30 ANNIVERSARY
1990-2020
★ Affordable Healthcare ★

Annual General Meeting REPORT

For the Financial Year 2020

bpomas

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NOTICE IS HEREBY GIVEN THAT THE 2020 ANNUAL GENERAL MEETING (AGM) OF MEMBERS WILL BE HELD AT AVANI, GABORONE, ON 11 FEBRUARY 2021 AT 14:00HRS

AGENDA

1. NOTICE AND CONSTITUTION OF THE MEETING
2. CONSTITUTION OF THE MANAGEMENT COMMITTEE (MANCO)
3. ADOPTION OF AGENDA
4. APOLOGIES FOR NON - ATTENDANCE
5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 12 DECEMBER 2019
6. MATTERS ARISING FROM THE MINUTES
7. RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (MANCO) REPORT FOR THE YEAR ENDED 31 MARCH 2020
8. RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
9. CONSIDERATION AND APPROVAL OF THE MANAGEMENT COMMITTEE AND SUB-COMMITTEES REMUNERATION POLICY
10. CONSIDERATION AND APPROVAL OF REVIEW OF THE MANAGEMENT COMMITTEE AND SUB-COMMITTEE SITTING ALLOWANCES
11. CONSIDERATION AND APPROVAL OF PROPOSED RULE CHANGES (REVIEW)
12. APPOINTMENT OF EXTERNAL AUDITORS
13. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN.

    *(*Note: Notices of motions to be placed before the meeting must reach BPOMAS at lkeloneilwe@bpomas.co.bw or the BPOMAS Registered Office, Plot 61918, Fairgrounds Office Park, AFA House, Gaborone no later than 7 days prior to the date of the meeting)*
14. DATE OF THE NEXT MEETING

BY ORDER OF THE MANAGEMENT COMMITTEE

In terms of the Rules, a member may appoint a proxy to attend the Annual General Meeting and vote in his stead.A proxy form is attached and must be received by the Scheme Administrators, less than 24 hours, prior to the meeting.

QUESTION AND ANSWER SESSION

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

APPOINTMENT OF PROXY FORM

*If you cannot attend the Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme **(BPOMAS)** to be held on the **11 February 2021 at 14:00 hrs at Avani, Gaborone**, and you are entitled to vote at the **Annual General Meeting** (i.e. member of the Scheme, whose contributions are not in arrears), you may appoint a proxy to vote on your behalf. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.*

A. YOUR DETAILS:

Full Names:

Membership No.

Postal Address: Email:

B. WHO DO YOU WANT TO APPOINT AS YOUR PROXY

*I appoint as my proxy **(tick (✓) one (1)** box only*

☐ **Chairperson of the Annual General Meeting**

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

OR

☐ **The following person**

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

Full Names:

Membership No.

Postal Address:

Email Address:

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

ITEM 1: Adoption of the Audited Financial Statements for the year ended 31st March 2020

YES		NO		ABSTAIN	

ITEM 2: Re-Appointment of external auditors

YES		NO		ABSTAIN	

ITEM 3: Adoption of the report of the Management Committee to members for the year ended 31st March 2020

YES		NO		ABSTAIN	

ITEM 4: Approval of the Management Committee & Sub-Committees Remuneration Policy effective 11 February 2021.

YES		NO		ABSTAIN	

ITEM 5: Approval of the Management Committee & Sub-Committees Sitting Allowances effective 11 February 2021.

YES		NO		ABSTAIN	

ITEM 6: Approval that all other expenses such as travel and accommodation continue to be paid in line with the Scheme Rules and/or Policies in place.

YES		NO		ABSTAIN	

ITEM 7: Approval that Mr Thulaganyo Molebatsi in his capacity as the Principal Officer sign and do all that is necessary to give effect to these resolutions.

YES		NO		ABSTAIN	

ITEM 8: approval of proposed rule changes

YES		NO		ABSTAIN	

Date: ______________________________ **Signature:** __________________________

**A proxy nomination shall only be given to a member of the Scheme whose contributions are not in arrears. The instrument appointing the proxy must be deposited at the office of the Administrators of the Scheme at AFA House, Plot 61918, Showgrounds Office Park, P O Box 1212, Gaborone, Tel: 365 0540, Fax: 3951165; not later than 24hrs before the time for holding the Annual General Meeting.*

30TH ANNIVERSARY 1990-2020 Affordable Healthcare

Emergency Medical Services

BPOMAS provides 24 hour Emergency Medical Services through Emergency Assist which is inclusive of:

- Pre-Hospital Emergency Care that includes both evacuation by road and/or air transportation
- 24 hour Medical Advice and Call Centre Assistance helpline

BPOMAS Members are advised to contact **Emergency Assist 991** for any and all their medical emergencies on: 991 OR +267 3904537

Number 1 Medical aid Provider

T's & C's apply.

For more information call: 370 2907

Botswana Public Officers Medical Aid Scheme

bpomas_officialbw www.bpomas.co.bw

EMERGENCY ASSIST 991 24hrs Emergency Assistance

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BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

1. PRESENT

1.1. MEMBERS

Ninety Two (92) members were personally present and Six Hundred and Ninety-Two (692) by proxy.

1.2. MANAGEMENT COMMITTEE (MANCO)

A Kiberu Mosarwa	*Botswana Public Employees Union-(Vice Chairperson)*
R Nkolonyane	*Directorate of Public Service Management*
C M Motloutse	*Botswana Police Service (Assistant Commissioner)*
W Wankie	*Independent Member*
T Kesebonye	*Botswana Land Boards & Local Authorities and Health Workers' Union*

2. IN ATTENDANCE

2.1. PRINCIPAL OFFICER'S OFFICE

T Molebatsi	*Principal Officer (PO)*
T Lesejane	*Finance and Administration Manager*
L Sikele	*Business Development Manager*
T Rapaeye	*Executive Assistant*
L Keloneilwe	*Legal Counsel & Corporate Secretary – Recording*

2.2. ADMINISTRATORS-AFA BOTSWANA (PTY) LTD

D Thela	*Managing Director*
T Matutu	*Operations Manager*
M Scheffers	*Finance and Administration Manager*
O Kealotswe	*Company Secretary*

2.3. BY INVITATION- AUDITORS

PriceWaterhouseCoopers (PWC)
W Makolage

3. NOTICE AND CONSTITUTION OF THE MEETING

The Chairperson announced that with a total of Ninety Two (92) members personally present and Six Hundred and Ninety-Two (692) proxies, the meeting was duly constituted. The notice of the meeting having been duly circulated was taken as read and approved following a proposal by Mr. M Setshego, seconded by Mr. M Johannes.

4. APOLOGIES FOR NON-ATTENDANCE

No apologies were received from the members.

Apologies were however noted from ManCo members, Ms. R Maphorisa, Mr. C Gwere and Mr. O Masimega.

5. ADOPTION OF THE AGENDA

The agenda was adopted after adding "General Business Update by the PO" under Any Other Business (AOB) following a proposal by Mr. P Mashinyana, seconded by Mr. Modibedi.

6. CHAIRPERSON'S OPENING REMARKS

In the absence of Chairperson, the Vice Chairperson led the proceedings of the AGM. The Vice Chairperson welcomed all the members present and introduced the Management Committee, the Principal Officer's office, the Administrators and the Auditors.

7. CHAIRPERSON'S FOREWORD

The report was noted as read and the following highlighted:

7.1. The 2018/19 Financial Year was very significant in the history of BPOMAS. A decision was made to take a new operational direction effective 1st April 2018 in line with the new strategy. The following key functions that were previously outsourced were brought in-house:

- Legal & Corporate Services,
- Sales, Marketing & Customer Relationship Management,
- Financial Management & Reporting, and
- A Business Development function was also established.

7.2. As a result of the above change, the Office of the Principal Officer (PO) expanded, though minimally, to support the services that were brought in-house. Resourcing the Organisation in terms of human capital was therefore a key deliverable during the

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Financial Year. Being in the service industry, Human capital was highlighted as very crucial to the scheme's success. A deliberate decision was taken to leave certain functions outsourced for purposes of efficiency and effectiveness.

7.3. Through its very robust, fair and transparent procurement process, the scheme had not only played a pivotal role in facilitating the development of local capability, but had also ensured that the affairs of the Scheme remained in capable hands at all times. The capacitated office of the PO was able to provide oversight more effectively in all the functions that had been outsourced. These changes were not only in line with best practice, but were also expected to go a long way in re-enforcing **BPOMAS** core values. The change process was very smooth, with no reported business disruptions. BPOMAS members as well as the rest other stakeholders continued to be accorded the same level of service. This was only made possible by the collaboration and good working relations between BPOMAS Executive Office and services providers and business partners, particularly the Scheme Administrators.

7.4. **BPOMAS** enhanced its business controls through the introduction of internal audit whose scope covered both the Scheme Executive Office and the Administrators, where the business of the Scheme was primarily performed. It was envisaged that in the 2019/20 financial year, the Scheme's Risk Management process through wider Enterprise Risk Management policies and procedures would be expanded.

7.5. Key Performance highlights

a. It was reported that there was a positive movement in many of the key indicators. The membership was on the rise, surpassing **75,000** principal members for the first time in history. This was a result of a more focused sales process that came about as a result of insourcing the sales and marketing function.

b. The Scheme had in the new strategy taken a decision to follow the **80:10:10** principle as a guide in the allocation of the Scheme's financial resources. Through this principle, **BPOMAS** sought to allocate around **80% - 85%** of Gross Contributions Income (GCI) towards claims, around 10% towards administrative expenses, and the balance towards reserves. In line with one of Scheme's values, "prudence", Management was constantly alive to the need to ensure that Scheme operated within this principle.

c. The Scheme's operating costs continued on the downward trend towards the **10%** target. This was despite adding new functions (Business Development and Internal Audit) and was a direct result of the change in operating model discussed above.

d. However, the Scheme was unable to remain within target with claims as **87%** of GCI went towards claims, outside the targeted range of **80% - 85%**. This was mainly as a result of increased utilisation. An increase in the number of service providers, leading to increased access to care was noted during the reporting period. There was also a disproportionate increase in large claims (claims that exceeded **P25, 000** per beneficiary per annum) coupled with increase in the number of members enrolled in the Non-communicable Disease Program. BPOMAS would continue to look for opportunities to provide access to care for members in a more cost effective way.

7.6. Coverage of more dependent groups

7.6.1 During the Financial Year, Cabinet approved coverage of adult child dependents as well as parent dependents. In line with this approval, members could take cover for their child dependents above age **21** regardless of whether they were studying or not, up to age **35.** Members could also take cover for their parents and parents in law.

7.6.2 The Vice Chairperson was pleased to report this development as it was a direct response to members' requests and showed that the Scheme continued to meet its principal objective of facilitating access to private healthcare services for its beneficiaries. Furthermore, it resonated with ManCo 's belief that the Scheme should be run with input from the members, and the said change was a demonstration of members' input towards the Scheme living one of its core values; Innovation.

7.6.3 The Vice Chairperson further opined that there was no doubt that as more engagements with members were had, the more the Scheme would be able to develop products and services that were not only aligned to their needs, but also first of their kind in the market.

7.7. The Group Performance

7.7.1 The surplus for the year was lower than that of prior year by **40%.** The main contributors to drop in surplus was increased claims as well as drop in

BPOMAS Property Holdings rental revenue. Gross Administrative Expenses were **P86.9 mln** compared to **P87.8mln** in prior year. Member related expenses remained constant at target level of **2%** of GCI.

7.7.2 Claims experience for the 2018/19 Financial Year was a clear indication of the need to engage all stakeholders in the prudent management of the Scheme financial resources. Going forward, members would see increased service provider engagement, coupled with health risk management initiatives. Management would intensify efforts in curbing fraud, waste and abuse.

7.7.3 The Vice Chairperson closed her foreword by expressing sincere gratitude to the Management Committee and all its sub-committees as well as the Board of Directors of BPOMAS Property Holdings (BPOMAS PH), the Principal Officer's office and the Administrators for the hard work during the year.

8. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING(AGM) HELD ON 06 DECEMBER 2018

The minutes were considered and approved as a true record of the proceedings, on proposal by Mr. O Moruakgomo, seconded by Mr. L Lebanna and would be signed by the Chairperson.

9. MATTERS ARISING FROM THE MINUTES

9.1. Update on signing of Minutes of meeting held on 24 January 2017, Minute 7 - *done*

9.2. Update on analyzing the cost of absorption of VAT and/or co-payment in some benefit lines, particularly in-patient by Actuaries and recommendation to Government on same, Minute 2 - The analysis was done and indications made on how much it would cost however, the matter was deferred due to cost implications and subscription increases in the last two (2) years.

9.3. **Update on consideration to cover or reward single members to at least include or cover one parent as married people covered their spouses, Minute 6** – The proposal was included in the last Rules Review, which were approved by Cabinet on 30 May 2018. Parent Dependants as defined below are therefore covered in terms of the Rules, "Parent dependant" shall mean "a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; who is not a pensioner as defined under Rule 4.24 and is not more than sixty-five (65) years of age at the time of entry."

9.4. Update on next AGM, Minute 14 - *done*

10. RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Principal Officer (PO) presented the Report, which had been circulated to the members and taken as read. The following points were highlighted:

10.1 Financial Performance

10.1.1 The Group

10.1.1.1 Group revenue for the year was **P759.3mln**, up by **5.3%** from the **2017/18** figure of **P721.2mln** due to an increase in subscriptions and growing membership base. Total group surplus before tax amounted to **P34 775 561**, which was **34%** below prior year surplus of **P52 623 778.** The decline in group surplus was attributable to increased benefits paid especially the spike in claim costs noted in the last quarter of the financial year.

10.1.1.2 At Scheme level, Gross Contributions Income (GCI) for the year was **P735** mln compared to **P693 mln** of the prior year. This was attributable to **5%** subscriptions adjustment effected at beginning of the financial year and also growing membership base. Healthcare Cost (HCC) closed the year at P658.9mln, up by **14%** from prior year. This increase was largely due to increase in utilisation as well as a tariff increase of **3%** effected on 1st April **2018.** The increase in Healthcare Costs resulted in increase in claims ratio to **87%**, from **82%** in the **2017/18** financial year and was above target range of **80-85%**.

10.1.1.3 The Gross Administrative Expenses (GAE) amounted to **P86.9mln,** below previous year's figure of **P87.8mln**. GAE as percentage of contributions income was **11.4%** down from **13.7%** in prior year.

10.1.2 The Scheme

10.1.2.1 The Scheme recorded an operating loss of **P2.8mln,** down by **108%** from a surplus of **P36.4mln** in prior year. This result was largely due to increased utilisation especially noted at last quarter of the year as already alluded to above. The total surplus inclusive of debenture interest from **BPOMAS PH** and share of profits from Lenmed Health Bokamoso Private Hospital (LHBPH) was **P 20.8mln,** against a prior year surplus of P **62.1mln,** reflecting a decrease of **67%** year on year. Debenture interest received from **BPOMAS PH** was **P12.5mln** compared to **P15.5mln,** while share of profit on investmentat LHBPH was **P7.2mln** compared to **P 6.7mln** for prior year. The risk based solvency margin remained constant at **19%.**

10.1.2.2 Membership

Scheme Membership closed the year at **75 162,** an increase of **1.91%** from the prior year membership of **73 711** principal members. Total lives covered closed the year at **177 294,** representing an increase of around **1.3%** when compared to the prior year figure of 175 063 lives. The membership retention rate for the reporting period was **97%,** slightly lower than target of **99%.**

10.1.2.3 Providing access to health care services.

10.1.2.3.1 During the financial year **2018/19 BPOMAS** continued to facilitate access to health care services for its beneficiaries (principal members and their dependants) and thus satisfying its primary objective – assisting beneficiaries to defray health care costs. In this vein, during the financial year under review a total of **142 106** beneficiaries were assisted to access health care services and to defray costs of same. This represented an increase of **3%** when compared to **137 937** beneficiaries that were similarly assisted during the **2017/18.**

10.1.2.3.2 During the reporting period, **76%** of beneficiaries who were assisted to defray health care costs claimed on average less that **P5 000** per beneficiary per annum (pbpa), representing a slight decrease of **2%** (**238** beneficiaries) when compared to the immediate prior year. However, those that claimed between P5 001 and P25 000 increased by **14.1%** (**3 835** beneficiaries), whilst those that claimed more than **P25 000** per annum increased by **23.9%** (**572** beneficiaries).

10.1.2.3.3 The latter trend was largely due to beneficiaries accessing higher cost health care services from private hospitals and medical specialist, and an increase in service tariffs that was implemented in April **2018.**

10.1.2.3.4 The general distribution of health care costs on the other hand did not change significantly when compared to that of prior year, except for pharmacy and general medical practitioners. This was largely due to the change in dispensed medicine reimbursement policy that resulted in moving medicine dispensing to the pharmacy profession; as provided for in the Medicine and Related Substances Act (MRSA) and per principles of good professional (clinical) practice.

10.1.2.3.5 Distribution of health care costs by discipline / facility showed that that hospital services contributed most (**22.9%**) to the Scheme's health care costs, followed by pharmacy (**18.3%**), general medical practitioners (**17.5%**), specialist medical practitioners (**9.8%**), dentistry (**9.2%)** and others.

10.1.2.3.6 However, it was noted that the increase in the contribution of dentistry to the total healthcare costs (i.e. from **8%** in 2017/18 to **9.2%** in 2018/19), was of concern and was also observed during 2017/18. This may be due to fact that a significant number of dental practitioners (**20** dental practices) were registered between January 2018 and March 2019. However, the Management Committee had taken a precautionary measure and would be introducing dental health risk management services in the next financial year, in order to contain and/or control costs.

10.1.2.4 Health Balance Sheet

10.1.2.4.1 Other healthcare indicators between the 2018/19 and the 2017/18 financial years were compared on the table below. A stable picture for all health indicators, save for Non-Communicable Chronic Diseases (NCDs) that had recorded a **6.5%** increase and a

10.1.2.4.3 Health Balance Sheet

Indicator	2017/18	2018/19	Comment
Average age of Principal Members	45	45	No movement due to younger lives joining the Scheme
Average age of all beneficiaries	30	31	Expected ageing due to older dependants joining the Scheme
Percentage of Pensioners	9.1%	9.3%	Stable but slight increase
Beneficiaries on the HIV/AIDS disease	10 620	10 612	Decrease due to medical aid terminations management program
Beneficiaries registered on NCD benefit management	13 285	14 146	6.5% increase. NCDs are increasing nationally program
Number of GP visits per month	37 308	37 922	Slight increase (1.6%) despite increase(22) in new GP practice – due to dispensed medicine reimbursement policy
Admission rate per lives covered	3.2	3.1	Stable with slight 1000 decrease
Hospital average length of stay	2.5 days	2.6 days	Slight increase but within regional benchmark
Number of maternity cases	862	715	Decrease of 17%
C/Sections as of total deliveries	53.4%	67.6%	C/section rate percent continues to be a source of concern. Engagements are on-going
Number of Emergency Medical cases (evacuation/ responses)	836	814	Decrease in utilization
Funeral Benefit usage (P)	3 604 360	5 491 696	Increased utilization

concerning increase for C/section rate (**14.2%**) are shown.

10.1.2.4.2 Notwithstanding the aforegoing, engagements with hospital facilities and obstetricians were being undertaken to ensure appropriate use of this delivery mode. The Scheme would effective the 2019/20 financial year also intensify the fight against NCDs.

10.2 Corporate Governance

LK took the report as read and highlighted the following:

10.2.1 BPOMAS and its subsidiary company, BPOMAS PH were committed to observing the highest standards of best practice in corporate governance. BPOMAS endeavoured to entrench the principles of good governance in all its operations and that of its subsidiary company. The Management Committee (ManCo) was responsible for oversight of the business, held the decision making power and overseeing the development and implementation of the Scheme's strategy including Scheme policies, the objective being, to serve the best interests of the Scheme members.

10.2.2 Scheme operations were conducted in accordance with internationally accepted principles of good governance and best practice. Management Committee ensured compliance with local, statutory requirements of the regulator, Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the Registrar of Societies at group level and the Companies and Intellectual Property Authority (CIPA) at subsidiary level. They ensured constant compliance to good governance, continuously engaging with governing bodies concerning good governance and relevant legislative changes.

10.2.3 ManCo Composition And Effectiveness

10.2.3.1 The affairs of the Scheme were managed according to Scheme Rules by the ManCo. ManCo consisted of Government Officials, Trade Union representatives and Independent members. In line with the Scheme Rules, the Chairperson of ManCo was the Permanent Secretary of the Ministry of Health & Wellness. ManCo had delegated the operational running of the Group to the Executive Office, which was headed by the Principal Officer. Capital Expenditure, Contracts and approval of overall

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Group Strategy still remained the prerogative of the ManCo. The ManCo was responsible for overall management, strategic direction and long-term success of the BPOMAS group.

10.2.3.2 ManCo met quarterly to consider and approve proposals and pass resolutions. To ensure that a fit and proper team governs the Scheme, the members of the Management Committee underwent a vetting process by NBFIRA before appointment. **The ManCo was constituted as per Table 1 below for the reporting period:**

10.2.3.3 ManCo Composition as at 31 March 2019

	Member	Representing
1.	Ms Ruth Maphorisa	Ministry of Health and Wellness – Chairperson
2.	Ms Agnes Kiberu - Mosarwa	Botswana Public Employers Union (BOPEU) – Vice Chairperson
3.	Mr Thatayaone Kesebonye	Botswana Land Board Local Authorities and Health Workers Union (BLLAWU)
4.	Mr Olesitse Masimega	Ministry of Finance & Development Planning
5.	Mr Christopher Gwere	Independent member
6.	Ms Rose Nkolonyane	Directorate of Public Service Management (DPSM)
7.	Mr Motsekedi Motloutse	Disciplinary Forces (Botswana Defence Force/ Botswana Police Service)
8.	Mr Wankie Wankie	Independent Member
9.	Brigadier Kagiso Kgaswanyane (alternate to Mr Motloutse)	Disciplinary Forces (Botswana Defence Force/ Botswana Police Service)
10.	Mr Pambama Masame (alternate to Ms Agnes Kiberu - Mosarwa	Botswana Public Employers Union (BOPEU)

10.2.4Sub-Committees

10.2.4.1 In line with the Scheme Rules, ManCo had delegated some of its powers and duties to Sub-Committees to ensure that all aspects of the Scheme operations were properly managed. During the financial year, the following Sub-Committees were in place:

10.2.4.2 Finance, Audit, Risk and Compliance Sub-Committee (FARC) - The FARC's task was to among others, recommend policies to the ManCo that maintain and improve the financial health and integrity of the Scheme; monitored financial performance, recommended the internal auditor for appointment as well as oversee the internal and external audit process as well as ensured the development and maintenance of the Enterprise-wide Risk Management (ERM) Framework and internal control systems.

10.2.4.3 Investment Sub-Committee (ISC) - The ISC was responsible for developing and overseeing the implementation of the Scheme's investment strategy.

10.2.4.4 Nominations, Remuneration and Human Resource Sub-Committee - The Sub-Committee was responsible for review and recommendations to ManCo, approval of the Human Resources (HR) strategy including key HR objectives, plans and workforce requirements, and monitors the implementation of same.

10.2.4.5 Procurement Sub-Committee - The Procurement Sub-Committee ensured consistent and accurate application of procurement and asset disposal practices while promoting consistent application of best procurement practices and international standards.

10.2.5 Meetings And Attendance

ManCo

The ManCo met on a quarterly basis in line with the ManCo Charter and Scheme Rules to consider but not limited to, quarterly results, approval of budgets, annual financial statements and strategic issues of the Group. Over and above the quarterly meetings, special meetings may be called if necessary. During the year under review, the ManCo met for all its scheduled meetings. There were also special meetings necessitated by the change process that was discussed under the Chairperson's report. The Attendance register had been circulated and noted in the report and is attached to these minutes as **Annexure A.**

10.2.6 Remuneration For Manco And Sub-Committees

In line with the Scheme Charter, members were entitled to a sitting allowance and/or any other fee for their work in respect of the conduct of the business of the Scheme. This included among others attendance at meetings, special meetings, training, strategy sessions and workshops. The figures below include attendance at training sessions and strategy sessions held during the year.

10.2.7 ManCo and Sub-Committee Emoluments

The ManCo and Sub-Committee members were paid sitting allowance at a rate of P4, 500 (Four Thousand Five Hundred Pula) and P3, 000 (Three Thousand Pula) for the Chairperson and members respectively. The ManCo and Sub-Committee members' emoluments are shown in tables below**;**

Member	Remuneration as at March 2019
Ms Ruth Maphorisa	P54,000
Mr Thatayaone Kesebonye	P42,000
Mr Christopher Gwere	P39,000
Mr Motsekedi Motloutse	P45,000
Ms Rose Nkolonyane	P45,000
Mr Olesitse Masimega	P33,000
Ms Agnes Kiberu-Mosarwa	P49,500
Mr Wankie Wankie	P39,000
Brigadier Kagiso Kgaswanyane (alternate to Mr Motsekedi Motloutse)	P30,000
Mr Mafoko Mafoko (alternate to Mr Thatayaone Kesebonye)	P27,000
Total ManCo Remuneration for the year	**P406,500**

10.2.7.2 Investment Sub-Committee Emoluments

Member	Remuneration as at March 2019
Mr Reuben Morapedi - Chairperson	P98,500
Mr Olesitse Masimega	P10,500
Ms Peo Pillar	P25,500
*Mr Thulaganyo Molebatsi	n/a
Total Investment Sub-Committee Remuneration for the year	**P134,500**

***ex-officio member therefore not paid a sitting allowance*

The Investment Sub-Committee Chairperson, Mr Reuben Morapedi was in line with his letter of appointment (and pending implementation of the sitting allowance model) paid a monthly retainer of P17,000 (Seventeen Thousand Pula) from April 2018 to July 2018

10.2.7.3 Finance and Audit Committee emoluments

Member	Remuneration as at March 2019
Ms Sethunya Molosiwa - Chairperson	P49,500
Mr Moore Gondo	P12,000
Ms Agnes Motlhanka	P30,000
Mr Motsekedi Motloutse	P9,000
Total Audit Sub-Committee Remuneration for the year	**P100,500**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

10.2.7.5 Procurement Sub-Committee emoluments

Member	Remuneration as at March 2019
Ms Rose Nkolonyane	P99,000
*Mr Moore Gondo	P33,000
Ms Agnes Kiberu-Mosarwa	P39,000
**Mr Thatayaone Kesebonye	P16,500
Total Tender Sub-Committee Remuneration for the year	**P187,500**

ceased to be a member during the year
***appointed during the year*

Over and above the scheduled meetings, Ms Rose Nkolonyane attended and chaired Tender Opening meetings.

10.2.8 BPOMAS Property Holdings (BPOMAS Ph)

The Directors were paid a sitting allowance of P4, 500 (Four Thousand, Five Hundred Pula) and P3, 000 (Three Thousand Pula) for the Chairperson and Directors respectively as follows:

Director	Remuneration as at March 2019
Mr Kumbulani Munamati - Chairperson	P40,500
Mr Agnes Kiberu-Mosarwa	P18,000
Mr Tefo Setlhare	P21,000
Ms Peo Pillar	P18,000
Total BPOMAS PH Remuneration for the year	**P97,500**

10.2.8.1 BPOMAS PH Board emoluments

10.2.9 Declaration Of Interests

ManCo members, Sub-Committee members and Directors of BPOMAS Property holdings declared their interests at every meeting throughout the year, in line with good corporate governance.

10.2.10 Contracts Register

The contract register contained all contracts, and agreements between the Scheme and all other third parties and were maintained on an ongoing basis and continually reviewed.

10.2.11 Policies, Terms Of Reference & Charters Register

Policies, terms of reference and charters register was maintained to ensure that all Scheme governance instruments were reviewed as necessary. This register was updated as and when there was a new governance instrument. The governance instruments were reviewed annually.

10.2.12 Compliance Register

The Compliance Register detailed all the legislation or regulations that the Scheme needs to comply with and records the compliance status/ rate as well as the penalties imposed in terms of the law for failure to comply. The register was regularly reviewed and updated with new legislation as and when necessary.

10.2.13 Asset Register

The asset register, detailed all newly acquired assets to keep us informed of asset acquisition. The register was maintained on an ongoing basis.

10.2.14 Conclusion

To keep the ManCo abreast and to ensure that they effectively exercise their fiduciary duties, and were aligned with good corporate governance, the governance report forms part of the Agenda of the ManCo quarterly meetings and presented in detail at such meetings. As part of the Training Plan, the ManCo and staff also undergo training in relevant areas to ensure they perform in the best interests of the Scheme. BPOMAS continued to align with good corporate governance and maintain a governance structure that was fair and transparent in all its governance instruments.

10.2.15 Comments

Mr Sibanda had two questions relating to remuneration of ManCo and Sub-Committees, he wanted to know the body/authority that approved sitting allowance for ManCo and Sub-committee members. He further asked on whether government employees who were ManCo and/or Sub-committee members declared their sitting allowance to their employer (government).

In response to the questions, LK advised that in 2013, a decision was made to appoint independent members to Manco as way of aligning with best practice. In view of aforementioned, **BPOMAS** recruited independent members and as natural consequence such members had to be remunerated according to market price. Furthermore, reference was made to a government directive in 2016 in terms of which the government made a decision that all government employees sitting on government related institutions must also be paid sitting allowances and it was in that regard that BPOMAS started paying sitting allowance to government employees sitting on ManCo and/or Sub-Committees of ManCo.

Regarding the second question, it was confirmed that as per directive from government, it was not stated that concerned employees should declare their allowance to government. It was however noted that before the directive, sitting allowances of those representing government institutions, for instance, BURS, were paid directly to BURS.

Mr Gabanakgosi raised concern that the sitting allowance for Investment Sub-Committee (ISC) Chairperson exceeded that of the ManCo Chairperson. In response it was clarified that before sitting allowance was introduced, members of Investment Sub-Committees were paid a retainer on a monthly basis. However, a decision was made to change the remuneration method to a sitting allowance; the total amount paid to the ISC Chairperson was a composite of retainer and sitting allowance.

T Molebatsi added that the decision to pay ISC members was a legacy issue that related to the period of sequestration. At that time BPOMAS was in unhealthy financial position especially following poor performance of the then Bokamoso Private Hospital. A decision was made by the then ManCo that ISC be established and candidates with relevant skill set be recruited to the Sub-Committee. It was further resolved that such members be remunerated according to market price and at that time paying a retainer fee was considered approriate. In his conclusion, he said that going forward and provided the Remuneration Policy is approved, the ISC Chairperson would be remunerated at rate equal to that of the ManCo Chairperson.

Considering that the Permanent Secretary, Ministry of Health and Wellness by virtue of their position assumed the role of Chairperson of BPOMAS and also considering how busy their schedules were as well as how often their roles are changed in between ministries, Mr. S Sejeso asked whether BPOMAS had a continuity plan in place.

L Keloneilwe advised that to ensure business continuity, during the vetting process of newly appointed Chairperson, the Vice Chairperson assumed the role of Chairperson in line with the Scheme Rules. L Keloneilwe added that, post completion of the vetting process, the new Chairperson would be inducted accordingly. T Molebatsi also added that ManCo was made up of eight (8) members whose terms were staggered as a way of ensuring continuity.

Mr. Woto **suggested** that there was need for the Scheme Rules to be reviewed accordingly to allow for separation of position of ManCo Chairperson from that of the Permanent Secretary, Ministry of Health and Wellness. The point was noted and would be considered during the next Rules Review.

It was RESOLVED that the Report of the Management Committee for the year ended 31 March 2019 be and is hereby adopted on proposal by Ms. S Sewane , seconded by Ms. O. Ramphotho.

11. CONSIDERATION AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

T Lesejane, presented the financial statements which were noted and taken as read. Members were advised that the financial performance was as reported under Minute 7, Report to Members for the year ended 31 March 2019 above under Financial Performance.

12. COMMENTS

Mr. Sibanda asked if the scheme was able to pay liabilities seeing that the surplus for the reporting period was lower than that of the previous year. T. Motlaloso confirmed that the scheme was able to meet all liabilities for the reporting period.

Mr. F. Motlhabane requested for clarity on Statement of Comprehensive Income regarding "Profit Attributable to Owners of the Parent". T Lesejane advised that as per accounting standards, entities were required to show Shareholders and profit distribution and in the context of BPOMAS, there were no 'Shareholders' and as such the surplus was retained by the Scheme.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

Ms. B. Segole requested ManCo to consider assisting members whose benefits were exhausted. Mr. T Molebatsi advised that BPOMAS had an ex-gratia arrangement whereby members who had exhausted benefits but having a balance on Annual Overall Limit could be assisted. He further advised members to opt for benefit options that were adequate to cover their healthcare needs.

Major D Bright raised concern that his subscriptions were not adjusted accordingly as the number of his dependents reduced. His concern was noted and would be addressed accordingly upon reporting to the BPOMAS office.

It was RESOLVED that the Audited Annual Financial Statements for the years ended 31 March 2019 be and are hereby adopted after proposal by Mr. B Seleka, seconded by Mr. Gabanakgosi.

13. APPOINTMENT OR RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING YEAR

As previously reported, it was noted that following issuing of a public tender for provision of External Audit services, PriceWaterhouseCoopers(PWC) was the successful bidder and therefore awarded the tender for a term of three(3) years renewable based on performance. The appointment was therefore for the following years: **2017/2018; 2018/2019** and **2019/2020.**

The Auditors had satisfactorily performed the audit for the year. The Management Committee therefore proposed that the members should re-appoint the external auditors for the ensuing year and until the next AGM.

It was RESOLVED that PricewaterhouseCoopers be and are hereby re-appointed as external auditors of BPOMAS for the Financial Year 2019/2020 and as the Scheme External Auditors until the next AGM, on proposal by the Mr. W. Woto and seconded by Major D. Bright.

14. CONSIDERATION AND APPROVAL: THE MANAGEMENT COMMITTEE AND SUB-COMMITTEE REMUNERATION POLICY

ManCo and Sub-Committee members present at the meeting were requested to recuse themselves as the matter directly affected them. The recommendation which had been included in the AGM report was noted and taken as read. The policy was uploaded on the Scheme website for ease of reference. L Keloneilwe reported that it was best practice that remuneration policy be developed and submitted for consideration and/or approval by members of the Scheme at the AGM. It was in that regard that the policy was tabled for consideration. It was reported that the services of a Human Resources expert to develop the said policy had been procured to ensure independence. To manage conflict of interest, ManCo and Sub-Committee members were not involved in the policy formulation process including drafting thereof.

Members queried that they had not had sight of the policy as it was not included in the AGM report and as such could not deliberate effectively on it. The concern was that not all of the members had access to the website. The members therefore **agreed** that the matter be deferred to the next AGM on proposal by Mr. Letsholo, seconded by Mr. Woto. It was further resolved that the next agenda item which was on review of the Management Committee and Sub-Committee members' sitting allowances also be deferred to the next AGM.

It was RESOLVED that the BPOMAS Management Committee and Sub-Committee Remuneration Policy be and is hereby deferred to the next AGM on proposal by Mr. Letsholo, seconded by Mr. Woto.

It was FURTHER RESOLVED that since remuneration/ sitting allowances would be guided by the Remuneration Policy, the review of the Management Committee and Sub-Committee sitting allowances be deferred to the next AGM with proposal by Mr. Letsholo, seconded by Mr. Woto.

15. REVIEW OF REMUNERATION (SITTING ALLOWANCES) OF THE MANAGEMENT COMMITTEE AND SUB-COMMITTEE MEMBERS REMUNERATION/SITTING ALLOWANCES

The agenda item was deferred to the next AGM as per minute 14 above.

The Management Committee and Sub-Committee members were invited back to the meeting and updated on the decision of the members.

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

The Vice Chairperson highlighted that in in terms of the Scheme Rules, members may propose items for discussion at the AGM. The following items were submitted by members no later than seven (7) days prior date of the AGM:

"That grandchildren whose mothers or fathers are unmarried and not working be included or covered in the Scheme-submitted by Mr. M Tumaeletse and Ms. Maungo Peters."

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

In the absence of the duo to present the motion, the Corporate Secretary presented the motion. The motion attracted diverse opinions from the members.

Ms. R. Phumaphi asked for clarity on how the implementation of proposed motion would affect general membership subscriptions and in response Mr. T Molebatsi advised that such dependants would be charged separately and paid fully by the principal member and therefore general membership subscriptions would not be affected.

Mr. W. Woto expressed discontent about the motion advising that in his view it would expose the scheme to too much risk.

Mr. M Johannes, however supported the motion and proposed that it be adopted for consideration.

The members **agreed** and supported the motion in principle however requested ManCo to conduct all the due diligence/process and advise accordingly at the next AGM.

It was RESOLVED that the following motion be approved in principle subject to a due diligence being conducted and feedback provided to the members at the next AGM:

"That grandchildren whose mothers or fathers are unmarried and unemployed, be included or covered."

17.BUSINESS UPDATE

The report which was noted and taken as read was presented by T Molebatsi who highlighted the following :

Amendment of Scheme Rules: BPOMAS reviewed the rules to allow for coverage of Adult Child Dependent and Parent Dependent. The products were rolled out on 01 August 2019. As at 31 November 2019, BPOMAS had registered **651** Adult Child Dependents and **30** Parent Cover Dependents.

Benefits Review: Inner Benefits were increased according to utilisation rate with some increased by **10%, effective 01 April 2019**. Annual review of benefits and adjustments would be made accordingly depending on utilisation rate and scheme affordability.

Tariff Review: General tariff increase of **3%** was effected on 1 April 2019. Additional tariff increase was extended to some facilities in order to reduce high price-tariff differences.

BPOMAS had negotiated for lower upfront payments with private hospitals.
VAT Absorption: Effective 1 April 2019, BPOMAS started absorbing VAT for all in-patient services. When taking into account the **10%** co-payment exemption applied at **P10 000.00** threshold, in-patients were expected to pay a maximum of **P1000.00** for hospitalisations, excluding tariff differences and subject to availability of benefits.

Dental Benefit Management Services: Over the past years BPOMAS had been grappling with escalating Dental costs. In the last five (**5**) years, Dental costs had increased by **18%** annually while total costs increased by **9%**. During the period under review, Dental costs constituted **9.2%** of total claim costs compared to **8%** for the previous year and **5%** of the industry. Spikes on Dental costs were noted on some service providers indicating possibilities of Fraud, Waste, Abuse, and over servicing.

In view of the aforementioned, BPOMAS introduced Dental Health Risk Management Services in a bid to manage escalating Dental costs. However, Dental Practitioners through their association (BODEA) at first contested the decision leading to some dentists terminating contracts with the Scheme. After several engagements, the Dentists eventually agreed and appreciated the initiative.

Non-Communicable Disease: The scheme wasconcerned about increasing chronicity. The number of beneficiaries registered for NCD increased by **6.5%** from **13 285** to **14 146** during the reporting period. In an effort to manage the scheme chronicity, BPOMAS introduced health promotion activities as a way of creating awareness and enforcing positive behaviour.

Members thanked ManCo and the Executive office for the new developments.

Mr M Setshego asked if all the new benefits were paid from Annual Overall Limit (AOL) and Mr. T Molebatsi confirmed that indeed they were paid from AOL.

Mr O. Peloewetse queried that he had recently paid for VAT at GPH but as per report he was not supposed to. Mr T Molebatsi advised that, absorption of VAT was for hospitalisations only.

Ms L. Letsholo queried pre-authorisations for Dental Services and expressed a view that they delayed care. In response, Mr Molebatsi clarified that not all dental procedures were subjected to pre-authorisations but only in exceptional cases.

Ms N. Mookodi, advised that the scheme should focus more on preventative interventions as it was cost effective. Members were advised that if they had further queries (or personal experiences) or needed more clarity, the Executive Office and Administrators would be available to address concerns or engage them further after the meeting.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

18.DATE OF NEXT MEETING

The date of the next meeting would be communicated as soon as possible to the members via Notice of Meeting.

19.CLOSURE

In the absence of further business, the meeting adjourned at 16:05.

READ AND APPROVED	
CHAIRMAN	DATE

ANNEXURE A: ATTENDANCE REGISTER PER MINUTE 10.2.5

The ManCo met on a quarterly basis in line with the ManCo Charter and Scheme Rules to consider but not limited to, quarterly results, approval of budgets, annual financial statements and strategic issues of the Group. Over and above the quarterly meetings, special meetings may be called if necessary. During the year under review, the ManCo met for all its scheduled meetings. There were also special meetings necessitated by the change process that was discussed under the Chairperson's report. The Attendance register had been circulated and noted in the report and is attached to these minutes as **Annexure A.**

Member	27 April 18	13 Jun 18	09 Aug 18	28 Aug 18	08 Nov 18	06 Dec 18	13 Dec 18	05 Feb 18	16 Feb-18	07-Mar-18	Overall Attendance
RMaphorisa	P	A	P	A	P	P	P	P	P	P	8/10
Agnes Kiberu-Mosarwa	P	P	P	P	P	P	P	P	P	P	10/10
Thatayaone Kesebonye	A	P	P	P	P	P	P	P	P	P	9/10
Christopher Gwere	P	P	P	P	P	A	A	A	P	P	7/10
Motsekedi Motloutse	P	A	P	P	P	P	P	P	A	P	8/10
Mr Wankie Wankie	P	P	A	P	P	P	P	P	P	P	9/10
Olesitse Masimega	P	A	P	P	A	A	A	A	P	P	5/10
Rose Nkolonyane	P	P	P	P	P	P	P	P	P	P	10/10
Kagiso Kgaswanyane (alternate to Mr Motsekedi Motloutse)	N/A	N/A	N/A	N/A	N/A	P	P	P	P	N/A	4/4
Mafoko Mafoko (alternate to Mr Thatayaone Kesebonye)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	1/1

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 12 DECEMBER 2019, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

ACTION SHEET

#	ACTION ITEM	ACTION BY	DUE DATE
1	Update on signing of Minutes of meeting held on 12 December 2018	Chairperson	Next AGM
2	Management to resubmit a ManCo Remuneration policy & structure for consideration by members.	PO	Next AGM
3	Management to conduct due diligence and advise on implications of allowing members to cover grandchildren whose parents are unemployed.	ManCo	Next AGM
4	Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee	ManCo	Next AGM

#	MATTERS ARISING /(ACTION SHEET) AGM HELD ON 12 DECEMBER 2019	ACTION BY	UPDATE
1	Update on signing of Minutes of meeting held on 06 December 2018	Chairperson	Done
2	Management to resubmit a ManCo Remuneration policy & structure for consideration by members.	PO	Done
3	Management to conduct due diligence and advise on implications of allowing members to cover grandchildren whose parents are unemployed.	ManCo	Done – more clarity to be provided at the meeting; forms part of the proposed Rule changes
4	Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee.	ManCo	Done – included in the proposed Rule changes

Mrs. Agnes Kiberu-Mosarwa

CHAIRPERSON'S MESSAGE

Although it ended in an unexpected manner, the 2019/20 Financial Year was yet another successful year for the scheme. The declaration of COVID 19 as a global pandemic and subsequent declaration of the State of Emergency by the President of the Republic of Botswana, His Excellency Dr M.E.K. Masisi on the 31 March 2020 and a nation-wide lockdown, are events that marked the end of our financial year.

Even though these developments did not affect the Group performance for the reporting period, they defined how BPOMAS should conduct business going forward. A detailed analysis of the impact of COVID-19 on the scheme as a going concern is provided for in the Audited Financial Statements. As a highlight, COVID 19 is a new development and therefore there is not enough data to accurately predict its long-term impact on the scheme. However, the Management Committee is closely monitoring the developments as they unfold for prompt remedial action.

In order to align with the revised Financial Intelligence Act, 2009 (amended in 2018), which seeks to address Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction in Botswana, BPOMAS commenced development of an Anti-Money Laundering Framework and the BPOMAS Group Risk Management Systems and Compliance Programme. An AML/CFT Compliance Officer (AMLCO) was also appointed as per regulatory requirements. We are happy to report that BPOMAS is currently compliant to regulatory requirements in this regard.

We continue to realise the benefits of our recently introduced business controls. We for instance saw a slowing down in some categories of Healthcare Costs as a result of the Health Risk Management Interventions that were introduced during the course of the financial year as well as those introduced in prior years. This ensures that funds that would otherwise be lost to fraud, Waste and Abuse, can now be retained for members benefits.

On the Strategy front, we engaged a consultant to conduct a feasibility study of the Scheme's Expansion Strategy which is expected to drive the group's growth agenda. The outcome of this process is expected to inform diversification and sustainability of the BPOMAS Group.

KEY PERFORMANCE HIGHLIGHTS

I am glad to report that the scheme continues to grow in leaps and bounds, as highlighted by the following key indicators. The membership was on the rise, closing the year with **79,723** principal members compared to **75,162** of the previous year, representing a **6%** growth. A **5%** growth was noted on Total Lives Covered with a year-end total of **186 338.** Going forward, we do not expect the scheme to grow at the same rate due to the impact of COVID 19 and precautionary measures relevant thereto on our conventional marketing activities. We however expect that the new alternative marketing initiatives will contribute towards membership growth albeit not at the same rate as already alluded to above. Impressive results of **97%** member retention rate was achieved though lower than the **99%** target.

In line with the **80:10:10** principle (wherein we seek to allocate **80% - 85%** of Gross Contributions Income towards claims, around **10%** towards non-healthcare costs, and the remainder allocated towards Reserves) the claims ratio was **83%**, down from prior year's ratio of **87%**. Administrative expenses were **12.3%,** in line with budget of **12%** for the period under review. Member related expenses remained constant at target level of **2%** of GCI.

VALUE ENHANCEMENT

As alluded to in the previous report, Cabinet approved coverage of adult child dependents as well as parent dependents. In line with this approval, members may take cover for their child dependents who are above age twenty one (**21**) regardless of whether they are studying or not, up to age thirty five (**35**). Members may also take cover for their parents and parents in law. These products were rolled out during the reporting period and we are happy to report that **1 821** members (for both child dependents and parent dependants) were registered as 31 March 2020. BPOMAS also introduced VAT absorption for all hospitalisations. A general tariff increase of **3%** was effected to service provider tariffs. All these initiatives contributed significantly in reducing out of pocket costs for members.

THE GROUP PERFORMANCE

Total group surplus before tax amounted to **P83,136,547,** which was **172%** above prior year surplus of **P30,550,506.** The increase in group surplus is attributable to a reduction in claims ratio, higher returns in the investment income, and increased profits in the scheme's subsidiary company being BPOMAS Property Holding (BPH) and associate being LenMed Health Bokamoso Private Hospital (LHBPH). The Gross Administrative Expenses (GAE) amounted to **P102,884,954** above previous year's figure of **P82,704,014** GAE as percentage of contributions income was **12.3%,** up from **11.4%** of the previous year.

I am delighted by the performance for the reporting period. To this end, I would like to thank Management Committee and all its Sub-Committees as well as Board of Directors of the BPH and LHBPH for the commitment they put in throughout the year. Much gratitude goes to the Principal Officer and his team for the outstanding performance. I would like to encourage them to keep up the good work.

CHAIRPERSON

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE PERIOD 2019/20 FINANCIAL YEAR

1. Financial Performance

The Group

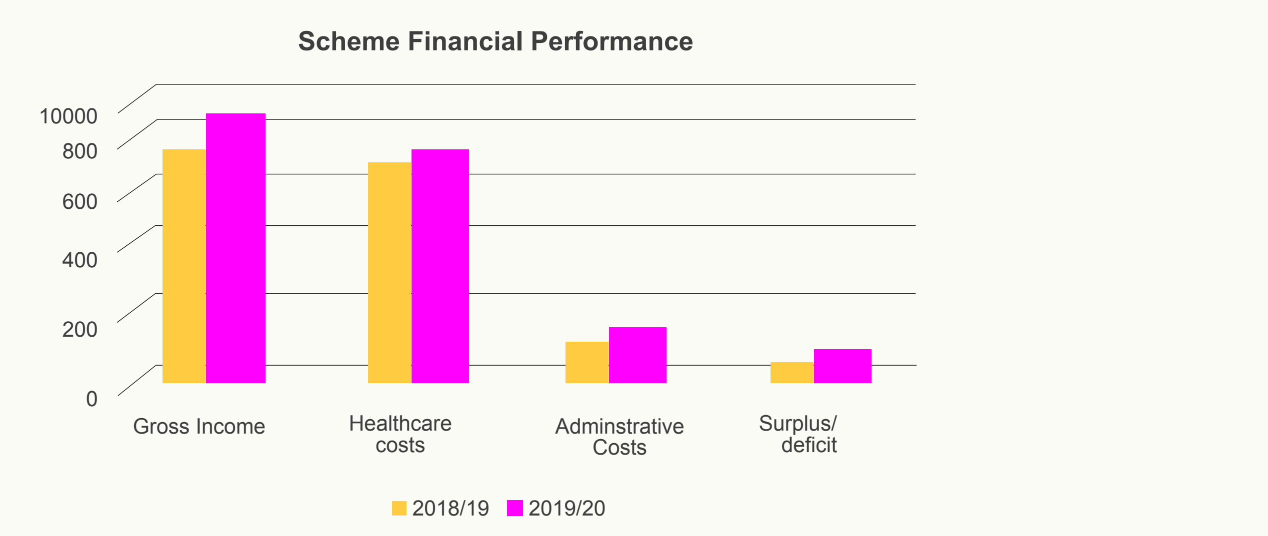
Group revenue for the year was **P861,899,860** up by **13.5%** from the **2018/19** figure of **P759,293,038** due to an increase in subscriptions and growing membership base. Total group surplus before tax amounted to **P83,136,547** which was **172%** above prior year surplus of **P30,550,506.** The increase in group surplus is attributable to a reduction in claims, higher returns in the investment income, and increased profits in the scheme's subsidiary being BPOMAS Property Holding (BPH) and associate being Lenmed Health Bokamoso Private Hospital (LHBPH).

The Scheme

At Scheme level, Gross Contributions Income (GCI) for the year was **P837,502,494** compared to **P735,023,284** of the prior year. This is attributable to average **10%** subscriptions adjustment effected at beginning of the financial year and also growing membership base. Health Care Cost (HCC) closed the year at **P703,699,314**, up by **6.8%** from prior year. This increase was largely due to increase in utilisation as well as a tariff increase of **3%** effected on **01 April 2019**. In overall, the Healthcare Costs for the reporting period were within acceptable levels with a claims ratio at **83%,** down from **87%** in the **2018/19 financial year,** and also within target range of **80-85%.** The Gross Administrative Expenses (GAE) amounted to **P102,884,954,** above previous year's figure of **P82,704,014.** GAE as percentage of contributions income was **12.3%** up from **11.4%** of the previous year, but in line with target of **12%** for the year. The major driver of the increase in GAE, is scheme administrator fees which are linked to membership, thus as BPOMAS enroll more members, the costs increase as well.

The Scheme's surplus was **P68,022,829**, up from a surplus of **P20,155,745** in the prior year. This result was largely due to the reduction in claims. The surplus is inclusive of debenture interest received from BPOMAS Property Holdings (Pty) Ltd, which was **P12,700,000** compared to **P12,000,000**, and share profit on investment on LenMed Health Bokamoso Private Hospital (LHBPH) was **P13,100,000** compared to **P7,200,000** both for prior year. The risk based solvency margin remained constant at **19%.**

Table 1: *A graph showing financial performance for the reporting period.*



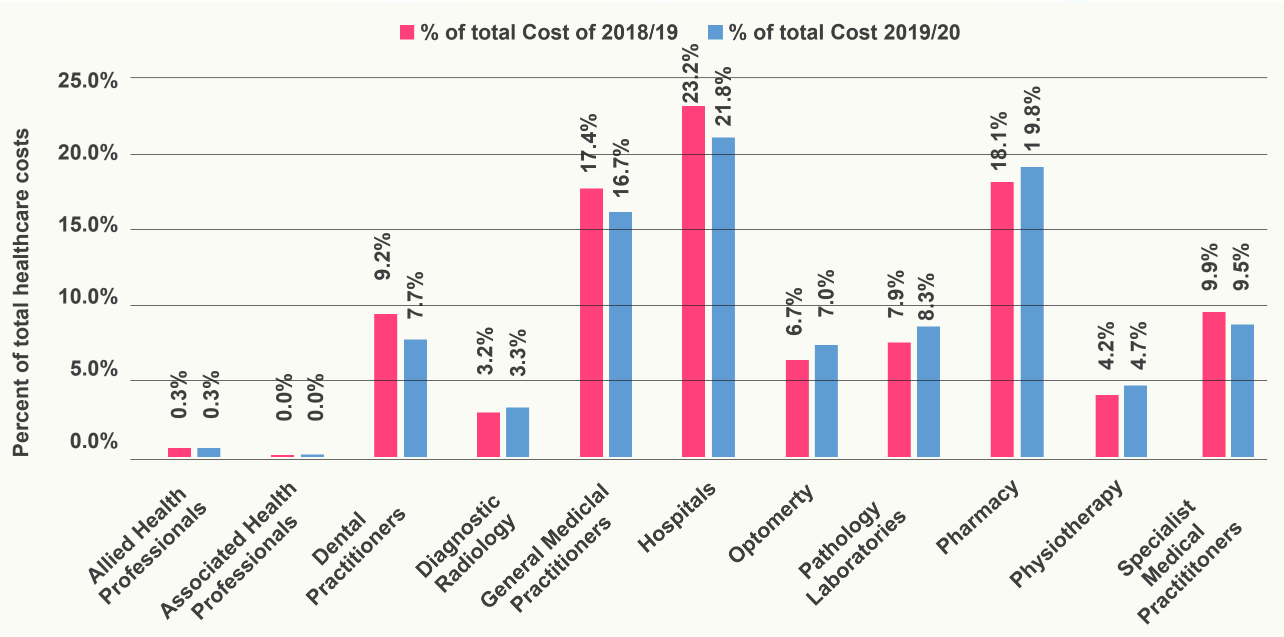
2. Membership

Scheme Membership closed the year at **79 923,** an increase of **6%** from the prior year membership of **75 162** principal members. Total lives covered closed the year at **186 338** representing an increase of around **5%** when compared to the prior year figure of **177 294** lives. The membership retention rate for the reporting period was **97%,** same as that of the previous year and slightly lower than target of **99%.**

3. Providing access to health care service

The Scheme continues to facilitate access to healthcare services in pursuance of its primary mandate. Overall year-on-year increase in the number of visits to healthcare facilities was **12%**, with significant increases recorded for dental practitioners **(21%)**, pharmacy **(21%),** physiotherapists **(19%)**, diagnostics radiology **(16%)** and pathology laboratories **(9%).** Pharmacy increases were largely due to beneficiaries accessing dispensed medicines, including repeat prescriptions. Since there was a **9%** increase in general medical practitioners and **2%** increase to specialist medical practitioners, a higher utilisation of diagnostic services would be expected. The higher than expected increase in physiotherapy visits is concerning. Efforts are underway to try to curb the above normal increase of physiotherapy costs.

Graph 1



The above graph shows a generally stable picture, year-on-year. Dental practitioners' contribution to the total cost had decreased by about **0.5%,** whilst pharmacy increased by **1.7%** due to the movement of dispensing from general medical practitioners to pharmacy. The slight decrease in Dental Practioners contribution to total cost was due to Dental Health Risk Management Interventions that were introduced during the course of the financial year. The general cost per visit for these practitioners generally reduced; dentistry reduced by **15%** and pharmacy by **1%**.

4. Other Health care indicators

The table below compares other healthcare indicators between the 2019/20 and the 2018/19 financial years;

Indicator	2018/19	2019/20	Comment
Average age of Principal Members	45	45	No movement due to younger lives joining the Scheme
Average age of all beneficiaries	31	31	No movement
Percentage of Pensioners	9.3%	9.3%	No Movement
Beneficiaries on the HIV/AIDS disease management program	10 612	10 932	3% increase
Beneficiaries registered on NCD benefit management program	14146	15 291	8% increase. NCDs are increasing nationally
Number of GP visits	446 386	485 124	9% increase
Admission rate per 1000 lives covered	3.1	3.3	Stable with slight increase
Hospital average length of stay	2.6 days	2.4days	Decrease due to Health Risk Management Interventions put in place.
Number of maternity cases	715	844	Increase of 18%
C/Sections as percent of total deliveries	67.6%	56.8%	Decrease due to ongoing interactions with service providers
Number of Emergency Medical cases (evacuation/responses)	814	956	Increase in utilisation
Funeral Benefit usage (P)	5 491 696	4 489 101	18% decrease

The above table shows a stable picture for all health indicators, save for Non-Communicable Chronic Diseases (NCDs) that have recorded an **8%** increase and another for GP visits. We note a decline in C/Section rate due to interventions made by the scheme.

BPOMAS
MANAGEMENT COMMITTEE

1.

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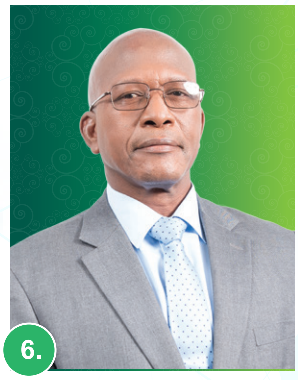

6.

7.

1.	**Mrs. Agnes Kiberu Mosarwa**	Vice Chairperson Botswana Public Employees Union
2.	**Ms. Rose Nkolonyane**	Directorate of Public Service Management
3.	**Mr. Wankie Wankie**	Independent member
4.	**Mr. Christopher Gwere**	Independent member
5.	**Mr. Olesitse Masimega**	Ministry Of Finance and Development Planning
6.	**Mr. Motsekedi Motloutse**	Botswana Police Service
7.	**Mr. Thatayaone Kesebonye**	Botswana Land Boards and Local Authorities Health Workers Union

BPOMAS EXECUTIVE MANAGEMENT TEAM

Mr. Thulaganyo Molebatsi
Principal Officer/CEO

Ms. Thato Lesejane
Finance & Administration Manager

Ms. Linda Keloneilwe
Legal Counsel & Corporate Secretary

Dr. Lesego Sikele
Business Development Manager

CORPORATE GOVERNANCE
OVERVIEW

Corporate governance and compliance with regulatory and statutory requirements is an ongoing process. The Scheme is conscious of its responsibilities in observing all regulatory provisions and best international practices, and continuously strives to improve the level of compliance in all its activities.

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

The operations of the Scheme are conducted in accordance with internationally accepted principles of good governance and best practice. Compliance with local, statutory requirements of the regulator, Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the Registrar of Societies at group level and the Companies and Intellectual Property Authority (CIPA) at subsidiary level therefore remain a priority. To ensure compliance to good governance, we continuously engage with governing bodies concerning good governance and relevant legislative changes.

ManCo Composition and Effectiveness

The Management Committee (ManCo) is responsible for the overall management, strategic direction and long-term success of the BPOMAS group. ManCo is composed of Government Officials, Trade Union representatives and Independent members. In line with the Scheme Rules, the Chairperson of ManCo is the Permanent Secretary of the Ministry of Health & Wellness (MoHW). ManCo has delegated the operational running of the Group to the Executive Office, which is headed by the Principal Officer/Chief Executive Officer. Capital Expenditure, Contracts and approval of overall Group Strategy still remain the prerogative of the ManCo.The ManCo oversees the Executive Office and meets quarterly to consider and approve proposals and pass resolutions. To ensure that the Scheme is managed by a fit and proper team, the members of the ManCo undergo a vetting process by NBFIRA before appointment. The ManCo was constituted as per Table 1 below for the reporting period:

Table 1: ManCo Composition

	Member	Representing
1.	*Ms Ruth Maphorisa	Ministry of Health and Wellness – Chairperson
2.	Ms Agnes Kiberu - Mosarwa	Botswana Public Employers Union (BOPEU) – Vice Chairperson
3.	Mr Thatayaone Kesebonye	Botswana Land Board Local Authorities and Health Workers Union (BLLAWU)
4.	Mr Olesitse Masimega	Ministry of Finance & Economic Development
5.	Mr Christopher Gwere	Independent member
6.	Ms Rose Nkolonyane	Directorate of Public Service Management (DPSM)
7.	Mr Motsekedi Motloutse	Disciplinary Forces (Botswana Defence Force/Botswana Police Service)
8.	Mr Wankie Wankie	Independent Member
9.	Brigadier Sidney Molomo (alternate to Mr Motloutse)	Disciplinary Forces (Botswana Defence Force/Botswana Police Service)
10.	Mr Pambama Masame (alternate to Ms Agnes Mosarwa	Botswana Public Employers Union (BOPEU)

**Replaced by Mr Solomon Sekwakwa during the financial year (pending NBFIRA vetting).*

CORPORATE GOVERNANCE

OVERVIEW

Sub-Committees

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

- Finance, Audit, Risk and Compliance Sub-Committee,
- Investment Sub-Committee,
- Nominations, Remuneration and Human Resource Sub-Committee, and
- Procurement Sub-Committee.

ManCo Meetings

The ManCo meets on a quarterly basis in line with the Scheme Rules to consider quarterly results, and strategic issues of the Group. However, the Chairperson may convene a special meeting or upon requisition by a majority of the ManCo members, should the need arise, provided the matters to be discussed are clearly stated in the request. The ManCo held nine (9) meetings during the year and all the meetings were held with attendance rate as shown in the table below:

Table 2: Management Committee meetings

MEMBER	16 May 2019	18 Jul 2019	15 Aug 2019	21 Nov 2019	10 Dec 2019	12 Dec 2019	25 Feb 2020	19 Mar 2020	26 Mar 2020
Ms Ruth Maphorisa	A	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A
*Mr Solomon Sekwakwa (replaced Ms Ruth Maphorisa)	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P
Mr Thatayaone Kesebonye	P	P	P	P	P	P	P	P	P
Mr Christopher Gwere	P	P	P	P	A	A	A	P	P
Mr Motsekedi Motloutse	A	P	A	P	P	P	P	A	N/A
Mrs Rose Nkolonyane	P	P	P	P	P	P	P	P	P
Mr Olesitse Masimega	P	P	A	A	A	A	P	A	P
Mrs Agnes Kiberu-Mosarwa	P	P	P	P	P	P	P	P	P
Mr Wankie Wankie	P	P	P	P	P	P	P	P	P
Brigadier Sidney Molomo (alternate to Mr Motsekedi Motloutse)	N/A	N/A	P	N/A	N/A	N/A	N/A	P	P
Mafoko Mafoko (alternate to Mr Thatayaone Kesebonye)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*P- Present A-Absent/Apology N/A (did not need to attend OR was not a member at the time) *appointed during the financial year*

OVERVIEW

Remuneration for ManCo and Sub-Committees

ManCo

Before 01 April 2017, ManCo members who are employees of government were not paid sitting allowances. However following a government directive to pay sitting allowances to government employees in 2017, all ManCo members were paid sitting allowance at a rate of **P4,500** (Four Thousand Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and members respectively. The total remuneration for Manco as at March 2020 was **P225, 000** (Two Hundred and Twenty Five Thousand Pula).

Investment Sub-Committee (ISC)

The Investment Sub-Committee consists of five (5) members, one of which is an ex-officio member and is not entitled to a sitting allowance. One of the mandates of the ISC is to develop and implement investment objectives, policies, strategies and procedures. The ISC meets on a quarterly basis to execute its mandate. The ISC members eligible for remuneration were paid sitting allowance at a rate of **P4, 500** (Four Thousand Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and members respectively. The total remuneration for quarterly meetings of the ISC as at March 2020 was **P37, 500** (Thirty Seven Thousand Five Hundred Pula).

Member	**Representing/Total Remuneration as at March 2020**
Mr Reuben Morapedi	Chairperson (Independent)
Mr Olesitse Masimega	ManCo
Ms Peo Pillar	Independent
Mr Kumbulani Munamati	Independent
Mr Thulaganyo Molebatsi	Ex-Officio
Total Investment Sub-Committee Remuneration for the year	**P37, 500**

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

The Finance, Audit, Risk and Compliance Sub-Committee is among others responsible for monitoring the financial performance of the Scheme as a whole and its major business lines against approved budgets, long term trends and industry benchmarks. The FARC also oversees the Actuarial Services, Internal and External Auditors as well as Risk and Compliance management. The FARC members on the table below were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively. The total remuneration for quarterly meetings and special meetings was **P58, 500**

Member	Representing/Total Remuneration as at March 2020
Ms Sethunya Molosiwa	Chairperson (Independent)
Mr Moore Gondo	Independent
Ms Agnes Motlhanka	Independent
Mr Motsekedi Motloutse	ManCo
Total FARC Sub-Committee Remuneration for the year	**P58, 500**

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

The NRHR Sub-Committee has been delegated the responsibility to lead the process for ManCo appointments and to ensure that the ManCo and its Sub-Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Scheme to enable them to discharge their respective responsibilities effectively. The NRHR members were paid a sitting allowance of P4,500 (Four Thousand, Five Hundred Pula) and P3,000 (Three Thousand Pula) for the Chairperson and Members respectively. The total remuneration for the meetings held as at March 2020 was P42, 000 (Forty Two Thousand Pula)

CORPORATE GOVERNANCE

OVERVIEW

Member	Representing/Total Remuneration as at March 2020
Ms Rose Nkolonyane	Chairperson
Mr Christopher Gwere	Independent
Brigadier Sydney Molomo	ManCo
Total HR Sub-Committee Remuneration for the year	**P42,000**

Procurement Sub-Committee

The Procurement Sub-Committee oversees the procurement and asset disposal process of the Scheme. The Procurement Sub-Committee members were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively. The total remuneration for the three (3) member Sub-Committee was **P138,000**(One Hundred and Thirty Eight Pula).

Member	Representing/Total Remuneration as at March 2020
Mr Thatayaone Kesebonye	Chairperson – ManCo
Ms Agnes Kiberu-Mosarwa	ManCo
Ms Rose Nkolonyane	ManCo
Total Tender Sub-Committee Remuneration for the year	**P138,000**

BPOMAS PH Board emoluments

The BPH board members were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and directors respectively. The total remuneration for the directors for the quarterly and special meetings was **P126,000** (One Hundred and Twenty Six Pula).

Director	Representing/Total Remuneration as at March 2020
Mr Kumbulani Munamati	Chairperson - Independent
Mr Agnes Kiberu-Mosarwa	**ManCo**
Mr Tefo Setlhare	**Independent**
Ms Peo Pillar	**Independent**
Total BPOMAS PH Remuneration for the year	**P126,000**

Anti-Money Laundering (AML)

In October 2018, Botswana made a high-level political commitment to work with the Financial Action Task Force (FATF) and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to strengthen the effectiveness of its Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) (AML/CFT) regime and address any related technical deficiencies.

Botswana has since taken steps towards improving its AML/CFT regime, including developing its national AML/CFT strategy and operationalising the country's company registry (CIPA) to maintain beneficial ownership information.

NBFIRA recently advised Non-Bank Financial Institutions (NBFIs) to familiarize themselves with Financial Intelligence Regulations (September 2019) and has also published a supporting

OVERVIEW

Guidance Note on Proliferation and Proliferation Financing in January 2020. As per the governing Financial Intelligence Act, 2009 (with amendment in 2018), BPOMAS is an Accountable Institution (AI) and has to meet the requirements for Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) including Counter Proliferation Financing (CPF) set out for all Accountable Institutions in Botswana. The FI Act and Regulations were amended in 2019 to widen obligations for specified parties, introduced stringent penalties for non-compliance and broadened certain definitions such as suspicious transaction and prominent & influential persons, inter alia. Specified Parties as defined by the FI Act include all entities regulated by the Non-Bank Financial Institutions Regulatory Authority, BPOMAS being one of them.

Governance is one of the obligations imposed on the Scheme by the FI Act and under this, it is required that the Scheme as a specified party should designate an adequate AML/CFT compliance function and AML officer(s) proportionate to the size and risk level of an entity. During the reporting period, BPOMAS appointed an AML/CFT Compliance Officer who was successfully vetted by NBFIRA and would in the subsequent quarter/reporting period adopt an AML/CFT Policy and Framework. It is worth noting that Medical aid schemes are generally classified as low risk enterprises compared to other industries within the financial services sector. The Scheme is committed to combating money laundering, financing of terrorism and proliferation and will to this end continue to keep abreast with and comply with relevant regulations and laws.

ManCo (Board) Governance

During the reporting period, Manco authorized Management to facilitate development of a Board Assessment Tool, the objective being for the Manco, Sub-Committees and the subsidiary company to conduct annual Board performance assessments/evaluation. The evaluation would assist the ManCo, Sub-Committee and the Board of Directors of the subsidiary company to identify any gaps and to address them accordingly in order to ensure effective performance in the best interests of the Scheme. This is an effort by the ManCo to reassure the members that ManCo is committed to continuous improvement and building leadership capability. The assessment tool would be developed and implemented in the next financial year.

ABRIDGED CONSOLIDATED
FINANCIAL STATEMENTS
For the financial Year ended 31st March 2020

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

GENERAL INFORMATION
for the year ended 31 March 2020

General information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Providing healthcare services and letting of property
Management Committee	Mr. Solomon Sekwakwa - Chairperson Ms. Agnes Kiberu-Mosarwa - Vice Chairperson Mr. Wankie Wankie Ms. Rose Nkolonyane Mr. Olesitse Masimega Mr. Motsekedi Motloutse Mr. Christopher Gwere Mr. Thatayaone Kesebonye Mr. Motshidisi Mafoko (Alternate to Thatayaone Kesebonye) Mr. Pambama Masame (Alternate to Agnes Kiberu-Mosarwa) Brigadier Sidney Molomo (Alternate to Motsekedi Motloutse)
Registered office	AFA House Plot 61918 Showgrounds Office Park Gaborone
Postal address	P O Box 1212 Gaborone Botswana
Administrators	Associated Fund Administrators Botswana (Proprietary) Limited
Bankers	First National Bank of Botswana Limited ABSA Bank Botswana Limited African Banking Corporation of Botswana Limited
Auditors	PricewaterhouseCoopers
Asset Managers	African Alliance Botswana Management Company (Proprietary) Limited Botswana Insurance Fund Management Morula Capital Partners
Legal advisors	Laurence Khupe Attorneys

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

INDEX TO THE ABRIDGED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

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STATEMENTS OF RESPONSIBLITIES BY THE MANAGEMENT COMMITTEE

The management committee is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

The management committee has reviewed the group's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, is satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the the management committee and committees of the board. The management committee believes that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements set out on pages 35 - 82, which have been prepared on the going concern basis, were approved by the the Management Committee on 12 October 2020 and were signed on their behalf by:

CHAIRPERSON

ManCo MEMBER

STATEMENTS BY MANAGEMENT COMMITTEE
ON THE ABRIDGED FINANCIAL STATEMENT

The consolidated financial statements are summarised from a complete set of the Group Financial Statements on which the Independent Auditors, PricewaterhouseCoopers, have expressed an unqualified audit opinion, which is available for inspection at the Scheme's registered office.

This report is extracted from audited information, but is not itself audited. The Auditor's Report does not necessarily report on all of the information contained in this report. Members are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the Auditor's Report together with the accompanying financial information from the Scheme's registered office.

The Management Committee of the Botswana Public Officers' Medical Aid Scheme take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying Annual Financial Statements. A copy of the Annual Financial Statements that have been summarised in this report can be obtained from the Scheme's registered office.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 31 March 2020

		Group			Scheme	
		2020	2019 Restated *	2018 Restated *	2020	2019
	Notes	P	P	P	P	P
ASSETS						
Non-current assets						
Property, plant and equipment	6	2,021,522	2,460,158	2,474,640	2,021,522	2,460,158
Right -of-use assets	7	2,285,274	-	-	2,285,274	-
Intangible assets	8	271,045	485,686	555,510	271,045	485,686
Investment property	9	278,000,000	272,000,000	272,000,000	-	-
Investment in subsidiary	9	-	-	-	1,783,000	1,783,000
Investment in associate company	10	42,355,398	29,238,526	22,012,951	42,355,398	29,238,526
Related party loan receivables	11	3,599,700	6,599,700	15,599,700	3,599,700	6,599,700
Investments at Fair Value through profit/loss	12	188,479,206	20,072,281	20,643,219	364,996,206	196,589,281
		517,012,145	**330,856,351**	**333,286,020**	**417,312,145**	**237,156,351**
Current assets						
Investments at fair value through profit or loss	12	55,576,074	213,833,523	184,623,945	55,576,074	213,833,523
Trade and other receivables	13	58,533,532	27,699,798	34,060,992	28,013,263	12,809,979
Cash and cash equivalents	14	168,625,089	108,326,696	102,930,727	116,829,028	63,669,372
		282,734,695	**349,860,017**	**321,615,664**	**200,418,365**	**290,312,874**
Total assets		**799,746,840**	**680,716,368**	**654,901,684**	**617,730,510**	**527,469,225**
RESERVES AND LIABILITIES						
Reserves						
Fair value reserve	15	8,373,816	8,373,816	8,373,816	8,373,816	8,373,816
Retirement Reserve	16	275,559,292	231,945,703	214,573,666	258,948,422	224,937,008
Accumulated surplus		335,148,747	298,126,123	284,947,654	216,937,307	182,925,892
		619,081,855	**538,445,642**	**507,895,136**	**484,259,545**	**416,236,716**
Non-current liabilities						
Borrowings	17	44,964,490	50,608,599	51,463,061	44,964,490	50,608,599
Lease Liabilities		1,907,664	-	-	1,907,664	-
Deffered income tax liability	18	27,118,647	25,855,081	26,288,991	-	-
		73,990,801	**76,463,680**	**77,752,052**	**46,872,154**	**50,608,599**
Current liabilities						
Borrowings	17	899,290	1,012,172	5,480,370	899,290	1,012,172
Trade and other payables	19	38,834,338	14,146,523	17,085,076	21,490,445	10,565,694
Lease Liabilities		917,595	-	-	917,595	-
Income tax payables	27	2,731,480	1,602,307	1,199,637	-	-
Provision for outstanding claims	20	63,291,481	49,046,044	45,489,413	63,291,481	49,046,044
		106,674,184	**65,807,046**	**69,254,496**	**86,598,811**	**60,623,910**
Total liabilities		**180,664,985**	**142,270,726**	**147,006,548**	**133,470,965**	**111,232,509**
Total Equity and Liabilities		**799,746,840**	**680,716,368**	**654,901,684**	**617,730,510**	**527,469,225**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

		Group		Scheme	
		2020	**2019 Restated ***	**2020**	**2019**
	Notes	**P**	**P**	**P**	**P**
Revenue					
Income from contributions	21	861,898,860	759,293,038	837,502,494	735,023,284
Other income	22	2,194,476	1,952,637	2,127,851	1,891,529
Other operating gains/(losses)		7,155,425	(570,938)	1,155,425	(570,938)
Benefits paid	23	(703,699,314)	(658,499,358)	(703,699,314)	(658,499,358)
Provision for impairment of trade receivables		(3,339,375)	(1,987,300)	(3,339,375)	(1,987,300)
Administrative expenses		(102,884,954)	(82,704,014)	(98,404,802)	(79,250,401)
Operating surplus/(loss)	24	**61,325,118**	**17,484,065**	**35,342,279**	**(3,393,184)**
Finance income	25	12,736,183	11,972,922	23,605,304	20,582,822
Finance costs	26	(4,041,626)	(4,259,468)	(4,041,626)	(4,259,468)
Share of profits on investments accounted for using equity method		3,116,872	7,225,575	13,116,872	7,225,575
Surplus before taxation		**83,136,547**	**32,423,094**	**68,022,829**	**20,155,745**
Income tax expense	27	(2,500,334)	(1,872,588)	-	-
Suplus for the year		**80,636,213**	**30,550,506**	**68,022,829**	**20,155,745**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		80,636,213	30,550,506	68,022,829	20,155,745

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2020

Group

	Fair Value Reserve P	**Retirement Reserve P**	**Total Reserves P**	**Accumulated surplus P**	**Total Equity P**
Opening balance as previously reported	8,373,816	214,573,666	222,947,482	287,349,578	510,297,060
Adjustments					
*Prior period error	-	-	-	(2,401,924)	(2,401,924)
Balance as at 01 April 2018 as restated	8,373,816	214,573,666	222,947,482	284,947,654	507,895,136
Surplus for the year	-	-	-	30,550,506	30,550,506
Other compehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,550,506	30,550,506
Transfer between reserves	-	17,372,037	17,372,037	(17,372,037)	-
Total changes			17,372,037	17,372,037	(17,372,037) -
Opening Balance as previously reported	8,373,816	231,945,703	240,319,519	303,389,514	543,709,033
Adjustments					
*Prior period error				(5,263,391)	(5,263,391)
Balance as at 1 April 2019 as restated	8,373,816	231,945,703	240,319,519	298,126,123	538,445,642
Surplus for the year	-	-	-	80,636,213	80,636,213
Other comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	80,636,213	80,636,213
Transfer between reserves	-	43,613,589	43,613,589	(43,613,589)	-
Total changes	-	43,613,589	43,613,589	(43,613,589)	-
Balance as at 31 March 2019	8,373,816	275,559,292	283,933,108	335,148,747	619,081,855
Notes	**15**	**16**			

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2020

Scheme

	Fair value reserve P	Retirement reserve P	Total reserves P	Accumulated surplus P	Total Equity P
Balance as at 1 April 2018	**8,373,816**	**214,573,666**	**222,947,482**	**173,133,489**	**396,080,971**
Surplus for the year	-	-	-	20,155,745	20,155,745
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**20,155,745**	**20,155,745**
Transfer between reserves	**-**	**10,363,342**	**10,363,342**	**(10,363,342)**	**-**
Total changes	-	10,363,342	10,363,342	(10,363,342)	-
Balance at 01 April 2019	**8,373,816**	**224,937,008**	**233,310,824**	**182,925,892**	**416,236,716**
Surplus for the year	-	-	-	68,022,829	68,022,829
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**68,022,829**	**68,022,829**
Transfer between reserves	-	34,011,414	34,011,414	(34,011,414)	-
	-	**34,011,414**	**34,011,414**	**(34,011,414)**	**-**
Balance as at 31 March 2020	**8,373,816**	**258,948,422**	**267,322,238**	**216,937,307**	**484,259,545**
Notes(s)	**15**	**16**			

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 31 March 2020

	Notes	Group 2020 P	Group Restated * 2019 P	Scheme 2020 P	Scheme 2019 P
Cash flows from operating activities					
Cash generated from/(used in) operations	28	64,457,687	25,796,147	46,342,234	(4,627,934)
Tax paid	29	(107,595)	(1,903,828)	-	-
Net cash generated from/(used in) operating activities		**64,350,092**	**23,892,319**	**46,342,234**	**(4,627,934)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	6	(172,335)	(551,509)	(172,335)	(551,509)
Acquisition of intangible assets	8	-	(126,057)	-	(126,057)
Loan repayments received		3,000,000	9,000,000	3,000,000	9,000,000
Sale of investments at fair value		1,155,425	(570,938)	1,155,425	(570,938)
Investment at fair value through profit or loss		(10,149,476)	(28,638,640)	(10,149,476)	(28,638,640)
Finance Income		12,736,183	11,972,922	23,605,304	20,582,822
Net cash generated from (used in) investing activities		6,569,797	(8,914,222)	17,438,918	(304,322)
Cash flows from financing activities					
Net payment of interest bearing borrowing		(5,756,991)	(5,322,660)	(5,756,991)	(5,322,660)
Payment on lease liabilities		(822,879)	-	(822,879)	-
Finance costs paid		(4,041,626)	(4,259,468)	(4,041,626)	(4,259,468)
Net cash used in financing activities		(10,621,496)	(9,582,128)	(10,621,496)	(9,582,128)
Total cash movement for the year		60,298,393	5,395,969	53,159,656	(14,514,384)
Cash and cash equivalents at beginning of the year		108,326,696	102,930,727	63,669,372	78,183,756
Cash and cash equivalents at end of the year	14	**168,625,089**	**108,326,696**	**116,829,028**	**63,669,372**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pulas, which is the group and scheme's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 3.

1.2 CONSOLIDATION BASIS OF CONSOLIDATION

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

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

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non- controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and arerecognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the scheme.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.2 CONSOLIDATION (CONTINUED)

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

1.3 INVESTMENT PROPERTY

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

Investment property comprises leasehold land and buildings. 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 scheme and the cost of the item can be measured reliably. All other repairs and maintenance costs arecharged 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.

FAIR VALUE

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

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

1.4 PROPERTY, PLANT AND EQUIPMENT

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.
Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Hospital assets		
Furniture and fixtures	Straight line	6 - 11 years
Computer hardware	Straight line	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.

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

1.5 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.5 INTANGIBLE ASSETS (CONTINUED)

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated impairment losses. At each reporting date, the group assesses whether there is any indication that goodwill may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) (or groups of CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

1.6 INVESTMENT IN SUBSIDIARY

Investment in subsidiary is carried at fair value with fair value changes recognised in the statement of comprehensive income.

1.7 INVESTMENTS IN ASSOCIATE

Investments in associate are accounted for using the equity method. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.8 FINANCIAL INSTRUMENTS

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

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

Financial assets which are debt instruments:

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

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 5 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest rate method

For receivables which contain a significant financing component, interest income is calculated using the effective interest rate method, and is included in finance income (note 28) in the statement of comprehensive income.

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

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit- impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

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

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

Significant increase in credit risk

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

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

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

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

Definition of default

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

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 13.

An impairment gain or loss is recognised in the statement of comprehensive income with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in the statement of comprehensive income as a movement in credit loss allowance (note 23).

Write off policy

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Details of credit risk are included in the trade and other receivables note (note 13) and the financial instruments and risk management note (note 5).

Derecognition

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

Investments in debt instruments at fair value through profit or loss

Classification

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

Recognition and measurement

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

Fair value gains or losses are included in other operating gains (losses) (note 23). Details of the valuation policies and processes are presented in note 12.

Interest received on debt instruments at fair value through profit or loss are included in finance income (note 24).

Investments denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 5).

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

Derecognition

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

Trade and other payables
Classification
Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in finance costs (note 29) in the statement of comprehensive income.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 5 for details of risk exposure and management thereof.

Derecognition

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

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest rate method.

Derecognition Financial assets

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

Financial liabilities

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

Reclassification Financial assets
The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Fair value

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.8 FINANCIAL INSTRUMENTS (CONTINUED)

- in the principal market for the asset or liability;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Scheme determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the note 12.

1.9 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax losses can be utilised.

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.9 TAX (CONTINUED)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the statement of comprehensive income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.10 LEASES (IFRS 16)

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee.

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

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

Details of leasing arrangements where the group is a lessee are presented in note 7 Leases (group as lessee).

Lease liability

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, i.e. a change in the lease term or a change in the lease payments.

Right-of-use assets

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

Right of use assets are measured at the commencement date of the lease, equal to the Lease liability raised. Subsequently, the right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of theassets, as follows:

- Buildings 2 to 71 years

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.10 LEASES (IFRS 16) (CONTINUED)

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Short term leases and leases of low value assets

The group applies the short-term lease recognition exemption to its short-term leases of property. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

1.11 LEASES (COMPARATIVES UNDER IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

1.12 IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

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

1.13 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.14 REVENUE

The group recognises revenue from the following major sources:

- Income from contributions
- Rental income
- Interest income
- Investment income

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.

Rental income

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

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.

The accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

1.15 BORROWING COSTS

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

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation is suspended during extended periods in which active development is interrupted.

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

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

1.16 PROVISION FOR OUTSTANDING CLAIMS (IBNR)

The IBNR provision is calculated by independent actuaries using run-off techniques or as a multiple, based on average historical reporting delay of the clams reported in the month following the valuation date where the claims event occurred prior to the valuation date.

1.17 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.

1.18 GRATUITY PROVISION FOR STAFF

The group pays a gratuity to staff on retirement, retrenchment or death in special circumstances. In order to estimate the probability of incurring this liability, management make assumptions in respect of the number of staff that will reach retirement. In addition, to calculate the fair value of the liability the group needs to make assumptions regarding both expected future salary increases and a suitable discount rate.

1.19 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.

1.20 RELATED PARTIES

Related parties are defined as those parties that:

- directly, or indirectly through one or more intermediaries:
- control, are controlled by, or are under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- have an interest in the entity that gives them significant influence over the entity; or
- are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit or loss for the year.

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

2.1 RESIDUAL VALUE AND USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

2.2 ALLOWANCE FOR DOUBTFUL DEBTS

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the scheme will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

2.3 TAXATION

The group is subject to income tax under the Income Tax Act in Botswana. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.4 DISCOUNTING OF DEBENTURES

The group issued linked units debentures during 2015 at a variable interest rate. The scheme discounted the value of the debentures upon initial recognition at an interest rate of 8.5%, applicable to similar instruments of comparable credit status. Unwinding of discount is recognised in the statement of comprehensive income within finance cost.

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

2.5 FAIR VALUE OF INVESTMENT PROPERTY

The fair value of investment property is determined by an independent valuer. Significant judgement is required to determine the fair value of investment property.
Use of the most appropriate method: The valuer considers outputs from a range of methods, including income capitalisation and depreciated replacement cost to determine the fair value of the investment property.

Unobservable inputs:

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

2.6 PROVISION FOR OUTSTANDING CLAIMS (IBNR)

The Outstanding claims provision for claims Incurred But Not Reported is a provision for the estimated cost of healthcare benefits that have been incurred prior to year-end, but were only reported after year-end. The IBNR provision is calculated by the Scheme's actuaries and is reviewed by Management and the Audit and Risk Committee.

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

2.7 PROVISION FOR OUTSTANDING CLAIMS (IBNR) SENSITIVITY ANALYSIS

The claims for financial year 2019/2020 incurred but not yet reported and estimated to be payable in are still subject to uncertainty. The paragraph below illustrates the effect of a 10% increase and decrease in this amount.

Provision for outstanding claims in the current period was P 63,291,481, 10% increased claims estimated to be paid in future periods will be P 69,620,629 and a 10% decreased claims estimated to be paid in future periods will result in P 56,962,333.

3. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards adoption of the following new or revised standards.

3. APPLICATION OF IFRS 16 LEASES

In the current year, the scheme has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the group's annual financial statements is described below.

The group has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in the statement of comprehensive income.

Leases where group is lessee

Leases previously classified as operating leases

The group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The group applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the group applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact on financial statements

On transition to IFRS 16, the group recognised P3,648,137 of right-of-use assets and P2,825,259 of lease liabilities, recognising the difference in the statement of comprehensive income.

When measuring lease liabilities, group discounted lease payments using its incremental borrowing rate at 01 April 2019. The weighted average rate applied is 7%.

4. NEW STANDARDS AND INTERPRETATIONS

4.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR IFRS 16 LEASES

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to theunderlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

4.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

IFRS 16 LEASES (CONTINUED)

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases
  or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right
  to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as aseparate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date
  of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of- use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The group has adopted the standard for the first time in the 2020 annual financial statements. The impact of the standard is set out in note 3 Changes in Accounting Policy.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

Group - 2020

	Notes	Amortised cost P	Total P	Fair value P
Related party loan receivable	11	3,599,700	3,599,700	3,599,700
Trade and other receivables	13	51,182,315	51,182,315	51,182,315
Cash and cash equivalents	14	168,625,089	168,625,089	168,625,089
		223,407,104	**223,407,104**	**223,407,104**

Group - 2019

	Notes	Amortised cost P	Total P	Fair value P
Related party loan receivable	11	6,599,700	6,599,700	6,599,700
Trade and other receivables	13	27,650,990	27,650,990	27,650,990
Cash and cash equivalents	14	108,326,696	108,326,696	108,326,696
		142,577,386	**142,577,386**	**142,577,386**

Group - 2018

	Notes	Amortised cost P	Total P	Fair value P
Related party loan receivable	11	15,599,700	15,599,700	15,599,700
Trade and other receivables	13	33,989,618	33,989,618	33,989,618
Cash and cash equivalents	14	102,930,727	102,930,727	102,930,727
		152,520,045	**152,520,045**	**152,520,045**

Scheme - 2020

	Notes	Amortised cost P	Total P	Fair value P
Related party loan receivable	11	3,599,700	3,599,700	3,599,700
Trade and other receivables	13	20,662,046	20,662,046	20,662,046
Cash and cash equivalents	14	116,829,028	116,829,028	116,829,028
		141,090,774	**141,090,774**	**141,090,774**

Scheme - 2019

	Notes	Amortised cost P	Total P	Fair value P
Related party loan receivable	11	6,599,700	6,599,700	6,599,700
Trade and other receivables	13	12,761,171	12,761,171	12,761,171
Cash and cash equivalents	14	63,669,372	63,669,372	63,669,372
		83,030,243	**83,030,243**	**83,030,243**

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial liabilities

Group - 2020

	Notes	Amortised cost P	Leases P	Total P	Fair value P
Trade and other payables	19	38,654,062	-	38,654,062	38,654,062
Borrowings	17	45,863,780	-	45,863,780	45,863,780
Lease liabilities	7&23	-	2,825,259	2,825,259	2,825,259
		84,517,842	**2,825,259**	**87,343,101**	**87,343,101**

Group - 2019

	Notes P	Amortised cost P	Total P	Fair value
Trade and other payables	21	13,524,484	13,524,484	13,524,484
Borrowings	19	51,620,771	51,620,771	51,620,771
		65,145,255	**65,145,255**	**65,145,255**

Group - 2018

	Notes	Amortised cost P	Total P	Fair value P
Trade and other payables	21	16,364,881	16,364,881	16,364,799
Borrowings	19	56,943,431	56,943,431	56,943,431
		73,308,312	**73,308,312**	**73,308,230**

Scheme - 2020

	Notes	Amortised cost P	Leases P	Total P	Fair value P
Trade and other payables	19	21,490,445	-	21,490,445	20,257,295
Borrowings	17	45,863,780	-	45,863,780	45,863,780
Lease liabilities	7&23	-	2,825,259	2,825,259	2,825,259
		67,354,225	**2,825,259**	**70,179,484**	**68,946,334**

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Scheme - 2019

	Notes	Amortised cost P	Total P	Fair value P
Trade and other payables	21	10,135,016	10,135,016	10,135,016
Borrowings	19	51,620,771	51,620,771	51,620,771
		61,755,787	**61,755,787**	**61,755,787**

Capital risk management

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

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

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

		Group			Scheme	
		2020 P	2019 P	2018 P	2020 P	2019 P
	Notes					
Borrowings	19	45,863,780	51,620,771	56,943,431	45,863,780	51,620,771
Lease liabilities	22	2,825,259	-	-	2,825,259	-
Trade and other payables	21	38,834,338	14,146,523	17,085,076	21,490,445	10,565,694
Total borrowings		**87,523,377**	**65,767,294**	**74,028,507**	**70,179,484**	**62,186,465**
Cash and cash equivalents	16	(168,625,089)	(108,326,696)	(102,930,727)	(116,829,028)	(63,669,372)
Net borrowings		(81,101,712)	(42,559,402)	(28,902,220)	(46,649,544)	(1,482,907)
Equity		619,081,855	538,445,642	507,895,136	485,414,970	415,665,778
Gearing ratio		- %	- %	- %	- %	- %

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

FINANCIAL RISK MANAGEMENT

OVERVIEW

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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

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

Credit risk

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

The group is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well- established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

Group

Group	Notes	2020 Gross carrying amount P	2020 Credit loss allowance P	2020 Amortised cost / fair value P	2019 Gross carrying amount P	2019 Credit loss allowance P	2019 Amortised cost / fair value P
Related party loan receivable	11	**3,599,700**	**-**	**3,599,700**	**6,599,700**	**-**	**6,599,700**
Trade and other receivables	13	56,284,465	(5,102,150)	51,182,315	31,681,700	(4,030,710)	27,650,990
Cash and cash equivalents	14	168,625,089	-	168,625,089	108,326,696	-	108,326,696
		228,509,254	**(5,102,150)**	**223,407,104**	**146,608,096**	**(4,030,710)**	**142,577,386**

Scheme	Notes	2020 Gross carrying amount P	2020 Credit loss allowance P	2020 Amortised cost / fair value P	2019 Gross carrying amount P	2019 Credit loss allowance P	2019 Amortised cost / fair value P
Related party loan receivable	11	3,599,700	-	3,599,700	6,599,700	-	6,599,700
Trade and other receivables	13	25,764,196	(5,102,150)	20,662,046	16,791,881	(4,030,710)	12,761,171
Cash and cash equivalents	14	116,829,028	-	116,829,028	63,669,372	-	63,669,372
		146,192,924	**(5,102,150)**	**141,090,774**	**87,060,953**	**(4,030,710)**	**83,030,243**

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

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

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

Group - 2020

	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
		P	P	P	P
Non-current liabilities					
Borrowings	17	-	45,863,780	45,863,780	44,964,490
Lease liabilities		-	-	-	1,907,664
Current liabilities					
Trade and other payables	19	38,654,062	-	38,654,062	38,654,062
Borrowings	17	899,290	-	899,290	899,290
Lease liabilities		2,825,259	-	2,825,259	917,595
		42,378,611	**45,863,780**	**88,242,391**	**87,343,101**

Group - 2019

	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
		P	P	P	P
Non-current liabilities					
Borrowings	17	-	50,608,599	50,608,599	50,608,599
Current liabilities					
Trade and other payables	19	13,524,484	-	13,524,484	13,524,484
Borrowings	17	1,012,172	-	1,012,172	1,012,172
		14,536,656	**50,608,599**	**65,145,255**	**65,145,255**

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2020

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Group - 2018

	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
		P	P	P	P
Non-current liabilities					
Borrowings	17	-	51,463,061	51,463,061	51,463,061
Current liabilities					
Trade and other payables	19	16,364,799	-	16,364,799	16,364,881
Borrowings	17	5,480,370	-	5,480,370	5,480,370
		21,845,169	**51,463,061**	**73,308,230**	**73,308,312**

Scheme - 2020

	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
		P	P	P	P
Non-current liabilities					
Borrowings	17	-	45,683,780	45,683,780	45,683,780
Lease liabilities		-	1,907,664	1,907,664	1,907,664
Current liabilities					
Trade and other payables	19	20,099,748	-	20,099,748	20,099,748
Borrowings	17	899,290	-	899,290	899,290
Lease liabilities		2,825,259	-	2,825,259	917,595
		23,824,297	**47,591,444**	**71,415,741**	**69,508,077**

Scheme - 2019

	Notes	Less than 1 year	2 to 5 years	Total	Carrying amount
		P	P	P	P
Non-current liabilities					
Borrowings	17	-	50,608,599	50,608,599	50,608,599
Current liabilities					
Trade and other payables	19	10,135,016	-	10,135,016	10,135,016
Borrowings	17	1,012,172	-	1,012,172	1,012,172
		11,147,188	**50,608,599**	**61,755,787**	**61,755,787**

Foreign currency risk

In the ordinary course of business, the scheme does not enter into significant transactions denominated in foreign currencies and is therefore not exposed to foreign currency risk.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rate expose the company to fair value interest rate risk.

At 31 March 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been P 505,203 (2019: P 532,434) higher/lower, mainly as result of higher/lower interest expense on interest-bearing borrowings.

Price risk

The scheme is not exposed to significant price risk as it does not hold any financial instruments subject to price variances.

6 Property, plant and equipment

Group Year ended 31 March 2020	Furniture and fittings P	Computer hardware P	Total P
Net book amount at beginning of the year	2,080,019	380,139	2,460,158
Additions	33,499	138,836	172,335
Impairment	-	-	-
Transfers	-	-	-
Depreciation	(475,838)	(135,133)	(610,971)
Net book amount at end of year	**1,637,680**	**383,842**	**2,021,522**
As at 31 March 2019			
Cost	2,555,857	538,255	3,094,111
Impairment	-	-	-
Accumulated depreciation	(475,838)	(158,116)	(633,954)
Net book amount	**2,080,019**	**380,139**	**2,460,158**
Year ended 31 March 2018			
Net book amount at beginning of the year	2,400,879	108,455	2,509,334
Additions			-
Impairment	-	-	-
Depreciation	(33,269)	(1,425)	-34,694
Net book amount at end of year	**2,367,610**	**107,030**	**2,474,640**
As at 31 March 2018			
Cost	2,400,879	108,455	2,509,334
Impairment	-	-	-
Accumulated depreciation	(33,269)	(1,425)	(34,694)
Net book amount	**2,367,610**	**107,030**	**2,474,640**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Property, plant and equipment (continued)

Scheme **Year ended 31 March 2020**	**Furniture and fittings** **P**	**Computer Hardware** **P**	**Total** **P**
Net book amount			
at beginning of the year	2,080,019	380,139	2,460,158
Additions	33,499	138,836	172,335
Impairment	-	-	-
Depreciation	(475,838)	(135,133)	(610,971)
Net book amount at end of year	**1,637,680**	**383,842**	**2,021,522**
As at 31 March 2019			
Cost	2,555,857	538,255	3,094,112
Impairment	-	-	-
Accumulated depreciation	(475,838)	(158,116)	(633,954)
Net book amount	**2,080,019**	**380,139**	**2,460,158**
Year ended 31 March 2018			
Net book amount			
at beginning of the year	-	-	**-**
Additions	2,400,879	108,455	**2,509,334**
Impairment	-	-	**-**
Depreciation	(33,269)	(1,425)	**(34,694)**
Net book amount at end of year	2,367,610	107,030	2,474,640
As at 31 March 2018			
Cost	2,400,879	108,455	**2,509,334**
Impairment	-	-	**-**
Accumulated depreciation	(33,269)	(1,425)	**(34,694)**
Net book amount	**2,367,610**	**107,030**	**2,474,640**

7 Right-of-use assets

The group has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

	Group			Scheme	
	2020	2019 Restated*	2018	2020	2019
	P	P	P	P	P
Opening Net book value	-	-	-	-	-
Additions	3,648,137	-	-	3,648,137	-
Depreciation charge	(1,362,863)	-	-	(1,362,863)	-
Net book amount at end of year	**2,285,274**	**-**	**-**	**2,285,274**	**-**
At March 2020					
Cost 3,648,137	-	-	3,648,137	-	
Accumilated Depreciation	(1,362,863)	-	-	(1,362,863)	-
Net book value	**2,285,274**	**-**	**-**	**2,285,274**	**-**

Lease Liabilities

The maturity analysis of lease liabilities ia as follows:

	Group 2020	Group 2019 Restated*	Group 2018	Scheme 2020	Scheme 2019
Within one year	917,595	-	-	917,595	-
Two to five years	1,907,664	-	-	1,907,664	-
	2,825,259	**-**	**-**	**2,825,259**	**-**
				-	
Non current liabilities	1,907,664	-	-	1,907,664	-
Current Liabilities	917,595	-	-	917,595	-
	2,825,259	**-**	**-**	**2,825,259**	**-**

8. Intangible assets

	2020		
Group	**Computer Software**	**Total**	**Total**
	P	**P**	**P**
Opening balance	485,686	485,686	**485,686**
Additions	-	-	**-**
Amortisation	(214,641)	(214,641)	(214,641)
Net book amount at end of year	**271,045**	**271,045**	**271,045**
As at 31 March 2019			
Cost/valuation	701,406	701,406	701,406
Accumulated amortisation	(215,720)	(215,720)	(215,720)
Net book amount	**485,686**	**485,686**	**485,686**

8. Intangible assets (continued)

	2020		March 2019	
Scheme	**Computer Software**	**Total**	**Computer Software**	**Total**
	P	**P**	**P**	**P**
Opening balance	485,686	485,686	555,510	555,510
Additions	-	-	126,057	126,057
Amortisation	(214,641)	(214,641)	(195,881)	(195,881)
Net book amount at end of year	**271,045**	**271,045**	**485,686**	**485,686**
As at 31 March 2020				
Cost/valuation	701,406	701,406	701,406	701,406
Accumulated amortisation	(430,361)	(430,361)	(215,720)	(215,720)
Net book amount	**271,045**	**271,045**	**485,686**	**485,686**

9. Investment in subsidiary

	Group	
	2020	**2019**
	P	**P**
Opening cost/valuation	272,000,000	272,000,000
Investment during the year	-	-
Fair value adjustments	6,000,000	-
At end of the year	**278,000,000**	**272,000,000**
Cost/valuation	278,000,000	272,000,000
Accumulated depreciation	-	-
Investment property	**278,000,000**	**272,000,000**

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

Insurance cost	246,163	246,163
Repairs and maintenance	2,465,535	2,056,247
Valuation fees	43,500	96,655
	2,755,198	**2,399,065**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Investment in subsidiary (continued)

The investment property comprises of a 50 year leasehold property situated on Plot 4769, Block 1, Mmopane with buildings and structures erected thereon (remaining lease period consist of 39 years)

The independent valuation was performed by Mr Maje C Maje of Apex Properties (Proprietary) Limited to determine the fair value of the investment property as at 31 March 2020. He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB) and Royal Institute of Chartered Surveyors UK ("RICS"). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of investment property, especially with respect to the determination of appropriate capitalisation rate, cost per sqm and net cash flows. The significant assumptions associated with determining the fair values of investment property as disclosed in Note 2 to the financial statements-Significant judgements and sources of estimation.

The management committee members have determined the valuation of the investment property after considering valuations of following valuation methods and limitations of each valuation methods.

Depreciated Replacement Cost (Cost of P 3,490 per sqm)	28,900,000
Income Capitalisation (Capitalisation rate 9%)	2,670,000
Income Capitalisation NPV ovver lease period (Capitalisation rate 9%)	277,000,000
Gross Replacement Cost (Cost of P 3,490 per sqm)	267,000,000
Valuation of Investment Property	260,000,000

Information about fair value measurements using significant unobservable inputs (Level 3) for 2019 sensitivity on management's estimates

Group

Valuation technique	**Valuation** P	**Estimate**	**Impact lower** P	**Impact higher** P
Depreciated Replacement cost	289,000,000	Market value per sqm +/- 10%	(6,300,000)	6,300,000
Income Capitalisation	267,000,000	Capitalisation rate +/- 1%	(5,500,000)	7,000,000
Income Capitalisation NPV over leease period	289,000,000	Capitalisation rate +/- 1%	(5,600,000)	7,750,000
Gross Replacement Cost	267,000,000	Market value per sqm +/- 10%	(6,100,000)	6,100,000

Information about fair value measurements using significant unobservable inputs (Level 3) for 2018 sensitivity on management's estimates

Group

Valuation technique	**Valuation**	**Estimate**	**Impact lower**	**Impact higher**
Income Capitalisation	256,000,000	Capitalisation rate +/- 1%	(22,000,000)	28,000,000

9 Investments in subsidiary (continued)

The following table lists the entities which are controlled by the group, either directly of indirectly through subsidiaries.

Scheme Name of company	% holding 2020	% holding 2019	Company carrying amount 2020 P	Company carrying amount 2019 P
BPOMAS Property Holdings (Proprietary) Limited	100%	100%	1,783,000	1,783,000

10 Investment in associate company

Scheme

Name of company	% holding 2020	% holding 2019	Company carrying amount 2020 **P**	Company carrying amount 2019 **P**	Carrying amount 2018 **P**
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	30%	30%	42,355,398	29,238,526	22,012,951

Summarised financial information of material associates

2020

Summarised statement of comprehensive income and other comprehensive income

	Revenue **P**	**Comprehensive income from Continuing Operations** **P**	**Other Comprehensive Income** **P**	**Total comprehensive income** **P**
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	382,006,617	43,722,906	-	43,722,906

Summarised statement of financial position	**Non current assets** **P**	**Current assets** **P**	**Non-current liabilities** **P**	**Current liabilities** **P**	**Total net assets** **P**
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	191,500,965	262,809,604	173,598,919	139,526,992	141,184,658

2019

Summarised statement of comprehensive income and other comprehensive income

	Revenue P	**Comprehensive income from Continuing** Operations P	**Other Comprehensive Income** P	**Total comprehensive income** P
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	307,383,874	27,537,528	-	27,537,528

Summarised statement of financial position	**Non current assets** **P**	**Current assets** **P**	**Non-current liabilities** **P**	**Current liabilities** **P**	**Total net assets** **P**
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	38,311,440	174,988,921	33,193,314	82,645,295	97,461,752

11 Related party loan receivable

	Group			Scheme	
	2020	2019 Restated	2018 Restated	2020	2019
	P	P		P	P
Associate					
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	3,599,700	6,599,700	15,599,700	3,599,700	6,599,700

The loan is unsecured and no repayment arrangements are set in place. These balance bears interest at 9.5% (2019: 9.5%) on the capital outstanding and are payable after one year.

Split between non-current and current portions

Non-current assets		6,599,700	15,599,700	3,599,700	6,599,700

Exposure to credit risk

Loans to group company inherently expose the group to credit risk, being the risk that the group will incur financial loss if

counterparties fail to make payments as they fall due.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

11 Related party loan receivable (Continued)

Scheme - 2020 Instrument	**Basis of allowance P**	**Loss allowance P**	**Amortised cost P**
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	3,599,700	-	3,599,700

Scheme - 2019 Instrument	**Basis of allowance P**	**Loss allowance P**	**Amortised cost P**
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	6,599,700	-	6,599,700

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts.

12 Available-for-sale financial assets

	Group 2020 P	Group 2019 Restated P	Group 2018 Restated P	Scheme 2020 P	Scheme 2019 P
At fair value through profit or loss - designated					
Listed Equity	-	11,711,826	10,406,839	-	11,711,826
Listed Bonds	-	7,912,928	10,236,380	-	7,912,928
Deposits and unlisted held at bank	-	447,527	-	-	447,527
Investments in Money markets	55,576,074	213,833,523	184,623,945	55,576,074	213,833,523
Investments in unit trusts	188,479,206	-	-	188,479,206	-
Investments in unlisted debentures	-	-	-	176,517,000	176,517,000
	244,055,280	**233,905,804**	**205,267,164**	**420,572,280**	**410,422,804**
Non current assets					
Designated as at FV through profit/ (loss) (Fv through income)	188,479,206	20,072,281	20,643,219	364,996,206	196,589,281
Current assets					
Designated as at FV through profit/ (loss) (Fv through income)	55,576,074	213,833,523	184,623,945	55,576,074	213,833,523

Terms and conditions

The investments in African Alliance Liquidity Fund which represent investment in money market funds earn market related interest.
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.
Available-for-sale debt security past due but not impaired
None of these financial assets are either past due or impaired.

Changes in fair value of available-for sale financial assets		(570,938)	50,988	(570,938)	50,988

13 Trade and other receivables

	Group			Scheme	
	2020	2019 Restated	2018	2020	2019
	P	P	P	P	P
Financial instruments:					
Contributions outstanding	6,880,087	11,897,342	5,879,362	6,880,087	11,897,342
Trade receivables-related parties	41,852,901	17,075,908	27,847,687	12,830,452	-
Loss allowance	(5,102,150)	(4,030,710)	(2,049,661)	(5,102,150)	(4,030,710)
Trade receivables at amortised cost	43,630,838	24,942,540	31,677,388	14,608,389	7,866,632
Other receivables	7,551,477	2,708,450	2,312,230	6,053,657	4,894,539
Non-financials intruments:					
Prepayments	7,351,217	48,808	71,374	7,351,217	48,808
Total trade and other receivables	**58,533,532**	**27,699,798**	**34,060,992**	**28,013,263**	**12,809,979**

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

Split between non-current and current portions

Current assets	8,533,532	27,699,798	34,060,992	28,013,263	2,809,979

Categorisation of trade and other receivables
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	51,182,315	27,650,990	33,989,618	20,662,046	12,761,171
Non-financial instruments	7,351,217	48,808	71,374	7,351,217	48,808
	58,533,532	27,699,798	34,060,992	28,013,263	12,809,979

Exposure to credit risk

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

13 Trade and other receivables (continued)

Group	2020 P Estimated gross arrying amount at default	2020 P Loss allowance (Lifetime expected credit loss)	2019 P Estimated gross carrying amount at default	2019 P Loss allowance (Lifetime expected credit loss)	2018 P Estimated gross carrying amount at default	2018 P Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:						
Less than 30 days past due: 0%	3,634,243	-	-	-	-	-
31 - 60 days past due: 0%	3,514,238	-	-	-	-	-
61 - 90 days past due: 0%	669,718	-	-	-	-	-
More than 90 days past due: 99%	4,079,143	4,030,710	-	-	-	-
Total	11,897,342	4,030,710	-	-	-	-

Scheme	2020 P Estimated gross carrying amount at default	2020 P Loss allowance (Lifetime expected credit loss)	2019 P Estimated gross carrying amount at default	2019 P Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Less than 30 days past due: 0%	3,634,243	-	-	-
31 - 60 days past due: 0%	3,514,238	-	-	-
61 - 90 days past due: 0%	669,718	-	-	-
More than 90 days past due: 99%	4,079,143	4,030,710	-	-
Total	11,897,342	4,030,710	-	-

	Group 2020 P	Group 2019 Reinstated P	Group 2018 P	Scheme 2020 P	Scheme 2019 P
Reconciliation of loss allowances					
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:					
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	2,049,661	2,049,661	-	2,049,661	2,049,661
Adjustments upon application of IFRS 9	-	-	-	-	-
	2,049,661	2,049,661	-	2,049,661	2,049,661
Opening balance in accordance with IFRS 9					
Remeasurement of loss allowance	1,981,049	-	-	1,981,049	-
Amounts recovered	-	-	-	-	-
Provision raised on new trade receivables	-	-	-	-	-
	-	-	-	-	-
Foreign exchange gains or losses	-	-	-	-	-
Other	-	-	-	-	-
Closing balance	4,030,710	2,049,661	-	4,030,710	2,049,661

13 Trade and other receivables (continued)

Credit risk disclosures for comparatives under IAS 39

"The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement."

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables impaired

As of 31 March 2019, trade and other receivables of P 2,049,661 were impaired and provided for.

The ageing of these loans is as follows:

61-90 days		-	469,434	-	469,434
More than 90 days		-	1,580,227	-	1,580,227

Reconciliation of provision for impairment of trade and other receivables

Opening balance			3,477,285	-	3,477,285
Provision for impairment (reversal)/charge			(1,427,624)	-	(1,427,624)
			2,049,661	-	2,049,661

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

14 Cash and cash equivalents

	Group			Scheme	
	2020	2019	2018	2020	2019
	P	P	P	P	P
Cash on hand	103780	870	-	103,780	870
Cash at bank	168,521,309	108,325,826	102,930,727	116,725,248	63,778,502
	168,625,089	108,326,696	102,930,727	116,829,028	63,669,372

15 Fair Value Reserve

Fair value adjustment assets available or sale reserve		8,373,816	8,373,816	8,373,816	8,373,816
Available for sale breakdown:					
Balance at beginning of the year		8,373,816	8,373,816	8,373,816	8,373,816
Fair value adjustment		8,373,816	8,373,816	8,373,816	8,373,816

	Group 2020	2019	2018 Restated	Scheme 2019	2018
	P	P	P	P	P
16 Retirement reserve					
Retirement reserve	274,981,580	231,945,703	214,573,666	258,370,710	224,937,008
Retirement reserve breakdown:					
Balance at the beginning of the year	231,945,703	214,573,666	183,544,493	224,937,008	214,573,666
Transfer from accumulated surplus	43,613,589	17,372,037	31,029,173	34,011,414	10,363,342
	275,559,292	231,945,703	214,573,666	258,948,422	224,937,008

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.

17 Borrowings

	Group 2020	2019	2018 Restated	Scheme 2019	2018
Held at amortised cost Secured					
Botswana Government loan	45,863,780	51,620,771	56,943,431	45,863,780	51,620,771
Split between non-current and current portions					
Non-current liabilities	44,964,490	50,608,599	51,463,061	44,964,490	50,608,599
Current liabilities	899,290	1,012,172	5,480,370	899,290	1,012,172
	45,863,780	51,620,771	56,943,431	45,863,780	51,620,771

The Government loan is unsecured and is repayable in 26 semi-annual instalments commencing June 2013, after a three year grace period. The Government loan bears a fixed interest rate of 8% per annum (2019: 8%).

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

	Group 2020	2019 Restated	2018	Scheme 2019	2018
	P	P	P	P	P
Balance at the beginning of year	51,620,771	56,943,431	61,864,531	51,620,771	56,943,431
Interest accrued - Government loan	3,825,136	4,259,467	4,661,028	3,825,136	4,259,467
Loan settlement during the year	(9,582,127)	(9,582,127)	(9,582,128)	(9,582,127)	(9,582,127)
Balance at end of the year	45,863,780	51,620,771	56,943,431	45,863,780	51,620,771

18 Deferred income tax liability

	Group 2020	2019	2018	Scheme 2019	2018
Deferred tax liability					
Investment property at fair value	(27,118,647)	(25,855,081)	(26,288,991)	-	-

	Group			Scheme	
	2020 P	2019 P	2018 P	2019 P	2018 P
18 Deferred income tax liability (continued)					
Reconciliation of deferred tax liability					
At the beginning of the year	(25,855,081)	(26,288,991)	(27,764,148)	-	-
Taxable/(Deductible) temporary difference movement on investment property	(1,263,566)	433,910	1,452,573	-	-
Tax losses	-	-	22,584	-	-
	(27,118,647)	(25,855,081)	(26,288,991)	-	-
19 Trade and other payables					
"Financial instruments:"					
Creditor for claims	7,244,919	3,457,886	1,977,868	7,244,886	3,420,454
Trade payables - related parties	16,832,866	3,308,736	3,773,581	-	-
Sundry creditors	1,861,218	1,588,669	1,778,148	1,768,568	1,588,669
Provision for employee benefits	8,115,263	1,403,834	2,030,645	8,115,263	1,403,834
Administration fees payable	4,599,796	3,765,359	6,804,639	4,361,728	3,722,059
Non-financial instruments:					
VAT	180,276	622,039	720,195	-	430,678
	38,834,338	14,146,523	17,085,076	21,490,445	10,565,694

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

Fair value of trade and other payables

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

20 Provision for outstanding claims

Reconciliation of provision for outstanding claims - Group - 2020

	Opening balance P	Additions P	Total P
Provision for outstanding claims	49,046,044	14,245,437	63,291,481

Reconciliation of provision for outstanding claims - Group - 2019

Provision for outstanding claims	45,489,413	3,556,631	49,046,044

Reconciliation of provision for outstanding claims - Group - 2018

Provision for outstanding claims	44,866,894	622,519	45,489,413

Reconciliation of provision for outstanding claims - Scheme - 2020

Provision for outstanding claims	49,046,044	14,245,437	63,291,481

Reconciliation of provision for outstanding claims - Scheme - 2019

Provision for outstanding claims	45,489,413	3,556,631	49,046,044

20 Provision for outstanding claims (continued)

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

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

The following key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 31 March 2020:
Membership growth- High option 5% per annum, Standard option 14% per annum and Premium option 12% per annum.

Inflation rate - 2.8% per annum (2019-3.3%)
Assumed bad debts - 0.01% per annum (2019-0.03%)
Contribution increase - 14% per annum (2019-6%)

21 Revenue	Group		Scheme	
	2020	2019 Restated	2020	2019
	P	P	P	P
Contributions from high benefit option	36,866,770	31,659,410	36,866,770	31,659,410
Contributions from premium benefit option	49,214,288	40,106,698	49,214,288	40,106,698
Contributions from standard benefit option	751,421,436	663,257,176	751,421,436	663,257,176
	837,502,494	**735,023,284**	**837,502,494**	**735,023,284**
Rental Income	24,396,366	24,269,754	-	-
	861,898,860	**759,293,038**	**837,502,494**	**735,023,284**

22 Other income				
Admin Fees - MOH Chronic Meds project	2,122,767	1,891,529	2,122,767	1,891,529
Other income	71,709	61,108	5,084	-
	2,194,476	**1,952,637**	**2,127,851**	**1,891,529**

23 Other Operating gains/(losses)				
Fair value gain on investment property	6,000,000			
Financial Assets designated as at fair value through profit or loss	1,155,425	(570,938)	1,155,425	(570,938)
	7,155,425	**(570,938)**	**1,155,425**	**(570,938)**

	Group		Scheme	
	2020	2019 Restated	2020	2019
	P	P	P	P

24 Operating profit (loss)

Operating surplus (loss) for the year is stated after charging (crediting) the following, amongst others:

	Group 2020 P	Group 2019 Restated P	Scheme 2020 P	Scheme 2019 P
Auditor's remuneration				
Audit fees - for the current year	366,925	685,180	271,248	620,686
Audit fees - prior year under provision	157,547	-	157,547	-
	524,472	**685,180**	**428,795**	**620,686**
Auditors Remuneration Internal	1,023,223	-	943,219	-
Remuneration, other than to employees				
Claims paid	703,699,314	658,499,358	703,699,314	658,499,358
Consultancy fees	473,980	783,900	436,980	783,900
Legal fees	89,682	408,657	89,682	408,657
	704,262,976	**659,691,915**	**704,225,976**	**659,691,915**
Depreciation and amortisation				
Depreciation of property, plant and equipment	610,971	565,991	610,971	565,991
Deprecvioation of right-of-use assets	1,362,863	1,362,863	-	-
Amortisation of intangible assets	214,641	195,881	214,641	195,881
Total depreciation and amortisation	**2,188,475**	**761,872**	**2,188,475**	**761,872**
Other				
Insurance	246,163	246,163	-	-
Repairs and maintenance	2,467,535	2,057,247	2,000	1,000
Directors sitting allowance - for the current year	155,535	1,075,610	-	947,624
Managed care fees to Administrator	4,466,629	4,183,819	4,466,629	4,183,819
Subscriptions	1,491,780	1,681,633	1,491,780	1,681,633
Principal officer expenses	182,257	1,710,283	182,257	1,710,283
Actuarial consultancy fee	943,931	787,766	943,931	787,766
Administration fees	53,736,022	49,564,434	52,883,886	49,503,347
Other Professional fees	80,004	-	-	-

25 Finance income

	Group 2020 P	Group 2019 Restated P	Scheme 2020 P	Scheme 2019 P
Interest income				
Interest income on available-for-sale financial assets	9,011,906	8,633,093	9,011,906	8,633,093
Interest income on short-term bank deposits"	" 3,303,162	2,389,202	1,341,831	1,215,622
Interest income on debentures"	" -	-	12,830,452	9,783,480
Interest income on loan to Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	421,115	950,627	421,115	950,627
Total interest income	12,736,183	11,972,922	23,605,304	20,582,822

26 Finance costs

	Group 2020 P	Group 2019 Restated P	Scheme 2020 P	Scheme 2019 P
Interest on lease liabilities	216,490	-	216,490	-
Interest expense on government loan	3,825,136	4,259,468	3,825,136	4,259,468
	4,041,626	**4,259,468**	**4,041,626**	**4,259,468**

	Group 2020 P	Group 2019 Restated P	Scheme 2020 P	Scheme 2019 P
27 Income tax expense				
Major components of the tax expense (Income)				
Current				
Local income tax- current period	**1,236,768**	**2,306,498**	**-**	**-**
Deferred				
Originating and reversing temporary differences	1,263,566	(433,910)	-	-
	2,500,334	**1,872,588**	**-**	**-**
28 Cash generated from/(used in) operations				
Profit before taxation	83,136,547	32,423,094	68,022,829	20,155,745
Adjustments for:				
Depreciation and amortisation	2,188,475	761,872	2,188,475	761,872
Income from equity accounted investments	(13,116,872)	(7,225,575)	(13,116,872)	(7,225,575)
"Interest income"	(12,736,183)	(11,972,922)	(23,605,304)	(20,582,822)
Finance costs	4,041,626	4,259,468	4,041,626	4,259,468
Fair value (gains) losses	(7,155,425)	570,938	(1,155,425)	570,938
Changes in working capital				
"Trade and other receivables"	(30,833,734)	6,361,194	(15,203,284)	(3,901,788)
Trade and other payables	24,687,816	(2,938,553)	10,924,752	(2,222,403)
Provision for outstanding claims	14,245,437	3,556,631	14,245,437	3,556,631
	64,457,687	**25,796,147**	**46,342,234**	**(4,627,934)**
29 Tax paid				
Balance at beginning of the year	(1,602,307)	(1,199,637)	-	-
Current tax for the year recognised in statement of comprehensive income	(1,236,768)	(2,306,498)	-	-
Balance at end of the year	2,731,480	1,602,307	-	-
	(107,595)	**(1,903,828)**	**-**	**-**

30 Changes in accounting policy

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

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

30 Changes in accounting policy (continued)

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 April 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 April 2018. Comparatives in relation to instruments that have not been derecognised as at 01 April 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:
Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The group may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The the management committee reviewed and assessed the group's existing financial assets as at 01 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

Financial asset	**As per IFRS 9**
Trade receivables	Amortised cost
Cash and cash equivalents	Amortised cost

30 Changes in accounting policy (continued)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 01 April 2018, the the management committee reviewed and assessed the group's existing financial assets, amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 April 2017 and 01 April 2018 and noted no significant changes.

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

30 Changes in accounting policy (continued)

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the group financial statements are described below. Refer to the revenue accounting policy for additional details.

The directors assessed the impact and noted that there were no changes required to the previously recorded value.

RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

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RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

MEMO

FROM: Principal Officer (PO)'s Office

TO: Members

Date: 23 November 2020

RE: RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

Background

In terms of the Scheme Rules and Management Committee Charter, Members of the Management Committee are entitled to remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Management Committee. The Rules further state that the Scheme shall bear all travel and accommodation expenses to facilitate attendance of meetings by the substantive Management Committee member and/or alternate and/or Sub-Committee members resident outside Gaborone, at such rates and within such further parameters as shall be determined by the Management Committee from time to time.

As required by King Reports, issues of insurance, paying of tax were considered when considering allowances to be paid to members and should in the same light be considered when reviewing same, taking into account the Scheme needs (value for the Scheme in the long run), strategy objectives and performance, not forgetting financial budgets.

It is worth noting that despite exercising their fiduciary duties, prior to 1 April 2017, ManCo members representing government were not paid sitting allowances. However following a government directive to pay sitting allowances to government employees in 2017, all ManCo members were paid sitting allowances at a rate paid to independent members, being P4, 500 and P3, 000 for the Chairperson and members respectively. It is worth noting that until April 2013 there were no independent members on the Management Committee therefore no sitting allowances were paid. However sitting allowances for independent members was approved in 2014. In light of the above and in line with good corporate governance, Management is of the view that the sitting allowances are due for review.

In terms of King III and indeed King IV, to avoid conflict of interest in determining their own fees and structure, the Remuneration Committee of the Board should request executive management (through independent advice if required) to recommend a fee structure (par 153.1 King III Practice Notes). It is against this background that an independent consultant, MYHRSpace (Pty) Ltd was requested by BPOMAS Management to conduct a benchmark study of board sitting allowance in Botswana. The Consultant benchmarked sitting allowances of parastals, government and private organisations (companies and medical aids). A copy of the report is attached hereto for ease of reference.

King III suggests that the remuneration committee be tasked with setting and administering remuneration policies in the company's long-term interests. King is of the view that the committee should consider and recommend remuneration policies for all levels in the company including executive directors and should advise on the remuneration of non-executive directors.

In proposing the remuneration policy, the remuneration committee should ensure that the mix of fixed and variable pay, meets the company's needs and strategic objectives. Incentives should be based on targets that are stretching, verifiable and relevant. The remuneration committee should satisfy itself as to the accuracy of recorded performance measures that govern vesting of incentives. Risk-based monitoring should be exercised to ensure that remuneration policies do not encourage behavior contrary to the company's risk management strategy.

King III proposes that the remuneration policy of the company be approved by shareholders, and that the board should be responsible for determining the remuneration of executive directors in accordance with the approved remuneration policy.

Recommendation

It is in light of the above and following the government directive to pay sitting allowances to government employees that Management recommends that a remuneration policy be adopted which would guide remuneration of the Management Committee and Sub-Committee members. The Remuneration Policy is attached separately for ease of reference.

Furthermore, in light of the Consultant's findings, a recommendation is made to adjust sitting allowance for management committee and sub-committee members closer to the market rates as per the table below, with effect from the date of approval:

RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

Designation	Current Rate	Proposed
ManCo Chairperson	P4,500 per sitting	P7,500
Sub - Committee Chairperson	P4,500 per sitting	*P6,500
Member	P3,000 per sitting	P5,000

Requested Resolution

It is RESOLVED that the Management Committee & Sub-Committee Remuneration Policy be and is hereby approved and to be effective from the date of the AGM.

It is FURTHER RESOLVED that the BPOMAS Sitting Allowances be adjusted as follows effective the date of the AGM:

Designation	Current Rate	Proposed
ManCo Chairperson	P4,500 per sitting	P7,500
Sub - Committee Chairperson	P4,500 per sitting	*P6,500
Member	P3,000 per sitting	P5,000

It is FURTHER RESOLVED that all other expenses such as travel and accommodation continue to be paid in line with the Scheme Rules and/or policies in place.

It is FURTHER RESOLVED that Mr Thulaganyo Molebatsi in his capacity as the Principal Officer do all that is necessary to give effect to these resolutions.

RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

1. Introduction

According to King III Remuneration Practice Recommendation (par 153), non-executive director fees, including committee fees, should recognize the responsibilities borne by directors throughout the year and not only during meetings. Fees should comprise a base fee which may vary according to factors including the level of expertise of each director, as well as an attendance fee per meeting.

In order to avoid conflict of interest in determining their own fees and structure, the Remuneration Committee of the Board should request executive management (through independent advice if required) to recommend a fee structure (par 153.1).

It is against this background that MYHRSPACE (PTY) LTD was requested by BPOMAS Management to conduct a benchmark study of board sitting allowance in Botswana. The following is presented after a market study of board allowances was conducted.

2. Methodology - Remuneration and expenses for board members

Our research methodology was a combination of desk-top research on open/public documents such as Financial Report, Cabinet Fees Framework and qualitative via interviews with Corporate Secretaries.

Setting fee levels that are sufficient to attract and retain talented board members is an important element of effective governance. Members do not set their own fees, remuneration and allowances but it is important for boards to understand how they are set and how to engage with the relevant fee-setting authority when fees are reviewed.

Certain regulations provide the mechanism for setting the remuneration and expenses for board members e.g. Botswana Stock Exchange Listing Requirements, Companies act. The Cabinet Fees Framework provide guidance to government board members. According to the King III Remuneration practice note 153.2, the following aspects should be considered when determining the fee structure of non-executive directors:

- An annual base fee in respect of the Board appointment that reflects the expertise and contribution of the directors;
- Committee fees where for example, the specialist technical expertise required for the Audit Committee and the Remuneration
  Committee usually merits a premium fee;
- Fee per meeting (for preparation and attendance);
- Supplementary fees for additional projects;
- Reimbursement of direct expenses;
- It is common practice to differentiate fees based on the home jurisdiction of the director, and market practice in the home
  jurisdiction is used as a basis to determine these fees; and
- Performance based share or share option schemes is not favored for non-executive remuneration (and will impact the independence of directors in listed organizations); as opposed to full value share grants that are not geared instruments and with no performance criteria influencing vesting and therefore viewed in a different light.

3. Board Sitting Allowance Study

Table A below shows a benchmark of board allowance, in industry of public and private boards. The consultant deliberately looked at a wide spectrum of industry boards, in government, parastatals, public, private (listed and non-listed companies). We researched listed companies such as First National Bank of Botswana, which arguably pays the highest sitting allowance in the country at about P53,480 per sitting for the Chairperson and P26,740 for an ordinary member. Government board tend to be on the lower side of the spectrum given that they are public service orientated. On the medical Aid, BOMAID pays higher than BPOMAS at about P7500 per sitting for Chairperson and P6,500 per sitting for member.

RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

Industry	Remuneration components	Rates	Other
BPOMAS	Sitting allowance per meeting	Manco Chairperson – **P4,500** Committee Chairperson- **P4,500** Members – **P3,000**	Mileage, accommodation, meals allowances.
BPOPF	Sitting allowance per meeting	Board Chairperson – **P6,500** Committee Chairperson- **6,500** Trustees – **P5,000**	Mileage, accommodation, meals allowances.
Pension Fund	Sitting allowance is only paid to pensioner trustee and independent trustee. Other trustees are not paid sitting allowance	Pensioner trustee - **P4,200** Independent trustee - **P4,700**	Mileage, accommodation, meals allowances.
Fund – other	Sitting allowance at Botswana Government rates - Category A	Category A rates Chairperson - **P2,250** Ordinary member - **P1,800**	Mileage, accommodation, meals allowances at Botswana Government rates.
BOMAID	Annual sitting allowance allowance per meeting	Annual sitting allowance – **P30,000** (paid once-off at the end of the financial year) Chairperson - **P7,500** Ordinary member - **P6,500**	Mileage, accommodation, meals allowances.
FNB (Listed Company)	Annual sitting allowance Allowance per meeting	Chairperson – **P213,920** (Annual) Member - **P106,960** (Annual) Chairperson – **P53,480** per sitting Member – **P26,740** per sitting	Mileage, accommodation, meals allowances.
Boitekanelo College	Sitting allowance per meeting	Board Chairperson- **P10,000** Members- **P5,000**	Mileage, accommodation, meals allowances
Parastatals **BTC**	Sitting allowance Allowance per meeting	Annual sitting allowance – **P38,768** (paid once-off at the end of the financial year) Chairperson – **P9,692** Vice Chairperson- **P7,350** Ordinary member – **P4,620.50**	Mileage, accommodation, meals allowances
BURS		Chairperson –**P10,550** Vice Chairperson-**P10,080** Members- **P4,960**	
PEEPA		Chairperson- **P14,638** Members-**P 11,637**	
BERA		Chairperson-**P 2250** Part- time members-**P1800** (sectorial board meetings sit twice a month, organizational committees sit once in three months and full board once a month).	

RECOMMENDATION: APPROVAL OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE REMUNERATION POLICY & REVIEW OF SITTING ALLOWANCES

4. Summary and Recommendation

BPOMAS should consider the suggested remunerations bearing in mind what other Boards pay and what allowances and benefits they have. For example; Board members who travel to meetings or on other board business that requires them to be away from their normal places of residence are entitled to reimbursement of actual and reasonable travelling, meal and accommodation expenses.

BPOMAS Board should have in place appropriate policies and procedures for submitting and approving board member expenses. This should cover matters such as class of travel, entertainment expenditure and use of credit cards. Issues of insurance, paying of tax should also be considered when considering allowances to be paid to members, taking into consideration the company needs (value for the company in the long run), strategic objectives and performance, not forgetting financial budgets.

After reviewing sitting allowance in parastatals, government and private Boards; a recommendation is made to adjust sitting allowance for management committee members closer to the market rates.

Designation	Current Rate	Proposed
Chairperson	P4,500 per sitting	P7,500
Committee Chairperson	P4,500 per sitting	*P6,500
Member	P3,000 per sitting	P5,000

Note

**We noticed that there is no differentiation between the Manco Chairperson and Committee Chairperson in terms of sitting allowances. We believe that Management Committee Chairperson has far greater fiduciary responsibility than the Committee Chairperson hence a slightly higher rate.*

PROPOSED AMENDMENT
OF SCHEME RULES

MEMO

To: Members
From: The Management Committee (Manco)
Date: 30 November 2020

RE: **PROPOSED AMENDMENT OF SCHEME RULES**

In terms of Rule 29 of the BPOMAS rules, 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 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 Scheme, 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 addition, the Rules provide that no alteration, rescission or addition, which affects the objects of the Scheme or which increases or decreases the rates of contribution or which increases or decreases the extent of benefits shall be valid unless approved by the employer (i.e. Botswana Government).

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
2. CONSTITUTION OF THE SCHEME The Scheme is constituted by resolution of the Management Committee of the Scheme passed at Gaborone on 23 April 1990.	**2.** CONSTITUTION OF THE SCHEME The Scheme is constituted by resolution of the Management Committee of the Scheme passed at Gaborone on 23 April 1990. These Rules together with its Annexures constitute the Constitution of the Scheme in line with the Societies Act.	To make it clear that the Rules are the Constitution of the Scheme; as required for Societies in terms of the Societies Act.
4. DEFINITIONS **4.1 "administrator"** shall mean a competent, financially sound and suitably qualified private company registered and actually operating in Botswana and appointed by the Management Committee in terms of Rule 25.	**4. DEFINITIONS** **4.1 "administrator"** shall mean a competent, financially sound and suitably qualified legal entity registered and actually operating in Botswana and appointed in line with the Scheme Procurement Process by the Management Committee and in line with Rule 25**.**	To make the definition of Administrator all-inclusive of any other competent company/entity as opposed to "private companies" only.
4.3 "adoptive" shall mean or denote legal adoption of a child as provided for by the laws of Botswana and certified by a duly appointed Public Officer.	**4.3 "adoptive child"** shall mean or denote a child adopted as provided for by the laws of Botswana.	This is to put the definition in line with the adoption act and to remove the requirement for certification by a Public Officer because it is not clear what form the certification is to take.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
4.3 "adoptive" shall mean/ denote legal adoption of a child as provided for by the laws of Botswana and certified by a duly appointed Public Officer.	**4.4 "adoptive parent"** shall mean or denote a person who has adopted a child as provided for by the laws of Botswana	This is to put the definition in line with the adoption act and to remove the requirement for certification by a Public Officer because it is not clear what form the certification is to take.
4.3 "adoptive" shall mean/ denote legal adoption of a child as provided for by the laws of Botswana and certified by a duly appointed Public Officer.	**4.5 "adoption"** shall mean or denote legal adoption of a child as provided for by the laws of Botswana.	This is to put the definition in line with the adoption act and to remove the requirement for certification by a Public Officer because it is not clear what form the certification is to take.
	4.12 "dual membership" shall mean a member of dependant who is covered by more than one membership of the Scheme simultaneously	This is to better determine what constitutes dual membership under new Rule 10
4.12 "employee" shall mean a person in the employ of an employer.	**4.12** "**employee"** shall mean any person who has entered into a contract of employment with an employer, for the hire of his or her labour and is recognised as such according to the laws of Botswana.	This is to clarify the definition particularly because employ is not defined.
4.15.3 a continuation member who is a widow – her monthly income from all sources.	**4.15.3** a continuation member who is a widow or widower – her or his monthly income from all sources.	This is to include widowers so that they are covered and to make it in line with Rule 7.4
4.17 "infant" this is defined as a child up to five (5) years old.	"Infant" shall mean a child up to twelve (12) months.	For consistency of the definitions, "shall mean" as opposed to "this is defined as"
4.19 "married member" shall mean a member who has entered into a formal union of a man and a woman, as recognized by the laws of Botswana.	**4.19 "married member"** shall mean a **member who has entered into a marriage as recognized by the laws of Botswana.**	This is to stream line the definition of married member; this would be relevant at any given point even if the current one of "man and wom-an" changes.
4.23 "member" shall mean any person admitted into the Scheme in terms of Rule 7.1, who contributes to the Scheme in order to obtain the benefits in terms of these Rules, either for himself of for any person who is his dependant.	**4.23 "member"** shall mean any person admitted into the Scheme in terms of Rule 7 but does not refer to "member" in respect of the Management Committee members.	This is to stream line the definition and to make sure the definition is not contradictory to Rule 7 and to clarify that the definition of member does not refer to members of the Management Committee.
4.24 "officer" shall mean any member of the Management Committee, the Principal Officer and/ or any employee of the Principal Office of the Scheme, the Administrator and/ or any employee of the Administrator.	**4.24 "officer"** shall mean any member of the Management Committee, the Principal Officer and/ or any employee of the Principal Office of the Scheme.	This to establish the independence of the Administrator from the Scheme.
	4.27 "principal office" shall mean an office led by the Principal Officer and operated by the Principal Officer with the assistance of such officers as appointed to assist him in his duties.	To account for any officers that may be appointed to assist the Principal Officer in execution of his duties.
4.28 "principal officer" shall mean an executive officer of the Scheme, appointed in terms of these Rules, and whose duties and responsibilities shall, without limitation, be to provide general oversight into the day-to-day operations of the Scheme, as mandated by the Management Committee.	**4.28 "principal officer"** shall mean an executive officer of the Scheme, appointed in terms of these Rules, and whose duties and responsibilities shall be as set out in these Rules, without limitation, and to provide general oversight into the day-to-day operations of the Scheme, as mandated by the Management Committee.	Amended to take into account the Principal Officer's duties and re-sponsibilities as set out at Rule 27.1

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
	"related person" means any person connected to another person whether due to marriage or any relationship similar to marriage or are separate by no more than two degrees of natural or adopted consanguinity or affinity or who directly or indirectly controls a juristic person where "control" means (i) the ability to directly or indirectly exercise or control the exercise of the majority of the voting rights of that juristic person whether due to a shareholder agreement or otherwise or (ii) the right to appoint or elect or control the appointment or election of the directors that control the majority of the votes at a board meeting	Used in the amended Rule 24.10.
	4.36 "surviving spouse" shall mean a widow or widower as the case may be.	This is necessary because of the proposed amendment to Rule 7.4
6.2 No applicant shall become a member and no person shall be recognised as a dependant for the purposes of the Rules, unless he has provided a declaration of health as required in the Membership Application Form in respect of himself and his dependants to the satisfaction of the Management Committee:	Subject to Rule 7.2, no applicant shall become a member and no person shall be recognised as a dependant for the purposes of the Rules, unless he has provided a declaration of health as required in the Membership Application Form in respect of himself and his dependants to the reasonable satisfaction of the Management Committee.	This rule needs to operate subject to Rule 7.2. Introduction of a level of objectivity in the determination of the Management Committee so that the decision of the Management Committee cannot be arbitrary.
7.3.3.1 make such arrangements to provide for the continued membership at contribution rates determined in accor-dance with Rule 4.15.2 ;	**7.3.3.1** make such arrangements to provide for the continued membership at contribution rates determined in accordance with **Rule 4.15.2 as read with Annexure A**	This is to clarify that the definition of income as provided for at Rule 4.15.2 should not be looked at in isolation but should instead be read together with Annexure A
7.4 Widow The widow or widower (as the case may be) of a deceased member, who is registered with the Scheme as his/her dependant at the time of such member's death, shall upon request be admitted as a member of the Scheme; provided that the deceased member was a member of the Scheme at the time of his death and she continues to pay the applicable contribution. Such a member shall be notified by the Scheme of her right to membership and of the contribution payable in respect thereof. Her membership shall terminate if: 7.4.1 she remarries and on marriage becomes eligible to be registered as a dependant of her husband's medical aid scheme. 7.4.2 she becomes entitled to membership of a medical aid scheme by virtue of her employment. 7.4.3 she elects, in writing, to terminate her membership.	**7.4 Widow or Widower** The surviving spouse (widow or widower as the case may be) of a deceased member, who is registered with the Scheme as the deceased spouse's dependant at the time of such member's death, shall upon request be admitted as a member of the Scheme; provided that the deceased member was a member of the Scheme at the time of his/ her death and the surviving spouse continues to pay the applicable contribution. Such surviving spouse member shall be notified by the Scheme of her/ his right to membership and of the contribution payable in respect thereof. The surviving spouse's membership shall terminate if: 7.4.1 the surviving spouse remarries and on marriage becomes eligible to be registered as a dependant of the new spouse's medical aid scheme. 7.4.2 the surviving spouse becomes entitled to membership of a medical aid scheme by virtue of her/ his employment. 7.4.3 the surviving spouse elects, in writing, to terminate her/ his membership.	This is to clarify that the provision applies to all surviving spouses be they a widow or widower.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
7.5.4 Any applicant who is 50 years of age or older who was not a member of one or more medical schemes at the time of joining the Scheme will incur a penalty by way of additional contributions as determined from time to time by ManCo:	7.5.4 Any applicant who is 50 years of age or older who was not a member of one or more medical schemes at the time of joining the Scheme will incur a penalty by way of additional contributions as determined from time to time by the **Management Committee:**	To remove the word ManCo and replace with "Management Committee" as it is not referred to anywhere else in the Rule Book.
8.5 Subject to the provisions of Rule 37, the Management Committee may exclude from membership or terminate the membership of a member whom the Management Committee finds guilty of abusing the privileges of the Scheme. The Management Committee shall inform such a member in writing of the reasons for such decision. In such event, the member may be required by the Management Committee to refund to the Scheme any sum which, but for his abuse of the privileges of the Scheme, would not have been paid to him on his behalf	**8.5** Subject to the provisions of Rule 37, the Management Committee may exclude from membership or terminate the membership of a member whom the Management Committee reasonably determines, on a prima facie basis, to have abused the privileges of the Scheme. The Management Committee shall inform such a member in writing of the reasons for such decision. In such event, the member may be required by the Management Committee to refund to the Scheme any sum which, but for his abuse of the privileges of the Scheme, would not have been paid to him on his behalf. The onus shall remain on the member to produce evidence to the contrary.	Introduction of reasonableness in the Management Committee's assessment to remove the ability of members to claim arbitrary action on the part of the Management Committee. "Prima facie" has been introduced as the Scheme can only assess that these privileges have been abused based on in the information at its disposal. Introduction of the requirement that the member bears the onus of proof in demonstrating that the submission of claims did not in fact constitute an abuse of benefits.
16.7.1 preauthorisation was sought from the Scheme before services were undertaken, except for emergencies;	**16.7.1** pre - authorisation was sought from the Scheme before services were undertaken, except for emergencies; or	To add the word "or" to demonstrate that 16.7.1 and 16.7.2 are an alternative to each other
	16.7.3 the payments referred to at 16.7.1 and 16.7.2 above are all conditional on compliance with the Rules and the member's policy having funds at the time of receipt of the claim as per the claims procedure provided for at Rule 20.	This is to clarify this point to make it clear to members that pre – authorization does not guarantee payment if at the time of the claim being made there is no money in the policy.
19. ADMINISTRATION COSTS The Management Committee shall ensure that the cost of administration for the Scheme does not exceed 14% of gross annual subscriptions.	**19. ADMINISTRATION COSTS** The Management Committee shall use its reasonable commercial endeavours to ensure that the cost of administration for the Scheme does not exceed 14% of gross annual subscriptions, provided that to the extent that such administration costs do exceed this percentage, the members, at annual general meeting, may condone the amount of any excess on reasonable grounds demonstrated by the Management Committee to the members.	Unclear what the consequences are if the Management Committee exceeds the 14% limit. There should be an ability from a governance perspective to rectify the issue as the Scheme acts through the Management Committee and there may be very valid reasons for this limitation being exceeded.
	24.1.1 Co – opted additional Management Committee members as provided for under Rule 24.5 and alternate members as provided for at Rule 24.13 shall not be considered members for purposes of Rule 24.1	This is to remove the contradiction of Rule 24.1, Rule 24.5 and Rule 24.13

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
24.3 A Management Committee member shall remain in office for a maximum period of three (3) years; save that at the end of this term of three (3) years, the incumbent may be re-appointed by the Appointing Authority.	**24.3** A Management Committee member shall remain in office for a maximum period of three (3) years ("Term"); save that at the end of this his Term of three (3) years, the incumbent may be re-appointed by the Appointing Authority for an additional Term; provided that such Management Committee member shall not be entitled to serve for more than two (2) consecutive Terms unless there is at least the equivalent period of a Term before he is eligible for re-appointment; whereafter the two (2) consecutive Term periods will be calculated anew.	King Principle 7.12 – there should be periodic, staggered rotation of members to introduce new expertise and perspectives whilst retaining valuable knowledge, skills and experience and maintaining continuity.
24.4 A Management Committee member may be withdrawn and replaced at any time by the Appointing Authority. Conclusion of such a withdrawal and replacement shall be on the basis of a related written notice to the Management Committee.	**24.4** A Management Committee member may be withdrawn and replaced at any time by the Appointing Authority without notice. Conclusion of such a withdrawal and replacement shall be on the basis of a related letter to the Management Committee by the **Appointing Authority**	This is to clarify the notice to be given in respect of the withdrawal and replacement; and to state that the withdrawal would be done by the appointing authority
24.5 The Management Committee shall be empowered to co-opt as additional Management Committee members (who need not be Scheme members) for any special purpose whenever necessary. A co-opted member may participate in the deliberations of the Management Committee but shall have no voting power.	**24.5** The Management Committee shall be empowered to co-opt any persons as additional Management Committee members (who need not be Scheme members) for any special purpose whenever necessary.	A member should be a member of the Management Committee whether appointed or co-opted and each Management Committee member should have the same voting rights. This will result in "promoting better decision-making and effective governance, including field of knowledge, skills and experience" – Principle 7.10 King IV
24.6 More than half the members of the Management Committee (excluding a co-opted member, shall constitute a quorum at the Management Committee meetings.)	**24.6** More than half the members of the Management Committee shall constitute a quorum at the Management Committee meetings.	Cross-reference the comments made to Rule 24.5; so long as one is a member of the Management Committee, they should have equal voting rights.
24.10 The individual members of the Management Committee shall at all times disclose any interest, whether it be pecuniary or otherwise, whether directly or indirectly, which they may have in any company or entity which may contract or otherwise deal with the Scheme. If such disclosure is made in writing, and provided the Management Committee has approved the same, the Management Committee member shall not be disqualified thereafter for possession of such interest or in respect of any profit therefrom, provided that where a Management Committee member has an interest in any matter, he shall recuse himself from any Management proceedings dealing with such matters.	**24.10** Members of the Management Committee shall avoid conflicts of interest. In cases where a conflict cannot be avoided, it should be disclosed to the Management Committee in full at the earliest opportunity, and then proactively managed as determined by the Management Committee. Without limiting the generality of the foregoing, the individual members of the Management Committee shall on an annual basis disclose all personal financial interests and any financial interests of any Related Person to the Committee Secretary in writing and, in addition, shall at all times disclose any interest, whether it be pecuniary or otherwise, whether directly or indirectly, which they may have in any company or entity which may contract or otherwise deal with the Scheme. Should any conflict of interest arise during a meeting, the Management Committee	General statement confirming fiduciary duty to avoid conflict of interests in line with Principle 1(a)(ii) King IV together with an enhanced process dealing with declaration of interests on an annual basis as well as conflicts arising during meetings as well as conflicts of interest that arise pursuant to a member acquiring a personal financial interest. In line with governance best practice.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
24.13 The Appointing Authority may appoint an alternate to a substantive member of the Management Committee. Such an alternate shall be entitled to attend all meetings and proceedings in which, and on all occasions when, the substantive member shall not be present.	24.13 The Appointing Authority may appoint an alternate to a substantive member of the Management Committee. Such an alternate shall be entitled to attend all meetings and proceedings provided that the alternate shall not be entitled to vote at meetings where the substantive member is also present	Allows alternate members to engage and be aware of issues that substantive members are aware of but prevents the alternate member and the substantive member voting concurrently at the meeting.
24.16 The Management Committee shall cause the proceedings of all Annual, Special, General and Management Committee meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding meeting. If the minutes of any such meeting are accepted and confirmed as correct, they shall be signed by the Chairman.	**24.16** The Management Committee shall cause the proceedings of all Annual, Special, General and Management Committee meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding meeting. If the minutes of any such meeting are approved by the subsequent meeting as a fair reflection of the proceedings of the prior meeting, they shall be signed by the Chairperson and shall be deemed to constitute prima facie evidence of the proceedings at such meeting.	Strengthens the evidentiary value of the minutes of the meeting.
24.17 Members of the Management Committee shall be entitled to remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Management Committee as may be determined by the Management Committee from time to time.	**24.17** Members of the Management Committee shall be entitled to remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Management Committee as may be determined by the Remuneration Committee in terms of a remuneration policy approved by the Management Committee from time to time provided that all recommendations for the remuneration of Management Committee members shall be subject to the approval by the members at an Annual General Meeting within the previous two (2) years	Introduction of requirement for an approved remuneration policy. The determination of the remuneration should be by the Remuneration Committee and subject to member approval obtained during the previous two years. This is an important governance element to make sure there is no deemed impropriety and no adverse inference can be made in respect of Management Committee members who may be viewed by members as operating both as "player" and as "referee".
24.18 The Scheme shall bear all travel and accommodation expense to facilitate attendance of meetings by the substantive Management Committee and/or alternate members and/or Sub-Committee members resident outside Gaborone; at such rates and within such futher parameters as shall be determined by the Management Committee from time to time.	**24.18** The Scheme shall bear all travel and accommodation expense to facilitate attendance of meetings by the substantive Management Committee and/or alternate members and/or Sub-Committee members resident outside Gaborone; at such rates and within such further parameters as specified in a published travel policy which shall be approved by the Management Committee from time to time.	From a governance perspective, governance must not only de facto be in place but should also be seen to be in place to avoid a situation where a perception of lack of governance is created. For this reason, proper policies and procedures should be adopted by the Management Committee which should be published and against which the Scheme's auditors are able to verify compliance by the Management Committee to provide comfort to the members.
26. PRINCIPAL OFFICER The Management Committee may appoint a Principal Officer, whose duties and responsibilities are as defined in Rule 27	**26. PRINCIPAL OFFICER** The Management Committee may appoint a Principal Officer, whose duties and responsibilities are as defined in Rule 27.1	To stream line the provision as the duties of the Principal Officer are set out at Rule 27.1

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
27.4 The Administrator shall: **27.4.1** be represented at all meetings of the members, Management Committee and of any duly appointed Sub-Committee; **27.4.2** arrange for the collection of contributions, banking of funds and processing such payments as authorised	**27.4.** The Administrator's presence at any meeting of the members, Management Committee and/or any duly appointed Sub-Committee of the Scheme, shall be by invitation of the Management Committee or its representative to the Administrator to attend any of the meetings of any forum of the Scheme for a specific presentations and/or reporting. Furthermore, if at any meeting at which the Administrator is present, the forum deems it necessary to excuse the Administrator therefrom, then it shall have the sole discretion to do so. **27.5** The Administrator shall arrange for the collection of contributions, banking of funds and processing such payments as authorised by the Scheme. **27.6** The Administrator's duties, over and above those as set out in Rule 27.4 and Rule 27.5, shall be as set out in the terms and conditions of the Administrator's appointment referred to at Rule 25.	The Rule as is currently crafted is in conflict with the directive from NBFIRA that the Administrator should only attend meetings by invitation; the proposed change is to comply with the directive and to ensure that service providers only attend meetings for reporting purposes and by invitation. It is also to ensure complete separation between the Scheme and the business of the Administrator as NBFIRA had indicated that the relationship between the two had become too intertwined such that the Scheme has no independence from the Administrator.
The Principal Officer, who shall be appointed by the Management Committee and who qualifies as such under the applicable laws and who shall, under the direction and supervision of the Management Committee provide secretarial services to the Scheme; which services shall, without limitation include: **27.1.1** issuance of all notices of meetings and responding to all enquiries in relation to notices of meetings. **27.1.2** attendance at all meetings of the members, Management Committee and of any duly appointed Committee(s). **27.1.3** ensuring recording of proceedings of all meetings of members, Management Committee and of any duly appointed Committee; and, together with the Chairman, ensure that the minutes of all proceedings are signed as a true and correct record of the proceedings. **27.1.4** responsibility for the preparation and submission of all statutory returns.	The Principal Officer, who qualifies as such under the applicable laws **shall, under the direction and supervision of the Management Committee and under the Principal Office, oversee provision of the following services to the Scheme;** which services shall, without limitation include: **27.1.1** issuance of all notices of meetings and responding to all enquiries in relation to notices of meetings. **27.1.2** attendance at all meetings of the members, Management Committee and of any duly appointed Committee(s). **27.1.3** ensuring recording of proceedings of all meetings of members, Management Committee and of any duly appointed Committee; and, together with the Chairman, ensure that the minutes of all proceedings are signed as a true and correct record of the proceedings.	To align the Rules with what is currently on the ground and/or has been approved which is to recognize establishment of the PO's Office. To also recognize awareness and commitment to comply with AML issues as required by the regulator and FIA, as well as to align to the Manco Charter, by inclusion of Rule 27.1.8.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
27.1.5 responsibility for the development and maintenance of an up-to-date record of the Management Committee and Sub-Committees of the Scheme. **27.1.6** communication with members regarding any changes to the Scheme Rules and benefits, annual contribution increases and/or any other communication to the members, service providers and stakeholders, as may be necessary, in furtherance of the objects of the Scheme. **27.1.7** the procurement of services on behalf of the	**27.1.4** responsibility for the preparation and submission of all statutory returns. **27.1.5** responsibility for the development and maintenance of an up-to-date record of the Management Committee and Sub-Committees of the Scheme.	
30. SIGNING OF DOCUMENTS Every contract or document binding the Scheme or any documents authorising the performance of any act on behalf of the Scheme shall be signed by either the Chairman or Vice-Chairman and another member of the Management Committee, the Principal Officer of the Scheme. The Management Committee shall be empowered to authorise such of its members as it may approve from time to time and upon such terms and conditions as may be approved by it, to be the second signatory on any document.	**30. SIGNING OF DOCUMENTS** Every contract or document binding the Scheme or any documents authorising the performance of any act on behalf of the Scheme shall be signed by either the Chairman or Vice-Chairman, **another member of the Management Committee or the Principal Officer of the Scheme in line with signatory authority levels as set out in the Scheme Procurement Policy from time to time.** The Management Committee shall be empowered to authorise such of its members as it may approve from time to time and upon such terms and conditions as may be approved by it, to be the second signatory f**rom the Management Committee** on any document.	This is to clarify the Rule and to align to the Procurement Policy as well as to align with what happens in practice.
40.1 Unless otherwise provided for in these 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: 40.1.1 no alteration, rescission or addition which affects the objects of the Scheme (as defined in Rule 5) or which increases or decreases the rates of contributions or which increases or decreases the extent of benefits shall be valid unless approved by the employer; 40.1.2 no alternation, rescission or addition which affects the objects of the Scheme, or which increases or decreases the rates of contribution or increases or decreases the extent of benefits by more than 25 percent (25%) during any financial year shall be valid unless it has been approved by a majority of the members present or represented by proxy at a meeting of the members convened in the manner provided for in Rule 35.2 or by ballot, arranged in the manner prescribed by Rule 38.2.	40.1 Unless otherwise provided for in these Rules, the Management Committee is authorised to alter or rescind any Rule or annexure or to make any additional Rule or annexure without further approval by the members or the Employer, provided that: 40.1.1 no alteration, rescission or addition to the objects of the Scheme as set out in Rule 5 or which increases or decreases the rates of contributions or which increases or decreases the extent of benefits by more than 25 percent (25%) during any financial year shall be valid unless approved by the employer;	To make it clear that Manco is authorised to alter or review Rules without always going to the AGM unless 40.1.1 and 40.1.2 are applicable.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
	40.1.2 no alternation, rescission or addition to the objects of the Scheme, or which increases or decreases the rates of contribution or increases or decreases the extent of benefits by more than 25 percent (25%) during any financial year shall be valid unless it has been approved by a majority of the members present or represented by proxy at a meeting of the members convened in the manner provided for in Rule 35.2 or by ballot, arranged in the manner prescribed by Rule 38.2.	
35. GENERAL MEETINGS OF MEMBERS **35.1 Annual General Meeting** **35.1.1** An Annual General Meeting of members shall be held within six (6) months from the end of each financial year, and at such time and place as the Management Committee shall determine for the purpose of: (i) receiving and adopting the audited annual financial statements together with the report of the Management Committee on the past year's financial and operational performance of the Scheme. **(ii) the appointment of External Auditors for the Scheme** (iii) any other business for which due notice has been given	**35. GENERAL MEETINGS OF MEMBERS** (ii) the appointment of External Auditors for the Scheme : An auditor shall be appointed at each Annual General Meeting to hold office from the conclusion of that meeting, until the conclusion of the next Annual General meeting. At any Annual General Meeting a retiring auditor, however appointed shall be deemed to be reappointed without any resolution being passed unless – (a) he is not qualified for re-appointment; or (b) the majority of members present in person or by proxy at such meeting vote in favour of the resolution appointing another auditor in his stead or providing expressly that he shall not be reappointed; or Should the Scheme be without an auditor, for any reason, the Management Committee shall, within twenty one (21) days as from the date of the vacancy occurring appoint a person or firm to fill the vacancy which auditor shall hold office until the next Annual General Meeting where an auditor shall be appointed. The auditor of the Scheme shall have	To address appointment of Auditors and the gap always created between appointment and the next AGM,to also provide more clarity on the appointment of Auditors
4.25 "parent dependant" shall mean a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; who is not a pensioner as defined under Rule 4.26 and is not more than sixty-five (65) years of age at the time of entry.	**4.25 "parent dependant"** shall mean a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; and is not more than sixty-five (65) years of age at the time of entry.	Cases exist where retiring employees of government do not have substantial pensions to sustain paying medical. In such an instance, if the individual has a child working for government/parastatal and can afford, then they shouldn't be disqualified by previous employment status
4.26 "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	**"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 **continuous** period of more than **three (3)** years, who retire on terms stipulated by the employer and resident in the Republic of Botswana.	To provide continuous cover for individuals who wish to continue with the scheme after retirement but were not in an employment contract exceeding 10 years. By allowing such people, BPOMAS will not be introducing any risk higher than those who had a 10 year contract. The average contract period is 3 years, as such, fulfil membership requirements

PROPOSED AMENDMENT
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RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
7.3.1 A pensioner shall have the option to retain his membership of the Scheme; provided such a person has been, at the date of his retirement, a member of the Scheme for a continuous period of not less than one (1) year, or has paid to the Scheme contributions for at least one (1) year; further provided that a preceding and continuous membership of any other recognised medical aid scheme shall be recognised for the purpose of determining such period.	**7.3.1** A pensioner shall have the option to retain his membership of the Scheme; provided such a person has been, at the date of his retirement, a member of the Scheme for a continuous period of not less than one (1) year.	Omission of "or has paid to the Scheme contributions for at least one (1) year; further provided that a preceding and continuous membership of any other recognised medical aid scheme shall be recognised for the purpose of determining such period" as individuals may spend their life until retirement contributing at another fund then after retirement, based on monthly contributions, seek to move to BPOMAS as it is cost effective. This then increase risk to the Scheme seeing that said individual would be an aged person who had not been contributing to the fund and just pays one year's premium to be admitted on to the Scheme and free to benefit immediately.
16.2 A member shall choose their preferred benefit option and pay the contribution relevant to such an option. He may only transfer from one benefit option to the other on the first day (01 April) of the financial year of the Scheme; provided that he has given one (1) month written notice of his intention to do so.	A member shall choose their preferred benefit option and pay the contribution relevant to such an option. Ordinarily the member may only transfer from one benefit option to the other on the first day (01 April) of the financial year of the Scheme; provided that he has given one (1) month written notice of his intention to do so. However, **subject to approval by the Scheme, a member may apply to change benefit options during the year.**	As a means of retention, a significant amount of terminations are due to financial challenges (fixing of payslips to get facilities). Downgrading of such members will allow time to recover while on membership. The Scheme shall vet the membership to ascertain if there is no malice in the downgrade (i.e., utilising of benefits then immediately downgrading).
4.7 "child" shall mean a member's child, step child, or legally adopted child, who is under the age of 21 years, who is unmarried and not in receipt of a regular remuneration exceeding the amount prescribed in Annexure Ä"	**4.7** "child" shall mean a member's child, step child, child under guardianship or legally adopted child, who is under the age of 21 years, who is unmarried and not in receipt of a regular remuneration exceeding the amount prescribed in Annexure Ä" **An application for a dependant under guardianship must be accompanied by proof of guardianship such as a Court Order or a letter from the District Commissioner together with a family resolution confirming guardianship.**	To cater for a child who is cared for by a member who has been appoint-ed the child's legal guardian.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
New: definition of Pre authorization	**Shall mean authorization for cover by the Scheme of a decision by an appropriately qualified health practitioner in a managed healthcare program / plan that a health care service, treatment plan, prescription drug or medical equipment is medically necessary before such program or plan is undertaken, subject to availability of benefits and in accordance with scheme rules.**	BPOMAS does not block or reserve funds for pre-authorised services/ procedures and members expect payment of these services despite other claims having been submitted and processed on first come first serve basis. Therefore the suggestion is to include definition of pre-authorisation in the Rules so that issue of non-reservation of funds is addressed there.
New Rule under registration of dependants Rule **(10)**	**There shall be no dual membership of dependants. No member who is the main member of the Scheme shall be added as a dependant of any other member of the Scheme. No dependant of any member of the Scheme shall be a dependant of two different members of the Scheme simultaneously. Members or dependants who hold dual membership shall be granted six (6) months from effective date of these Rules to normalise their membership status.**	Currently there are dependants who are covered by both parents or both spouses who have individual memberships. This poses a potential financial burden to the scheme associated with claim payments since dependant contributions are not that significant. This extends to funeral claims as well. The employer is also at risk as she pays double premiums.
Rule 4.11. dependant shall mean	Rule 4.11.4 Adult child 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 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 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. **4.25 "parent dependant**" shall mean a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; who is not a pensioner as defined under Rule 4.26 and is not more than sixty-five (65) years of age at the time of entry	To be listed under Rule 4.11 that describes dependant
Rule 4.11.3.1 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 21years but not over the age of 25 years, who is an unmarried student and not in receipt of a regular monthly remuneration exceeding the amount prescribed in Annexure A : Provided that such person shall only be recognised as a dependant for periods not exceeding 12 months at a time.	**Rule 4.11.3.1** 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 21years but not otver the age of 25 years, who is an unmarried student and not in receipt of a regular monthly remuneration exceeding the amount prescribed in Annexure A:	This is not outlined in the Rules and has caused dissatisfaction among members. This will offer more clarity.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
	Provided that such person shall only be recognised as a dependant for periods not exceeding 12 months at a time and such recognition shall not extend beyond the end of the calendar year during which s/he turns the age of 25. **Proof of Schooling shall be submitted on annual basis. Failure to submit the required documents shall lead to termination, however should the documents be submitted within three months of termination. The dependant shall be reinstated without a gap.**	
Rule 4.29 .1 Medical Assistive devices. For purposes of these rules; medical assistive devices shall mean, external orthopaedic and surgical prosthesis, auditory and ophthalmic devices used to replace, compensate for or improve the functional abilities of a member with a disability	**1 Medical Assistive devices.** For purposes of these rules; medical assistive devices shall mean, external orthopaedic and surgical prosthesis, orthoses, auditory and ophthalmic devices used to replace, compensate for or improve the functional abilities of a member with a disability.	The current definition excludes or-thoses
Rule 7.4 Widow membership The widow or widower (as the case may be) of a deceased member, whom is registered with the Scheme as his/her dependant at the time of such member's death, shall upon request be admitted as a member of the Scheme, provided the deceased member was a member of the Scheme at the time of his death and she continues to pay the applicable contribution. Such a member shall be notified by the Scheme of her right to membership and the and the contribution payable in respect thereof	The widow or widower (as the case may be) of a deceased member, whom is registered with the Scheme as his/her dependant at the time of such member's death, shall upon request be admitted as a member of the Scheme, provided the deceased member was a member of the Scheme at the time of his death and she continues to pay the 100% contribution. Such a member shall be notified by the Scheme of her right to membership and the and the contribution payable in respect thereof	Widow members request payment as per other principal members who are Government employees.
Rule 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 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 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.	**Rule 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 has been a beneficiary of the Scheme for a continuous period of at least one (1) year, who is not married and who applies to become a member within 3 months after the date on which s/he ceased to be a member under Rule 8 Rule 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 has been a beneficiary of the Scheme for a continuous period of at least one (1) year, who is not married and who applies to become a member within 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. The cover shall also be extended to the children of the Adult Child dependants.	We propose that it be stated that an adult child should not be married. For Adult Child dependant to be able to cover their beneficiaries. This in consideration that young children are generally less risky and low cost to the scheme. Exclusion of them means the grand parent and parent are covered while the minor child has no medical cover.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
Rule 8.2 Where such a resignation is accepted, the employee shall not be entitled to rejoin the Scheme within a period of two (2) years from the date of such resignation. Should such an employee apply to rejoin the Scheme after having served the two (2)-year period; then Rules 7.2, 8.3 and below shall apply	Where such a resignation is accepted, the employee shall be allowed to rejoin the Scheme **at any point after resignation. If the member re-applies within 3 months of resignation, the member shall be re-instated without waiting periods and outstanding premiums paid. Where the resignation period is more than 3 months, the member will be required to re-apply and the application will be treated as a new member, and will be subjected to waiting periods as in Annexure B.**	Removal of the 2-year exclusion allows members to re-apply without the long wait. The element of risk is removed by them being treated as new members if the 3-month period elapses.
New rule after Rule 8 Cessation of Membership **New Rule 9**	**Rule 9 REINSTATEMENT OF MEMBERS** 9.1 Members shall be reinstated within 3 months of termination for the following reasons: 9.1.1 Employee movement between employer groups. Where the member is transferred or changes employment and the Scheme is not notified, upon notification and proof of change/ movement, such a member will be reinstated and outstanding premiums shall be paid. 9.1.2 Where a spouse dependant is removed from cover by principal member unknowingly (e.g., divorce), such a dependant will be allowed to apply for membership provided they are government employees, parastatals employees and/or government pensioners. **9.2 Where a member was terminated due to non-payment of contributions, end of contract tenure, pensioner in waiting following retirement, failure to submit proof of schooling, the Principal Officer shall at its discretion authorise/decline such re-instatement within 12 months. A re-instatement beyond 12 months shall be at the discretion of the Management Committee.** **9.3 Where a member is terminated to join a spouse's medical aid, the member shall be re-instated at any given time should they wish to rejoin. Proof of previous medical cover shall be provided** **9.4 Where a member informs the Scheme on membership suspension due to study reasons or foreign mission appointment in writing, the membership shall be terminated and upon returning, the member shall provide satisfactory evidence of study/foreign mission appointment and will be reinstated with a gap but no exclusions.**	Numerous requests received pertaining to late school confirmation letters, withdrawal of terminations and pensioners At times a principal member terminates membership to join spouse at a different medical aid cover, but due to unforeseen circumstances the joined spouse get terminated, leaving them in limbo.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
Rule 17 Contracting with Service Providers The Scheme reserves the right to register, refuse registration and/or to de-register any service provider	The Scheme further reserves the right to introduce risk management interventions including clinical/ health risk management or solutions as it deems fit, without consultation with the service providers.	To ensure that the Scheme continues to do what is in the best interests of the members to achieve its strategic objectives without delay
Rule 18.2 Where a claim is submitted more than three (3) months from the date on which the services were rendered, benefits shall be granted only at the discretion of the Management Committee.	**Rule 18.2** Where a claim is submitted more than three (3) months from the date on which the services were rendered, benefits shall be granted only at the discretion of the Management Committee. Provided the claims are not more than three (3) years from the date the services was rendered.	The introduction of the three years is to limit the Management Committee's discretion to claims submitted not more than 3 years from the date the service was rendered. This will offer finality to finalisation of matters, and to avoid the scheme having to deal with claims that are more than 5 years only because of the inefficiencies with the service providers.
Rule 18 Payment of accounts	Rule 18.9 BPOMAS shall pay VAT for all authorised local hospitalisation	This is a new rule that effected 01.04.2020 after approval by the members
ANNEXURES/BENEFITS/ CONTRIBUTION TABLES **New – separation of Rules from Benefits and Contribution tables**	**Proposal to separate Rules and Benefits and Contribution tables** To include the following: Any changes to the Benefits and/or Contributions in any given financial year shall supersede Benefits and/or Contribution in the previous year. The Scheme shall communicate changes in each financial year and Members shall accordingly ensure they have relevant changes in any financial year.	To avoid delay caused by the long approval process of the Rules which causes delays in communicating changes to Benefits and/or Contributions
New - Annexure for membership registration requirements	Requirements for application of membership and dependants to be listed in the rule book to address member complaints who wish to register dependants without proper documents • Completed registration form • Copy of ID documents Omang / Passport / Exemption Certificate • Proof of residence / physical address • Proof of income • Marriage certificate common / customary law • Birth certificate • Legal adoption papers per Botswana law • Legal guardianship documents of minor children • Resident permits for beneficiaries	To comply with AML requirements and support authentication of identity. We often receive applications to register beneficiaries with affidavits as proof of parenthood. We have had queries due to dependants who were added without the prerequisite documents and later turned out they are grandchildren and not member's child.

PROPOSED AMENDMENT
OF SCHEME RULES

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
ANNEXURE B- BENEFIT SCHEDULES - Recognised Tariff in Botswana means the total account value rendered by General Practitioners, Dentists, Specialists, Pharmacists for prescribed medicines, Hospitals, Physiotherapists, Opticians, Paramedical and Allied / Associated Health services practitioners / organizations as determined by the Management Committee. Where services are procured outside Botswana the benefit is limited to the tariffs as may be determined by the Management Committee from time to time	**ANNEXURE B- BENEFIT SCHEDULES** - Recognised Tariff in respect of the various categories of health service shall mean, medical tariff, dental tariff, medicine cost, hospital tariffs as approved by the Management Committee from time to time. Where services are procured outside Botswana the benefit is limited to the recognised tariffs as may be determined by the Management Committee from time to time	To address member complaints who question that the rule as it is written does not refer to Botswana tariff, it just says tariff therefore implying that there might be a different tariff other than the "recognized tariff" The suggestion is also to standardise the definition of recognised tariff as it appears at Rule 4.30 particularly to remove 'total account value rendered' as members interpret this to mean their total value of invoices they paid shall be reimbursed whilst the reimbursement is based on the recognised tariffs.
Annexure D- Funeral Benefits	In order to access funeral benefit the following requirements shall be met; The claim must be submitted within six (6) months of the date of death of the member or dependant. The required documents to process a funeral claim shall include a **certified copy of the death certificate and proof of nomination (affidavit or letter by tribal authority or district commissioner) to represent the family to claim the funeral benefit and/or that the dependent has been nominated to claim** and the following documents respectively as outlined in Annexure D as follows: **Married couple:** * certified copy of marriage certificate *certified copy of identity card(Omang) for beneficiary or passport for non-citizens **Unmarried with no children, children being minors below 16 years** * A letter from Tribal authority & District Commissioner indicating that the deceased was not married and had no children * Certified copy of identity card (Omang) of beneficiary or passport for non –citizens **Unmarried with children above 16yrs** * A letter from Tribal authority & District Commissioner indicating that the deceased was not married but had children, deceased children (all) shall be stated on the letters. A beneficiary must be one of them and has to be stated that they are authorising her/him to process the claim on their behalf *certified copy of identity card for the nominated beneficiary or passport for non -citizen	This text is to be added to annexure D to clarify how a member or dependant can access funeral benefits

RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
	Adult child dependant *certified copy of identity card for the payee or passport for non –citizen payee. **Parents dependant** *certified copy of identity card for the payee or passport for non –citizen payees. **Parent & adult child dependants' funeral benefits shall depend on the benefit option that they are registered under.**	

APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEARS ENDED MARCH 2021, 2022 and 2023

Date: **07 December 2020**

FROM: **Finance, Audit, Risk and Compliance Sub-Committee**

TO: **Members**

RE: **APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEARS ENDED MARCH 2021, 2022 and 2023**

Background

As a public interest institution, BPOMAS is required to publish Audited Financial Statements annually with view to update the members as well as regulatory authorities on its financial standing. In view of the aforementioned, the Scheme should always have External Auditors appointed at the Annual General Meeting (AGM) through the recommendation of the Management Committee. The contract of the current auditors (PricewaterhouseCoopers (PWC)) is coming to an end at the next scheduled AGM. In light of that, a procurement process through a public tender, was initiated to facilitate appointment of new auditors for the next three (3) years commencing January 2021 to December 2023 (financial years ended March 2021, 2022 and 2023).

It is worth noting that in terms of the FARC Charter, the Sub-Committee shall be responsible for recommending the appointment of the external auditor at the Annual General Meeting (AGM) and to oversee the external audit process, further that the recommendation shall first be considered by Manco and a recommendation be made to the members at the AGM.

The tender was evaluated by the Procurement Sub-Committee and endorsed by the FARC in terms of which KPMG emerged the successful bidder. A recommendation was made to the Management Committee to consider before a recommendation is made to the members for the appointment of external auditors for the financial years ending March 2021, 2022 and 2023.

A recommendation is hereby made that the **BPOMAS/04 - 2020/ EXTERNAL AUDITING SERVICES** tender be awarded to KPMG for a period of three (3) years effective January 2021 to December 2023, to audit the financial years ending March 2021, 2022 and 2023; renewable annually at each AGM based on performance.

REQUESTED RESOLUTION (APPROVAL)

It is RESOLVED that the **BPOMAS/04 - 2020/ EXTERNAL AUDITING SERVICES** tender be awarded to KPMG for a period of three (3) years effective January 2021 to December 2023, to audit the financial years ending March 2021, 2022 and 2023; renewable annually at each AGM based on performance subject to successful negotiations.

It is FURTHER RESOLVED that Mr Thulaganyo Molebatsi in his capacity as the Principal Officer be authorized to sign any document necessary to give effect to this resolution.

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