



We deliver, whatever wherever

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annualreport 2011

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Our Values

- Botho
- Creativity
- Courage
- Innovation
- Service
- Excellence

Welcome to BotswanaPost

Evolution of the Post Office

The Postal Services is probably one of the oldest public services in Botswana, having been established in 1875 by the London Missionary Society. In those days, pairs of “runners” carried mail between various points on a stretch from Bulawayo up to Mafikeng. Historical records indicate that these runners (men on foot) carried up to 15542 postal items of mail per annum. Subsequently, the post used the train and road transport contractors to deliver mail until the late 1990’s when the Post acquired its own fleet of delivery vehicles and continued to expand the mail delivery network.

The Post evolved over the years into the Bechuanaland Protectorate Postal Services. At independence it was transformed into the Department of Posts and Telegraphs with 21 Post Offices and 43 Postal Agencies. The portfolio of services also included the Post Office Savings Bank. At this time the Post was at the centre of communication, with the letter perhaps being the fastest mode of communication after the telephone, which was however only accessible to the privileged few. The Post was also at the centre of commerce, as most purchases were mail order sources mainly from the Republic of South Africa. Since independence, the Post has grown in leaps and bounds, with three entities that were under the aegis of the Department of Posts and Telegraphs being incorporated as parastatals due to the ever-changing market driven needs. The Botswana Telecommunications Corporation and Botswana Savings Bank were incorporated into parastatals in 1980 and 1982 respectively and the BotswanaPost in 1989. At incorporation, the modes of communication were changing, accelerated development of telecommunications was taking place and the phone had become more and more accessible to the ordinary citizen.

BotswanaPost Today

Emerging technologies such as email and internet services and later cellular phones, all followed, reducing the use of letter as a preferred mode of communication. The Post is now looking at harnessing Information and Communication Technologies (ICT) to stimulate communication particularly in the rural areas as well as business growth on other products like parcel mail and money transfer, which are driven by electronic capabilities. We continue to build on this legacy this year. BotswanaPost is 22years old. Communities across the country yearn for a Post Office, because of our ability to bring a basket of services that no single service is able to. Our position at the centre of communities can only continue to grow. Our profile continues to shift to that of a service provider as we bring more and more services nearer to the consumer public. At the core of this transition is the trust that we have built within the communities that we serve.

Our Products and Services

Our products include the traditional mail and parcel service, philatelic products, express mail, money transfers, Kitsong centres and agency services such as the social benefit payments and various services delivered on behalf of third parties.Our subsidiary, Botswana Couriers has been extending value addition to customers by edging more and more towards meeting their specific needs through specially packaged services.



| Strategic Thrust - Icon of Excellence Strategy

Our Icon of Excellence Strategy was reviewed by the Board shortly after the year end. We aim at becoming a service provider, through diversification of our products and services.

Mission

To provide communities with Financial, Logistics, Postal, Communications, and Agency services, leveraging our network and partnerships with government and business

Vision

We are an Icon of Excellence connecting people to each other and the Globe

Our Values

Botho

We act with respect, courtesy and humility in our dealings with each other and our stakeholders

Integrity

Our everyday actions are guided by honesty, transparency and the highest ethical standards

Courage

We dare to dream, to think big, to embrace change, and to stand by our convictions

Innovation

We continuously seek ways to do our work better and improve our service to our customers and partners

Service Excellence

We take pride in our work and strive for the highest standards of quality as befitting an icon of excellence



Strategic Objectives and Outcomes

Strategic Objective	Rationale	Targeted Outcomes
Develop and implement a cost containment strategy and improve profit margins	Achieve a balance between revenue growth and costs	Reduced costs Reduced cost to income ratio
Unlock revenue potential of property portfolio	Unlock the revenue potential of what are currently passive assets	Increased rental income contribution to total revenues - revenue growth Space optimization
Grow and diversify product and service offering	To move from a traditionalist postal model to a service provider model through the provision of new services and products	Revenue growth Value contribution of Partnerships Growth in mail volumes Increase in Customer confidence (satisfaction)
Grow and utilise a multi channel approach	To develop and reap benefits from a multi-channel client sales and service approach that includes both digital and physical channels as a way to reach more customers and simplify the public's ability to do business with the Post	Growing franchise model Increase in operating outlets Improved customer access to services Improved service turnaround times Market Growth
Optimise the retail network	As its core strength, BotswanaPost seeks to "do more" with its network of 121 branches and 75 agencies. Through a prioritisation strategy the Post will offer a new balance of products and services within its network in a bid to raise revenues and reach more customers. The Post also aims at increasing customer traffic into the Post Office, enabling Botswana to access as many services as possible through a "one stop shop" service model.	Reduced operating costs Revenue growth Improved customer access Market growth Contribution to citizen quality of life
Optimise logistics capability	Logistics operations at the Post provide an opportunity to generate more revenues, further improve internal efficiencies while directly reducing costs.	Revenue growth Market expansion Optimisation of existing capacities
Transform the workforce	Through this objective the Post seeks to introduce new skills, behaviours and culture to drive the level of performance required for the realisation of this strategy. This will ensure that employees of the "new" BotswanaPost are ready, able and motivated to perform in the new environment.	Staff optimisation Improved morale Skills enhancement and optimisation Improved staff productivity Corporate culture enhancement
Drive active shareholder and regulator engagement	This objective addresses the consistent need to communicate with and involve the shareholder and the regulator in the activities and aspiration of the Post. Through such active engagement, BotswanaPost seeks timely support for its initiatives and full compliance with its regulatory requirements.	Improved shareholder relations Regulatory compliance Active contribution to postal sector policy environment

Risk Profile

	Governance Area	Risks
1	STRATEGY	
1.1	Objectives and activities are aligned to and ensure realisation of the Vision	Objectives and Implementation strategies not aligned to vision which will result in failure to achieve vision.
2	Ethical	
2.1	To operate with good ethical Stance that ensures Business / Product / Service Probity	Reputational loss due to employees obtaining or conducting business unethically Management's failure to set a high standard of ethical conduct
3	Strategic Partnerships	
3.1	Enter into contracts that ensure sound win - win relationships	Risk of weak bargaining power resulting in non functional relationships Risk of loss of reputation loss due to partnerships
4	Financial	
4.1	To have adequate funds to finance activities	Risk of inadequate cash flow / failure to access funding (capital) which result in a threat to going concern
4.2	To provide adequate custody of funds	Risk of susceptibility of fraud and crime that will result in loss of funds
4.3	To provide accurate and reliable financial information	Risk of inaccurate recording resulting in accurate reporting and incorrect business picture
5	Legal and Compliance	
5.1	To create an environment that ensure management of and adherence to contracts, and compliance with legal and regulatory requirements	Risk of failure to comply with procurement and contract management requirements resulting in litigation and delayed projects Risk of non compliance with legal and regulatory requirements resulting in fines / penalties resulting in loss of reputation
6	People	
6.1	To attract high calibre employees and transform the existing workforce into high performance people	Risk of Failure to attract and retain capabilities Risk of failure to create strategy buy-in resulting from inadequate communication and enrolment
6.2	Ensure continuity through succession planning	Risk of failure to plan for succession resulting in business disruption
7	Market	
7.1	To be flexible and responsive to market changes	Risk of failure to respond to market trends and competition resulting in unused business opportunities



"I am happy to report that, as a result of an exercise that was carried out after year end we have once again set ourselves a very ambitious goal of becoming a P500m revenue company by 2014"

Martin M. Makgatlhe
Chairman

I am happy to once again present to you the BotswanaPost Group annual report for the year ended 31st March 2011. The 2010/11 financial year was the take off year for our drive towards business excellence, the foundation having been laid in the previous year. We mobilized implementation of our Icon of Excellence strategy with a thrust on diversification and service provision driven by information and technology capabilities.

Despite the slow recovery of the local economy from the effects of the worldwide economic recession, the Group had its best ever revenue growth performance in the year just ended. This is a result of a concerted effort at building excellence into our business systems and becoming a service provider who responds to the needs of the communities where we operate. With this level of performance during a recessionary period and in a year when most of our growth initiatives were yet to be delivered and/or put into production, our confidence levels have been boosted and more than ever before we are very optimistic about the future of the Post Office.

Corporate Governance

During the year, the Board was strengthened with the appointment of two members who also sit on the Board of the Botswana Savings Bank, Messrs Polokoetsile Motau and Nathan Kgabi. This was a deliberate position taken by the Ministry of Transport and Communications (with the support of all stakeholders in the envisaged merger between this organization and Botswana Savings Bank), to build synergies between the merging organizations well ahead of the merger. The Board has remained a staunch advocate for good governance and we continue to support Management in all efforts towards this endeavour. Elsewhere in this report, corporate governance issues are covered in more detail.

Our Performance

We grew our revenues by some 46% to P185m during the year and managed our costs growth to 34% at P195m resulting in a restated loss of P7m for 2011.

Non-current assets grew from P168m to P250m in the year under review, this reflects our focus on long term shareholder value growth funded out of short term profitability. The property portfolio growth is in line with our objective to optimize property contribution to revenue and further diversifies away from over reliance on mail products and revenue. Our long awaited improvements on the information technology platform also took off during the year with two projects, one on the information technology infrastructure optimisation and the other on

the automation of the Post Office Counter (Point of Sale). These, coupled with improvements on the back office systems such as the automation of money order should make for a robust business environment, providing faster online real time service to our customers as well as improved data integrity.

Although we have been able to mobilise our priority projects, we continue to be challenged by access to capital. While the financial market has been very positive about providing access to borrowed funds, we have had difficulties getting the consent of the shareholder to take on the loans as per the requirement of our founding Act. Unless a solution is found to this impasse soon, our strategic efforts addressed below may fall through. This notwithstanding, we continue to engage the shareholder and explore other avenues for enabling the development of various key projects on which our growth strategies are leveraged.

Strategic Direction

In the year under review, a need was identified for our Icon of Excellence strategy to be reviewed so that we could assert our own confidence on and commit to the outcomes envisaged out of the strategy. I am happy to report that, as a result of an exercise that was carried out after year end we have once again set ourselves a very ambitious goal of becoming a P500m revenue company by 2014. It goes without saying that our current results have set us off on a buoyant journey to this goal. Elsewhere in this report, we share with you a summary of our strategy.

The thrust of our strategy is on becoming a service provider through diversification of products and services. The benefit to our customer will be a one stop service facility and our rural customers will benefit the most out of this as they largely yearn for seamless access to many basic services. This is by no means a diversion from our core postal services as within the same strategy we aim at growing our existing products and optimizing the Post Office and Logistics network. This will assure better convenience to our customers and as always, we look to their support on uptake of these products and services, which will be developed with their requirements in mind.

Our Partnership with Government

Our utmost desire is for our humble corporate contributions to improve the lot of the citizens of Botswana, to that end we have engaged the Government on our strategic aspirations to ensure that our goals are aligned to the national strategy agenda and so that we can agree with the shareholder clear measurable contributions to the

same, through a Shareholder Compact. Our efforts to close on the Shareholder Compact have hitherto not been successful. The pressure of shareholder regulated tariffs continues to stifle business growth. While this is a challenge enough on its own, it takes the Government inordinate time for the tariff approvals to go through, resulting in lost opportunities for cost recovery on services provided. At the time of preparing this report, proposals made in December 2010 for April 2011 are yet to receive consideration. This is not helped by the long outstanding decision on the envisaged Universal Access Fund for communications services which would go some way in alleviating the burden of social services on the Post. We continue to engage the Government on the postal sector policy environment which has served as an impediment to our transformational agenda. The merger with Botswana Savings Bank did not come to fruition in March 2011. The delay was borne largely out of statutory arrangements that are necessary for the transition of the two organizations into the merged organization. BotswanaPost's form as a "commercial organization of Government" was a major contributor as it could not seamlessly transition to the new corporate arrangements. As at the time of writing this report it is not clear what the revised targets are.

Our report this year is being concluded inordinately late, due to myriad reasons, chief amongst which was the timing and duration of the annual audit. The report is presented at a time when key roles at our parent Ministry have also changed. I wish to take this opportunity to both welcome and congratulate the incoming Minister, Honourable Nonofo Molefhi, together with members of his Senior Management team who have been newly assigned to the Ministry. I would also like to assure the Minister of mine and the Board's commitment to partnering with his Ministry to ensure that BotswanaPost meets the expectations of the shareholder.

Corporate Citizenship

BotswanaPost is identified with communities. It is with this in mind that we have actively participated in community upliftment projects throughout the year. To give focus to this initiative, the Board has approved the formation of the BotswanaPost Foundation. The founding Chairperson is Mr. Bernard Molao Letsididi, the former Board Chairman and a veteran member of the Board of Management. Our key objective of the Foundation is to build mutually beneficial relationships with communities and at the same time contributing to being a good corporate citizen. The Foundation will also help us focus on critical areas to advance the business goals through long term commitments to specific social issues affecting our communities. In addition, we will forge new and strong partnerships to

improve the quality of life of our communities and move beyond business compliance.

Continuing the Journey to 2014

As I indicated earlier in this report, we are very optimistic about the future, despite another looming worldwide recession. If previous experience is anything to go by, we have no doubt that the local economy will hold its own and bounce back enough to enable us to confidently roll out our transformational programmes. Our Icon of Excellence strategy leverages heavily on ICT's and trends so far indicate that our customers are hungry for ICT enabled services and where access has already been provided by either ourselves or other players, the uptake has been at very encouraging levels.

Our strategy also accentuates the position of business partners. We will be extending our agency services, going into franchising and developing other channels for delivery of postal services in collaboration with third parties. To that end, other than ourselves, we hope to provide opportunities for others to grow their own businesses alongside ours. This will demand that we get closer to the rest of the business community and Government and make the most of the relationships for mutual benefit.

Appreciation

The business of BotswanaPost is driven by strong collaboration between all the stakeholders. Our results this year would not have been possible without this continued partnership. I would therefore like to express my appreciation to the respective stakeholders as follows:

- The Government of Botswana, and in particular the Ministry of Transport and Communications for having kept the door open, for policy direction and support, counsel as we take on various initiatives and the encouragement along our excellence journey.
- My fellow Board Members for their advice, guidance and robust approach to issues facing this business.
- Our business partners in all sectors for believing in us, supporting us and taking us along in the quest for mutual success.
- Our customers, for continuing to choose us and giving us invaluable feedback for improved service delivery.
- The Staff and Management of BotswanaPost for their dedication and commitment to the business, despite the many challenges that they have faced this year.



|Pego ya Modulasetilo

Ke itumelela go le rolela gape pego ya ngwaga le ngwaga ya BotswanaPost Group ya ngwaga o o fedileng ka Mopitlo ale 31, 2011.

Ngwaga wa madi wa 2010/11 e ne e le tshimolodiso ya go dira ka natla mo kgwebong, o motheo wa one o dirilweng ngwaga o o fetileng. Re baakanyeditse tshimolodiso ya lenaneo la rona la motia re gatelela go tshwakanngwa ga ditirelo tse di kgontshiwang ke maranyane a segompieno. Le fa itsholelo ya lefatshe la rona e tokafala ka bonya go tswa mo manokonokong a kwelo tlase ya itsholelo lefatshe ka bophara, BotswanaPost Group e ntse le kgolo e e botoka mo go tsa madi mo ngwageng o o sa tswang go fela. Se, se dirilwe ke maiteko a a tshwaraganetsweng a go dira ka natla mo kgwebong le go nna baabi ba ditirelo ba ba tsibogelang letlhoko la batho ba ba mo tikologong e re direlang mo go yone. Maduo a a ntseng jaana ka nako ya kwelo tlase ya itsholelo le mo ngwageng o megopolo ya go gola ga rona e neng e tlaa rolwa kana ya diragadiwa, tshepo ya rona e tiile go feta pele e bile re na le tsholofelo e ntsi mo diposong.

Tsamaiso ya Kgwebo

Lekgotla la botsamaisi le ne la nonotshiwa ka go tlhomiwa ga maloko a mabedi ba gape e leng maloko a lekgotla la botsamaisi jwa Botswana Savings Bank e bong bo rre Polokoetsile Motau le Nathan Kgabi. Se, ke kgato e e neng ya tsewa ke lephata la Dipalamo le Ditlhaeletsano, ka kemo-nokeng ya ba-na-le-seabe botlhe ka kakanyetso ya go kopanngwa ga lekgotla le, le Botswana Savings Bank. Lekgotla le tsweletse ka go buelela thata tsamaiso kgwebo e ntle le go ema nokeng botsamaisi mo maitekong otlhe a jone. Dintlha tsa tsamaiso ya kgwebo di amiwa ka botlalo pego e ntse e tsweletse.

Ka fa re Dirileng ka Teng

Madi a godile ka selekanyo sa 46% mo ngwageng wa 2010 go nna P185m, mme ra kgona seelo sa kgolo ya tiriso ya madi sa 34% ka madi a selekanyo sa P195m mo feletseng go nna le tatlhegelo ya P7m ka 2011.

Dithoto di godile go tswa go P168m go fitlha kwa go P250m mo ngwageng wa pego e, se se supa tebelopele ya go godisa kgolo ya kgwebo ya lobaka lo loleele go na le go dira dipoelo tsa nakwana. Go gola ga lenaneo la mhama wa dikago go dira letseno, ke maikaelelo a rona a go sa ikaega ka go dira madi ka ditirelo tsa diposo fela. E re ntswa tiriso ya madi e sa itumedise, ke kgatelo pele go fokotsa tatlhegelo e e akanngwang go direga mo dingwageng tsa ntlha tsa phetogo jaaka re ipaakanyetsa go ntsha maduo a a kwa godimo.

Dithoto tsa rona di godile ka 26%, seabe se setona e le sa lekalana la International Mail Exchange Centre la dithoto tse di romelwang kwa mafatsheng a sele le kopanye le didirisiwa tse tsotlhe di dirileng P54m. Ka maiteko a rona a a tsweletseng a go batla ditsela tsa go dira madi, re solofela fa dithoto tsa rona di tlaa gola thata mo dingwageng tse di tlang. Go ntshafadiwa ga kago ya Poso House go simolotse, mme go tlaa lopa P55m.

Tlhabololo ya boranyane jwa dikitsiso e e sa bolong go emelwa e simolotswe ka tiro tse pedi tsa mafaratlhatlha le ya ditirelo tsa kwa diposong. Mo, go kopanye le tlhabololo ya thulaganyo ya tiro ya ofisi jaaka ya go romela madi, go tshwanetse ga tlisa kgwebo e ntsi, le go thusa badirisi ba ditirelo ka bofefo. Le fa re kgonne go simolodisa ditiro tsa rona, re sa ntse re na le kgwetlho ya go bona madi. E re ntswa mmaraa wa madi o ntse o siametse go adima makgotla, re ntse re na le mathata a go dumalana le mong wa kgwebo e leng puso ka kadimo ya madi go ya ka molawana o lekgotla le tlhomilweng ka one. Fa tlharabololo ya se e sa bonwe, maiteko a rona a ka phuthlhamama. Le fa go ntse jalo, re tsweletse ka go buisana le ba-na-la-seabe go batla ditsela tse dingwe tsa go tlhabolola ditiro tsa botlhokwa tse kgolo ya rona e ikaegileng ka tsone.

Lenaneo la Tsamaiso

Mo ngwageng o, go ne ga tlhokega gore lenaneo la rona le seka sekwe gore re nne le tshepo mo go se re se dirang le go itlama mo maduong a a solofetsweng. Ke itumelela go bega gore morago ga tiro e e neng ya dirwa ngwaga o fela re ne ra ipeela seelo se se kwa godimo sa go nna kompone e e tla bonang kgolo ya madi a a tsenang a P500m ka ngwaga wa 2014. Go a lemotshega gore maduo a rona a nako eno a segile tema ya go fitlhelela maikaelelo a rona. Fa pego e ntse e tsweletse re tlaa lebelela tshoboko ya lenaneo.Maikaelelo a lenaneo la rona ke go nna baabi ba ditirelo tse di tswakantsweng. Badirisi ba ditirelo tsa rona ba tlaa bona thuso mo lefelong le le lengwefela, mme badirisi ba kwa magaeng bone ba tlaa akola thata ka ba ntse ba sokola go bona ditlamelo tse dintsi. Se ga se reye gore re tswa mo tirong ya rona ya tirelo ya diposo ka gore mo lenaneong le, re ikaelela go godisa ditirelo tsa rona tse di ntseng di le teng le go lebelela pele makalana a diposo le kgokagano. Mo go tlaa tokafatsa go isa ditirelo kwa badirising e bile re eletsa kemo nokeng ya bone go tokafatsa ditirelo.

Tshwaraganyo ya rona le Puso

Maikaelelo magolo a seabe sa rona sa kgwebo ke go tlhabolola Batswana ba le bantsi, mme ka jalo re akareditse puso mo dikeletsong tsa lenaneo la rona go tlhomamisa gore maikaelelo a rona a tsamaelana

le lenaneo le legolo la setshaba le gore re dumalane le ba-na-le-seabe mo maitekong a bone a magolo a go thusa. Kgatelelo ya melawana e e laolang koketso ya ditlhwatlhwa ya diposo e ama go gola ga kgwebo. Le fa mo e le kgwetlho go tsaya nako gore puso e amogele gore melawana e diragadiwa mo re felelang re latlhegetswe ke sebaka sa go bona dipoelo mo ditirelong tse re di neelang batho. Ka nako ya fa pego e e baakanngwa, megopolo e e ntshitsweng ka Morule 2010 e direlwa Moranang 2011 e sa ntse e tlaa lebelelwa. Se, se bakwa ke tiego go tsaya tshwetso ka lekalana le le akanyeditsweng la letlole la madi a ditirelo tsa ditlhaeletsano (Universal Access Fund) mo go tlaa fokotsang mokgweleo wa ditirelo tsa matshelo kwa diposong. Re tsweletse ka go buisana le Puso ka thulaganyo ya tsamaiso e mo nakong eno e leng sekgoareleltsi mo go fetoleng ditirelo tsa rona.

Bokopano jwa BotswanaPost le Botswana Savings Bank ga bo a nna le maduo ka Mopitlo 2011. Tiego e ne ya bakiwa thata ke go baakangwa ga melawana e e tshwanetseng go kopanya makalana a mabedi. Go bopiwa ga BotswanaPost go nna lekalana la kgwebo la puso go ntse le seabe se segolo ka jaana go se motlhofo go fetolelwa mo tsamaisong ya dikgwebo. Ka nako ya go kwalwa pego go ne go ise go tlhalosege thata gore maikaelelo a a sekasekilweng ke afe.

Pego ya rona monongwaga e weditswe morago ga nako ka mabaka a mantsi a a farologanyeng. Lebaka le legolo e le nako e e tserweng go dupiwa dibuka tsa madi mo go dirwang ngwaga le ngwaga. Pego e rolwa ka nako e ditiro tsa botlhokwa kwa lephateng la rona le tsone di fetotswe. Ke eletsa go tsaya sebaka se, go amogela le go akgola tona wa rona yo moshale ebong Motlotlegi Rre Nonofa Molefhi, ga mmogo le bagolwane ba a dirang nabo ba le bone ba simololang tiro mo lephateng la rona. Ke rata gape go tlhomamisetsa tona le lekgotla la botsamaisi gore ke itlamile go dirisana le lephata la gagwe go netefatsa gore BotswanaPost e diragatsa dikeletso tsa mong wa kgwebo (Puso).

Tirisano le Setshaba

BotswanaPost e na le botsalano le setshaba, ka jalo re nnile le karolo mo ditirong tsa go tokafatsa matshelo a batho Go itebaganya thata le mogopolo o, lekgotla la botsamaisi le ne la letlelela go simolodisiwa ga lekgotla la dithuso la BotswanaPost (BotswanaPost Foundation) le modulasetilo wa lone e leng Rre Bernard Molao Letsididi, yo e neng e le modulasetilo wa lekgotla la botsamaisi, e bile a na le kitso e ntsi ka boloko jwa lekgotla la botsamaisi. Maikaelelo magolo ka lekgotla la dithuso ke go aga botsalano le setshaba. Lekgotla la dithuso le tlaa re thusa gape go itebaganya le dikarolo tsa botlhokwa go fitlhelela maikaelelo a kgwebo ka maitlamo a sennela ruri

mo dintlheng dingwe tsa botshelo tse di amang batho. Mo godimo ga moo, re tlaa bopa botsalano jo bosha jwa motia go tlhabolola boleng jwa botshelo jwa setshaba.

Go tsweledisa loeto go ya go 2014

Go ya jaaka go supilwe go le pele mo pegong, re na le tsholofelo mo isagong ntswa o kare kwelo tlase ya itsholelo ya mafatshe e tlaa ipoeletsa. Maitemogelo a nako e e fetileng a supile fa itsholelo ya Botswana e tlaa itshwarelela e bo e boela mo seemong mme re tlaa kgona go anamisa mananeo a rona a go fetola tsamaiso ya kgwebo. Lenaneo la rona le legolo le ikaegile ka boranyane jwa dikitsiso le ditlhaeletsano mme go lebega badirisi ba ditirelo tsa rona ba nyoretswe ditirelo tsa boranyane jwa dikitsiso le ditlhaeletsano mme kwa di setseng di fetlhile teng ka maiteko a rona kana a bangwe, tiriso ya ditirelo e ntse e le e e nametsang. Lenaneo la rona gape le gatelela maemo a baba tshwaraganetseng kgwebo. Re tlaa katolosa makalana a rona le go tlhabolola dikarolo dingwe tsa ditirelo tsa diposo re tshwaraganye le bagwebi ba bangwe. Re solofela go fa ba bangwe sebaka sa go godisa dikgwebo tsa bone. Mo, go tlaa tlhoka gore re tshwaragane thata le bagwebi ba bangwe le puso.

Ditebogo

Kgwebo ya BotswanaPost e tsamaisiwa ke tirisanyo e e tiileng fagare ga ba-na-le-seabe botlhe. Maduo a rona monongwaga a ka bo a sa atlega kwa ntle ga botsalano jo. Ke rata thata go isa malebogo kwa go ba ba latelang:

- Puso bogolo thata Lephata la Dipagamo le Ditlhaeletsanyo go bo le butse dikgoro tsa lone, le e fa bogakolodi le kemonokeng jaaka re dira maiteko a a farologanyeng le go re rotloetsa mo tirong ya rona.
- Bodiri ka nna ba e leng maloko a lekgotla la botsamaisi (Board members) go bo ba ntsha dikgakololo, bokaedi le go tsibogela dikgang tse di amang lekgotla.
- Ba re dirisanyang nabo mo go tsa kgwebo go bo bare tshepa, ba re ema nokeng.
- Badirisi ba ditirelo tsa rona, go bo ba tsweletse ka go tlhopa ditirelo tsa rona le go re begela ka fa re ka tokafatsang ditirelo tsa rona ka teng.
- Badiri le botsamaisi jwa BotswanaPost go bo ba dira ka natla ntswa ngwaga o ba ne ba lebanwe ke dikgwetlho tse dintsi.

Ke a leboga

Martin M Makgatlhe

Martin M Makgatlhe

Modulasetilo wa Lekgotla la Botsamaisi

Corporate Governance

Group Governance Structure

Botswana Postal Services has a 100% owned subsidiary, Botswana Couriers (Pty) Ltd. The two entities together form the BotswanaPost Group. The Strategy and Policy direction is set at parent organisation level and the subsidiary develops its own strategy and governance framework in line with the Group. Where policy developed is applicable to the whole group, the subject policy includes express provisions to that effect.

Board Structure and Composition

In accordance with the Botswana Postal Services Act, the Minister of Transport and Communications has a duty to appoint a Board of Management comprising eight non-executive Directors, including the Chairman and one ex-officio Director, the Director General. In appointing the Directors, the Minister takes into account the balance of skills, experience, professional and industry knowledge necessary to realise the corporate mandate of operating and managing postal services along commercial lines.

Directors are appointed for a period not exceeding four years while the Chairman is appointed for a three year term. In determining the Directors' tenure, the Minister ensures that the tenure of not more than one third of the members expire in any one year. This is aimed at ensuring business continuity and preservation of corporate memory.

At the end of the last reporting period, Mrs Thembele Mabutho and Mr Bernard Letsididi retired from the Board. They were replaced by Mr Polokoetsile Motau and Mr Nathan Kgabi both of whom were appointed on two year terms effective 1st July 2010. During the course of the year under review Mr Bugalo Maripe also retired from the Board on the 30th November 2010 when his term lapsed. The Board had seven non-executive directors until the end of the year. Mrs Hilda Mocuminyane-Rabashwa replaced Mr Bugalo Maripe on 1st April 2011.

Board Meetings

The Board meets at least four times a year. The role of the Board is to set strategic direction, development of key policies, approval of budgets and monitoring and implementation of the approved strategic direction through periodic reporting by Executive Management. During the year under review, the Board met seven times.

Board Remuneration

The Board is remunerated at rates prescribed by the Government of Botswana from time to time. During the year, the remuneration rates were as follows:

Board Chairman	- P1050 per sitting
Vice Chairman	- P950 per sitting
Board Committee Chairman	- P950 per sitting
Directors	- P840 per sitting

Board Committees

In terms of the Board Charter the Board may delegate any of its powers to subcommittees as it may deem fit. In light of this, three Board Committees have been set up, namely Finance and Audit, Tender and Human Resources. The Board has delegated some of its powers to these designated Committees. Such delegated authority is express and where it has not been expressed, the Committees recommend the final decision to the Board. This however does not transfer any of the responsibilities of the Board to the respective Committees. The Board remains ultimately accountable and responsible to the Shareholder for the performance and affairs of BotswanaPost.

Finance and Audit Committee

The function of the Committee is to assist the Board in the evaluation of the adequacy and effectiveness of the internal control systems, accounting principles, risk management and auditing processes applied in the day to day management of the business. It comprises a total of four non-executive Directors. During the year, the following Directors were on the Committee:

Mr P.P Motau	-	Chairperson
Dr. A. Segobye	-	Member
Ms. S. I.T. Segokgo	-	Member
Mrs. T. M. Modungwa	-	Member

Tender Committee

The responsibility of the Tender Committee is to ensure that all tenders are addressed in a transparent and procedural manner, in order to enhance an effective control environment in the procurement processes of the Organization. The Committee has delegated financial authority that is reviewed from time to time. During the year, the following non-executive Directors were on the Committee:

Mr. B. Maripe	-	Chairman
	(term ended 30th November 2010)	
Mrs. T. C. Fantan	-	Member
Dr. A. Segobye	-	Member
Ms. S. I.T. Segokgo	-	Member
	(elected Chairperson on 17th February 2011)	

Board Members



1. Mr. Martin Makgatlhe
Chairman

2. Prof. Alinah Segobye
Vice Chairman

3. Mr. Nathan Kgabi
Board Member

4. Mrs. Tekolo Modungwa
Board Member

5. Ms. Shirley I.T Segokgo
Board Member

6. Mr. Polokoetsile P. Motau
Board Member

7. Mrs. Tsetsele Fantan
Board Member

8. Mrs. Hilda Mocuminyane-Rabashwa
Board Member
Appointed - 01/04/11

9. Mr. Pele Moleta
Director General

Human Resources Committee

This Committee serves to create Organizational structures, culture, policies and processes that support development and optimization of the potential of employees. It is also responsible for ensuring that employee recruitment and remuneration are aligned to the business strategy.

During the year, the following non-executive Directors were on the Committee

Mrs. T.M. Modungwa - Chairperson
Mrs. T.C. Fantan - Member
Mr. B. Maripe - Member
(Retired 30 Nov 2010)
Mr. N. Kgabi - Member

Compliance

The Annual Report for the 2009/10 financial year was presented to the Minister of Transport and Communications later than six months after the end of the financial year as required by section 22(1) of the Botswana Postal Services Act. Although authority had been sought for submitting the report outside the stipulated time-frame, only verbal assurance had been given by Senior Management at the Ministry. During the year under review, the Board complement was below the statutory minimum between the period April and June 2010. During the same period new appointments to the Board were made and some appointments renewed with tenure ending in 2012 for six of the Directors (more than two thirds), contrary to the provisions of the Botswana Postal Services Act. This anomaly has been flagged to the Minister of Transport and Communications.

Code of Ethics

A draft code of ethics has been developed in line with the Board Charter. The Board will consider and adopt it in the ensuing year, to buttress its commitment in bringing to bear the highest levels of integrity in corporate decisions and the way in which the BotswanaPost Group carries out its business all round.

Internal Audit

During the year the Board adopted the Internal Audit Charter. This Charter assists in ensuring the independence of the Internal Auditor by defining reporting lines and providing for direct access to the Chairperson of the Finance and Audit Committee and the Board.

Risk Management

An Enterprise Risk Management system was introduced in order to ensure coordination of activities and help in determining the effectiveness and adequacy of controls. A risk profile was also developed in line with the organizational strategy. Risk Management will become fully operational during the next financial year and the management focus will be on the effectiveness of the overall risk management process monitored by the Finance and Audit Committee.

Going Concern

The Board has considered the position of BotswanaPost and is of the opinion that the organisation shall be a going concern in the 2011/12 financial year.

Executive Management



1. Pele Moleta
Chief Executive

2. Leatile Medupe
General Manager
Botswana Couriers

3. Setshedi Botlhole-Mmopi
Head Finance

4. Ruth Mphathi
Head Strategy
& Governance

5. Cornelius Ramatlhakwane
Head Business Development

6. Enoch Mushango
Head Internal Audit

7. Ahmed Mangera
Head IT & Security

8. Thato Kewakae
Manager Special Projects

9. Bonang Seame
Acting Head Human
Resources

10. Lebogang Bok
Head Communications

11. Kabelo Ntobedzi
Head Retail

12. Booster Nkomba
Head Property &
Administration Services



Business and Operational Report



"We journeyed under the Theme "Transform, Diversify and Modernise", signifying the intent to transform our way of doing business, diversify our revenue streams and modernize the infrastructure to deliver world class service to our clients."

Pele Moleta
Chief Executive

I once again have the pleasure to present to you the business and operational report of the BotswanaPost Group for the 2010/11 financial year.

We journeyed under the Theme "Transform, Diversify and Modernise", signifying the intent to transform our way of doing business, diversify our revenue streams and modernize the infrastructure to deliver world class service to our clients. The journey continues in the year under review. We continued with the initiatives which we put in place to close the performance gaps identified during the first self assessment of the organisation in 2009.

A validation exercise was carried out in August 2010 to determine if the initiatives put in place are indeed closing the identified excellence gaps and the results showed that some initiatives were closing the gaps whilst some were not satisfactory. Upon realisation of the need to continue on this journey on our own, we sent our own resource for training as an European Foundation Quality Management (EFQM) Assessor. The employee has since qualified as an EFQM Assessor and she will be guiding the organisation through this journey. We have now been accepted as a member of the EFQM community. The second self assessment is planned for the second quarter in the next financial year.

The transition from a traditional post into a service provider postal model to grow the revenue base, the Board and Management conducted an assessment of the current postal operations in February 2011. Following this, a Consultant was engaged to identify a business model that would diversify and grow current product and service offering to increase its revenue performance. The new business model once adopted will be cascaded throughout the business operations for full implementation to turn around the business fortunes and transform the Post into a high performance organization. The development of the information technology infrastructure and the refurbishment of the postal properties provide opportunities for such growth.

The modernization of BotswanaPost infrastructure is necessary to improve service delivery, ensure value for money and to optimise our operational efficiencies. The changes are in recognition of customers' continuous demand for quality products and services at affordable costs and our quest to excellence.

The inaugural Chairman's Golf Day was introduced in the Post calendar to create a platform to network and engage with BotswanaPost stakeholders to identify opportunities and collaborations for business growth. The plan is to have this as an annual event to build and strengthen stakeholder relations.

As we strive to be an Icon of Excellence we care to gain trust and confidence from our customers and business partners. We introduced an Ethics Hotline to enhance an honest work ethic and transparency in our business transactions. The facility enables employees and third parties to report fraudulent corrupt and unethical practices in the workplace.

BotswanaPost - Botswana Savings Bank (BSB) Merger

The merger between BotswanaPost and BSB did not progress as anticipated. The Shareholder through the Ministry of Transport and Communications appointed a Communications Cluster with representation from both entities and the transactional consultant – PEEPA. By end of the year stakeholder engagement schedule had been drawn to progress engagement particularly with staff for the two organisations.

Though the merger was expected to have been completed by end of this year, we remain hopeful of a speedy conclusion of the exercise to pave way for the transformation that we are progressing at the Post.

Mail Operations

In our quest to improve mail delivery standards and efficiencies within the region, the South Africa- Botswana- Zimbabwe- Zambia – Malawi road transport route was commissioned, linking Lilongwe-Lusaka-Harare-Gaborone and Johannesburg to connect Lesotho, Swaziland, Mozambique and the rest of the world. The frequency of the route is five (5) days a week. We continue to participate in regional and international performance measurements. The Universal Postal Union (UPU) E2E Continuous Test for 2010 showed a significant improvement which can be attributed to the Road Transport Network.

In compliance with international mail processing and delivery standards between member countries and Universal Postal Union (UPU), the new International Mail Exchange Centre which also serves as a national and international mail hub was officially opened in March 2011. The new facility is fully automated and programmed to all postal outlets including international postal administrations with capacity for future household sorting for door to door delivery. The centre will result in reductions on operational costs and seamless business operations by having more departments operating under one roof.

The Post Code and Addressing Botswana Project merged with the Improvements of Lands Administration, Procedures, Capacity and Systems in Botswana



(LAPCAS) project in the Ministry of Lands and Housing. A comprehensive post code will enable automation of mail processing and delivery and once fully operational, will enable BotswanaPost to provide door to door delivery. A proposal on the standard for location addresses has been developed and information has been communicated to all stakeholders for further consultations on the project. A pilot project is planned for September 2011. The Success of this project is very critical as it is a cornerstone for many businesses countrywide.

Projects

We are pleased to have been able to start and progress key projects during the year. The Poso House Refurbishment project is intended to modernize and improve the functionality of the building which is also our Head Office. The designs for the project were approved in September 2010 and tenders were invited for construction in October 2010. The project is planned for completion during the second quarter of 2012 at an estimated cost of P54 million. This is one of our projects undertaken to unlock the revenue potential in our properties. We are planning for a feasibility study for the entire property portfolio in the next financial year to determine the profitable land use, design theme, tenant mix, project financing model and prioritization of projects. The aim of the study is to identify opportunities and the property potential to diversify the post office's revenue streams.

To deliver on the Icon of Excellence undertaking the implementation of our two key IT projects, the infrastructure optimization and counter automation was intensified. By end of the year, the counter automation project was at a stage where the system was ready to go live with two transactions, the P.O. Box management and social benefits payments in the first quarter of 2011-12.

The other sub projects that are dependent on these major projects are the computerisation of non-computerised post offices and connectivity of post offices currently not on the Wide Area Network as well as the development of a Data Centre. The design and planning phase of the Data Centre project has been completed. A tender for equipment is currently undergoing evaluation and recommendation for the preferred bidder is expected in May 2011. The construction phase of the project will commence once the equipment has been installed and configured in the Data Centre. The optimisation project is scheduled to be completed by October 2011.

Once all these projects are completed they will provide BotswanaPost business with a core infrastructure and proper postal point of sale that will grow with the business

and be able to provide a solid foundation on which new technologies can be added. The benefits that will be derived from the upgrading of information technologies are, consolidation of services to maximise resource utilization by doing more with less and the provision of an open architecture using latest technologies that allow easier integration and interfacing with third parties to add new products and services.

The technological advancements will put BotswanaPost at par with the best postal organizations in the world and make it easier to provide different counter services for agencies that have sub-contracted the post office to provide service on their behalf.

A new electronic money order system, the International Financial Services (IFS) has been implemented, offering instant reconciliation and producing real-time reports at all computerised post offices. The system will reduce double payments, fraud and reduce time to serve our customers.

Partnerships

We continue to enter into strategic partnerships with other service providers to provide a diversified product and service portfolio through the Post Office expansive network to remain relevant, competitive and be the service provider of choice.

Strategic partnerships offering business solutions are continually explored to position BotswanaPost as a key market player through which businesses can provide an efficient and effective service delivery to their customers. During the year under review we entered into partnership with some Councils for the disbursement of wages for Ipelegeng employees. In the latter part of the financial year the Government through the Department of Social Services under the Ministry of Local Government, gave BotswanaPost a new mandate for social benefits payments. The new mandate directed BotswanaPost to take over all payment points previously serviced by the Department of Social Services. This take-over will effect in April 2011.

As we automate to achieve the 'Icon of Excellence' and increase revenue, BotswanaPost has embarked on a major project 'ePost' which is envisioned to capture the continued need for electronic based transactions including among others provision of financial transactions from mobile money, e-payment of utilities and other transactions on behalf of third parties, turning BotswanaPost into a clearing house for all transactions with real time reporting. The 'ePost' project is also envisaged to create an e-portal and email, which will enable BotswanaPost to increase products that can be bought online and delivered

physically, and sending mail through our secured server as email and having it printed at destination office/sort centre and secure mail of high value items through a highly secured network, with real time communication allowing the client to track product to destination point.

With the inception of mobile money in the country, BotswanaPost will be a key market player as a redemption point for the banks and mobile operators and other virtual money vendors. We are currently engaging some mobile operators on this potential business.

Customer Service and Brand Awareness

Customer service is pivotal to our operations as a service provider. To ensure that this key area is given due attention, management has made a decision to establish a customer service function under the supervision of the Customer Service Manager in the office of the Chief Executive to effectively and efficiently deal with customer issues. To improve service delivery efficiencies, additional postal service points were opened to reduce travel distances by customers and make easy access to services provided, while others were upgraded to retain and increase the customer base.

Postal agencies were opened at Lotlhakane, Metlobo, Takatokwane, Moshopha, Phala Road, Kachikau and Chadibe. Mobile postal services were also introduced in some postal agencies in Kachikau and Chadibe. The University of Botswana Post Office was relocated to the new student centre while the Rakops Post Office was moved to a strategically positioned shopping complex which is accessible to both local and transit customers. The Riverwalk Post Office was reconfigured to optimize space and enhance security. A dedicated counter for people with disabilities was provided to address our diverse customer needs.

Efforts to enhance BotswanaPost brand presence were intensified during the year to increase product awareness. Sponsorship of the Botswana Television morning show programme was one opportunity to grow the brand, which promises service excellence, wherever you are.

BotswanaPost and our sister company, Botswana Couriers previously existed as separate brands and we saw it necessary for unification of the two brands to leverage on their values and capability to provide business solutions; grow awareness and perception as well as relationship building. As a result the associative brand awareness and perception between the two has grown exponentially over the past year.

Knowledge and Information Management

To properly manage the organization's information resources, a Knowledge and Information Management system was put in place to improve records management. A Business File Classification system was developed and implemented effective July 2010, to assist in proper filing and enhanced records/information retrieval. It is envisaged that proper management of information will enhance its operational efficiency, effectiveness and improve management of its information assets. The Unit will help build BotswanaPost corporate knowledge repository.

Our People

BotswanaPost saw a critical need to develop its employees to enable it to deliver quality service as well as to increase competencies required for the new services offered. Different cadres, the customer service assistants, supervisors and sales executives underwent Professional Sales Skills training. We continue to equip our leadership with skills to enable them to steer the organisation in the right direction. By end of the year almost all executive managers had completed or started the leadership programme with the University of Stellenbosch. Most of managers were also taken through the Investment in Excellence programme and Project Management. The year 2010/2011 was characterised by a number of disputes between Botswana Postal Service Union and Management, one being on the rationalization exercise carried out following the automation of the sorting process. This led to the Industrial Court ruling in favour of the Union and BotswanaPost was to go back and consult extensively with stakeholders. Further to this, a relationship building exercise was undertaken to improve relations between the two parties. On a positive note, the Union and Management signed a Memorandum of Agreement to implement a performance based reward system.

We continue to strive for excellence in everything that we do, and therefore we will be embarking on the Best Parastatal To Work For Survey, which will be an eye opener in terms of employees' perceptions and also a quick win in the initiatives that are meant to transform the workforce. We are planning to engage the services of a Change Specialist in the next financial year to help the organisation manage change and ensuring that we move forward with a fully competent, skilled and motivated workforce.

BotswanaPost supported staff to participate in the 2010 Southern Africa Postal Operators Association (SAPOA) Regional Games that were held in Windhoek, Namibia in September 2010. BotswanaPost emerged the overall winner for the third time in a row, out of the five countries

that participated at the games. The organisation will continue to support employees to take part in the regional games that are meant for networking and sharing experiences as Postal Operators from different countries.

Community Relations

The Board of Directors of BotswanaPost approved establishment of the Post Foundation effective in the next financial year. This new development will strengthen our relations with communities and position the organisation as a good corporate citizen. The main objective of the Foundation is to focus the organization's corporate social responsibility programmes and to provide opportunities for BotswanaPost staff to engage with stakeholders and build closer relations with communities.

The Foundation through sponsorships or funding of community projects will improve the quality of life of Batswana and direct the organisation to move beyond business compliance. The Foundation will further enhance BotswanaPost goal towards excellence by building mutually beneficial relationships with communities.

The main focus of the Foundation will be support for education, development of the arts and culture, youth development and empowerment, development of ICT, community development and welfare and employee volunteerism. Through the Foundation staff will be encouraged to identify projects in their areas of operation which are aligned to the organizational values and would be of benefit to local communities. A Trust to oversee the management of the Foundation will be registered in the third quarter of the 2011-12.

Whilst we await registration of the Foundation it is worth noting that the organisation continues to sponsor CSR related projects and donate to deserving institutions. During the year under review the organisation made donations to Childline Botswana, Sir Seretse Khama Memorial Secondary School, the communities of Manxotai, Sepako and Maposa villages, and sponsored the employees to participate at the 2010 Mascom Selibe Phikwe Marathon and the popular 1000km Toyota Desert Race.

As one of the oldest public service institutions, we have started to trace back our roots and take pride in our history. To further this aspiration, we initiated a partnership with the Government through the Department of National Museum and Monuments (DNMM) to adopt the postal monuments with a rich history of the Post Office. The project will map our history and evolution of the postal services in Botswana as well as preserve or give life to heritage postal sites and a sense of pride to the communities where these sites are. The benefits we



will derive from this partnership will be an increased brand presence which is trusted by communities and will be seen as a responsible corporate citizen.

Outlook

The major thrust of our strategy is to transform our organization to provide quality services reliably to our customers. To this end, like other operators we continue to face and deal with challenges, viz:

- Engage all staff to adjust to changes from competitors, the market and globally. Our staff must realize and understand the customer is key to their future.
- Reduce our fixed costs and enable quicker response times to shifting market demands.
- Organization of the sorting, delivery and routes paying closer attention to reducing greenhouse gas emissions.
- More customer oriented post offices to receive and understand and meet their needs first time.
- The Universal Service Obligation (USO) challenge to continue to operate post offices in areas where there is minimal requirement for such service at a high cost to the operator.
- Acknowledging and embracing ICT as one of the ways to continue following and serving our customers through other channels.

To improve the facilities and systems within post offices we embarked on the refurbishment of our Head Office, Poso House and awarded the development of our ICT infrastructure and counter automation project during the year. Progress on both is encouraging and these are expected to be completed within 18 months. We expect to let some of the office space and also envisage sharing these with our colleagues at Botswana Savings Bank once merger is consummated to service both our clients better from a one stop shop facility. Automation of our processes and post offices will increase our speed to serve and support our initiatives of a one-stop- shop facility being suppliers to a number of agencies signed up over the last 24 months.

Appreciation

The year 2010/11 has been a challenging one and I once more wish to thank all our stakeholders, our partners, our customers for continuing to believe in the post.

We are a trusted service and continue to grow the trust and service convenience for further growth. In a challenging environment, our revenue growth shows the ever resilience and capabilities within all of us to do more with less. Many thanks to the shareholder for continuing support and enabling the Post. There remains lots of room for improvement.

To the Board, management and all employees many thanks for your continuing belief and commitment to the dream!

Le ka moso,



Pele Moleta
Postman



Goroga sentle mo

Motswereng wa Poso

DITSO

Setlhare se se ne se dirisiwa e le ofisi ya poso go simolola ka 1902, morago ga gore Kgosi Khama III a huduse motse mogolo wa Bangwato go tswa kwa Palapye go ya kwa Serowe. Batsamaisi ba poso ba ne ba tsaya poso le go e gorosa fa sethareneng se ba pagame dipitse le dipelesa.

Dikwalo tse gantsi ene ele tse di tswang ko Batswaneng ba ba neng ba le ko meepong ya Aferika Borwa kana tsa babusi ba ba neng ba le ko Mafikeng. Beng gae ba kgaolo ya BamaNgwato le bone fa ba busa phetolo, dikwalo di ne di tsiwa teng fa sethareneng se go isiwa ko mahelong a afarologanyeng.

Setlhare se ke lefelo le le nang le bokao jwa ngwao le tlhologo ebele se re gakolola ka ha Cecil John Rhodes a neng a eletsa go aga seporo se se golaganyang Kapa le Cairo. Ka dinako tsa fa stehtare se se dirisiwa, terena e ne ele yone e tsamaisang dikwalo. Se ke ka moo sethahare se se le mo thoko ga seporo.

Go na le dipolelo di le mmalwa tse di amanngwang le sethahare se. Nngwe ya tsone ke e e supang ka fa kompone nngwe e e neng e aga borogo jo bo kgabaganyang noka ya Lotsane e neng ya welwa ke bomadimabe ka teng ka ntsha ya go kgaola kala ya sethahare se.

Go bolelwa fa didirisiwa tse kompone e e neng e di dirisa di ne tsa emisa go dira go fitlhelela badiri ba yone ba ntsha sethabelo ba se naya bagolwaneba motse wa Palapye gore a ba kope e maitshwarelo kwa badimong mabapi le se ba se dirileng. Go dumelwa gore morago ga moo ke gone didirisiwa tseo di neng tsa simolola go dira gape.



Welcome to

Motswere Postal Tree

HISTORY

This historic monument is associated with delivery of railway mail by Rhodesia bound trains. Oral traditions collected in Palapye point out that this Motswere tree (Combretum imberbe) was used as a postal tree as early as 1902. This coincides with the time Kgosi Khama III moved his capital from Old Palapye to Serowe.

The mail was dropped at this tree by trains heading to South Africa and Bulawayo in Rhodesia. It was then collected and distributed to various villages in BamaNgwato Reserve. This tree became synonymous with delivery of mail. It is now known as *Setlhare sa Poso* which literally means postal office tree. The post men are believed to have rode oxen and later on horses to deliver mail. It is at this tree that communication through mail was centred.

People from Serowe collected and sent back mail especially from their relatives working in South African mines.

The tree is associated with several mythic stories. Some of these give an account of one construction company which built the new bridge crossing Lotsane River over the tarred road. The contractors are believed to have cut a branch of the tree. This resulted in bad luck befalling them, resulting in total malfunction of all construction machinery.

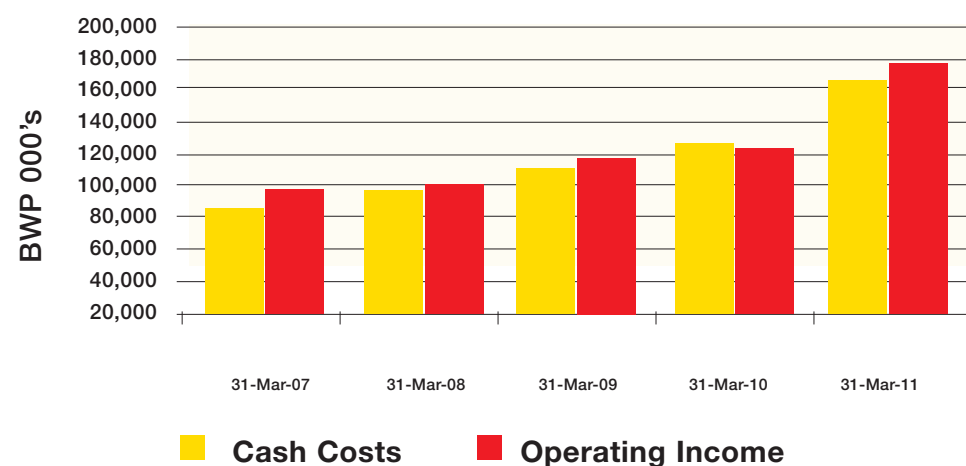
There is a legend that these people were forced to give some offerings to Palapye village elders to ask for forgiveness from the ancestors for the branch they cut off. It is believed that after this ritual, all the machines became functional. Although the age of this tree is not known, oral traditions suggest that the tree was already big tree when the railway line was under construction in the 1850s. This postal tree is believed to be about 200 years old.

Research done has established that leadwood can live up to 1000 years and subsequently remain erect for an additional 50 years.

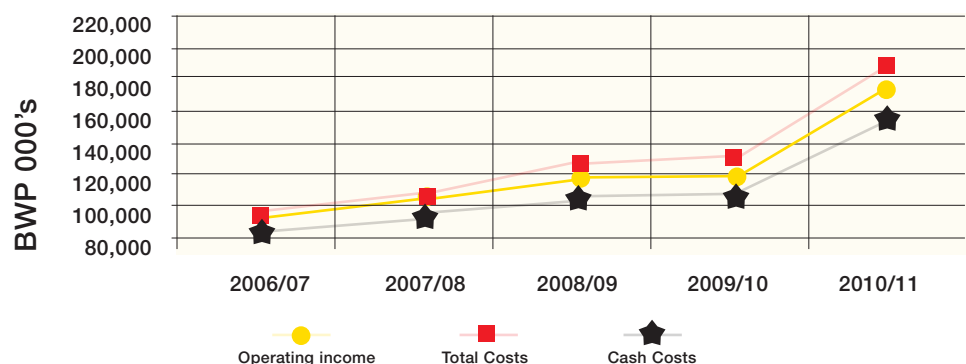


Performance Highlights

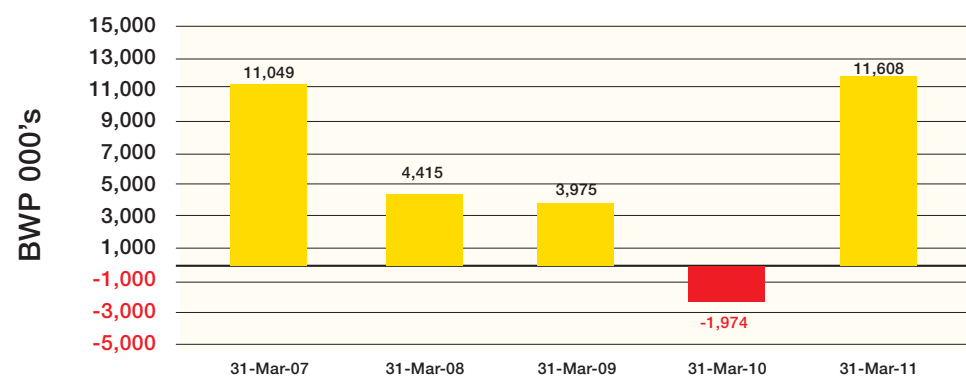
Cash Costs vs Operating Income



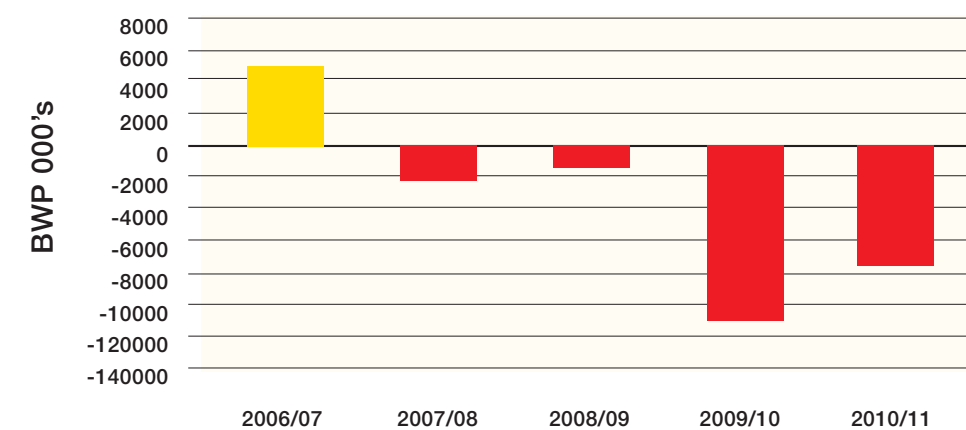
5 YEAR ANNUAL PERFORMANCE TRENDS



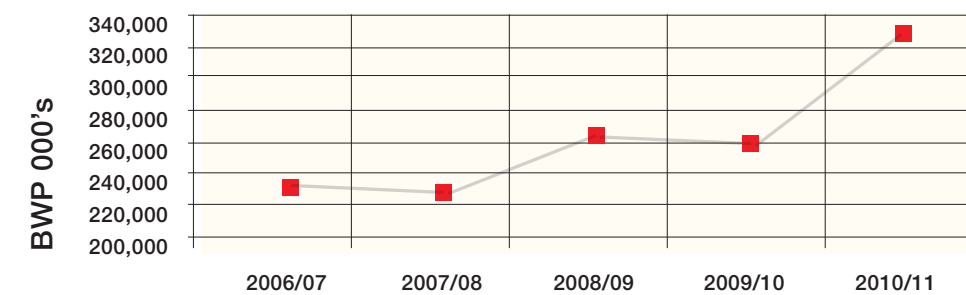
EBIDTA



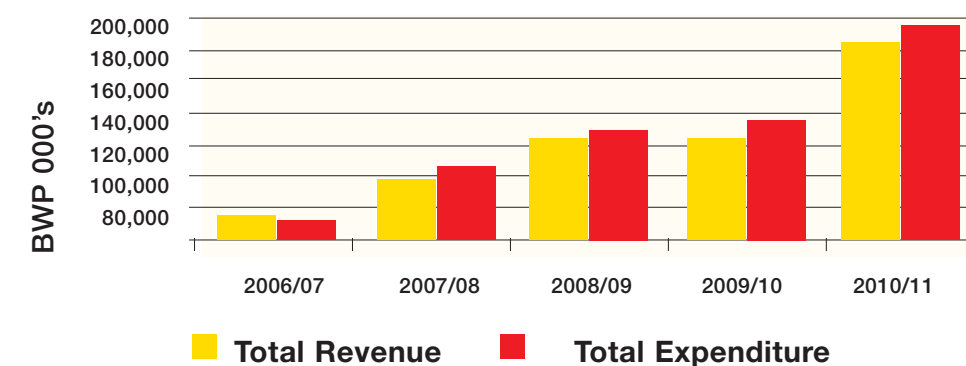
Profit or (Loss) Before Taxation



Total Assets



Comparison of Revenue vs Expenditure





Annual Financial Statements

for the year ended 31 March 2011

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Director’s Report on the Financial Statements

The Directors of Botswana Postal Services have the pleasure of submitting their report and the Group’s annual financial statements for the year ended 31st March 2011.

Nature of Business

Botswana Postal Services trading as BotswanaPost, is the designated postal operator in Botswana, established by an Act of Parliament, the Botswana Postal Services Act of 1989. The Group provides postal, courier and agency services on behalf of diverse principals.

Dividends

It is a policy of the shareholder, the Botswana Government, for public enterprises to pay dividends at the rate of 25% of their net profit. The Group did not pay any dividends for the financial year ended 31st March 2010 as the bottom line results were a loss of P11.1m.

Insurances

In line with the risk management requirements of the group, all insurable exposures were covered through arrangements with local insurance companies. The largest exposure is that related to Group life Assurance The total insurance premiums for the year amounted to P2033 492.75 with 34% of this being towards the high risk area(s) highlighted above.

Property Plant and Equipment

During the year, the property portfolio was enhanced by the completion of the customised mail centre at Plot 20577 Gaborone, which also resulted in the reduction of rental costs associated with the EMS and Hybrid functions which had previously been housed in rented premises. The Mail Centre also brought on board an automated mail sorting facility. Total additions to property, plant and equipment amounted to P43m.

The focus on generating income out of landed property was highlighted during the year with the approval of the Poso House Refurbishment project which will result in close to half of the building being put on the open market for rental.

Shareholder Decisions and Directives

In December 2010 a decision was sought from the shareholder on review of tariffs for postal products and services to take effect on 1st April 2011. As at close of the year, the decision had not been concluded upon. There were no directives from the Minister of Transport and Communications during the reporting period.

Board and Board Committee Meeting Attendance

The Directors attended scheduled Board and Committees meetings. Where they could not attend, due explanation was given to the Board Chairman and/or Committee Chairpersons accordingly. As a state owned commercial enterprise, BotswanaPost is accountable to the Government as the Shareholder and the wider public. In recognition of this responsibility, the Board retains full and effective control over the organization and provides strategic direction. The Board is also responsible for ensuring compliance with all relevant laws, regulations and codes of business practice. It has therefore committed itself to the highest standards of corporate governance through a Board Charter, guided by the King III Code on Corporate Governance.

NAME	BOARD	FINANCE AND AUDIT COMMITTEE	HUMAN RESOURCES COMMITTEE	TENDER COMMITTEE
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
M.M. Makgatlhe	7/7			
P.P Motau App: 01/07/10	6/7	6/7		
N. Kgabi App: 01/07/10	6/7		4/5	
B. Maripe Ret: 30/11/10	4/7		1/5	
A.S. Segobye	6/7	4/7		3/3
T.M. Modungwa	6/7	6/7	5/5	
T.C. Fantan	4/7		5/5	1/3
S.I.T. Segokgo	7/7	5/7		2/3
K. P. Moleta	7/7			

Responsibility for and Approval of the Financial Statements

The Board of Management is responsible for the annual financial statements and all other information presented therewith. Its responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and provisions of the Botswana Postal Services Act. The Auditor General has the responsibility to give an independent opinion on the reasonableness of the annual financial statements based on the audit of the affairs of the organization. The Board Finance and Audit Committee which consist of three non-executive members of the Board, the Shareholders' representatives and the Chief Executive, meets with the members of senior management as well as the external auditors as and when it deems necessary to evaluate matters concerning accounting, internal control, auditing and financial reporting.

At its meeting held on the 16th December 2011, Members of the Board, supported by the Board Finance and Audit Committee, satisfied themselves that Management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the financial statements to safeguard assets of the organization and to ensure all transactions are duly authorised. Against this background, the members of the Board accept responsibility for the financial statements on pages 5 to 31 for the year ended 31 March 2011.



Mr. M. Makgatlhe
Chairman

Date: 16/12/2011



Mr. P. P. Motau
Finance & Audit Committee Chairman



Mr. P. Moleta
Director General

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OFFICE OF THE AUDITOR GENERAL
PRIVATE BAG 0010
GABORONE
BOTSWANA

AUDIT REPORT OF THE AUDITOR GENERAL

TO THE BOARD OF MANAGEMENT OF BOTSWANA POSTAL SERVICES:

I have completed the audit of the financial statements of the Botswana Postal Services, set out on pages 5 to 31 for the year ended 31 March 2011 which comprises of the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, in conformity with International Financial Reporting Standards and in terms of Section 21 (2) and (3), of the Botswana Postal Services Act (No 22 of 1989).

Management's Responsibility of the Financial Statements:

The Members of the Botswana Postal Services Board of management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Botswana Postal Services Act (No 22 of 1989). The responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with the International Standards on Auditing. Those standards require that i comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements; and whether they were prepared in all material respects, in accordance with an applicable reporting frame work.

An audit includes an examination, on a test basis, of evidence supporting amounts and disclosures in the financial statements. An audit also includes an evaluation of the appropriateness of the accounting principles, assessment of the reasonableness of the accounting estimates made by management, as well as the overall presentation of the financial statements. I have examined the books, accounts and vouchers of Botswana Postal Services to the extent I considered necessary. I believe that the audit procedure used and the evidence obtained are sufficient and appropriate basis for the opinion given below.

Audit Option:

In my opinion, the financial statements of the Botswana Postal Services present fairly, in all material respects, the financial position of the Postal Services, as at the year ending 31 March 2011, its comprehensive income, its changes in equity and its statement of cash flows, for the year then ended, in accordance with the International Financial Reporting Standards.

Emphasis of Matter:

Without qualifying the financial statements, I would like to draw your attention to (Note 16) of the financial statements on Trade and Other Payables (P60,714,182). This amount includes P1,240,460 described as bank errors to clear and P2,908,176 described as provision for defalcations.

Report on other Legal and Regulatory Requirements;

- I received all the information and explanations which to the best of knowledge and belief, were necessary for the performance of my audit duties;
- Botswana Postal Services has kept proper book of account, which are in agreement with the financial statements;
- The financial statements were prepared on a basis consistent with that used in the previous financial year and therefore present a fair view of the Postal Services' transactions and its financial affairs as at 31 March 2011.
- Botswana Postal Services has complied with the financial provisions of the Botswana Postal Services Act, (No. 22 of 1989).



R.B. Sebopeng
Auditor General
Dated: 9 January 2012

Statement of Comprehensive Income

for the year ended 31 March 2011

	Notes	GROUP		CORPORATION	
		2011	2010	2011	2010
		Re - Stated P	Re - Stated P	Re - Stated P	Re - Stated P
Revenue	1	184,855,930	127,018,557	170,508,622	114,966,727
Cost of Sales	2	(93,837,870)	(64,296,752)	(89,312,384)	(60,174,762)
Gross profit		91,018,061	62,721,805	81,196,238	54,791,965
Other income	3	11,218,671	7,628,368	10,955,111	6,833,591
Administrative expenses	4	(101,158,894)	(81,640,017)	(90,856,280)	(73,276,815)
Other operating expenses	5	(6,137,788)	(32,090)	(6,137,788)	(32,090)
Operating loss		(5,059,950)	(11,321,934)	(4,842,719)	(11,683,349)
Finance cost	6	(4,879,267)	(3,624,652)	(4,356,291)	(3,519,527)
Finance income	7	2,240,000	4,181,082	2,213,317	4,112,274
Loss before taxation		(7,699,217)	(10,765,505)	(6,985,693)	(11,090,602)
Taxation		227,821	35,057	-	-
Loss for the year		(7,471,396)	(10,730,448)	(6,985,693)	(11,090,602)
Other comprehensive income:					
Gains and losses on property, plant and equipment revaluations		(394,871)	885,940	-	-
Taxation related to components of other comprehensive income		98,718	(221,485)	-	-
Other comprehensive income for the year net of taxation		(296,153)	664,455	-	-
Total Comprehensive income		(5,021,356)	(10,065,993)	(6,985,693)	(11,090,602)

Statement of Financial Position

for the year ended 31 March 2011

	Notes	GROUP		CORPORATION	
		2011	2010	2011	2010
		Re - Stated P	Re - Stated P	Re - Stated P	Re - Stated P
ASSETS					
Non current assets					
Property, Plant and Equipment	8	250,330,950	168,083,889	238,504,742	166,345,082
Intangible assets	9	151,152	8,893	151,152	8,893
Investment in subsidiary	22	-	-	2,558,280	2,558,280
Loan to Botswana Couriers		-	-	1,672,000	-
Deferred tax asset	18	18,820	-	-	-
		<u>250,500,922</u>	<u>168,092,782</u>	<u>242,886,174</u>	<u>168,912,255</u>
Current Assets					
Inventories	10	5,906,634	3,211,017	5,906,634	3,211,017
Trade and other receivables	11	39,248,890	38,829,822	38,448,630	37,156,785
Cash and short term deposits	12	30,975,607	48,406,284	30,717,508	46,965,132
		<u>76,131,131</u>	<u>90,447,123</u>	<u>75,072,772</u>	<u>87,332,934</u>
TOTAL ASSETS		<u>326,632,053</u>	<u>258,539,905</u>	<u>317,958,946</u>	<u>256,245,189</u>
EQUITY AND LIABILITIES					
Equity					
Stated capital	13	38,431,729	38,431,729	38,431,729	38,431,729
Revaluation reserve		104,004,190	68,791,168	103,635,888	68,126,713
Other capital reserves	13	199,761	199,761	199,761	199,761
Retained earnings		24,163,309	31,239,834	25,254,834	32,240,527
		<u>166,798,989</u>	<u>138,662,492</u>	<u>167,522,212</u>	<u>138,998,730</u>
Non current liabilities					
Interest bearing loans and borrowings	14	33,881,614	177,825	28,238,455	177,825
Government grants	15	44,129,030	13,968,958	44,129,030	13,968,958
Finance lease obligation	17	9,770,022	8,836,598	8,748,265	8,601,301
Deferred tax liability	18	-	252,190	-	-
Provisions - Severance pay		273,023	238,442	-	-
		<u>88,053,689</u>	<u>23,474,013</u>	<u>81,115,750</u>	<u>22,748,084</u>
Current liabilities					
Finance lease obligation	17	4,826,677	3,018,715	4,040,888	2,669,500
Trade and other payables	16	62,030,751	87,608,951	60,714,386	86,110,668
Interest bearing loans and borrowings	14	395,607	55,452	39,370	55,452
Government grants	15	4,526,340	5,662,755	4,526,340	5,662,755
Current tax payable		-	57,527	-	-
		<u>71,779,375</u>	<u>96,403,400</u>	<u>69,320,984</u>	<u>94,498,375</u>
TOTAL EQUITY AND LIABILITIES		<u>326,632,053</u>	<u>258,539,905</u>	<u>317,958,946</u>	<u>256,245,189</u>

Statement of Cashflows

for the year ended 31 March 2011

Notes	GROUP		CORPORATION	
	2011	2010	2011	2010
	Re - Stated P	Re - Stated P	Re - Stated P	Re - Stated P
Operating activities				
Loss before taxation	(7,699,217)	(10,765,504)	(6,985,693)	(11,090,602)
Adjustment to reconcile loss before tax to net cash flows				
Non - cash:				
Depreciation and impairment of property and equipment	20,409,350	11,783,925	20,409,350	11,783,925
Amortisation and impairment of intangible assets	1,244,242	873,441	17,691	298,375
Profit on disposal of property and equipment	38,574	497,019	(180,966)	678,760
Finance income	(2,240,000)	(4,181,082)	(2,213,317)	(4,112,274)
Finance cost	4,879,267	3,624,652	4,356,291	3,519,527
Amortisation of government grants	(3,976,343)	(2,372,675)	(3,976,343)	(2,372,675)
Movements in provisions	34,582	47,710	-	-
Loss on foreign exchange	-	2,126	-	-
Working capital adjustments:				
(Increase) / Decrease in inventories	(2,695,616)	(1,415,850)	(2,695,616)	(1,415,850)
Increase in trade and other receivables	(1,044,970)	(13,576,752)	(1,291,845)	(14,692,958)
Decrease in trade and other payables	(24,952,500)	18,742,232	(25,396,486)	19,771,820
Cash generated from operating activities	(16,002,631)	3,259,242	(17,956,934)	2,368,409
Taxation paid	(1,998)	(6,179)	-	-
Net cash from operating activities	(16,004,629)	3,253,063	(17,956,934)	2,368,409
Investing activities				
Proceeds from sale of property and equipment	1,504,014	3,123,247	1,315,599	2,824,515
Purchase of property and equipment	(65,403,685)	(37,490,298)	(53,681,778)	(36,997,549)
Receipt of government grant	33,000,000	6,013,378	33,000,000	6,013,378
Finance income	2,240,000	4,181,082	2,213,317	4,112,274
Net cash flows from investing activities	(28,659,671)	(24,172,591)	(17,152,862)	(24,047,382)
Financing activities				
Loan Financing	34,099,396	-	28,100,000	-
Repayment of Borrowings	(55,452)	(359,818)	(55,452)	(359,818)
Finance lease payments	(2,222,936)	(1,473,737)	(3,154,088)	(1,167,575)
Increase in Loan from Shareholder	-	-	(1,672,000)	-
Finance lease obligation	-	12,438,376		12,438,376
Finance cost	(4,587,385)	(3,537,024)	(4,356,291)	(3,519,527)
Net cash flows from financing activities	27,233,623	7,067,798	18,862,169	7,391,458
Net increase in cash and cash equivalents	(17,430,677)	(13,851,730)	(16,247,627)	(14,287,516)
Cash and cash equivalents at beginning of the year	48,406,284	62,258,014	46,965,132	61,252,648
Cash and cash equivalents end of year	30,975,607	48,406,284	30,717,508	46,965,132

Statement of Changes in Equity

for the year ended 31 March 2011

GROUP	Stated capital P	Other capital reserves P	Revaluation Reserve P	Retained earnings P	Total P
Balance as at 1 April 2009	38,431,729	199,761	95,810,401	41,486,700	175,928,591
Adjustment to opening balance	-	-	(26,092,142)	(1,107,966)	(27,200,108)
Restated Balance as at 1 April 2009	38,431,729	199,761	69,718,259	40,378,734	148,728,483
Revaluation surplus on motor vehicles disposed			(1,591,546)	1,591,546	-
Loss for the year	-	-	664,455	(10,730,448)	(10,065,993)
Restated Balance as at 1 April 2010	38,431,729	199,761	68,791,168	31,239,834	138,662,493
Revaluation adjustments	-	-	35,509,175	-	35,509,175
Write off of Revaluation Reserve			(296,153)	394,871	98,718
Loss for the year	-	-	-	(7,471,396)	(7,471,396)
Balance as at 31 March 2011	38,431,729	199,761	104,004,190	24,163,310	166,798,990
CORPORATION	Stated capital P	Other capital reserves P	Revaluation Reserve P	Retained earnings P	Total P
Balance as at 1 April 2009	38,431,729	199,761	95,810,401	42,847,548	177,289,439
Adjustment to opening balance	-	-	(26,092,142)	(1,107,965)	(27,200,107)
Restated Balance as at 1 April 2009	38,431,729	199,761	69,718,259	41,739,583	150,089,332
Revaluation surplus on motor vehicles disposed	-	-	(1,591,546)	1,591,546	-
Loss for the year	-	-	-	(11,090,602)	(11,090,602)
Restated Balance as at 1 April 2010	38,431,729	199,761	68,126,713	32,240,527	138,998,731
Loss for the year	-	-	-	(6,985,693)	(6,985,693)
Revaluation adjustments			35,509,175	-	35,509,175
Balance as at 31 March 2011	38,431,729	199,761	103,635,888	25,254,835	167,522,213

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for property and equipment that have been measured at revalued amounts. The financial statements are presented in Botswana Pula (P).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Botswana Postal Services and its subsidiary Botswana Couriers (Pty) Ltd. The accounting policies of the subsidiary are in line with those of Botswana Postal Services. All intra-group balances, income and expenses and profits and losses arising out of intra-group transactions are eliminated in full upon consolidation. Subsidiaries are consolidated from the date of acquisition, being the date on which the corporation obtains control, and continues to be consolidated until such control ceases.

Foreign currency translation

The corporation’s consolidated financial statements are presented in Botswana Pula (P), which is the corporation’s functional currency. That is the currency of the primary economic environment in which Botswana Postal Services operates.

Transactions in currencies other than the Botswana Pula are initially recorded at the rate of exchange prevailing on the date of transaction. Foreign denominated monetary assets and liabilities are retranslated at the Botswana Pula spot rate of exchange at the balance sheet date. Foreign exchange gains and losses arising on translation of foreign currencies are dealt with in the income statement in the year in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Transactions with other postal administrators are governed by the Universal Postal Union (UPU) which uses Special Drawing Rights (SDR) as the currency to settle international balances.

Property & equipment

Land and buildings, motor vehicles and furniture and equipment are measured at revaluation less accumulated depreciation and impairment losses recognised after the date of revaluation. Revaluations are performed in a staggered manner as the operations of the corporation are dispersed all over the country. Work in progress is stated at cost.

Any revaluation surplus is credited to the revaluation reserve included in equity in the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the depreciable amount on a straight line basis over the useful life of the asset as follows:

Buildings	50 years
Motor vehicles	5 years
Furniture and equipment	3 to 7 years

Depreciable amount is the cost or revaluation amount of the asset, less its residual value.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Intangible assets

Intangible assets consist of purchased software and are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives and residual values are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the income statement when the asset is derecognised.

Operating leases

Leases where the organisation does not transfer substantially all the risks and benefits of ownership are classified as operating leases.

Botswana Post as lessee

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. The difference between the expense determined on a straight line basis and the actual lease payments is recognised as a deferred lease asset or liability in the balance sheet.

Botswana Post as lessor

Operating lease payments received are recognised as rental income in the income statement on a straight line basis over the lease term. The difference between the income determined on a straight line basis and the actual lease payments received is recognised as a deferred lease asset or liability in the balance sheet.

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is purchase cost, determined on a first in first out basis, including transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the useful life of the asset. Where non-monetary grants are received, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the asset by equal annual installments.

Impairment of non-financial assets

Botswana Post assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, an estimate of the recoverable amount is made. An asset's recoverable amount is the higher of the asset's fair value less costs to sell, and its value in use and is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation surplus was taken to equity. In respect of that asset, the impairment is also recognised in equity up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the organisation estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the organisation and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax or duty. The following specific recognition criteria should also be met before revenue is recognised:

Box and bag rentals

These are amounts paid by customers for the rental of private post boxes and bags. Revenue is recognised upon receipt of the rent payment.

Mail revenue and bulk mail revenue

Mail services include both letter and parcel delivery and revenue from these services is recognised upon delivery of the mail or parcel to its destination. Bulk mail is a mail sorting and delivery service offered to customers with large mailing lists such as banks. Revenue from bulk mail services is recognised upon delivery of the mail to its destination.

Expedited Mail Service (EMS) revenue

This is an express courier service and revenue is recognised upon delivery of the parcel to its intended destination.

Terminal and transit dues

Terminal dues are amounts due to Botswana Post for mail received from foreign postal administrators whose destination is Botswana. Transit dues are amounts due from international postal administrators for international mail which passes through Botswana Post in transit to its destination out of Botswana. Revenue from terminal and transit dues is recognised once the mail has been delivered to its destination in the case of terminal dues, and once it has been sent off to its next stop with regard to the latter.

Sale of philatelic products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Agency fees and commissions

Revenue from rendering of agency services is recognised as the services are provided in accordance with the terms of the agency agreement.

Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

Cash and short term deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of short term deposits, as defined above, net of outstanding bank overdrafts.

Financial assets

Initial recognition

Financial assets within the definition of IAS39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The corporation determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e. the date that the corporation commits to purchase or sell the asset. The corporations financial assets include cash and short term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and short term deposits

Cash on hand and cash equivalents are carried at amortised cost. Deposits held on call are classified as loans originated by the corporation and carried at amortised cost.

Trade and other receivables

These are classified as loans and receivables. Subsequent to initial recognition, trade and other receivables are measured at amortised cost, which approximates the original invoice amount less an allowance for any uncollectable amounts.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The corporation determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The corporations financial liabilities include trade and other payables, bank overdraft and loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Trade and other payables

Liabilities for trade and other payables are subsequently measured at amortised cost which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the corporation.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial instruments

The Corporation assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Trade and other receivables

For amounts due from trade and other receivables carried at amortised cost, the corporation first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the corporation determines that no objective evidence of impairment of assets exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss or continues to be recognised, are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the profit or loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced accordingly. If a future write-off is later recovered, the recovery is recognised in the income statement.

Derecognition of financial instruments

The corporation derecognises a financial asset when it loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Provisions

Provisions are recognised when the organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement.

Taxation

Botswana Postal Services is exempt from income tax in terms of the income Tax Act. However, Botswana Couriers (Pty) Ltd is taxable.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax 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 laws that have been enacted or substantively enacted by the balance sheet date.

Significant accounting judgements & estimates

The preparation of the corporation’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The following are critical judgements and estimates that management has made in the process of applying the entities’ accounting policies and have the most significant effect on the amounts recognised in the financial statements:

Revaluation, useful lives and residual values of property and equipment

The corporation engaged independent valuation experts to determine the market values of the revalued assets at 31 March 2009. The results of this valuation exercise were used as the basis for revaluation of the assets. The estimation of the useful life and residual value of an asset is a matter of judgement based on past experience of the corporation with similar assets and the intention of management.

Useful lives of intangible assets

The estimation of the useful life of an intangible asset is a matter of judgement based on past experience of the corporation with similar assets and the intention of management.

Provisions

Management estimated an estimate for provisions raised based on information available.

Contingent liabilities

Management applies its judgement to information received from its attorneys and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Impairment of trade and other receivables

The impairment of trade and other receivables was based on a combination of specifically identified doubtful debtors and providing for older debtors.

Impairment of slow moving inventory

Management assumed inventory that has not moved for a 12 month period to be obsolete and have no value. The basis for the provision raised is the full cost or net realisable value of the product.

Deferred tax assets

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit 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.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Notes to the Annual Financial Statements

as at 31 March 2011

	GROUP		CORPORATION	
	2011	2010	2011	2010
	P	P	P	P
1. REVENUE				
Agency services	50,087,966	22,988,779	50,087,966	22,988,779
Box and bag rentals	22,035,230	18,535,525	22,035,230	18,535,525
Bulk mail	35,462,281	18,370,928	35,462,281	18,370,928
Courier Income	14,347,308	12,051,830	-	-
EMS revenue	4,813,519	3,888,561	4,813,519	3,888,561
Mail revenue	33,495,439	26,972,010	33,495,439	26,972,010
Money Transfer Commission	17,999,838	17,368,384	17,999,838	17,368,384
Philatelic products	1,718,077	1,459,494	1,718,077	1,459,494
Terminal/Transit dues	4,896,272	5,383,047	4,896,272	5,383,047
	184,855,930	127,018,557	170,508,622	114,966,727
2. COST OF SALES				
Advertisement and promotion	4,022,137	2,093,301	4,022,137	2,093,301
Airtime Expense	24,456,179	-	24,456,179	-
Compensation to customers	25,421	32,766	25,421	32,766
Depreciation	5,558,305	3,928,342	4,496,161	3,491,243
Discount allowed	4,154,518	795,483	4,154,518	795,483
Fees paid postal agencies	69,100	112,085	69,100	112,085
Mail bags and other consumables	613,597	1,781,542	613,597	1,781,542
Mail conveyance	9,841,663	9,148,743	8,491,791	7,032,073
Maintenance post boxes	109,609	351,256	109,609	351,256
Merchandise Expense	313,183	-	313,183	-
Printing of stamps	1,162,762	575,461	1,162,762	575,461
Salaries	41,833,505	44,879,430	39,720,036	43,311,209
Staff transport	520,400	432,414	520,400	432,414
Stamp vendor's commission	7,053	-	7,053	-
Stock adjustment	1,150,435	165,929	1,150,435	165,929
	93,837,869	64,296,752	89,312,384	60,174,762
3. OTHER INCOME				
Business services	215,353	190,243	215,353	190,243
Directors' fees received	5,850	17,304	5,850	17,304
Government grant	3,976,343	2,372,675	3,976,343	2,372,675
Minimum rental payments recognised as operating lease income	1,442,335	1,519,788	1,442,335	1,519,788
Newspaper and periodicals registration fees	61,396	50,099	61,396	50,099
Profit / (Loss) on disposal of PPE	180,966	(678,760)	180,966	(678,760)
Sale of merchandise	439,866	398,456	439,865	398,456
Staff housing rental recoveries	270,995	300,888	270,995	300,888
Sundry income	791,226	3,457,675	527,666	2,662,898
Void Money Order	3,834,342	-	3,834,342	-
	11,218,671	7,628,368	10,955,111	6,833,591

Notes to the Annual Financial Statements

as at 31 March 2011 (Cont.)

4. ADMINISTRATIVE EXPENSES

	GROUP		CORPORATION	
	2011	2010	2011	2010
	P	P	P	P
Audit fees	201,893	443,293	121,893	350,243
Bad Debts	74,804	-	-	-
Cleaning	1,050,039	1,000,389	969,673	942,982
Depreciation	10,324,373	8,729,385	10,159,966	8,591,418
Directors fees and board expenses	702,296	338,170	702,296	338,170
Doubtful debts	386,000	-	386,000	-
Electricity	1,213,406	1,035,256	1,170,349	1,009,050
Insurance	1,505,546	1,034,261	1,197,878	650,175
Loss on disposal of assets	219,540	-	-	-
Merger Costs	4,000,000	-	4,000,000	-
Office expenses	2,640,683	708,138	2,535,146	603,926
Printing and stationery	4,950,898	3,774,936	4,863,250	3,676,409
Professional fees	3,662,101	3,276,820	3,092,828	3,121,233
Rent and rates	2,232,809	3,147,130	1,835,863	2,633,162
Repairs and maintenance	5,789,143	6,618,735	5,033,879	6,067,661
Salaries	44,978,787	35,620,884	39,413,903	30,305,784
Sales promotion and advertising	688,852	319,064	79,856	59,239
Security and alarm	3,250,188	1,479,135	3,176,589	1,438,952
Subscriptions	203,909	681,439	170,977	637,359
Telephone	6,783,412	6,510,048	6,312,711	6,130,053
Training	2,230,843	3,187,607	2,038,030	3,134,731
Travelling	3,813,304	3,475,783	3,353,477	3,335,459
Water	256,068	259,544	241,716	250,809
	101,158,894	81,640,017	90,856,280	73,276,815

5. OTHER OPERATING EXPENSES

Donations	108,677	80,181	108,677	80,181
Other expenses	3,282,918	(48,091)	3,282,918	(48,091)
Defalcations	2,746,193	-	2,746,193	-
	6,137,788	32,090	6,137,788	32,090

6. FINANCE COST

Bank charges and interest	4,861,692	3,545,541	4,338,716	3,440,416
Interest on interest bearing loans and borrowings	17,575	79,111	17,575	79,111
	4,879,267	3,624,652	4,356,291	3,519,527

7. FINANCE INCOME

Interest income from short term deposits	1,682,747	3,333,026	1,682,747	3,333,026
Interest income on call accounts from banks	557,253	848,056	530,570	779,248
	2,240,000	4,181,082	2,213,317	4,112,274

8. PROPERTY, PLANT & EQUIPMENT GROUP

Cost or valuation: At 31 March 2009	Land and buildings at valuation	Motor vehicle at valuation		Leased Motor Vehicles		Furniture & equipment at valuation		Project (Kitsong) assets		BAPS Assets		IFS Assets		Postal museum stamp collection at cost		Work in progress		Total	
		P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Adjustment to closing cost - March 2009	151,366,961	-	-	-	-	17,746,890	3,127,072	-	-	-	-	-	-	-	-	9,317,339	191,592,226	(27,875,512)	
Closing balance restated 31 March 2009	123,491,449	10,033,964	10,033,964	-	12,438,376	17,746,890	3,127,072	-	-	-	-	-	-	-	-	9,317,339	163,716,714	37,490,298	
Additions	1,071,313	332,495	-	-	-	2,449,293	-	-	-	-	-	-	-	-	-	21,198,821	-	-	
Transfers	-	-	-	-	-	-	14,911,623	-	-	-	-	-	-	-	-	(14,911,623)	-	-	
Disposals	-	-	(4,356,491)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,356,491)	-	
Revaluations	-	-	885,940	-	-	-	-	-	-	-	-	-	-	-	-	-	885,940	-	
At 1 April 2010	124,562,762	6,895,908	20,196,183	12,438,376	6,269,920	20,196,183	18,038,695	-	-	-	-	-	-	-	-	15,604,537	197,736,462	105,067,262	
Additions	43,035,350	2,485,259	-	6,269,920	(1,597,481)	10,622,798	1,077,792	2,770,996	97,553	-	-	-	-	-	-	38,707,595	(41,261,054)	(1,206,245)	
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	(40,343)	-	(1,160,612)	-	-	(5,290)	-	-	-	-	-	-	-	-	-	-	(34,412,450)	78,025,930	
Impairment loss 2011	(15,083,876)	(22,453)	-	(146,050)	-	(19,160,071)	-	-	-	-	-	-	-	-	-	-	(644,000)	(40,073,815)	
Revaluations 2011	51,392,135	704,418	-	4,169,959	-	21,759,418	-	-	-	-	-	-	-	-	-	-	-	-	
Prior year adjustment	-	-	(644,000)	-	-	-	10,615	-	-	-	-	-	-	-	-	(10,615)	-	-	
Elimination*	(23,023,316)	(900,800)	-	(5,951,724)	-	(10,197,975)	-	-	-	-	-	-	-	-	-	-	-	-	
At 31 March 2011	180,842,711	7,357,720	15,183,000	15,183,000	23,215,064	19,127,102	2,770,996	97,553	-	-	-	-	-	-	-	14,637,944	263,232,090	250,330,950	
Depreciation :																			
At 31 March 2009	16,333,029	1,445,951	-	-	-	568,334	364,825	-	-	-	-	-	-	-	-	-	18,712,139	660,745	
Adjustment to closing acc deprn	660,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated balance as at 31 March 2009	16,993,774	1,445,951	-	-	-	568,334	364,825	-	-	-	-	-	-	-	-	-	19,362,884	14,430,521	
Depreciation charge for the year	3,021,767	1,929,022	1,977,553	1,977,553	-	4,923,367	2,578,812	-	-	-	-	-	-	-	-	-	(736,225)	-	
Disposals	-	(736,225)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 1 April 2010	20,005,540	2,638,748	1,977,553	1,977,553	5,491,701	5,491,701	2,943,637	-	-	-	-	-	-	-	-	-	33,057,180	617,003	
Adjustment to opening acc depreciation	760,989	-	(143,967)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance restated	20,766,510	2,638,748	1,833,587	1,833,587	5,491,701	5,491,701	2,943,637	-	-	-	-	-	-	-	-	-	33,674,183	20,016,964	
Depreciation charge for the year	3,736,601	1,512,627	4,876,578	4,876,578	-	5,510,623	3,824,711	554,199	1,626	-	-	-	-	-	-	-	349,906	(146,698)	
Prior year adjustment to depreciation - Additions	-	-	-	-	-	-	211,356	138,550	-	-	-	-	-	-	-	-	(758,440)	(160,959)	
Prior year adjustment - Disposal	-	(146,698)	-	-	(758,440)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	(158,600)	-	-	-	(2,359)	-	-	-	-	-	-	-	-	-	-	-	-	
Elimination*	(23,023,316)	(900,800)	-	(5,951,724)	-	(10,197,975)	-	-	-	-	-	-	-	-	-	-	(40,073,815)	-	
At 31 March 2011	1,479,794	2,945,277	-	-	801,990	6,979,704	692,749	1,626	-	-	-	-	-	-	-	-	12,901,140	250,330,950	
Net book value:																			
At 31 March 2011	179,362,918	4,412,443	15,183,000	15,183,000	22,413,074	12,147,398	2,078,247	95,927	-	-	-	-	-	-	-	-	14,637,944	168,083,885	
At 1 April 2010	103,796,252	4,257,160	10,604,790	10,604,790	14,704,482	15,095,058	-	-	-	-	-	-	-	-	-	-	15,604,537	147,402,307	
At 31 March 2009	106,507,675	8,588,013	-	-	17,178,556	2,762,247	-	-	-	-	-	-	-	-	-	-	9,317,339	168,083,885	

8. PROPERTY, PLANT & EQUIPMENT

CORPORATION

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	Land and buildings at valuation		Motor vehicle at valuation		Leased Motor Vehicles		Furniture & equipment at valuation		Project (Kitsong) assets		BAPS Assets		IFS Assets		Postal museum stamp collection at cost		Work in progress		Total	
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cost or valuation:																				
At 31 March 2009	151,181,828	7,928,500	-	-	-	-	16,894,877	-	3,127,072	-	-	-	-	-	-	-	9,317,339	188,449,616		
Adjustment to closing cost - March 2009	(27,875,512)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,875,512)		
Closing balance restated 31 March 2009	123,306,316	7,928,500	-	-	-	-	16,894,877	-	3,127,072	-	-	-	-	-	-	-	9,317,339	160,574,104		
Additions	1,071,313	-	-	-	12,438,376	-	2,289,039	-	-	-	-	-	-	-	-	-	21,198,821	36,997,549		
Transfers	-	-	-	-	-	-	-	-	14,911,623	-	-	-	-	-	-	-	(14,911,623)	-		
Disposals	-	(4,239,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,239,500)		
At 1 April 2010	124,377,629	3,689,000	12,438,376	19,183,916	18,038,695	-	19,183,916	-	18,038,695	-	-	-	-	-	-	-	15,604,537	193,332,154		
Additions	34,242,077	-	6,269,920	10,179,419	1,077,792	-	10,179,419	-	1,077,792	-	2,770,996	-	97,553	-	-	-	38,707,595	93,345,351		
Transfers	-	(1,597,481)	-	-	-	-	-	-	-	-	-	-	-	-	(39,663,573)	-	(41,261,054)	-		
Disposals	-	(793,000)	-	-	-	-	(5,290)	-	-	-	-	-	-	-	-	-	-	(798,290)		
Impairment loss 2011	(15,083,876)	(22,453)	(146,050)	(19,160,071)	-	-	(19,160,071)	-	-	-	-	-	-	-	-	-	-	(34,412,450)		
Revaluations 2011	51,392,135	704,418	4,169,959	21,759,418	-	-	21,759,418	-	-	-	-	-	-	-	-	-	-	78,025,930		
Prior year adjustment	-	(644,000)	-	-	-	-	-	-	10,615	-	-	-	-	-	-	-	(10,615)	(644,000)		
Elimination*	(23,023,316)	(900,800)	(5,951,724)	(10,197,975)	-	-	(10,197,975)	-	-	-	-	-	-	-	-	-	-	(40,073,815)		
At 31 March 2011	171,904,648	2,033,165	15,183,000	21,759,418	19,127,102	2,770,996	21,759,418	19,127,102	2,770,996	97,553	-	14,637,944	1,626	-	-	-	14,637,944	247,513,826		
Depreciation:																				
At 31 March 2009	16,249,950	-	-	-	-	-	-	-	364,825	-	-	-	-	-	-	-	-	16,614,775		
Adjustment to closing acc deprn	650,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	650,745		
Closing balance restated 31 March 2009	16,900,695	-	-	-	-	-	-	-	364,825	-	-	-	-	-	-	-	-	17,265,520		
Depreciation charge for the year	2,984,741	1,491,923	1,977,553	4,829,351	2,578,812	-	4,829,351	-	2,578,812	-	-	-	-	-	-	-	-	13,862,380		
Disposals	-	(736,225)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(736,225)		
At 1 April 2010	19,885,435	755,698	1,977,553	4,829,351	2,943	-	4,829,351	-	2,943	-	-	-	-	-	-	-	-	30,391,675		
Adjustment to opening acc depreciation	760,969	-	-143,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	617,003		
Opening balance restated	20,646,405	755,698	1,833,587	4,829,351	2,943,637	-	4,829,351	-	2,943,637	-	-	-	-	-	-	-	-	31,008,678		
Depreciation charge for the year	3,711,917	450,400	4,876,578	5,370,983	3,824,711	-	5,370,983	-	3,824,711	-	554,199	-	1,626	-	-	-	-	18,790,413		
Prior year adjustment to depreciation	-	-	-	211,356	138,550	-	211,356	-	138,550	-	-	-	-	-	-	-	-	349,906		
Prior year adjustment - Disposal	-	(146,698)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(146,698)		
Transfers	-	-	(758,440)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(758,440)		
Disposals	-	(158,600)	-	(2,359)	-	-	(2,359)	-	-	-	-	-	-	-	-	-	-	(160,959)		
Elimination*	(23,023,316)	(900,800)	(5,951,724)	(10,197,975)	-	-	(10,197,975)	-	-	-	-	-	-	-	-	-	-	(40,073,815)		
At 31 March 2011	1,335,005	-	-	-	-	-	-	-	6,979,704	692,749	1,626	-	-	-	-	-	-	9,009,084		
Net book value:																				
At 31 March 2011	170,569,644	2,033,165	15,183,000	21,759,418	12,147,398	2,078,247	21,759,418	12,147,398	95,927	-	14,637,944	238,504,742								
At 1 April 2010	103,731,224	2,933,302	10,604,790	14,354,565	15,095,058	-	14,354,565	15,095,058	-	-	15,604,537	166,345,082								
At 31 March 2009	106,405,621	7,928,500	-	16,894,877	2,762,247	-	16,894,877	2,762,247	-	-	9,317,339	146,357,061								

9 INTANGIBLE ASSETS GROUP

Cost:

At 1 April 2009

Additions

At 31 March 2010

Additions

At 31 March 2011

Amortisation and impairment:

At 1 April 2009

Amortisation

At 31 March 2010

Amortisation

At 31 March 2011

Net book value:

At 31 March 2011

At 31 March 2010

At 1 April 2009

CORPORATION

Cost:

At 1 April 2009

Additions

At 31 March 2010

Additions

At 31 March 2011

Amortisation and impairment:

At 1 April 2009

Amortisation

At 31 March 2010

Amortisation

At 31 March 2011

Net book value:

At 31 March 2011

At 31 March 2010

At 1 April 2009

	Counter Automation Software		Total P
	Software	P	
Cost:			
At 1 April 2009	2,437,329	3,654,005	6,091,334
Additions	-	-	-
At 31 March 2010	2,437,329	3,654,005	6,091,334
Additions	159,949	-	159,949
At 31 March 2011	2,597,278	3,654,005	6,251,283
Amortisation and impairment:			
At 1 April 2009	2,129,701	3,654,005	5,783,706
Amortisation	298,735	-	298,735
At 31 March 2010	2,428,436	3,654,005	6,082,441
Amortisation	17,690	-	17,690
At 31 March 2011	2,446,126	3,654,005	6,100,131
Net book value:			
At 31 March 2011	151,152	-	151,152
At 31 March 2010	8,893	-	8,893
At 1 April 2009	307,628	-	307,628
Cost:			
At 1 April 2009	2,437,329	3,654,005	6,091,334
Additions	-	-	-
At 31 March 2010	2,437,329	3,654,005	6,091,334
Additions	159,949	-	159,949
At 31 March 2011	2,597,278	3,654,005	6,251,283
Amortisation and impairment:			
At 1 April 2009	2,129,701	3,654,005	5,783,706
Amortisation	298,735	-	298,735
At 31 March 2010	2,428,436	3,654,005	6,082,441
Amortisation	17,690	-	17,690
At 31 March 2011	2,446,126	3,654,005	6,100,131
Net book value:			
At 31 March 2011	151,152	-	151,152
At 31 March 2010	8,893	-	8,893
At 1 April 2009	307,629	-	307,628

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Notes to the Annual Financial Statements

as at 31 March 2011 (Cont.)

	GROUP		CORPORATION	
	2011 P	2010 P	2011 P	2010 P
10. INVENTORIES				
Definitive stamps	27,245	281,756	27,245	281,756
Postal orders and postal stocks	181,788	23,272	181,788	23,272
Kiosks, nests, pillar boxes and equipment	8,095	109,579	8,095	109,579
Stationery and other consumables	5,689,506	2,796,410	5,689,506	2,796,410
Total inventories at lower of cost and net realisable value	5,906,634	3,211,017	5,906,634	3,211,017
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	32,543,547	31,898,023	30,587,151	29,252,533
Less: Provision for Doubtful Debts	(1,017,534)	(568,900)	(1,017,534)	(568,900)
Receivables from related parties	(1,305,872)	(679,970)	-	679,970
	30,220,141	30,649,153	29,569,617	29,363,603
Staff advances	2,409,334	475,406	2,409,334	475,406
Prepayments and deposits	2,430,860	2,627,633	2,356,712	2,458,369
Other receivables	4,188,555	5,077,631	4,112,967	4,859,408
	39,248,890	38,829,822	38,448,630	37,156,785
Trade receivables are non-interest bearing and are generally on 30-60 day terms. Staff advances may be up to 6 months.				
	39,248,890	38,829,822	38,448,630	37,156,785
Trade receivables				
Neither past due nor impaired	2,393,219	2,935,126	831,005	1,816,833
Past due but not impaired	-	-	-	-
less than 30 days	7,100,307	12,627,307	7,100,307	12,627,307
between 30 days and 60 days	8,374,328	5,153,268	8,267,936	4,562,447
between 60 days and 90 days	1,608,411	4,637,220	1,558,403	4,495,677
more than 90 days	13,067,283	6,545,102	12,829,501	6,430,238
Provision for Doubtful Debts	(1,017,534)	(568,900)	(1,017,534)	(568,900)
Net carrying amount	31,526,013	31,329,123	29,588,244	29,363,603

The movement in the provision for impairment of trade and other receivables is set out below:

Notes to the Annual Financial Statements

as at 31 March 2011 (Cont.)

Provision for doubtful debts GROUP	Individually impaired P	Collectively impaired P	Total P
At 1 April 2009	-	(1,385,532)	(1,385,532)
Charge for the year	-	-	-
Unused amounts reversed	-	816,632	816,632
At 31 March 2010	-	(568,900)	(568,900)
Charge for the year	-	(523,437)	(523,437)
Unsecured amounts reserved	-	-	-
At 31 March 2011	-	(1,092,338)	(1,092,338)
Provision for doubtful debts CORPORATION	Individually impaired P	Collectively impaired P	Total P
At 1 April 2009	-	(1,385,532)	(1,385,532)
Charge for the year	-	-	-
Unused amounts reversed	-	816,632	816,632
At 31 March 2010	-	(568,900)	(568,900)
Charge for the year	-	(448,633)	(448,633)
At 31 March 2011	-	(1,017,534)	(1,017,534)

Notes to the Annual Financial Statements

as at 31 March 2011 (Cont.)

	GROUP		CORPORATION	
	2011	2010	2011	2010
	P	P	P	P
12. CASH AND SHORT-TERM DEPOSITS				
Cash at banks and on hand	13,807,915	19,616,011	13,549,816	18,174,859
Short-term deposits	17,167,692	28,790,273	17,167,692	28,790,273
	30,975,607	48,406,284	30,717,508	46,965,132
Short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.				
13. STATED CAPITAL AND RESERVES				
Stated share capital				
Stated capital held 100 % by the government of Botswana	38,431,729	38,431,729	38,431,729	38,431,729
Other capital reserves				
At 31 March 2011	199,761	199,761	199,761	199,761

Revaluation reserve

The revaluation reserve is used to record revaluation surpluses recognised on revaluation of property and equipment as well as deficits to such an extent that such deficit relates to an increase on the same asset previously recognised in equity.

14. INTEREST BEARING LOANS AND BORROWINGS				
Current				
First National Bank	356,237	-	-	-
Government of Botswana:				
Loan 22	-	16,934	-	16,934
Loan 23	-	2,118	-	2,118
Loan 24	39,370	36,400	39,370	36,400
	395,607	55,452	39,370	55,452
Non- current				
First National Bank	33,743,159	-	28,100,000	-
Government of Botswana:				
Loan 24	138,455	177,825	138,455	177,825
	33,881,614	177,825	28,238,455	177,825

The government loans are unsecured and consist of advances given to Botswana Post by the government of Botswana. The First National Bank loan is secured with interest at Prime Less 1% per annum with a 2 year moratorium on repayment commencing on the date of final drawn down. The loan term is 12 years.

Notes to the Annual Financial Statements

as at 31 March 2011 (Cont.)

	GROUP		CORPORATION	
	2011	2010	2011	2010
	P	P	P	P
15. GOVERNMENT GRANTS				
At 1 April 2010	19,631,713	15,991,010	19,631,713	15,991,010
Received during the year	33,000,000	6,013,378	33,000,000	6,013,378
Released to income statement	(3,976,343)	(2,372,675)	(3,976,343)	(2,372,675)
At 31 March 2011	48,655,370	19,631,713	48,655,370	19,631,713
Current	4,526,340	5,662,755	4,526,340	5,662,755
Non - current	44,129,030	13,968,958	44,129,030	13,968,958
	48,655,370	19,631,713	48,655,370	19,631,713
16. TRADE AND OTHER PAYABLES				
Trade payables	17,287,228	36,856,083	15,353,371	35,425,570
Other payables	43,107,829	51,270,855	42,614,619	50,523,115
Provision for Defalcations	2,908,176	161,983	2,908,176	161,983
Due to related parties	(1,272,482)	(679,970)	-	-
	59,317,748	87,608,951	57,967,990	86,110,668
17. FINANCE LEASE OBLIGATION				
Short term portion disclosed under current liabilities	4,826,677	3,018,715	4,040,888	2,669,500
Long term portion	9,770,022	8,836,598	8,748,265	8,601,301
	14,596,699	11,855,313	12,789,153	11,270,801
18. DEFERRED TAX				
Deferred tax (liability) asset				
Accelerated capital allowances for tax purposes	(79,898)	(30,705)	-	-
Recognised in other comprehensive income	98,718	(221,485)	-	-
	18,820	(252,190)	-	-
Reconciliation of deferred tax asset (liability)				
At beginning of the year	(252,190)	(65,762)	-	-
Originating temporary difference on tangible fixed assets	172,292	35,057	-	-
Originating temporary difference on revaluation of property	98,718	(221,485)	-	-
	18,820	(252,190)	-	-

Notes to the Annual Financial Statements as at 31 March 2011 (Cont.)

19. PROVISIONS - SEVERANCE PAY

Reconciliation of provisions - 2011

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Severance pay provision	238,442	34,579	-	-	273,021

Reconciliation of provisions - 2010

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Severance pay provision	190,732	52,619	(4,909)	-	238,442

20. RELATED PARTY DISCLOSURES

Below is a summary of the total amount of transactions that have been entered into with related parties:

	Sales to related party P	Purchases from related party P	Amounts owed by related party P	Amounts owed to related party P
Botswana Couriers (Pty) Ltd- subsidiary				
2011	-	-	33,390	1,272,482
2010	-	-	679,970	124,858

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured and interest-free.

	GROUP		CORPORATION	
	2011 P	2010 P	2011 P	2010 P
Compensation of key management personnel				
Short - term employee benefits	6,241,015	5,116,891	4,043,039	3,437,976
Post - employment and medical employee benefits	-	-	-	-
	6,241,015	5,116,891	4,043,039	3,437,976

21. GUARANTEES

Botswana Postal Services has provided the following guarantees at 31 March 2011:

The obligations of certain employees under Motor Vehicle, Housing and Personal loan schemes with Botswana Savings bank to the extent of P 1 830 035-40.

Notes to the Annual Financial Statements as at 31 March 2011 (Cont.)

Pension

In 1989 BotswanaPost employed former Government employees who transferred to the Corporation .This comprised employees that had formerly been employed by the Department of Posts and Telegraph. Those citizen employees who were transferred from Government in 1989 are covered under a separate defined benefit pension scheme applicable to Government employees to which the Corporation has not made contributions.

These employees who were members of the Government defined benefit pension plan are also eligible to become members of the BotswanaPost Staff Pension Fund which is a defined contribution plan.

An actuarial valuation of the of the Botswana Postal Services employees and pensioners entitled to benefits under the rules of the Public Service of Botswana Pension Scheme was carried out as at 31 March 2011, which revealed an estimated contingent liability of P93.9million, relating to the period of their employment with the Corporation. There is uncertainty as to whether or not Botswana Postal Services has any liability in excess of the amounts receivable from the Botswana Postal Services Staff Pension Fund. The discussions with the relevant Government officials had not been finalised as at the date of issue of these financial statements.

The ultimate outcome of the matter cannot presently be determined, and consequently no provision for any liability that may result has been made in these financial statements.

22. INVESTMENT IN SUBSIDIARY

As part of restructuring exercise, Botswana Postal Services formed a fully owned subsidiary company- Botswana Couriers (Pty) Ltd in the financial year 2001-02. Botswana Couriers (Pty) Ltd. carries on the business of providing courier services.

Botswana Postal Services was initially allotted with 100 ordinary shares of P 10 each. For the year ended 31st March 2003 Botswana Postal Services had advanced an amount of P 2,557,280 to Botswana Couriers (Pty) Ltd towards its working capital requirement. A decision was made to treat the advance of P 2,557,280 as an interest-bearing loan to Botswana Couriers (Pty) Ltd. During the year ended March 2007 the Board of Management resolved to convert the loan amount of P 2,557,280 to equity.