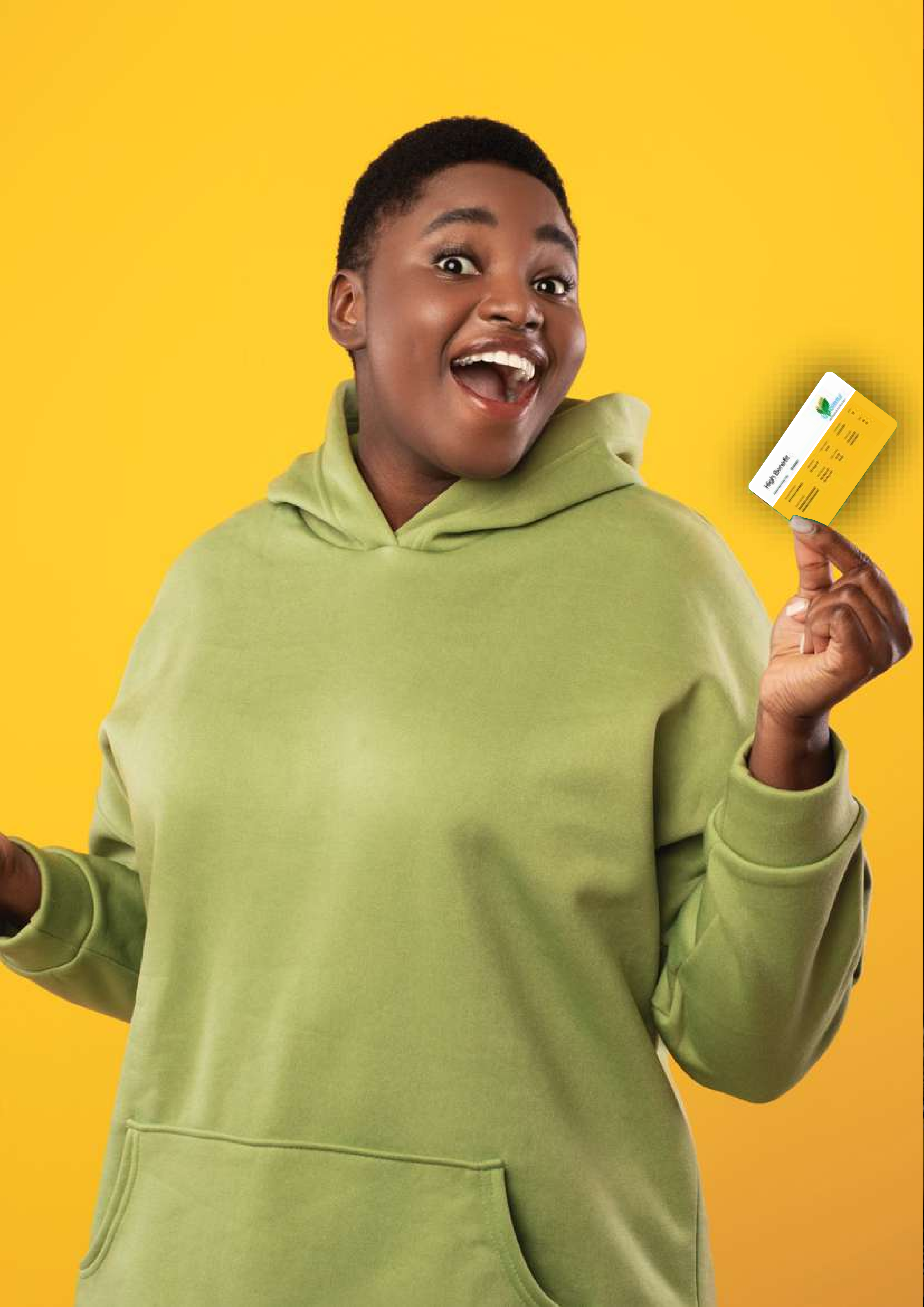
2021 & 2022

Annual General Meeting Reports


High Benefit

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Who we are

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

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

Values

Professionalism
Innovation
Team Orientation
Accountability
Service Excellence
Botho

Mission

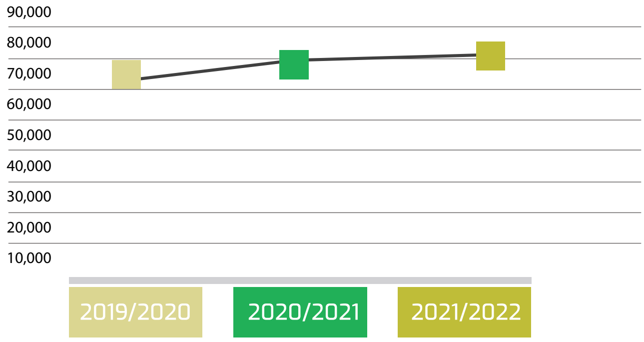
To assist members to access quality, innovative and effective healthcare solutions that meet their needs.

Vision

To be the leader in provision of sustainable healthcare solutions.

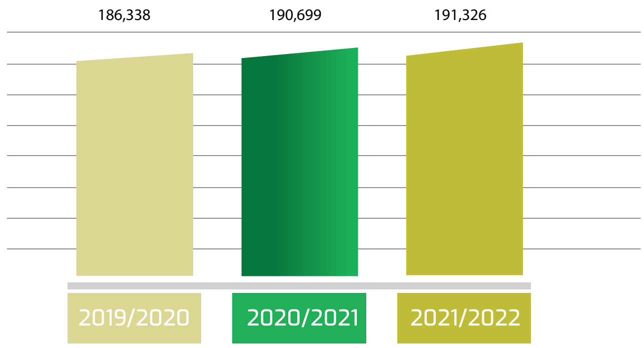
MEMBERSHIP TRENDS

Year	Number of Principal Members
2019/2020	79,923
2020/2021	82,215
2021/2022	82,644



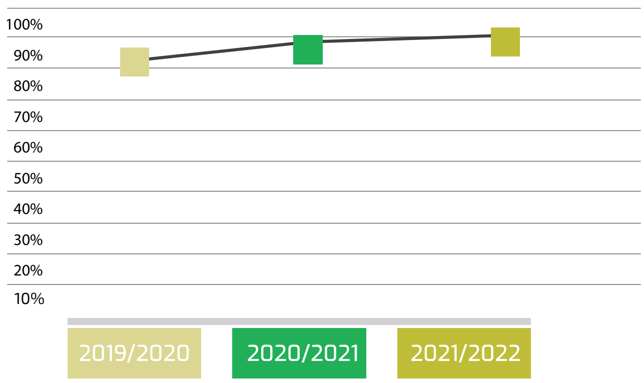
Principal Membership Growth

Year	Number of Total Lives Covered
2019/2020	186,338
2020/2021	190,699
2021/2022	191,326



Total Lives Covered

Year	Retention Rate
2019/2020	97.0%
2020/2021	99.7%
2021/2022	99.8%



Retention Rate

NOTICE IS HEREBY GIVEN THAT THE 2021 & 2022 ANNUAL GENERAL MEETING (AGM) OF MEMBERS WILL BE HELD AT AVANI HOTEL, GABORONE, ON 09 DECEMBER 2022 AT 0900HRS

AGENDA

1. NOTICE AND CONSTITUTION OF THE MEETING
2. APOLOGIES FOR NON - ATTENDANCE
3. INTRODUCTION OF THE MANAGEMENT COMMITTEE (MANCO)
4. ADOPTION OF AGENDA
5. CHAIRPERSON'S OPENING REMARKS
6. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 11 FEBRUARY 2021
7. MATTERS ARISING FROM THE MINUTES
8. RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (MANCO) REPORT FOR THE YEARS ENDED 31 MARCH 2021 AND 31 MARCH 2022
9. RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2021 AND 31 MARCH 2022
10. SCHEME RULES: AMENDMENDS
11. APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS
12. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN

Notices of motions proposed to be placed before the meeting must reach the Scheme at legal@bpomas.co.bw not later than Fourteen (14) days before the time for holding the Annual General Meeting.

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

NOTE: QUESTION AND ANSWER SESSION

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

APPOINTMENT OF PROXY FORM

If you cannot attend the 2021 and 2022 Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme (BPOMAS) to be held on the **09 December 2022** at **0900hrs** at **AVANI HOTEL, 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

OR

- [ ] The following person

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.

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

FULL NAMES	
MEMBERSHIP NO.	
POSTAL ADDRESS	
EMAIL	

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

ITEM 1: Approval of Minutes of Meeting held on 11 February 2021

YES		NO		ABSTAIN	

ITEM 2: Adoption of the Report of the Management Committee to Members for the Years Ended 31 March 2021 and 31 March 2022

YES		NO		ABSTAIN	

ITEM 3: Adoption of the Audited Financial Statements for the Year Ended 31 March 2021

YES		NO		ABSTAIN	

ITEM 4: Adoption of the Audited Financial Statements for the Year Ended 31 March 2022

YES		NO		ABSTAIN	

ITEM 5: Re-Appointment of External Auditors

YES		NO		ABSTAIN	

ITEM 6: Consideration and Approval of the Management Committee & Sub-Committees Sitting Allowances with effect from the date of approval.

YES		NO		ABSTAIN	

ITEM 7: Consideration and Approval of the Reviewed Management Committee and Sub-Committees Remuneration Policy

YES		NO		ABSTAIN	

ITEM 8: 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	

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 Administrator of the Scheme at AFA House, Plot 22, Khama Crescent, Main Mall, Gaborone or Plot 32397, Office 26, Sunshine Plaza, Francistown or submitted **by post** to: P O Box 1212, Gaborone or **emailed to agm@bpomas.co.bw** not later than 24hrs before the time for holding the Annual General Meeting.

For enquiries please call: Tel: 3972418 / 3702905 / 3702907 or Fax: 3972402

#1 Medical Aid Provider.

A botsogo jwa gago bo bolokesegile?

A o monana wa dingwaga tse di fa gare ga masome a mabedi le bongwe goya ko go tse di masome a mararo le botlhano (21-35) gape osa dirise Medical Aid?

A o kile wa nna modirisi wa BPOMAS ole ka fa tlase ga batsadi ba gago?

A o itse gore batsadi ba gago ba ka tswelela ka go boloka botsogo jwa gago ka Adult Child Dependant Cover, ba dirisa bonyenyane jwa P260 ka kgwedi?

Go itse go feta fa leletsa mogala wa: 370 2907

Go na le melawana le dipeelo

Botswana Public Officers Medical Aid Scheme

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bpomas

Minutes of the Annual General Meeting of Members held on 11 February 2021, at Avani Hotel, Gaborone, at 14:00hrs

1. PRESENT

1.1. MEMBERS

One Hundred and Nine (109) members were personally present and Eight Hundred and Four (804) by proxy.

1.2. MANAGEMENT COMMITTEE (MANCO)

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

2. IN ATTENDANCE

2.1. PO'S OFFICE

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

2.2. ADMINISTRATORS-AFA BOTSWANA (PTY) LTD

D Thela	*Managing Director*
T Lesetedi	*Managed Care Manager*
M Scheffers	*Finance and Administration Manager*
O Kealotswe	*Company Secretary*

2.3. BY INVITATION - AUDITORS

AUDITORS - PricewaterhouseCoopers (PwC) (By Invitation)

W Makolage

INDEPENDENT HR CONSULTANTS (By Invitation)

M Maphane

3. NOTICE AND CONSTITUTION OF THE MEETING

The PO confirmed that the meeting was quorate with a total of ***One Hundred and Nine (109)*** members pesonally present and ***Eight Hundred and Four (804)*** proxies. The notice of the meeting having been duly circulated was taken as read and approved following a proposal by Mr. A. Abraham, seconded by Ms. G.Kelebemang.

The PO introduced ManCo members who were all attending the AGM virtually, he further introduced in abstentia Mr. K Ebineng as the new Chairperson of ManCo subject to vetting by NBFIRA. In addition, he introduced management from the PO's Office as well as the AFA administrator Managing Director, Mr. D Thela.

4. CHAIRPERSON'S OPENING REMARKS

In the absence of the Chairperson, the Vice Chairperson welcomed all members present and introduced members of the Management Committee, the Principal Officer's office, the Administrators and the Auditors. She highlighted that due to the COVID 19 protocols the 2019/2020 AGM would be different in that the attendance would be hybrid (virtual and physical attendance), with members attending from different venues, connected virtually. Furthermore, she stated that, to ensure that the Scheme adhered to the two hour time restriction the proceedings would be led by the Principal Officer, Mr. T Molebatsi on her behalf.

5. ADOPTION OF THE AGENDA

The agenda was adopted following a proposal by Ms. M Joubert, seconded by Ms. K Sebolayi.

6. APOLOGIES FOR NON-ATTENDANCE

No apologies were received from the members.

7. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 12 DECEMBER 2019

The minutes were considered and **approved** as a true record of the proceedings and would be signed by the Chairperson on proposal by Mr. A. Abraham, seconded by Mr. A. Maseko.

8. MATTERS ARISING FROM THE MINUTES

8.1. **Update on signing of Minutes of meeting held on 6 December 2018**- done

8.2. **Management to resubmit a ManCo Remuneration Policy & structure for consideration by members** – Done, included in the 2019/2020 AGM pack.

8.3. **Management to conduct due diligence and advise on implications of allowing members to cover grandchildren whose parents are unemployed** – (ManCo) Done. The rule change has been included in the pack and forms part of the proposed changes.

8.4. **Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee (ManCo).** This had not been done. Pending engagement with the Ministry's office. (A correction was made by PO, as the agenda reflected the action item as done).

9. RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

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

9.1. Generally the Scheme and Group performed well for the 2019/2020 financial year. The PO added that in reaching this conclusion, the following key indicators were taken into account:

a. Claims ratio – amount of claims paid vs revenue received;
b. Administrative expenses;
c. Scheme surplus; and
d. Membership growth.

9.2. Key indicators on revenue, claims ratio, administrative expenses and the Scheme's surplus would be presented in detail by T. Lesejane in her presentation.

9.3. Although the Scheme had been performing well in the year under review, the following continued to put pressure on claims and there was a general increase in utilization resulting from:

a. Increased access, as new hospitals are built/ opened and more service providers are licensed.
b. Fraud, Waste and Abuse, which management and leadership will ensure it controls.
c. Increase in chronicity – (It was noted that BPOMAS is a closed scheme and an ageing scheme hence the increase in chronicity).

9.4. Membership - in the year 2019/2020 there was a **6%** increase in membership at a total of **79,923** members. In addition, the Scheme recorded a total of **186,338** total lives covered, which was a **5%** increase from prior year. It was evident that the Scheme's message was reaching the targeted audience, hence growth in the Scheme membership. In addition, membership had continued to grow consistently since 2016.

9.5. Retention Rate – **97%** of active members had been retained in the year 2019/2020 and this was slightly lower than the set target of **99%.**

9.6. Fraud Waste and Abuse continued to be monitored and clinical risk management solutions improved to ensure some control.

9.7. Access to Health Care - BPOMAS continued to provide members with access to health care. A total of **149, 403** beneficiaries were assisted in the year 2019/2020, which was a **12%** increase from the previous year.

It was reported that there was an increase in utilisation in the following:

a. Dental practitioners - **21%** due to new registered dentists.
b. Pharmacy - **21%** due to the change in medicine dispensing from doctors to pharmacists.
c. Physiotherapy - **19%**
d. Diagnostics radiology - **16%**
e. Pathology - **9%**
f. General practitioners - **9%**
g. Specialist medical practitioners - **2%**

The PO indicated that these increases were expected as a result of the growth in membership and rise in chronicity.

9.8. **Benefit Utilisation** - expectedly, hospital services contributed the largest by **21.8%** to the schemes health care costs as compared to **23.2%** in the previous year. Pharmacies contributed **19.8%** compared to **18.1%** in the previous year. General Practitioners decreased from previous year from **17.4%** to **16.7%** this year, which was partly due to the shift of medicines being dispensed by pharmacists. Medical practitioners contributed 9.5% compared to 9.9% in the previous year and Dentistry contributed 8.1% compared to 9.2% in the previous year. The Scheme introduced some clinical risk management solutions which were aimed at controlling the abnormal claim rates in the dental category. The PO pleasantly reported that these measures had yielded in a downward movement in dental claims.

9.9. **Risk profile of the Scheme**

9.9.1. **HIV/AIDS** - It was reported that the number of beneficiaries in the HIV/AIDS disease management program increased from **10,612** to **10,932.**

9.9.2. **Non-communicable diseases** - The beneficiaries registered on the non-communicable disease benefit management program increased by **8%** from **14,146** to **15,291.** The PO indicated that this rise in numbers was likely to continue over the years and as such members should not be surprised when the Scheme puts in place interventions to address this.

9.9.3. **General practitioners** - General Practitioners visits for the reporting period increased by **9%** from **446,000** to just over **485,000.**

9.9.4. **Maternity** - the Scheme was greatly concerned by the number of C-sections compared to the number of normal deliveries. It was noted that the Administrators had tried to put in more effort to address this problem and a result, there was a decrease in the past year from **67.6%** to **56.8%**. These numbers continued to fluctuate and would therefore be closely monitored.

9.9.4. The average age of principal members remained constant at forty-five (45) years and the average age of total lives covered remained constant at thirty-one (31) years.

9.10.COVID 19 Impact Assessment – as was common knowledge, the World Health Organisation (WHO) declared COVID 19 a global pandemic and subsequently on the 31 March 2020 the president of Botswana declared a State of Emergency and nationwide lock down on Botswana. Furthermore, it was pointed out that the Scheme's financial year end was 31 March 2020. It was noted that despite the aforementioned, there was fortunately, no negative bearing on the performance of the Scheme for the year ended 31 March 2020. However, the members were cautioned that, COVID19 would inevitably play a part in the way the Scheme conducted its business/affairs henceforth. The members were advised that those who had already scheduled surgeries in the previous year, would still be able to do so in the next financial year, as the funds allocated, had been set aside.

9.11. It was emphasized that the overall medium to long term impact of COVID 19 on the Scheme could not be accurately predicted, save to highlight the following risks:

i.The general economic slump which had affected government coffers and would in turn affect the Scheme as it received the bulk of its funding from government through membership subscriptions.

ii. Negative impact (due to poor performance of the economy) on the Scheme's investment assets,

Members were assured that the above developments would continue to be monitored.

9.12.Comments

a. Ms. K. Lesole requested that the Scheme should reconsider the time (three (3) months) allowed for one to be attended to by a dental practitioner following the initial visit. PO advised member to provide contact details to allow the Scheme to assist her accordingly.

b. Mr. M. Pelotona sought clarity on how increase in access to health care resulted in an increase in fraudulent practices. In response, it was stated that fraud resulting from increased access to health care could be due to members colluding with doctors to assist non- members and service providers submitting claims not correlating with services provided to members.

c. Ms. M. Joubert explained that the dental contribution paid by member(s) when visiting dental practitioners was often high and as such posed a challenge to member(s) in gaining access to dental health services. Ms. M. Joubert therefore sought clarity on what the percentage contribution by a member ought to be and in response the PO requested the member to liase with the Scheme on her out of pocket contribution, to allow the Scheme to assist.

d. Ms. M. Joubert in addition complained that, the recommended practice by the Scheme in encouraging members to get medication from pharmacies rather than from the consulting doctor led to a double charge as members would have to pay doctors for consultation and then pay again at the pharmacy. The PO in his response emphasized that as previously explained in the previous AGM the separation of the role of doctors and pharmacies resulted in better clinical outcomes, as pharmacists were specifically trained for dispensing medication.

d. He further explained that, when a doctor serves as a consulting doctor and also dispenses medication, that may have an impact when prescribing and dispensing medication.

e. Mr. R. Setswalo complained that BPOMAS charges seemed to be higher than those of other medical aids. The PO explained that there were agreed tariffs which medical practitioners were expected to adhere to, and urged members to notify the Scheme in the event they became aware of such breaches.

f. Mr. A. Abraham, explained that there were some pharmacies which refused to accept BPOMAS as they claimed that BPOMAS took long in processing claims/payments. The PO stated that the set turnaround times for processing claiming was two (2) weeks. Further that the Scheme had contracted with most pharmacists and unfortunately could not force medical practitioners/pharmacists to accept BPOMAS, as such all healthcare professionals accepted BPOMAS at their discretion. The PO urged members to inquire beforehand on whether a medical practitioner/ pharmacist accepted BPOMAS. The PO explained that the Scheme together with the Administrators would continue to ensure that claims were processed within the set turnaround times.

g. Mr. A. Abraham further pointed out that Physiotherapy utilization rate had increased by **19%** and as such enquired on what could be done to assist members regarding physiotherapy. Mr. A. Abraham further stated that Chiropractors often requested members to pay and submit claims thereafter. He asked why this payment arrangement was different from that of Physiotherapists.

h. In response, Mr. D. Thela explained that BPOMAS benefits included Chiropractors therefore was no different from physiotherapy, in that members would be required to make their 10% payment, provided the benefits had not been depleted.

9.13. The Principal Officer advised members not to wait for the AGM to address issues/suggestions, and that motions should also be submitted in time before the AGM to allow them to be tabled/ considered accordingly. The Schemes contact details were shared with the members.

10. CORPORATE GOVERNANCE

The Corporate Governance Report which had been circulated was noted and taken as read and presented by L. Keloneilwe who highlighted the following:

10.1. The 2019/20 Corporate Governance Report was different from the previous ones, in that, it included the Anti-Money Laundering (AML) Report which was in line with the Botswana Government's commitment towards AML.

10.2. The Scheme had adopted an AML Policy which guides ManCo on how to address issues of money laundering when conducting its business.

10.3. The Management Committee (ManCo) was responsible for the overall management, strategic direction and long-term success of the BPOMAS group. ManCo was 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).

10.4. 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 Group Strategy still remained the prerogative of the ManCo.

10.5. The ManCo had oversight over the Executive Office and met quarterly to consider and approve proposals and pass resolutions. To ensure that the Scheme was managed by a fit and proper team, the members of the ManCo underwent a vetting process by NBFIRA before appointment.

10.5. The ManCo had delegated some of its responsibilities to the following Sub-Committees, who report to Manco on a quarterly basis:

a) **Finance, Audit, Risk and Compliance Sub-Committee (FARC)** - The mandate of the FARC included consideration and recommendation of financial statements, assessing and managing risk and compliance, management/oversight of internal and external auditors as well as actuaries. it is responsible for ensuring that the Scheme in carrying out its mandate, does so within the ambit of all relevant laws.

b) **Investment Sub-Committee (ISC)** - was responsible for the overall oversight of the Schemes investment portfolio including BPOMAS Property Holdings being a subsidiary of the Scheme. The Sub-Committee's members also included an independent member who assists in providing advice from an independent perspective.

c) **Nominations, Remuneration and Human Resource Sub-Committee** - was responsible for the nominations and remuneration and human resource related issues of the Scheme.

d) Procurement Sub-Committee - was responsible for ensuring the overall procurement and asset disposal of the Scheme.

10.7. The Scheme had adopted the King Reports on Corporate Governance (including the latest being King IV), which guided the Scheme and assisted in ensuring that the Scheme operates in line with principles of good corporate governance. The Scheme had performed a King III gap analysis by marking itself against the King report and generally performed well. The Scheme continued to ensure that it was compliant with all relevant corporate governance guidelines/codes.

10.8. Comments

a. Ms. K. Ramokhua commented that in 2019 the Scheme reported that it often engaged in a benchmarking exercises, she pleaded with the Scheme to also consider benchmarking on membership benefits. In his response, the PO confirmed that indeed the Scheme also benchmarked on membership benefits. He also pointed to members that when comparing the benefits of the Scheme to its competitor(s) members ought to be cognisant of the monthly subscription too, that way, they would be able to compare like with like.

b. Furthermore, he stated that the Scheme would continue to make efforts in trying to increase these benefits, however this would be guided by the rule that **5%** of members should not exceed a particular benefit line. The PO further explained that where **5%** of the members exceed a particular benefit line, the Scheme then, subject to affordability would increase such benefit line.

c. Ms. K. Ramokhua further enquired on payments made to specialized practitioners in hospitals, and expressed concern that in some instances members were told that the Scheme did not cover costs charged by anaesthetics. In response, the member was advised to provide contact details, to allow the Scheme to assist accordingly. Management was requested to note members contact details and to be contacted thereafter.

d. Superintendent Mlazie sought clarity on which corporate governance code the Scheme had currently adopted as previously presented earlier and L Keloneilwe clarified that, the Scheme had adopted King IV Code on Corporate Governance.

11.RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE(MANCO) REPORT FOR THE YEAR ENDED 31 MARCH 2020

The report which had been circulated was noted and taken as read. Members were advised that the financial performance was as reported below, under Minute 12, Consideration and w of the Annual Financial Statements for the year ended 31 March 2020.

The report was **adopted** on proposal by Mr. W. Daniel and seconded by Mr A. Maseko.

12. CONSIDERATION AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

T. Lesejane presented the abridged consolidated Report, which had been circulated to the members and taken as read. It was noted that the report was a summarised version and members were welcome to inspect the full detailed report at the BPOMAS offices. The following were highlighted:

12.1. **Group Financial Performance Year ended 31st MARCH 2020**

The Financial Statements were audited by Pricewaterhouse Coopers (PWC) who expressed an unqualified audit opinion i.e. the statement of the Scheme and the Group affairs were true and fair.

12.1.1 **Statement of Comprehensive Income (Income Statement)**

a. There was a significant improvement in the performance of the Group: The group comprised of the Scheme, BPOMAS property Holdings and Lenmed Hospital Bokamoso Hospital. Some of the improvements highlighted included the income contributions i.e (premiums, rental incomes, shares in Lendmed increasing from **P735, 023,284** in 2019 to **P837, 502,494.**

b. Claims ratio in 2019 was at **87%** and in 2020 reduced to **82%.** The set target was between **80%-85%** and anything beyond **85%** would leave the Scheme in a vulnerable position. Members were reminded that in 2019 the Scheme reported a marginal surplus of **P20, 000,000**. It was explained that this reduction in claims ratio had contributed significantly to the performance of the Scheme.

c. Generally other than the claims ratio, in the previous year also performed well, resulting in the scheme's share increasing from **P7, 200, 000** to **P13, 100,000**.

d. The Administration expenses being the operational expenses comprised of administration fees and finance fees.

12.1.2. **Statement of comprehensive income**- there had been an improvement in the performance of the Scheme from **P30, 500,000** in previous year to **P80, 600,000** in the year under review.

12.1.3. **Statement of financial position/Balance sheet**- there had been improvement in the performance of the group, with total assets increasing from **P680, 000,000** to almost **P800, 000,00**0. This improvement in performance was due to the improvement in the cash reserves and investments. In general, the year ending 31 March 2020, had been an overall good year for the Scheme. It was further reported that there was an improvement in the non-current assets and a slight decrease in the current assets which were owed to the classification of the assets.

a. There was an improvement in the Reserves and liability, increasing from **P538, 445.642** to **P619, 081,855** due to the improvement and accumulative surplus, which increases /decreases were due to the performance of the income statement. The Scheme had continued to manage paying the government loan which was extended to it during the sequestration period hence there was a reduction in borrowings.

b. The outstanding claims (claims which had been presented but had not been incurred) amounted to **P63, 000,000.**

c. There was an improvement on the cashflow statement and cash equivalent with an increase from **P108, 000,000** to **P168, 000,000.**

12.1.4. In closing, T. Lesejane stated that from a financial perspective the year 2020 was a better improved year as compared to 2019. She added that as previously stated the year 2019 was a difficult year financially, due to the high **(87%)** claims ratio.

12.1.5. Comments

a. Mr. B Daniel sought clarity in the Tax Surplus differences and claims ratio differences in the two years between 2019 and 2020 and the causes thereof. T Lesejane responded, explaining that, Income tax, was tax charged to BPH, for the profit made in 2020. She further explained that an improved profit realized by BPH consequently resulted in an increase in tax of **P2,200,000** in 2020 and **P1,900,000** in 2019. It was further explained that the decrease in claims ratio from **87%** to **82%** was as a result of the interventions introduced to the Scheme.

b. Mr. Daniel further asked what influenced the decrease in assets and in her response, T Lesejane clarified that there had not been any decrease in the total assets. She highlighted that in 2019 the total assets amounted to **P680,000,000** and in 2020 these increased to **P799.7 million** therefore there had in fact been a **P100 million** increment.

It was RESOLVED that the audited financial statements for year 31 March 2020 be and are hereby adopted following a proposal by Ms. G. Kelebemang, seconded by Ms. M. Nkwe.

13. CONSIDERATION AND APPROVAL OF THE MANCO AND SUB COMMITTEES REMUNERATION POLICY

All ManCo members were requested to recuse themselves for this agenda item. L Keloneilwe presented the Remuneration Policy which had been deferred from the last AGM to the 2020 AGM and highlighted the following:

13.1. The purpose of the Policy was to guide and provide a framework on the remuneration structure of all ManCo and Sub-Committee members.

13.2. The Scheme followed the King IV Corporate Governance Report, which provided that it was important to set up a remuneration structure and formalize the remuneration of members. Furthermore, in terms of good governance, there had to be fair and responsible officers in the organization. i.e. the remuneration ought to be fair in relation to the responsibilities of members and the second objective was to attract, retain and encourage personnel of a high caliber.

13.3. The Policy would be subjected to an annual benchmarking exercise.

13.4. The Scheme Rules provided that "the Scheme shall bear all travel and accommodation expenses for all members residing outside Gaborone".

13.5. The proposed remuneration was a fixed fee and did not include any extra allowances. In addition, Manco members would receive a higher remuneration than Sub-Committee members and there shall be no payment towards the alternate members unless attending meeting where the substantive member is in attendance.

13.6. All ManCo members owed the Scheme a fiduciary duty and as such would be expected to always act in good faith despite there being a professional indemnity insurance cover.

13.7. It was the responsibility of the office of the Principal Officer to monitor the Policy and the review and approval would be done by the Nominations, Remuneration and HR Sub-Committee upon presentation and approval to the members of the Scheme.

13.8. The proposed Policy was drafted taking into consideration relevant codes, laws and regulations including the Scheme Rules, Society's Act good corporate governance guidelines as well as NBFIRA requirements as the Scheme's Regulator.

13.9. Comments

a. Mr. M. Pelotona asked what the criteria for members to be nominated in to the Sub-Committees was and L. Keloneilwe, responded by explaining that, in terms of the Rulebook, the appointment was made by the appointing Authority which was the Minister of Health and Wellness. She further explained that,upon the introduction of the NBFIRA, the appointment was subject to vetting by NBFIRA.

b. Mr. B. Daniel asked if the ManCo members' tenure of office was fixed and the PO explained that the fixed term was three (3) save that at the end of the three years, a member may be re-appointed for another term of three years. It was further explained that, this was to allow new members into these positions so as to bring new skills which would assist the Scheme in executing its mandate.

Designation	Current Rate	Proposed
Chairperson	P4,500 per sitting	P7,500 per sitting
Committee Chairperson	P4,500 per sitting	P6,500 per sitting
Member	P3,000 per sitting	P5,000.00

c. Mr. B. Daniels asked whether other medical aid schemes benchmarked with the Scheme and the PO, explained that benchmarking was a standard way of business and that indeed other organisations benchmarked with the Scheme.

It was RESOLVED that the Management Committee and Sub-Committees Remuneration Policy be and is hereby approved, on proposal by Ms. Taledzwane and seconded by Assistant Superintendent Mlazie.

14.APPROVAL OF RECOMMENDATIONS OF THE MANCO SUBCOMMITTEES REMUNERATION POLICY AND REVIEW OF SITTING ALLOWANCES

The report which had been circulated was noted and taken as read and presented by the Independent Consultant, who had been engaged for the review exercise of the sitting allowances. Due to a technical glitch, it was agreed that, L. Keloneilwe assist with the presentation. The following was reported:

14.1. The guideline followed in the review process was the King III Remuneration Practice Note 153.2 and a combination of desktop research on open or public documents such as Financial Report, Cabinet Fees Framework and qualitative methods via interviews with Corporate Secretaries.

14.2. It was further highlighted that, setting fee levels that were sufficient to attract and retain talented board members was an important element of effective governance. The table below illustrates the proposed recommendations presented to the members upon having benchmarked on the board allowance in industries with a similar mandate as that of the Scheme, both in the public and private sectors.

a. The adoption for the recommendation for the review of the sitting allowances was proposed by Mr. B Daniel however, Mr. G. Gabanakgosi raised a concern stating that the figures proposed were on the higher scale, and stated that those on the lower and middle scales were not shared with members, he therefore proposed that this agenda item (review of sitting allowances) be deferred to the next AGM for members to be given time to consider

b. Ms. P. Lesole stated that when members complained of other medical aids offering higher/ more benefits to their members the response given by the PO was that it could be because the membership subscriptions were generally higher than those of BPOMAS hence more/ higher benefits for the members. Ms Lesole in turn questioned why the same argument/explanation was not applied to the reason behind those medical aids offering their board members/ committee members higher sitting allowances as compared to BPOMAS.

c. The PO responded to this by explaining that these proposed recommendations were still lower compared to those offered by other organisations with a similar mandate to that of the Scheme and referred to Botswana Public Officers Pension Fund (BPOPF) as an example. He further explained that low remuneration may result in Scheme facing challenges in attracting Manco/Committee members especially the independent members.

d. Mr. M. Letsatsi stated that the report reflected that the Scheme had done well in the year under review, despite the COVID 19 pandemic and asked what the Scheme was doing in trying to assist members in relation to COVID 19. Mr. Letsatsi indicated that some medications were not financially covered by BPOMAS at pharmacies, which resulted in members being given alternative medications which at times

It was **RESOLVED** that the sitting allowances of the Management Committee and Sub-Committees remain as they were and not changed/reviewed, therefore the recommendation be and is hereby declined.

15. CONSIDERATION AND APPROVAL OF THE PROPOSED RULE CHANGES

15.1. The PO highlighted that the Rules which were noted and taken as read, had been endorsed by the Registrar of Societies in line with the Societies Act and were being presented to the members for approval.

15.2. Ms P. Nasha suggested that the meeting time be split into two sessions: two (2) hours in the morning and another two (2) hours in the afternoon. She further asked for the Scheme to consider the inclusion of grandchildren on the list of beneficiaries. It was explained that this request had been included in the proposed Rule changes.

It was RESOLVED that the proposed Rule Changes be and are hereby approved as recommended on proposal by Mr. A. Maseko and seconded by Ms. P. Nasha.

16. APPOINTMENT OF EXTERNAL AUDITORS

The PO requested for the external auditors to be recused from the meeting. The following was reported:

16.1. PriceWaterhouseCoopers (PWC) had been appointed for a three-year period effective 2017 renewable annually based on performance and that at the previous AGM they were re-appointed for the last year, terminating at this AGM.

16.2. In line with the Procurement Policy a tender for external audit services was floated and KPMG was selected as the preferred bidder. It was therefore **recommended** that KPMG be appointed for a period of three (3) years effective January 2021, renewal to December 2023.

It was RESOLVED that, KPMG be and is hereby appointed as the Scheme External Auditors for a period of three (3) years effective 2021, renewable annually at each AGM subject to performance, to audit the financial years ended 2020/21, 2021/22 and 2022/23 on proposal by Ms. G. Kelebemang, seconded by Ms. A. Maseko.

READ AND APPROVED

CHAIRPERSON:...

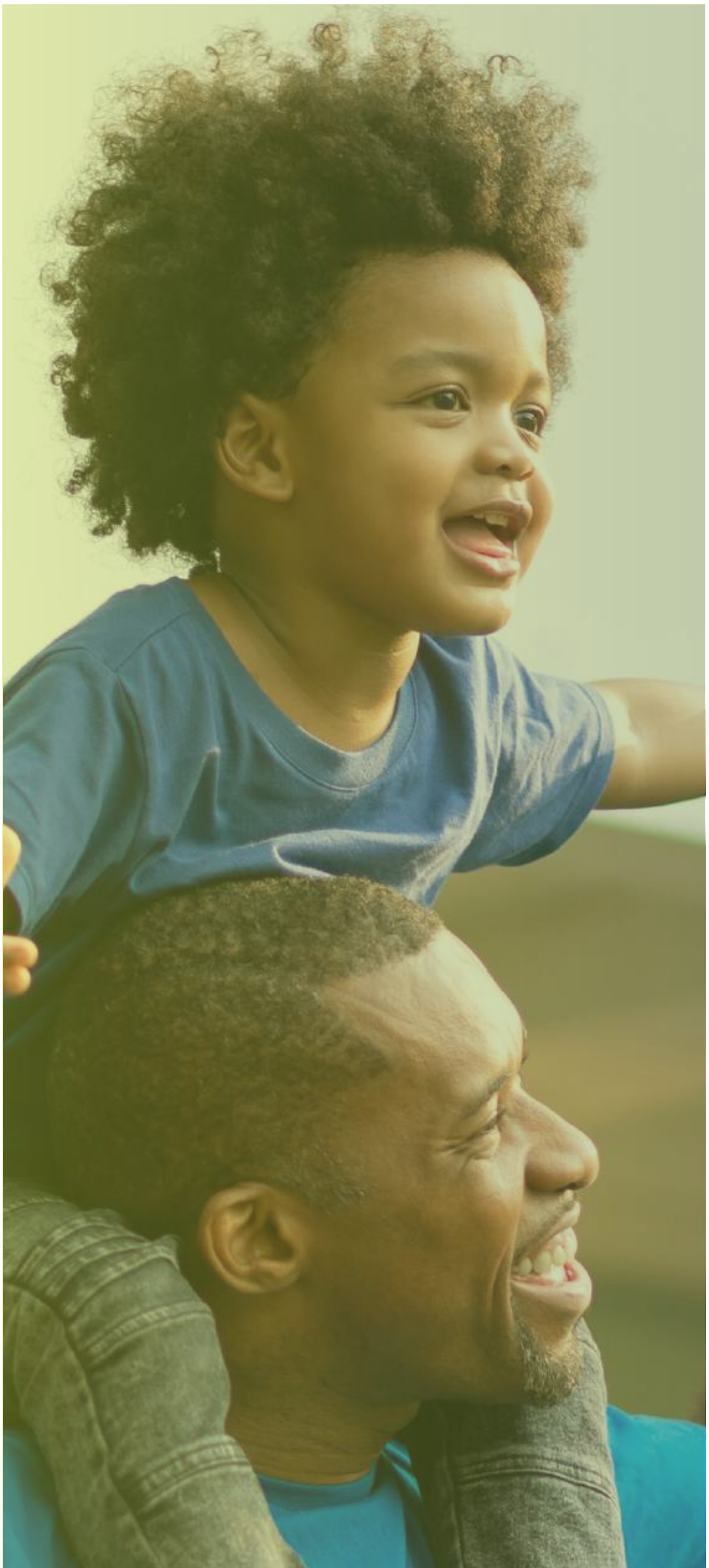
DATE:..

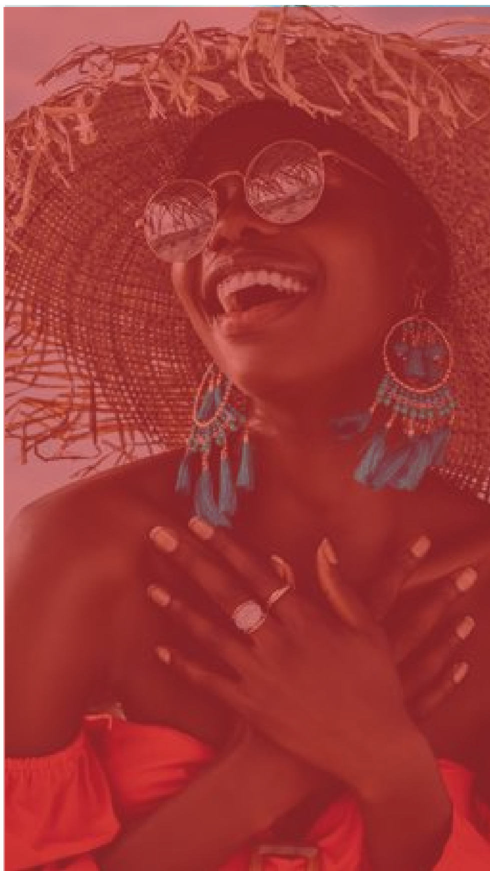
ACTION SHEET 21 FEBRUARY 2021

	ACTION ITEM	ACTION BY	DUE DATE
1	Update on signing of Minutes of meeting held on 12 December 2019.	Chairperson	Next AGM
2	Management to resubmit a ManCo Remuneration recommendations for consideration by members.	PO	Next AGM
3	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)

ACTION ITEM	ACTION BY	UPDATE DUE
Update on signing of Minutes of meeting held on 12 December 2019.	Chairperson	Done
Management to resubmit a ManCo Remuneration recommendations for consideration by members.	PO	Remuneration recommendation resubmitted as a substantive agenda item.
Consider revising the Rule providing that the Permanent Secretary, Ministry of Health and Wellness, shall be the Chairperson of the Management Committee.	Manco	During the rules review process which included sharing the proposed changes with government ministries, some ministries requested for more time to reflect on the proposal. To that end, the proposed change will be included in the next rule changes and tabled at the next AGM.





Chairperson's Message

Ms Grace Muzila
Chairperson

During the financial year 2021/22, BPOMAS introduced a COVID-19 relief fund to assist members across product divide (Premium, High and Standard). This enhanced member value proposition, ensuring that they were cushioned and protected from exhausting their benefits.

Background

The periods (2020/21 and 2021/22) were very challenging due to the outbreak of COVID-19 pandemic. On the 11th March 2020, World Health Organization (WHO) declared COVID-19 a global pandemic and recommended thereto disease control measures and/or protocols. In line with WHO recommendations, most countries announced lockdowns and extreme social distancing. In Botswana, a State of Emergency was declared together with a national wide 28 days lockdown that effected on 02 April 2020.

As may be noted above, the outbreak of COVID-19 and the subsequent nation-wide lockdown almost coincided with the beginning of the Scheme's 2020/21 financial year, as such causing uncertainty on how the Scheme would be impacted in the short to medium term. To address the potential impact of COVID-19 on the Scheme, Management Committee (ManCo) made the following strategic decisions:

- Deferred subscriptions increase for the financial year 2020/21;
- Deferred benefit increase for the financial year 2020/21;
- Reserved benefits for all elective medical and surgical procedures that were already pre-authorised but had to be postponed in order to satisfy COVID-19 control measures;
- Applied a general tariff increase of 3% in order to cushion members against excessive Out-of-Pocket payments at point of healthcare service provision.

As part of the national call, the Scheme contributed P3million towards Botswana Government COVID-19 Relief Fund. This was in response to the presidential plea that all should assist towards fighting COVID-19. The funds were directed towards procurement of public testing materials and equipment.

During the financial year 2021/22, BPOMAS introduced a Covid-19 relief Fund to assist members across product divide (Premium, High and Standard). The benefits covered by the Fund include: Inpatient Services (hospitalisation), Covid-19 tests (PCR and Rapid), Home Based Services and Vaccine Administration. From inception on 20th August to 31st March 2022, the dedicated COVID-19 call centre assisted approximately 125 members. The claims paid from Covid-19 Relief Fund in respect of COVID-19 amounted to P11.1 m COVID-19 disease was the leading cause of death for the financial year 2021/22 especially the first three quarters of the year. It was observed that COVID-19 accounted for 53%, 65%, 21%, and 10% of deaths for quarters 1, 2, 3 and 4 respectively. During this period, the scheme registered a total of 1,049 deaths.

On behalf of the Scheme, I would like express condolences to the families that lost their loved ones as a result of the COVID-19 pandemic as well as other causes of death. It has indeed been a difficult period, and as the numbers show, our members were not spared.

Key Performance Highlights

Membership

I am happy to report that despite the COVID 19 related challenges alluded to above, the Scheme continued to grow in membership, albeit at smaller rates compared to previous years. The Scheme closed 2020/21 financial year at 82 215 principal members, an increase of 2.8% from the prior year. Total lives covered for the reporting period was 190 699 which represented an increase of 2.3% when compared to previous year figure of 186 338. The membership retention rate for the reporting period was 99.8%, slightly above the annual target of 99%.

For the year 2021/22, the Scheme registered 4 141 new members, thus closing on 82 644 principal members and 191 326 total lives covered. This represents a year-on-year growth of 0.52%.

Financial Performance

While the Scheme froze subscriptions increase in 2020/21 financial year, there was growth in revenue at 3.9%. This was mainly due to membership growth. Group revenue for the year ending 31 March 2021 was P894,495,926 up from P861,899,860. Revenue grew further to P930,731,510 for the year ending 31 March 2022, which was a 4% growth.

Total group surplus before tax amounted to P53,892,244 in 2020/21, this being a decline of 35% from the surplus of P83,136,547 reported in 2019/20. The surplus further declined by 76% to P13,000,621 between 2020/21 and 2021/22. The decrease in group surplus over the two financial years being reported is mainly attributable to higher increase in claims costs relative to increase in revenue, a reduction in the investment income as well as the Scheme's associate being Lenmed Health Bokamoso Private Hospital (LHBPH) incurring a loss in 2020/21. However, it should be noted that there was an improvement in the performance of the Scheme's subsidiary being BPOMAS Property Holding (BPH) and other operating income from 2019/20 to 2021/22.

At Scheme level, Gross Contributions Income (GCI) for the years 2020/21 and 2021/22 was P870,026,836 and P905,449,520 respectively, compared to a GCI of P837,502,494 reported in 2019/20. This 4% increase in GCI between 2019/20 and 2021/22 is mainly attributable to the growth in membership base. It should be noted that in response to the COVID-19 pandemic, the Scheme did not increase contributions for the 2020/21 financial year but for the year 2021/22, a 3% increase in contributions was effected. Health Care Cost (HCC) closed the year 2020/21 at P749,314,372 reflecting a 6.5% increase from the figure of P703,699,314 reported in 2019/20.

For the year 2021/22 however, HCC stood at P871,735,466 showing an increase of 16% between 2020/21 and 2021/22. This was largely due to increased utilisation of benefits by members as a result of the COVID-19 pandemic. Overall, HCC for 2021/22 were high with a claims ratio of 96% up from 87% and 83% reported in the 2019/20 and 2020/21 financial years respectively. It is to be noted that these ratios are above the strategic target range of 80-85%. Gross Administrative Expenses (GAE) amounted to P102,381,565 in the 2021/22 financial year, down from P110,540,706 and P102,884,954 reported in the 2020/21 and 2019/20 financial years respectively. GAE as percentage of contributions income was 12% and 11% for the years 2020/21 and 2021/22 respectively, this being within the strategic target of 12% for both years. The major driver of the increase in GAE is Scheme administrator fees which proportionally increase with membership growth.

Conclusion

As noted in the financial highlights above, the periods under review were most challenging, especially financial year 2021/22 due the effects COVID-19 on claims. I am however enchanted about the introduction of COVID-19 Benefit as it enhanced member value proposition. It ensured that members were cushioned and protected from benefits exhaustions related to COVID-19 hospitalisations.

To our members, the Scheme continues to grow because of you. I would like to express sincere gratitude to you for your support. I would also like to thank Management Committee and all its Sub-Committees as well as the Board of Directors of the BPH and LHBPH for the commitment they put in throughout the reporting periods. Much gratitude alsogoes to the BPOMAS employees for another good performance.

Ms Grace Muzila
Chairperson

REPORT TO THE MEMBERS' ANNUAL GENERAL FOR THE YEARS 2020/21 AND 2021/22

1. Financial Performance

The Group

Group revenue for the years 2020/21 and 2021/22 was P894,495,926 and P930,731,510 respectively. In comparison to 2019/20 where group revenue of P861,899,860 was reported, group revenue grew by 3.9% between 20219/20 and 2021/22, this mainly being due to a growing membership base.

Total group surplus before tax amounted to P53,892,244 in 2020/21, this being a decline of 35% from the surplus of P83,136,547 reported in 2019/20. The surplus further declined by 76% to P13,000,621 between 2020/21 and 2021/22.

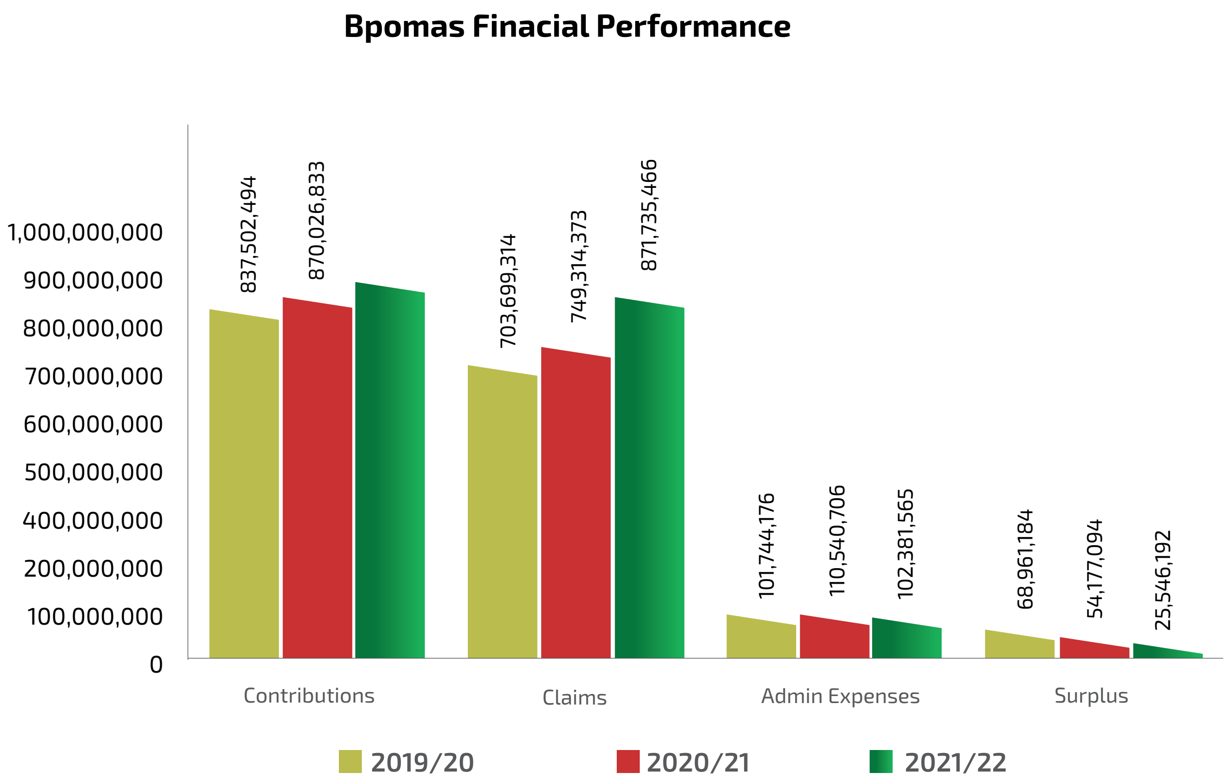
The decrease in group surplus over the two financial years being reported is mainly attributable to an increase in claims costs, a reduction in the investment income as well as the Scheme's associate being Lenmed Health Bokamoso Private Hospital (LHBPH) incurring a loss in 2020/21. However, it should be noted that there was an improvement in the performance of the Scheme's subsidiary being BPOMAS Property Holding (BPH) and other operating income from 2019/20 to 2021/22.

The Scheme

Gross Contributions Income (GCI) for the years 2020/21 and 2021/22 was P870,026,836 and P905,449,520 respectively, compared to a GCI of P837,502,494 reported in 2019/20. This 4% increase in GCI between 2019/20 and 2021/22 is mainly attributable to the growth in membership base.

It should be noted that in response to the COVID-19 pandemic, the Scheme did not increase contributions for the 2020/21 financial year but for the year 2021/22, a 3% increase in contributions was effected. Health Care Cost (HCC) closed the year 2020/21 at P749,314,372 reflecting a 6.5% increase from the figure of P703,699,314 reported in 2019/20. For the year 2021/22 however, HCC stood at P871,735,466 showing an increase of 16% between 2020/21 and 2021/22 which was largely due to increased utilisation of benefits by members as a result of the COVID-19 pandemic. Overall, HCC for 2021/22 were high with a claims ratio of 96% up from 87% and 83% reported in the 2019/20 and 2020/21 financial years respectively. Members are to note that these ratios are above the strategic target range of **80-85%.** Gross Administrative Expenses (GAE) amounted to P102,381,565 in the 2021/22 financial year, down from P110,540,706 and P102,884,954 reported in the 2020/21 and 2019/20 financial years respectively.

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



2. Membership

Principal membership of the Scheme grew by 2.9% between the 2019/20 and 2020/21 and by 0.5% between 2020/21 and 2021/22 financial years. For the 2020/21 financial year, the Scheme recorded a principal membership of 82,215 and total lives of 190,699 compared to a principal membership of 79,923 and total lives of 186,33 recorded in the 2019/20 financial year. The 2021/22 financial year on the other hand recorded a principal membership of 82,644 and total lives of 191,326. Membership retention rate for the reporting periods was 99.7% and 99.8% respectively, this being above the retention rate of 97% recorded in the 2019/20 financial year and slightly above the strategic target of 99%.

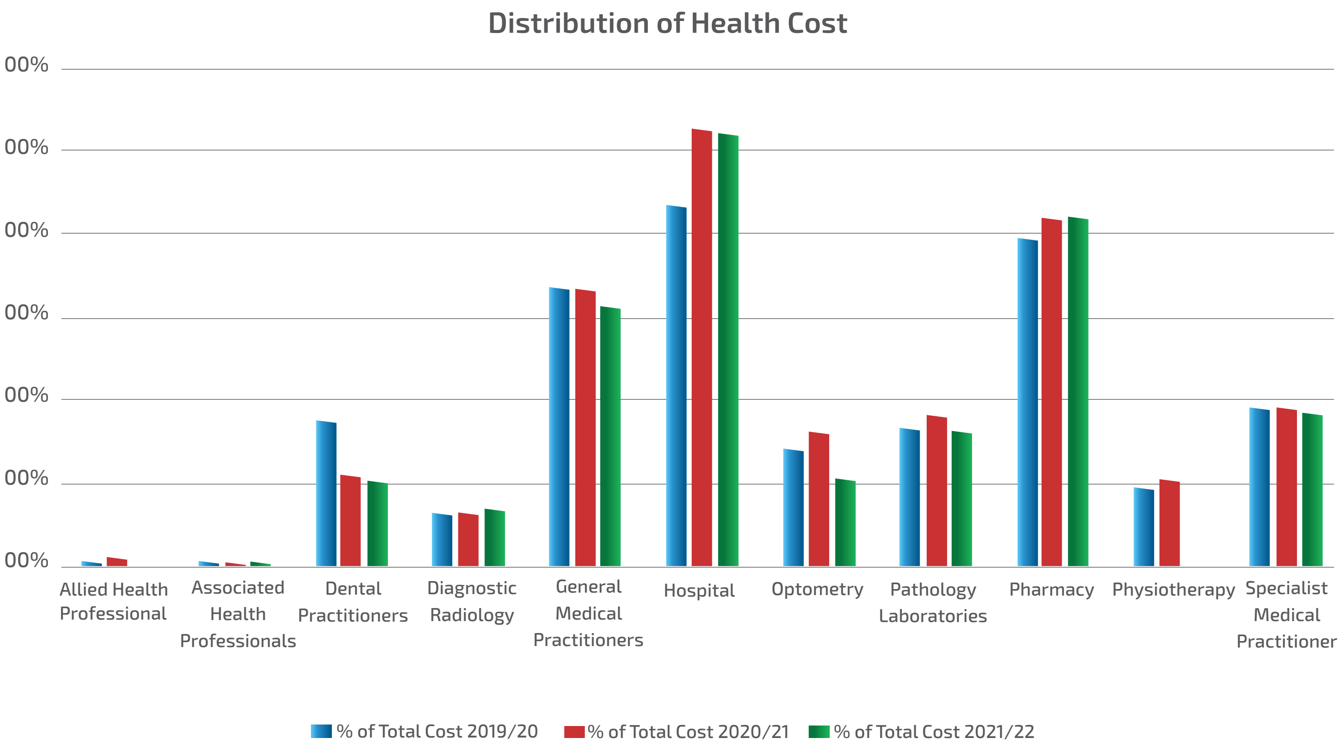
3. Providing Access to Healthcare Service

The Scheme continues to facilitate access to healthcare services in pursuance of its primary mandate. While the Scheme experienced a slight reduction (0.3%) in the number of visits to healthcare facilities in the 2020/21 financial year when compared to the prior year, the number of visits to healthcare facilities increased by 20% in the 2021/22 financial year. The former was as a result of movement restrictions and deferral of elective surgical procedures during the COVID-19 pandemic while the latter reflected normalisation of health seeking behaviours by members as the COVID-19 pandemic wanes.

For the 2020/21 financial year, despite the overall reduction in visits to healthcare facilities across the various health service disciplines, the Scheme experienced increases in visits for optometry (21%), specialist medical practitioners (17%), associated health professional (7%) and hospitals (1%). Increases in hospital and specialist medical practitioner visits were driven by the COVID-19 disease burden which gradually increased from the first quarter of 2020/21. In addition, the market experienced a supplier induced demand with the incoming of a new private hospital which became fully operational during the reporting period. Increase in associated health professional visits, particularly emergency medical services, was also driven by the COVID-19 pandemic. Increase in optometry visits on the other hand was higher than expected and efforts are underway to curb this above-normal utilisation of the optical benefit.

For the 2021/22 financial year, significant increases in number of visits to healthcare facilities were recorded in allied health professionals (123%), diagnostic radiology (39%), physiotherapy (30%), hospitals (29%), associated health professionals (29%) and pharmacy (26%), general medical practitioners (19%) and pathology (9%). While increases in hospitals, diagnostic radiology, pathology and pharmacy are associated with the third and fifth waves of the COVID-19 pandemic, it is to be noted that the significant increases in utilisation observed in the reporting period are in comparison to an unusual prior year where utilisation was suppressed by movement restrictions due to a prolonged national lockdown.

Figure 2: A graph showing distribution of healthcare costs for the reporting period



4. Other Healthcare Indicators

The table below shows other healthcare indicators for the 2020/21 and 2021/22 financial years.

Figure 3: A table showing key healthcare indicators for the reporting period

Indicator	2019/20	2020/21	Comment
Average age of principal members	45 years	45 years	No movement due to younger lives joining the Scheme
Average age of all beneficiaries lives	31 years	31 years	No movement due to younger joining the Scheme
Percentage of pensioners	9.3%	10%	7.5% increase showing that the membership is gradually ageing
Beneficiaries on the HIV/AIDS disease management program	10 932	11 151	2% increase showing increasing enrolment into the program
Beneficiaries registered on NCD benefit management program	15 291	16 416	7.4% increase showing increasing burden of non-communicable diseases
Number of GP visits	485 124	417 135	14% decrease as a result of reduced healthcare visits during the pandemic
Admission rate per 1000 lives covered	3.3	3.0	9% decrease as a result healthcare visits during the pandemic
Hospital average length of stay	2.4 days	2.7 days	12.5% increase driven by prolonged Covid-19 admissions
Number of maternity cases	844	1 023	21% increase which is slightly above that of prior years
C/Sections as percent of total deliveries	56.8%	62.4%	9.9% increase as a result of higher preference by members and doctors for C-section deliveries
Number of emergency medical cases (evacuation/ responses)	814	880	8.1% increase as a result of higher utilization during the pandemic
Funeral benefit usage (BWP)	4 489 101	5 338 774	18.9% increase as a result of higher death rates related to Covid-19

Save for membership age, the above table shows an increasing chronic disease burden for the Scheme as well as the positive and negative impact of the Covid-19 pandemic. The high rates of C-section deliveries remained a concern for the Scheme and interventions to address this situation will be implemented in the subsequent years.

4. Corporate Governance

4.1 Overview

ManCo is the ultimate custodian of corporate governance and consequently is responsible for the choice of the code of corporate governance and decisions surrounding corporate governance. The Scheme having long adopted the King Code, continues to be compliant with good corporate governance. In keeping abreast with developments in the corporate governance arena as well as relevant laws, the Scheme has resolved to formally adopt any Code of Corporate Governance as shall be established by BAOA for use by Public Interest Entities, in line with the Financial Reporting Regulations, 2021.

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.

4.2 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 to the Ministry of Health (MoH). ManCo has delegated the operational running of the Group to the Executive Office, which is headed by the Principal Officer who is also the Chief Executive Officer of the Scheme.The ManCo oversees the Executive Office and meets quarterly to consider and approve proposals and pass resolutions. To ensure effective governance of the Scheme, members of the ManCo undergo a fit and proper assessment though a vetting process by NBFIRA before appointment. The ManCo was constituted as per Table 1 below for the 2020/21 and 2021/2022 reporting period:

Table 1: ManCo Composition

Member	Representing
1.*Ms Grace Muzila – Chairperson (replaced Mr Solomon Sekwakwa during the 2020/2021 financial year)	Ministry of Health – Chairperson
2.*Ms Agnes Kiberu – Mosarwa – Vice Chairperson (2020/21) (replaced by Mr. Donald Mokgwe at the end of the 2020/2021	Botswana Public Employees Union (BOPEU) Vice Chairperson (2020/2021) financial year)
3. Mr Thatayaone Kesebonye Vice Chairperson (2021/2022)	Botswana Land Boards Local Authorities and Health Workers Union (BLLAWU) (Vice Chairperson (2021/2022)
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	Botswana Police Service
8.Mr Wankie Wankie	Independent Member
9.*Mr. Donald Mokgwe (term ended during the 2021/2022 financial year)	Botswana Public Employees Union (BOPEU)
10. Ms. Onalethata Lebotse (replaced Mr. Donald Mokgwe during the 2021/2022 financial year)	Botswana Public Employees Union (BOPEU)
11.Brigadier Sidney Molomo (alternate to Mr Motloutse)	Botswana Defence Force
12. Mr Pambama Masame (alternate to Ms Agnes Kiberu - Mosarwa (term ended at the end of financial year 2020/2021)	Botswana Public Employees Union (BOPEU)
13.*Ms Grace Ntereke (alternate to Mr Olesitse Masimega)	Ministry of Finance & Economic Development

Sub-Committees

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

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

ManCo Meetings

The ManCo meets on a quarterly basis in line with the Scheme Rules to consider quarterly reports, and strategic issues of the Group. However, the Chairperson may convene a special meeting or upon requisition by a majority of the ManCo members, should the need arise, provided the matters to be discussed are clearly stated in the request. The ManCo held ten (10) meetings during the 2020/2021 financial year compared to seventeen (17) in the 2021/2022 financial year as shown below. All meetings were held with attendance rate as shown in the tables below:

Table 2: Management Committee meetings – 2020/2021

MEMBER	May-20	Sep -20	Oct-20		Nov - 20		Feb -21		Mar -21		
	29th	3rd	6th	12th	12th	26th	10th	11th	11th	19th	25th
*Chairperson	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A
Mr. Thatayaone Kesebonye - Vice Chairperson	P	P	P	A	P	A	A	P	P	P	P
Mr. Christopher Gwere	P	P	P	P	P	P	P	P	P	P	A
Mr. Motsekedi Motloutse	P	P	A	P	P	P	P	P	P	P	P
Ms. Rose Nkolonyane	P	P	P	P	P	P	P	P	P	P	P
Mr. Olesitse Masimega	P	A	P	P	A	A	A	A	A	A	P
Ms. Agnes Kiberu-Mosarwa	P	P	P	P	P	P	P	P	P	P	P
Mr. Wankie Wankie	P	P	P	P	A	P	P	P	P	P	A
Brigadier Sidney Molomo (alternate to Mr. Motsekedi Motloutse)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Mafoko Mafoko (alternate to Mr. Thatayaone Kesebonye)	N/A	N/A	N/A	P	N/A	P	N/A	N/A	N/A	N/A	N/A

*In terms of the Scheme Rules, the Chairperson shall be the Permanent Secretary, Ministry of Health - Changes of Permanent Secretaries during the two (2) financial years (2021 & 2022) - in line with NBFIRA requirements, a controller must undergo and pass the fit and proper test before attendance of meetings.

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

Table 3 Management Committee meetings – 2021/2022

MEMBER	Apr-21	May-21		Jun-21	Jul-21	Aug-21			Sep-21		Dec-21		Jan-22	Feb-22	Mar-22		
		4th	27th	21th	28th	12th	27th	31th	2nd	3rd	9th	22nd	18th	24th	4th	10th	30st
*Chairperson	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Thatayaone Kesebonye - Vice Chairperson	P	A	P	P	A	A	P	P	P	P	P	P	P	P	P	P	P
Mr. Christopher Gwere	P	A	P	P	P	P	P	P	P	P	P	A	P	A	P	A	A
Mr. Motsekedi Motloutse	P	A	P	A	P	P	A	P	P	P	P	P	A	P	P	P	P
Ms. Rose Nkolonyane	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Olesitse Masimega	A	A	A	A	A	A	A	A	P	A	A	P	A	P	A	P	P
Ms. Agnes Kiberu-Mosarwa	P	P	P	P	P	P	End of Term										
Mr. Wankie Wankie	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Donald Mokgwe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P	P	P	P	P	End of Term		
Ms. Onalethata Lebotse	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	N/A	P	P	P
Ms. Grace Ntereke (alternate to Mr Olesitse Masimega	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	N/A	P	N/A	P	N/A	N/A
Brigadier Sidney Molomo (alternate to Mr. Motsekedi Motloutse)	P	P	N/A	P	N/A	N/A	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Mafoko Mafoko (alternate to Mr. Thatayaone Kesebonye)	N/A	P	N/A	N/A	N/A	P	N/A	N/A	N/A	N/A	N/A	N/A	P	N/A	N/A	N/A	N/A

*In terms of the Scheme Rules, the Chairperson shall be the Permanent Secretary, Ministry of Health & Wellness - Changes of Permanent Secretaries during the two (2) financial years (2021 & 2022) - in line with NBFIRA requirements, a controller must undergo and pass the fit and proper test before attendance of meetings

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

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 2021 was **P238,500** compared to **P342,000** in March 2022.

Investment Sub-Committee (ISC)

The Investment Sub-Committee consists of five (5) members as shown on Table 4 below, one of which is an ex-officio member and is not entitled to a sitting allowance. One of the mandates of the ISC is to develop and implement investment objectives, policies, strategies and procedures. The ISC meets on a quarterly basis to execute its mandate. The ISC members eligible for remuneration were paid sitting allowance at a rate of **P4, 500** (Four Thousand Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and members respectively. The total remuneration for quarterly meetings of the ISC as at March 2021 was **P40,500** compared to **P49,500** in March 2022.

Table 4: Investment Sub-Committee members

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

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 **P85,500** for the 2020/21 financial year, compared to **P103,500** in 2021/22.

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

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

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

The NRHR Sub-Committee has been delegated the responsibility to lead the process for identifying suitable candidates for ManCo appointments. and to ensure that the ManCo and its Sub-Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Scheme to enable them to discharge their respective responsibilities effectively. The NRHR members 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 2021 was P40,500 compared to P36,000 in 2021/22.

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

Member	Representing
Ms Rose Nkolonyane	Chairperson
Mr Christopher Gwere	Independent
Brigadier Sidney Molomo	ManCo

Procurement Sub-Committee

The Procurement Sub-Committee oversees the procurement and asset disposal process of the Scheme. The Procurement Sub-Committee members as shown below, were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3,000** (Three Thousand Pula) for the Chairperson and Members respectively. The total remuneration for the three (3) member Sub-Committee was **P138,000** as at March 2021, compared to **P120,000** as at March 2022.

Table 7: Procurement Sub-Committee members

Member	Representing
Thatayaone Kesebonye	Chairperson
Ms Agnes Kiberu-Mosarwa	ManCo
Ms Rose Nkolonyane	ManCo

BPOMAS Property Holdings (BPH) Board emoluments

The BPH board members below 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** compared to **P66,000** as at March 2022.

Table 8: BPOMAS PH Board of Directors

Director	Representing/Total Remuneration as at March 2020
Mr Kumbulani Munamati	Chairperson - Independent
Mr Tefo Setlhare	Independent
Ms Peo Pillar	Independent
*Mr Agnes Kiberu-Mosarwa	ManCo
**Mr Donald Mekgwe	ManCo
Ms Onalethata Lebotse	Manco
***Mr Motshidisi Mafoko	ManCo

*term ended during the 2020/21 financial year replaced by Mr Donald Mokgwe; **term ended during the 2021/22 financial year, replaced by Ms Onalethata Lebotse; ***filled a vacant position during 2021/22

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

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

ManCo (Board) Governance

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

Table 9: King IV Gap Analysis

PRINCIPLES	STATUS	APPLY AND EXPLAIN
PART 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
LEADERSHIP		
Principle 1: The governing body should lead ethically and effectively	√	The ManCo/Board is responsible for providing effective leadership on an ethical foundation and is committed to the highest standards of Corporate Governance based on the principles of integrity, transparency and accountability in its dealings with all stakeholders. All ManCo members before appointment undergo a fit and proper test by the Regulator. There is a Code of Ethics Policy reviewed annually. Board evaluations are also carried out e and cover accountability and governance principles/practices and board involvement etc. In terms of the Scheme Rules the ManCo members are expected to act in good faith and in the best interest of the Scheme in making their decisions and avoid conflict of interests at all cost.
ORGANISATIONAL ETHICS		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	√	There is a Code of Ethics Policy reviewed annually. ManCo sets the tone at the top; follows the Code of Ethics Policy; Declares Conflict of Interests annually and at the beginning of each meeting in relation to the Agenda. Consideration to establish a Social & Ethics Committee has been made.
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	√	The Scheme is aware of its social responsibilities and believes it is crucial for entities/businesses to play a positive role in the communities within which they operate. The Scheme has a Corporate Social Responsibility Policy in place and follows it in assisting those in need in the community with a view to being a good corporate citizen.

PRINCIPLES	STATUS	APPLY AND EXPLAIN
PART 5.2: STRATEGY, PERFORMANCE AND REPORTING		
STRATEGY AND PERFORMANCE		
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	√	The Group's strategic objectives, priorities and risks are documented in the Strategy Document and Risk Framework. Strategy and Risk are assessed during strategy planning and risk assessment sessions. ManCo receives and considers regular(quarterly) reports on performance against Strategy as well as Risk assessment.
REPORTING		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	√	The Audited Annual Financial Statements (AFS) of the Scheme are published in the Annual Report and presented to members at the Annual General Meeting (AGM). AGM reports go beyond presentation of AFS, but also report on performance against the Scheme's object. AGM reports covering Scheme financials as well as Scheme Rules are available on the Scheme website and for viewing at the Scheme office as and when requested by members
PART 5.3: GOVERNING STRUCTURES AND DELEGATION		
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	√	The ManCo is committed to the corporate governance principles contained within King IV and applies them in the Scheme Policies and Frameworks as necessary.
COMPOSITION OF THE GOVERNING BODY		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	√	The ManCo consists of not more than eight (8) members appointed by the Appointing Authority, six(6) of whom are representatives of critically essential major stakeholders and two(2) independent members with required skills, appointed by the Appointing Authority from time to time The composition of the ManCo ensures that a balance of power is maintained; taking into account requisite skills and expertise which shall without limitation include Finance & Accounting; Administration; Economics; Law; Actuarial Sciences; Health; Social Welfare.

PRINCIPLES	STATUS	APPLY AND EXPLAIN
COMMITTEES OF THE GOVERNING BODY		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	√	Without abdicating its own overall responsibility, the ManCo delegates certain functions to sub-committees being the Finance, Audit, Risk & Compliance Committee, Investment Sub-Committee, Nominations, Remuneration & HR Sub-Committee (which have separate agendas/mandates). All sub-committees are governed by ManCo approved Terms of Reference. The composition of the sub-committees is in the Annual Report (AGM Report). All the Sub-Committees report quarterly to ManCo.
EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY		
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness.	√	The ManCo understands expectations regarding functions, duties and performance criteria. A formal evaluation of the ManCo and the individual members was performed annually by an independent consultant and to be done annually thereafter where training needs would be identified through the performance appraisal process. The ManCo in implementing one of the recommendations from the assessments to consider meeting once a year in absence of chairperson, to discuss the chairperson's performance.
APPOINTMENT AND DELEGATION TO MANAGEMENT		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	√	The Scheme appointed a Principal Officer/CEO in 2016. A framework for delegation of authority was adopted and to provide role clarity and set out all authorities and/or signatories.
PART 5.4: GOVERNANCE FUNCTIONAL AREAS		
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	√	The ManCo is responsible for the governance of risk in terms of the ERM Framework. The Finance, Audit, Risk & Compliance Sub-Committee is mandated to oversee risk management and report to the ManCo.

PRINCIPLES	STATUS	APPLY AND EXPLAIN
TECHNOLOGY AND INFORMATION GOVERNANCE		
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	√	The Scheme has as one of its Strategic Objectives, leveraging on technology and has approved an ICT Strategy with a view to achieving this strategic objective.
COMPLIANCE GOVERNANCE		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	√	The Legal Counsel & Corporate Secretary identifies and tracks changes in relevant legislation and reports to the Finance, Audit, Risk & Compliance Sub-Committee and ManCo on Governane and Compliance matters. A Compliance Risk Management Plan has been developed and will be fully implemented in the next financial year (2022/2024).
REMUNERATION GOVERNANCE		
Principle 14: : The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	√	ManCo and Sub-Committee' remuneration is benchmarked against appropriate and relevant remuneration scales. The remuneration is disclosed in the Annual Report/AGM Report and the AFS.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	√	The Finance, Audit, Risk & Compliance Sub-Committee evaluates and oversees the Internal and External Audit Function. The External Audit Scope includes their own quality assurance function. A combined assurance framework will formally be proposed and adopted. Assurance services are procured as and when necessary. A business process consultant to be appointed in the next financial year to analyse and assess different operations, processes and procedures.
STAKEHOLDERS		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	√	Important stakeholder groups have been identified in the Stakeholder Management Plan and include members, government bodies, regulators employees, suppliers and Healthcare Providers. Stakeholder perceptions are a regular item on the board's agenda (as part of the Business Update) and are monitored by the Business Development Unit, who report on material matters to the PO, who in turn reports to the ManCo.

PRINCIPLES	STATUS	APPLY AND EXPLAIN
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS		
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	√	The Scheme holds beneficial interests in securities of a company, e.g, holds shares of some companies listed on the Botswana Stock Exchange (BSE). In terms of how we perform against this principle, we have the ISC whose role is to set the investment policies and strategies, work with appointed asset consultants and asset managers, as well as monitor their performance against adopted investment strategies and policy. The ISC charter and accompanying policies are reviewed annually, The ISC reports quarterly to ManCo.

APPLIED
PARTIALLY APPLIED
NOT APPLIED

Management Committee

Grace Muzila
Chairperson

Thatayaone Kesebonye
Vice Chairperson

Management Committee

Continued

Olesitse Masimega
Member

Rose Nkolonyane
Member

Motsekedi Motloutse
Member

Management Committee

Continued

Christopher Gwere
Independent Member

Onalethata Lebotse
Member

Wankie Wankie
Independent Member

Management Committee

Continued

Motshidisi Mafoko
Alternate to Thatayaone Kesebonye

Grace Ntereke
Alternate to Olesitse Masimega

Brigadier Sidney Molomo
Alternate to Motsekedi Motloutse

Executive Management Team

Thulaganyo Molebatsi
Principal Officer
and CEO

Executive Management Team

Continued

Lorato Mangadi
Operations Manager

Thato Lesejane
Finance and Admin Manager

Linda Keloneile
Legal Counsel & Corporate Secretary

bpomas

STANDARD
Benefit Option

From as little as

P67

Per month

Get up to

P30 000 PER

Family annual benefit cover

Funeral Benefit of **P5,000**

HIGH
Benefit Option

From as little as

P298

Per month

Get up to

P300 000 PER

Family annual benefit cover

Funeral Benefit of **P10,000**

PREMIUM
Benefit Option

From as little as

P443

Per month

Get up to

P500 000 PER

Family annual benefit cover

Funeral Benefit of **P12,500**

2020/21

Consolidated And Separate Financial Statements for the Year Ended 31 March 2021

GENERAL INFORMATION FOR YEAR ENDED 31 MARCH 2021

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 Sydney 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

Annual Financial Statements

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The following Supplementary information does not form part of the consolidated and separate financial Statements and it is unaudited:

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STATEMENT OF RESPONSIBILITIES BY THE MANAGEMENT COMMITTEE

The management committee members are required in terms of the Societies Act of Botswana to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate 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 consolidated and separate financial statements.

The consolidated and separate 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 members acknowledge that they are 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 directors to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate 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 members have reviewed the group's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the 's external auditors and their report is presented on pages.

The consolidated and separate financial statements set out on pages 48 to 120, which have been prepared on the going concern basis, were approved by the management committee on the and were signed on their behalf by: 02 June 2022

Approval of financial statements

Chairperson

Committee member

KPMG, Chartered Accountants Audit
Plot 67977, Off Tlokweng Road, Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana Telephone +267 391 2400
Fax +267 397 5281
Web http://www.kpmg.com/

To the members of Botswana Public Officers Medical Aid Scheme

Opinion

We have audited the consolidated and separate financial statements of Botswana Public Officers' Medical Aid Scheme (the Group and the Scheme) set out on pages 13 to 69, which comprise the Consolidated and Separate Statement of Financial Position as at 31 March 2021, and the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Separate Statement of Changes in Equity and the Consolidated and Separate Statement of Cash Flows for the year then ended, Accounting Policies and Notes to the Consolidated and Separate financial statements. In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Public Officers' Medical Aid Scheme as at 31 March 2021, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Societies Act of Botswana.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Scheme in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

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

Valuation of provisions for outstanding claims	
Refer to accounting policies 1.5 and 1.22 and note 17	
Key audit matter	**How the matter was addressed in our audit**
This key audit matter relates to the consolidated and separate financial statements The outstanding claims provision ("OCR") for claims Incurred But Not Reported ("IBNR") of P78,336,780 at year-end, for the Group and the Scheme, is held as provision for the estimated cost of healthcare benefits that have been incurred prior to year- end but that were only reported after year-end. The IBNR provision is calculated by the Group and Scheme's independent actuaries (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 patterns throughout the year to project the year end IBNR provision. This model applies a combination of prior estimates of ultimate loss ratios and development patterns shown in the Basic Chain Ladder estimation methodology. The claim service date, processing date and amount are used to derive the claim development patterns. The observed historic patterns are then used to estimate the IBNR provision. The key assumption used to estimate the IBNR provision include: • previous experience in claims • claims settlement patterns	Our audit procedures included the following: •We obtained an understanding from the Scheme's actuaries regarding the process followed to calculate the IBNR provision to ensure that the assumptions and actuarial model (the "model") applied by the Scheme is consistent with prior years and is generally applied within the medical aid schemes industry. •We assessed the Scheme's actuaries' competence, capability and objectivity with reference to their qualifications, terms of engagement and experience in carrying out similar engagements. •With the assistance of our own specialists, we assessed the appropriateness of the model and assumptions used by the Scheme's actuaries. •We evaluated the design and implementation and tested the operating effectiveness of the controls over the completeness and accuracy of data used in the IBNR provision calculation. This included testing controls over receiving, initiation, recording, approval and settlement of incurred expenditure claims and claims paid in advance. •For a sample of actual claims received in the 2021 financial year, we tested the accuracy and validity of the service claims amount, service dates, approval and payment dates as recorded in the member administration system to underlying documentation. We also assessed validity of these claims under the existing claim rules.

• trends in the claims frequency and changes in the claims processing cycle. We identified this as a matter of most significance to the audit because of the inherent uncertainty in the projected claims	•On a sample basis we agreed claims data included in the model to the recorded claims data in the member administration system. •To test the reasonableness of the Scheme's actuaries estimation process: .we performed a retrospective review over the prior year IBNR provisions by comparing the total value of actual claims received in the current year that relates to service events prior to 31 March 2020 to the IBNR provision as at 31 March 2020. •we compared the value of actual claims received subsequent to year end (and within the claim validity period of 30 June 2021) relating to service events prior to 31 March 2021 to the related lBNR provision held at 31 March 2021. We evaluated the adequacy of the disclosures made in the IBNR provision in relation to the requirements of IFRS 4 Insurance Contracts.

Valuation of investment property	
Refer to accounting policies 1.5 and 1.6 and note 7	
Key audit matter	**How the matter was addressed in our audit**
This key audit matter relates only to the consolidated financial statements The Group accounts for investment property at fair value. The carrying value of investment property at year end amounted to P287,000,000. The Group's valuation of investment property is based on a valuation carried out by an independent valuer which is based on the depreciated replacement cost and income capitalisation method. The members of the management committee determine the value of the investment property after	Our audit procedures included the following: We evaluated the competence and capabilities of the Group's independent valuer by verifying their qualifications and experience and receiving confirmation with regard to their independence to the Group. We also determined whether there were any matters that might have affected their objectivity or may have imposed scope limitations on the work performed by them. We obtained written confirmation from the valuer that:

considering the values recommended by the independent valuer. Significant judgement and assumptions are required to determine the fair value of investment property, especially with respect to the determination of appropriate capitalisation rates, depreciation factor and future rental cash flows. We considered the valuation of investment property to be a matter of significance to the current year audit due to the significant judgements and assumptions associated with determining the fair values of investment property.	•all professional staff involved in the valuation process am in good standing with relevant professional bodies; •they are free from any direct or indirect shareholding or financial interest in the Group; •the Group did not place any restrictions on the valuation process; and •they are not aware of any information relevant to the valuation which had been withheld from them. We compared the valuation techniques used by the independent valuer against the requirements of IAS 40 Investment Property ("IAS 40") and industry norms to confirm that the methodology was appropriate under the circumstances. We tested a sample of data inputs used in the independent valuation, including actual and projected cash flows, rental agreements, business plans and historical performance for reasonableness. We compared the capitalisation rate utilised in the valuation to those generally used in the market for properties of similar size, rates used in historical valuations, general market factors (such as comparable yields) and property specific risk factors. We compared the valuation recorded in the financial statements to the valuation ranges suggested by the independent valuer using the depreciated replacement cost method and the income capitalisation method and found the recorded value to be within an acceptable range. We evaluated the adequacy of the disclosures made in the consolidated financial statements with respect to accounting policies and the fair value methodologies applied in relation to the

Accuracy of investment in linked units	
Refer to accounting policy 1.10 and note 8	
Key audit matter	**How the matter was addressed in our audit**
This key audit matter relates only to the separate financial statements The Scheme invests in linked units of BPOMAS Property Holdings ("BPH"). The arrangement governing the investment in BPH is considered a compound financial instrument as it is linked to debentures. The fair value of the investment in linked units at year end was P321 670 610. The contractual terms of the debentures are as such that the investment in shares cannot be separated from the investment in debentures as the instruments are inextricably linked. The accounting treatment and the determination of financial instruments under IFRS 9 Financial Instruments is complex and involves judgement and estimates. Investments in linked units are classified as as level 3 financial instruments on the fair value hierarchy, as the inputs used in the determining the fair value of linked units are not based on observable market data. Management use judgement in order to determine the expected future cash- flows at each reporting date in determining the fair value of the future cash flows. Due to the significant judgements applied by management in calculating the fair value this has been identified as a key audit matter in the current year audit.	Our audit procedures included the following: •We obtained an understanding of the debenture agreement to gain an understanding of the obligations of the Scheme. •We considered the appropriateness of the initial recognition of the linked debenture unit and recalculated the initial recognition in line with IFRS 9. •We inspected and recalculated the subsequent measurement of the debenture liability and compared the treatment with that prescribed by IFRS 9. •We performed consultations with our technical specialists to assess the appropriateness of the historical treatment of the linked instruments. We evaluated the adequacy of the disclosures made in the separate financial statements with respect to accounting policies and the fair value methodologies applied in relation to the requirements of IFRS 9.

Emphasis of matter - comparative information

We draw attention to note 32 to the consolidated and separate financial statements which indicates that the comparative information presented as at and for the year ended 31 March 2020, has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated and separate financial statements of the Group and the Scheme as at and for the years ended 31 March 2020 and 31 March 2019 (from which the statement of financial position as at 1 April 2019 has been derived), excluding the adjustments described in note 32 to the consolidated and separate financial statements were audited by another auditor who expressed an unmodified opinion on those consolidate and separate financial statements on 16 October 2020 and 31 July 2019 respectively.

As part of our audit of the consolidated and separate financial statements as at and for the year then ended 31 March 2021, we audited the adjustments described in note 32 to the consolidated and separate financial statements that were applied to restate the comparative information presented as at and for the year then ended31 March 2020 and the statement of financial position as at 1 April 2019.

We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the years ended 31 March 2020 or to the consolidated and separate statement of financial position as at 1 April 2019, other than with respect to the adjustments described in note 32 to the consolidated and separate financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 32 to the consolidated and separate financial statements are appropriate and have been properly applied.

Other information

The management committee members are responsible for the other information. The other information comprises the Statement of Responsibilities by the Management Committee and Detailed Income Statement, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the management committee members for the consolidated and separate financial statements

The management committee members are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Societies Act of Botswana., and for such internal control as the management committee members determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee members.

- Conclude on the appropriateness of the management committee members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's and the Scheme's to cease to continue as a going concern.

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

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

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

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

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

KPMG

KPMG
Firm of Certified Auditors
Practicing member: Adele Venter (CAP 035 2019)

13 July 2022
Gaborone

Consolidated and Separate Statement of Financial Position as at 31 March 2021

		Group			Scheme		
	Notes	2021	2020 Restated *	2019 Restated *	2021	2020 Restated *	2019 Restated *
Assets							
Non-Current Assets							
Property, plant and equipment	4	1,512,623	2,021,522	2,460,158	1,512,623	2,021,522	2,460,158
Right-of-use assets	5	1,344,121	2,285,274	-	1,344,121	2,285,274	-
Investment property*	7	287,000,000	266,000,000	260,000,000	-	-	-
Intangible assets	6	18,761	271,045	485,686	18,761	271,045	485,686
Investment in associate	9	41,339,279	42,355,398	29,238,526	41,339,279	42,355,398	29,238,526
Loans to group companies	10	-	3,599,700	6,599,700	-	3,599,700	6,599,700
Investment in linked units*	8	-	-	-	321,670,610	303,762,343	291,148,961
Investments at fair value through profit or loss*	11	270,167,461	188,479,206	20,072,281	270,167,461	188,479,206	20,072,281
		601,382,245	**505,012,145**	**318,856,351**	**636,052,855**	**542,774,488**	**350,005,312**
Current Assets							
Trade and other receivables*	12	111,185,401	45,610,407	27,699,797	70,494,580	15,182,811	12,809,979
Investments at fair value through profit or loss*	11	58,037,088	55,576,074	213,833,523	58,037,088	55,576,074	213,833,523
Current tax receivable	29	46,849	-	-	-	-	-
Cash and cash equivalents	13	73,138,492	168,625,089	108,326,697	27,316,403	116,829,028	63,669,372
		242,407,830	**269,811,570**	**349,860,017**	**155,848,071**	**187,587,913**	**290,312,874**
Total Assets		**843,790,075**	**774,823,715**	**668,716,368**	**791,900,926**	**730,362,401**	**640,318,186**
Equity and Liabilities							
Equity							
Fair value reserve		8,373,816	8,373,816	8,373,816	8,373,816	8,373,816	8,373,816
Retirement reserve	18	302,860,046	275,559,292	231,945,703	286,249,176	258,948,422	224,937,008
Accumulated profit*	19	352,380,237	325,788,747	288,766,123	356,445,538	329,569,198	295,774,853
		663,614,099	**609,721,855**	**529,085,642**	**651,068,530**	**596,891,436**	**529,085,677**
Liabilities							
Non-Current Liabilities							
Borrowings	14	33,034,210	39,759,113	45,976,663	33,034,210	39,759,113	45,976,663
Lease liabilities	5	700,852	1,907,664	-	700,852	1,907,664	-
Deferred tax*	15	28,865,022	24,478,647	23,215,081	-	-	-
		62,600,084	**66,145,424**	**69,191,744**	**33,735,062**	**41,666,777**	**45,976,663**

*The Comperative information is restated on account of errors. See note 32

Consolidated and Separate Statement of Financial Position as at 31 March 2021
(Continued)

		Group			Scheme		
	Notes	2021	2020 Restated *	2019 Restated *	2021	2020 Restated *	2019 Restated *
Current Liabilities							
Trade and other payables*	16	31,280,430	25,911,213	14,146,523	21,137,225	21,490,445	10,565,694
Borrowings	14	6,602,809	6,104,667	5,644,108	6,602,809	6,104,667	5,644,108
Lease liabilities	5	1,020,520	917,595	-	1,020,520	917,595	-
Retention liabilities	20	335,353	-		-	-	-
Income tax payable	29	-	2,731,480	1,602,307	-	-	-
Provisions for outstanding claims	17	78,336,780	63,291,481	49,046,044	78,336,780	63,291,481	49,046,044
		117,575,892	**98,956,436**	**70,438,902**	**107,097,334**	**91,804,188**	**65,255,846**
Total Liabilities		**180,175,976**	**165,101,860**	**139,630,726**	**140,832,396**	**133,470,965**	**111,232,509**
Total Equity and Liabilities		**843,790,075**	**774,823,715**	**668,716,368**	**791,900,926**	**730,362,401**	**640,318,186**

*The Comperative information is restated on account of errors. See note 32

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

		Group		Scheme	
	Notes	2021	2020 Restated *	2021	2020 Restated *
Revenue	21	894,495,926	861,898,860	870,026,833	837,502,494
Incurred claims		(749,314,373)	(703,699,314)	(749,314,373)	(703,699,314)
Net income		**145,181,553**	**158,199,546**	**120,712,460**	**133,803,180**
Other operating income		3,236,191	2,194,475	3,171,866	2,127,850
Administrative expenses	22	(115,621,364)	(106,224,328)	(111,918,739)	(101,744,176)
Fair value gains*	23	28,514,432	16,149,476	45,312,399	23,918,283
Operating profit (loss) before investment income	24	**61,310,812**	**70,319,169**	**57,277,986**	**58,105,137**
Investment income	25	2,614,910	3,742,132	1,487,070	1,780,801
Finance costs	26	(3,571,842)	(4,041,626)	(3,571,842)	(4,041,626)
Income from equity accounted investments		(1,016,119)	13,116,872	(1,016,119)	13,116,872
Profit before taxation		**59,337,761**	**83,136,547**	**54,177,095**	**68,961,184**
Taxation	27	(5,445,517)	(2,500,334)	-	-
Profit for the year		**53,892,244**	**80,636,213**	**54,177,095**	**68,961,184**
Total comprehensive income for the year		**53,892,244**	**80,636,213**	**54,177,095**	**68,961,184**

*The Comperative information is restated on account of errors. See note 32

Separate Statement of Changes in Equity

Group	Fair value reserve	Retirement reserve	Accumulated profit	Total equity
Opening balance as previously reported	8,373,816	231,945,703	298,126,123	538,445,642
Adjustments				
Prior period error*	-	-	(9,360,000)	(9,360,000)
Restated* Balance at April 1, 2019 as restated	**8,373,816**	**231,945,703**	**288,766,123**	**529,085,642**
Profit 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)	-
Opening balance as previously reported	8,373,816	275,559,292	335,148,747	619,081,855
Adjustments				
Prior period error*	-	-	(9,360,000)	(9,360,000)
Balance at April 1, 2020 as restated	**8,373,816**	**275,559,292**	**325,788,747**	**609,721,855**
Total comprehensive income for the year	-	-	53,892,244	53,892,244
Tranfer between reserves	-	27,300,754	(27,300,754)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	**27,300,754**	**(27,300,754)**	-
Balance at March 31, 2021	**8,373,816**	**302,860,046**	**352,380,237**	**663,614,099**
Note(s)		18	19	37

Scheme	Fair value reserve	Retirement reserve	Accumulated profit	Total equity
Opening balance as previously reported	8.373,816	224,937,008	182,925,892	416,236,716
Adjustment				
Prior period errors*	-	-	112,848,961	112,848,961
Restated* Balance at April 1, 2019 as restated	**8,373,816**	**224,937,008**	**295,774,853**	**529,085,677**
Profit for the year	-	-	68,961,184	68,961,184
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**68,961,184**	**68,961,184**
Tranfer between reserves	-	34,011,414	(34,011,414)	-
Opening balance as previously reported	8.373,816	258,948,422	216,937,306	484,259,544
Adjustment				
Prior period errors*	-	-	112,631,891	112,631,891
Balance at April 1, 2020 as restated	**8,373,816**	**258,948,422**	**329,569,197**	**596,891,435**
Profit for the year	-	-	54,177,095	54,177,095
Total comprehensive income for the year	-	-	**54,177,095**	**54,177,095**
Tranfer between reserves	-	27,300,754	(27,300,754)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	**27,300,754**	**(27,300,754)**	-
Balance at March 31, 2021	**8,373,816**	**286,249,176**	**356,445,538**	**651,068,530**
Note(s)	18	19	37	

*The Comperative information is restated on account of errors. See note 32

Consolidated and Separate Statement of Cash Flows

	Notes	Group 2021	Group 2020 Restated *	Scheme 2021	Scheme 2020 Restated
Cash flows from operating activities					
Cash generated from/(used in) operations	28	(10,063,872	64,457,686	(26,353,873)	59,172,686
Finance income		-	-	-	-
Finance costs		-	-	-	-
Tax paid	29	(3,837,470)	(107,595)	-	-
		(13,901,342)	**64,350,091**	**(26,353,873)**	**59,172,686**
Net cash from investing activities					
Purchase of property, plant and equipment		(173,480)	(172,335)	(173,480)	(172,335)
Purchase of investment property		(6,723,895)	-	-	-
Loans payments received		3,599,700	3,000,000	3,599,700	3,000,000
Purchase of financial assets		(90,000,000)	-	(90,000,000)	-
Withdrawals of financial assets		20,000,000	-	20,000,000	-
Proceeds from investment in linked units		-	-	12,830,450	-
Finance Income		2,614,910	3,742,132	1,487,070	1,780,801
Net cash from financing activities		**(70,682,765)**	**6,569,797**	**(52,256,260)**	**4,608,466**
Cash flows from operating activities					
Government loan repayment		(6,226,761)	(5,756,991)	(6,226,761)	(5,756,991)
Payment on lease liabilities		(1,103,887)	(822,879)	(1,103,887)	(822,879)
Finance costs paid		(3,571,842)	(4,041,626)	(3,571,842)	(4,041,626)
Net cash from financing activities		**(10,902,490)**	**(10,621,496)**	**(10,902,490)**	**(10,621,496)**
Total cash movement for the year		**(95,486,597)**	**60,298,392**	**(89,512,625)**	**53,159,656**
Cash at the beginning of the year		168,625,089	108,326,697	116,829,028	63,669,372
Total cash at end of the year	13	**73,138,492**	**168,625,089**	**27,316,403**	**116,829,028**

*The Comperative information is restated on account of errors. See note 32

Accounting Policies

1. Reporting Entity

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

1.1 Basis of preparation and statement of compliance

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

These accounting policies are consistent with the previous period except for the revenue policy which was previously accounted for in the previous years following IFRS 15 guidelines instead of IFRS 4 for Revenue from Insurance contracts. This has however, has now been corrected.

1.2 Basis of measurement

The financial statements have been prepared under the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

1.3 Functional & presentation currency

They are presented in Pula, which is the scheme's functional currency.

1.4 Consolidation

Basis of consolidation

Interest in subsidiaries

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the scheme and all 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 and separate financial statements from the effective date of acquisition to the effective date of disposal.

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity. They are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Accounting Policies

1.4 Consolidation (Continued)

Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

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

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

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

Interest In Equity-Accounted Investees

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

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

Business Combinations

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

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

Accounting Policies

Business Combinations (Continued)

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

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

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

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to profit or loss and other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.
Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to profit or loss and other comprehensive income.

1.5 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Valuation of investment property

The fair value of investment property is determined by an independent valuer Significant judgement is required to determine the fair value of investment property.

Use of the most appropriate method: the valuer considers outputs from a range of methods,

The comparative information is restated on account of errors.see note 32

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (Continued)

including income capitalization 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.

Impairment testing of assets

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

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

Useful lives of property, plant and equipment

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

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

Allowance for credit losses

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

The final determined figures for trade receivables are disclosed in note 12.

Taxation

The scheme is not subject to income tax under the Income Tax Act in Botswana except for subsidiaries. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for its subsidiaries. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made for its subsidiaries.
The final determined figures for tax are disclosed in note 15.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (Continued)

Provision for Outstanding claims (OCR)

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

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

Sources of unreported claim payments include:

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

If no or insufficient allowance is made for these claims, the result is that the Scheme is likely to hold insufficient funds aside for paying claims. This in turn impacts the Scheme's cash flow and ability to honor claims. The Group and Scheme does not discount its outstanding risk claims provision as the effect of the time value of money is not considered material.
Additional comments are provided in note 17.

1.6 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. 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 are charged to the statement of comprehensive income during the financial period in which they are incurred.
The final determined figures for investment property are disclosed in note 7.

Fair Value

Subsequent to initial measurement investment property* is measured at fair value.
A gain or loss arising from a change in fair value is included in the statement of comprehensive income for the period in which it arises.

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

Accounting Policies

1.6 Investment property (Contunied)

Reclassification

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income.

Derecognition

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

1.7 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets 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 profit or loss in the year in which they are incurred.

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Computer equipment	Straight line	3 years

Accounting Policies

1.7 Property, plant and equipment (Continued)

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 profit and loss and other 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 profit or loss when the item is derecognised.

1.8 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. Subsequent expenditure is capitalised only when it increased the future economic benefits of the asset it relates to. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Amortization of intangible assets is presented under other operating expenses in the statement of profit and loss and other comprehensive income.

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

Item	Depreciation method	A verage useful life
Computer software	Straight line	3 years

Goodwill

Goodwill represents the cost of excess of the cost of an acquisition over the fair value of the group's share of net identifiable assets of the acquired subsidiary at the date of acquisition.Goodwill on acquisition 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 might 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 group 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.

1.9 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Accounting Policies

1.9 Investment in associate (Continued)

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

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

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

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

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

1.10 Investments in linked units

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

1.11 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:

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); orMandatorily 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

Accounting Policies

1.11 Financial instruments (Continued)

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

  These financial assets measurements fair value hierarchy is as disclosed in note 11.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the 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 12).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 25).

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

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

Accounting Policies

1.11 Financial instruments (Continued)

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

Accounting Policies

1.11 Financial instruments (Continued)

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 12.

An impairment gain or loss is recognised in 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 statement of profit and loss and other comprehensive income as a movement in credit loss allowance (note 24).

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 profit or loss and other comprehensive income.

Credit risk

Details of credit risk are included in the trade and other receivables* note (note 12) and the financial instruments and risk management note (note 3).

Derecognition

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

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

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss.

Accounting Policies

1.11 Financial instruments (Continued)

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.

Interest received on debt instruments at fair value through profit or loss are included in investment income (note 25).

Investments denominated in foreign currencies

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

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

Impairment

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

Derecognition

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

Trade and other payables Classification

Trade and other payables* (note 16), 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 method.

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in the statement of profit or loss and other comprehensive income in finance costs (note 26).Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Accounting Policies

1.11 Financial instruments (Continued)

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts and borrowings

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when ittransfers 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 collateralized borrowing for the proceeds received.

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.12 Tax

Current tax assets and liabilities

For taxable subsidiaries, 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 the 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 by taxable subsidiaries.

Accounting Policies

1.12 Tax (Continued)

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 profit nor taxable profit (tax loss) of the taxable subsidiary.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit 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 profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

Tax expenses

Current and deferred taxes are recognised as income or 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 profit or loss and
- other comprehensive income, or
  a business combination.

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

1.13 Leases

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

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

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

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

Accounting Policies

1.13 Leases (Continued)

Scheme as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the scheme is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the scheme recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

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

Lease liability

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

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

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

Variable rentals that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 26).

Accounting Policies

1.13 Leases (Continued)

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

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

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

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Group as lessor

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

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

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 16.

1.14 Finance income and finance costs

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

Accounting Policies

1.15 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.

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

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

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

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

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

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

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

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

Accounting Policies

1.16 Provisions and contingencies (Continued)

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

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

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

Contingent assets and contingent liabilities are not recognised.

1.17 Short-term employee benefits

Provision for gratuity

The group pays a gratuity to staff that are employed on contract basis (up to 5 years renewable contract). This may be paid if/when the contract is terminated before its expiry by either the scheme or the employee.

Provision for annual leave

Liabilities for accumulating annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the balance sheet.

1.18 Revenue from contracts with customers

IFRS 4 Insurance contracts.

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

Income recognition

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

Income from contributions

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

1.19 Rental Income

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

Accounting Policies

1.20 Investment Income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of profit and loss and other 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 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 state 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 the investment securities.

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest rate method. The group has presented Interest income on financial assets as part of finance income because it does not consider it as part of its revenue-generating activities but rather investing activities.Therefore, this is presented in the statement of cashflows as Finance income from investing activities.

1.21 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. Finance costs related to borrowing are reported as financing costs in the consolidated statement of cashflows.

1.22 Provision for outstanding claims (OCR)

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

Accounting Policies

1.22 Provision for outstanding claims (OCR) (Continued)

between estimation periods. This volatility is a short-coming of the BCL method and is due to the volatility in the development factors (on a monthly basis) that are used to determine the gross-up factors and the current loss ratio in each month. In order to reduce the impact of this general variability on the estimation of the OCR, the BF method is then used. The BF method incorporates both an independently-derived estimate of the expected claims as well as the development patterns shown in the BCL Method.

Liabilities and related assets under liability adequacy test

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

1.23 Claims incurred

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

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

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

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

1.24 Related parties

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

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

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

Accounting Policies

1.24 Related parties (continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)
has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit

Notes to the Consolidated and Separate Financial Statements

2.New standards and interpretations

2.1.Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the amendment is not material.
• Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current Amendment to IAS 1 assessed	01 January 2020	Impact is currently being assessed
• Annual Improvement to IFRS Standards 2018-2020:Amendments to IFRS 1	01 January 2020	Impact is currently being assessed

Notes to the Consolidated and Separate Financial Statements

2.2 Standards and interpretations not yet effective (Continued)

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2020	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2020	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2020	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2020	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2020	Impact is currently being assessed
• =Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2020	Unlikely there will be a material impact

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value through profit or loss		244,055,280	-	328,204,59	328,204,549
Trade and other receivables	12	-	111,185,401	111,185,401	111,185,401
Cash and cash equivalents	13	-	73,138,492	73,138,492	73,138,486
		244,055,280	**184,323,893**	**512,528,442**	**512,528,436**

Group - 2020	Note(s)	Fair value through profit or loss -Designated	Amortised cost	Total	Fair value
Investments at fair value through profit or loss		244,055,280	-	244,055,20	233,905,804
Loans to group companies	10	-	3,599,700	3,599,700	3,599,700
Trade and other receivables	12	-	45,610,407	45,610,407	45,610,407
Cash and cash equivalents	13	-	168,625,089	168,625,089	168,625,089
		244,055,280	**217,835,196**	**461,890,476**	**451,741,000**

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (Continued)
Categories of financial instruments

Categories of financial assets

Group - 2019	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value through profit or loss		233,905,804	-	233,905,804	233,905,804
Loans to group companies	10	-	6,599,700	6,599,700	6,599,700
Trade and other receivables	12	-	27,699,797	27,699,797	27,699,797
Cash and cash equivalents	13	-	108,326,697	108,326,697	108,326,697
		233,905,804	**142,626,194**	**376,531,998**	**376,531,998**

Scheme - 2021	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments in linked units	8	321,670,610	-	321,670,610	321,670,610
Investments at fair value through profit or loss	12	328,204,549	-	328,204,549	328,204,549
Trade and other receivables	14	-	70,494,580	70,494,580	70,494,580
Cash and cash equivalents	13	-	27,316,403	27,316,403	27,316,403
		649,875,159	**97,810,983**	**747,686,142**	**747,686,142**

3. Financial instruments and risk management (Continued)
Categories of financial instruments

Categories of financial assets	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Fair value through profit or loss - Designated	Fair value
Scheme - 2020					
Investments in linked units	8	303,762,343	-	303,762,343	303,762,343
Investments at fair value through profit or loss		244,055,280	-	244,055,280	244,055,280
Loans to group companies	10	-	3,599,700	3,599,700	3,599,700
Trade and other receivables	12	-	15,182,811	15,182,811	15,182,811
Cash and cash equivalents	13	-	116,829,028	116,829,028	116,829,028
		547,817,623	**135,611,539**	**683,429,162**	**683,429,162**

Scheme - 2019	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments in linked units	8	291,148,961	-	291,148,961	291,148,961
Investments at fair value through profit or loss		233,905,904	-	233,905,94	233,905,904
Loans to group companies	10	-	6,599,700	6,599,700	6,599,700
Trade and other receivables	12	-	12,809,979	12,809,979	12,809,979
Cash and cash equivalents	13	-	63,669,372	63,669,372	63,669,372
		525,054,865	**83,079,051**	**608,133,916**	**608,133,916**

Notes to the Consolidated and Separate Financial Statements

Categories of financial liabilities

Group - 2021	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	31,280,430	31,280,430	31,280,430
Borrowings	14	39,637,019	39,637,019	39,637,019
Retention liabilities		335,353	335,353	-
		71,252,802	**71,252,802**	**70,917,449**

Group - 2020	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	25,911,213	25,911,213	25,911,213
Borrowings	14	45,863,780	45,863,780	45,863,780
		71,774,993	**71,774,993**	**71,774,993**

Group - 2019	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	14,146,523	14,146,523	14,146,523
Borrowings	14	51,620,771	51,620,771	51,620,771
		65,767,294	**65,767,294**	**65,767,294**

Scheme - 2021	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	21,137,225	21,137,225	21,137,225
Borrowings	14	39,637,019	39,637,019	39,637,019
		60,774,244	**60,774,244**	**60,774,244**

Scheme - 2020	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	21,490,445	21,490,445	21,490,445
Borrowings	14	45,863,780	45,863,780	45,863,780
		67,354,225	**67,354,225**	**67,354,225**

Scheme - 2019	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	10,565,694	10,565,694	10,565,694
Borrowings	14	51,620,771	51,620,771	51,620,771
		62,186,465	**62,186,465**	**62,186,465**

Notes to the Consolidated and Separate Financial Statements

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

Capital risk management

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

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

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

		Group			Scheme		
	Notes	2021	2020 Restated *	2019 Restated *	2021	2020 Restated *	2019 Restated *
Borrowings	14	39,637,019	45,863,780	51,620,771		45,863,780	51,620,771
Lease liabilities		1,721,372	2,825,259	-	1,721,372	2,825,259	-
Trade and other payables	16	31,280,427	25,911,213	14,146,522	21,137,225	21,490,445	10,565,695
Retention liabilities	20	335,353	-	-	-	-	-
Tax payable	29	-	2,731,488	1,602,307	-	-	-
Provision for OCR	17	78,336,813	63,291,448	49,322,628	78,336,780	63,291,448	49,322,628
Total borrowings		**151,310,984**	**140,623,188**	**116,692,228**	**101,195,377**	**133,470,932**	**111,509,094**
Cash and cash equivalents	13	(73,138,492)	(168,625,089)	(108,326,697)	(27,316,403)	(116,829,028)	(63,669,372)
Net borrowings		**78,172,492**	**(28,001,901)**	**8,365,531**	**73,878,974**	**16,641,904**	**47,839,722**
Equity		**650,783,682**	**608,566,466**	**530,120,443**	**651,068,531**	**596,891,436**	**529,085,678**
Gearing ratio		12 %	(5)%	2 %	11 %	3 %	9 %

Notes to the Consolidated and Separate Financial Statements

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

financial risk management

Overview

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

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

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

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*, related party balances 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.

Notes to the Consolidated and Separate Financial Statements

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

Management applies 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. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. 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 adopts 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.

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (Continued)

Group

		2021			2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Related party loan receivable	10	-	-	-	3,599,700	-	3,599,700	6,599,700	-	6,599,700
Trade and other receivables	12	117,153,026	(6,434,167)	110,718,859	43,361,340	(5,102,150)	38,259,190	31,681,699	(4,030,710)	27,650,989
Cash and cash equivalents	13	73,138,492	-	73,138,492	168,625,089	-	168,625,089	108,326,929	-	108,326,929
		190,291,518	**(6,434,167)**	**183,857,351**	**215,586,129**	**(5,102,150)**	**210,483,97**	**146,608,328**	**(4,030,710)**	**142,577,618**

Scheme

		2021			2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	10	-	-	-	3,599,700	-	3,599,700	6,599,700	-	6,599,700
Trade and other receivables	12	76,813,988	(6,434,167)	70,379,821	12,933,744	(5,102,150)	7,831,594	16,791,881	(4,030,710)	12,761,171
Cash and cash equivalents	13	27,316,403	-	27,316,403	116,829,028	-	116,829,028	63,669,604	-	63,669,604
		104,130,391	**(6,434,167)**	**97,696,224**	**133,362,472**	**(5,102,150)**	**128,260,322**	**87,061,185**	**(4,030,710)**	**83,030,475**

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

Liquidity risk

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

Notes to the Consolidated and Separate Financial Statements

3. Financial Instruments And Risk Management *(Continued)*

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 - 2021		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current Liabilities						
Borrowings	14	-	-	33,034,210	33,034,210	33,034,210
Lease liabilities		-	700,852	-	700,852	700,852
Current liabilities						
Trade and other payables	16	31,280,430	-	-	31,280,430	31,280,427
Borrowings	14	6,602,809	-	-	6,602,809	6,602,809
Lease liabilities		1,020,520	-	-	1,020,520	1,020,520
		38,903,759	**700,852**	**33,034,210**	**72,638,821**	**72,638,818**

Group - 2020		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current liabilities						
Borrowings	14	-	-	39,759,113	39,759,113	39,759,113
Lease liabilities		-	1,907,664	-	1,907,664	1,907,664
Current liabilities						
Trade and other payables		25,911,213	-	-	25,911,213	25,911,213
Borrowings	14	6,104,667	-	-	6,104,667	6,104,667
Lease liabilities		917,595	-	-	917,595	917,595
		32,933,475	**1,907,664**	**39,759,113**	**74,600,252**	**74,600,252**

Group - 2019		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current Liabilities						
Borrowings	14	-	-	45,976,663	45,976,663	45,976,663
Current Liabilities						
Trade and other payables	16	14,146,523	-	-	14,146,523	14,146,523
Borrowings	14	5,644,108	-	-	5,644,108	5,644,108
		19,790,631	-	**45,976,663**	**65,767,294**	**65,767,294**

Notes to the Consolidated and Separate Financial Statements

3. Financial Instruments And Risk Management *(Continued)*

Scheme - 2021		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current liabilities						
Borrowings	14	-	-	33,034,210	33,034,210	33,034,210
Lease liabilities		-	700,852	-	700,852	700,852
Current liabilities						
Trade and other payables		21,137,225	-	-	21,137,225	21,137,225
Borrowings	14	6,602,809	-	-	6,602,809	6,602,809
Lease liabilities		1,020,520	-	-	1,020,520	1,020,520
		28,760,554	**700,852**	**33,034,210**	**62,495,616**	**62,495,616**

Scheme - 2020		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current liabilities						
Borrowings	14	-	-	39,759,113	39,759,113	39,759,113
Lease liabilities		-	1,907,664	-	1,907,664	1,907,664
Current liabilities						
Trade and other payables	16	21,490,445	-	-	21,490,445	21,490,445
Borrowings	14	6,104,667	-	-	6,104,667	6,104,667
Lease liabilities		917,595	-	-	917,595	917,595
		28,512,707	**1,907,664**	**39,759,113**	**70,179,484**	**70,179,484**

Scheme - 2019		Less Than 1 Year	1 To 2 Years	2 To 5 Years	Total	Carrying Amount
Non-current liabilities						
Borrowings	14	-	-	45,976,663	45,976,663	45,976,663
Current liabilities						
Trade and other payables	16	10,565,695	-	-	10,565,695	10,565,695
Borrowings	14	5,644,108	-	-	5,644,108	5,644,108
		16,209,803	-	**45,976,663**	**62,186,466**	**62,186,466**

Notes to the Consolidated and Separate Financial Statements

3. Financial Instruments And Risk Management *(Continued)*

Foreign Currency Risk

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

Interest Rate Risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. The debt of the group is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

Interest Rate Sensitivity Analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At March 31, 2021, if the interest rate on borrowings had been 1-% per annum higher during the period, with all other variables held constant, profit for the year would have been P 37,718 (2020: P 40 416-) lower mainly as a result of higher interest expense on interest-bearing borrowings for the group.

Price Risk

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

Notes to the Consolidated and Separate Financial Statements

4. Property, Plant And Equipment

	2021			2020		
Group	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,573,582	(1,363,544)	1,210,038	2,555,857	(918,177)	1,637,680
Computer equipment	855,949	(553,364)	302,585	700,194	(316,352)	383,842
TOTAL	**3,429,531**	**(1,916,908)**	**1,512,623**	**3,256,051**	**(1,234,529)**	**2,021,522**

	2019		
Group	Cost	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,555,857	(918,177)	1,637,680
Computer equipment	538,255	(316,352)	383,842
	3,094,112	**(633,954)**	**2,460,158**

Scheme	2021			2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,573,582	(1,363,544)	1,210,038	2,555,857	(918,177)	1,637,680
Computer equipment	855,949	(553,364)	302,585	700,194	(316,352)	383,842
TOTAL	**3,429,531**	**(1,916,908)**	**1,512,623**	**3,256,051**	**(1,234,529)**	**2,021,522**

	2019		
Scheme	Cost	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,555,857	(475,838)	2,080,019
Computer equipment	538,255	(158,116)	380,139
TOTAL	**3,094,112**	**(633,954)**	**2,460,158**

Notes to the Consolidated and Separate Financial Statements

4. Property, Plant And Equipment *(Continued)*

Reconciliation Of Property, Plant And Equipment - Group - 2021

Scheme	Opening Balance	Additions	Depreciation	Carrying Value
Furniture and fixtures	1,637,680	17,725	(445,367)	1,210,038
Computer equipment	383,842	155,755	(237,012)	302,585
TOTAL	**2,021,522**	**173,480**	**(682,379)**	**1,512,623**

Reconciliation Of Property, Plant And Equipment - Group - 2020

Scheme	Opening Balance	Additions	Depreciation	Carrying Value
Furniture and fixtures	2,080,019	33,499	(475,838)	1,637,680
Computer equipment	380,139	138,836	(135,133)	383,842
TOTAL	**2,460,158**	**172,335**	**(610,971)**	**2,021,522**

Reconciliation Of Property, Plant And Equipment - Group - 2019

Scheme	Opening Balance	Additions	Depreciation	Carrying Value
Furniture and fixtures	2,367,610	121,709	(409,300)	2,080,019
Computer equipment	107,030	429,800	(156,691)	380,139
TOTAL	**2,474,640**	**551,509**	**(565,991)**	**2,460,158**

None of the property, plant and equipment has been pledged or given as security to any loan/creditors

Notes to the Consolidated and Separate Financial Statements

5 Right-of-use assets

The scheme leases two buildings on cancelable leases of 3 and 5 years respectively with options to renew. Lease payments are renegotiated every 3 and 5 years on renewal to reflect market rental prices. The scheme is restricted from any entering into any sub-lease agreements. As at end of the reporting period, both leases had less than two years remaining on the lease period.

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

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Opening balance	2,285,274	-	-	2,285,274	-	-
Additions	-	3,648,137	-	-	3,648,137	-
Depreciation	(941,153)	(1,362,863)	-	(941,153)	(1,362,863)	-
Closing balance						
	1,344,121	**2,285,274**	-	**1,344,121**	**2,285,274**	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:
(See note 3 for undiscounted maturity values)

Within one year	1,020,520	917,595	-	1,020,520	917,595	-
One to five years	700,852	1,907,664	-	700,852	1,907,664	-
	1,721,372	**2,825,259**	-	**1,721,372**	**2,825,259**	-
Non-current liabilities	700,852	1,907,664	-	700,852	1,907,664	-
Current liabilities	1,020,520	917,595	-	1,020,520	917,595	-
	1,721,372	**2,825,259**	-	**1,721,372**	**2,825,259**	-

6. Intangible assets

Group	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	701,406	(682,645)	18,761	701,406	(430,361)	271,045

Group	2019		
	Cost	Accumulated amortisation	Carrying value
Computer software	**701,406**	**(215,720)**	**485,686**

Notes to the Consolidated and Separate Financial Statements

6. Intangible Assets *(continued)*

Scheme	2021			2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer Software	701,406	(682,645)	18,761	701,406	(430,361)	271,045

Scheme	2019		
	Cost	Accumulated Depreciation	Carrying Value
Computer Software	701,406	(215,720)	485,686

Reconciliation Of Intangible Assets - Group - 2021

	Opening Balance	Amortisation	Carrying Value
Computer Software	271,045	(252,284)	18,761

Reconciliation Of Intangible Scheme - Group - 2020

	Opening Balance	Amortisation	Carrying Value
Computer Software	485,686	(214,641)	271,045

Reconciliation Of Intangible Assets - Group - 2019

	Opening Balance	Amortisation	Carrying Value
Computer Software	701,406	(215,720)	485,686

Reconciliation Of Intangible Assets - Scheme - 2021

	Opening Balance	Amortisation	Carrying Value
Computer Software	271,045	(252,284)	18,761

Reconciliation Of Intangible Assets - Scheme - 2020

	Opening Balance	Amortisation	Carrying Value
Computer equipment	485,686	(214,641)	271,045

Reconciliation Of Intangible Assets - Scheme - 2019

	Opening Balance	Amortisation	Carrying Value
Computer equipment	701,406	(215,720)	485,686

Notes to the Consolidated and Separate Financial Statements

7. Investment Property

Investment Property - Group - 2021

	Opening Balance	Additions	Fair Value Adjustments	Carrying Value
Investment Property	266,000,000	7,059,248	13,940,752	287,000,000

Investment Property - Group - 2020

	Opening Balance	Additions	Fair Value Adjustments	Carrying Value
Investment Property	266,000,000	-	6,000,000	266,000,000

Investment Property - Group - 2019

	Opening Balance	Additions	Carrying Value
Investment Property	260,000,000	-	260,000,000

Details Of Valuation

The independent valuation was performed by Mr Maje C Maje of Apex Properties Proprietary Limited determine the fair value of the investment property as at 31 March 2021. 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"). Significant judgement is required to determine the fair value of the investment property, especially with respect to the determination of appropriate capitalisation rates and net cash flows. The significant assumptions associated with determining the fair values of investment property are disclosed in the accounting policies under- Significant judgements and sources of estimation uncertainty.

Valuation Methods

For the subject property, management has adopted the approach of income capitalisation as described below:

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

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

7. Investment Property* *(Continued)*

Information about fair value measurements using significant unobservable inputs (Level 3) 2021

These assumptions are based on current market conditions.

Sensitivity on management's estimates

Valuation Technique	Valuation	Estimate	Impact Lower	Impact Higher
Depreciated Replacement Cost	307,856,219	Market value per sqm +/- 10%	(30,785,622)	30,785,622
Income Capitalisation	266,526,277	Capitalisation rate +/- 10%	(26,652,628)	26,652,628

Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3) 2020

Sensitivity On Management's Estimate

Valuation Technique	Valuation	Estimate	Impact Lower	Impact Higher
Depreciated Replacement Cost	269,607,448	Market value per sqm +/- 10%	(26,960,745)	26,960,745
Income Capitalisation	261,627,736	Capitalisation rate +/- 10%	(26,162,773)	26,162,773

Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3) 2019

Sensitivity On Management's Estimate

Valuation Technique	Valuation	Estimate	Impact Lower	Impact Higher
Depreciated Replacement Cost	253,125,421	Market value per sqm +/- 10%	(25,312,542)	25,312,542
Income Capitalisation	268,720,798	Capitalisation rate +/- 10%	(26,872,080)	26,872,080

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Amounts recognised in profit and loss for the year						
Insurance	164,991	246,163	246,163	-	-	-
Repairs and maintenance	1,804,401	2,465,535	2,056,247	-	-	-
Valuation fees	43,500	43,500	96,655	-	-	-
	2,012,892	**2,755,198**	**2,399,065**	-	-	-

The group leases out the investment property to the associate (Lenmed Health Bokamoso Private Hospital). The lease is cancelable and runs for a period of 15 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rental prices. The lessee is restricted from any sub-lease agreements. As at end of the reporting period, there were six (6) years remaining on the rental lease period.

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

8. Investment in linked units

Scheme

Name of company	% holding 2021	% holding 2020	% holding 2019	number of linked units 2021	number of linked units 2020	number of linked units 2019
BPOMAS Property Holdings Proprietary Limited	100.00 %	100.00 %	100.00 %	178,300,000	178,300,000	178,300,000

The scheme invested in linked units of BPOMAS property holdings (BPH). The linked units consist of ordinary shares in BPH which are linked to debentures. These linked units are measured at fair-value at each reporting date by actuarial consultants. The expected future cash-flows are reassessed at each reporting date in determining the fair-value of future cash-flows.

Linked units are classified as level 3 on the fair value hierarchy as the inputs used in determining the fair value of linked units are not based on observable market data. Refer to note 23 for fair value gains in linked units.

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

	2021	2020	2019
Investment in linked units	321,670,610	303,762,343	291,148,961

9. Investment in associate

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

Group

Name of company	Held by	% ownership interest 2021	% ownership interest 2020	% ownership interest 2019	Carrying amount 2021	Carrying amount 2020	Carrying amount 2019
Lenmed Health Bokamoso Private Hospital Proprietary Limited		30.00 %	30.00 %	30.00 %	41,339,279	42,355,398	29,238,526

Scheme

Name of company	Held by	% ownership interest 2021	% ownership interest 2020	% ownership interest 2019	Carrying amount 2021	Carrying amount 2020	Carrying amount 2019
Lenmed Health Bokamoso Private Hospital Proprietary Limited		30.00 %	30.00 %	30.00 %	41,339,279	42,355,398	29,238,526

The scheme holds a strategic investment entered into during the year 2012. The entity provides privatehealthcare services, and its principal place of business is Mmopane Block 1, Molepolole road. Lenmed Health Bokamoso Private Hospital has a 28th February year end, and no dividends were received for the reporting period.

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

9. Investment in associate (Continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Lenmed Health Bokamoso Private Hospital Proprietary Limited		
	2021	**2020**	**2019**
Revenue	302,812,747	382,006,617	307,383,874
Profit (loss) from continuing operations	(3,387,064)	43,722,906	27,537,528
Total comprehensive income	**(3,387,064)**	**43,722,906**	**27,537,528**

Summarised Statement of Financial Position	Lenmed Health Bokamoso Private Hospital Proprietary Limited		
	2021	**2020**	**2019**
Assets			
Non-current	188,485,972	191,500,965	38,311,440
Current	227,478,043	262,809,604	174,988,921
Total assets	**415,964,015**	**454,310,569**	**213,300,361**
Liabilities			
Non-current	147,068,149	173,598,919	33,193,314
Current	131,098,272	139,526,992	82,645,295
Total liabilities	**278,166,421**	**313,125,911**	**115,838,609**
Total net assets	**137,797,594**	**141,184,658**	**97,461,752**

10. Loans to group companies

	Group			Scheme		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Associates						
Lenmed Health Bokamoso Private Hospital Proprietary Limited	-	**3,599,700**	**6,599,700**	-	**3,599,700**	**6,599,700**

The loan is unsecured, and no repayment arrangement was set in place. The balance bears interest rate of 9.5% and it has since been fully paid. The inter-company loan receivables and payables are measured at amortised cost. The armotised cost of these approximate their fair value.

Split between non-current and current portions

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

Exposure to credit risk

Loans receivable 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.

Notes to the Consolidated and Separate Financial Statements

11. Investments at fair value through profit or loss and other comprehensive income

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
At fair value through profit or loss						
Investments in balanced portfolio	20,459,865	20,884,278	20,072,281	20,459,865	20,884,278	20,072,281
Investments in money markets	58,037,088	55,576,074	213,833,523	58,037,088	55,576,074	213,833,523
Investments in unit trusts	142,476,840	111,152,882	-	142,476,840	111,152,882	-
Listed equity	107,230,756	56,442,046	-	107,230,756	56,442,046	-
	328,204,549	**244,055,280**	**233,905,804**	**328,204,549**	**244,055,280**	**233,905,804**
Non-current assets						
Investments at FV through profit or loss	270,167,461	188,479,206	20,072,281	270,167,461	188,479,206	20,072,281
Current assets						
Investments at FV through profit or loss	58,037,088	55,576,074	213,833,523	58,037,088	55,576,074	213,833,523
	328,204,549	**244,055,280**	**233,905,804**	**328,204,549**	**244,055,280**	**233,905,804**

Fair Value Hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows: Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Level 1						
Balanced portfolio	20,459,865	20,884,278	20,072,281	20,459,865	20,884,278	20,072,281
Listed equity	107,230,756	56,442,046	-	107,230,756	56,442,046	-
	127,690,621	**77,326,324**	**20,072,281**	**127,690,621**	**77,326,324**	**20,072,281**

Balanced portfolio is made up of a combination of listed equities and bonds

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Level 2						
Investments in money market	58,037,088	55,576,074	213,833,523	58,037,088	55,576,074	213,833,523
Investments in unit trusts	142,476,840	111,152,882	-	142,476,840	111,152,882	-
	200,513,928	**166,728,956**	**213,833,523**	**200,513,928**	**166,728,956**	**213,833,523**
	328,204,549	**244,055,280**	**233,905,804**	**328,204,549**	**244,055,280**	**233,905,804**

Notes to the Consolidated and Separate Financial Statements

12. Trade And Other Receivables

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Financial instruments:						
Contributions receivable	73,783,269	6,849,309	11,897,342	73,783,269	6,849,309	11,897,342
Trade receivables	40,656,415	29,022,426	17,075,906	-	-	-
Loss allowance	(6,434,167)	(5,102,150)	(4,030,710)	(6,434,167)	(5,102,150)	(4,030,710)
Trade receivables at amortised cost	108,005,517	30,769,585	24,942,538	67,349,102	1,747,159	7,866,632
Other receivables	1,978,068	5,991,785	1,801,889	3,030,719	6,084,435	4,894,539
Sundry receivable	735,274	1,497,820	906,562	-	-	-
Non-financial instruments:						
VAT	351,783	-	-	-	-	-
Prepayments	114,759	7,351,217	48,808	114,759	7,351,217	48,808
Total trade and other receivables	**111,185,401**	**45,610,407**	**27,699,797**	**70,494,580**	**15,182,811**	**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.

Financial Instrument And Non-financial Instrument Components Of Trade And Other Receivables

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
At amortised cost	110,718,859	38,259,190	27,650,988	70,379,821	7,831,594	12,761,171
Non-financial instruments	466,542	7,351,217	48,808	114,759	7,351,217	48,808
	111,185,401	**45,610,407**	**27,699,797**	**70,494,580**	**15,182,811**	**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.

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

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

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

12. Trade and other receivables *(Continued)*

Group	2021	2020	2019	2021	2020	2019
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due: 0%	3,033,554	-	3,622,138	-	3,634,243	-
31 - 60 days past due 0%	63,524,470	-	994,732	-	3,514,238	-
61 - 90 days past due: 0%	791,078	-	616,148	-	669,718	-
91 - 120 days past due: 55.44%	238,391	238,391	1,615,803	5,102,150	4,079,143	4,030,710
More than 120 days past due: 100%	6,195,776	6,195,776	-	-	-	-
Total	**73,783,269**	**6,434,167**	**6,848,821**	**5,102,150**	**11,897,342**	**4,030,710**

Scheme	2021	2020	2019	2021	2020	2019
Expected credit loss rate:	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due: 0%	3,033,554	-	3,622,138	-	3,634,243	-
31 - 60 days past due: 0%	63,524,470	-	994,732	-	3,514,238	-
61 - 90 days past due: 0 %	791,078	-	616,148	-	669,718	-
91 - 120 days past due: 55.44%	238,391	238,391	1,615,803	5,102,150	4,079,143	4,030,710
More than 120 days past due: 100%	6,195,776	6,195,776	-	-	-	-
Total	**73,783,269**	**6,434,167**	**6,848,821**	**5,102,150**	**11,897,342**	**4,030,710**

Reconciliation Of Loss Allowances

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

Opening balance	(5,102,150)	(4,030,710)	(2,049,661)	(5,102,150)	(4,030,710)	(2,049,661)
Opening balance in accordance with IFRS 9	(5,102,150)	(4,030,710)	(2,049,661)	(5,102,150)	(4,030,710)	(2,049,661)
Movement for the year	(1,332,017)	(1,071,440)	(1,981,049)	(1,332,017)	(1,071,440)	(1,981,049)
Closing Balance	**(6,434,167)**	**(5,102,150)**	**(4,030,710)**	**(6,434,167)**	**(5,102,150)**	**(4,030,710)**

BPOMAS PH debtors have a loss rate of 0.00% and the balances are fully recovered within the first quarter of the succeeding year.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Cash on hand	950	1,546	870	950	1,546	870
Bank balances	33,137,539	124,627,540	71,865,824	27,315,453	116,827,482	63,668,502
Short-term deposits	33,137,539	43,996,003	36,460,003	-	-	-
	73,138,492	**168,625,089**	**108,326,697**	**27,316,403**	**116,829,028**	**63,669,372**

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

13. Cash and cash equivalents *(Continued)*

The bank balances are held with First National Bank Botswana, African Banking Corporation of Botswana and Bank Gaborone. Cash and cash equivalents are held at an average rate of 4.5%.

14. Borrowings

	Group			Scheme		
Held at amortised cost	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
Government loan -Current	6,602,809	6,104,667	5,644,108	6,602,809	6,104,667	5,644,108
Government loan-Non current	33,034,210	39,759,113	45,976,663	33,034,210	39,759,113	45,976,663
	39,637,019	**45,863,780**	**51,620,771**	**39,637,019**	**45,863,780**	**51,620,771**

The Government loan was obtained in 2010. The loan is unsecured and is repayable in 26 semi-annualinstallments of P 4 791 214 with repayments commencing June 2013, after a three-year grace period. The Government loan bears a fixed interest rate of 8% per annum (2020: 8%).

The carrying amount of borrowings is at amortised cost.

15. Deferred tax

	Group			Scheme		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Deferred tax liability						
Investment Property	(28,865,022)	(24,478,647)	(23,215,081)	--		-
Deferred tax liability	(28,865,022)	(24,478,647)	(23,215,081)	--		-
Reconciliation of deferred tax liability						
At beginning of year	(24,478,647)	(23,215,081)	(27,764,148)	-	-	-
Reduction due to rate change	-	-	4,526,483			
Taxable / (deductible) temporary difference movement investment property at fair value	(4,386,375)	(1,263,566)	-	-	-	-
Tax losses	-	-	22,584	-	-	-
	(28,865,022)	**(24,478,647)**	**(23,215,081)**	--		-

16. Trade and other payables

	Group			Scheme		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Financial instruments:						
Returned claims payment	8,597,951	7,244,894	3,420,451	8,597,949	7,244,886	3,420,453
Trade payables - related parties	9,937,123	4,002,415	3,308,737	-	-	-
Other payables	19,555	-	430,678	19,555	-	430,678
Sundry payables	2,985,509	2,006,351	1,673,170	2,726,302	1,768,568	1,588,669
Provision for employee benefits	5,255,720	8,115,264	1,403,834	5,255,720	8,115,263	1,403,834
Administration fees payable	4,484,572	4,362,013	3,718,291	4,537,698	4,361,728	3,722,059
Non-financial instruments:						
Other payables	-	180,276	191,361	-	-	-
Total trade and other receivables	**31,280,430**	**25,911,2131**	**4,146,522**	**21,137,224**	**21,490,445**	**10,565,693**

Notes to the Consolidated and Separate Financial Statements

16. Trade and other payables *(Continued)*

Reconciliation Of Employee Benefits

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Opening balance	8,115,263	1,403,834	2,030,645	8,115,263	1,403,834	2,030,645
Provision for the year	3,459,518	8,772,686	921,508	3,459,518	8,772,685	921,508
Provision used or reversed	(6,319,061)	(2,061,256)	(1,548,319)	(6,319,061)	(2,061,256)	(1,548,319)
	5,255,720	**8,115,264**	**1,403,834**	**5,255,720**	**8,115,263**	**1,403,834**

Fair value of trade and other payables

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

17. Provisions for outstanding claims

Reconciliation Of Provisions For Outstanding Claims - Group - 2021

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	63,291,481	(69,176,534)	84,221,833	78,336,780

Reconciliation Of Provisions For Outstanding Claims - Group - 2020

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	49,046,044	(68,696,648)	82,942,085	63,291,481

Reconciliation Of Provisions For Outstanding Claims - Group - 2019

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	45,489,413	(37,326,979)	40,883,610	49,046,044

Reconciliation Of Provisions For Outstanding Claims - Schem - 2021

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	63,291,481	(69,176,534)	84,221,833	78,336,780

Reconciliation Of Provisions For Outstanding Claims - Schem - 2020

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	49,046,044	(68,696,648)	82,942,085	63,291,481

Reconciliation Of Provisions For Outstanding Claims - Schem - 2019

	Opening Balance	Payment In Respect Of Prior Year	Current Year Increase In Provision	Total
Provision for outstanding claims	45,489,413	(37,326,979)	40,883,610	49,046,044

Notes to the Consolidated and Separate Financial Statements

17. Provisions 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 external actuaries which is reviewed by Management of the scheme and the Audit and Risk Committee and recommended to the Management Committee for approval.

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

Key assumptions:

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

-previous experience in claims

-claims settlement patterns

-trends in claims frequency and changes in the claims processing cycle

The following table illustrates the quantum of uncertainty inherent to the outstanding risk claims provision estimates. As opposed to claims for FY2020 that have already been paid, the claims for FY2021 estimate to be paid (or reopened) in future payment months are still subject to uncertainty. This quantity forms a useful basis for a sensitivity analysis. The table below illustrates the effect of a 10% increase and decrease in this amount respectively;

	2021	2020	2021	2020
Heading	Outstanding Risk Claims Provision	Impact of Profit or loss	Outstanding Risk Claims Provision	Impact of Profit or loss
Base case scenario	78,1,546	-	63,291,481	-
10% Increase	124,627,540	(7,833,678)	69,620,629	(6,329,148
10% Decrease	43,996,003	7,833,678	56,962,333	6,329,148

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

Notes to the Consolidated and Separate Financial Statements

18. Fair value reserve

	Group			Scheme		
	2021	2020	2019	2021	2020	2019
Fair value assets	8,373,816	8,373,816	8,373,816	8,373,816	8,373,816	8,373,816
	8,373,816	**8,373,816**	**8,373,816**	**8,373,816**	**8,373,816**	**8,373,816**

The fair value reserve is an accumulation of the scheme's previously held equity instruments that were then disposed of. These were held through other comprehensive income. There have been any new purchases of the instruments in over three (3) years therefore the reserve remaining unchanged.

19. Retirement reserve

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

Balance at the beginning of the year	275,559,292	231,945,703	214,573,666	258,948,422	224,937,008	214,573,666
Reserve transfers	27,300,754	43,613,589	17,372,037	27,300,754	34,011,414	10,363,342
	302,860,046	**275,559,292**	**231,945,703**	**286,249,176**	**258,948,422**	**224,937,008**

20. Retention liabilities

Summary Of Retentions On Construction Contracts

Retention	335,353	-	-	-	-	-

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

Notes to the Consolidated and Separate Financial Statements

21. Revenue

		Group		Scheme	
		2021	2020	2021	2020
Revenue from contracts with customers					
Contributions from high benefit option		40,712,497	36,866,770	40,712,497	36,866,770
Contributions from premium benefit option		51,424,228	49,214,288	51,424,228	49,214,288
Contributions from standard benefit option		777,890,108	751,421,436	777,890,108	751,421,436
		870,026,833	837,502,494	870,026,833	837,502,494
Revenue other than from contracts with customers					
Rental Income		24,469,093	24,396,366	-	-
		894,495,926	**861,898,860**	**870,026,833**	**837,502,494**

22. Other operating income

		Group 2021	Group 2020	Scheme 2021	Scheme 2020
Admin fees		2,211,866	2,127,850	2,211,866	2,127,850
Other income		1,024,325	66,625	960,000	-
		3,236,191	**2,194,475**	**3,171,866**	**2,127,850**

23. Fair value gains

		Group 2021	Group 2020	Scheme 2021	Scheme 2020
Fair value gains					
Fair value gain on investment property	7	13,940,752	6,000,000	-	-
Fair value gain on Investment linked units*		-	-	30,738,719	13,768,807
Fair value gain on balanced portfolio		(424,413)	1,155,425	(424,413)	1,155,425
Fair value gain on other financial assets		14,998,093	8,994,051	14,998,093	8,994,051
		28,514,432	**16,149,476**	**45,312,399**	**23,918,283**

Of the total fair value gains on other financial assets, P13,868,669 relates the interest income earned on money market invetments

24. Operating profit

Operating profit for the year is stated after charging the following, amongst others:

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Auditor's remuneration - external				
Audit fees	944,994	2,101,784	830,082	2,006,107
Auditor's remuneration - internal	**80,004**	**80,004**	**-**	**-**
Remuneration, other than to employees				
Administrative and managerial services	56,108,527	53,366,018	56,108,527	53,366,017
Consulting and professional services	3,663,855	1,527,720	2,607,353	1,470,593
Total depreciation and amortisation	**59,772,382**	**54,893,738**	**58,715,880**	**54,836,610**
Depreciation and amortisation				
Depreciation of property, plant and equipment	682,379	610,971	682,379	610,971
Depreciation of right-of-use assets	941,153	1,362,863	941,153	1,362,863
Amortisation of intangible assets	252,284	214,641	252,285	214,641
Total depreciation and amortisation	**1,875,816**	**2,188,475**	**1,875,817**	**2,188,475**

Expenses By Nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Employee costs	17,577,292	19,667,175	17,577,291	19,667,175
Depreciation, amortisation and impairment	1,875,816	2,188,475	1,875,817	2,188,475
Administrative expenses	96,168,257	84,368,680	92,465,631	79,888,526
Benefits paid	749,314,372	703,699,313	749,314,373	703,699,314
Total depreciation and amortisation	**864,935,737**	**809,923,643**	**861,233,112**	**805,443,490**

Notes to the Consolidated and Separate Financial Statements

25. Investment income

	Group		Scheme	
	2021	2020	2021	2020
Interest income				
Investments in financial assets:				
Bank and other cash	2,471,194	3,321,017	1,343,353	1,359,686
Interest on related party loan	143,716	421,115	143,717	421,115
Total depreciation and amortisation	**2,614,910**	**3,742,132**	**1,487,070**	**1,780,801**

26. Finance costs

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Interest expense on government loan	3,415,947	3,825,136	3,415,947	3,825,136
Interest on lease liabilities	155,895	216,490	155,895	216,490
Total depreciation and amortisation	**3,571,842**	**4,041,626**	**3,571,842**	**4,041,626**

27. Taxation

Major components of the tax expense (income)

	Group		Scheme	
	2021	2020	2021	2020
Current				
Local income tax - current period	1,059,142	1,236,768	-	-
Deferred				
Current year deferred tax movement	4,386,375	1,263,566	-	-
	5,445,517	**2,500,334**	-	-

Reconciliation Of The Tax Expense

Reconciliation between accounting profit and tax expense.

The group is only liable to tax on subsidiary profits.

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Accounting profit	59,762,174	81,981,122	54,601,508	67,805,759
Tax at the applicable tax rate of 22% (2020: 22%)	13,147,678	18,035,847	12,012,332	14,917,267
Tax effect of adjustments on taxable income				
Expenses not deductible for tax purposes	144,461	47,255	-	-
Income not subjected to tax	(396,732)	(142,532)	(12,012,332)	(14,917,267)
Permanent differences from scheme income	(7,449,890)	(15,694,429)	-	-
	5,445,517	**2,246,141**	**-**	**-**

28. Cash generated from/(used in) operations

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Profit before taxation	59,762,174	83,136,547	54,601,508	68,961,184
Adjustments for:				
Depreciation and amortisation	1,875,816	2,188,475	1,875,817	2,188,475
Income from equity accounted investments	1,016,119	(13,116,872)	1,016,119	(13,116,872)
Interest and other income	(17,613,003)	(12,736,183)	(17,445,163)	(10,774,852)
Finance costs	3,571,842	4,041,626	3,571,842	4,041,626
Fair value gains	(28,514,434)	(16,149,476)	(45,312,399)	(23,918,283
Provision for outstanding claims	15,045,299	14,245,437	15,045,299	14,245,437
Changes in working capital:	(65,574,994)	(17,910,611)	(55,311,769)	(2,372,832)
Trade and other receivables*	5,369,216	11,764,692	(353,220)	10,924,752
	(25,061,965)	**55,463,635**	**(42,311,966)**	**50,178,635**

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

29. Tax paid

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Tax payable at beginning of the year	2,731,480)	(1,602,307)	-	-
Current tax for the year recognised in profit or loss	(1,059,141)	(1,236,768)	-	-
Tax (receivable)/payable at end of the year	(46,849)	2,731,480	-	-
Total depreciation and amortisation	**864,935,737**	**809,923,643**	**861,233,112**	**805,443,490**

30. Related parties

Relationships	BPOMAS Property Holdings Proprietary Limited
Subsidiary Associate	Lenmed Health Bokamoso Private Hospital Proprietary Limited

	Group 2021	Group 2020	Scheme 2021	Scheme 2020
Related party balances				
Loan accounts - Owing by related parties Lenmed Health Bokamoso Private Hospital Proprietary Limited	-	3,559,700	-	3,559,700
Related party transactions				
Amounts received from investment in linked units BPOMAS Property Holdings Proprietary Limited	-	-	(12,542,765)	(12,830,452)
Management fees received from related parties BPOMAS Property Holdings Proprietary Limited	-	-	(960,000)	-
Rent received from related parties Lenmed Health Bokamoso Private Hospital Proprietary Limited	(24,396,366)	(24,396,366)	-	-
Transactions with its key management personnel: Directors and management committee meetings sitting allowance	302,000	351,000	241,000	225,000

Key Management personnel

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

31. Going Concern

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

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the management committee continue to procure funding for the ongoing operations for the company as well as the effects on the COVID-19 Pandemic on the business environment as a whole. Management has assessed the impact of COVID-19 on the Company's operations, financial position, cash flows, liquidity, solvency position as well as impairment assessments on financial and non-financial assets. As per the assessment performed by management, there is less significant impact due to the COVID-19 on reported results for the period from 1st April 2020 to 31st March 2021, despite market volatility.

*The Comperative information is restated on account of errors. See note 32

Notes to the Consolidated and Separate Financial Statements

32. Correction of prior period errors

During 2021, the group discovered mistatements in the financial statements for the years ended 2020 and 2019 relating to Investment property, revenue (contribution income), consolidation as well as investments in linked units. The errors have been corrected by updating the related accounting policies and restating each of the affected financial statement line items for the prior periods. Each error has been summarized below as well as its impact thereof on the group and separate financial statements.

Group

Investment Property

On calculating fair value of the building using the Income Capitalization, the independent valuer engaged by the group had only taken into account the rental income and excluded repairs, insurance and maintenance costs as well as costs to complete the leasehold improvements to the building, thus not using the net income generated from the building.

A fair value of P278 000 000 was accounted for in 2020 and P272 000 000 in 2019 on this approach. The fair value has been recalculated accounting for the repairs, insurance and maintenance costs as well as costs to complete the leasehold improvements, the fair value amounts to P266 000 000 and P260 000 000 respectively. The resulting difference in the fair value recognised is P12 000 000 per year resulting in an overstatement of investment property of the same amount. The tax implications resulted in a decrease in the deferred tax liability of P 2 640 000.

Fair value gain in investment assets

Fair value gains/(losses), were treated as investment purchases in the statement of cashflows. These were however not cash purchases but fair value gains through profit and loss. These have been corrected and included under operating cashflows. The total net adjustment for the fair value gain was P8,994,051.

Consolidation - elimination entries

Upon consolidation, the interest on linked units payable and receivable amounting to P12 830 452 for BPOMAS PH and BPOMAS respectively as well as cash receivable/payable amounting to P92 673 were not eliminated for the year ended 2020. This resulted in overstatement of both consolidated trade payables and trade receivables for the said year. Having realised this, management has passed entries to correct the amounts as shown in the statement below.

Statement Of Financial Position

Group

Impact Of Correction Of Error

2020		As previously reported	Adjustements	Restated
Investment property	7	278,000,000	(12,000,000)	266,000,000
Trade and other receivables	12	58,533,532	(12,923,125)	45,610,407
Other assets		463,213,308	-	463,213,308
Total Assets		**799,746,840**	**(24,923,125)**	**774,823,715**
Accumulated surplus		335,148,747	(9,360,000)	325,788,747
Fair value reserve		8,373,816	-	8,373,816
Retirement reserve		275,559,292	-	275,559,292
Deferred tax	15	27,118,647	(2,640,000)	24,478,647
Trade and other payables Other	16	38,834,338	(12,923,125)	25,911,213
liabilities		114,712,000	-	114,712,000
Total Equity and Liabilities		**799,746,840**	**(24,923,125)**	**774,823,715**

Notes to the Consolidated and Separate Financial Statements

32. Correction of prior period errors (continued)

2019		As previously reported	Adjustment	Restated
Investment property	7	272,000,000	(12,000,000)	260,000,000
Other assets		408,716,368	-	408,716,368
Total Assets		**680,716,368**	**(12,000,000)**	**668,716,368**
Accumulated surplus		298,126,123	(9,360,000)	88,766,123
Fair value reserve		8,373,816	-	8,373,816
Retirement reserve		231,945,703	-	231,945,703
Deferred tax	15	25,855,081	(2,640,000)	23,215,081
Other liabilities		116,415,645	-	116,415,645
Total Equity and Liabilities		**680,716,368**	**(12,000,000)**	**668,716,368**

Statement of profit or loss and other comprehensive income (SOCI)

For the year ended 31 March 2020		As previously reported	Adjustment	As restated
Investment Income Fair value gains	25	12,736,183	(8,994,051)	3,742,132
	23	-	16,149,476	16,149,476
Other		60,744,605	-	60,744,605
Other operating gains/(losses)		7,155,425	(7,155,425)	-
Profit for the year		80,636,213	-	80,636,213
Total comprehensive income		**80,636,213**	**-**	**80,636,213**

Statement of cash flows

For the year ended 31 March 2020		As previously reported	Adjustment	As restated
Fair value gains		-	(16,149,476)	(16,149,476)
Other operating gains/(losses)		(7,155,425)	7,155,425	-
Investment income		(12,736,183)	8,994,051	(3,742,132)
Trade and other receivables		(30,833,734)	12,923,123	(17,910,611)
Trade and other payable		24,687,816	(12,923,123)	11,764,692
Other		90,495,213	-	90,495,213
Net cash generated from operating activities		**64,457,687**	**-**	**64,457,686**
Other		2,827,665	-	2,827,665
Sale of investments at fair value		1,155,425	(1,155,425)	-
Purchase of financial assets		(10,149,476)	10,149,476	-
Finance income		12,736,183	(8,994,051)	3,742,132
Net cash generated from investing activities		**6,569,797**	**-**	**6,569,797**
Net cash used in financing activities		**(10,621,496)**	**-**	**(10,621,496)**
Total cash movement for the year		60,298,393	-	60,298,393
Cash at the end of year		108,326,696	-	108,326,696
Total cash at the end of the year	13	168,625,089	-	168,625,089

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 March 2020		As Previously Reported	Adjustments	Restated
Gains/losses on fair value portfolio		-	(8,994,051)	(8,994,051)
Net cash generated from operating activities		**64,350,092**	(8,994,051)	**55,356,041**
Other		15,563,848	-	15,563,848
Sale of investments at fair value		1,155,425	(1,155,425)	-
Purchase of financial assets		(10,149,476)	10,149,476	-
Net cash generated from investing activities		**6,569,797**	-	**15,563,848**
Net cash used in financing activities		**(10,621,496)**		**(10,621,496)**
Total cash movement for the year	13	60,298,393	-	60,298,393
Cash at the beg of year		108,326,696	-	108,326,696
Total cash at the end of the year		**168,625,089**	**-**	**168,625,089**

Scheme

Investments In Linked Units

At Scheme level, investment in linked units in BPOMAS Property Holdings (BPH) was initially recognized at Fair value and carried at cost using the split equity/debt accounting method. There had been no subsequent revisions to that, and investment continued to be measured at its cost in error. Management have re-estimated the fair value of the investment to the net assets of BPH at the end of each reporting date. Consequently, adjustments have been made to correct prior period errors on fair-value and fair value changes thereof as presented below. Previously, debenture interest declared (2020: P12,830,452) was accounted for as investment income in the SOCI. This has now been remeasured using IFRS 9 guidance and correcting adjustments made.

Fair Value Gain In Investment Assets

Fair value gains/(losses), were treated as investment purchases in the statement of cashflows. These were however not cash purchases but fair value gains through profit and loss. These have been corrected and included under operating cashflows. The total net adjustment for the fair value gain was P8,994,051

Statement Of Financial Position

Impact Of Correction Of Error

	2020	As Previously Reported	Adjustments	Restated
Investment in subsidiary	8	1,783,000	(1,783,000)	-
Investment in linked units	11	-	303,762,343	303,762,343
Investments at fair value through profit or loss	12	364,996,206	(176,517,000)	188,479,206
Trade and Other receivables		28,013,263	(12,830,452)	15,182,811
Other assets				
Total Assets		222,938,041	-	222,938,041
Fair value reserve	18	8,373,816	-	8,373,816
Accumulated surplus		216,937,307	112,631,891	329,569,198
Other equity		258,948,422	-	258,948,422
Total equity		484,259,545	112,631,891	596,891,436
Total liabilities		133,470,965	-	133,470,965
Total Equity and Liabilities		**617,730,510**	**112,631,891**	**730,362,401**

Notes to the Consolidated and Separate Financial Statements

32. Correction of prior period errors (continued)

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2020		As previously reported	Adjustment	Restated
Investment Income	25	23,605,304	(21,824,503)	1,780,801
Fair value gains	23	-	23,918,283	23,918,283
Other		44,417,525	-	44,417,525
Other operating gains/(losses)		-	(1,155,425)	-
Profit for the year		68,022,829	938,355	68,961,184
Total comprehensive income		**68,022,829**	**938,355**	**68,961,184**

For the year ended 31 March 2020		As previously reported	Adjustments	Restated
Fair value gains		-	(23,918,283)	(23,918,283)
Other operating gains/(losses)		(1,155,425)	1,155,425	-
Investment income		(23,605,304)	21,824,503	(1,780,801)
Trade and other receivables		(15,203,284)	12,830,452	(2,372,832)
Profit for the year		68,022,829	938,355	68,961,184
Other		18,283,418	-	18,283,418
Net cash generated from operating activities		**46,342,234**	**12,830,452**	**59,172,686**
Other		2,827,665	-	2,827,665
Sale of investments at fair value		1,155,425	(1,155,425)	-
Purchase of financial assets		(10,149,476)	10,149,476	-
Finance income		23,605,304	(21,824,503)	1,780,801
Net cash generated from investing activities		**17,438,918**	**(12,830,452)**	**4,608,466**
Net cash used in financing activities		**(10,621,496)**	-	**(10,621,496)**
Total cash movement for the year		53,159,656	-	53,159,656
Cash at the beginning of the year		63,669,372		63,669,372
Total cash at the end of the year	13	**116,829,028**	-	**116,829,028**

Revenue From Contracts With Customers

The contracts with policy holders that the scheme has meets the definition of insurance contracts as defined in IFRS 4, Insurance Contracts. In light of this, the management committee has decided to account for its contribution income following IFRS 4 guidelines. Previously IFRS 15 Revenue from contracts with customers had been applied in error.

This change in policy to account for revenue from insurance contracts correctly has now been made and there is no effect on the amount of revenue from contracts with customers recognised in prior years. This is because the scheme provides short term medical insurance cover of one month. Under IFRS 15, Revenue from contract with customers, revenue is also recognised in the month it is accrued.

The accounting policy for Revenue recognition for the Group and the Scheme has also been changed from IFRS 15 to IFRS 4 . Refer to note 1.18

A sensitive analysis has been added in with IFRS 4 which was not done in prior years, refer note 17

Detailed Income Statement

		Group		Scheme	
	Notes	2021	2020 Restated *	2021	2020 Restated *
Revenue					
Other rental income		24,469,093	24,396,366	-	-
Contributions from standard benefit option		777,890,108	751,421,436	777,890,108	751,421,436
Contributions from high premium benefit		40,712,497	36,866,770	40,712,497	36,866,770
Contributions from standard benefit option		51,424,228	49,214,288	51,424,228	49,214,288
	21	**894,495,926**	**861,898,860**	**870,026,833**	**837,502,494**
Other operating income					
Other income		2,211,866	2,127,850	2,211,866	2,127,850
Other income		1,024,325	66,625	960,000	-
	22	**3,236,191**	**2,194,475**	**3,171,866**	**2,127,850**
Other operating gains (losses)					
Fair value gains		13,940,752	6,000,000	30,738,719	13,768,807
Expenses (Refer to page 76)		**(864,935,737)**	**(809,923,643)**	**(861,233,112)**	**(805,443,490)**
Operating profit (loss)		**46,737,132**	**60,169,692**	**42,704,306**	**47,955,661**
Investment income	24	17,613,003	12,736,183	16,485,163	10,774,852
Finance costs	25	(3,571,842)	(4,041,626)	(3,571,842)	(4,041,626)
Income from associate	26	(1,016,119)	13,116,872	(1,016,119)	13,116,872
Other non-operating gains (losses)		(424,413)	1,155,425	(424,413)	1,155,425
Profit before taxation		**59,337,761**	**83,136,547**	**54,177,095**	**68,961,184**
Taxation	27	(5,445,517)	(2,500,334)	-	-
Profit for the year		**53,892,244**	**80,636,213**	**54,177,095**	**68,961,184**
				-	-

*The Comperative information is restated on account of errors. See note 32

The supplementary information presented does not form part of consolidated and separate financial statement and is unaudited

Detailed Income Statement

	Notes	Group 2021	Group 2020 Restated *	Scheme 2021	Scheme 2020 Restated *
Other Operating Expenses					
Administration and management fees	6	(56,108,527)	(53,366,018)	(56,108,527)	(53,366,017)
Advertising	24	(315,301)	(100)	(315,301)	(100)
Amortisation	24	(252,284)	(214,641)	(252,285)	(214,641)
Auditors remuneration		(944,994)	(2,101,784)	(830,082)	(2,006,107)
Auditors remuneration - prior year under provision		(80,004)	(80,004)	-	-
Bad debts		(1,378,034)	(3,339,375)	(1,378,034)	(3,339,375)
Bank charges		(242,683)	(343,674)	(240,422)	(341,775)
Agency fees		(537,600)	(537,600)	(537,600)	(537,600)
Accounting and secretarial fees		(965,025)	(20,127)	-	-
Consulting fees		(811,208)	(473,980)	(744,981)	(436,980)
Professional fees		(1,672,228)	(943,931)	(1,672,228)	(943,931)
Legal fees		(215,394)	(89,682)	(190,144)	(89,682)
Communication expense		(117,412)	(342,192)	(117,411)	(342,192)
Depreciation and amortization		(1,623,532)	(1,973,834)	(1,623,532)	(1,973,834)
Donations		(3,682,829)	-	(3,682,829)	-
Employee costs		(17,577,292)	(19,667,175)	(17,577,291)	(19,667,175)
Aid for AIDS		(1,333,327)	(1,310,373)	(1,333,326)	(1,309,887)
Valuation fees		(56,757)	(43,500)	(13,257)	-
Customer acquisition and retention		(166,667)	-	(166,666)	-
Directors allowances and expenses		(100,875)	(250,385)	-	-
Insurance		(685,134)	(484,534)	(403,884)	(484,534)
Management committee allowances & expenses		(770,770)	(715,311)	(770,769)	(715,311)
Other expenses		-	(144,071)	-	-
Asset consultancy		(522,704)	(511,515)	(522,703)	(511,515)
Strategic review		(467,686)	(145,191)	(467,686)	(145,190)
Dental health risk management		(6,322,195)	(2,483,348)	(6,322,195)	(2,483,348)
Fines and penalties		(12,341)	-	-	-
AGM Expenses		(2,935,955)	(727,390)	(2,935,956)	(727,390)
Managed care fees to administrator		(4,719,424)	(4,466,629)	(4,719,424)	(4,466,629)
Insurance		(164,991)	(246,163)	-	-
IT expenses		(1,079,682)	(591,288)	(1,079,682)	(591,288)
Levies		(41,587)	(40,125)	-	-
Motor vehicle expenses		(279,391)	(221,851)	(279,391)	(221,850)
Strategy implementation expenses		(599,530)	(165,029)	(599,531)	(165,029)
Postage		(456,122)	(452,888)	(456,122)	(452,888)
Printing and stationery		(10,407)	(968,921)	(10,407)	(28,660)
Promotions and advertising		(4,094,516)	(2,128,262)	(4,094,517)	(2,128,262)
Corporate social investments		(196,008)	(70,062)	(196,008)	(70,062)
Repairs and maintenance		(1,807,089)	(2,467,535)	(2,689)	(2,000)
Benefits paid		(749,314,372)	(703,699,313)	(749,314,373)	(703,699,314)
Subscriptions		(2,282,077)	(2,934,858)	(2,282,077)	(2,934,858)
Office Expenses		(246,101)	(369,742)	(246,100)	(369,744)
Transport and freight		311,069	(300,135)	311,069	(300,136)
Travel - local		(56,751)	(491,107)	(56,751)	(376,186)
		(864,935,737)	**(809,923,643)**	**(861,233,112)**	**(805,443,490)**

*The Comperative information is restated on account of errors. See note 32

The supplementary information presented does not form part of consolidated and separate financial statement and is unaudited

2021/22

Consolidated And Separate Financial Statements for the Year Ended 31 March 2022

GENERAL INFORMATION FOR YEAR ENDED 31 MARCH 2022

Country of Incorporation and Domicile	Botswana	
Nature of Business and Principal Activities	Providing health care services and letting of property	
Management Committee	Ms Grace Muzila	*Chairperson*
	Ms Onalethata Lebotse	
	Ms Rose Nkolonyane	
	Mr Christopher Gwere	
	Mr Wankie Wankie	
	Mr Olesitse Masimega	
	Mr Thatayaone Kesebonye	
	Mr Motsekedi Motloutse	
	Mr Motshidisi Mafoko	*Alternate to Mr T Kesebonye*
	Ms Grace Ntereke	*Alternate to Mr O Masimega*
	Brigadier Sidney Molomo	*Alternate to Mr M. Motloutse*
Principal Officer	Mr Thulaganyo Molebatsi	
Registered Office	AFA House Plot 61918 Showgrounds Office Park Gaborone Postal address P O Box 1212 Gaborone Botswana	
Bankers	First National Bank Botswana ABSA Bank Botswana Limited Access Bank Botswana Limited Bank Gaborone Limited	
Auditors	KPMG Botswana Chartered Accountants Plot 67977 Fairgrounds Gaborone	
Legal Advisors	Laurence Khupe Attorneys	
Asset Managers	African Alliance Botswana Management Company Proprietary Limited Botswana Insurance Fund Management Limited Morula Capital Partners Proprietary Limited	
Administrators	Associated Fund Administrators Botswana Proprietary Limited	
Functional and Presentation Currency	Botswana Pula (P)	

Annual Financial Statements

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MANAGEMENT COMMITTEE'S RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Management Committee is responsible for the preparation and fair presentation of the consolidated and separate financial statements ("financial statements") of Botswana Public Officers' Medical Aid Scheme, comprising the consolidated and separate statements of financial position as at 31 March 2022, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Scheme's Rules and the Societies Act of Botswana.

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

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

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

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

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

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

The independent auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's independent auditors and their report is presented on pages 4 to 10.

Approval of the consolidated and separate financial statements of the Scheme

The consolidated and separate financial statements set out on pages 124 to 136 with supplementary information on pages 137 to 186 which have been prepared on the going concern basis, were approved and authorised for issue on 26 August 2022 by the Management Committee and were signed on its behalf by:

Chairperson	Committee member

KPMG, Chartered Accountants Audit
Plot 67977, Off Tlokweng Road, Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana Telephone +267 391 2400
Fax +267 397 5281
Web http://www.kpmg.com/

To the members of Botswana Public Officers Medical Aid Scheme

Opinion

We have audited the consolidated and separate financial statements of Botswana Public Officers' Medical Aid Scheme (the Group and Scheme) set out on pages 11 to 65 which comprise the statements of financial position as at 31 March 2022, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, significant accounting policies and notes to the consolidated and separate financial statements.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Public Officers' Medical Aid Scheme as at 31 March 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Societies Act of Botswana.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Scheme in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of provisions for outstanding claims	
Refer to accounting policies 1.5 - Significant judgements and sources of estimation uncertainty and 1.23- Provision for outstanding claims (OCR) and note 16 to the consolidated and separate financial statements. This key audit matter relates to the consolidated and separate financial statements	
Key audit matter	***Key audit matter***
The outstanding claims provision ("OCR") for claims Incurred But Not Reported ("IBNR") of P79,839,462 at year-end, for the Group and the Scheme, is held as provision for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported after year-end. The IBNR provision is calculated by the Group and Scheme's independent actuaries (the "Scheme's actuaries") and is reviewed by Management and Finance, Audit and Risk Committee. The Scheme's actuaries use an actuarial model based on the Scheme's actual claim development patterns throughout the year to project the year end IBNR provision. This model applies a combination of prior estimates of ultimate loss ratios and development patterns shown in the Basic Chain Ladder estimation methodology. The claim service date, processing date and amount are used to derive the claim development patterns. The observed historical patterns are then used to estimate the IBNR provision. The key assumption used to estimate the IBNR provision include: previous experience in claims, claims settlement patterns, trends in the claims frequency and changes in the claims processing cycle.	Our audit procedures included the following: We obtained an understanding from the Scheme's actuaries regarding the process followed to calculate the IBNR provision to ensure that the assumptions and actuarial model (the "model") applied by the Scheme is consistent with prior years and is generally applied within the medical aid schemes industry. • We assessed the Scheme's actuaries' professional competence, capabilities and objectivity by evaluating their qualifications, terms of engagement and experience in carrying out similar engagements. • With the assistance of our own actuarial specialists, we assessed the appropriateness of the model and assumptions used by the Scheme's actuaries. • We evaluated the design and implementation and tested the operating effectiveness of the controls over the completeness and accuracy of data used in the IBNR provision calculation. This included testing controls over receiving, initiation, recording, approval and settlement of incurred expenditure claims and claims paid in advance. • For a sample of actual claims incurred in the 2022 financial year, we tested the accuracy and validity of the service claims amount, service dates, approval and payment dates as recorded in the member administration system to underlying documentation.

Key audit matter	Key audit matter
We identified this as a matter of most significance to the audit because of the inherent uncertainty in the projected claims pattern and the assumptions applied.	assessed validity of these claims under the existing claim rules. • On a sample basis we agreed claims data included in the model to the recorded claims data in the member administration system. To test the reasonableness of the Scheme's actuaries' estimation process: • we performed a retrospective review over the prior year IBNR provisions by comparing the total value of actual claims received in the current year that relates to service events prior to 31 March 2021 to the IBNR provision as at 31 March 2021. • we compared the value of actual claims received subsequent to year end (and within the claim validity period of 30 June 2022) relating to service events prior to 31 March 2022 to the related IBNR provision held at 31 March 2022. We evaluated the adequacy of the disclosures made in the IBNR provision in relation to therequirements of IFRS 4 Insurance Contracts.

Valuation of provisions for outstanding claims

Refer to accounting policies 1.5 - Significant judgements and sources of estimation uncertainty and 1.23- Provision for outstanding claims (OCR) and note 16 to the consolidated and separate financial statements. This key audit matter relates to the consolidated and separate financial statements

Key audit matter	Key audit matter
The Group accounts for investment property at fair value. The carrying value of investment property at year end amounted to P326,000,000. The Group's valuation of investment property is based on a valuation carried out by an independent valuer which is based on the income capitalisation method.	Our audit procedures included the following: •We evaluated the competence and capabilities of the Group's independent valuer by verifying their qualifications and experience. We obtained written confirmation from the valuer that:

The members of the management committee determine the value of the investment property after considering the values recommended by the independent valuer. Significant judgement and assumptions are required to determine the fair value of investment property, especially with respect to the determination of appropriate capitalisation rates and future rental cash flows. We considered the valuation of investment property to be a matter of significance to the current year audit due to the significant judgements and assumptions associated with determining the fair values of investment property.	•all professional staff involved in the valuation process are in good standing with relevant professional bodies; •they are free from any direct or indirect shareholding or financial interest in the Group; •the Group did not place any restrictions on the valuation process; and •they are not aware of any information relevant to the valuation which had been withheld from them. •We compared the valuation techniques used by the independent valuer against the requirements of IAS 40 Investment Property ("IAS 40") and IFRS 13-Fair value measurement and industry norms to confirm that the methodology was appropriate under the circumstances. •We tested a sample of data inputs used in the independent valuation, including actual and projected cash flows, rental agreements, business plans and historical performance for reasonableness. •We compared the capitalisation rate utilised in the valuation to those generally used in the market for properties of similar size, rates used in historical valuations, general market factors (such as comparable yields) and property specific risk factors. •We compared the valuation recorded in the financial statements to the valuation ranges suggested by the independent valuer using the depreciated replacement cost method and the income capitalisation method. We evaluated the adequacy of the disclosures made in the consolidated financial statements with respect to accounting policies and the fair value methodologies applied in relation to the requirements of IAS 40 and IFRS 13.

Other information

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

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

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

Responsibilities of the management committee members for the consolidated and separate financial statements

The management committee members are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Societies Act of Botswana., and for such internal control as the management committee members determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

• Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Scheme's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee members.

• Conclude on the appropriateness of the management committee members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's and the Scheme's to cease to continue as a going concern.

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

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

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

From the matters communicated with the management committee members, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

KPMG
Firm of Certified Auditors
Practicing member: Adele Venter(CAP 0040 2022)

26 August 2022 Gaborone

Statements of Financial Position as at 31 March 2022

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Assets					
Non-Current Assets					
Property, plant and equipment	4	964,294	1,512,623	964,294	1,512,623
Right-of-use assets	5	402,968	1,344,121	402,968	1,344,121
Investment property	7	326,000,000	287,000,000	-	-
Intangible assets	6	-	18,761	-	18,761
Investment in associate	9	49,334,445	41,339,279	49,334,445	41,339,279
Investments at fair value	10	212,295,436	270,167,461	212,295,436	270,167,461
Investment in linked units	8	-	-	354,794,461	321,670,610
		588,997,143	**601,382,245**	**617,791,604**	**636,052,855**
Current Assets					
Trade and other receivables	11	162,051,284	111,185,401	143,466,035	70,494,580
Investments at fair value	10	14,749,224	58,037,088	14,749,224	58,037,088
Current tax receivable		2,006,749	46,849	-	-
Cash and cash equivalents	12	80,532,490	73,138,492	37,609,517	27,316,403
		259,339,747	**242,407,830**	**195,824,776**	**155,848,071**
Total Assets		**848,336,890**	**843,790,075**	**813,616,380**	**791,900,926**
Equity and Liabilities					
Equity					
Fair value reserve	17	8,373,816	8,373,816	8,373,816	8,373,816
Retirement reserve	18	299,022,272	302,860,046	299,022,272	286,249,176
Accumulated profit		369,218,632	352,380,237	369,218,634	356,445,538
		676,614,720	**663,614,099**	**676,614,722**	**651,068,530**
Liabilities					
Non-Current Liabilities					
Borrowings	13	25,115,416	33,034,210	25,115,416	33,034,210
Lease liabilities	5	-	700,852	-	700,852
Deferred taxation	14	30,936,023	28,865,022	-	-
		56,051,439	**62,600,084**	**25,115,416**	**33,735,062**
Current Liabilities					
Trade and other payables	15	27,178,062	31,280,430	23,559,188	21,137,225
Borrowings	13	7,786,738	6,602,809	7,786,738	6,602,809
Lease liabilities	5	700,854	1,020,520	700,854	1,020,520
Retention liabilities	19	165,615	335,353	-	-
Provisions for outstanding claims	16	79,839,462	78,336,780	79,839,462	78,336,780
		115,670,731	**117,575,892**	**111,886,242**	**107,097,334**
Total Liabilities		**171,722,170**	**180,175,976**	**137,001,658**	**140,832,396**
Total Equity and Liabilities		**848,336,890**	**843,790,075**	**813,616,380**	**791,900,926**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Revenue from contributions	20	930,731,510	894,495,926	905,449,520	870,026,833
Incurred claims		(871,735,466)	(749,314,373)	(871,735,466)	(749,314,373)
Net income		**58,996,044**	**145,181,553**	**33,714,054**	**120,712,460**
Other operating income	21	4,209,624	3,236,191	5,159,059	3,171,866
Fair value gains	22	38,616,000	28,514,432	71,485,263	45,312,399
Movement in expected credit loss allowances	11	(556,035)	(1,378,034)	(556,035)	(1,378,034)
Administrative expenses		(105,816,968)	(114,243,333)	(102,381,565)	(110,540,706)
Operating (loss)/profit before investment income	**23**	**(4,551,335)**	**61,310,809**	**7,420,776**	**57,277,985**
Investment income	24	14,563,464	2,614,910	13,065,923	1,487,070
Finance costs	25	(2,935,673)	(3,571,842)	(2,935,673)	(3,571,842)
Income from equity accounted investments		7,995,166	(1,016,119)	7,995,166	(1,016,119)
Profit before taxation		**15,071,622**	**59,337,758**	**25,546,192**	**54,177,094**
Taxation	26	(2,071,001)	(5,445,517)	-	-
Profit for the year		**13,000,621**	**53,892,241**	**25,546,192**	**54,177,094**

Statements of Changes in Equity

Figures in Pula	Fair value reserve	Retirement reserve	Accumulated profit	Total equity
Group				
Balance at 01 April 2020	8,373,816	275,559,292	325,788,750	609,721,858
Profit for the year	-	-	53,892,241	53,892,241
Transfer between reserves	-	27,300,754	(27,300,754)	-
Balance at 01 April 2021	**8,373,816**	**302,860,046**	**352,380,237**	**663,614,099**
Profit for the year	-	-	13,000,621	13,000,621
Transfer between reserves	-	(3,837,774)	3,837,774	-
Balance at 31 March 2022	**8,373,816**	**299,022,272**	**369,218,632**	**676,614,720**
16610870	17	18		
Scheme				
Balance at 01 April 2020	**8,373,816**	**258,948,422**	**329,569,198**	**596,891,436**
Profit for the year	-	-	54,177,094	54,177,094
Transfer between reserves	-	27,300,754	(27,300,754)	-
Balance at 01 April 2021	**8,373,816**	**286,249,176**	**356,445,538**	**651,068,530**
Profit for the year	-	-	25,546,192	25,546,192
Transfer between reserves	-	12,773,096	(12,773,096)	-
Balance at 31 March 2022	**8,373,816**	**299,022,272**	**369,218,634**	**676,614,722**
Note(s)	17	18		

Statements of Cash Flows

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Cash flows from operating activities					
Cash used in operations	27	(95,294,399)	(9,728,519)	(131,603,054)	(26,353,875)
Tax (paid) received	28	(1,959,900)	(3,837,470)	-	-
Net cash to operating activities		**(97,254,299)**	**(13,565,989)**	**(131,603,054)**	**(26,353,875)**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	-	(173,480)	-	(173,480)
Purchase of investment property	7	(7,202,647)	(7,059,248)	-	-
Loans received		-	3,599,700	-	3,599,700
Purchase of financial assets		-	(90,000,000)	-	(90,000,000)
Withdrawals of financial assets		120,000,000	20,000,000	120,000,000	20,000,000
Investment Income		2,542,000	2,614,910	1,044,459	1,487,070
Proceeds from investment in debenture linked units		-	-	31,542,765	12,830,450
Net cash from/(to) investing activities		**115,339,353**	**(71,018,118)**	**152,587,224**	**(52,256,260)**
Cash flows from financing activities					
Government loan repayment		(6,734,865)	(6,226,761)	(6,734,865)	(6,226,761)
Repayment of leases		(1,020,518)	(1,103,887)	(1,020,518)	(1,103,887)
Finance costs		(2,935,673)	(3,571,842)	(2,935,673)	(3,571,842)
Net cashflow to financing activities		**(10,691,056)**	**(10,902,490)**	**(10,691,056)**	**(10,902,490)**
Total cash movement for the year		**7,393,998**	**(95,486,597)**	**10,293,114**	**(89,512,625)**
Cash at the beginning of the year		73,138,492	168,625,089	27,316,403	116,829,028
Total cash at end of the year	12	**80,532,490**	**73,138,492**	**37,609,517**	**27,316,403**

Reporting entity

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation and statement of compliance

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

1.2 Basis of measurement

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

1.3 Functional and presentation currency

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

1.4 consolidation

Basis of consolidation

Interest in subsidiaries

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Scheme and all 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 and separate financial statements from the effective date of acquisition to the effective date of disposal.

Significant Accounting Policies

1.4 Consolidation *(continued)*

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

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

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

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

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

Interest in equity-accounted Investees

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

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

Business combinations

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

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

Significant Accounting Policies

1.4 Consolidation *(continued)*

Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

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

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

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

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

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

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

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

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

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

1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets,

Significant Accounting Policies

1.5 Significant judgements *(continued)*

liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Valuation of investment property

The fair value of investment property is determined by an independent valuer. Significant judgement is required to determine the fair value of investment property.

Use of the most appropriate method: the valuer considers outputs from a range of methods, including income capitalization and depreciated replacement cost 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.

Impairment testing of assets

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

Useful lives of property, plant and equipment

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

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

Significant Accounting Policies

1.5 Significant judgements *(continued)*

Allowance for credit losses

An allowance for credit losses is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Scheme will not be able to collect the due under the original terms of the invoice.

An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay. Provisions are inherently based on assumptions and estimates using the best information available.

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

Taxation

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

The final determined figures for tax are disclosed in note 26.

Provision for Outstanding claims (OCR)

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

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

Sources of unreported claim payments include:

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

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

Additional comments are provided in note 16.

1.6 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that 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.

Significant Accounting Policies

1.6 Investment property *(continued)*

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

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

Investment property comprises leasehold land and buildings. Subsequent to initial recognition, investment property is stated at fair value. 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 are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Fair value

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

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

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

Reclassification

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income.

Derecognition

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

1.7 Property, plant and equipment

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

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

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

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

The residual value, useful life and depreciation

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Computer equipment	Straight line	3 years

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

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

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

1.8 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increased the future economic benefits of the asset it relates to. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Amortisation of intangible assets is presented under other operating expenses in the statement of profit and loss and other comprehensive income.

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

Significant Accounting Policies

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.9 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

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

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

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

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

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

1.10 Investments in linked units

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

1.11 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).

Significant Accounting Policies

1.11 Financial instruments *(continued)*

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).*

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

Financial liabilities:

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

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the 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 11).

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

Recognition and measurement

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

Significant Accounting Policies

1.11 Financial instruments (continued)

They are subsequently measured at amortised cost.

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

Application of the effective interest method

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

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

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

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

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

Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

Significant Accounting Policies

1.11 Financial instruments (continued)

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

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

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

Definition of default

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

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

Measurement and recognition of expected credit losses

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

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

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

Credit risk

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

Significant Accounting Policies

1.11 Financial instruments *(continued)*

Derecognition

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

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

Investments in debt instruments at fair value through profit or loss

Classification

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

Recognition and measurement

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

Fair value gains or losses are recognised in other operating gains (losses) (note 22).

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

Investments denominated in foreign currency

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

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

Impairment

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

Derecognition

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

Trade and other payables

Classification

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

Recognition and measurement

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

They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Significant Accounting Policies

1.11 Financial instruments (continued)

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 25).

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

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts and borrowings

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

Derecognition Financial assets

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

Financial liabilities

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

Reclassification Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

Significant Accounting Policies

1.12 Tax

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Tax expenses

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

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

Significant Accounting Policies

1.12 Tax *(continued)*

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

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

1.13 Leases

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

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

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

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

Scheme as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Scheme is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Scheme recognises the lease payments as an operating expense (note 23) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

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

Lease liability

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

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

Significant Accounting Policies

1.13 Leases *(continued)*

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 23).

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 25).

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

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

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

Right-of-use assets

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

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

Significant Accounting Policies

1.13 Leases *(continued)*

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Group as lessor

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

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

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

1.14 Finance income and finance costs

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

1.15 Impairment of non-financial assets

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

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

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

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

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

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

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased.

Significant Accounting Policies

*1.15 **Impairment of non-financial assets*** *(Continued)*

If any such indication exists, the recoverable amounts of those assets are estimated.

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:

  - *the business or part of a business concerned;*
  - *the principal locations affected;*
  - *the location, function, and approximate number of employees who will be compensated for terminating their services;*
  - *the expenditures that will be undertaken; and*
  - *when the plan will be implemented; and*

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

Provisions are disclosed in note 16.

Contingent assets and contingent liabilities are not recognised.

1.17 Short-term employee benefits

The Group has defined contribution pension schemes which are funded through payments to a pension scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further

Significant Accounting Policies

1.17 Short-term employee benefits (Continued)

contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. Contributions to an approved defined contribution pension plan are recognised in profit or loss in the year to which these costs relate. Employees who are not members of these approved pension funds and are not entitled to gratuities per their employment contracts, are entitled to severance benefits as regulated by the Employment Act Chapter 47:01 (2003) of Botswana. Employee entitlements to annual leave, bonuses, medical aid, pension contributions and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date.

1.18 Insurance revenue

IFRS 4 Insurance contracts

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

Income recognition

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

Income from contributions

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

1.19 Revenue from contracts with customers

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

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 effective interest rate method.

1.20 Rental income

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

1.21 Investment income

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

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

Significant Accounting Policies

1.21 Investment income *(Continued)*

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest rate method. The group has presented Interest income on financial assets as part of finance income because it does not consider it as part of its revenue-generating activities but rather investing activities. Therefore, this is presented in the statement of cashflows as Finance income from investing activities.

1.22 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Provision for outstanding claims (OCR)

Due to the time periods between the dates on which medical aid claims are reported, processed and finally settled, the ultimate claims experience must be estimated to allow for claims that are still outstanding. This is referred to as the outstanding claims reserve ("OCR"). These outstanding claims comprise of both reported but not settled ("RBNS") claims and incurred but not reported ("IBNR") claims. The OCR is calculated by independent actuaries using two methods, namely the Basic Chain Ladder (BCL) method and the Bornhuetter-Ferguson (BF) method based on average historical reporting delay claims reported in the month following the valuation date where the claims event occurred prior to the valuation date. The inherent volatility of the BCL methodology adds to the discrepancies between estimation period.The inherent volatility is a short coming of the BCL method and is due to the volatility in the development factors (on a monthly basis) that are used to determine the gross-up factors and the current loss ratio in each month. In order to reduce the impact of this general variability on the estimation of the OCR, the BF method is then used. The BF method incorporates both an independently-derived estimate of the expected claims as well as the development patterns shown in the BCL Method.

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

Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by comparing current estimates of all fu contractual cash flows and the carrying value of the

Significant Accounting Policies

1.23 Provision for outstanding claims *(Continued)*

liability net of any related assets. Where a shortfall is identified, an additional provision is made and the group and Scheme recognises the deficit in profit or loss for the year. The group and Scheme do not discount its outstanding risk claims provision, since the effect of the time value of money is not considered material.

1.24 Claims incurred

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

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

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

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

1.25 Related parties

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

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

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

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

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

Notes to the Consolidated And Separate Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation: Effective date Years beginning on or after

Expected impact:

- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16
- Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39
- COVID-19 - Related Rent Concessions - Amendment to IFRS 16

01 January 2021 The impact of the amendments is not material to these financial statements.

01 January 2021 The impact of the amendments is not material to these financial statements.

01 January 2021 The impact of the amendments is not material to these financial statements.

01 January 2021 The impact of the amendments is not material to these financial statements.

01 January 2021 The impact of the amendments is not material to these financial statements.

01 June 2020 The impact of the amendment is not material to these financial statements

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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

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

Notes to the Consolidated And Separate Financial Statements

2.2 Standards and interpretations *(Continued)*

The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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

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

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Definition of accounting estimates: Amendments to IAS 8

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

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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

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

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

The amendment is effective for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The standard is effective for years beginning on or after 01 January 2023. The impact of this standard is currently being assessed.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments

Notes to the Consolidated And Separate Financial Statements

2.2 Standards and interpretations *(Continued)*

were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for years beginning on or after 01 January 2022.
It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The amendment is effective for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The amendment is effective for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The amendment is effective for years beginning on or after 01 January 2022. It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The amendment is effective for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Notes to the Consolidated And Separate Financial Statements

2.2 Standards and interpretations *(Continued)*

Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets. The amendment is effective for years beginning on or after 01 January 2022.
It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Notes to the Consolidated And Separate Financial Statements

3. Financial instruments and risk management

Categories of financial assets - In Pula.

Group - 2022

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

Group - 2021

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value	10	328,204,549	-	328,204,549	328,204,549
Trade and other receivables	11	-	110,718,859	110,718,859	110,718,859
Cash and cash equivalents	12	-	73,138,492	73,138,492	73,138,492
		328,204,549	**183,857,351**	**512,061,900**	**512,061,900**

Scheme - 2022

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value	10	227,044,660	-	227,044,660	227,044,660
Trade and other receivables	11	-	143,363,511	143,363,511	143,363,511
Cash and cash equivalents	12	-	37,609,517	37,609,517	37,609,517
		227,044,660	**180,973,028**	**408,017,688**	**408,017,688**

Scheme - 2021

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value	10	328,204,549	-	328,204,549	328,204,549
Trade and other receivables	11	-	70,379,821	70,379,821	70,379,821
Cash and cash equivalents	12	-	27,316,403	27,316,403	27,316,403
		328,204,549	**97,696,224**	**425,900,773**	**425,900,773**

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

Categories of financial liabilities - In Pula

Group - 2022

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

Group - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	26,024,710	26,024,710	26,024,710
Borrowings	13	39,637,019	39,637,019	39,637,019
		65,661,729	**65,661,729**	**65,661,729**

Scheme - 2022

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

Scheme - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	15,881,505	15,881,505	15,881,505
Borrowings	13	39,637,019	39,637,019	39,637,019
		55,518,524	**55,518,524**	**55,518,524**

Notes to the Consolidated And Separate Financial Statements

3. Financial instruments and risk management (continued)

Capital risk management

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

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

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

		Group		Scheme	
Figures in Pula		2022	2021	2022	2021
Borrowings	13	32,902,154	39,637,019	32,902,154	39,637,019
Lease liabilities		700,854	1,721,372	700,854	1,721,372
Trade and other payables	15	27,178,062	31,280,430	23,559,188	21,137,225
Retention liabilities		165,615	335,353	-	-
Provisions for outstanding claims		79,839,462	78,336,780	79,839,462	78,336,780
Total borrowings		**140,786,147**	**151,310,954**	**137,001,658**	**140,832,396**
Cash and cash equivalents	12	(80,532,490)	(73,138,492)	(37,609,517)	(27,316,403)
Net borrowings		**60,253,657**	**78,172,462**	**99,392,141**	**113,515,993**
Equity		676,614,720	663,614,099	676,614,722	651,068,530
Gearing ratio		9 %	12 %	15 %	17 %

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

Financial risk management

Overview

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

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

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

Credit risk

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 31 March 2022, the group's maximum exposure to credit risk which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

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

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

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

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

Group - In Pula		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying	Credit loss allowance amount	Amortised cost / fair value
Investments at fair value through profit or loss	10	227,044,660	-	227,044,660	328,204,549	-	328,204,549
Trade and other receivables	11	168,474,240	(6,580,689)	161,893,551	117,153,026	(6,434,167)	110,718,859
Cash and cash equivalents	12	80,532,490	-	80,532,490	73,138,492	-	73,138,492
		476,051,390	**(6,580,689)**	**469,470,701**	**518,496,067**	**(6,434,167)**	**512,061,900**

Scheme - In Pula		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying	Credit loss allowance amount	Amortised cost / fair value
Investments at fair value through profit or loss	10	227,044,660	-	227,044,660	328,204,549	-	328,204,549
Trade and other receivables	11	149,944,200	(6,580,689)	143,363,511	76,826,223	(6,434,167)	70,392,056
Cash and cash equivalents	12	37,609,517	-	37,609,517	27,316,403	-	27,316,403
		414,598,377	**(6,580,689)**	**408,017,688**	**432,347,175**	**(6,434,167)**	**425,913,008**

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

Liquidity risk

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

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

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

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

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 - 2022

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Government loan	13	-	28,746,387	28,746,387	25,115,416
Current liabilities					
Provision for outstanding claims	16	79,839,462	-	79,839,462	79,839,462
Trade and other payables	15	18,854,152	-	18,854,152	18,854,152
Government loan	13	7,786,738	-	7,786,738	7,786,738
Lease liabilities	5	719,376	-	719,376	700,854
		107,199,728	**28,746,387**	**135,946,115**	**132,296,622**

Group - 2021

Figures in pula		Less than	1 to 2 years	2 to 5 years	Total	Carrying amount
			1 year			
Non-current liabilities						
Government loan	13	-	-	38,328,510	38,328,510	33,034,210
Lease liabilities	5	-	719,374	-	719,374	700,852
Current liabilities						
Provision for outstanding claims	16	78,336,780	-	-	78,336,780	78,336,780
Trade and other payables	15	31,280,394	-	-	31,280,394	26,024,710
Government loan	13	9,582,127	-	-	9,582,127	6,602,809
Lease liabilities	5	1,108,928	-	-	1,108,928	1,020,520
		120,308,229	**719,374**	**38,328,510**	**159,356,113**	**145,719,881**

Scheme - 2022

Figures in pula		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Government loan	13	-	28,746,387	28,746,387	25,115,416
Current liabilities					
Provision for outstanding claims	16	79,839,462	-	79,839,462	79,839,462
Trade and other payables	15	15,235,278	-	15,235,278	15,235,278
Government loan	13	7,786,738	-	7,786,738	7,786,738
Lease liabilities	5	700,854	-	700,854	700,854
		103,562,332	**28,746,387**	**132,308,719**	**128,677,748**

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

Scheme - 2021

Figures in pula		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Government loan	13	-	38,328,510	38,328,510	33,034,210
Lease liabilities	5	-	-	-	700,852
Current liabilitiesssss					
Provision for outstanding claims	16	78,336,780	-	78,336,780	78,336,780
Trade and other payables	15	15,881,505	-	15,881,505	15,881,505
Government loan	13	6,602,809	-	6,602,809	6,602,809
Lease liabilities	5	1,721,372	-	1,721,372	1,020,520
		102,542,466	**38,328,510**	**140,870,976**	**135,576,676**

Foreign currency risk

The Scheme does not enter into significant transactions denominated in foreign currency in the ordinary course of business and is therefore not exposed to foreign currency risk.

Interest rate risk

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

Notes to the Consolidated And Separate Financial Statements

3.Financial instruments and risk management (continued)

Interest rate profile

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

	Note	Average effective interest rate		Carrying amount	
Group		2022	2021	2022	2021
Variable rate instruments: Assets					
Bank call accounts		0.53 %	0.53 %	34,730,069	1,017,056
Fixed rate instruments: Liabilities					
Botswana Government Loan	13	8.00 %	8.00 %	32,902,154	39,637,019

	Note	Average effective interest rate		Carrying amount	
Scheme		2022	2021	2022	2021
Variable rate instruments: Assets					
Bank call accounts		0.53 %	0.53 %	1,555,747	1,017,056
Fixed rate instruments: Liabilities					
Botswana Government Loan	13	8.00 %	8.00 %	32,902,154	39,637,019

Interest rate sensitivity analysis

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

Group	2022	2022	2021	2021
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Bank call accounts	(18,499)	18,499	(541,735)	541,735
Scheme	2022	2022	2021	2021
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Bank call accounts	(828,667)	828,667	(56,599)	56,599

Price risk

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

Notes to the Consolidated And Separate Financial Statements

4.Property, plant and equipment

Group and Scheme	2022			2021		
Figures in pula	**Cost**	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Furniture and fixtures	2,573,582	(1,767,016)	806,566	2,573,582	(1,363,544)	1,210,038
IT equipment	855,949	(698,221)	157,728	855,949	(553,364)	302,585
Total	**3,429,531**	**(2,465,237)**	**964,294**	**3,429,531**	**(1,916,908)**	**1,512,623**

Reconciliation of property, plant and equipment - Group and Scheme

Figures in pula	**Furniture and Fixtures**	**IT equipment**	**Total**
Cost			
At 01 April 2020	2,555,857	700,194	3,256,051
Additions	17,725	155,755	173,480
At 31 March 2021	**2,573,582**	**855,949**	**3,429,531**
At 31 March 2022	**2,573,582**	**855,949**	**3,429,531**
Accumulated depreciation			
At 01 April 2020	(918,177)	(316,352)	(1,234,529)
Depreciation charge	(445,367)	(237,012)	(682,379)
At 31 March 2021	**(1,363,544)**	**(553,364)**	**(1,916,908)**
Depreciation charge	(403,472)	(144,857)	(548,329)
At 31 March 2022	**(1,767,016)**	**(698,221)**	**(2,465,237)**
Carrying amount			
Cost	2,573,582	855,949	3,429,531
Accumulated depreciation	(1,363,544)	(553,364)	(1,916,908)
At 31 March 2021	**1,210,038**	**302,585**	**1,512,623**
Cost	2,573,582	855,949	3,429,531
Accumulated depreciation	(1,767,016)	(698,221)	(2,465,237)
At 31 March 2022	**806,566**	**157,728**	**964,294**

5.Right of use assets and lease liabilities

The Scheme leases two buildings on cancelable leases of 3 and 5 years respectively with options to renew. Lease payments are renegotiated every 3 and 5 years on renewal to reflect market rental prices. The Scheme is restricted from entering into any sub-lease agreements. As at end of the reporting period, both leases had less than two years remaining on the lease period.

A weighted average incremental borrowing rate of 7% (2021:7%) was applied in the calculation of the discounted present value of the lease liabilities on 31 March 2022.

Right-of-use assets - Group and Scheme

Figures in Pula Cost Accumulated depreciation

	2022			2021		
Figures in pula	**Cost**	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Buildings	3,648,137	(3,245,169)	402,968	3,648,137	(2,304,016)	1,344,121

Notes to the Consolidated And Separate Financial Statements

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

Right-of-use asset reconciliation - Group and Scheme

2022 - In Pula	Buildings	Total
Balance at 1 April 2021	1,344,121	1,344,121
Depreciation	(941,153)	(941,153)
Balance at 31 March 2022	**402,968**	**402,968**

2021 - In Pula	Buildings	Total
Balance at 1 April 2020	2,285,274	2,285,274
Depreciation	(941,153)	(941,153)
Balance at 31 March 2021	**1,344,121**	**1,344,121**

Lease liabilities - Group and Scheme

Minimum lease payments due:

Figures in Pula	2022	2021
Within one year	719,376	1,108,928
Two to five years	-	719,376
	719,376	1,828,304
Less: future finance charges	(18,522)	(106,932)
Present value of minimum lease payments	**700,854**	**1,721,372**
Present value of minimum lease payments due		
Within one year	700,854	1,020,520
Two to five years	-	700,852
	700,854	**1,721,372**
Non-current liabilities	-	700,852
Current liabilities	700,854	1,020,520
	700,854	**1,721,372**
Other disclosures		
Payment of interest on lease liabilities	88,410	155,895
Principal lease payments	1,020,518	917,595
	1,108,928	**1,073,490**

6.Intangible assets

Group and Scheme	2022			2021		
Figures in pula	Cost	Accumulated Amortisation	Carrying amount	Cost	Accumulated Amortisation	Carrying amount
Computer software	701,406	(701,406)	-	701,406	(682,645)	18,761

Reconciliation of intangible assets - Group and Scheme - 2022

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

Notes to the Consolidated And Separate Financial Statements

6.Intangible assets (continued)

Reconciliation of intangible assets - Group and Scheme - 2021

	Opening balance	Amortisation	Total
Computer software	271,045	(252,284)	18,761

7.Investment property

Reconciliation of investment property - Group

Cost	Investment property
At 01 April 2020	266,000,000
Additions	7,059,248
Fair value adjustments	13,940,752
At 31 March 2021	**287,000,000**
Additions	7,202,647
Fair value adjustments	31,797,353
At 31 March 2022	**326,000,000**

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

Details of valuation

The independent valuation was performed by Mr Pumulo M. Kathurima of Willy Kathurima Associates Limited to determine the fair value of the investment property as at 31 March 2022. He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of the investment property, especially with respect to the determination of appropriate capitalisation rates and net cash flows. The significant assumptions associated with determining the fair values of investment property are disclosed in the accounting policies under Significant judgements.

Valuation method

The investment property was valued on the income capitalisation method.

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

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

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

Notes to the Consolidated And Separate Financial Statements

7.Investment property (continued)

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

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

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

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 suggested by the Valuer.

Figures in Pula - Group	2022	2021
Depreciated replacement cost	336,000,000	307,856,219
Income capitalization	326,000,000	266,526,277

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

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

Valuation technique	Valuation	Estimate	Impact lower	Impact higher
Depreciated replacement cost	336,000,000	Market value per sqm +/-10%	(32,600,000)	32,600,000
Income capitalisation	326,000,000	Capitalisation rate +/- 10%	(33,600,000)	33,600,000

Information about fair value measurements using significant unobservable inputs (Level 3) 2021.

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalization rate of 9.07% (2021: 9.07%) on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	Valuation	Estimate	Impact lower	Impact higher
Depreciated replacement cost	307,856,219	Market value per sqm +/-10%	(30,785,622)	30,785,622
Income capitalisation	266,526,277	Capitalisation rate +/- 10%	(26,652,628)	26,652,628

Notes to the Consolidated And Separate Financial Statements

7.Investment property (continued)

Amounts recognised in profit and loss for the year

	Group		Scheme	
Figures in Pula	2022	2021	2022	2021
Insurance	188,146	164,991	-	-
Repairs and maintenance	2,439,678	1,804,401	-	-
Valuation fees	43,500	43,500	-	-
	2,671,324	**2,012,892**	**-**	**-**

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

8. Investment in linked units

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

The scheme invested in linked units of BPOMAS Property Holdings Proprietary Limited (BPH). The linked units consist of ordinary shares in BPH which are linked to debentures. These linked units are measured at fair-value at each reporting date by actuarial consultants. The expected future cash-flows are reassessed at each reporting date in determining the fair-value of future cash-flows. Linked units are classified as level 3 on the fair value hierarchy as the inputs used in determining the fair value of linked units are not based on observable market data. Refer to note 22 for fair value gains in linked units.

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

	2022	2021
Investment in linked units	354,794,461	321,670,610

9.Investment in associate

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

Group and Scheme

Figures in Pula

Name of company	Held by	% ownership interest 2022	% ownership interest 2021	Carrying amount 2022	Carrying amount 2021
Lenmed Health Bokamoso Private Hospital Proprietary Limited	Botswana Public Officers' Medical Aid Scheme	30.00 %	30.00 %	49,334,445	41,339,279

Notes to the Consolidated And Separate Financial Statements

9.Investment in associate (continued)

The Scheme holds a strategic investment entered into during the year 2012. The entity provides private healthcare services and its principal place of business is Mmopane Block 1, Molepolole road. Lenmed Health Bokamoso Private Hospital has a 28th February year end and no dividends were received for the reporting period.

Summarised financial information of material associates

Figures in Pula

Summarised statements of profit or loss and other comprehensive income	Lenmed Health Bokamoso Private Hospital Proprietary Limited (incorporated in Botswana)	
	2022	2021
Revenue	383,379,639	302,812,747
Other income and expenses	(351,184,195)	(306,199,811)
Profit before tax *	32,195,444	(3,387,064)
Tax expense	(5,544,891)	-
Profit from continuing operations	26,650,553	(3,387,064)
Total comprehensive income	26,650,553	(3,387,064)
Income from equity accounted investment:		
Share of current year profit	5,573,331	(1,016,119)
Effect of restatement of the associate's financial statement	2,421,835	-
	7,995,166	**(1,016,119)**

Summarised Statements of Financial Position	Lenmed Health Bokamoso Private Hospital Proprietary Limited	
	2022	2021
Assets		
Non-current	176,836,192	188,485,972
Current	275,712,430	227,478,043
Total assets	**452,548,622**	**415,964,015**
Liabilities		
Non-current	148,050,665	147,068,149
Current	140,049,808	131,098,272
Total liabilities	**288,100,473**	**278,166,421**
Total net assets	**164,448,149**	**137,797,594**

Notes to the Consolidated And Separate Financial Statements

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
10. Investments at fair value					
Designated at fair value through profit or loss:					
Investments in money markets		14,749,224	58,037,088	14,749,224	58,037,088
Investments in balanced portfolio		23,460,699	20,459,865	23,460,699	20,459,865
Listed equity		99,556,853	107,230,756	99,556,853	107,230,756
Investments in unit trusts		89,277,884	142,476,840	89,277,884	142,476,840
		227,044,660	**328,204,549**	**227,044,660**	**328,204,549**

Split between non-current and current portions

Non-current assets	212,295,436	270,167,461	212,295,436	270,167,461
Current assets	14,749,224	58,037,088	14,749,224	58,037,088
	227,044,660	**328,204,549**	**227,044,660**	**328,204,549**

Fair value hierarchy

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

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

Level 1				
Balanced portfolio	23,460,699	20,459,865	23,460,699	20,459,865
Listed equity	99,556,853	107,230,756	99,556,853	107,230,756
	123,017,552	**127,690,621**	**123,017,552**	**127,690,621**
Level 2				
Investments in money	14,749,224	58,037,088	14,749,224	58,037,088
Investments in unit trusts	89,277,884	142,476,840	89,277,884	142,476,840
	104,027,108	**200,513,928**	**104,027,108**	**200,513,928**
	227,044,660	**328,204,549**	**227,044,660**	**328,204,549**

11. Trade and other receivables

Financial instruments:				
Trade receivables	17,696,723	40,656,415	-	-
Contributions receivable	144,293,559	73,783,269	144,293,559	73,783,269
Loss allowance	(6,580,689)	(6,434,167)	(6,580,689)	(6,434,167)
Trade receivables at amortised cost	155,409,593	108,005,517	137,712,870	67,349,102
Other receivables	5,422,327	1,978,068	5,650,641	3,030,719
Sundry receivable	1,061,631	735,274	-	-
Non-financial instruments:				
VAT	55,209	351,783	-	-
Prepayments	102,524	114,759	102,524	114,759
Total trade and other receivables	**162,051,284**	**111,185,401**	**143,466,035**	**70,494,580**

Notes to the Consolidated And Separate Financial Statements

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
11.Trade and other receivables (continued)					
Financial instrument and non-financial instrument components of trade and other receivables					
At amortised cost		161,893,551	110,718,859	143,363,511	70,379,821
Non-financial instruments		157,733	466,542	102,524	114,759
		162,051,284	**111,185,401**	**143,466,035**	**70,494,580**

Exposure to credit risk

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

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

Group and Scheme	2022	2022	2021	2021
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due: 0% (2021: 0%)	35,222,886	-	3,033,554	-
31 - 60 days past due: 0% (2021: 0%)	34,475,233	-	63,524,470	-
61 - 90 days past due: 0% (2021: 0%)	34,318,899	-	791,078	-
91 - 120 days past due: 2.26% (2021: 55.44%)	31,042,039	703,022	238,391	238,391
More than 120 days past due: 63.60% (2021: 100%)	9,242,401	5,877,667	6,195,776	6,195,776
Total	**144,301,458**	**6,580,689**	**73,783,269**	**6,434,167**

Reconciliation of loss allowances

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

Opening balance	**(6,434,167)**	**(5,102,150)**	**(6,434,167)**	**(5,102,150)**
Additional provisions	(556,035)	(1,378,034)	(556,035)	(1,378,034)
Amounts written off against receivables	409,513	46,017	409,513	46,017
Closing balance	**(6,580,689)**	**(6,434,167)**	**(6,580,689)**	**(6,434,167)**

BPOMAS Property Holdings debtors have a loss rate of 0.00% and the balances are fully recovered within the first quarter of the succeeding year.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,678	950	2,678	950
Bank balances	50,529,809	33,137,539	37,606,839	27,315,453
Short-term deposits	30,000,003	40,000,003	-	-
	80,532,490	**73,138,492**	**37,609,517**	**27,316,403**

Notes to the Consolidated And Separate Financial Statements

12. Cash and cash equivalents (continued)

The bank balances are held with First National Bank Botswana, African Banking Corporation of Botswana and Bank Gaborone. Cash and cash equivalents are held at an average interest rate of 4.5%.

13. Borrowings

	Group and Scheme	
Figures in Pula	2022	2021
Group and Scheme		
Held at amortised cost		
Botswana Government Loan		
	32,902,154	39,637,019
Split between non-current and current portions		
Non-current liabilities	25,115,416	33,034,210
Current liabilities	7,786,738	6,602,809
	32,902,154	**39,637,019**

The Government loan was obtained in 2010. The loan is unsecured and is repayable in 26 semi-annual installments of P4,791,214 with repayments commencing June 2013, after a three year grace period. The Government loan bears a fixed interest rate of 8% per annum (2021: 8%).

Maturity profile of borrowings		
Amounts due within one year	9,582,127	9,582,127
Amounts due within two to five years	28,746,387	38,328,510
	38,328,514	47,910,637
Less future finance charges	(5,426,360)	(8,273,622)
	32,902,154	**39,637,015**
Borrowings comprises:		
Accrued interest	645,140	777,196
Principal borrowings	32,257,014	38,859,819
	32,902,154	**39,637,015**
Current and non-current		
Current		
Accrued interest	645,140	777,196
Principal borrowings	7,141,598	6,602,809
Total current	**7,786,738**	**7,380,005**
Non-current		
Principal borrowings	25,115,416	32,257,010
Total	**32,902,154**	**39,637,015**

Notes to the Consolidated And Separate Financial Statements

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021

14.Deferred tax

Deferred tax liability

Property plant and equipment	(30,936,023)	(28,865,022)	-	-

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

Deferred taxation liability from investment property	(30,936,023)	(28,865,022)	-	-

Reconciliation of deferred taxation asset/(liability)

At beginning of year	(28,865,022)	(24,478,647)	-	-
Movement per profit or loss	(2,071,001)	(4,386,375)	-	-
	(30,936,023)	**(28,865,022)**	**-**	**-**

15. Trade and other payables

Financial instruments:

Returned claims payment	4,862,689	8,597,951	4,862,689	8,597,950
Trade payables - related parties	3,370,323	9,937,123	-	-
Other payables	19,701	19,555	19,701	19,555
Sundry payables	5,990,314	2,985,509	5,709,119	2,726,302
Administration fees payable	4,611,125	4,484,572	4,643,769	4,537,698
Non-financial instruments:				
Provision for employee benefits	8,323,910	5,255,720	8,323,910	5,255,720
	27,178,062	**31,280,430**	**23,559,188**	**21,137,225**

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

At amortised cost	18,854,152	26,024,710	15,235,278	15,881,505
Non-financial instruments	8,323,910	5,255,720	8,323,910	5,255,720
	27,178,062	**31,280,430**	**23,559,188**	**21,137,225**

Fair value of trade and other payables

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

16. Provisions for outstanding claims

Reconciliation of provisions for outstanding claims - Group and Scheme - 2022

Opening balance	78,336,780	63,291,481	78,336,780	63,291,481
Current year increase in provision	77,064,252	84,221,833	77,064,252	84,221,833
Payment in respect of prior year	(75,561,570)	(69,176,534)	(75,561,570)	(69,176,534)
	79,839,462	**78,336,780**	**79,839,462**	**78,336,780**

Notes to the Consolidated And Separate Financial Statements

16. Provisions for outstanding claims (Continued)

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

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

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

Key assumptions

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

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

The following table illustrates the quantum of uncertainty inherent to the outstanding risk claims provision estimates. As opposed to claims for FY2021 that have already been paid, the claims for FY2022 estimate to be paid (or reopened) in future payment months are still subject to uncertainty. This quantity forms a useful basis for a sensitivity analysis. The table below illustrates the effect of a 10% increase and decrease in this amount respectively:

Figures in Pula	2022			2021
Base scenario	**Outstanding risk claims provision**	**Impact on profit or loss**	**Outstanding risk claims provision**	**Impact on profit or loss**
Base case scenario	79,839,462		78,336,780	
10% Increase	87,823,408	(7,983,946)	86,170,458	(7,833,678)
10% Decrease	(71,855,516)	7,983,946	70,503,102	7,833,678

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

Notes to the Consolidated And Separate Financial Statements

17. Fair value reserve

	Group		Scheme	
Figures in Pula	2022	2021	2022	2021
Fair value assets	8,373,816	8,373,816	8,373,816	8,373,816

The fair value reserve is an accumulation of the Scheme's previously held equity instruments that were then disposed of. These were held through other comprehensive income. There has been no new purchases of the instruments in over three (3) years therefore the reserve remaining unchanged.

18. Retirement reserve

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

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Balance at the beginning of the year		302,860,046	275,559,292	286,249,176	258,948,422
Transfer from retained earnings		12,773,096	27,300,754	12,773,096	27,300,754
Transfer to retained earnings *		(16,610,870)	-	-	-
Closing balance		**299,022,272**	**302,860,046**	**299,022,272**	**286,249,176**

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

19. Retention liabilities

Retention	165,615	335,353	-	-

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

20. Revenue

Revenue from rendering of services over time				
- Contributions:				
Contributions from high benefit option	44,695,207	40,712,497	44,695,207	40,712,497
Contributions from premium benefit option	53,601,145	51,424,228	53,601,145	51,424,228
Contributions from standard benefit option	807,153,168	777,890,108	807,153,168	777,890,108
	905,449,520	**870,026,833**	**905,449,520**	**870,026,833**

Notes to the Consolidated And Separate Financial Statements

20. Revenue (Continued)

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
Revenue from rendering of services over time - property rental					
Rental income		25,281,990	24,469,093	-	-
		930,731,510	**894,495,926**	**905,449,520**	**870,026,833**
21. Other operating income					
Other rental income		4,145,299	2,211,866	4,145,299	2,211,866
Other income		64,325	1,024,325	1,013,760	960,000
		4,209,624	**3,236,191**	**5,159,059**	**3,171,866**
22. Fair value gains					
Fair value gain on investment property	7	31,797,353	13,940,752	-	-
Fair value gain on other financial assets		-	(424,413)	64,666,616	(424,413)
Fair value gain on balanced portfolio		6,818,647	14,998,093	6,818,647	45,736,812
		38,616,000	**28,514,432**	**71,485,263**	**45,312,399**

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
23. Operating profit					
Operating profit for the year is stated after accounting for the following:					
External auditor's fees		1,169,221	944,994	1,019,221	830,082
Internal auditor's fees		280,004	80,004	200,000	-
Amortisation of intangible assets		18,761	252,285	18,761	252,285
Administration and management fees		57,924,834	56,108,527	57,924,869	56,108,527
Directors sitting allowance		69,000	100,875	-	-
Depreciation on property, plant and equipment		548,329	682,379	548,329	682,379
Depreciation of right of use assets		941,153	941,153	941,153	941,153
Employee costs		16,563,069	17,577,291	16,537,511	17,577,291
Legal expenses (recovered)/incurred		(64,067)	215,394	(116,477)	190,144
Repairs and maintenance		2,440,124	1,807,090	446	2,689
Pension contributions		3,702,931	3,859,974	3,702,931	3,859,974
24. Investment income					
Interest income - investments		14,563,464	2,471,193	13,065,923	1,343,353
Related party loan		-	143,717	-	143,717
		14,563,464	**2,614,910**	**13,065,923**	**1,487,070**
25. Finance costs					
Interest on lease liabilities		88,410	216,476	88,410	216,476
Interest expense on government loan		2,847,263	3,355,366	2,847,263	3,355,366
		2,935,673	**3,571,842**	**2,935,673**	**3,571,842**

Notes to the Consolidated And Separate Financial Statements

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
26. Income tax expense					
Taxation consists of :					
Current taxation		-	1,059,142	-	-
Deferred taxation		2,071,001	4,386,375	-	-
		2,071,001	**5,445,517**	**-**	**-**
Reconciliation of the tax expense					
Reconciliation between accounting profit and tax expense.					
Accounting profit		15,071,622	59,337,758	25,546,192	54,177,094
Tax at the applicable tax rate of 22% (2021: 22%)		3,315,757	16,614,572	5,620,162	15,169,586
Tax effect of adjustments on taxable income					
Expenses not deductible for tax purposes		-	144,461	-	-
Income not subjected to tax		-	396,732	-	-
Permanent differences from scheme loss/(income)		4,482,739	(11,710,248)	(5,620,162)	(15,169,586)
National cost of leaving index adjustment to qualifying capital assets' tax base		(4,255,973)	-	-	-
Prior year deferred tax over provision		(1,471,522)	-	-	-
		2,071,001	**5,445,517**	**-**	**-**

Figures in Pula	Note(s)	Group 2022	Group 2021	Scheme 2022	Scheme 2021
27. Cash used in operations					
Profit before taxation		15,071,622	59,337,761	25,546,192	54,177,094
Adjustments for:					
Depreciation and amortisation		1,508,243	1,875,816	1,508,243	1,875,816
Income from equity accounted investments		(7,995,166)	1,016,119	(7,995,166)	1,016,119
Investment income		(14,563,464)	(2,614,910)	(13,065,923)	(1,487,070)
Finance costs		2,935,673	3,571,842	2,935,673	3,571,842
Fair value gains		(38,616,000)	(28,514,432)	(71,485,263)	(45,312,399)
Movement in expected credit loss allowances		556,035	1,378,034	556,035	1,378,034
Provision for outstanding claims		1,502,682	15,045,299	1,502,682	15,045,299
Changes in working capital:					
Trade and other receivables		(51,421,918)	(66,528,617)	(73,527,490)	(56,265,390)
Trade and other payables		(4,102,368)	5,369,216	2,421,963	(353,220)
Retention liabilities		(169,738)	335,353	-	-
		(95,294,399)	**(9,728,519)**	**(131,603,054)**	**(26,353,875)**

Notes to the Consolidated And Separate Financial Statements

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021

28. Tax paid

Tax payable at beginning of the year	46,849	(2,731,480)	-	-
Current tax for the year recognised in profit or loss	-	(1,059,141)	-	-
Tax receivable at end of the year	(2,006,749)	(46,849)	-	-
	(1,959,900)	**(3,837,470)**	**-**	**-**

29. Related parties

Relationships

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

	Group 2022	Group 2021	Scheme 2022	Scheme 2021
Related party balances				
Amounts from related parties				
BPOMAS Property Holdings Proprietary Limited	-	-	228,313	-
Amounts due to related parties				
Lenmed Health Bokamoso Private Hospital Proprietary Limited	(3,370,324)	(9,937,123)	-	-
Related party transactions				
Amounts received from investment in linked units				
BPOMAS Property Holdings Proprietary Limited	-	-	(12,927,460)	(12,542,765)
Rent received from related parties				
Lenmed Health Bokamoso Private Hospital Proprietary Limited	(25,281,990)	(24,469,093)	-	-
Management fees received from related parties				
BPOMAS Property Holdings Proprietary Limited	-	-	(1,013,760)	(960,000)
Transactions with its key management personnel:				
Directors and management committee meetings sitting allowance	748,500	302,500	679,500	241,000

Key Management personnel

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

Notes to the Consolidated And Separate Financial Statements

30. Going concern

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

Based on current cash reserves and future cash flow projections, management is of the view that the group will generate adequate resources to meet its financial obligations as they fall due.

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

Detailed Income Statement

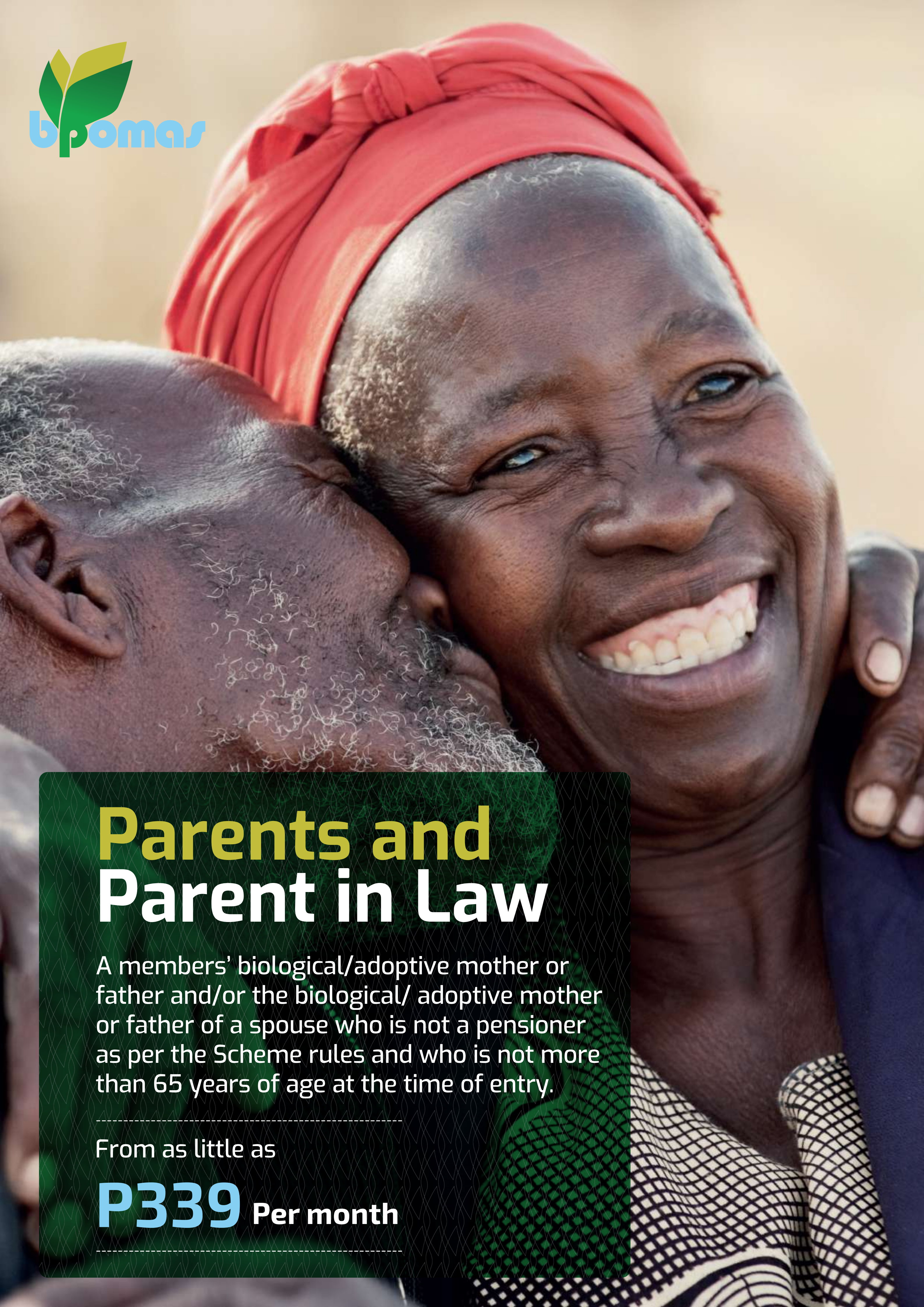
		Group		Scheme	
Figures in Pula		2022	2021	2022	2021
Revenue					
Rental income		25,281,990	24,469,093	-	-
Contributions from standard benefit option		807,153,168	777,890,108	807,153,168	777,890,108
Contributions from high premium benefit		44,695,207	40,712,497	44,695,207	40,712,497
Contributions from standard benefit option		53,601,145	51,424,228	53,601,145	51,424,228
	20	**930,731,510**	**894,495,926**	**905,449,520**	**870,026,833**
Incurred claims		(871,735,466)	(749,314,373)	(871,735,466)	(749,314,373)
Gross profit		**58,996,044**	**145,181,553**	**33,714,054**	**120,712,460**
Other operating income					
Other rental income		4,145,299	2,211,866	4,145,299	2,211,866
Other income		64,325	1,024,325	1,013,760	960,000
	21	**4,209,624**	**3,236,191**	**5,159,059**	**3,171,866**
Other operating/gains (losses)					
Fair value gains		38,616,000	28,514,432	71,485,263	45,312,399
Expenses (Refer to page 67)		**(106,373,003)**	**(115,621,367)**	**(102,937,600)**	**(111,918,740)**
Operating profit/(loss) 23		**(4,551,335)**	**61,310,809**	**7,420,776**	**57,277,985**
Investment income	24	14,563,464	2,614,910	13,065,923	1,487,070
Finance costs	25	(2,935,673)	(3,571,842)	(2,935,673)	(3,571,842)
Income from associate		7,995,166	(1,016,119)	7,995,166	(1,016,119)
Profit before taxation		**15,071,622**	**59,337,758**	**25,546,192**	**54,177,094**
Taxation	26	(2,071,001)	(5,445,517)	-	-
Profit for the year		**13,000,621**	**53,892,241**	**25,546,192**	**54,177,094**

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Other operating expenses					
Accounting and secretarial fees		(8,170)	(965,025)	-	-
Administration and management fees		(57,924,834)	(56,108,527)	(57,924,869)	(56,108,527)
Advertising		(1,201)	(315,301)	(1,201)	(315,301)
Aid for Aids		(1,450,513)	(1,333,326)	(1,450,513)	(1,333,326)
Agency fees		(547,200)	(537,600)	(547,200)	(537,600)
Annual general meeting expenses		(1,838,411)	(2,935,956)	(1,838,411)	(2,935,956)
Asset consultancy		(552,328)	(522,703)	(552,328)	(522,703)
Amortisation		(18,761)	(252,285)	(18,761)	(252,285)
External auditors' remuneration		(1,169,221)	(944,994)	(1,019,221)	(830,082)
Internal auditors' remuneration		(280,004)	(80,004)	(200,000)	-
Movement in expected credit losses		(556,035)	(1,378,034)	(556,035)	(1,378,034)

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

Detailed Income Statement

		Group		Scheme	
Figures in Pula	Note(s)	2022	2021	2022	2021
Other operating expenses					
Bank charges		(218,180)	(242,683)	(199,795)	(240,422)
Communication		(185,239)	(117,411)	(115,063)	(117,411)
Consulting fees		(540,868)	(811,209)	(497,368)	(744,981)
Corporate social investments		(242,458)	(196,008)	(242,458)	(196,008)
Customer acquisition and retention		-	(166,666)	-	(166,666)
Debenture Trustee fees		(90,000)	-	-	-
Dental Health Risk Management		(5,672,117)	(6,322,195)	(5,672,117)	(6,322,195)
Depreciation		(1,489,482)	(1,623,532)	(1,489,482)	(1,623,532)
Directors allowances and expenses		(69,000)	(100,875)	-	-
Donations		(127,942)	(3,682,829)	(127,942)	(3,682,829)
Employee costs		(16,563,069)	(17,577,291)	(16,537,511)	(17,577,291)
Facilities Manager		(115,714)	(281,250)	-	-
Interest paid		-	(12,341)	-	-
Insurance		(659,950)	(568,875)	(471,804)	(403,884)
IT expenses		(853,240)	(1,079,682)	(853,240)	(1,079,682)
Legal fees		64,067	(215,394)	116,477	(190,144)
Levies		(41,197)	(41,587)	-	-
Managed care fees to administrator		(4,884,772)	(4,719,424)	(4,884,772)	(4,719,424)
Management committee allowances & expenses		(985,316)	(770,769)	(985,316)	(770,769)
Motor vehicle expenses		(313,322)	(279,391)	(313,322)	(279,391)
Office expenses		(332,878)	(246,103)	(332,878)	(246,101)
Printing and stationery		(33,496)	(10,407)	(33,496)	(10,407)
Postage		(676,184)	(456,122)	(676,184)	(456,122)
Promotions and advertising		(2,512,947)	(4,094,517)	(2,512,947)	(4,094,517)
Professional fees		(1,062,048)	(1,672,228)	(1,062,048)	(1,672,228)
Repairs and maintenance		(2,440,124)	(1,807,090)	(446)	(2,689)
Strategy implementation expenses		(20,828)	(599,531)	(20,828)	(599,531)
Strategic review		(739,015)	(467,686)	(739,015)	(467,686)
Subscriptions		(598,548)	(2,282,077)	(598,548)	(2,282,077)
Transport and freight		(282,224)	311,069	(282,224)	311,069
Travel and accommodation		(296,734)	(56,751)	(296,734)	(56,751)
Valuation fees		(43,500)	(56,757)	-	(13,257)
		(106,373,003)	**(115,621,367)**	**(102,937,600)**	**(111,918,740)**


bpomas
Parents and
Parent in Law
A members' biological/adoptive mother or father and/or the biological/ adoptive mother or father of a spouse who is not a pensioner as per the Scheme rules and who is not more than 65 years of age at the time of entry.
From as little as
P339 Per month

AMENDMENT OF SCHEME RULES

MEMO

To: Members

From: The Management Committee

Date: 14 October 2022

RE: AMENDMENT OF SCHEME RULES

1.Background

In line with the Scheme Rules (as approved by Cabinet on 15 August 2022):

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;

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.

40.2 Generally and in line with Rule 40.1, the Rules shall be reviewed on an annual basis without further approval by the employer or the members.

2. Rule Amendments

The following Rule amendments were approved by the Management Committee and are therefore presented to members **for noting** as the changes do not increase or decrease the rates of contributions and the extent of benefits by more than 25 percent (25%).

PREVIOUS RULE	AMENDED / NEW RULE	REASON FOR AMENDMENT / NEW RULE
7. MEMBERSHIP 7.5 Individual Member	7. MEMBERSHIP 7.5 Individual Member	
7.5.1 A dependant who is between the ages of 21 to 35 who is not in receipt of income not more than the minimum wage paid by the Government of Botswana from time to time and has been a beneficiary of the Scheme for a continuous period of at least one (1) year, who is not married and who applies to become a member **within three (3) months after the date on which s/he ceased to be a member** under Rule 8 provided full payment of contributions shall be paid from source by the member. The cover shall also be extended to children of adult child dependants.	7.5.1 A dependant who is between the ages of 21 to 35 who is not in receipt of income not more than the minimum wage paid by the Government of Botswana from time to time and has been a beneficiary of the Scheme for a continuous period of at least one (1) year, who is not married and who applies to become a member **any time after the date on which s/he ceased to be a member** under Rule 8 provided full contributions shall be paid from source by the member. The cover shall also be extended to children of adult child dependants. **Waiting periods shall be waived for applications received within three (3) months of cessation of membership.**	The rule amendment was made to improve access into adult child membership after noting that the three (3) months' time limit excluded many dependants who had long been terminated from the Scheme and those whose parents missed the opportunity to enrol them due to lack of awareness of the Rule change.
23. EX-GRATIA PAYMENTS	23. EX-GRATIA PAYMENTS	
23.1 Except in the event of a dread disease, the Management Committee may, in its absolute discretion, make ex-gratia awards to members in distressed circumstances.	**23.1** Except in the event of a dread disease, the Management Committee may make ex-gratia awards to members in distressed circumstances.	The rule required that Members must first receive the service and incur costs before they can make ex-gratia applications to the Scheme.
23.2 Application for ex-gratia payment should be submitted to the Scheme within six (6) months from date of service. The Management Committee may under exceptional circumstances consider ex-gratia	**23.2** Applications for ex-gratia payments may be submitted to the Scheme **before or after obtaining a service. Applications submitted before obtaining a service must be accompanied by a clinical**	It had been noted that Members who approach the Scheme for further assistance are financially distressed and unable to afford to pay the shortfalls between their available benefits and the cost

PREVIOUS RULE	AMENDED / NEW RULE	REASON FOR AMENDMENT / NEW RULE
payments submitted beyond six (6) months from date of service. Application for ex-gratia payment may be submitted three (3) times in any financial year provided that the amount of each invoice per submission after calculations is not less than Five Hundred Pula (P500.00).	**motivation, a treatment plan and an estimated cost of the service. Applications submitted after obtaining a service must be submitted within six (6) months from the date of service.** Applications submitted more than six (6) months from the date of service may only be considered under exceptional circumstances.	of service. This in most cases, therefore, becomes a barrier for them to receive the medical treatment and care they need. Delegation to the Principal Officer is to assist members quickly as already there is an ex-gratia assessment and award matrix approved by the ManCo.
23.3 The Management Committee shall make decisions on ex-gratia awards, however, the Management Committee may delegate the said decision to officers of the Scheme so authorised by the Management Committee subject to a criterion as may be decided from time to time.	**23.3** Applications for ex-gratia payment may be submitted three (3) times in any financial year, provided that the amount of each invoice per submission after ex-gratia calculations is not less than Five Hundred Pula (P500.00).	
23.4 Applications for ex-gratia shall be made on a prescribed form and the resultant award shall, amongst other factors, be based on the number of years a member has been with the Scheme, number of dependants, member's income or household income for married members, and the exhausted annual benefit limit(s), provided a member has not exhausted their overall annual benefit limit.	**23.4** Assessment of ex-gratia applications shall follow a prescribed criteria and the resultant award shall, amongst other factors, be based on the number of years a member has been with the Scheme, the number of dependants, the member's income or household income for married members, and the exhausted annual benefit limit(s), provided a member has not exhausted their overall annual benefit limit.	

PREVIOUS RULE	AMENDED / NEW RULE	REASON FOR AMENDMENT / NEW RULE
23.5 The decision of the Management Committee in respect of any request for an ex-gratia payment shall be final and binding upon the member concerned.	**23.5 The Management Committee shall delegate award of ex-gratia payments to the Principal Officer and the decision of the Principal Officer in respect of any request for an ex-gratia payment shall be final and binding upon the member concerned.**	
4. DEFINITIONS	**4. DEFINITIONS**	
4.1 "administrator" shall mean a competent, financially sound and suitably qualified legal entity registered and actually operating in Botswana and appointed by the Scheme Procurement Process by the Management Committee in line with Rule 25.	**4.1 "administrator"** shall mean a competent, financially sound and suitably qualified legal entity, including, but not limited to either, a. company; b. a partnership, joint venture or consortium; or c. a society or association actually operating in Botswana and **appointed in line with the Scheme Procurement Process by the Management Committee and in line with Rule 25.** **In the event BPOMAS by resolution of the Management Committee becomes a self-administrator, then BPOMAS will be considered to have satisfied this definition of administrator once such resolution is passed and a Scheme administrator division has been created. Once BPOMAS self-administers, Rule 25 shall not apply**	To make the definition of administrator all-inclusive of any other competent company/entity as opposed to "private companies" only.

PREVIOUS RULE	AMENDED / NEW RULE	REASON FOR AMENDMENT / NEW RULE
	and any reference to administrator in the Scheme Rules shall refer to the scheme administration division.	
N/A	4. DEFINITIONS	
	"reinstatement" shall mean re-activation of terminated membership within twelve (12) months from date of termination.	Currently there is no definition of reinstatement in the Rules.
	"reinstatement with a gap" shall mean re-activation of terminated membership with application of underwriting rules. A new benefit date from date of reinstatement shall apply. Monthly subscriptions of the period of termination shall not be recovered from the member or employer group. The prevailing monthly subscription shall apply. The Scheme shall however not assume any liability incurred during the period that the membership was terminated/suspended.	To insert immediately under reinstatement to explain different reinstatement options.
	"reinstatement without gap" shall mean re-activation of terminated membership without application of underwriting rules. The benefit date shall not change and the initial benefit date shall be retained. Monthly subscriptions of the period of termination shall be recovered from the member or employer group. The prevailing monthly subscription shall apply.	

	The Scheme shall however not assume any liability incurred during the period that the membership was terminated/suspended.	The proposed change is also to protect the Scheme against the liability that may have been incurred when the member was suspended.
N/A	**17. CONTRACTING WITH SERVICE PROVIDERS** The Scheme reserves the right to suspend any service provider from providing service to BPOMAS members and to withhold payments of services rendered at the time of discovery of possible fraud or any professional misconduct for a period not exceeding six (6) months.	 To enable the Scheme to effectively execute risk management including taking proactive action against fraudulent practices.

RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2022/2023 FINANCIAL YEAR

MEMO

FROM:	MANAGEMENT COMMITTEE
TO:	MEMBERS
DATE:	13 OCTOBER 2022
RE:	RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2022/2023 FINANCIAL YEAR

1. Background

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

The External Auditors performed satisfactorily and were re-appointed to audit the 2021/22 financial year. The Management Committee hereby seeks ratification for their re-appointment.

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

2. Requested Resolution

It is RESOLVED that the external auditors' appointment for the financial year 2022 (i.e. to audit the financial year ended 2021/22) be and is hereby ratified.

It is FURTHER RESOLVED that the external auditors be re-appointed for the financial year 2023 (i.e. to audit the financial year ended 2022/23).

It is FURTHER RESOLVED that the Principal Officer be and is hereby authorised to do all that is necessary and sign any document necessary to give effect to these resolutions.

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

MEMO

FROM:	Principal Officer (PO)'s Office
TO:	Members
Date:	07 October 2022
RE:	RECOMMENDATION: REVIEW OF THE MANAGEMENT COMMITTEE & SUB-COMMITTEE SITTING ALLOWANCES AND REMUNERATION POLICY

1. Background

1.1. At its AGM held on 21 February 2021, members resolved that the Manco and Sub-Committee sitting allowance recommendation be deferred and resubmitted at the next AGM. The recommendation to review the sitting allowances is hereby resubmitted.

1.2. 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.

1.3. 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.

1.4. 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.

2. Corporate Governance

2.1. 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).

2.2. 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.

2.3. 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.

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

2.5. The Remuneration Policy was approved at the aforementioned AGM held in February 2021. For purposes of this meeting, the Remuneration Policy is tabled for review, in line with good corporate governance (the changes are highlighted in the attached policy).

3. Recommendation

It is in light of the above and 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:

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 recommended that the Remuneration Policy be reviewed to incorporate the highlighted changes.

4. Requested Resolution

It is 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

MANAGEMENT COMMITTEE AND SUB-COMMITTEES REMUNERATION POLICY

Acronyms and Abbreviations

#	Acronym	Description
1.	AGM	Annual General Meeting
2.	BPOMAS	Botswana Public Officers Medical Aid
3.	HR	Human Resources
4.	LTIP	Long-term Incentive Plan
5.	STI	Short-term Incentive Plan

Table 1: Definitions of Acronyms

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1. INTRODUCTION

The new BPOMAS Strategy sought to strengthen the Scheme governance structures including adoption of a governance framework such as the King IV Code on Corporate Governance, and King IV requires that a Remuneration Policy which would inform remuneration of non-executive directors (in this instance Management Committee and Sub-Committee members) be in place. The policy seeks to formalize the payment of remuneration in respect of members of the Management Committee and Sub-Committees. Good corporate governance encourages fair and responsible payment of officers of organisations; in this case members of the Management Committee and Sub-Committees.

Scope

The policy provides for remuneration members of both Management Committee and Sub Committee members.

2. PURPOSE

Good corporate governance encourages fair and responsible payment of those in charge of running organisations. The BPOMAS Strategy recognises that in order to achieve business objectives BPOMAS needs a high calibre, committed Management Committee. BPOMAS aims to attract, retain and motivate high-calibre Committee and Sub-Committee members capable of leading the Scheme to achieving its objectives.

The purpose of the Remuneration Policy is to provide a framework for decision-making and governance of remuneration of Management Committee and Sub-Committee fees and ensure overall alignment with business needs.

The two core objectives of the Remuneration Policy are:

2.1 To attract, retain and motivate members that are high calibre professionals with requisite competencies and experience.

2.2 To ensure that ManCo and Sub-Committees are remunerated fairly and competitively, commensurate with their duties.

3. POLICY

The following principles will be applied to the determination of remuneration in respect of members of the Management Committee, Sub-Committee members and alternate members:

3.1 Remuneration shall be subjected to an annual benchmarking exercise of general and similar organisations, to provide a market competitive fee structure and shall take into account;

3.1.1 The principle that members should be remunerated in a manner and amount which attracts, retains and motivates the right calibre of professionals, and is fair.

3.1.2 The amount of time and skill required to perform the tasks required.

3.1.3 Remuneration is fixed and subject to review as deemed appropriate in line with market trends, and approval by the Members at the Annual General Meeting, ensuring that the fee structure is in keeping with the general risk policies of the Scheme.

3.2 Members of the Management Committee and/or Sub-Committees shall be entitled to remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Management Committee and/or Sub-Committees, as may be determined by the Members at the Annual General Meeting from time to time.

3.3 The Scheme shall bear all travel and accommodation expenses to facilitate attendance of meetings by the substantive Management Committee member and/or alternate member 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.

3.4 Remuneration shall be limited to a fixed fee, shall not include any additional benefits, and specifically excludes the participation by Committee members in any share scheme, such as Short Term Incentives (STI) or participation in a (LTIP) Long Term Incentive Plan (LTIP).

3.5 Remuneration shall be based on a fee per meeting and not on an all-inclusive annual or retainer fee.

3.6 The Chairperson of the Management Committee or Sub-Committee shall be remunerated at a rate higher than other Committee members.

3.7 Where a Committee or Sub-Committee member is an independent member, all fees shall be paid directly to his/her bank account, the details of which are to be provided by the Committee or Sub-member to the Executive Office.

3.8 Where a Management Committee or Sub-Committee member represents a juristic body, remuneration shall be paid directly to the juristic body unless alternative instructions are received by the Executive Office on an appropriate organisation letterhead signed by the responsible person on behalf of the juristic body. Where such instructions direct the payment of the fee directly to an individual, such individual must provide written consent to receive payment and also supply the necessary banking details and tax instructions.

3.9 Committee and Sub-Committee members are to be remunerated at a fee per meeting as determined and/or approved by the Members at the Annual General Meeting from time to time.

3.10 All Sub-Committees will be remunerated equally while ensuring that the Scheme's remuneration remains relevant and competitive to that of like organisations.

Work carried out by Management Committee members and Sub-Committee, including attendance of training, workshops, conferences organised by the Scheme, shall be remunerated at the same rate as determined for formal meeting attendance, provided such work or attendance does not relate to social events.

3.11 No fee shall be payable to an alternate committee or sub-committee member unless the alternate member(s) attended the meeting on behalf of the substantive member(s).

3.12 The full fees shall be payable to the Committee or Sub-Committee member, or in the case of a Committee or Sub-Committee member representing a juristic body, to such juristic body.

3.13 All alternate members will continue to receive the packs for meetings.

Payment will be effected seven (7) days after every Committee or Sub-Committee meeting.

4. PROCEDURE

4.1 Remuneration

4.1.1 The Remuneration shall be benchmarked and reviewed annually by the Nominations, Remuneration and HR Sub - Committee which shall make any necessary amendments and recommend same to the Management Committee and further to the Members at the Annual General Meeting for approval.

4.1.2 In exercising their function, the members of the Management Committee shall at all times owe a fiduciary duty to the Scheme and shall at all times act in the best interest of the Scheme and its beneficiaries.

4.1.3 Members shall provide banking details in writing and advise the secretary of the committee of any changes as and when necessary.

5. INDEMNITY OR INSURANCE

5.1 The Scheme shall indemnify each individual member of the Management Committee, its Committees, Employees and Directors of its subsidiaries, for any acts or omissions arising out and/or in connection with their bona fide and diligent performance of their functions or any of their obligations as members of the Committees, provided that such acts or omissions were not mala fide, due to negligence, fraudulent and/or unlawful.

6. RESPONSIBILITY

6.1 The application of the policy shall be monitored by the Executive Office, shall be reviewed and applied by the Nominations, Remuneration and HR Sub-Committee and shall be subject to provisions and requirements of good Corporate Governance, Scheme Rules and the Societies Act.

7. POLICY REVIEW

This policy shall be reviewed every two (2) years to ensure that it is being effectively implemented and that its provisions are updated in keeping with current good corporate governance.

8. APPROVAL OF THE POLICY

This Policy was considered and approved by the members at the Annual General Meeting held on 11 February 2021 and signed by the Chairperson of the Management Committee.

CHAIRPERSON

Notes

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Your health is our concern!