BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

Your health is our concern!

Annual General Meeting

REPORT

For the financial Year 2018/19


bpomas
BOTSWANA PUBLIC OFFICERS'
MEDICAL AID SCHEME
Your health is our concern!

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NOTICE IS HEREBY GIVEN THAT THE 2019 ANNUAL GENERAL MEETING (AGM) OF MEMBERS WILL BE HELD AT TRAVEL LODGE, GABORONE,

On 12 December 2019 At 14:00HRS

AGENDA

1. NOTICE AND CONSTITUTION OF THE MEETING
2. ADOPTION OF AGENDA
3. CHAIRPERSON'S OPENING REMARKS
4. APOLOGIES FOR NON-ATTENDANCE
5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 06 DECEMBER 2018
6. MATTERS ARISING FROM THE MINUTES
7. RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (ManCo) REPORT FOR THE YEAR ENDED 31 MARCH 2019
8. RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
9. APPOINTMENT OF EXTERNAL AUDITORS
10. CONSIDERATION & APPROVAL: THE MANAGEMENT COMMITTEE & SUB-COMMITTEE MEMBERS REMUNERATION POLICY
11. CONSIDERATION & APPROVAL: REVIEW OF REMUNERATION OF MANAGEMENT COMMITTEE & SUB-COMMITTEE MEMBERS
12. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN.
    *(*Note: Notices of motions to be placed before the meeting must reach BPOMAS at lkeloneilwe@bpomas.co.bw or the BPOMAS Registered Office, Plot 61918, Fairgrounds Office Park, AFA House, Gaborone no later than 7 days prior to the date of the meeting)*
13. DATE OF THE NEXT MEETING

BY ORDER OF THE MANAGEMENT COMMITTEE

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

QUESTION AND ANSWER SESSION

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

APPOINTMENT OF PROXY FORM

*If you cannot attend the Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme **(BPOMAS)** to be held on the **12 DECEMBER 2019 at 14:00 hrs at TRAVEL LODGE, BLOCK 3, GABORONE**, and you are entitled to vote at the **Annual General Meeting** (i.e. member of the Scheme, whose contributions are not in arrears), you may appoint a proxy to vote on your behalf. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.*

A. YOUR DETAILS:

Full Names:

Membership No.

Postal Address:

Email:

B. WHO DO YOU WANT TO APPOINT AS YOUR PROXY

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

☐ **Chairperson of the Annual General Meeting**

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

OR

☐ **The following person**

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

Full Names:

Membership No.

Postal Address:

Email Address:

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

ITEM 1: Adoption of the Audited Financial Statements for the year ended 31st March 2018

YES		NO		ABSTAIN	

ITEM 2: Re-Appointment of external auditors

YES		NO		ABSTAIN	

ITEM 3: Adoption of the report of the Management Committee to members for the year ended 31st March 2018

YES		NO		ABSTAIN	

ITEM 4: Approval of the Management Committee & Sub-Committees Remuneration Policy effective 01 April 2020.

YES		NO		ABSTAIN	

ITEM 5: Approval of the Management Committee & Sub-Committees Sitting Allowances effective 01 April 2020.

YES		NO		ABSTAIN	

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

YES		NO		ABSTAIN	

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

YES		NO		ABSTAIN	

Date: ______________________________ **Signature:** __________________________

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

Introducing
Adult Child Dependent Cover

Just graduated? No Job Yet? Worried about not having income to sustain medical cover? Panic Not! **BPOMAS** now allows you to be a dependent up until age 35. Your health will always be our concern.

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Botswana Public Officers Medical Aid Scheme

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BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

1. PRESENT

1.1. MEMBERS

105 members were personally present and **822** by **proxy.**

1.2. MANAGEMENT COMMITTEE (ManCo)

R. Maphorisa	Ministry of Health and Wellness (Chairperson)
R. Nkolonyane	Directorate of Public Service Management
A. Kiberu-Mosarwa	Botswana Public Employees' Union
M. Motloutse	Botswana Police Service (Ass. Commissioner)
Brigadier K. Kgaswanyane	BDF
T. Kesebonye	Botswana Land Boards & Local Authorities and Health Workers' Union

2. IN ATTENDANCE

2.1. PRINCIPAL OFFICER'S OFFICE

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

2.2. ADMINISTRATORS-AFA BOTSWANA (PTY) LTD

D. Thela	Managing Director
T. Matutu	Operations Manager
M. Matome	Manager, Managed Care
M. Scheffers	Finance and Admin Manager
B. Sankoloba	Accountant
S. Hlope	Sales and Marketing Manager

2.3. BY INVITATION- AUDITORS

PricewaterhouseCoopers (PwC)
S. Edirisinghe, W. Makolage

3. NOTICE AND CONSTITUTION OF THE MEETING

The Chairperson announced that with a total of 105 members personally present and 882 proxies, the meeting was duly constituted.

The notice of the meeting having been duly circulated was taken as read and approved; following a proposal by Mr I Manyake, seconded by Ms O Moruakgomo.

4. APOLOGIES FOR NON-ATTENDANCE

No apologies were received from the members. Apologies were however noted from the ManCo members, Mr Christopher Gwere, Mr Olesitse Masimega and Mr Wankie Wankie.

5. ADOPTION OF THE AGENDA

The agenda was adopted following a proposal by Mr Kgomotso Modisane, seconded by Major S Tlhako.

6. CHAIRMAN'S OPENING REMARKS

The Chairperson welcomed all the members present and introduced the Management Committee, the Principal Officer, the Administrators and the Auditors. In her Foreword the Chairperson highlighted the following:

BUSINESS ENVIRONMENT

ManCo made a business decision to freeze subscriptions during the reporting period due to stagnation of government employees' salaries for some time. However, an inflationary adjustment was made on the Scheme tariffs for all healthcare services, which was aimed at cushioning members against excessive out-of-pocket payments. Medical inflation, increase in chronicity, service provider-induced demand as well as over-servicing, abuse and fraud continued to put pressure on the Scheme's cost of doing business.The unfavourable macroeconomic factors, inter alia, limited business opportunities also negatively affected the rate of growth and the returns from financial assets. The Scheme's financial assets were largely invested in the money markets with exposures to equities and fixed income instruments mainly to match the short-term nature of the Scheme's liabilities as well as minimise risk through diversification. Generally, both the fixed income and the equities markets yielded low returns.

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There had also been poor performance in the Property market, leading to a re-valuation loss on the investment property held under the BPOMAS Property Holdings. The Company also experienced some reduction in revenue as the next phase of the lease agreement had started, which came with reversion to the rental levels anticipated at the beginning of the lease agreement.

RESPONSE TO THE BUSINESS ENVIRONMENT
Implementation of the Turnaround Strategy of 2014, which had yielded good results continued. There had been a general downward trend in both the claims ratio and the administrative costs over the previous three (3) years. This trend had continued in the 2017/18 financial year and was reaching its trough. During the reporting period, a five-year strategy running from 2017/18 -2021/22 was adopted, which was expansion and extension of the turnaround strategy and largely emphasised on leveraging on the Scheme's strengths to unlock value as well as recognised the need to enhance internal capacity. In line with the strategy, the Scheme would adopt a hybrid-operating model effective 1st April 2018. This would see the Scheme insource some functions that were previously outsourced as well as enhance capacity by introducing new functions with aim to strengthen capacity in areas of business development and product development. The Membership Management, Claims Management and Managed Care functions remained outsourced with current Administrators, AFA Botswana.

GROUP PERFORMANCE
Despite these challenges, the Group recorded a surplus for the third consecutive year, which was however lower than that of prior year due to factors mentioned above. The claims ratio stood at **83%**, up from **80%** in prior year because of the increase in benefit funding, but well within the targeted range of **80% - 85%**. The Gross Administrative Expenses (GAE) stood at **11.7%** of Gross Contributions Income (GCI), unchanged from prior year, and below target of **14%**. Member related expenses (MRE) remained unchanged from prior year at **1.8%** of GCI. These positive results were a direct result of cost containment measures that continued to be implemented during the 2017/18 financial year as well as the Scheme's sound investment strategy.

7. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING(AGM) HELD ON 28 NOVEMBER 2017
The minutes were considered and approved as a true record of the proceedings after correcting Ms K Boepetswe's name on page 3, on proposal by Mr O Moruakgomo, seconded by Mr L Lebanna and would be signed by the Chairperson.

8. MATTERS ARISING FROM THE MINUTES

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

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

8.3. Update on consideration to cover or reward single members married people covered their spouses, Minute 6 – The proposal was included in the last Rules Review, which were approved by Cabinet on 30 May 2018. Parent Dependants as defined below are therefore covered in terms of the Rules (subject to the provisions in the Rules):4.23 "Parent dependant" shall mean a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; who is not a pensioner as defined under Rule 4.24 and is not more than sixty-five (65) years of age at the time of entry.

8.4. Update on next AGM, Minute 14 - done

9. RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018
The Principal Officer (PO) presented the Report, which had been circulated to the members and taken as read. The following points were highlighted:

9.1. Financial Performance

The Group
Group revenue for the year was **P721.2mln**, down by **0.5%** from the 2016/17 figure of **P724.7mln** due to a drop in rental income from BPOMAS Property Holdings (BPH). Total group surplus before tax was **P52.6mln**, down by **83.1%** from surplus of **P96.3mln** in prior year.

The decline in group surplus was attributable to fair value loss of **P16mln** on investment property as well as increase in benefit funding.

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The Scheme

At Scheme level, Gross Contributions Income (GCI) for the year was unchanged from that of prior year at **P693mln**. This was attributable to waiving of subscriptions increase for the reporting period. Health Care Cost (HCC) closed the year at **P564.3mln**, up by **4.3%** from **P541.3mln** of prior year. This increase was largely due to increase in utilisation as well as tariff increase of **3%** effected on 1st April 2017. The increase in Healthcare Costs resulted in increase in claims ratio to **87%**, from **80%** in the 2016/17 period, but remained within the target range of **80% - 85%**. The Gross Administrative Expenses (GAE) or Non-Health Care Costs (NHCC) amounted to **P81.3mln**, up from **P76.4mln** in the previous year. GAE as a percentage of contributions income was **11.7%** up from **11.0%** in prior year, but within target of **13%**. The slight increase is due to inflationary adjustments of contract fees with third parties. The Member Related Expenses (MRE), which include Funeral benefits paid and Emergency Medical Services, amounted to **P12.5mln** compared to **P12.2mln** of the previous year. The MRE as a percentage of contribution income is **1.8%** almost the same as the one for previous year at **1.76%**, and within target of **2%**.

The Scheme recorded an operating surplus of **P36.4mln**, down by **43.4%** from **P64.3mln** in prior year. This result was largely due to non -increase of GCI but increase of HCC and NHCC for the year under review. The total surplus inclusive of debenture interest from BPOMAS Property Holdings (BPH) and share of profits from LenMed Health Bokamoso Private Hospital (LHBPH) was **P62.1mln**, against a prior year surplus of **P88.1mln**, reflecting a decrease of **29.5%** year on year. Debenture interest received from BPH was **P19mln**, while share of profit on investment on LHBPH was **P6.7mln**. Solvency was **41%** while risk based solvency remained constant at **19%**.

Membership

The Scheme Membership closed the year at **73 711**, an increase of **1.28%** from the prior year membership of **72 768** principal members. Total lives covered closed the year at **175 063** representing an increase of around **1.36%** when compared to the prior year figure of **172 792** lives.

Providing access to health care services

During the year under review an average of **84 372** beneficiaries (**48.2%** of all beneficiaries) were facilitated access to health care services per quarter, up from an average of **81 938** in 2016/17 financial year. This represents an increase in utilisation of about **3%**. On average **95.2%** of the Scheme beneficiaries who accessed private health care claimed less than **P5 000** per quarter, **4.3%** claimed between **P5 001** and **P25 000** and **0.5%** claimed more than **P25 000** per quarter. The second quarter had the highest claim costs across the claim size divide; this was due to seasonality of claims. Claims costs usually increases in the winter season due to flu related illness and admissions.

Access by discipline showed that the most accessed services by cost were general medical practitioners, hospitals and pharmacy, collectively constituting more than **60%** of total utilisation. Current year claims distribution was generally the same as that of prior year; however, there were some noticeable significant difference in total claims for some categories. General Practitioners total claims dropped by **6%** whereas Pharmacy claims increased by **29%**.

The movement on both costs was due to implementation of limits on doctor dispensing,which was effected in December 2017, as well as increase in utilisation. This change shifted the dispensing of medicines away from medical doctors to pharmacies. There was an observed above-average increase in utilisation in the Physiotherapy, Diagnostic Radiology, and Dental claims and there was a decrease of **4%** in the pathology claims, which was a result of health risk management interventions introduced during the year. Hospitals, GP, Pharmacy and Specialist Medical Practitioners contributed about **71%** of total Scheme's HCC.

Health Balance Sheet

There were slight movements on the indicators except on C-Section rate where a significant reduction was observed. The continuous efforts of encouraging normal delivery as opposed to C-Section were bearing fruit as evidenced by significant decline of the latter compared to prior year. The following is a summary of the Scheme's Health Balance Sheet:

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

INDICATOR	2016/17	2017/18
Average Age(Principal lives)	43	45
Average Age (Total Lives)	30	30
Percentage of Pensioners	9.0%	9.1%
Members On NCD benefit	13 379	13 285
Members on HIV/AIDS program	10 699	10 620
Number of GP visits	412 184	447 706
Admission rate per 1000 lives	2.7%	3.2%
Average length of stay	2.6 days	2.5 days
Number of maternity cases	967	862
C Section	62%	53.4%
Emergency Medical Services (total cases)	802	836
Funeral Benefit Usage(amount paid in BWP)	3 203 600	3 604 360

CORPORATE GOVERNANCE

MANAGEMENT COMMITTEE

The Management Committee (ManCo) is responsible for overall management, strategic direction and long-term success of the BPOMAS group. ManCo comprises of Government Officials, Trade Union representatives and Independent members. In line with the Scheme Rules, the Chairperson of ManCo was the Permanent Secretary of the Ministry of Health & Wellness. ManCo delegated the operational running of the Group to the Executive Office, headed by the Principal Officer. Capital Expenditure, Contracts and approval of overall Group Strategy still remained the prerogative of the ManCo.The ManCo oversees the Executive Office and meets quarterly to consider and approve proposals and pass resolutions. The members of the ManCo undergo a vetting process by NBFIRA before appointment to ensure that a fit and proper team manages the Scheme.

The ManCo meets on a quarterly basis in line with the Scheme Rules to consider quarterly results, and strategic issues of the Group. However, the Chairperson may convene a special meeting or upon requisition by a majority of the ManCo members, should the need arise, provided the matters to be discussed are clearly stated in the request. The ManCo held seven (7) meetings during the year and the meetings and attendance rates were noted.

SUB-COMMITTEES

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

- Finance and Audit Sub-Committee
- Investment Sub-Committee
- HR Sub-Committee, and
- Tender Sub-Committee

EMOLUMENTS FOR ManCo AND SUB-COMMITTEES

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 the year 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 of the Management Committee for the year was noted at **P190, 500.00** (One Hundred and Ninety Thousand Five Hundred Pula).

The Investment Sub-Committee Chairperson, Mr Reuben Morapedi and Ms Grace Tabengwa were paid a monthly retainer of **P17, 000** (Seventeen Thousand Pula) and **P13, 000** (Thirteen Thousand Pula) respectively in line with their appointment letters and pending the decision to change remuneration model from retainer to sitting allowance. Members who were appointed post the decision on the other hand, were paid **P3, 000** (Three Thousand Pula) per sitting in line with ManCo remuneration model and post the decision to change from retainer to sitting allowance. The total Investment Sub-Committee emoluments were noted at **P229,000.00** (Two Hundred and Twenty Nine Thousand Pula).

The Finance and Audit Sub-Committee members were paid a sitting allowance of **P4,500** (Four Thousand, Five Hundred Pula) and **P3, 000** (Three Thousand Pula) for the Chairperson and Members respectively. The total Finance and Audit Sub-Committee emoluments were noted at **P21, 000.00** (Twenty One Thousand Pula).

The HR Sub-Committee members were paid a sitting allowance of **P4, 500** (Four Thousand, Five Hundred Pula) and **P3, 000** (Three Thousand Pula) for the Chairperson and Members respectively. The total emoluments were noted at **P16, 500** (Sixteen Thousand Five Hundred Pula).The Tender Sub-Committee members were paid a sitting allowance of **P4, 500** (Four Thousand, Five Hundred Pula) and **P3, 000** (Three Thousand Pula) for the Chairperson and Members respectively. The total Tender Sub-Committee emoluments for the year were **P162, 000.00** (One Hundred and Sixty Two Thousand Pula).

The Directors of BPOMAS Property Holdings 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 emoluments paid for the year was **P34, 500.00**(Thirty Four Thousand Five Hundred Pula).

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

It was RESOLVED that the Report of the Management Committee for the year ended 31 March 2018 be and is hereby adopted on proposal by Mr G Gabanakgosi, seconded by Mr L Gaopotlake.

10. CONSIDERATION AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2018

The Finance and Administration Manager, presented the financial statements and highlighted the Financial Performance as reported under paragraph 9.1 above (Financial Performance).

COMMENTS FROM MEMBERS:

The members commended the Scheme and welcomed the inclusion and/or introduction of adult child dependants. Mr M Johannes asked what the age limit for the adult child dependants was and it was confirmed that it was 35 (thirty-five).

On enquiry by Mr F Motlhabane why there were no representatives of pensioners on ManCo it was explained that in line with Rule 24.1 of the Scheme Rules, ManCo consisted of Government Officials, Trade Union representatives and Independent members who represented the interests of all members. Rule 24.1 on Management of the Scheme, was read out to the members for ease of reference.

Referring to the outstanding loan amount of **P50mln**, one of the members asked why there was need to borrow money by the Scheme and it was explained that the loan was obtained from Government to assist the Scheme meet its financial obligations during the sequestration of Lenmed Health Bokamoso Private Hospital. It was noted that the last payment of the loan would be in the year 2025.

Mr O Rahube noted that the Scheme was in good financial health, however, expressed concern about the services offered to members at hospitals. Concern was expressed regarding the target of **50%** for C-Sections. However, it was explained that research was done and informed the target of **50%** for C-Section rates which was in line with World Health Organisation (WHO). It was further highlighted that research showed that the same doctors showed a higher rate of C-Sections than others which were not necessarily for medical reasons. Mr N Lesego asked why there was no cash back for pensioners and it was explained that it would not be in the best interests of the Scheme as usage of pensioners was not in harmony with their contributions.

Ms G Bolokwe noted that there was a lot of information to read and/or learn by members and suggested that there should be a quarterly newsletter written in simple language to be understood by all members. With respect to abbreviations, a glossary page to the report was suggested.

Mr L Gaopotlakwe enquired whether the premium waiver would be for free and it was confirmed that the member would continue paying their subscriptions accordingly.

In response to clarity sought on insourcing, it was explained that following a Regulatory Directive from NBFIRA, the Scheme insourced some services including Financial Management and Reporting, Sales and Marketing and Customer Relations Management, Legal and Corporate Secretary, Business Development and Product Development. This ensured the locus of control resided within the Scheme.

On whether parents were covered by the Scheme it was confirmed in response to Mr A Maseko, that they would going forward be covered at the option of the member. In that regard it was explained that in line with the Scheme Rules, Parent dependant shall mean "a member's biological or adoptive mother or father, biological or adoptive mother or father of a member's spouse; who is not a pensioner as defined under Rule 4.24 and is not more than sixty-five (65) years of age at the time of entry.

Mr Gabanakgosi asked what rationale was used to remunerate public officers and it was highlighted as already reported above that 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 the year 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. It was worth noting that this was a welcome development as there was among others, a fiduciary duty on members personally not in their capacity as public servants.

It was RESOLVED that the Audited Annual Financial Statements for the years ended 31 March 2018 be and are hereby adopted after proposal by Mr J Notice, seconded by Major S Tlhako.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

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

As previously reported, it was noted that following issuing of a public tender for provision of audit services, PricewaterhouseCoopers(PWC) was the successful bidder and therefore awarded the tender for a term of three(3) years renewable based on performance. The appointment was therefore for the following years: 2017/2018; 2018/2019 and 2019/2020. The Auditors had satisfactorily performed the audit for the year. The Management Committee therefore proposed that the members should re-appoint the external auditors for the ensuing year.

It was RESOLVED that PricewaterhouseCoopers be and are hereby re-appointed as external auditors of BPOMAS for the Financial Year 2018/2019 on proposal by the Ms Manake and seconded by Ms S Valashia.

12. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN - MOTION TO INCREASE HOMEOPATHIC BENEFIT

The concerned member presented his concern to the effect that there was need to increase the homeopathy benefit. The member recognised that BPOMAS covered Homeopathy medication, however, his concern was that the current limit of **P305.00** was not adequate to cover for the supply of medications, which costs **P287.00** for three (3) months.

In response it was reported that the Scheme regularly reviews its benefits and where there is a particular concern such as the one raised a review and costing exercise would be undertaken to understand the impact of increasing the benefit. It was highlighted that a holistic review of benefits would usually be done and the decisions made thereafter, informed by the exercise. The members were reassured that the most important thing was to increase value for the members without necessarily increasing the burden of subscriptions.

It was explained that homeopathy medication was paid from the homeopathy benefit as per the current rules and that this was designed to protect the member and to ensure that members have adequate benefits for their acute and chronic medicines. It was pointed out that there could be instances where a member is prescribed a homeopathic medication and due to price of that particular medication, the member may exhaust their benefit. In that case, the only further payment that may be considered by the Scheme in respect of exhausted benefits through ex-gratia benefits.

It was explained that the members request did not need a rule change as the concern was inadequacy of the benefit which could be addressed by a review of the benefit limit. It was worth noting that due to the freezing of subscription increases over the years the Scheme benefits had been eroded over time, as the subscription increases did not keep up with medical inflation. It was therefore advised and agreed that ManCo would assess the possibility of reviewing benefits effective 1st April 2019, subject to affordability. Further that the homeopathy benefit together with other benefits that may be viewed as inadequate would be included in this exercise

13. DATE OF NEXT MEETING

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

14. CLOSURE

In the absence of further business, the meeting adjourned at 15:58.

READ AND APPROVED

CHAIRMAN	DATE

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
Your health is our concern!

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MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

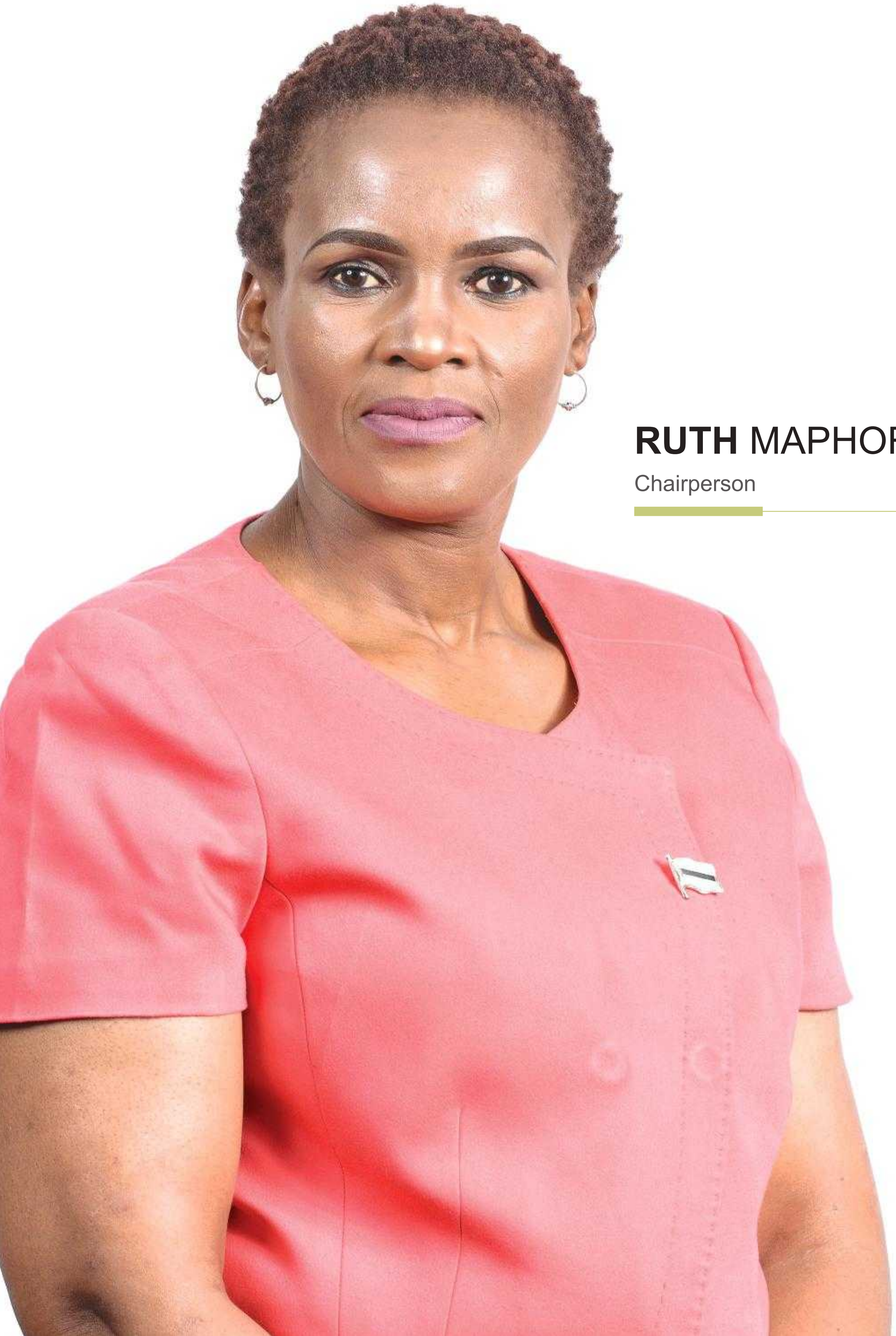
ACTION SHEET			
#	ACTION ITEM	ACTION BY	DUE DATE
1	**Update on signing of Minutes of meeting held on 28 November 2017**	**Chairperson**	**Next AGM**
2	**Update on analyzing the cost of absorption of VAT and/or co-payment in some benefit lines, particularly in-patient by Actuaries and recommendation to Government on same, Minute 2**	**ManCo (PO)**	**Next AGM**
	A member suggested that there should be a quarterly newsletter written in simple language to be understood by all members. With respect to abbreviations, a glossary page to the report was suggested.	**ManCo(PO/BDM)**	**Next AGM**
3	Update on consideration to cover or reward single members to at least include or cover one parent as married people covered their spouses as per Minute 6	**ManCo**	**Next AGM**
4	Update on next AGM, Minute 14	**ManCo**	**Next AGM**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME (BPOMAS)

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 06 DECEMBER 2018, AT TRAVEL LODGE BLOCK 3, GABORONE, AT 14:00HRS

MATTERS ARISING – 06 DECEMBER 2018 AGM

#	ACTION ITEM	ACTION BY	UPDATE	DUE DATE
1	Update on signing of Minutes of meeting held on 28 November 2017	**Chairperson**	Done	**Next AGM**
2	Update on analyzing the cost of absorption of VAT and/or co-payment in some benefit lines, particularly in-patient by Actuaries and recommendation to Government on same, Minute 2	**ManCo (PO)**	Done. Effective 01 April 2019, BPOMAS will absorb VAT costs for in-patient services.	**Next AGM**
3	A member suggested that there should be a quarterly newsletter written in simple language to be understood by all members. With respect to abbreviations, a glossary page to the report was suggested.	**ManCo(PO/ BDM)**	Done. BPOMAS will circulate the first E-Newsletter by end of Q2 (2019/20). A glossary page will be prepared and annexed to the next AGM report.	**Next AGM**
4	Update on consideration to cover or reward single members to at least include or cover one parent as married people covered their spouses as per Minute 6	**ManCo**	Done. As per new products which will be rolled on the 1st April 2019, members will be allowed to cover their parents and/or parents in law.	**Next AGM**
5	Update on next AGM, Minute 14	**ManCo**	Done. The next AGM will be held on the 12th December 2019.	**Next AGM**



RUTH MAPHORISA

Chairperson

CHAIRPERSON'S FOREWORD

THE 2018/19 FINANCIAL YEAR WAS VERY SIGNIFICANT IN THE HISTORY OF BPOMAS. *As alluded to in my previous report, we took a new operational direction effective 1st April 2018 in line with the new strategy.*

The following key functions that were previously outsourced were brought in-house:

- Legal & Corporate Services;
- Sales, Marketing & Customer Relationship Management;
- Financial Management & Reporting; and

In addition to the above, a Business Development function was established.

As a result of this change, the Office of the Principal Officer (PO) expanded, though minimally, to support the services that were brought in-house. Resourcing the Organisation in terms of human capital was therefore a key deliverable during the financial Year. Being in the service industry, Human capital is one key area that we can never afford to get wrong. Based on the business stability and results attained thus far, I have no doubt that we got the right people on board.

A deliberate decision was taken to leave certain functions outsourced for purposes of efficiency and effectiveness. We have a very robust, fair and transparent procurement process and continually follow it in selecting our third party service providers. Through this process, we have not only played a pivotal role in facilitating the development of local capability, but have also ensured that the affairs of the Scheme remain in capable hands at all times. The capacitated office of the PO is now able to provide oversight more effectively in all the functions that have been outsourced.

We believe that these changes are not only in line with best practice, but will also go a long way in re-enforcing our core values.

As is usually the case with change, the biggest challenge was always going to be that of business disruption as well as other general teething problems that come with change. I am happy to report that the change process was very smooth, with no reported business disruptions. Our members as well as the rest of our stakeholders continued to be accorded the same level of service if not better. This was only made possible by the collaboration and good working relations between our Executive Office and our services providers and business partners, particularly the Scheme Administrators. We further enhanced our business controls through the introduction of internal audit whose scope covers both the Scheme Executive Office and the Administrators, where the business of the Scheme is primarily performed. We envisage that in the 2019/20 financial year, we will expand the Scheme's Risk Management process through wider Enterprise Risk Management policies and procedures.

KEY PERFORMANCE HIGHLIGHTS

I am glad to report that there was also a positive movement in many of the key indicators. The membership was on the rise, surpassing **75,000** principal members for the first time in history. We believe that a more focused sales process that came about as a result of insourcing the sales and marketing function played a significant role in achieving these results.

We have in the new strategy taken a decision to follow the **80:10:10** principle as a guide in the allocation of the Scheme's financial resources. Through this principle, we seek to allocate around **80% - 85%** of Gross Contributions Income (GCI) towards Health Care Costs, around 10% towards administrative expenses, and the balance towards reserves. In line with one of our values, "prudence", we are constantly alive to the need to ensure that we operate within this principle.

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

We were however unable to remain within target with claims, as **87%** of GCI went towards Health Care Costs, taking us outside the targeted range of **80% - 85%**. This was mainly as a result of increased utilisation. We noted an increase in the number of service providers, leading to increased access to care. There was also a disproportionate increase in large claims (claims that exceed **P25,000** per beneficiary per annum) coupled with increase in the number of members enrolled in the Non-communicable Disease Program. We will continue looking out for opportunities to care for our members in a more cost effective way.

COVERAGE OF MORE DEPENDENT GROUPS

I am also happy to report that during the financial Year, Cabinet approved coverage of adult child dependents as well as parent dependents. In line with this approval, members may take cover for their child dependents who are above age 21 regardless of whether they are studying or not, up to age 35. Members may also take cover for their parents and parents in law. I am excited about this development, as this was a direct response to members' requests and goes to show that the Scheme continues to meet its principal objective of facilitating access to private healthcare services for its beneficiaries. We strongly believe that the Scheme should be run with input from the members, and this change is a demonstration of members' input towards the Scheme living one of its core values; Innovation. I have no doubt that the more we engage with members, the more we will be able to develop products and services that are not only aligned to their needs, but are also the first of their kind in our market if not the region.

THE GROUP PERFORMANCE

The surplus for the year was lower than that of prior year by **40%**. The main contributors to drop in surplus was increased claims as well as drop in BPOMAS Property Holdings rental revenue. Gross Administrative Expenses were **P86.9mln** compared to **P87.8mln** in prior year. Member related expenses remained constant at target level of **2%** of GCI.

In closing, the claims experience for the 2018/19 Financial Year is a clear indication of the need to engage all our stakeholders in the prudent management of the Schemes financial resources. Going forward, members will see increased service provider engagement, coupled with health risk management initiatives. We will intensify our efforts in curbing fraud, waste and abuse.

I wish to express sincere gratitude to the rest of my team, the Management Committee and all its sub-committees as well as the Board of Directors for BPOMAS PH for the hard work they put in through the year. The hard work put in by the Principal Officer and his team together with the Scheme Administrators has also not gone unnoticed. I implore them to continue serving the Scheme with the same spirit of selflessness as we look forward to an exciting year ahead.

Chairperson

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE PERIOD 2018/19 FINANCIAL YEAR

1. FINANCIAL PERFORMANCE

THE GROUP

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

THE SCHEME

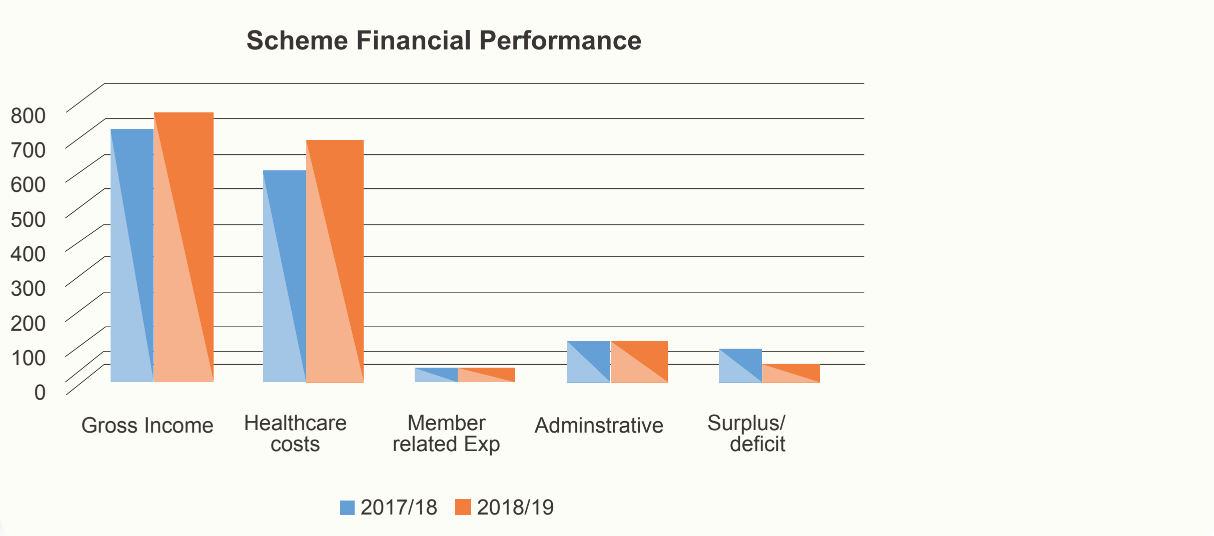
At Scheme level, Gross Contributions Income (GCI) for the year was **P735 mln** compared to **P693 mln** of prior year. This is attributable to **5%** subscriptions adjustment effected at beginning of the financial year and also growing membership base.

Health Care Cost (HCC) closed the year at **P658.9mln**, up by **14%** from prior year. This increase was largely due to increase in utilisation as well as a tariff increase of **3%** effected on 1st April 2018. The increase in Healthcare Costs resulted in increase in claims ratio to **87%**, from **80%** in the financial year 2017/18 and also above target range of **80-85%**.

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

The Scheme recorded an operating loss of **P2.8mln**, down by **108%** from a surplus of **P36.4mln** in prior year. This result was largely due to increased utilisation especially noted at last quarter of the year as already alluded to. The total surplus inclusive of debenture interest from BPOMAS Property Holdings (BPH) and share of profits from Lenmed Health Bokamoso Private Hospital (LHBPH) was **P20.8mln**, against a prior year surplus of **P62.1mln**, reflecting a decrease of **67%** year on year. Debenture interest received from BPH was **P12.5mln** compared to **P15.5mln** in prior year, while share of profits on investment on LHBPH was **P7.2mln** compared to **P6.7mln** for prior year. The risk based solvency margin remained constant at **19%**.

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



REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE PERIOD 2018/19 FINANCIAL YEAR

2. MEMBERSHIP

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

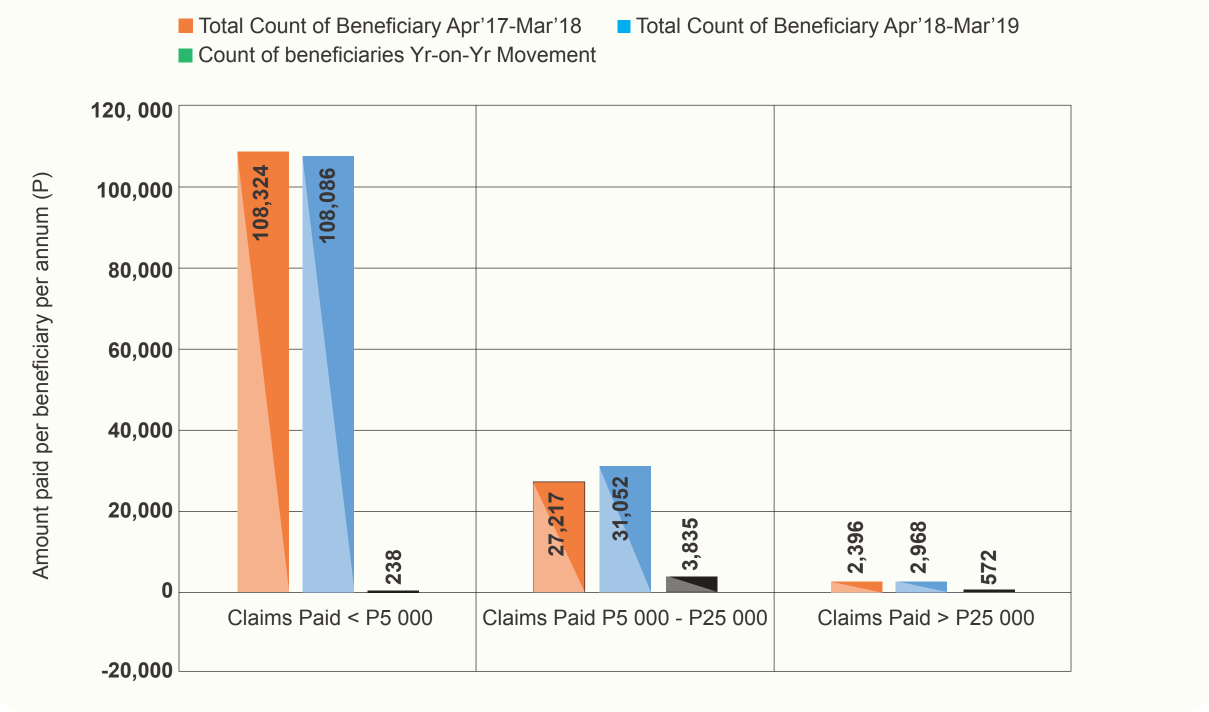
3. PROVIDING ACCESS TO HEALTH CARE SERVICE

During the financial year 2018/19 BPOMAS continued to facilitate access to health care services for its beneficiaries (principal members and their dependants) and thus satisfying its primary objective of assisting beneficiaries to defray health care costs.

In this vein, during the financial year under review a total of **142 106** beneficiaries were assisted to access health care services and to defray costs of same. This represented an increase of **3%** when compared to **137 937** beneficiaries that were similarly assisted during the financial year 2017/18.

There was however a disproportionate increase in the number of large claims (claims exceeding **P25, 000** per beneficiary per annum) as shown in figure 1 below.

Figure 1: *Distribution of beneficiaries facilitated access to healthcare Services*



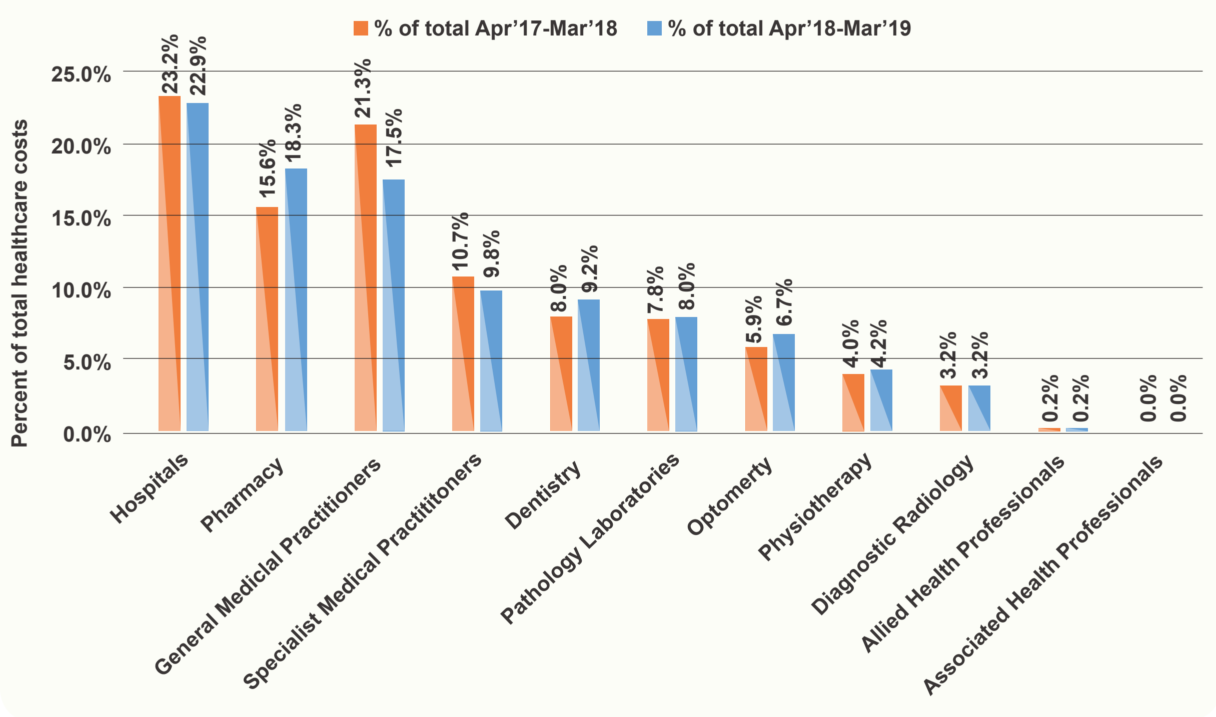
The figure above shows that **76%** of beneficiaries who were assisted to defray Health Care Costs claimed on average less than **P5 000** per beneficiary per annum (pbpa), representing a slight decrease of **2%** (**238** beneficiaries) when compared to the immediate prior year. However, those that claimed between **P5 001** and **P25 000** increased by **14.1%** (**3 835** beneficiaries), whilst those that claimed more than **P25 000** per annum increased by **23.9%** (**572** beneficiaries).

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

As depicted in figure 2 below, the general distribution of Health Care Costs on the other hand did not change significantly when compared to that of prior year, except for pharmacy and general medical practitioners. This was largely due to the change in dispensed medicine reimbursement policy that resulted in moving medicine dispensing to the pharmacy profession; as provided for in the Medicine and Related Substances Act (MRSA) and per principles of good professional (clinical) practice.

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE PERIOD 2018/19 FINANCIAL YEAR

Figure 2: *Distribution of health care costs by discipline / facility*



The above figure shows that hospital services contributed most **(22.9%)** to the Scheme's Health Care Costs, followed by pharmacy **(18.3%)**, general medical practitioners **(17.5%)**, specialist medical practitioners **(9.8%),** dentistry (**9.2%)** and others.

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

REPORT TO THE MEMBERS' ANNUAL GENERAL MEETING FOR THE PERIOD 2018/19 FINANCIAL YEAR

4. OTHER HEALTH CARE INDICATORS

The table below compares other healthcare indicators between the 2018/19 and the 2017/18 financial years;

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

The above table shows a stable picture for all health indicators, save for Non-Communicable Chronic Diseases (NCDs) that have recorded a **6.5%** increase and a concerning increase for C/section rate **(14.2%)**.

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

CORPORATE GOVERNANCE OVERVIEW

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

BPOMAS EXECUTIVE MANAGEMENT TEAM

Mr. Thulaganyo Molebatsi
Principal Officer/CEO

Ms. Thato Lesejane
Finance & Administration Manager

Ms. Linda Keloneilwe
Legal Counsel & Corporate Secretary

Dr. Lesego Sikele
Business Development Manager

CORPORATE GOVERNANCE OVERVIEW

BPOMAS and its subsidiary company, BPOMAS Property Holdings, are committed to observing the highest standards of best practice in corporate governance. BPOMAS endeavours to entrench the principles of good governance in all its operations and that of its subsidiary company.

The Management Committee (ManCo) is responsible for oversight of the business, holds the decision making power and oversees the development and implementation of the Scheme's strategy including Scheme policies, the objective being, to serve the best interests of the Scheme members.

Scheme operations are conducted in accordance with internationally accepted principles of good governance and best practice. We ensure 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. To ensure constant compliance to good governance, we continuously engage with governing bodies concerning good governance and relevant legislative changes.

ManCo COMPOSITION AND EFFECTIVENESS

The affairs of the Scheme are managed according to Scheme Rules by the ManCo. ManCo consists 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. ManCo has delegated the operational running of the Group to the Executive Office, which is headed by the Principal Officer. Capital Expenditure, Contracts and approval of overall Group Strategy still remain the prerogative of the ManCo. The ManCo is responsible for overall management, strategic direction and long-term success of the BPOMAS group.

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

Table 1: *ManCo Composition as at 31 March 2019*

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

CORPORATE GOVERNANCE

OVERVIEW

SUB-COMMITTEES

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

- **Finance, Audit, Risk and Compliance Sub-Committee (FARC)**
  The FARC's task is to among others, recommend policies to the ManCo that maintain and improve the financial health and integrity of the Scheme. In addition the FARC among others:
  - monitors the financial performance of the Scheme as a whole and its major business lines against approved budgets, long-term trends and industry benchmarks;
  - recommends the external auditor for appointment by the ManCo and oversee the external audit process as well as ensures the development and maintenance of the Enterprise-wide Risk Management (ERM) Framework and internal control systems;
  - Monitors the adequacy of frameworks and processes to manage risk. In overseeing the Actuarial function, the Sub-Committee receives and reviews actuarial reports from time to time; reviews and recommends for approval, actuaries' recommendations for benefits changes and/or contribution increases as well as monitors the actuaries' performance.
- **Investment Sub-Committee (ISC)**
  The ISC is responsible for developing and overseeing the implementation of the Scheme's investment strategy.
- **Nominations, Remuneration and Human Resource Sub-Committee**
  The Sub-Committee reviews and recommends to ManCo approval of the Human Resources (HR) strategy including key HR objectives, plans and workforce requirements, and monitors the implementation of same.
- **Procurement Sub-Committee**
  The Procurement Sub-Committee ensures consistent and accurate application of procurement and asset disposal practices while promoting consistent application of best procurement practices and international standards.

MEETINGS AND ATTENDANCE

ManCo

The ManCo meets on a quarterly basis in line with the ManCo Charter and Scheme Rules to consider but not limited to, quarterly results, approval of budgets, annual financial statements and strategic issues of the Group. Over and above the quarterly meetings, special meetings may be called if necessary. During the year under review, the ManCo met for all its scheduled meetings. There were also special meetings necessitated by the change process that was discussed under the Chairperson's report. The Attendance register is shown below on Table 2:

Table 2: *ManCo Meeting Attendance*

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

N/A (alternate member had not attended as substantive member had attended)

CORPORATE GOVERNANCE
OVERVIEW

REMUNERATION FOR ManCo AND SUB-COMMITTEES

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

ManCo and Sub-Committee Emoluments

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

Table 3: *ManCo Emoluments*

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

Table 4: *Investment Sub -Committee emoluments*

MEMBER	REMUNERATION AS AT MARCH 2019
Mr Reuben Morapedi - Chairperson	P98,500
Mr Olesitse Masimega	P10,500
Ms Peo Pillar	P25,500
*Mr Thulaganyo Molebatsi	n/a
Total Investment Sub-Committee Remuneration for the year	**P134,500**

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

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

CORPORATE GOVERNANCE
OVERVIEW

Table 5: *Finance and Audit Committee emoluments*

MEMBER	REMUNERATION AS AT MARCH 2018
Ms Sethunya Molosiwa - Chairperson	P49,500
Mr Moore Gondo	P12,000
Ms Agnes Motlhanka	P30,000
Mr Motsekedi Motloutse	P9,000
Total Audit Sub-Committee Remuneration for the year	P100,500

Table 6: *Nominations, Remuneration & Human Resource (HR) Sub-Committee*

MEMBER	REMUNERATION AS AT MARCH 2017
Ms Rose Nkolonyane - Chairperson	P30,000
Mr Christopher Gwere	P18,000
Brigadier Kagiso Kgaswanyane	P18,000
Total HR Sub-Committee Remuneration for the year	P66,000

Table 7: *Procurement Sub-Committee emoluments*

MEMBER	REMUNERATION AS AT MARCH 2019
Ms Rose Nkolonyane	P99,000
*Mr Moore Gondo	P33,000
Ms Agnes Kiberu-Mosarwa	P39,000
**Mr Thatayaone Kesebonye	P16,500
Total Tender Sub-Committee Remuneration for the year	P187,500

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

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

CORPORATE GOVERNANCE
OVERVIEW

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

Table 8: BPOMAS *PH Board emoluments*

MEMBER	REMUNERATION AS AT MARCH 2019
Mr Kumbulani Munamati - Chairperson	P40,500
Mr Agnes Kiberu-Mosarwa	P18,000
Mr Tefo Setlhare	P21,000
Ms Peo Pillar	P18,000
Total BPOMAS PH Remuneration for the year	**P97,500**

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

CONTRACTS REGISTER
The contract register contains all contracts, and agreements between the Scheme and all other third parties and is maintained on an ongoing basis and continually reviewed.

POLICIES, TERMS OF REFERENCE & CHARTERS REGISTER
A policies, terms of reference and charters register is maintained to ensure that all Scheme governance instruments are reviewed as necessary. This register is updated as and when there is a new governance instrument. The governance instruments are reviewed annually.

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

ASSET REGISTER
The asset register, details all newly acquired assets to keep ManCo informed of asset acquisition. The register is maintained on an ongoing basis.

CONCLUSION
To keep the ManCo abreast and to ensure that they effectively exercise their fiduary duties, and are aligned with good corporate governance, the governance report forms part of the Agenda of the ManCo quarterly meetings and is presented in detail at such meetings. As part of the Training Plan, the ManCo and staff also undergo training in relevant areas to ensure they perform in the best interests of the Scheme.

BPOMAS continues to align with good corporate governance and maintain a governance structure that is fair and transparent in all its governance instruments.

ABRIDGED CONSOLIDATED

FINANCIAL STATEMENTS

For the financial Year ended 31st March 2019

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
GENERAL INFORMATION

For the year ended 31 March 2019

GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Providing Medical Aid services and letting of property
Management Committee	Ruth Maphorisa - Chairperson Wankie Wankie Rose Nkolonyane Olesitse Masimega Motsekedi Motloutse Christopher Gwere Agnes Nthokwa-Kiberu Mosarwa Thatayaone Kesebonye
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 Barclays Bank of Botswana Limited
Auditors	PricewaterhouseCoopers
Asset Managers	African Alliance Botswana Management Company (Proprietary) Limited
Legal advisors	Minchin & Kelly (Botswana)

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

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FINANCIAL STATEMENTS

For the year ended 31 March 2019

STATEMENTS OF RESPONSIBLITIES BY THE MANAGEMENT COMMITTEE

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

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

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

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

The management committee has reviewed the group's cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, is satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 33 - 69, which have been prepared on the going concern basis, were approved by the the Management Committee on 18 July 2019 and were signed on their behalf by:

CHAIRPERSON

ManCo MEMBER

STATEMENTS BY MANAGEMENT COMMITTEE ON THE ABRIDGED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME CONSOLIDATED AND SEPARATE

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2019

	Notes	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
ASSETS					
Non-current assets					
Property, plant and equipment	3	15,123,611	17,356,564	2,460,158	2,474,640
Intangible assets	4	485,686	555,510	485,686	555,510
Investment property	5	260,000,000	256,000,000	-	-
Investment in subsidiary	6	-	-	1,783,000	1,783,000
Investment in associate company	7	29,238,526	22,012,951	29,238,526	22,012,951
Related party loan receivables	8	6,599,700	15,599,700	6,599,700	15,599,700
Available-for-sale financial assets	9	20,072,281	20,643,219	196,589,281	197,160,219
		331,519,804	**332,167,944**	**237,156,351**	**239,586,020**
Current assets					
Available-for-sale financial assets	9	213,833,523	184,623,945	213,833,523	184,623,945
Trade and other receivables	10	27,699,798	34,060,992	12,809,979	8,908,191
Cash and cash equivalents	11	108,326,696	102,930,727	63,669,372	78,183,756
		349,860,017	**321,615,664**	**290,312,874**	**271,715,892**
Total assets		**681,379,821**	**653,783,608**	**527,469,225**	**511,301,912**
RESERVES AND LIABILITIES					
Reserves					
Available-for-sale reserve	12	7,802,878	8,373,816	7,802,878	8,373,816
Retirement Reserve	13	231,945,703	214,573,666	224,937,008	214,573,666
Accumulated surplus		303,960,452	287,349,660	183,496,830	173,133,490
		543,709,033	**510,297,142**	**416,236,716**	**396,080,972**
Non-current liabilities					
Borrowings	14	50,608,599	51,463,061	50,608,599	51,463,061
Deffered income tax liability	15	22,727,017	22,768,991	-	-
		73,335,616	74,232,052	50,608,599	51,463,061
Current liabilities					
Borrowings	14	1,012,172	5,480,370	1,012,172	5,480,370
Provision for outstanding claims	16	14,146,523	17,084,994	10,565,694	12,788,096
Trade and other payables		130,433	1,199,637	-	-
Income tax payables	17	49,046,044	45,489,413	49,046,044	45,489,413
		64,335,172	**69,254,414**	**60,623,910**	**63,757,879**
Total liabilities		**137,670,788**	**143,486,466**	**111,232,509**	**115,220,940**
Total reserves and liabilities		**681,379,821**	**653,783,608**	**527,469,225**	**511,301,912**

The accounting policies on pages 38 to 49 and the notes on pages 50 to 69 form an integral part of the abridged annual consolidated financial statements.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
CONSOLIDATED AND SEPARATE

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	Group		Scheme	
		2019 P	2018 P	2019 P	2018 P
REVENUE					
Income from contributions	18	759,293,038	721,240,590	735,023,284	692,919,670
Other income	19	1,952,637	1,637,656	1,891,529	1,579,312
Fair value gain/(loss) on investment property	20	4,000,000	(16,300,000)	-	-
Benefits paid		(658,499,358)	(576,830,093)	(658,499,358)	(576,830,093)
Administrative expenses		(86,909,785)	(87,750,480)	(81,237,701)	(81,299,327)
Operating surplus (loss)	21	**19,836,532**	**41,997,673**	**(2,822,246)**	**36,369,562**
Finance income	22	11,972,922	8,622,190	20,582,822	23,684,869
Finance costs	23	(4,259,468)	(4,661,028)	(4,259,468)	(4,661,028)
Share of profits on investments accounted for using equity method		7,225,575	6,664,943	7,225,575	6,664,943
Surplus before taxation		**34,775,561**	**52,623,778**	**20,726,683**	**62,058,346**
Income tax (expense)/credit		(792,650)	3,772,936	-	-
Suplus for the year		**33,982,911**	**56,396,714**	**20,726,683**	**62,058,346**
Other comprehensive income					
Changes in fair value of available for-sale financial assets		(570,938)	50,988	(570,938)	50,988
Total comprehensive income for the year		**33,411,973**	**56,447,702**	**20,155,745**	**62,109,334**
Profit attributable to:					
Owners of the parent		33,411,973	56,447,702	20,155,745	62,109,334

The accounting policies on pages 38 to 49 and the notes on pages 50 to 69 form an integral part of the abridged annual consolidated financial statements.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
CONSOLIDATED AND SEPARATE

STATEMENTS OF CHANGES IN RESERVES

for the year ended 31 March 2019

Group

	Available-for-sale reserve P	Retirement reserve P	Total Reserves P	Accumulated surplus P	Total P
Balance as at 1 April 2017	**8,322,828**	**183,544,493**	**191,867,321**	**261,982,119**	**453,849,440**
Surplus for the year	-	-	-	56,396,714	56,396,714
Changes in fair value of available for-sale financial assets	50,988	-	50,988	-	50,988
Total comprehensive income for the year	**50,988**	**-**	**50,988**	**56,396,714**	**56,447,702**
Transfer to retirement reserve	-	31,029,173	31,029,173	(31,029,173)	-
Balance at 01 April 2018	**8,373,816**	**214,573,666**	**222,947,482**	**287,349,578**	**510,297,142**
Surplus for the year	-	-	-	33,982,911	33,982,911
Changes in fair value of available for-sale financial assets	(570,938)	-	(570,938)	-	(570,938)
Total comprehensive income for the year	**(570,938)**	**-**	**(570,938)**	**33,982,911**	**33,411,973**
Transfer to retirement reserve	-	17,372,037	17,372,037	(17,372,037)	-
Balance as at 31 March 2019	**7,802,878**	**231,945,703**	**239,748,581**	**303,960,452**	**543,709,033**
Notes	**12**	**13**			

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
CONSOLIDATED AND SEPARATE

STATEMENTS OF CHANGES IN RESERVES

for the year ended 31 March 2019

Scheme

	Available-for-sale reserve P	Retirement reserve P	Total reserves P	Accumulated surplus P	Total P
Balance as at 1 April 2017	**8,322,828**	**183,544,493**	**191,867,321**	**142,104,317**	**333,971,638**
Surplus for the year	-	-	-	62,058,346	62,058,346
Changes in fair value of available for-sale financial assets	50,988	-	50,988	-	50,988
Total comprehensive income for the year	**50,988**	**-**	**50,988**	**62,058,346**	**62,109,334**
Transfer to retirement reserve	-	31,029,173	31,029,173	(31,029,173)	-
Balance as at 31 March 2018	**8,373,816**	**214,573,666**	**222,947,482**	**173,133,489**	**396,080,971**
Surplus for the year	-	-	-	20,726,683	20,726,683
Changes in fair value of available for-sale financial assets	(570,938)	-	(570,938)	-	(570,938) -
Total comprehensive income for the year	**(570,938)**	**-**	**(570,938)**	**20,726,683**	**20,155,745**
Transfer to retirement reserve	-	10,363,342	10,363,342	(10,363,342)	-
Balance as at 31 March 2019	**7,802,878**	**224,937,008**	**232,739,886**	**183,496,830**	**416,236,716**
Notes	**12**	**13**			

The accounting policies on pages 38 to 49 and the notes on pages 50 to 69 form an integral part of the abridged annual consolidated financial statements.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
CONSOLIDATED AND SEPARATE

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2019

	Notes	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
Cash flows from operating activities					
Cash generated from/(used in) operations	**24**	26,555,492	77,349,397	(4,627,935)	43,834,713
Tax paid	**25**	(1,903,828)	-	-	-
Net cash generated from/(used in) operating activities		**24,651,664**	**77,349,397**	**(4,627,935)**	**43,834,713**
Cash flows from investing activities					
Acquisition of property, plant and equipment	**3**	(1,310,855)	(3,115,835)	(551,509)	(2,509,333)
Acquisition of intangible assets	**4**	(126,057)	(575,349)	(126,057)	(575,349)
Loan repayments received		9,000,000	4,500,000	9,000,000	4,500,000
Investment in available-for-sale assets		(29,209,577)	(36,234,183)	(29,209,577)	(36,234,183)
Interest income		11,972,922	8,622,190	20,582,822	23,684,869
Net cash used in from investing activities		**(9,673,567)**	**(26,803,177)**	**(304,321)**	**(11,133,996)**
Cash flows from financing activities					
Net movement of interest bearing borrowing		(5,322,660)	(4,921,100)	(5,322,660)	(4,921,100)
Finance costs		(4,259,468)	(4,661,028)	(4,259,468)	(4,661,028)
Net cash used in financing activities		**(9,582,128)**	**(9,582,128)**	**(9,582,128)**	**(9,582,128)**
Total cash movement for the year		**5,395,969**	**40,964,092**	**(14,514,384)**	**23,118,589**
Cash and cash equivalents at beginning of the year		102,930,727	61,966,635	78,183,756	55,065,167
Cash and cash equivalents at end of the year	**11**	**108,326,696**	**102,930,727**	**63,669,372**	**78,183,756**

The accounting policies on pages 38 to 51 and the notes on pages 52 to 63 form an integral part of the abridged annual consolidated financial statements.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2019

1. GENERAL INFORMATION

Botswana Public Officers' Medical Aid Scheme (the "Scheme") was registered on 31 July 1991 under the Societies Act No 18:01 of 1972 to provide assistance to members of the Scheme and their dependents in defraying expenditure incurred in connection with medical and related services.

The Scheme is domiciled in Botswana. The Scheme has 100% stake in BPOMAS Property Holdings (Proprietary) Limited, a limited liability company incorporated in Botswana, which engages in the business of letting out of properties and a 30% stake in Lenmed Health Bokamoso Private Hospital (Proprietary) Limited, a limited liability company incorporated in Botswana, which engages in the provision of private healthcare services. The annual consolidated financial statements comprise the consolidated financial position and results of the Scheme, the subsidiary and associate company (together referred as to as the "group").

1.1 BASIS OF PREPARATION

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

The abridged annual consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pulas, which is the group and entity's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 26.

1.2 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 group, is classified as investment property.

Investment property comprises leasehold land and buildings. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the year in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.
If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its value at the date of reclassification becomes its cost for accounting purposes.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT PROPERTY (CONTINUED)

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment under IAS 16.

Fair Value

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

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

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are intangible 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, anf 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 capitalization 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 capitalized 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 the statement of comprehensive income 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. Leased assets are depreciated in consistent manner over the shorter of their useful lives and the lease term. Depreciation is not charged to an asset 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 of derecognised.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Hospital assets		
Plant and machinery	Straight line	11-16 years
Furniture and fixtures	Straight line	6-11 years
Medical and laundry equipment	Straight line	6-16 years
Electrical equipment	Straight line	6-11 years
Residential assets		
furniture and fittings	Straight line	1-2 years
Catering and laundry equipment	Straight line	1-2 years

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charge for the year is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected form 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 the statement of comprehensive income when the item is derecognised.

1.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

ITEM	USEFUL LIFE
Computer software	3 years

Goodwill

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

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

1.5 INVESTMENT IN SUBSIDIARY

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

1.6 INVESTMENTS IN ASSOCIATE

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

1.7 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).

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

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).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

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

Note 4 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 10).

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.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (CONTINUED)

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 the statement of comprehensive income in finance income (note 22).

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

Impairment

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

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

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.

Financial instruments

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.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (CONTINUED)

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 10.

An impairment gain or loss is recognised in the statement of comprehensive income with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in the statement of comprehensive income as a movement in credit loss allowance (note 21).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 10) and the financial instruments and risk management note (note).

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 comprehensive income in finance costs (note 23).

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

Derecognition

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

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

Reclassification

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

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

Financial liabilities
Financial liabilities are not reclassified.

1.8 FINANCIAL INSTRUMENTS: IAS 39 COMPARATIVES

Classification
The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS: IAS 39 COMPARATIVES (CONTINUED)

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends received on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount.

Translation differences on monetary items are recognised in the statement of comprehensive income, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.
Reversals of impairment losses are recognised in the statement of comprehensive income except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS: IAS 39 COMPARATIVES (CONTINUED)

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that theasset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

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

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash on hand and demand deposits, 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. These are initially and subsequently recorded at fair value.

BANK OVERDRAFT AND BORROWINGS
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.9 TAX

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

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

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

TAX (CONTINUED)

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 an expense and included in the statement of comprehensive income for the period, except to the extent that the tax arises from:

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

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

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

1.10 LEASES

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

Operating leases - lessor

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

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

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

1.11 IMPAIRMENT OF ASSETS

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income.
Any impairment loss of a revalued asset is treated as a revaluation decrease.
An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

IMPAIRMENT OF ASSETS (CONTINUED)

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

1.12 SHARE CAPITAL AND EQUITY

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

Ordinary shares are classified as equity.

1.13 REVENUE

Income from contributions

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

Rental income

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

Interest income

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

Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of comprehensive income, using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method. Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established.The accumulated fair value adjustments of available-for-sale investments are included in the statement of comprehensive income as gains and losses from investment securities, at the time of disposal.

1.14 BORROWING COSTS

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

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

1.15 TRANSLATION OF FOREIGN CURRENCIES FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is recorded, on initial recognition in Pulas, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

TRANSLATION OF FOREIGN CURRENCIES FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous abridged annual consolidated financial statements are recognised in the statement of comprehensive income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in the statement of comprehensive income, any exchange component of that gain or loss is recognised in the statement of comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Pulas by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

1.16 PROVISION FOR OUTSTANDING CLAIMS (IBNR)

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

1.17 CLAIMS INCURRED

Claims incurred consist of claims paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims comprises the group's estimate of the cost of settling all claims incurred but unpaid at the reporting date.

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
NOTES TO THE ABRIDGED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the group's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

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

Residual value and useful lives of property, plant and equipment

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

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

Allowances for doubtful debts

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that company 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.

Taxation

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

Discounting of debentures

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

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

Use of the most appropriate model: The valuer considers outputs from a range of models,including income capitalisation, depreciated replacement cost, Income capitalisation NPV over lease period and Gross replacement Cost to detemine the fair value of the investment property.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
SIGNIFICANT ACCOUNTING POLICIES

Unobservable inputs:

FUTURE RENTAL CASH IN FLOWS:	based on the actual location, type and quality of the property and supported by the terms of anyexisting 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

Provision for outstanding claims (IBNR)

The Outstanding claims provision for claims Incurred But Not Reported is a provision for the estimated cost of healthcare benefits that have been incurred prior to year-end, but were only reported after year-end.

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

Provision for outstanding claims (IBNR) sensitivity analysis

The claims for financial year 2018/2019 incurred but not yet reported and estimated to be payable in are still subject to uncertainty. The table below illustrates the effect of a **10%** increase and decrease in this amount.

Provision for outstanding claims in the current period was **P49 046 044**, **10%** increased claims estimated to be paid in future periods will be **P53 950 648** and a **10%** decreased claims estimated to be paid in future periods will result in **P44 141 440**.

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT

Group Year ended 31 March 2019	Plant and machinery P	Furniture and fittings P	Computer hardware P	Other equipment P	Total P
Net book amount					
at beginning of the year	8,872,873	4,348,181	2,302,047	1,833,463	17,356,564
Additions	759,346	121,709	429,800	-	1,310,855
Transfers	510,695	-	(510,695)	-	-
Depreciation	(967,677)	(1,189,123)	(1,201,752)	(185,256)	(3,543,808)
Net book amount at end of year	**9,175,237**	**3,280,767**	**1,019,400**	**1,648,207**	**15,123,611**
As at 31 March 2019					
Cost	17,037,158	12,696,377	7,554,368	3,803,926	41,091,828
Accumulated depreciation	(7,861,921)	(9,415,610)	(6,534,968)	(2,155,719)	(25,968,218)
Net book amount	**9,175,237**	**3,280,767**	**1,019,400**	**1,648,207**	**15,123,611**
Year ended 31 March 2018					
Net book amount					
at beginning of the year	9,855,946	2,690,028	2,696,757	2,127,895	17,370,626
Additions	577,337	2,400,879	137,619	-	3,115,835
Depreciation	(1,560,410)	(742,726)	(532,329)	(294,432)	-3,129,897
Net book amount at end of year	8,872,873	4,348,181	2,302,047	1,833,463	17,356,564
As at 31 March 2018					
Cost	15,767,117	12,541,399	7,635,263	3,803,926	39,747,705
Accumulated depreciation	(6,894,244)	(8,193,218)	(5,333,216)	(1,970,463)	(22,391,141)
Net book amount	8,872,873	4,348,181	2,302,047	1,833,463	17,356,564

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Scheme **Year ended 31 March 2019**	**Plant and machinery** **P**	**Furniture and fittings** **P**	**Computer Hardware** **P**	**Electrical equipment** **P**	**Total** **P**
Net book amount at beginning of the year	-	2,367,610	107,030	-	2,474,640
Additions	-	121,709	429,800	-	551,509
Depreciation	-	(409,300)	(156,691)	-	(565,991)
Net book amount at end of year	**-**	**2,080,019**	**380,139**	**-**	**2,460,158**
As at 31 March 2019					
Cost	-	2,555,857	538,255	-	3,094,112
Accumulated depreciation	-	(475,838)	(158,116)	-	(633,954)
Net book amount	**-**	**2,080,019**	**380,139**	**-**	**2,460,158**
Year ended 31 March 2018					
Net book amount at beginning of the year	-	-	-	-	-
Additions	-	2,400,879	108,454	-	2,509,333
Depreciation	-	(33,269)	(1,424)	-	(34,693)
Net book amount at end of year	-	2,367,610	107,030	-	2,474,640
As at 31 March 2018					
Cost	-	2,400,879	108,455	-	2,509,334
Accumulated depreciation	-	(33,269)	(1,425)	-	(34,694)
Net book amount	**-**	**2,367,610**	**107,030**	**-**	**2,474,640**

4. INTANGIBLE ASSETS

	2019		**2018**	
Group	**Computer Software** **P**	**Total** **P**	**Computer Software** **P**	**Total** **P**
Opening balance	555,510	555,510	-	-
Additions	126,057	126,057	575,349	575,349
Amortisation	(195,881)	(195,881)	(19,839)	(19,839)
Net book amount at end of year	**485,686**	**485,686**	**555,510**	**555,510**
As at 31 March 2019				
Cost/valuation	701,406	701,406	575,349	575,349
Accumulated amortisation	(215,720)	(215,720)	(19,839)	(19,839)
Net book amount	**485,686**	**485,686**	**555,510**	**555,510**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

4. INTANGIBLE ASSETS (CONTINUED)

Scheme	2019 Computer Software P	2019 Total P	2018 Computer Software P	2018 Total P
Opening balance	555,510	555,510	-	-
Additions	126,057	126,057	575,349	575,349
Amortisation	(195,881)	(195,881)	(19,839)	(19,839)
Net book amount at end of year	**485,686**	**485,686**	**555,510**	**555,510**
As at 31 March 2019				
Cost/valuation	701,406	701,406	575,349	575,349
Accumulated amortisation	(215,720)	(215,720)	(19,839)	(19,839)
Net book amount	**485,686**	**485,686**	**555,510**	**555,510**

5. INVESTMENT IN SUBSIDIARY

	Group 2019 P	Group 2018 P
Opening cost/valuation	256,000,000	272,300,000
Investment during the year	-	-
Fair value adjustments	4,000,000	(16,300,000)
At end of the year	**260,000,000**	**256,000,000**
Cost/valuation	260,000,000	256,000,000
Accumulated depreciation	-	-
Investment property	**260,000,000**	**256,000,000**

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

	2019	2018
Insurance cost	246,163	257,675
Repairs and maintenance	2,056,247	2,529,015
Valuation fees	96,655	89,138
	2,399,065	**2,875,828**

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
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5. INVESTMENT IN SUBSIDIARY (CONTINUED)

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

The independent valuation was performed by Mr Maje C Maje of Apex Properties (Proprietary) Limited to determine the fair value of the investment property as at 31 March 2019. He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB) and Royal Institute of Chartered Surveyors UK ("RICS"). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of investment property, especially with respect to the determination of appropriate capitalisation rate, cost per sqm and net cash flows. The significant assumptions associated with determining the fair values of investment property as disclosed in Note 2 to the financial statements-Significant judgements and sources of estimation.

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

Depreciated Replacement Cost (Cost of P 3,490 per sqm)	277,000,000
Income Capitalisation (Capitalisation rate 9%)	222,000,000
Income Capitalisation NPV ovver lease period (Capitalisation rate 9%)	277,000,000
Gross Replacement Cost (Cost of P 3,490 per sqm)	267,000,000
Valuation of Investment Property	260,000,000

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

Group

Valuation technique	Valuation P	Estimate	Impact lower P	Impact higher P
Depreciated Replacement cost	277,000,000	Market value per sqm +/- 10%	(6,300,000)	6,300,000
Income Capitalisation	222,000,000	Capitalisation rate +/- 1%	(5,500,000)	7,000,000
Income Capitalisation NPV over leease period	277,000,000	Capitalisation rate +/- 1%	(5,600,000)	7,750,000
Gross Replacement Cost	267,000,000	Market value per sqm +/- 10%	(6,100,000)	6,100,000

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

Group

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

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6. INVESTMENTS IN SUBSIDIARY

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

Scheme Name of company	% amount 2019	% amount 2018	Company carrying holding 2019 P	Company carrying holding 2018 P
BPOMAS Property Holdings (Proprietary) Limited	100%	100%	1,783,000	1,783,000

7. INVESTMENT IN ASSOCIATE COMPANY

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

Summarised financial information of material associates
2019

Summarised statement of comprehensive income and other comprehensive income

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

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

2018

Summarised statement of comprehensive income and other comprehensive income

	Revenue P	Comprehensive income from Continuing Operations P	Other Comprehensive Income P	Total comprehensive income P
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	281,199,738	22,216,478	-	22,216,478

Summarised statement of financial position	Non current assets P	Current assets P	Non-current liabilities P	Current liabilities P	Total net assets P
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	41,308,812	165,939,881	55,568,594	78,303,593	73,376,506

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8. RELATED PARTY LOAN RECEIVABLE

	Group		Scheme	
	2019 P	2018 P	2019 P	2018 P
Associate				
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	6,599,700	15,599,700	6,599,700	15,599,700

The loan is unsecured and no repayment arrangements are set in place. These balance bears interest at 9.5% (2018: 9.5%) on the capital outstanding and are payable after one year.

Split between non-current and current portions				
Non-current assets	6,599,700	15,599,700	6,599,700	15,599,700

Exposure to credit risk
Loans to group company inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

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

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

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8. RELATED PARTY LOAN RECEIVABLE (CONTINUED)

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

Scheme - 2018 Instrument	Basis of allowance P	Loss allowance P	Amortised cost P
Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	15,599,700	-	15,599,700

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

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		**Scheme**	
	2019	**2018**	**2019**	**2018**
At fair value through profit or loss - designated	**P**	**P**	**P**	**P**
Debentures-BPOMAS Property Holdings (Pty) Limited	-	-	176,517,000	176,517,000
African Alliance Asset Management balanced portfolio	233,905,804	205,267,164	233,905,804	205,267,164
	233,905,804	**205,267,164**	**410,422,804**	**381,784,164**
Non current assets				
Designated as at FV througn profit/ (loss) (Fv through income)	20,072,281	20,643,219	196,589,281	197,160,219
Current assets				
Designated as at FV througn profit/ (loss) (Fv through income)	213,833,523	184,623,945	213,833,523	184,623,945
	233,905,804	**205,267,164**	**410,422,804**	**381,784,164**

Terms and conditions
The investments in African Alliance Liquidity Fund which represent investment in money market funds earn market related interest.

The carrying value of the available-for-sale investments at the reporting date represents their fair value.
The maximum exposure to credit risk at the reporting date is the carrying value of the investment.
Available-for-sale debt security past due but not impaired
None of these financial assets are either past due or impaired.

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME

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10. TRADE AND OTHER RECEIVABLES

	Group 2019 P	2018 P	Scheme 2019 P	2018 P
Financial instruments:				
Contributions outstanding	12,167,495	5,879,362	12,167,495	5,879,362
Trade receivables-related parties	17,075,908	27,847,687	-	2,910,050
Loss allowance	(4,030,710)	(2,049,661)	(4,030,710)	(2,049,661)
Trade receivables at amortised cost	25,212,693	31,677,388	8,136,785	6,739,751
Other receivables	2,438,297	2,312,230	4,624,386	2,097,115
Non-financials intruments:				
Prepayments	48,808	71,374	48,808	71,325
Total trade and other receivables	27,699,798	34,060,992	12,809,979	8,908,191

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

Split between non-current and current portions

Current assets	27,699,798	34,060,992	12,809,979	8,908,191

Categorisation of trade and other receivables

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

At amortised cost	27,650,990	33,989,618	12,761,171	8,836,866
Non-financial instruments	48,808	71,374	48,808	71,325
	27,699,798	**34,060,992**	**12,809,979**	**8,908,191**

Exposure to credit risk

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of P 2,049,661 were impaired and provided for.
The ageing of these loans is as follows:

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

Reconciliation of provision for impairment of trade and other receivables

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

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

11. CASH AND CASH EQUIVALENTS

	Group		Scheme	
	2019	**2018**	**2019**	**2018**
	P	**P**	**P**	**P**
Cash on hand	870	0	870	0
Cash at bank	108,325,826	102,930,727	63,668,502	78,183,756
	108,326,696	**102,930,727**	**63,669,372**	**78,183,756**

12. AVAILABLE FOR SALE RESERVE

Fair value adjustment assets available for sale reserve	7,802,878	8,373,816	7,802,878	8,373,816
Available foe sale breakdown:	8,373,816	8,322,828	8,373,816	8,322,828
Balance at beginning of the year	(570,938)	50,988	(570,938)	50,988
Fair value adjustment	**7,802,878**	**8,373,816**	**7,802,878**	**8,373,816**

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13. RETIREMENT RESERVE

Retirement reserve	231,945,703	214,573,666	224,937,008	214,573,666
Retirement reserve breakdown:				
Balance at the beginning of the year	214,573,666	183,544,493	214,573,666	183,544,493
Transfer from accumulated surplus	17,372,037	31,029,173	10,363,342	31,029,173
	231,945,703	**214,573,666**	**224,937,008**	**214,573,666**

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

14. BORROWINGS

Held at amortised cost Secured				
Botswana Government loan	51,620,771	56,943,431	51,620,771	56,943,431
Split between non-current and current portions				
Non-current liabilities	50,608,599	51,463,061	50,608,599	51,463,061
Current liabilities	1,012,172	5,480,370	1,012,172	5,480,370
	51,620,771	**56,943,431**	**51,620,771**	**56,943,431**

The Government loan is unsecured and is repayable in 26 semi-annual instalments commencing June 2013, after a three year grace period. The Government loan bears a fixed interest rate of 8% per annum (2018: 8%).

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

	Group		Scheme	
	2019 P	**2018 P**	**2019 P**	**2018 P**
Balance at the beginning of year	56,943,431	61,864,531	56,943,431	61,864,531
Interest accrued - Government loan	4,259,467	4,661,028	4,259,467	4,661,028
Loan settlement during the year	(9,582,127)	(9,582,128)	9,582,127	9,582,128
Balance at end of the year	**51,620,771**	**56,943,431**	**70,785,025**	**76,107,687**

15. DEFERRED INCOME TAX LIABILITY

Deferred tax liability				
Investment property at fair value	(17,643,464)	(18,024,506)	-	-
Property, plant and equipment	(5,083,553)	(4,744,485)	-	-
Total deferred tax liability	**(22,727,017)**	**(22,768,991)**	**-**	**-**

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15. DEFERRED INCOME TAX LIABILITY (CONTINUED)

Reconciliation of deferred tax liability

	Group		Scheme	
	2019 P	**2018 P**	**2019 P**	**2018 P**
At beginning of year	(22,768,991)	(27,741,564)	-	-
Taxable / (deductible) temporary difference movement on property, plant and equipment	(339,068)	(960,488)	-	-
Taxable / (deductible) temporary difference movement investment property	381,042	5,933,061	-	-
	22,727,017)	**(22,768,991)**	**-**	**-**

16. TRADE AND OTHER PAYABLES

	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
Financial instruments:				
Creditor for claims	1,190,347	935,281	1,152,915	774,982
Trade payables - related parties	3,308,736	3,773,581	-	-
Sundry creditors	5,260,042	4,851,380	5,260,042	4,851,380
Administration fees payable	3,765,359	6,804,557	3,722,059	6,608,104
Non-financial instruments:				
VAT	622,039	720,195	430,678	553,630
	14,146,523	**17,084,994**	**10,565,694**	**12,788,096**

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

Fair value of trade and other payables

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

17. PROVISION FOR OUTSTANDING CLAIMS

Reconciliation of provision for outstanding claims - Group - 2019

	Opening balance P	**Additions P**	**Total P**
Provision for outstanding claims	45,489,413	3556631	49,046,044

Reconciliation of provision for outstanding claims - Group - 2018

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

Reconciliation of provision for outstanding claims - Scheme - 2019

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

Reconciliation of provision for outstanding claims - Scheme - 2018

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

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17. PROVISION FOR OUTSTANDING CLAIMS (CONTINUED)

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

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

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

The following key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 31 March 2019:
Membership growth- High option 6% per annum, Standard option 10% per annum and Premium option 8% per annum.

Inflation rate - 3.3% per annum (2018-2.6%)
Assumed bad debts - 0.03% per annum (2018-0.02%)
Contribution increase - 6% per annum (2018-0.1%)

	Group		Scheme	
	2019 P	**2018 P**	**2019 P**	**2018 P**
18. REVENUE				
Contributions from high benefit option	31,659,410	28,837,084	31,659,410	28,837,084
Contributions from premium benefit option	40,106,698	37,239,048	40,106,698	37,239,048
Contributions from standard benefit option	663,257,176	626,843,538	663,257,176	626,843,538
	735,023,284	**692,919,670**	**735,023,284**	**692,919,670**
Rental Income	24,269,754	28,320,920	-	-
	759,293,038	**721,240,590**	**735,023,284**	**692,919,670**
19. OTHER INCOME				
Admin Fees - MOH Chronic Meds project	1,891,529	1,579,312	1,891,529	1,579,312
Other income	61,108	58,344	-	-
	1,952,637	**1,637,656**	**1,891,529**	**1,579,312**
20. FAIR VALUE GAIN/(LOSS) ON INVESTMENT PROPERTY				
FAIR VALUE GAINS (LOSSES)				
Investment property	4,000,000	(16,300,000)	-	-

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21. OPERATING PROFIT (LOSS)

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

	Group		Scheme	
	2019 P	2018 P	2019 P	2018 P
Auditor's remuneration				
Audit fees - for the current year	685,108	222,780	620,686	181,780
Audit fees - prior year over provision	-	(157,368)	-	-
Remuneration, other than to employees				
Benefits paid	658,499,358	576,830,093	658,499,358	576,830,093
Consultancy fees	783,900	495,889	783,900	485,639
Legal fees	408,657	359,018	375,057	325,418
	659,691,915	**577,685,000**	**659,658,315**	**577,641,150**
Depreciation and amortisation				
Depreciation of property, plant and equipment	3,543,808	3,129,897	565,991	34,693
Amortisation of intangible assets	195,881	19,839	195,881	19,839
Total depreciation and amortisation	**3,739,689**	**3,149,736**	**761,872**	**54,532**
Other				
Insurance	246,163	257,675	-	-
Repairs and maintenance	2,057,247	2,529,015	1,000	-
Directors sitting allowance - for the current year	1,075,610	654,759	947,624	642,384
Managed care fees to Administrator	4,183,819	6,293,686	4,183,819	6,293,686
Subscriptions	1,681,633	2,860,982	1,681,633	2,860,982
Principal officer expenses	1,710,283	374,240	1,710,283	374,240
Actuarial consultancy fee	787,766	1,034,492	787,766	1,034,492
Administration fees	49,564,434	64,915,378	49,503,347	64,215,102

22. FINANCE INCOME

	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
Interest income				
Interest income on available-for-sale financial assets	8,633,093	6,392,114	8,633,093	6,392,114
Interest income on short-term bank deposits"	2,389,202	1,049,877	1,215,622	570,288
Interest income on debentures" -	-	-	9,783,480	15,542,268
Interest income on loan to Lenmed Health Bokamoso Private Hospital (Proprietary) Limited	950,627	1,180,199	950,627	1,180,199
Total interest income	11,972,922	8,622,190	20,582,822	23,684,869

23. FINANCE COSTS

	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
Interest expense on government loan	4,259,468	4,661,028	4,259,468	4,661,028

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24. CASH GENERATED FROM/(USED IN) OPERATIONS

	Group		Scheme	
	2019 P	2018 P	2019 P	2018 P
Profit before taxation	34,775,561	52,623,778	20,726,683	62,058,346
Adjustments for:				
Depreciation and amortisation	3,739,689	3,149,736	761,872	54,532
Income from equity accounted investments	(7,225,575)	(6,664,943)	(7,225,575)	(6,664,943)
Interest income"	(11,972,922)	(8,622,190)	(20,582,822)	(23,684,869)
Finance costs	4,259,468	4,661,028	4,259,468	4,661,028
Fair value (gains) losses	(4,000,000)	16,300,000	-	-
	6,361,194	14,201,048	-3,901,788	4,996,524
Changes in working capital:				
Trade and other receivables"				
Trade and other payables	(2,938,554)	1,078,421	(2,222,404)	1,791,576
Provision for outstanding claims	3,556,631	622,519	3,556,631	622,519
	26,555,492	**77,349,397**	**-4,627,935**	**43,834,713**

25. TAX PAID

	Group 2019 P	Group 2018 P	Scheme 2019 P	Scheme 2018 P
Balance at beginning of the year	(1,199,637)	-	-	-
Current tax for the year recognised in statement of comprehensive income	(834,624)	(1,199,637)	-	-
Balance at end of the year	130,433	1,199,637	-	-
	(1,903,828)	**-**	**-**	**-**

26. CHANGES IN ACCOUNTING POLICY

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

Application of IFRS 9 Financial Instruments

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

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

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26. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
NOTES TO THE ABRIDGED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

26. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impairment of financial assets

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

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

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

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

Classification and measurement of financial liabilities

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

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

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

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

BOTSWANA PUBLIC OFFICERS' MEDICAL AID SCHEME
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26. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Application of IFRS 15 Revenue from contracts with customers

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

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

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

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

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

BACKGROUND

In terms of the Scheme Rules and Management Committee Charter, Members of the Management Committee are entitled to remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Management Committee.

The Rules further state that the Scheme shall bear all travel and accommodation expenses to facilitate attendance of meetings by the substantive Management Committee member and/or alternate and/or Sub-Committee members resident outside Gaborone, at such rates and within such further parameters as shall be determined by the Management Committee from time to time.

As required by King Reports, issues of insurance, paying of tax were considered when considering allowances to be paid to members and should in the same light be considered when reviewing same, taking into account the Scheme needs (value for the Scheme in the long run), strategy objectives and performance, not forgetting financial budgets. It is worth noting that despite exercising their fiduciary duties, prior to 1 April 2017, ManCo members representing government were not paid sitting allowances. However following a government directive to pay sitting allowances to government employees in 2017, all ManCo members were paid sitting allowances at a rate paid to independent members, being **P4, 500** and **P3, 000** for the Chairperson and members respectively. It is worth noting that until April 2013 there were no independent members on the Management Committee therefore no sitting allowances were paid. However sitting allowances for independent members was approved in 2014. In light of the above and in line with good corporate governance, Management is of the view that the sitting allowances are due for review.

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

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

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

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

RECOMMENDATION

1. It is in light of the above and following the government directive to pay sitting allowances to government employees that Management recommends that a remuneration policy be adopted which would guide remuneration of the Management Committee and Sub-Committee members. A copy of the remumeration policy is avaliable on our website for ease of reference.

2. Furthermore, in light of the Consultant's findings, a recommendation is made to adjust sitting allowance for Management Committee and Sub-Committee members closer to the market rates as per the table below, effective 01 April 2020:

1. INTRODUCTION

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

In order to avoid conflict of interest in determining their own fees and structure, the Remuneration Committee of the Board should request executive management (through independent advice if required) to recommend a fee structure (par 153.1). It is against this background that MY HRSPACE (PTY) LTD was requested by BPOMAS Management to conduct a benchmark study of board sitting allowance in Botswana. The following is presented after a market study of board allowances was conducted.

2. METHODOLOGY - REMUNERATION AND EXPENSES FOR BOARD MEMBERS

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

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

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

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

3. BOARD SITTING ALLOWANCE STUDY

Table A below shows a benchmark of board allowances, in the industry of public and private boards.

The consultant deliberately looked at a wide spectrum of industry boards, in government, parastatals, public, private (listed and non-listed companies). We researched listed companies, which arguably pay the highest sitting allowance in the country at about **P53, 480** per sitting for the Chairperson and **P26, 740** for an ordinary member. Government boards tend to be on the lower side of the spectrum given that they are public service orientated. On the medical Aids, other medical aids pay higher than BPOMAS at about **P7,500** per sitting for Chairperson and **P6,500** per sitting for member.

FINAL REPORT A REVIEW OF THE MANAGEMENT COMMITTEE (ManCo) & SUB-COMMITTEE SITTING ALLOWANCES FOR BPOMAS

Table A: *Benchmark of Board Sitting Allowances*

INDUSTRY	REMUNERATION \ COMPONENTS	RATES	OTHER
BPOMAS	Sitting allowance per meeting	ManCo Chairperson – **P4,500** Committee Chairperson- **P4,500** Members – **P3,000**	Mileage, accommodation, meals allowances.
Organization A (pensions industry)	Sitting allowance per meeting	Board Chairperson – **P6,500** Committee Chairperson- **P6,500** Trustees – **P5,000**	Mileage, accommodation, meals allowances.
Organization B (pensions industry)	Sitting allowance is only paid to pensioner trustee and independent trustee. Other trustees are not paid sitting allowance	Pensioner trustee - **P4,200** Independent trustee - **P4,700**	Mileage, accommodation, meals allowances.
Organization C (government)	Sitting allowance at Botswana Government rates - Category A	Category A rates Chairperson - **P2,250** Ordinary member - **P1,800**	Mileage, accommodation, meals allowances at Botswana Government rates.
Organization D (medical aid industry)	Annual sitting allowance allowance per meeting	Annual sitting allowance – **P30,000** (paid once-off at the end of the financial year) Chairperson - **P7,500** Ordinary member - **P6,500**	Mileage, accommodation, meals allowances.
Organization E (BSE listed company)	Annual sitting allowance Allowance per meeting	Chairperson – **P213,920** (Annual) Member - **P106,960** (Annual) Chairperson – **P53,480** per sitting Member – **P26,740** per sitting	Mileage, accommodation, meals allowances.
Parastatals Organization G Organization H Organization I Organization J	Sitting allowance Allowance per meeting	Annual sitting allowance – **P38,768** (paid once-off at the end of the financial year) Chairperson – **P9,692** Vice Chairperson- **P7,350** Ordinary member – **P4,620.50** Chairperson –**P10,550** Vice Chairperson-**P10,080** Members- **P4,960** Chairperson- **P14,638** Members-**P 11,637** Chairperson-**P 2250** Part- time members-**P1800**	Mileage, accommodation, meals allowances
		(Sectorial board meetings sit twice a month; organizational committees sit once in three months and full board once a month).	
Organization K(medical aid industry)	Sitting allowance	Chairperson - **P7,500** Trustees – **P6,500**	Mileage, accommodation, meals allowances

FINAL REPORT A REVIEW OF THE MANAGEMENT COMMITTEE (ManCo) & SUB-COMMITTEE SITTING ALLOWANCES FOR BPOMAS

4. SUMMARY AND RECOMMENDATION

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. In line with good corporate governance, we are of the view that the sitting allowances are due for review and after reviewing sitting allowance in parastatals, government and private Boards; a recommendation is made to adjust sitting allowance for management committee members closer to the market rates. The proposed rates as per table below;

DESIGNATION	CURRENT RATE	PROPOSED
Chairperson	P4,500 per sitting	P7,500
Committee Chairperson	P4,500 per sitting	*P6,500
Member	P3,000 per sitting	P5,000

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

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

DESIGNATION	CURRENT RATE	PROPOSED
ManCo Chairperson	P4, 500 per sitting	P7, 500
Sub - Committee Chairperson	P4, 500 per sitting	*P6, 500
Member	P3, 000 per sitting	P5, 000

Requested Resolution

It is **RESOLVED** that the Management Committee & Sub-Committee Remuneration Policy be and is hereby approved and to be effective **01 April 2020.**

It is **FURTHER RESOLVED** that the BPOMAS Sitting Allowances be adjusted as follows effective **01 April 2020:**

DESIGNATION	CURRENT RATE	PROPOSED
ManCo Chairperson	P4, 500 per sitting	P7, 500
Sub - Committee Chairperson	P4, 500 per sitting	*P6, 500
Member	P3, 000 per sitting	P5, 000

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

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

BOTSWANA PUBLIC OFFICERS'
MEDICAL AID SCHEME

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