nature		2015		2014		2013
	Group	Scheme	Group	Scheme	Group	Scheme
Claims and other member benefits paid	(512,054,217)	(512,054,217)	(444,346,081)	(444,346,081)	(384,246,069)	(384,246,069)
Actuarial consultancy fee	(505,029)	(505,029)	(1,475,374)	(1,475,374)	(692,176)	(692,176)
Administration fees	(49,880,618)	(49,103,531)	(44,538,945)	(43,908,812)	(45,464,958)	(45,088,758)
Aid for AIDS consultancy	(1,959,357)	(1,959,357)	(1,357,475)	(1,357,475)	(1,198,088)	(1,198,088)
Audit fees	(172,398)	(152,398)	(135, 129)	(131,129)	(192,703)	(154,703)
Bank charges	(236,343)	(236,343)	(178,690)	(177,450)	(1,159,735)	(1,159,186)
Consultancy fees	(349,372)	(217,982)	(116,485)	(116,485)	(8,685,999)	(8,685,999)
Depreciation on property, plant and equipment	(4,996,801)		(2,389,561)	1 :	(1,194,781)	
Directors sitting allowances and other costs Fidelity insurance	(1,271,685)	(287,685)	(2,995,151)	(2,011,151)	(1,929,418)	(1,052,899)
Insurance cost	(267,813)	(20)	(245,313)	());	(1)	(1)
Legal fees	(200,355)	(86,608)	(304,094)	(304,094)	(2,680,437)	(2,680,437)
Promotions and advertising	(2,526,026)	(2,526,026)	(3,222,582)	(3,222,582)	(3,367,577)	(3,367,577)
Provision for impairment of trade receivables	(4,588,909)	(4,588,909)	(6,567,623)	(6,567,623)	1	•
Prepaid expenses written-off	(735,597)	(735,597)	1	•	(194,540)	(194,540)
Repairs and maintenance	(675,720)	•	(724,720)	1	(92,935)	1
Valuation fees	(33,990)	•	(134,400)	1	(86,240)	1
Other administrative expenses	(3,102,680)	(3,035,521)	(2,682,772)	(2,624,593)	(1,731,833)	(1,727,185)
Total administrative expenses	(71,741,553)	(63,673,846)	(67,299,780)	(62,128,234)	(69,041,702)	(66,366,830)
4. Finance income and costs						
Finance income						
Interest income on available-for-sale financial assets Interest income on loan to BOPOMAS Property Holdings	4,511,295	4,511,295	5,114,178	5,114,178	4,306,663	4,306,663
(Proprietary) Limited	•	4,266,291	1	16,986,000	1	8,493,000
Interest income on loan to Bokamoso Private Hospital Trust Interest income on loan to Lemmed Health Care Hospital	1	1	1	ı	3,680,735	3,680,735
Proprietary) Limited Interest income on short term hank denosite	2,420,368	2,420,368	2,383,025	2,383,025	1,164,845	1,164,845
	7,465,436	11,392,833	8,138,978	25,088,342	9,960,051	18,453,051
Finance cost						
Interest expense on government loan Interest expense on bank borrowings	(5,692,911)	(5,692,911)	(5,986,328)	(5,986,328)	(5,496,914) (7,744,875)	(5,496,914) (7,744,875)
Finance income - net	1,772,525	5,699,922	2,152,650	19,102,014	(3,281,738)	5,211,262

5 Income tax expense	20	15		2014	20)13
	Group	Scheme	Group	Scheme	Group	Scheme
	Р	Р	Р	Р	Р	Р
Current income tax on profits for the year	-	-	-	-	-	-
Deferred tax charge (Note 15)	4,018,260	-	1,843,161	-	19,323,159	
Income tax expense	4,018,260	-	1,843,161	-	19,323,159	
The tax on the group's (deficit)/surplus profit before taxation differs from the theoretical amount using the basic tax rates as follows:						
(Deficit)/surplus before income tax	(27,983,755)	- ((2,811,291)	(17,600,477)	128,634,132	37,087,786
Tax calculated at a tax rate of 22% (2014: 22%) Expenses not deductible for tax purposes Deficit not subject to tax Effect due to elimination of inter-company transaction Income not subject to tax Associate results reported net of tax	(6,156,426) 896,368 11,341,596 (888,890) (953,052) (221,336) 4,018,260	- - - - - ((618,484) 4,642,060 - - 1,440,028) (740,387) 1,843,161	- - - - - -	28,299,509 18,973 - - (8,521,148) (474,175) 19,323,159	- - - - -

No income tax provision has been provided for the year 2015 as the Group had tax losses arising from prior years. The estimated tax losses available for set-off against future taxable income is P7,554,187 (2014: P20,319,118) and the right of losses incurred in year 2014 amounting to P5,474,700 and P2,079,487 in year 2013 expires in 2019 and 2018 respectively.

In terms of part 1, paragraph (v) of the second schedule of the Income Tax Act, the Scheme qualifies as an approved benefit scheme and consequently is exempt from income tax.

6 Exceptional items

Items that are material either because of their size or their nature or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate.

An analysis of the amount presented as exceptional item in these financial statements is given below:

	20	15	2	014	20	13
	Group	Scheme	Group	Scheme	Group	Scheme
	Р	Р	Р	Р	Р	Р
Recovery of impairment on loans advanced						
to Bokamoso Private Hospital Trust	-	-	270,027	270,027	9,907,073	9,907,073

7 Property, plant and equipment

G	ro	u	b
_		00	r

Year ended 31 March 2015	Plant and machinery	Furniture and fittings	Other equipment P	Electrical equipment P	Total P
Net book amount at beginning of the year	14,526,769	8,344,321	3,283,706	6,109,421	32,264,217
Additions	10,905	-	261,712	-	272,617
Depreciation	(1,023,888)	(2,463,792)	(440,827)	(1,068,294)	(4,996,801)
Net book amount at end of year	13,513,786	5,880,529	3,104,591	5,041,127	27,540,033
As at 31 March 2015					
Cost / valuation	15,189,781	10,140,520	3,803,926	6,986,949	36,121,176
Accumulated depreciation	(1,675,995)	(4,259,991)	(699,335)	(1,945,822)	(8,581,143)
Net book amount	13,513,786	5,880,529	3,104,591	5,041,127	27,540,033
Year ended 31 March 2014					
Net book amount at beginning of the year	14,961,507	9,348,266	3,456,044	5,374,669	33,140,486
Additions	-	193,521	-	1,319,771	1,513,292
Depreciation	(434,738)	(1,197,466)	(172,338)	(585,019)	(2,389,561)
Net book amount at end of year	14,526,769	8,344,321	3,283,706	6,109,421	32,264,217
As at 31 March 2014					
Cost / valuation	15,178,876	10,140,520	3,542,214	6,986,949	35,848,559
Accumulated depreciation	(652,107)	(1,796,199)	(258,508)	(877,528)	(3,584,342)
Net book amount	14,526,769	8,344,321	3,283,706	6,109,421	32,264,217
Year ended 31 March 2013					
Additions	15,178,876	9,946,999	3,542,214	5,667,178	34,335,267
Depreciation	(217,369)	(598,733)	(64,831)	(313,848)	(1,194,781)
Net book amount at end of year	14,961,507	9,348,266	3,477,383	5,353,330	33,140,486
As at 31 March 2013					
Cost / valuation	15,178,876	9,946,999	3,542,214	5,667,178	34,335,267
Accumulated depreciation	(217,369)	(598,733)	(64,831)	(313,848)	(1,194,781)
Net book amount	14,961,507	9,348,266	3,477,383	5,353,330	33,140,486

The property, plant and equipment were revalued on 30 March 2014 by an independent valuator, Roscoe Bonna valuers and recorded at the revaluation value which is the replacement cost / value of the assets using the Depreciated Replacement Cost method. The revaluation was mainly based on non-market valuation approach known as Replacement Cost Valuation for the specialised assets.

8. Investment property

Balance at beginning of the year Gain from fair value adjustments on investment property At end of the year

2	015	20	014	2	013
Group	Scheme	Group	Scheme	Group	Scheme
Р	Р	Р	Р	Р	Р
257,000,000	-	243,000,000	-	143,964,733	-
6,000,000	-	14,000,000	-	99,035,267	_
263,000,000	-	257,000,000	-	243,000,000	_

Direct operating expenses arising from investment property that generated rental income during the year are as follows:

	2	015	20	014	2	2013	
	Group	Scheme	Group	Scheme	Group	Scheme	
	Р	Р	Р	Р	Р	Р	
Insurance cost	984,000	-	245,313	-	-	-	
Repairs and maintenance	38,868	-	114,478	-	16,920	-	
Valuation fees	2,516	-	134,400	-	86,240		
	1,025,384	-	494,191	-	103,160	-	

9. Investment in subsidiary

	2	015	2	014	2	013
	Group	Scheme	Group	Scheme	Group	Scheme
	Р	Р	Р	Р	Р	Р
At beginning of the year	-	100	-	100	-	-
Additions	-	1,782,900	-	-	-	100
At end of the year	-	1,783,000	-	100	-	100

The investments represent the 100% holdings in BPOMAS Property Holdings (Proprietary) Limited, a Company incorporated in Botswana which is in the business of letting out of properties.

10. Investment in associate company

•	2015	2015		2014			
	Group	Scheme	Group	Scheme	Group	Scheme	
	Р	Р	Р	Р	Р	Р	
At beginning of the year	5,521,040	5,521,040	2,155,643	2,155,643	300	300	
Share of profit	1,006,074	1,006,074	3,365,397	3,365,397	2,155,343	2,155,343	
At end of the year	6,527,114	6,527,114	5,521,040	5,521,040	2,155,643	2,155,643	

The investments represent the 30% of ordinary share capital of Lenmed Health Bokamoso Private Hospital (Proprietary) Limited, a company incorporated in Botswana which is in the business of providing private healthcare services.

11 Available-for-sale fina						
		2015	2	014	2	013
	Group	Scheme	Group	Scheme	Group	Scheme
	Р	Р	Р	Р	Р	Р
11.1 Available-for-sale financial assets long term investment						
Balance at beginning of the year	17,511,248	17,511,248	15,882,791	15,882,791	13.059.817	13,059,817
Additions	-	176,517,000	-	-	-	-
Increase in fair value - Flemming		110,011,000				
Asset Management balanced portfolio	1,994,355	1,994,355	1,628,457	1,628,457	2,822,974	2,822,974
Balance at end of the year	19,505,603	196,022,603	17,511,248	17,511,248	15,882,791	15,882,791
,		,,	,,	,,	,	,
The investments are made up as follows:						
Debentures - BPOMAS Property						
Holdings (Pty) Limited	_	176,517,000	_	_	_	_
Flemming Asset Management	19,505,603	19,505,603	17,511,248	17,511,248	15,882,791	15,882,791
r lemming 7 656t Wanagement	19,505,603	196,022,603	17,511,248	17,511,248	15,882,791	15,882,791
	10,000,000	100,022,000	17,011,210	17,011,210	10,002,701	10,002,701
11.2 Available-for-salefinancial assets: Current						
5.1	0= 4=0 00 4	0= 4=0 00 4	00 044 400	00 044 400	70.400.000	7 0 400 000
Balance at beginning of the year	87,458,604	87,458,604	82,344,426	82,344,426	78,136,360	78,136,360
Withdrawal of investment	(30,000,000)	(30,000,000)	- - 444 470	- - 444 470	4 200 000	4 200 000
Interests reinvested	4,511,295	4,511,295	5,114,178	5,114,178	4,208,066	4,208,066
Balance at end of the year	61,969,899	61,969,899	87,458,604	87,458,604	82,344,426	82,344,426
The investments are made up as follows:						
African Alliance Liquidity Fund	61,969,899	61,969,899	87,458,604	87,458,604	82,344,426	82,344,426

The investments in African Alliance Liquidity Fund which represent investment in money market funds earn market related

The carrying value of the available-for-sale investments at the reporting date represents their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of the investment.

None of these financial assets are either past due or impaired.

		2015	2	014	20	013
	Group	Scheme	Group	Scheme	Group	Scheme
	Р	Р	Р	Р	Р	Р
Changes in fair value of						
available-for-sale financial assets	1,994,355	1,994,355	1,628,457	1,628,457	2,822,974	2,822,974

12 Trade and other receivables

		2015		2014		2013	
	Group	Scheme	Group	Scheme	Group	Scheme	
	P	Р	Р	Р	Р	Р	
Contributions outstanding	11,330,410	11,330,410	13,000,443	13,000,443	7,781,906	7,781,906	
Less: Provision for impairment	(4,588,909)	(4,588,909)	(10,162,106)	(10,162,106)	(3,310,671)	(3,310,671)	
	6,741,501	6,741,501	2,838,337	2,838,337	4,471,235	4,471,235	
VAT refund receivable	-	-	-	-	21,396,000	-	
Related party receivables	30,765,954	18,135,277	21,413,162	32,685,984	1,335,100	30,705,883	
Prepayments	377,046	377,046	741,899	741,899	676,940	676,940	
Other receivables	849,548	839,652	1,480,627	1,900,993	75,776	75,776	
	38,734,049	26,093,476	26,474,025	38,167,213	27,955,051	35,929,834	

Contribution debtors are stated at amortised cost less provision for impairment. The impairment loss represents the Management Committees' best estimate of the contributions raised and not likely to be recovered.

Movement of the provision for impairment of trade receivables is as follows:

	2015		2	2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	Р	Р	Р	Р	Р	Р	
Balance at beginning of the year Provision for impairment Provision for impairment	10,162,106 4,588,909	10,162,106 4,588,909	3,310,671 6,851,435	3,310,671 6,851,435	3,116,131 194,540	3,116,131 194,540	
written-off	(10,162,106)	(10,162,106)	-	-	-	-	
Balance at end of the year	4,588,909	4,588,909	10,162,106	10,162,106	3,310,671	3,310,671	
The ageing of the impaired receivables is as follows:							
61-90 days	2,859,442	2,859,442	5,448,296	5,448,296	544,445	544,445	
More than 90 days	1,729,467	1,729,467	4,713,810	4,713,810	2,766,226	2,766,226	
•	4,588,909	4,588,909	10,162,106	10,162,106	3,310,671	3,310,671	
			•				

The other classes within trade and other receivables do not contain impaired assets.

	2015			2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	P	Р	Р	Р	Р	Р	
The fair value of trade and other receivables are as follows:							
Trade receivables	6,741,501	6,741,501	2,838,337	2,838,337	4,471,235	4,471,235	
Other receivables	31,992,548	19,351,975	23,635,688	35,328,876	23,483,816	31,458,599	
	38,734,049	26,093,476	26,474,025	38,167,213	27,955,051	35,929,834	

13 Cash and cash equivalents

	2015			2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	P		P	Р	P	Р	
Cash at bank	25,957,626	17,405,059	33,652,700	22,196,638	31,667,074	29,132,960	
Bank overdraft	(9,388)	(9,388)	(172,485)	(172,485)	(240,899)	(240,899)	
	25,948,238	17,395,671	33,480,215	22,024,153	31,426,175	28,892,061	

Surplus funds are retained in both the current account and the call accounts. The call account bears interest at current commercial bank rates. As there is a right of set-off, the settlement accounts are included in cash at bank and cash equivalents.

The overdraft reflected as of the reporting date represents a temporary book balance which arose pending the transfer of funds from the Scheme's call account under its standing sweeping facility with the bank.

For the purpose of statement of cash flows, cash and cash equivalents comprise of:

	2015			2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	Р	Р	Р	Р	Р	Р	
Cash at bank	25,957,626	17,405,059	33,652,700	22,196,638	31,667,074	29,132,960	
Bank overdraft	(9,388)	(9,388)	(172,485)	(172,485)	(240,899)	(240,899)	
	25,948,238	17,395,671	33,480,215	22,024,153	31,426,175	28,892,061	
	2015						
		2015		2014		2013	
14 Retirement reserve	Group	2015 Scheme	Group	2014 Scheme	Group	2013 Scheme	
14 Retirement reserve			Group P		Group P		
14 Retirement reserve Balance at beginning/ at end of the year	Group	Scheme	<u>.</u>	Scheme			

In a meeting of the Scheme's Management Committee on 20 March 1998, it was resolved that 50% of the net surplus for each year, should be set aside for future retirement benefits of members. The reserve is, however, available for any other purpose as may be determined by the Management Committee and the members.

15 Deferred income tax	2015			2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	P	Р	P	Р	P	Р	
Deferred tax assets	(1,661,921)	-	(4,470,206)	-	(3,265,772)	-	
Deferred tax liabilities	26,846,501	-	25,636,526	-	22,588,931	-	
Deferred tax liabilities - net	25,184,580	-	21,166,320	-	19,323,159	-	
The gross movement on the deferred income tax account is as follows: At beginning of the year Charged to income statement	21,166,320 4,018,260	-	19,323,159 1.843.161	-	- 19,323,159	_	
At end of the year	25,184,580	-	21,166,320	-	19,323,159		

15 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the year without taking into consideration the off-setting of balances within the same tax jurisdiction is as follows:

Group P P P P P Deferred income tax liabilities Balance at beginning of year 25,636,526 - 3,044,805 - 1,637,182	Scheme P
Deferred income tax liabilities	- - -
	- -
Salarice at beginning of year 25,636,326 - 5,044,605 - 1,637, 162	<u>-</u>
Movement for the year 1,209,975 - 22,591,721 - 20,951,749	
Balance at end of year 25,636,526 - 22,588,931	
Deferred income tax liabilities are analysed as follows:	
Accelerated tax depreciation 3,887,831 - 3,044,805 - 1,637,182	-
Increases in fair value of	
investment property 22,958,670 - 22,591,721 - 20,951,749 26,846,501 - 25,636,526 - 22,588,931	
Deferred income tax assets	
Balance at beginning of the year (4,470,206) - (3,265,772) -	-
Movement for the year 2,808,285 - (1,204,434) - (3,265,772)	_
Balance at end of the year (1,661,921) - (4,470,206) - (3,265,772)	
Deferred income tax assets are analysed as follows:	
Tax credits available in respect of tax losses (1,661,921) - (4,470,206) - (3,265,772)	
(1,661,921) - (4,470,200) - (5,203,772)	
16 Borrowings	
Balance at beginning of the year 79,301,222 79,301,222 78,105,955 78,105,955 94,915,035 94	,915,035
	,531,489
	340,569)
Balance at end of the year 70,620,940 70,620,940 79,301,222 79,301,222 78,105,955 78	,105,955
The loan balance comprises of the following:	
Botswana Government loan 69,236,216 69,236,216 74,846,383 74,846,383 76,574,466 76.	,574,466
	,574,400
	,105,955
	-
T. II	40= 0==
	,105,955
	761,508) ,344,447
201101111190 10111119 1 1 1 1 1 1 1 1 1 1	,,,,, ,,,,,,

The Government loan is unsecured and is repayable in 26 semi-annual instalments commencing June 2013, after a two year grace period. The Government loan bears a fixed interest rate of 8% per annum (Year 2014: 8%).

The carrying amount of borrowings represent their fair value as they are obtained at market related rates.

17 Provision for outstanding claims	3	2015		2014	2013		
	Group	Scheme	Group	Scheme	Group	Scheme	
	Р	Р	Р	Р	Р	Р	
Balance at beginning of the year	38,821,175	38,821,175	35,658,794	35,658,794	28,056,726	28,056,726	
Increase in claims provision	9,153,247	9,153,247	3,162,381	3,162,381	7,602,068	7,602,068	
Balance at end of the year	47,974,422	47,974,422	38,821,175	38,821,175	35,658,794	35,658,794	

The provision for outstanding claims represents the 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 following are key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 31 March 2015.

Membership increase	- 1.24 % per annum
Inflation rate	- 4% per annum
Investment return	- 6% per annum
Assumed bad debts	- 0.5% per annum
Contribution increased	- 6% per annum

	2015		2	2014	2013	
18 Trade and other payables	Group	Scheme	Group	Scheme	Group	Scheme
	P	Р	Р	Р	Р	Р
Creditor for claims	7,746,241	7,746,241	565,358	565,358	5,089,845	5,089,845
Administration fees payable	5,684,553	5,684,553	5,161,054	5,161,054	4,398,869	4,398,869
Related party payables	3,801,657	-	2,581,260	-	97,935	-
Sundry creditors	3,988,465	3,255,359	3,881,221	2,570,922	2,157,004	1,901,468
	21,220,916	16,686,153	12,188,893	8,297,334	11,743,653	11,390,182

Creditor for claims represents claims that have been processed and approved for payment but have not yet been paid at the reporting date.

The fair values of accounts payable balances approximate their carrying amounts due to their short-term nature.

19 Notes to the statement of cash flows

			2015		2014	2013	
		Group	Scheme	Group	Scheme	Group	Scheme
19 1 Cash receipts from me	mhore	Р	Р	Р	Р	Р	Р
19.1 Cash receipts from me Opening contribution	mbers						
receivables	(note 12)	13,000,443	13,000,443	7,781,906	7,781,906	9,577,144	9,577,144
Contributions for the year		517,693,981	517,693,981	465,809,088	465,809,088	470,418,007	470,418,007
Closing contribution							
receivables	(note 12)		(11,330,410)	(13,000,443)	(13,000,443)	(7,781,906)	(7,781,906)
		519,364,014	519,364,014	460,590,551	460,590,551	472,213,245	472,213,245
19.2 Cash receipts from cus	stomers						
Opening trade receivable		18,671,466	_	1,099,210	-	-	-
Rent income for the year		28,557,983	-	22,910,096	-	3,678,926	-
Closing trade receivables		(25,633,841)	-	(18,671,466)	-	(1,099,210)	
		21,595,608	-	5,337,840	-	2,579,716	
19.3 Cash paid for claims							
and other benefits							
Opening creditor for claim	ns (note 18)	(565,358)	(565,358)	(5,089,845)	(5,089,845)	(4,658,045)	(4,658,045)
Claims expenses		(490,282,039)	(490,282,039)	(427,411,942)	(427,411,942)	(359,680,819)	(359,680,819)
Other member benefits		(12,618,933)	(12,618,933)	(13,771,758)	(13,771,758)	(16,963,182)	(16,963,182)
Closing creditor for claims							
	(note 18)		7,746,241	565,358	565,358	5,089,845	5,089,845
		(495,720,089)	(495,720,089)	(445,708,187)	(445,708,187)	(376,212,201)	(376,212,201)
19.4 Cash paid in respect							
of administrative expens	ses						
		(44 000 505)	(= === 4 ====)	(0.050.000)	(0.000.00=)	(0.050.007)	(0.050.007)
Opening other payables Opening other receivable		(11,623,535) 4,964,222	(7,731,976) 35,328,876	(6,653,808) 22,384,606	(6,300,337) 31,458,599	(9,250,097) 4,227,038	(9,250,097) 4,227,038
Administrative expenses	(note 3)	4,964,222 (71,741,553)	(63,673,846)	(67,029,753)	(61,858,207)	(59,134,629)	(56,459,757)
Depreciation	(Hote 3)	4,996,801	(03,073,040)	2,389,561	(01,030,207)	1,194,781	(50,459,757)
Other operating income		781,452	781,452	327,312	327,312	9,000	9,000
Closing other receivables		(6,858,708)	(19,351,975)	(4,964,222)	(35,328,876)	(22,384,606)	(31,458,599)
Closing other payables		13,474,675	8,939,912	11,623,535	7,731,976	6,653,808	6,300,337
Movement in debtors							
provision		(5,573,197)	(5,573,197)	6,851,435	6,851,435	194,540	194,540
		(71,579,843)	(51,280,754)	(35,071,334)	(57,118,098)	(78,490,165)	(86,437,538)

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

GENERAL INFORMATION

for the year ended 31 March 2012

MANAGEMENT COMMITTEE

Management Committee as at 31 March 2012 are as follows:

- K C S Malefho (Chairman)
- A Dintwa
- N Senegelo
- A N Kiberu
- T J Moabi
- I G Baqopi
- K Selebatso
- M Setshego
- R Solomon
- R Phetogo
- E Botsalano

ADMINISTRATORS

Associated Fund Administrators Botswana (Proprietary) Limited P O Box 1212, Gaborone, Botswana

REGISTRATION

The Scheme was registered in Botswana under the Societies Act No 18:01 of 1972

PRINCIPAL ACTIVITY

The Scheme provides assistance to its members and their dependents in defraying expenditure incurred in relation to medical and related services

BUSINESS ADDRESS

P O Box 1212, Gaborone, Botswana

REGISTERED OFFICES

AFA House, Plot 61918, Showgrounds Office Park, Gaborone

AUDITORS

PricewaterhouseCoopers

BANKERS

First National Bank of Botswana Limited

ASSET MANAGERS

African Alliance Botswana Management Company (Pty) Ltd Fleming Asset Management (Pty) Ltd

LAWYERS

Armstrongs- Attorneys, Notaries & Conveyancers

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

ABRIDGED ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2012

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Statement of comprehensive income	49
Statement of financial position	50
Statement of changes in reserves	51
Statement of cash flows	52
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STATEMENT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

The abridged financial statements on pages 49 to 63 is an extract of the audited financial statements for the year ended 31 March 2012 and contains a summary of significant information, which the Management Committee believe are relevant and appropriate for the purpose of the Annual General Meeting of Botswana Public Officers' Medical Aid Scheme.

Our audit opinion issued in respect of the annual audited financial statements for the year ended 31 March 2012, which is unqualified has been included in the full set of the annual financial statements which is available on the Botswana Public Officers' Medical Aid Scheme's website.

Individual practicing member: Sheyan Edirisinghe

· lwaterhouse Coppers

Membership number: 20030048

3 May 2016 Gaborone

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2012

In Botswana Pula			
	Notes	2012	2011
Income from contributions		467,050,431	425,507,880
Benefits paid	2	(334,831,189)	(320,105,354)
Net contribution surplus		132,219,242	105,402,526
Other income		11,240	26,860
Administrative expenses		(24,625,406)	(674,866,713)
Operating surplus / (deficit)	2	107,605,076	(569,437,327)
A l l			
Analysed as:		00 000 000	E4 004 040
Operating surplus / (deficit) before exceptional items	5	69,969,922	54,664,618
Exceptional items	5	37,635,154	(624,101,945)
Operating surplus / (deficit) after exceptional items		107,605,076	(569,437,327)
Finance income	3	11,589,904	40,717,582
Finance costs	3	(7,841,126)	(1,720,832)
Net finance income	•	3.748.778	38,996,750
The management		0,1 10,110	00,000,100
Surplus / (deficit) for the year		111,353,854	(530,440,577)
,		, ,	(, -,,
Other comprehensive income			
Changes in fair value of available-for-sale financial assets	7	(1,062,718)	1,401,148
-			· · ·
Total comprehensive income for the year		110,291,136	(529,039,429)

STATEMENT OF FINANCIAL POSITION as at 31 March 2012

In Botswana Pula Notes	2012	2011
III DOISWalla Fula Notes	2012	2011
ASSETS		
Non-current assets		
Investment in Bokamoso private hospital trust		
Loans and advances 6	194,392,306	117,722,361
Available-for-sale financial assets 7	13,059,817	-
	207,452,123	117,722,361
Ourse and a second		
Current assets Available-for-sale financial assets 7	70 426 260	45 550 447
Trade and other receivables	78,136,360 10,688,051	45,553,417 3,593,412
Cash and cash equivalents 9	62,826,856	95,377,834
Odon and odon equivalents	151,651,267	144,524,663
Total assets	359,103,390	262,247,024
		, , , <u>, , , , , , , , , , , , , , , , </u>
RESERVES AND LIABILITIES		
Reserves		
Available-for-sale reserve	790,414	5,911,411
Accumulated surplus	103,021,709	47,344,782
Reinsurance reserve 10	19,970,625	19,970,625
Retirement reserve 11	98,440,739	42,763,812
This should be based on adjusted profit 50% transfer	222,223,487	115,990,630
Non-current liabilities		
Borrowings 12	90,200,902	89,582,884
Current liabilities		
Borrowings 12	4,714,133	1,302,673
Provision for outstanding claims 13	28,056,726	39,731,609
Trade and other payables 14	13,908,142	15,639,228
	46,679,001	56,673,510
Total reserves and liabilities	359,103,390	262,247,024

STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2012

In Botswana Pula		Ailabla fan	A	Daimannana	Detinoment	
		Available-for- sale reserve	Accumulated surplus	Reinsurance reserve	Retirement reserve	Total
For the year ended 31 March 2011 Balance as at 1 April 2010		4,510,263	314,988,685	15,121,396	310,409,715	645,030,059
Comprehensive income Deficit for the year		-	530,440,577)	-	-	(530,440,577)
Other comprehensive income Changes in fair value of available-for-sale financial assets	7	1,401,148	-	_	_	1,401,148
Total comprehensive income		1,401,148	(530,440,577)	-	-	(529,039,429)
Contributions to members Transfer from retirement reserve Transfer to reinsurance reserve	11 10	-	267,645,903 (4,849,229)	- 4,849,229	(267,645,903)	-
Total contributions by and distribution to members	10		262,796,674	4,849,229	(267,645,903)	
Balance as at 31 March 2011		5,911,411	47,344,782	19,970,625	42,763,812	115,990,630
For the year ended 31 March 2012 Balance as at 1 April 2011		5,911,411	47,344,782	19,970,625	42,763,812	115,990,630
Comprehensive income Surplus for the year		-	111,353,854	-	-	111,353,854
Other comprehensive income Transfer of realised gain on disposal of available-for-sale financial assets Changes in fair value of available-	3	(4,058,279)	-	-	-	(4,058,279)
for-sale financial assets	7	(1,062,718)	-	-	-	(1,062,718)
Total comprehensive income		(5,120,997)	111,353,854	-		106,232,857
Contributions to members Transfer to retirement reserve	11		(55,676,927)	-	55,676,927	_
Total contributions by and distribution to members		-	(55,676,927)	-	55,676,927	-
Balance as at 31 March 2012		790,414	103,021,709	19,970,625	98,440,739	222,223,487

STATEMENT OF CASH FLOWS for the year ended 31 March 2012

In Botswana Pula	Notes	2012	2011
Cash flows from operating activities			
Cash receipts from members	15.1	462,284,134	424,163,181
Cash paid for claims and other benefits	15.2	(350,001,350)	(314,312,692)
Cash paid in respect of administrative expenses	15.3	(59,786,969)	(47,909,070)
Cash generated from operations		52,495,815	61,941,419
Interest paid	3	(2,553,893)	(399,023)
Net cash flows from operating activities		49,941,922	61,542,396
Cash flows from investing activities			
Disposal of paid up shares	7	12,437,778	120,000,000
Dividends received on investments	3	262,527	493,039
Interest income on available-for-sale financial assets	3	2,629,110	38,459,645
Interest received on short-term deposits	3	1,474,317	1,764,898
New and reinvested investments	7	(59,004,086)	(31,400,300)
Net cash flows from investing activities		(42,200,354)	129,317,282
Cash flows from financing activities			
Capital repayments of long term liabilities	12	(1,257,755)	(436,251)
Loan given to inter-companies	6	(39,034,791)	(213,884,999)
Loan obtained	12	-	90,000,000
Net cash flows from financing activities		(40,292,546)	(124,321,250)
Net (decrease) / increase in cash and cash equivalents		(32,550,978)	66,538,428
Cash and cash equivalents at beginning of the year		95,377,834	28,839,406
Cash and cash equivalents at end of the year	9	62,826,856	95,377,834

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2012

GENERAL INFORMATION

For the comprehensive notes to the financial statements as well as the company policies, please refer to www.bpomas. co.bw.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements, which have been applied on a consistent basis with those of the previous year, are set out below.

1. Basis of preparation

The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair values through profit or loss.

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

1.1 Financial assets

1.1.1 Classification

The Scheme classifies its financial assets in the following categories: at fair value through profit or loss (comprehensive income statement), loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Scheme's loans and receivables comprise 'loans and advances', 'trade receivables', 'other receivables' and Cash at bank and cash equivalents in the statement of financial position (notes 8 and 9).

c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

1.1.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Scheme commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of comprehensive income. Financial assets carried at fair value through statement of comprehensive income are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through statement of comprehensive income are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in statement of changes in reserves.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2012

1.1.3 Off-setting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.2 Impairment

The carrying amounts of the Scheme's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The impairments of financial assets are done in accordance with financial asset recognition and measurement criteria.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1.3 Revenue recognition

1.3.1 Income from contributions

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

1.3.2 Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of comprehensive income, 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 the initial carrying amount of an interestbearing instrument and its amount at maturity,

calculated on an effective interest rate method. Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established. The accumulated fair value adjustments of available-for-sale investments are included in the income statement as gains and losses from investment securities, at the time of disposal.

1.4 Claims incurred

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

The provision for outstanding claims comprises the Scheme'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 the 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.

1.5 Administration fees

Administration fees relate to amounts paid to the Scheme's administrators. The fees are charged to the statement of comprehensive income as the services are provided.

1.6 Current income tax

The normal Botswana tax has not been made as the Scheme is registered under a Societies Act No 18:01 of 1972 and according to part 1, paragraph (v) of the second schedule of the Income Tax Act, 1995, the Scheme is exempt from income tax.

1.7 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2012

1.8 Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision is made for estimated outstanding claims incurred during the financial year, which are payable in the succeeding financial year.

1.9 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

ln	Botswana Pula	2012	2011
2	Analysis of expenses by nature		
	Claims and other member benefits paid	334,831,189	320,105,354
	Actuarial consultancy fee	1,042,980	1,303,615
	Administration fees	44,260,293	40,070,096
	Annual general meeting expenses	1,538,797	1,634,164
	Audit fees	153,659	126,952
	Consultancy fees	3,070,908	925,120
	Fidelity insurance	155,000	114,246
	Legal fees	2,303,443	17,469
	Management committee expenses	946,324	334,048
	Other administrative expenses	3,471,618	2,627,706
	Promotions and advertising	3,769,153	3,337,953
	Provision for impairment of trade receivables	1,548,385	273,399
	,	62,260,560	50,764,768
	Exceptional items (note 5)	(37,635,154)	624,101,945
	Total administrative expenses	24,625,406	674,866,713
	Operating surplus/ (deficit)	107,605,076	(569,437,327)
3	Operating surplus/ (deficit) Finance income and costs	107,605,076	(569,437,327)
3		107,605,076	(569,437,327)
3	Finance income and costs		
3	Finance income and costs Finance income Dividend income on investment	107,605,076 262,527 139,170	(569,437,327) 493,039
3	Finance income and costs Finance income	262,527 139,170	493,039
3	Finance income and costs Finance income Dividend income on investment Gain in disposal of shares	262,527	
3	Finance income and costs Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets	262,527 139,170 2,629,110	493,039
3	Finance income Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust	262,527 139,170 2,629,110 3,026,501	493,039 - 38,459,645
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits	262,527 139,170 2,629,110 3,026,501 1,474,317	493,039 - 38,459,645
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits Realised fair value gain	262,527 139,170 2,629,110 3,026,501 1,474,317 4,058,279	493,039 - 38,459,645 - 1,764,898
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits Realised fair value gain Finance costs	262,527 139,170 2,629,110 3,026,501 1,474,317 4,058,279 11,589,904	493,039 - 38,459,645 - 1,764,898 - 40,717,582
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits Realised fair value gain Finance costs Interest expense on government loan	262,527 139,170 2,629,110 3,026,501 1,474,317 4,058,279 11,589,904	493,039 - 38,459,645 - 1,764,898 - 40,717,582 (1,321,809)
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits Realised fair value gain Finance costs	262,527 139,170 2,629,110 3,026,501 1,474,317 4,058,279 11,589,904 (5,287,233) (2,553,893)	493,039 - 38,459,645 - 1,764,898 - 40,717,582 (1,321,809) (399,023)
3	Finance income Dividend income on investment Gain in disposal of shares Interest income on available-for-sale financial assets Interest income on loan to Bokamoso Private Hospital Trust Interest income on short-term bank deposits Realised fair value gain Finance costs Interest expense on government loan	262,527 139,170 2,629,110 3,026,501 1,474,317 4,058,279 11,589,904	493,039 - 38,459,645 - 1,764,898 - 40,717,582 (1,321,809)

4 Income tax

In terms of part 1, paragraph (v) of the second schedule of the Income Tax Act, the Scheme qualifies as an approved benefit scheme and consequently is exempt from income tax.

5 Exceptional items

Items that are material either because of their size or their nature or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. During the year, the exceptional items as detailed below have been included in administrative expenses in the comprehensive income statement.

An analysis of the amount presented as exceptional item in these financial statements is given below.

In Botswana Pula	2012	2011
Impairment loss on investments in Bokamoso Private Hospital Trust (note 5.1) Recovery of impairment / (impairment loss) on loans advanced	-	(164,800,000)
to Bokamoso Private Hospital Trust	37,635,154 37,635,154	(459,301,945) (624,101,945)
5.1 Impairment loss on investments in Bokamoso Private Hospital Trust	, ,	, , , ,
Impairment loss on investments	-	164,800,000
Balance at beginning of the year Impairment loss on investment Balance at end of the year	-	164,800,000 (164,800,000)
The Scheme was a shareholder in the Bokamoso Private Hospital Trust by holding 80% of the total funding and the remaining 20% was contributed by Pula Medical Aid Fund. The hospital commenced operations in January 2010 and was placed under provisional sequestration on 12 January 2011 by the High Court of Botswana. Based on the settlement proposal submitted by the liquidators of the trust, future cash flows were not expected and consequently the Management Committee resolved to write-off the equity investmen§ts held by the Scheme in Bokamoso Private Hospital Trust in 2011.		
6 Loans and advances		
Balance at beginning of the year Loans and guarantees given during the year	577,024,306 39,034,791 616,059,097	363,139,307 213,884,999 577,024,306
Impairment loss on loan and advances (note 6.1) Balance at end of the year	(421,666,791) 194,392,306	(459,301,945) 117,722,361
Loan - Pre-sequestration Loan - Post-sequestration Impairment loss and fair value adjustment on loan receivable	561,990,527 54,068,570 (421,666,791) 194,392,306	561,990,527 15,033,779 (459,301,945) 117,722,361

6 Loans and advances (continued)

The Bokamoso Private Hospital Trust ("the Trust") was placed under provisional sequestration on 12 January 2011. The loan provided before the sequestration is considered to be interest free loan and the loan provided after the sequestration is at the rate of 8% (2011 : 12%). The pre and post sequestration loans are unsecured.

An impairment provision of P 421,666,791 (2011: P 459,301,945) was recognised on the pre-sequestration loan balance. P 130,046,081 and P 20,454,750 were received on the 18 January 2013 and 10 June 2013 respectively related to the presequestration loans from the liquidators of the Trust in settlement of the outstanding loans.

	In Botswana Pula	2012	2011
	6.1Impairment loss on loan and advances: Balance at beginning of the year Recovery of impairment / (impairment loss) on loans advanced to Bokamoso Private Hospital Trust Balance at end of the year	459,301,945 (37,635,154) 421,666,791	459,301,945 459,301,945
	The closing balance represents its fair value.		
	In Botswana Pula	2012	2011
7	Available-for-sale financial assets (7.1) Available-for-sale financial assets: Non - current		
	Balance at beginning of the year New investments - Flemming Asset Management balanced portfolio Increase in fair value - Flemming Asset Management balanced portfolio Balance at end of the year	12,269,403 790,414 13,059,817	- - - -
	The investments are made up as follows:		
	Flemming Asset Management balanced portfolio	13,059,817	
	(7.2) Available-for-sale-financial assets: Current		
	Balance at beginning of the year New investments (Decrease) / increase in fair value of investment Disposal of investments - Botswana Insurance Corporation Limited Balance at end of the year	45,553,417 46,734,683 (1,853,132) (12,298,608) 78,136,360	132,751,969 31,400,300 1,401,148 (120,000,000) 45,553,417

7 Available-for-sale financial assets (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of the investment.

None of these financial assets are either past due or impaired.

The investments are made up as follows:

In Botswana Pula

	2012	2011
Shares in Botswana Insurance Corporation Limited-listed	-	9,122,535
African Alliance Liquidity Fund	78,136,360	31,401,677
Botswana Building Society paid up shares- unlisted	-	5,029,205
	78,136,360	45,553,417

The investments in African Alliance Liquidity Fund which represent investment in money market funds that earn market related interest and shares in Botswana Insurance Corporation Limited are stated at fair value. The investments in Botswana Building Society paid up shares are stated at cost and they are unlisted.

The carrying value of the available-for-sale investments at the reporting date represents their fair value.

In Botswana Pula

		2012	2011
	Changes in fair value of available-for-sale financial assets	(1,062,718)	1,401,148
8	Trade and other receivables		
	Contributions outstanding Less: Provision for impairment	9,577,144 (3,116,131) 6,461,013	4,810,847 (1,567,746) 3,243,101
	Interest receivable Prepayments Other receivables	3,290,927 459,155 476,956	81,232 29,500 239,579
		10,688,051	3,593,412

Contribution debtors are stated at amortised cost less provision for impairment. The impairment loss represents the Management Committees' best estimate of the contributions raised and not likely to be recovered.

Movement of the provision for impairment of trade receivables is as follows:

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

for the year ended 31 March 2012

In Botswana Pula	2012	2011
8 Trade and other receivables (continued)		
Balance at beginning of the year	1,567,746	1,294,347
Provision for impairment	1,548,385	273,399
Balance at end of the year	3,116,131	1,567,746
The ageing of the impaired receivables is as follows:		
61-90 days	1,014,203	-
More than 90 days	2,101,928	1,567,746
	3,116,131	1,567,746
The fair value of trade and other receivables are as follows:		
Trade receivables	6,461,013	3,243,101
Other receivables	4,227,038	350,311
	10,688,051	3,593,412
9 Cash and cash equivalents		
Cash at bank	63,057,799	95,424,302
Bank overdraft	(230,943)	(46,468)
	62,826,856	95,377,834

Surplus funds are retained in both the current account and the call accounts. The call account bears interest at current commercial bank rates. As there is a right of set-off, the settlement accounts are included in cash at bank and cash equivalents.

The overdraft reflected as of the reporting date represents a temporary book balance which arose pending the transfer of funds from the Scheme's call account under its standing sweeping facility with the bank.

For the purpose of statement of cash flows, cash and cash equivalents comprise of:

In Botswana Pula	2012	2011
Cash at bank	63,057,799	95,424,302
Bank overdraft	(230,943)	(46,468)
	62,826,856	95,377,834
10 Reinsurance reserve		
Balance at beginning of the year	19,970,625	15,121,396
Transfer to accumulated surplus	-	4,849,229
Balance at end of the year	19,970,625	19,970,625

10 Reinsurance reserve (continued)

This represents appropriations from income which are considered by the Scheme's Management Committee as necessary to cover catastrophe cost exceeding the basic overall annual limits. The Management Committee assessed the level of reserves accumulated to mitigate the risks to be adequate and accordingly, decided that no further transfer is required during the current year. The reserve is available for any other purpose as may be determined by the Management Committee and the members.

Catastrophe costs incurred during the financial year are accounted for through the statement of comprehensive income. A transfer equivalent to the catastrophe costs incurred is made from the reinsurance reserve to the accumulated surplus each year.

In Botswana Pula	2012	2011
11 Retirement reserve		
Balance at beginning of the year	42,763,812	310,409,715
Transfer from accumulated surplus	55,676,927	(267,645,903)
Balance at end of the year	98,440,739	42,763,812

In a meeting of the Scheme's Management Committee on 20 March 1998, it was resolved that 50% of the net surplus for each year after transferring to reinsurance reserve, should be set aside for future retirement benefits of members. The reserve is, however, available for any other purpose as may be determined by the Management Committee and the members.

In Botswana Pula	2012	2011
12 Borrowings		
Balance at beginning of the year Loan obtained during the year Interest accrued- Government loan Loan settlement during the year Balance at end of the year	90,885,557 - 5,287,233 (1,257,755) 94,915,035	90,000,000 1,321,808 (436,251) 90,885,557
The loan balance comprises of the following: Botswana Government loan Bank borrowings Interest accrued- Government loan Total outstanding loans	66,000,000 22,305,994 6,609,041 94,915,035	66,000,000 23,563,749 1,321,808 90,885,557
Total long-term loans Borrowings falling due after 1 year Borrowings falling due within 1 year	94,915,035 (90,200,902) 4,714,133	90,885,557 (89,582,884) 1,302,673

12 Borrowings (continued)

Bank borrowings relate to an unsecured loan of P 24,000,000 obtained from First National Bank of Botswana Limited and is repayable in 120 monthly instalments commencing January 2011. The loan bears interest at prime lending rate less 1%, which is 10% at the reporting date (2011: 10% per annum).

The Government loan is unsecured and is repayable in 26 semi-annual instalments commencing June 2013, after a two year grace period. The Government loan bears a fixed interest rate of 8% per annum.

The carrying amount of borrowings represent their fair value as they are obtained at market related rates.

In Botswana Pula

13 Provision for outstanding claims

Balance at beginning of the year Decrease in claims provision Balance at end of the year

2012	2011
39,731,609	40,436,280
(11,674,883)	(704,671)
28,056,726	39,731,609

The provision for outstanding claims represents the 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 following are key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 31 March 2012.

Membership growth - 2% per annum Inflation rate - 8.5% per annum Investment return - 19% per annum Assumed bad debts - 1% per annum Contribution increase - 11% per annum

In Botswana Pula

14 Trade and other payables		
Creditor for claims Administration fees payable Sundry creditors	4,658,045 6,210,541 3,039,556 13,908,142	8,153,323 5,045,048 2,440,857 15,639,228

Creditors for claims represents claims that have been processed and approved for payment but have not yet been paid at the reporting date.

The fair values of accounts payable balances approximate their carrying amounts due to their short term nature.

In Botswana Pula		2012	2044
15 Notes to the statement of cash flows		2012	2011
To Notes to the statement of cash nows			
15.1Cash receipts from members Opening contribution receivables			
3	(note 8)	4,810,847	3,466,148
Contributions for the year		467,050,431	425,507,880
Closing contribution receivables	(note 8)	(9,577,144)	(4,810,847)
		462,284,134	424,163,181
45.2 Cook poid for claims and other handite			
15.2 Cash paid for claims and other benefits Opening creditor for claims	(note 14)	(0.452.222)	(1,655,990)
Claims expense	(Hote 14)	(8,153,323) (333,343,272)	(306,824,919)
Other member benefits		(13,162,800)	(13,985,106)
Closing creditor for claims	(note 14)	4,658,045	8,153,323
oldering distance for stande	(1.0.0 1.1)	(350,001,350)	(314,312,692)
45.0 Ocelh meid in mean at af administrative community			
15.3 Cash paid in respect of administrative expenses Opening other payables			
opening earler payables	(note 14)	(7,485,905)	(6,632,165)
Opening other receivable	(note 8)	350,311	2,052,010
Administration expense	(note 3)	(24,625,406)	(674,866,713)
Exceptional items	(note 5)	(37,635,154)	624,101,945
Other operating income		11,240	26,860
Closing other receivables		(1,200,537)	(350,311)
Closing other payables	(note 14)	9,250,097	7,485,905
Increase in debtors provision	(note 8)	1,548,385	273,399
		(59,786,969)	(47,909,070)

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

To: **BPOMAS Members**

From: **BPOMAS Management Committee**

31 March 2016 Date:

Subject: Proposed amendments to Rules

In terms of Rule 29 any matters not specifically covered by the Rules shall be left to the discretion of the Management Committee; provided that the decision of the Management Committee shall not be inconsistent with the provisions of the Rules.

The Rules further provide under Rule 40 that unless otherwise provided for in the Rules, the Management Committee shall be entitled to alter or rescind any Rule or Annexure or to make any additional Rule or Annexure; provided that no alteration, rescission or addition which affects the objects of the Fund, or which increases the rates of contribution or decreases the extent of benefits by more than 25 percent during any financial year shall be valid, unless it has been approved by a majority of members present or represented by proxy at a meeting of members convened in the manner provided for in the Rules.

In light of the above, the Management Committee proposes the following amendments to the Rules and recommends that the members should pass a resolution to amend the rules accordingly.

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT OR PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
	3. These Rules shall be governed by the laws of the Republic of Botswana and the courts of the Republic of Botswana shall have jurisdiction.	To state which law governs the Rules.
	4. Insert the following definitions under Clause 4, Definitions:	Irreversible medical conditions
	4.17 Irreversible medical condition:	and Reversible medical conditions not provided for in the
	This shall mean any medical conditions that despite appropriate treatment reduce a person's ability to function in everyday life and thus rendering them fully dependent on the member for day-to-day life functions and normal sustenance. Such conditions may be due to physical disability, congenital and/or irreversible mental disorders confirmed by a qualified psychiatrist.	Rules.
	4.30 Reversible medical conditions: This shall mean any medical condition that reduces a person's ability to function in everyday life except that with appropriate treatment a person's level of function can be restored to normalcy or to their previous level of function, including restoration of ability to be self-sustaining and independent of the member. Such conditions may be due to mental health or physical disability and/or congenital but can be corrected through medical intervention or with prosthetic devices.	
4.11.3.2 subject to the approval of the Management Committee and on such conditions as it may prescribe, a member's child who is over the age of 21 years; who is unmarried and owing to mental or physical disability or any similar cause is dependent on the member; is not in receipt of a regular monthly remuneration exceeding the amount prescribed in Annexure A; provided that such person will be recognised as a special dependant for periods of not more than 12 months at a time.	4.11.3.2 subject to the approval of the Management Committee and on such conditions as it may prescribe, a member's child who is over the age of 21 years; who is unmarried and owing to mental or physical disability or any similar cause is dependent on the member; is not in receipt of a regular monthly remuneration exceeding the amount prescribed in Annexure A; provided that for irreversible conditions such person shall be recognised as a dependant for a period of three (3) years at a time, and for reversible conditions such a person shall be recognised for a period of one (1) year, at a time.	To make it clear at the point of joining the Scheme whether illness or disability condition of such dependant is irreversible or not and to reduce frequency of renewal for irreversible conditions.
	4.16 "individual member" shall mean a member or dependant as the case may be who continues as a member in terms of Rule 7.5."	To provide for provision on individual membership who opt to continue with the scheme either as pensioners or adult child dependant.
4.24 "pensioner" for purposes of these Rules, shall mean any person who retires from the employer's permanent and pensionable service and citizens of Botswana employed by the Government on contract basis,	4.24 "pensioner" for purposes of these Rules, shall mean any person who retires from the employer's permanent and pensionable service, employed by the Government of Botswana on contract basis for a period of more than ten (10) years, who retire on terms stipulated by the employer and resident in the Republic of Botswana.	a) They are former government employees who some, started with the Scheme at inception and have not used any other or known any medical aid Scheme apart from BPOMAS.
who retire on terms stipulated by the employer.		b) They have maintained their membership status until they reached their retiring age and opted for continued membership.
4.27 "prosthesis" shall mean an artificial substitute for a missing body part, or any device by which the performance of a natural function is augmented.	4.27.1 "Medical Assistive devices"- For purposes of these Rules; medical assistive devices shall mean, external orthopaedic & surgical prosthesis, Auditory and ophthalmic devices used to replace, compensate for or improve the functional abilities of a member with a disability.	To clarify on the different "prosthetic" devices/appliances and allow for clearer differentiation of related benefit limits.
	4.27.2 "Medical and Surgical appliances"- Includes Medical, Surgical and Orthopaedic devices and appliances that are predominantly used externally in disease management or prevention of complications as well as rehabilitation and facilitation of independent living.	
	"Prosthesis used in surgery" - Means internal prosthetic devices implanted during an operation for replacement of a body part or for modification of the anatomy or physiological process.	

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT OR PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
Not withstanding the provisions of Rule 9.1, should the member lose his membership card and or request for an additional card, he shall be charged a fee as may be determined by the Management Committee from time to time for the replacement and or additional card.	S/He shall be charged an amount of P20.00 as determined by Management Committee	S/He shall be charged an amount of P20.00 as determined byManagement Committee
6.3 After consideration of the information referred to in Rule 6.2, the Management Committee may decline the application for membership or may limit or exclude benefits for a period not exceeding three (3) years in respect of a particular disease, disorder or disability which existed at the time of admission of the person as a member or dependant, subject to Rule 7.2.	6.3 After consideration of the information referred to in Rule 6.2, the Management Committee may decline the application for membership or may limit or exclude benefits for a period not exceeding two (2) years in respect of a particular disease, disorder or disability, with the exception of HIV/AIDS which existed at the time of admission of the person as a member or dependant, subject to Rule 7.2.	Whilst we encourage government employees to join BPOMAS the 3 year period is too long and by the time we uplift the exclusion (in some conditions, Kidney failure, rare CA's, cardiac cases etc) the client would have deteriorated and thus be too costly for the Scheme to maintain them. Inclusion of the phrase "with the exception of HIV/AIDS" is to provide treatment access for all HIV/AIDS patients
	6.5 Notwithstanding the provisions of Rules 6.1, 6.2, 6.3 and 6.4 the Scheme may implement membership underwriting for a period as may be determined by the Management Committee from time to time.	To allow for underwriting for members who may opt to join the Scheme for purposes taking advantage of the Scheme.
	7.5 Individual member (Continuation Membership) 7.5.1 A dependant who is between the ages of 21 to 35 who is not in receipt of income not more than the minimum wage paid by the Government of Botswana, from time to time and has been a beneficiary of the Scheme for a continuous period of at least one (1) year, and who applies to become a member within three (3) months after the date on which s/he ceased to be a member under Rule 8 provided full payment of contributions shall be paid from source by the member.	This is to cater for member dependants who have no formal employment and are dependant on the Principal member for their livelihood
	7.5.2 a non-citizen who retires from being employed by the Government of Botswana and was employed on contract basis for at least not more than ten years or retire on terms stipulated by the employer, resident in the Republic of Botswana and applies to become an individual member within three (3) months after the date on which s/he ceased to be a member under Rule 8 provided he shall pay full monthly contributions.	To provide individual cover for pensioner non-citizens who are willing to continue with the Scheme subject to them resident in the republic of Botswana.
14 CONTRIBUTIONS The total monthly contributions payable by a member shall be indicated in Annexure 'A' hereto, as amended from time to time.	14 The total monthly contributions payable by a member shall be indicated in Annexure 'A' hereto, as amended from time to time provided; 1.1 government pays 50% monthly contributions and the membe pays 50% monthly contributions member pays 100% monthly contributions for Individual Membership (Continuation Membership)	To give provision for pensioners who opt not to invest in any pension fund but are willing to continue their membership with the Scheme to be allowed to pay their 100% monthly contributions.
16.4 The Management Committee shall have the right to withdraw or refuse payment of benefits to members whose contributions are more than three (3) months in arrears, and where accounts have been paid in accordance with Rule 18, the member shall be liable to repay the Scheme the full amount so paid	16.4 The Management Committee shall have the right to refuse payment of benefits to members whose contributions are more than three (3) months in arrears, and where accounts have been paid in accordance with Rule 18, the member shall be liable to repay the Scheme the full amount so paid	The Scheme shall have the right of refusal of payment of benefits for members whose contributions are in arrears.

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT OR PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
16.7 Expenses incurred outside Botswana shall be paid in Botswana currency in accordance with the recognised tariffs and the Rules or at the rate charged, whichever is the lesser.	1.7 Expenses incurred outside Botswana shall be paid in Botswana currency in accordance with the recognised tariffs and the Rules or at the rate charged, whichever is the lesser provided;	To provide clarity on services incurred outside Botswana.
	preauthorisation was sought from the Scheme before services were undertaken;	
	member paid in full for services incurred and subsequently submits his/her claim to the Scheme for reimbursement;	
	16.8 The Scheme shall not make upfront payments to service providers for services not rendered to members	To make pre-authorisation mandatory for all hospital admissions under Rule 18.
	16.9 The Scheme from time to time may provide incentives which would be reviewed from time to time at the discretion of Management Committee for those members that do not utilise their benefits.	This is to provide incentives to members as a strategy to retain them in Scheme.
18.1 The liability of the Scheme to reimburse any member or to pay the account directly to any service provider, shall lapse three (3) months from the date on which the services were rendered.	18.1 The liability of the Scheme to reimburse any member shall lapse six (6) months from the date on which the services were rendered provided the member did not pay at the time of the service. Where a member has paid upfront for such claims a member shall submit claims for reimbursement within three(3) months of such service	This is meant to cover the members because at times the delay is due to the service providers
	18.2 The liability of the Scheme to pay the account directly to any service provider, shall lapse three (3) months from the date on which the services were rendered.	To separate liability of the service provider from that of the member
18.5 Every member and/or dependant shall, at every point of service, be required to make a co-payment of 10% of the total cost of service, plus Value Added Tax, at such rate as may be prescribed from time to time, except if exempted per Rules 18.6 and 18.7. However, all students who are Scheme members shall be exempt from the 10% co-payment.	18.5 Every member and/or dependant shall, at every point of service, be required to make a co-payment of 10% of the total cost of service, plus Value Added Tax, at such rate as may be prescribed from time to time, except if exempted per Rules 18.6 and 18.7. However, government sponsored students who are Scheme Principal members shall be exempt from the 10% co-payment and VAT payments for services accessed outside Botswana.	To qualify students who are exempt from paying co- payment of 10% of the total cost of service plus Value Added Tax.
18.6 The Scheme shall pay 100% of all bills incurred by the member/ dependant and including the 10% co-payment, where such bills are cumulatively or otherwise in excess of P10 000(Ten Thousand Pula) in any one(1) financial year, subject to availability of benefits and agreed tariffs.	18.6 The Scheme shall pay 100% of all bills incurred by the member/dependant, excluding Value Added Tax, and including the 10% co-payment, where such bills are cumulatively or otherwise in excess of P10 000(Ten Thousand Pula) in any one(1) financial year, subject to availability of benefits and agreed tariffs.	To address issues where members are of the view that payment of 100% of bills is inclusive of Value Added Tax.
	18.8 The Management Committee shall have the right to withdraw, put on suspension or refuse payment of benefits to members whose contributions are more than two (2) months in arrears, and where an account has been paid in accordance with Rule 18, the member shall be liable to repay to the Scheme, the full amount.	Members whose contributions are on arrears shall be put on suspension account for two (2) months.
	18.9 Notwithstanding provisions of Rule 18, hospitalisation claims shall only be paid with prior authorisation of the Scheme. Where a claim is submitted for hospitalisation without preauthorisation by the Scheme, benefits shall only be granted at the discretion of the Management Committee	To make pre-authorisation mandatory for all hospital admissions under Rule 18. No Rule currently exists.

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT OR PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
20.1 Every claim, submitted to the Scheme in respect of the rendering of any service, or the supply of any medicine, requirements, or accommodation in a hospital or nursing home, shall be accompanied by the account or statement, signed by the member or dependant certifying the validity thereof.	20.1 Every claim, submitted to the Scheme in respect of the rendering of any service, or the supply of any medicine, requirements, or accommodation in a hospital or nursing home, shall be accompanied by an invoice, signed by the member or dependant certifying the validity thereof.	To replace the word "statement(s)"with "invoice" throughout the Rules as Invoice, not statements must be used for payment of claims
20.3.7 the nature of the service and diagnosis of the complaint for which the service was provided;by the health professional;	20.3.7 the nature of the service and international classification of disease (ICD) and/or current procedural terminology (CPT) code or diagnosis code from time to time	To provide for use of diagnosis and procedure coding
	20.3.7 Members should submit invoices written in English Language if not so an official and certified interpretation for that particular invoice should be provided.	To ensure common understanding of invoices submitted in other languages in order to avoid delays in claims payment.
	23.2 Application for ex-gratia payment should be submitted to the Scheme within six (6) months from date of service. The Management Committee may under exceptional circumstances consider ex-gratia payments submitted beyond six (6) months from date of service. Application for ex-gratia payment may be submitted three (3) times in any financial year provided that the amount of each invoice per submission after calculations is not less than Five Hundred Pula (P500.00)	To ensure that the Rules provide for a period in which ex-gratia is submitted as well as the frequency of applications or limit. This is meant to assist in: • Awarding ex-gratia only to deserving members who are in financial distress • Promoting fairness • Discouraging piling of invoices that would ultimately yield an
	23.3 The Management Committee shall make decisions on ex-gratia awards however the Management Committee may delegate the said decision to officers of the Scheme so authorised by the Management Committee subject to a	amount in excess of P500.00 within the specified. To provide more clarity on who should approve Ex- gratia payments and provide authority to delegate.
26. Principal Officer The Management Committee may appoint a Principal Officer, whose duties and responsibilities are as defined in Rule 4.25.	criteria as may be decided from time to time. 26 The Management Committee may appoint a Principal Officer, whose duties and responsibilities are as defined in Rule 27	To align with the Rule 4.26 since Rule 4.25 addresses Medications instead of the Principal Officer

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT OR PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
27. DUTIES OF THE CHAIRMAN, THE MANAGEMENT COMMITTEE, THE ADMINISTRATOR	27. DUTIES OF THE CHAIRMAN, THE MANAGEMENT COMMITTEE, THE ADMINISTRATOR AND THE PRINCIPAL OFFICER	Duties of the Principal Officer currently not provided for in the Rules
27.4 The Administrator shall:	* remove the following function currently carried out by the Administrator and place it under the Principal Officer:	
27.4.2 be responsible for the submission of all statutory returns	27.4 The Administrator shall:	
,	27.4.2 be responsible for the submission of all statutory returns	
	27.5 The Principal Officer shall:	
	27.5.1 institute or defend any legal proceedings (in the name of the Scheme) and take legal advice on any matter arising in the ordinary course of the business of the Scheme, as may be directed by the Management Committee;	
	27.5.2 investigate, source, negotiate and conclude contracts for acquisition and disposal of assets;	
	27.5.3 be responsible for preparation and submission of all statutory returns for the Scheme;	
	27.5.4 Maintain professional indemnity and fidelity guarantee insurance;	
	27.5.5 Obtain expertise on legal/accounting/business matters as required;	
	27.5.6 Procure services on behalf of the Scheme in line with the Procurement Policy;	
	27.5.7 Oversight on performance of third party providers;	
	27.5.8 Liaise with the Regulator, Scheme Administrators, Service Providers and Stakeholders as may be necessary, in furtherance of objectives of the Scheme;	
	27.5.9 Enter into necessary contractual agreements as authorised by the Management Committee and ensure settling of contractual obligations;	
	27.5.10 Management of Scheme Risk and reporting to the Management Committee; 27.5.11 Dealing with escalated complaints from all	
	stakeholders;	TI OI DI I
	from all stakeholders; Report to the Management Committee on all	The Scheme Rules do not acknowledge investment in BPOMAS Property Holding
	matters relevant for the smooth running of the Scheme; 27.5.13 Perform fiduciary duties towards the Scheme	& Lenmed Health Bokamoso Private Hospital. We need to
	and beneficiaries of the Scheme; Provide general oversight into the day-to day operations	provide for investment clause in the Rules.
	of the Scheme, as mandated by the Management Committee.	
	3.0 INVESTMENTS	
	The Scheme may make investments and/or invest excess funds for the benefit of its beneficiaries as per the Scheme Investment Policy which shall be reviewed from time to time.	
	3.1 The Management Committee may appoint:	
	a.the Scheme's Administrator to provide management, financial, accounting and secretariat services to its 100% owned subsidiaries	
	b. the Scheme's External Auditors to provide External Audit Services to its 100% owned subsidiaries	
	The 100% subsidiaries shall negotiate and bare the full cost of services provided by each of the said Scheme's service providers.	
	3.2 The Investment Sub-Committee through the Administrator shall assist the Management Committee to monitor the performance of all the Scheme's investments;	
	The Administrator together with the Investment Sub- Committee shall submit and present quarterly reports, or as and when requested, on the performance of the Scheme investments to the Management Committee.	

ANNEXURES

Annexure B Benefits- 7 Paraplegia The total and irreversible loss of the use of both limbs	The total and irreversible loss of the use of both lower limbs.	To provide more clarity on the definition of paraplegia.
Annexure C 2.8 All costs of whatsoever nature for treatment of sickness conditions or injuries sustained by a member or a dependant and for which any other party may be liable, unless the Board is satisfied that there is no reasonable prospect of the member or dependant recovering adequate damages from the other party.	2.8 All costs of whatsoever nature for treatment of sickness conditions or injuries sustained by a member or a dependant and for which any other party may be liable, unless the Management Committee is satisfied that there is no reasonable prospect of the member or dependant recovering adequate damages from the other party.	To amend Board and replace it with Management Committee.
Annexure C 2. BENEFITS EXCLUDED All costs for the treatment of infertility, including artificial insemination of a person (Intro-vitro Fertilisation (IVF).	2. BENEFITS EXCLUDED All costs for the treatment of erectile dysfunction, infertility, including artificial insemination of a person (Intro-vitro Fertilisation (IVF).	To clarify that erectile dysfunction falls under benefits excluded.
Annexure B 6. Paramedical Services 6.1 Audiology and/ or Speech Therapy 6.2 <u>Dietician</u> (Doctor's referral required) 6.3 Clinical Psychology 6.4 Occupational Therapy 6.5 Ambulance (Inter-hospital Transfer) 6.6 Blood Transfusion	 6. Allied Health Services (Doctor's referral required) 6.1 Audiology and or Speech Therapy 6.2 Dietetics 6.3 Clinical Psychology 6.4 Occupational Therapy 6.5 Physiotherapy (Up to annual overall limit) 6.6 Orthotist and prosthetic services 	To align the titles with Botswana Health Professions nomenclature
	Retaining of Paramedical Services as follows: 7. Paramedical Services Ambulance (inter–hospital transfer) Blood transfusion	To differentiate from Allied Health Professions
6.7 Chiropody	To classify under Associated Health Services: 8.3 Chiropody	To differentiate from Allied Health Professions
9. Acupuncture	To classify under Associated Health Services: 8.4 Acupuncture	To differentiate from Allied Health Professions
	Limitation on General Medical Practitioner (GP) consultation per beneficiary per Benefit Option The number of GP consultations per beneficiary per annum be as follows: Standard Benefit Option 6 consultations per beneficiary per annum High Benefit option 8 consultations per beneficiary per annum Premium Benefit Option 10 consultations per beneficiary per annum The above limits may be increased on a case-by-case basis and only upon submission to the Scheme's Managed Care Program of an appropriate clinical motivation	To ensure access to medical doctor consultations and prudent use of GPs services.
	Limitation on Dread Disease Cover for the High and Premium Benefit Options The Dread Disease Cover for the High Option be limited to P150 000 per member annum The Dread Disease Cover for the Premium Benefit Option be limited to P300 000 per member per annum	To clearly set limits for dread disease conditions and ensure that other family members would still have access to the Scheme's Benefits. Ensure appropriate administrative control over benefits and the Scheme's exposure.



