



Botswana Postal Services
Annual Report 2015

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.

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MISSION

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

VISION

To provide communities with Financial, Logistics, Postal, Communications and Agency services, throughout our network and partnerships with Government and business.

BotswanaPost Today

Information and Communication Technology (ICT) has been the driver of BotswanaPost's strategy for the past four years, and will continue to play a crucial role going forward. The company has invested heavily in putting in place a range of robust and secure technology platforms and systems that will support the vision of the organisation to be more than a conventional postal service and deliver services of all kinds to the citizens and residents of Botswana, wherever they may be.



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Five Year Review - Corporation

	31 March 2015 P	31 March 2014 P	31 March 2013 P	31 March 2012 P	31 March 2011 P	31 March 2010 P
Revenue	366,181,590	308,895,285	214,178,291	199,581,721	170,508,622	114,966,727
Cost of Sales	(277,095,293)	(202,333,006)	(111,706,949)	(103,680,922)	(89,312,384)	(60,174,762)
Gross profit	89,086,296	106,562,279	106,562,279	102,471,342	95,900,799	81,196,238
Other income	10,039,538	9,342,621	9,912,945	10,552,169	10,955,111	6,833,591
Administrative expenses	(129,438,388)	(136,021,924)	(123,445,275)	(99,148,170)	(90,856,280)	(73,276,815)
Other operating expenses	(393,084)	(596,958)	(1,001,615)	(303,557)	(6,137,788)	(32,090)
Operating profit/(loss)	(30,705,638)	(20,713,982)	(12,062,603)	7,001,241	(4,842,720)	(11,683,350)
Finance cost	(18,659,350)	(17,028,776)	(14,728,043)	(8,837,515)	(4,356,291)	(3,519,527)
Finance income	2,385,340	218,519	359,637	561,997	2,213,317	4,112,274
Restructuring Costs	(108,766)	3,676,860	(50,135,636)	(2,319,714)	-	-
Loss for the year	(47,088,413)	(33,847,379)	(76,566,645)	(3,593,991)	(6,985,695)	(11,090,604)
Other comprehensive income:						
Gains and losses on property, plant and equipment revaluations	-	272,483	23,520	-	-	12,413,264
Loss for the year	(47,088,413)	(33,847,379)	(76,294,162)	(3,570,471)	-	(11,090,604)

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 Mahikeng. Historical records indicate that these runners (men on foot) carried up to 15,542 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.

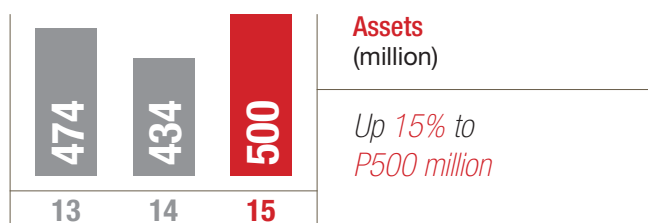
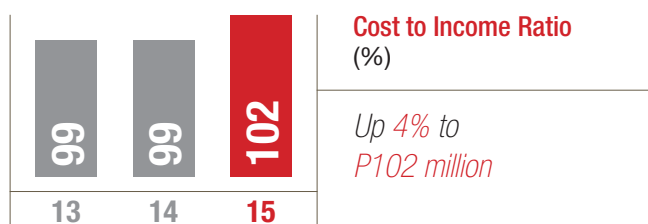
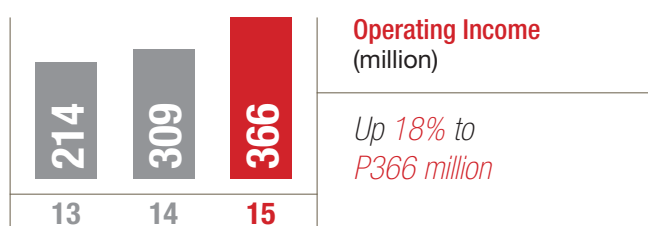
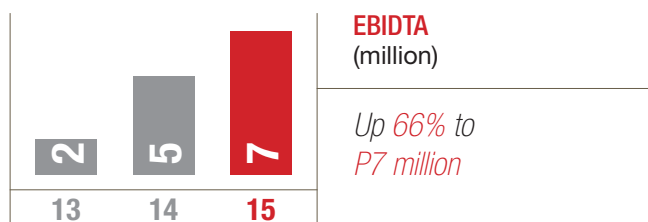
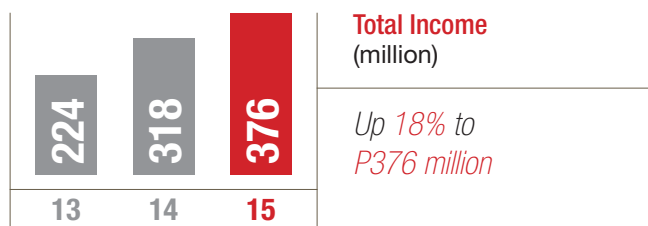
The Post evolved over the years into the Bechuanaland Protectorate Postal Services. At Independence it was transformed into the Department of Posts and Telegraphs with 123 Post Offices and 43 Postal Agencies.

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 and most reliable mode of communication after the telephone, which was however only accessible to a privileged few. The Post was also at the centre of commerce, as most purchases were sourced through mail order 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 as 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. Emerging technologies such as email and internet services and later cellular phones, all followed, reducing the use of the letter as a preferred mode of communication.



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for more information



Post Offices

Gaborone Region

Bokaa
Bontleng
Broadhurst
Gabane
Gaborone Ub
Gaborone - C.p.o
Gaborone Station
Gaborone Village
Kopong
Lentsweletau
Letlhakeng
Mmankgodit
Mochudi
Mogoditshane
Molepolole
Ntshingone

Oodi
Taung
Ramotswavillage
Riverwalk
S.S.I.K.A
Sikwane
Thamaga
Thebephatshwa
Tlokweng
Sojwe
Metsimothabe
Mathubantwa
Poso House
Masa Post

Lobatse Region

Ghanzi

Charleshill
Kalkfontein
Nojane
Jwaneng
Hukuntsi
Kang
Khakhea
Lehututu
Mabutsane
Motokwe
Middlepits
Tsabong
Werda
Lobatse
Digawana
Goodhope
Mabule

Otse
Pitsane
Sedibeng
Woodhall
Mmasekou
Mahikana
Kanye - Ntsweng
Mmathethe
Moshupa
Kanye (Tomela)
Molapowabojang

Central Region

Mahalapye
Madiba
Sefhare
Mookane

Machaneng
Kalamare
Pilikwe
Shoshong
Palapye
Lerala
Moeng
Sherwood
Pota
Lecheng
Maokatumo
Tumasera
Ramokgonami
Maunatlala
Serowe
Rasebolai
Moiyabana

Selebi Phikwe
Sefhopho
Botshabelo
Serule
Bobonong
Mmadinare
Tsetsebye
Semolale

North Region

Boseja
Chobe Buss Centre
Etsha
F/Town Business
Centre
Francistown
Gumare

Gweta
Kasane
Kavimba
Letlhakane
Maitengwe
Makaleng
Masunga
Mathangwane
Matsiloje
Maun
Maun Airport
Monarch
Mopipi
Nata
Nkange
Orapa
Pandamatenga

Rakops
Ramokgwebana
Sebina
Sehithwa
Shakawe
Shashe
Sowa
Tatitown
Tonota
Tshesebe
Tutume
F/Town Airport

Kitsong Centres

Gaborone Region

Gabane
Sikwane
Riverwalk
Masa
Gabs/Station
Poso House
Mmankgodit
Kopong

UB
Letlhakeng

Lobatse Region

Kang
Hukuntsi
Mmathethe
Mabutsane

Charleshill
Goodhope
Gantsi
Tsabong
Werda
Nojane
Otse
Mabule

Central Region

Botshabelo
Machaneng
Sefhare
Shoshong

Moiyabana
Rasebolai
Mmadinare
Sefhopho
Ramokgonami
Lecheng
Maunatlala
Mookane

Madiba
Tsetsebye
Lerala
Bobonong

North Region

Blue Jacket
Chobe

Etsha
Gweta
Letlhakane
Maitengwe
Masunga
Mathangwane
Mopipi
Nata

Rakops
Sebina
Sehithwa
Shakawe
Tonota
Tshesebe
Tutume
Gumare

Postal Agencies

Mochudi Region

Morwa
Rasesa (PA)
Mosomane
Modipane (PA)
Sikwane Post Office
Malolwane (PA)
Mathubudukwane(Pa)

Molepolole Region

Dutlwe (PA)
Lephephe
Letlhakeng Post
Takatokwane
Khudumelapye

Gaborone Station Region

Manyana
Kumakwane
Gakuto
Mokolodi

Ghanzi Region

Karikubis
Kole
Kcagae
Lobatse Area
Hebron
Metlojane
Molapowabojang
Ntlhantlhe
Mogobane

Ramatlabama

Jwaneng Region

Mackane
Sese
Lorolwane
Sekoma
Makopong
Hereford
Tshane
Lokgwabe

Mmasekou Region

Ranaka
Lotlhakane
Metloto

Tsabong Region

Boravast

Bobonong Region

Gobojango
Lentswele-Moriti
Mathathane
Molalata

Mahalapye Region

Mmaphashalala
Radisele
Dibete
Makwate
Pallaroad

Palapye Region

Majwaneng
Ratholo
Tamasane
Seleka

Sefhare Region

Moshopho

Selibe Phikwe Region

Mogapi
Tobane

Serowe Region

Mabeleapudi
Mmashoro
Mogorosi

Thabala
Tshimoyapula
Paje

F/Town Region

Borolong
Chadibe
Kalakamati
Marapong
Mapoka
Mosetse
Nswazwi
Tatisiding
Marobela

Kasane Region

Parakarungu
Satau
Kachikau

Letlhakane Region

Mmatshumo
Mosu

Ramokgwebana Region

Moroka
Nhlaphwane

Rakops Region

Khumaga
Xhumo

Masunga Region

Zwenshambe

Maun Region

Makalamabedi
Nokaneng
Sepopa
Seronga
Gunotshoga
Shorobe

Sehithwa Region

Tsau

...An organisation like no other, we
are in every community everywhere,
and we deliver mail to every address.



Transform, Modernise and Diversify

The Journey to Excellence, which seeks to position BotswanaPost as a one-stop-shop service provider of choice within the local communities it serves, continues to gain momentum.

Financial Highlights

Company

Revenue [BWP Mil]



366

Administrative Expenses [BWP Mil]



129

Group

Revenue [BWP Mil]



430

Administrative Expenses [BWP Mil]



186

There were no real surprises in the financial results for the year ended 31 March 2015. While the actual numbers could be described as disappointing given the unfortunate increase in the size of the bottom line loss, they do not reflect the significant progress that has been made towards our transformation from a traditional postal operation into an advanced, diversified service provider.

It is important that the results are evaluated against the backdrop of two major trends: the difficult economic conditions in Botswana and the global communications revolution which is negatively affecting traditional postal services around the world.

We are aware that we need to diversify in order to sustain our operations as a business while continuing to meet our obligation to provide a traditional mail service. Our current five-year Journey to Excellence strategy, which draws to a close in March 2016, was designed to drive our diversification and transformation programme so as to advance towards a diversified service provider.

Transformation, however, requires significant financial resources, which we as an operational entity, do not have. The tight/unfavourable economic conditions in the country have placed constraints on many businesses and business opportunities that could have been available to us; and our cash flows have been negatively impacted as a result of slow payment from entities to whom we provide services. Depleted

We are aware that we need to diversify in order to sustain our operations as a business while continuing to meet our obligation to provide a traditional mail service.

cash flows, coupled with a resultant loss in interest earned, also placed restrictions on the amount of prepaid electricity and bulk mobile phone airtime we were able to purchase in order to resell to consumers – and this had a negative impact on our revenues.

It is clear that we need to engage a lot more with our shareholders in order for them to inject the capital we require to move out of our current negative equity situation.

We also need to keep an eye out for signs of recovery in the economy so as to be able to identify opportunities that may arise. This will become particularly important as we craft and define our strategy for the next five years after the current strategic period ends in March 2016.

Go ne go se na dipe tse di kalo tse di ka boletwang ka ngwaga wa madi o o wetseng Mopitlo a fela ka 2015. Le fa dipalo di ka tswa e le tse go ka tweng di kgoba marapo go lebilwe koketsego ya selekanyo sa ditatlhegelo mo tshobokong ya dipalo tsotlhe, ga di supe kgatelelopele e kgolo e e dirilweng fa re fetoga go tswa mo bodireding jwa poso jo bo tlwaelesegileng go ya kwa go ntsheng ditirelo tsa segompieno tse e bileng di le mehuta.

Go botlhokwa gore maduo a kanokwe go lebeleletse ditsetlana tse pedi tse e leng; seemo sa itsholelo se se bokete mo Botswana le phetogo ya ditlhaeletsanyo lefatshe ka bophara, e e amang ditirelo tsa poso tsa tlwaelo lefatshe lotlhe.

Re lemoga fa re ne re tshwanetse ke go kabakanya ditirelo tsa rona gore re itsetsepele re le kgwebo mme re ntse re diragatsa tshwanelo ya rona ya go fa batho ditirelo tse di tlwaelesegileng tsa go isa dikwalo kwa le kwa.

Lenaneo le re leng mo go lone la dingwaga tse tlhano le le bidiwang Journey to Excellence le le tlaa welang ka Mopitlo 2016, le ne le diretswe go kgonagatsa kabakanyo ditirelo ya rona le go fetola thulaganyo gore re atumele kwa go nneng badiiredi ba ditirelo tse di farologanyeng.

Le fa go ntse jalo, diphetogo di batla madi a mantsi, a rona re le kompone re senang nao. Seemo sa itsholelo se se bokete mo lefatsheng leno se beile dikgwebo di le dintsi ga mmogo le menyetla ya go gweba e re kabong re e akotse ka fa mosing; le letseno la rona le amegile mo go botlhoko ka ntata ya gore ba re ba fang ditirelo ba re duela ka bonyana.

Go kgaritlhega ga letseno, go kopana le go tlhoka go dira merokotso mo go tsetsweng ke go tlhoka letseno mo, le gone go fokoditse selekanyo sa motlakase wa karata le diunitsi tsa megala tse re neng re kgona go di reka re di rekisa – selo se se babaletse kgwatlha ya rona fela thata.

Go bonala sentle gore re tshwanetse go bua thata le ba ba nang le diabe mo go rona gore ba re neele madi a re a tlhokang go ikinola mo seemong se se maswe se re mo go sone.

Re tshwanetse gape ra nna podimatseba gore re bone sekai sa phetogo epe fela e e ka diragalang mo itsholelong gore re kgone go nopola menyetla e e ka tlhagang.

Go dira jaana go tlaa bo go le botlhokwa thata ka e bile re betla tsela ya dingwaga tse tlhano tse di tlang jaaka fa lenaneo la gompieno le wela ka Mopitlo 2016.

Strategic Review

A key target of our current five year strategy is to be a P500 million revenue company by March 2016. Despite the setbacks of the review period, there is every indication that we are on track to meet that target, provided a contract on which we have been working is signed. If it isn't, we may not reach the target, but we won't miss it by much. This is a remarkable achievement given the prevailing conditions in which we operate and is testament to the substantial effort that has been made in transforming, modernising and diversifying the organisation.

Unfortunately, we have not been as successful in achieving another target – to reduce our cost to income ratio to around 60%. Due to the very high cost of sales and strategic expenses incurred in our transformation drive, this ratio continues to hover at about 90%. A managerial Cost Reform Committee was established during the review period to identify functional areas that are not operating as efficiently or as cost-effectively as they could.

Part of our transformation strategy is to leverage the enormous footprint that has been established over many years to enable us to meet our postal service obligations.

We are also working to find ways to make the delivery of our traditional postal service more efficient and cost-effective. While we may not carry the same amount of mail as in previous years, the fact remains that mail volumes are still substantial. As a member of the Universal Postal Union (UPU), we are obliged to carry mail to each and every inhabitant of this country, regardless of the rising costs and falling revenues from this service. This obligation is likely to continue for many years, which is why, if we are to become profitable once again, diversification is critical.

Part of our transformation strategy is to leverage the enormous footprint that has been established over many years to enable us to meet our postal service obligations. With 124 post offices across the country, BotswanaPost has a reach that is unmatched, and makes us the ideal partner to deliver services on behalf of other entities, including government, to citizens everywhere without the need to establish, at great cost, a duplicate/parallel distribution network.

It is clear, however, that the cost of delivering some of the new services is severely affecting their profitability. These contracts are currently being assessed in order to determine

Kanoko ya Lenaneo

Maikaelelo magolo a lenaneo la rona ke gore re nne kompone ya boleng jwa P500 million pele ga Moranang wa 2016 a wela. Kwa ntle ga mathatanyana a a nnileng teng mo pakeng eno, gone dikai di a supa gore re ntse re mo tseleng e e siameng mo re ka kgonang seelo se re se ipeetseng, fela fa e le gore tumalano e re ntseng re e dira e bewa monwana. Fa e sa bewa monwana, re ka nna ra seka ra kgona seelo, mme ga re kake ra retelelwa mo go feteletseng. E ke phithhelelo e e boitshegang fa re lebeletse diemo tse re berekelang mo go tsone, e bile ke bopaki kwa maiteko a a dirilweng go tokafatsa, go shafatsa le go kabakanya ditirelo tsa kompone.

Ka go tlhoka lesego, ga re a atlega mo go kalo mo go kgoneng seelo se sengwe – e leng go fokotsa selekanyo sa madi a re a dirisang go tshwantshannngwa le a re a amogelang go ya kwa go masome a marataro mo lekgolong. Ka ntata ya madi a mantsi a re a dirisitseng mo ntshafatsong ya ditirelo tsa rona, selekanyo se se ganelela fela fa go masome a a ferang bongwe mo lekgolong. Komiti e e lebelelang tiriso ya madi le paakanyo ya kgang e, e ne ya tlhongwa mo pakeng eno go nopola mehama mengwe e e sa direng ka fa go tshwanetseng mo go direng madi kgotsa e sa somarele madi ka fa go neng go solofetswe ka teng.

Re ne gape re ntse re leka go senka ditsela tse ditirelo tsa rona tse di tlwaelesegileng tsa poso di ka somarelang madi ka tsone. Le fa re se kake ra tsamaisa dikwalo ka bokete jo re kileng ra bo re di tsamaisa ka jone mo dingwageng tse di fetileng, boammaaruri ke gore dikwalo tsone di santse di le dintsi. Re le lelolo la Universal Postal Union (UPU), re patelesega go isa poso kwa mongweng le mongwe ya o nnang mo lefatsheng leno, go sa kgathalesege gore ditlhwatlhwa tsa go dira jalo di gola go le kae kgotsa go re busetsa go le gonnye go le kae. Tshwanelo e e lebege e tlaa tswelela mo dingwageng tse dintsi tse di tlang, ke sone se re tshwanetseng go dira dipolelo gape, ka jalo go kabakanya go bothokwatlhokwa.

Karolo e nngwe ya leano la rona ke go dirisa motlhala o re ntseng re o budusa mo dingwageng gore re kgone tiro ya rona ya poso. Jaaka re na le diposo di le lekgolo, masome a mabedi le bone go ralala lefatsheng leno, BotswanaPost ga e gaisiwe fa go tla mo go gorogeng kwa bathong, selo se se re dirang tsala e e botoka go ka isa ditirelo gongwe le gongwe kwa bathong mo boemong jwa ba bangwe go balelwa le puso, mme e bile go sa tlhokege go tlhoma madirelo a a maturuturu a a tshwanang le a rona.

Le fa go ntse jalo, go bonala sentle gore boturu jwa ditirelo dingwe tse disha bo babalela dipolelo. Ditumalano tse ka jalo di tswelutse ka go kanokwa gore go bonwe gore ke dife tse go ka tswelutswang le tsone le gore ke dife tse di ka bopiwang sesha gore di tle di tsenye madi go bo go nne le dipolelo.

which should be retained, and which restructured to ensure greater contribution to the bottom-line and ultimately result in profitability.

Moving to Profitability

There is no doubt that BotswanaPost can return to profitability provided we accurately identify and then deal effectively with those areas that are draining our resources.

During the review period, a costing project was concluded, whose objectives were to examine the cost of each and every service we provide at every post office in the country, and via every sales channel. This includes services provided in terms of our universal postal service obligation. One of the facts that came to light during this exercise is that we currently have around 40 loss-making post offices which have to be maintained if we are to fulfil our universal service obligation. The report detailing and quantifying these losses will assist the regulator and government to see precisely what is needed in terms of subsidies and fee increases to enable us to meet our obligation to deliver on our mandate.

Moving forward, the success of BotswanaPost will be driven mainly by our ability to engage with and enter into reciprocal, strategic partnerships with external parties who need our services and with whom we can meet our obligations.

Property

Another potential revenue stream could result from leveraging our substantial property portfolio. BotswanaPost developed a strategy to achieve this some years ago. However, without the financial resources necessary for refurbishment or redevelopment, and because we had to use some of these properties as surety against P100million loan we had been compelled to take out in the previous financial year to cover capital expenditure projects to which we were committed, we were compelled to delay its implementation.

The receipt of the long-anticipated Government funds largely to compensate for the losses made on the delivery of our universal postal service obligations enabled us to pay off the P100million loan towards the end of the review period. In addition, there is growing interest from private companies wanting to engage with us around the development of some of the sites. We are mindful of the fact that it is essential for our post offices to be more visible and accessible to consumers. This could entail opening more outlets in high-traffic areas such as shopping malls, which would then free existing standalone post office sites available for commercial development.

Human Resources

One of the major developments of the review period was the finalisation of the Executive Committee rationalisation. This followed the conclusion of the restructuring and rationalisation of 2014 which resulted in the staff complement declining

Dipoelo

Ga go na pelaelo ya gore BotswanaPost e ka boela kwa go direng dipoelo fela fa re ka nopola ka kebelele re bo re dirisa sentle mehama e e kgaritlhang ditsompelo tsa rona.

Mo pakeng e, tiro ya go sekaseka ditlhwatlhwa, e maikaelelo a yone e neng e le go tlhatlhoba tlhwatlhwa ya tirelo nngwe le nngwe kwa diposong tse di mo lefatsheng leno, e ne e ya wediwa. Go balelwa le ditirelo tse re tlamegang go di ntsha go ya ka molawana wa Universal Postal Union. Nngwe ya difatlhi tse di bonetseng mo tirong e ke gore re na le diposo tse di sa direng dipoelo e bile di latlhegelwa ke madi di le masome mane, tse le fa go ntse jalo di tshwanetseng go tlamelwa go kgotsofatsa UPU. Pego e e nankotseng ka botlalo ditatlhegelo tse, e tlaa thusa ba ba laolang le puso go bona gore totatota go tlhokega gore go tweng mabapi le go re thusa ka madi kgotsa go oketsa tlhwatlhwa ya ditirelo go re kgontsha go diragatsa thomo ya rona.

Fa re tswelela, katlego ya BotswanaPost e tlaa kgonagadiwa bogolo thata ke bokgoni jwa rona mo dipuisanong le ditumalano tsa go tlhatlhoba matsogo le ba re dirang le bone, ba e leng gore ba tlhoka ditirelo tsa rona e bile ba ka re kgontsha thomo ya rona.

Mo pakeng e, tiro ya go sekaseka ditlhwatlhwa, e maikaelelo a yone e neng e le go tlhatlhoba tlhwatlhwa ya tirelo nngwe le nngwe kwa diposong tse di mo lefatsheng leno, e ne e ya wediwa.

Dikago

Mhama o mongwe o o ka re tsenyetsang madi ke wa dikago. BotswanaPost e ne ya loga leano la go dirisa dikago go dira madi dingwaga tse di fetileng. Le fa go ntse jalo, re ne ra patelesega go nama re ise re le diragatsa ka ntlha ya go tlhoka madi a go shafatsa dikago kgotsa go di tlhabolola, le gore re ne ra tshwanelwa ke go dirisa dingwe tsa dikago tse e le peeletso fa re adima P100 million yo re neng ra patelesega go mo adima mo ngwageng o o fetileng wa madi go dira dingwe tse di neng di re farafere.

Le fa go ntse jalo, madi a re a filweng ke puso, a bogolo jwa one e neng e le go duelela tatlhegelo mo go anamiseng ditirelo tse re senang boikgethelo mo go tsone, a ne a re kgontsha go duela sekoloto se sa P100 million paka eno e tloga e ya bokhutlong.

Mo godimo ga moo, dikompone tse di ikemetseng ka bontsi di tswetsetse ka go supa kgatlhego ya go tshwaragana le

from 900 to 700. Several models for the top structure of the organisation were considered and it was agreed just prior to year-end that the most efficient Exco formation to take the organisation into the future would be a flat structure in which eight heads of department would report directly to the CEO. This formation, which necessitated the amalgamation of some functional areas, has now been finalised. The Board Human Resources (HR) Committee will be monitoring this to evaluate how the new structure impacts the business' operational efficiency and profitability going forward.

At this point I would like to congratulate Mr. Cornelius Ramalhakwane and Mr. Ofentse Mabote on their appointments as CEO and CFO respectively, and to wish them well in their endeavours as they lead BotswanaPost into a new era.

Botswana Post and Savings Group

The long anticipated merger of BotswanaPost, Botswana Couriers and Botswana Savings Bank started to take shape in December 2013 with the establishment of the Botswana Post and Savings Group as the holding company for the three entities. During the review period, the constitution of BotswanaPost was amended, making the organisation a public company limited by guarantee and subject to the requirements of the Companies Act. BotswanaPost is now officially a subsidiary of BotswanaPost and Savings Group. The challenge now will be to fulfil the promise of the merger by enabling the three subsidiary companies to benefit from their natural synergies and economies of scale. This is likely to be a focus of the 2016/17 financial year.

Governance and the Board of Directors

Throughout the review period, the Board operated at a less than optimum level because three vacancies have not yet been filled. The remaining five Board members have worked extremely hard to fulfil their fiduciary duties in circumstances that have not always been ideal. Two Board committees, the HR and Finance Committees functioned effectively. As there were no tenders to evaluate, the Tender Committee did not convene during the review period.

At this point I would like to congratulate Mr. Cornelius Ramalhakwane and Mr. Ofentse Mabote on their appointments as CEO and CFO respectively, and to wish them well in their endeavours as they lead BotswanaPost into a new era.

rona mo go tlhabololeng ditsha dingwe. Ga re le bale gore diposo di tshwanetse go nna fa di ka bonwang tsa bo tsa etelwa motlhofo ke badirisi. Se se ka tswa se raya gore re bule mo mafelong a a tsamaiwang ke bontsi jaaka mafelo a marekisetso, selo se se ka dirang gore jaanong ditsha tsa diposo tse di kgakajana le matsamaelo a batho di dirisediwe kgwebo le ditlhabololo.

Badiri

Nngwe ya ditlhabololo tsa paka eno ke pheleletso ya go aga sesha komiti kgolo. Se se ne se tla morago ga tshoboko ya go aga sesha kompone ka 2014, e e dirileng gore palo ya badiri e fokotsege go tswa kwa go makgolo a a ferang bongwe e ye kwa go makgolo a supa. Ditebego tsa gore kompone e ka nna jang kwa godimo di ne tsa lebelelwa ga bo go dumalanwa fela fa ngwaga o ya bokhutlong, gore tebego e e di gaisang tsotlhe

Mo pakeng e, molao-motheo wa BotswanaPost o ne wa sekasekwa mme wa dira gore kompone e e nne ya setshaba e e laolwang ke molao wa dikompone.

go isa kompone pele ke moago o o bidiwang flat structure o e leng gore mo go one baeteledipele ba maphata ba roba bobedi ba tlaa bo ba okametswe ke mookamedi wa kompone. Moago o, o o pateleditseng gore go kopanngwe mehama mengwe, o weditse. Komiti ya khuduthamaga ya tlhokomelo ya badiri e tlaa baya seemo leitho go bona gore moago o mosha o o ama jang ditirelo tsa letsatsi le letsatsi le dipelo fa go ntse go tswelletswe.

Mo nakong e ke rata go akgola Rre Cornelius Ramatlhakwane le Rre Ofentse Mabote jaaka ba tlhomilwe go nna CEO le CFO ka go latelelang ga bone le go ba eleletsa katlego jaaka fa ba tlaa bo ba gogela BotswanaPost kwa motlheng o mosha.

BotswanaPost and Savings Group

Go kopana ga BotswanaPost, Botswana Couriers le Botswana Savings Bank go ne ga itshetlela sentle ka Sedimonthole 2013 fa go tlhongwa Botswana Post and Savings Group e le yone kompone e e kopantseng mehama e meraro e. Mo pakeng e, molao-motheo wa BotswanaPost o ne wa sekasekwa mme wa dira gore kompone e e nne ya setshaba e e laolwang ke molao wa dikompone. BotswanaPost jaanong ka fa molaong e wela ka fa tlase ga Botswana Post and Savings Group.

With the establishment of the new holding company which is now responsible for Board appointments, we look forward to the BotswanaPost Board vacancies being filled in the current financial year.

Appreciation

I would like to thank Mr. Keolebogile Pele Moleta, the former Chief Executive for everything he did to steer the BotswanaPost ship through some turbulent and difficult years, and to wish him well in his future endeavours.

I would also like to pay particular tribute to our employees, management, the Board, and our shareholder, for their ongoing support and tireless efforts in helping to transform BotswanaPost into the vibrant service provider it aspires to be. We should also not forget our diversification efforts would not be possible without the support of our partners and our associates, all of whom have an impact on our business daily.

Moving forward and with our current strategy coming to an end, we need to craft a new strategy that will take us through the next five years and beyond. It will be highly dependent on the nature of the partnerships that we are going to define. We will not be taking on board each and every opportunity that comes our way. We will be focused and selective in choosing those that will be mutually beneficial to us and our partners. If we get that right, we can be assured of a sustainable future for us as a fully-fledged service provider.

Polokoetsile P. Motau
Chairman

Jaanong kgwetlho ke go diragatsa tsholofetso ya bokopano jo ka go kgontsha maloko a mararo go akola kopano le dipolelo tse di tswang mo go yone. Selo se e ka nna ya nna ntlha kgolo ya ngwaga wa madi wa 2016/2017.

Tsamaiso le khuduthamaga

Mo pakeng e yotlhe, khuduthamaga e ntse e bereka ka boima ka jaana diphatlha tse tharo di ne tsa seka tsa hirelwa. Maloko a matlhano a a setseng a ne a bereka ka thata mo mabakeng a a bokete. Dikomiti tsa khuduthamaga tse pedi; ya tlhokomelo badiri le ya madi di ne di bereka sentle. Ka go ne go se na dithendara dipe, komiti ya theko ga e a ka ya kopana mo pakeng e.

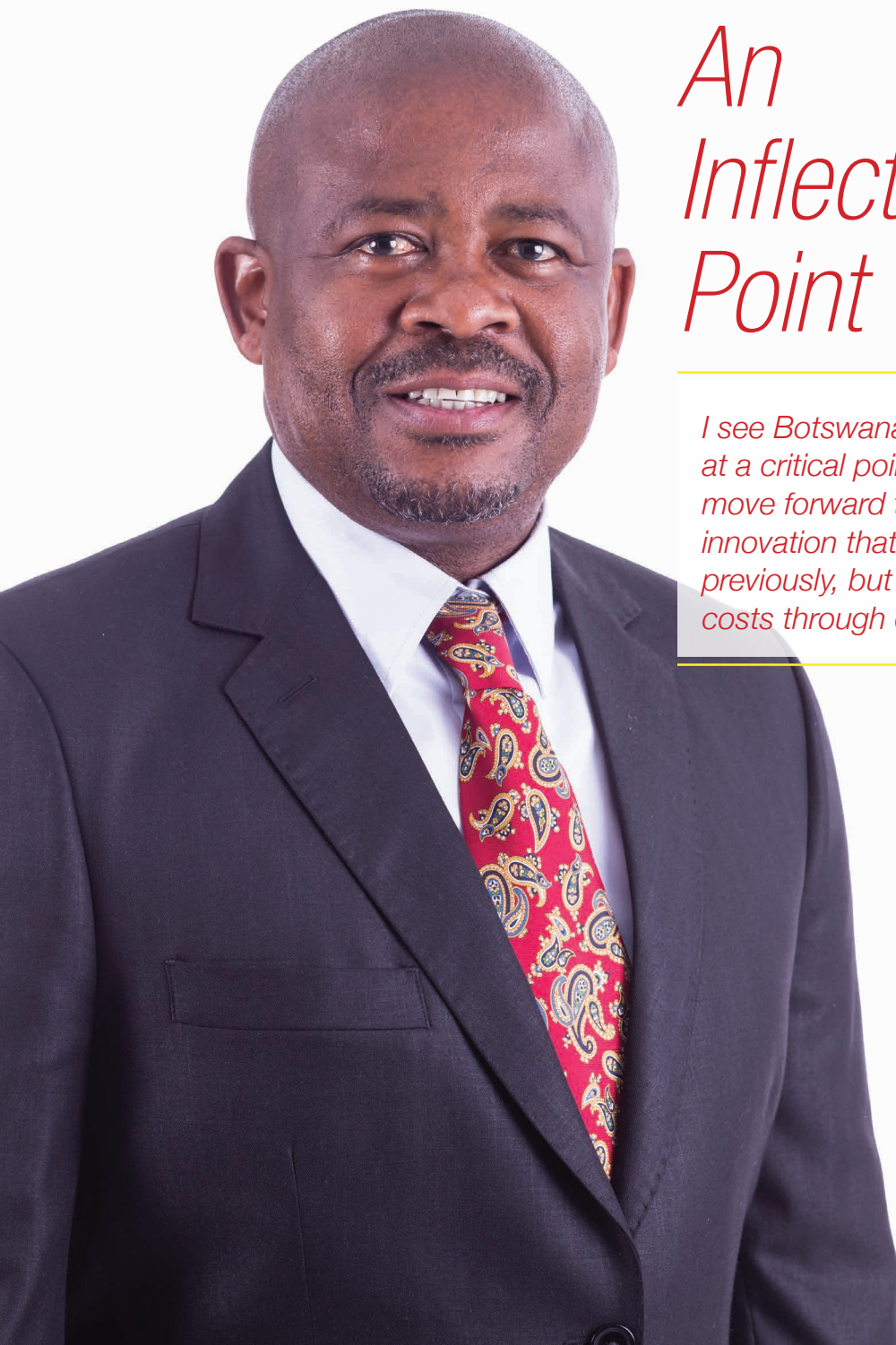
Jaaka go tlhomilwe kompone kakaretso e ncha e tiro ya yone e leng go tlhophisa khuduthamaga, re lebeletse gore jaanong diphatlha tse di leng teng mo khuduthamageng ya BotswanaPost di tlaa batlelwa batho mo ngwageng ono wa madi.

Ditebogo

Ke rata go leboga Rre Keolebogile Pele Moleta, mookamedi wa pele, ka sengwe le sengwe se a se dirileng go tshegetsisa BotswanaPost mo dinakong tse di thata le go mo eleletsa masego mo bokamosong.

Ke rata go leboga le badiri ba rona, baeteledipele, khuduthamaga le ba ba nang le diabe mo go rona ka kemo-nokeng ya bone le go thusa ba sa ngodiege mo tokafatsong ya BotswanaPost go nna modiredi yo o matlhagatlhaga yo e e letsang go mo nna. Ga re a tshwanela go lebala gore maiteko a rona a go kabakanya ditirelo a ne a se kake a atlega fa e ne e se ka kemo-nokeng ya ba re tshwaraganetseng tiro le bone, ba botlhe ba dirang tiro e kgolo mo tirong ya rona ya letsatsi le letsatsi.

Fa re tswelala, le lenaneo la rona le ya bokhutlong, re tshwanetse ra dira le lesa le le tlaa re tshegetsang dingwaga tse tlhano tse di tlang le go feta. Le tlaa bo le ikaegile thata ka mohuta wa botsalano jo re yang go bo dira. Ga re na go dirisa monyetla mongwe le mongwe o re o bonang. Re tlaa bo re tlhomame mo go tlhopheng monyetla e e tlaa akolwang ke rona le ba re tshwaraganyeng le bone. Fa re ka dira seo sentle, re ka itse gore re na le bokamoso jo bo tsepameng re le batlhagisi ba ditirelo ba popota.



An Inflection Point

I see BotswanaPost's position as being at a critical point in time where we can move forward to achieve growth and innovation that has not been achieved previously, but only if we can tame our costs through operational efficiency.

Financial Highlights

Company

Revenue [BWP Mil]

18% ↑

366

Administrative Expenses [BWP Mil]

5% ↓

129

Group

Revenue [BWP Mil]

29% ↑

430

Administrative Expenses [BWP Mil]

17% ↑

186

This tale is reflected in our financial results: on the top line, we turned in a satisfactory performance with an increase in revenues of 18%. However, we also experienced a rise of 38% in our cost of sales, which once again resulted in us ending the financial year in a loss-making position. I am, however, confident that this can and will change. Everything we do in the next strategic period will be geared towards achieving this goal in a sustainable manner.

In the first part of our four year tale to date, the company made significant progress in transforming its product and service proposition.

For example, in 2011 we embarked on an e-Post strategy. By end of 2012 we had become the country's super vendor for prepaid electricity, powering among others the First National Bank and Barclays Bank electronic channels. At present, we vend over P15million in prepaid electricity per month with our electronic channels accounting for over 70% of the transactions.

In 2013 upon acquiring a Valued Added Services Licence, we connected all major airports with fast and reliable internet through our PosoCloud offering. However, this offering is now under review given the recent national broadband strategy spearheaded by BoFiNet.

Still in 2013, we automated the national social services registration and payment process at all post offices through PosoCard, and now process some 100,000 transactions per month with the value of P37million.

Innovation continued into 2014 with the introduction of PosoOnline, Botswana's first fully integrated Bill Presentment and Payment web portal.

During the 2015 financial year, we continued to expand the range of services offered to the nation through the innovative use of advanced technologies. This has not only enabled us to deliver advanced services to customers across the country, but also to deliver enormous convenience as most of these services can now be accessed outside of normal working hours.

One of the highlights of the review period was the launch of a Mobile Application (App) that enables customers to purchase pre-paid electricity from their cellular phones at any time and from any location. At present, pre-paid electricity is available through Internet-banking, cellphone banking, and mobile money services. The development of the Mobile App platform lays a foundation from which BotswanaPost will be able to introduce other convenient services in the future.

Another innovative service introduced during the review period was a Point of Sales device that enables vendors, retailers

and SMMEs around the country to sell prepaid electricity and airtime tokens. This will greatly assist communities and individuals who might not have access to the mobile telephony distribution channel.

Other developments that leverage our investment in our ICT infrastructure include:

- the roll out of international money transfer services between BotswanaPost and postal operators in Zimbabwe and South Africa;
- the provision of a payment service for Tirelo Sechaba participants in partnership with Barclays;
- the registration and payment of Disability allowances on behalf of Department of Social Protection;
- the development of a world-class interactive website that allows local and international philatelic collectors to buy our philatelic products online.

We are also engaging with the Police Department to utilise our ICT platforms. This will enable the convenient and secure payment of traffic fines.

In 2013 upon acquiring a Valued Added Services Licence, we connected all major airports with fast and reliable internet through our PosoCloud offering.

As part of global postal re-engineering, In 2014 the Universal Postal Union approved funding for BotswanaPost for a pilot project that will improve international mail delivery standards in urban areas. Under this project BotswanaPost will acquire a fleet of motorcycles and handheld devices that will be used for deliveries to the home and postal kiosks.

It was in April of 2014 that in partnership with Hollard Insurance we introduced a product in Motshidisi Funeral cover, as a way of closing the gap of the underserved and neglected niche of our communities by mainstream Insurance. To this date I am happy with the reception and general product performance. BotswanaPost continues to demonstrate its relevance to the business community as a strategic partner.

These achievements are the result of a combination of embracing technology and smart partnerships.

Retail & Customer Service

In addition, BotswanaPost continues in its efforts to be a wholly customer centric organisation and thus works hard to continually improve service delivery processes and procedures on the ground. We have thus paid more attention to training customer-facing staff on the basics of excellent customer service delivery.

I am proud of the fact that these efforts have resulted in a significantly reduced number of complaints received from customers to 320 in this reporting period compared to the 9,768 complaints captured in the period prior. Of these 320 complaints 79.4% were resolved the first time; a further 13.4% were resolved, albeit not the first time; and only 7.2% of these cases were still pending investigation by year end.

Other success stories in the review period included reaching our target to increase utilisation of our products and service from 50% to 70%. At the same time, we managed to increase the number of products and services offered through eight

Other success stories in the review period included reaching our target to increase utilisation of our products and service from 50% to 70%.

of our postal agencies to six per agency; and we upgraded the Mmutlane Postal Agency to a fully functional Post Office, providing more services to the residents of Mmutlane village.

I am confident that we can only build onto what has already been achieved to realise our target of a 90% Customer Satisfaction Index by March 2016 – and improve this further in the five-year strategy period thereafter.

Unlocking value from our real estate portfolio has proved rather more challenging following the approval in 2012 of the property strategy. The economic recession hampered efforts to access funding from the government. This compelled us to explore other options, culminating in receiving various partnership proposals ranging from joint ventures and sale and lease back arrangements with reversionary provision.

Of three firm proposals received in the review period, two are interested in a partnership for the entire portfolio, while the other is focused on only 28 sites. This clearly demonstrates the huge potential within our strategically located properties. The three proposals are being subjected to a due diligence process for legal compliance and financial prudence and our aim is to

conclude the negotiation process before the end of the current financial year.

We are thus well on track towards becoming an Icon of Excellence.

However, we have not yet not achieved our target cost income ratio of 60%. Our cost of sales is still too high and despite our attempts at cost rationalisation, we are unlikely to achieve this goal by the end of the five-year strategy period.

An Inflection Point

We have, I believe, reached what is described in differential calculus as an “inflection point” in our history. An inflection point in business terms means a positive, dramatic change in the direction of our business curve. Therefore, I see BotswanaPost’s position as being at a critical point in time where we can move forward to achieve growth and innovation that has not been achieved previously, but only if we can tame our costs through operational efficiency.

Given the challenges we face from a funding and financial resourcing perspective, if this company is to grow and realize its potential, it is more critical than ever that we get better control of our costs. If we can raise our level of self-funding through increased profitability, we will be able to control our own destiny in the coming years and that will enable organic growth.

As we look ahead, the theme for the following years will thus be a continued focus on innovation and service excellence, but underpinned by achievement of what I call “Fitness for Growth.”

Fitness for Growth

A BotswanaPost that is Fit-for-Growth is a company that is in control of its costs; a company whose processes are lean and mean, a company that attracts and develops people of superior talent; a company that has a caring connection to its employees who believe it is the best company to work for; a company that is supported by leading edge technology; and a company that has a net positive impact on the environment.

Fitness for growth means that BotswanaPost will be a company that is profitable so that one Pula of additional revenue will consistently add positively and significantly to the bottom line.

To do this we must tame the cost beast. As one of the first steps in this pursuit BotswanaPost will be embarking on a professional end-to-end performance improvement opportunity scan. This scan will inform our strategy for the coming period, not only by identifying opportunities for saving costs but also

to help us to complete or revise our inventories of People and Skills, Mission Critical Processes and the supporting technologies. We need to fully understand all the gaps that need to be addressed if we are to achieve full fitness for growth.

Once the “Fit for Growth” strategy has been finalised using the scan as a key input, the executive team will with singular determination pursue its effective implementation in the coming year and beyond.

From a revenue perspective we will:

1. Consolidate all the partnerships that we created over the last few years with the view to maximise their potential and:
 - a. Ensure that they align with each other to meet our objectives
 - b. To map their individual roles in initiatives approved by the company.
2. Fully leverage the products we have already introduced through, for example:
 - a. the introduction of merchant payments in Posocard
 - b. enabling other wallets such as insurance premium payment and virtual wallets
3. Align with government departments to offer end-to-end solutions such as:
 - a. integrating DRTS and Botswana Police to enable payment of fines
 - b. be at the centre of prepaid water collections and payments as we are for BPC.
4. And most importantly, be at the centre of e-government transactions by providing our outlets as touch points for the following critical services:
 - i. Online Tax returns and payments
 - ii. Applications and renewal of Omang ID cards
 - iii. Secure printing (birth/death certificates, etc.)

Some of these transactions will be supported by our strategic decision to buy a payment switch in 2015.

Achievement of our goal to become a self-sufficient service provider within the next strategic period will depend on our working harder and smarter to cross that invisible line and become “efficient”, become a force for change and innovation. We can be like hot water that hovers at 99 degrees – hot enough to produce a satisfying cup of tea; or we can cross the threshold at 100 degrees, boil and produce the steam that drives engines, industries and economies. My personal ambition is to stoke the fire under BotswanaPost that will take us across that line.

Thank You

I would like to take this opportunity to thank the entire BotswanaPost team for their support and their tremendous efforts in taking us so far along our journey to becoming an Icon of Excellence. The fact that BotswanaPost became the second best company in Botswana to work for is proof of commitment to our excellence strategy.

I would also like to thank the Executive Management team for their support and our former CEO for his vision in seeing what BotswanaPost could become and initiating the Icon of Excellence strategy. It was the introduction of this strategy that has result in the excellent turnaround in our revenues. I would therefore also like to take this opportunity to pay tribute to the Chairman of the Board and all current Board members as well as those who no longer serve on the Board but who contributed to the formulation and execution of our current strategic direction over the past four years.

On a more personal note, I must thank my wife and family for their unwavering support over the years.

Finally, I want to thank the Pacific Institute and their coaches who have literally transformed me, enhancing the quality of my thinking and my approach to inter-personal relationships.

I'd like to end this report with a quote from John F Kennedy, former President of the United States. He said: “There are risks and costs to a programme of action. But they are far less than the long range risks of comfortable inaction.”

As we move into our next strategic period, we will heed those wise words: we will nurture growth of our company and of each other. We will model, connect, involve and be involved. Let's go to work, today.



Cornelius Ramatlhakwane
Chief Executive Officer

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Driven by Ambition and Innovation

BotswanaPost continues in its ambition of consolidating its position as the hub of choice for financial, ICT, e-government and postal services within the community.



The Journey to Excellence, which seeks to position BotswanaPost as a one-stop-shop service provider of choice within the local communities it serves continues to gain momentum. The journey also endeavours to transform BotswanaPost from a traditional Post Office, whose focus is physical mail and mail products, to a service provider, focusing also on the provision of agency services, and merchandise sales. This requires that the Post office operates as efficiently and effectively as possible, thereby realising value for the shareholder.

The Icon of Excellence strategy focuses on three strategic imperatives: organic Business Growth, Customer Service Excellence, and Operational Efficiencies. These are underpinned by the need for agility, facilitated by information and communications technologies and leverage the synergies that exist between itself and various business partners.

BotswanaPost intends to use its strengths in order to drive these imperatives and create value for both the shareholders, as well as the communities. Our biggest strengths - our extensive postal network, and our trusted brand - will be enhanced by the creation of other online trading channels in order to ensure that our customers have access to the Post Office 24/7. This imperative highlights the critical role that Information and Communication Technology (ICT), as well as strategic, value-adding partnerships will play in the Post Office of the future as we endeavour to achieve our mission.

Our Mission

We remain committed to our mission of providing communities with financial, logistical, postal, communications and agency services, through leveraging our network and partnerships with government and business.

This commitment is showcased through our new service and product offerings such as Posocard, prepaid electricity sales, water bills payment services, BMC payments; as well as enhancements to our traditional products through various process improvements. All these continue to offer our customers services that are more accessible, relevant and convenient.

Where We Are

As we continue on our Journey to Excellence, we are continuously innovating in order to reach the target milestones by 2016. We have introduced several new services in order to ensure that our strategy remains relevant and on course as the journey progresses. To this end, the following key goals were realised during the year:

- Launched Posocard to ensure a more efficient mechanism through which to pay pension, destitute allowances and War Veteran allowances
- Introduced Motshidisi Funeral cover; an easy to subscribe, cost-effective funeral cover that allows customers in rural areas to also have access to funeral cover and peace of mind
- Continued to enhance our prepaid electricity sales channels, to the point where we now occupy the dominant position in online electricity sales
- Partnered with FNBB and Barclays Bank to provide alternative prepaid electricity banking channels
- Rolled out vehicle licence registration to all the post offices in the country
- Opened a new post offices at Takatokwane
- Home delivery pilot project started in Tshane
- Re-invigorated the Philately offering
- Rated the second Best company to work for in Botswana

The Journey Ahead

The year ahead is going to be a very exciting one for BotswanaPost as it starts the final year of the strategic journey.

BotswanaPost is poised to launch PosoOnline; a web-based electronic bills presentment and payment tool that will allow customers of several service providers to view most of their bills online and make payments all online, as well as pay for some postal services online. This will not only increase convenience to customers, but will also enable the organisation to provide future services to customers using the PosoOnline platform as a method of payment.

BotswanaPost will also launch a cell phone application, which will allow customers to interact with BotswanaPost Services using their mobile phones.

The imminent finalisation of the merger between BotswanaPost, Botswana Couriers and Logistics and the Botswana Savings Bank will give life to the Botswana Post and Savings Limited Group.

BotswanaPost continues in its ambition of consolidating its position as the hub of choice for financial, ICT, e-government and postal services within the community. It will achieve this by ensuring that the business model is always aligned to customers' evolving needs and expectations.

Maximising Future Potential

The skills audit's objective of achieving 80% skills-to-role match by 2016 is on track.



Human Capital

BotswanaPost seeks to drive a high performance culture throughout the organisation by focusing on three key Human Capital themes:

1. Improving services for employees

VIP Payroll Software

In an effort to continue improving service to employees through the adoption of innovative measures, an advanced online payroll software system was implemented in the review period. This has proved to be a cost-effective alternative to the outsourced payroll solution used in the past. The VIP software system also contributes to organisational cost control measures by reducing the cost of printing high volumes of payslips and other payroll reports. Payroll preparation monthly has also become far quicker and easier.

The Employee Self Service (ESS) facility, a part of the payroll software package, was also introduced. This service enables BotswanaPost employees to access their payslips online through their ESS accounts. It also allows them to view and update their personal information. Applications for leave are done in real-time; staff is able to analyse their leave status; and notification is given once leave has been approved. This service has empowered employees to capture and manage their personal information themselves.

2. Maximising future potential

The skills audit conducted in 2013-2014 allowed BotswanaPost to identify areas of talent development and growth that require focused attention. This enabled us to adopt a systematic approach to identify developmental needs, ensuring that relevant training initiatives aimed at addressing these needs are implemented. The skills audit's objective of achieving 80% skills-to-role match by 2016 is on track.

Another development resulting from the skills audit was the implementation of a talent management framework that's aligned with the Journey to Excellence People Roadmap. This framework is aimed at the identification of employees who display potential and have a consistent record of good performance. It also allows for the performance of internal talent to be monitored and managed. Strategies for retaining, grooming and further developing this talent pool to maximise its potential continue.

In addition, a succession plan, which allows the organisation to pinpoint its overall position in terms of succession coverage, has been put in place. This is aimed at preparing the identified group of individuals for future strategic roles and therefore ensure long-term continuity of the organisation. Going forward therefore, investment will be targeted towards ensuring that full succession coverage is maintained within the organisation, with the emphasis on the development of internal talent identified as potential successors but with readiness levels spanning the long-term as well.

However, we recognise that as we continue our journey to excellence, our strategic goal of building a high performance culture will in part also be attained through Performance Management and the recognition and rewarding of staff who have performed well.

3. Leadership capability

In the 2013-2014 year, EXCO underwent coaching based on the leadership 360 degree assessment results. During the review period, external individual coaching sessions for middle management, also based on the 360 degree assessment results, were instituted and continue in the current financial year. This initiative continues to build on past efforts aimed at transforming the leadership and goes a long way towards helping managers to identify and prioritise their individual development opportunities and leadership skills. This is expected to reflect in their contribution to the organisation and trickle down to their teams.

Highlights

Employee Engagement

A major achievement in the 2014-2015 year was BotswanaPost ranking overall second in the Deloitte Best Company to Work (BCTWF) 2014 survey, as well as being awarded the Deloitte standard of excellence award. A marked improvement from the previous year, this continues to position us favourably as a top employer focused on providing positive employee experiences.

To maintain this momentum, we have developed a plan to continue driving employee engagement levels and ultimately secure an engaged, productive and proactive workforce. The engagement plan, based on the BCTWF 2014 survey results, involves a series of initiatives. Some, which are aimed at maintaining and improving engagement dimensions as measured by the survey are already ongoing. An overall rollout is planned for the current financial year.

Building a High Performance Culture

The BotswanaPost Human Capital Strategy, dubbed the 'People Roadmap' is based on five pillars:

- Talent attraction and retention
- Business process and policies
- Talent Development
- Performance Management
- Recognition and Rewards

Strategies for the implementation of the first three pillars are integral to the three themes outlined above.

However, we recognise that as we continue our journey to excellence, our strategic goal of building a high performance culture will in part also be attained through Performance Management and the recognition and rewarding of staff who have performed well. We believe that the organisation should have in place reward practices that motivate our employees to focus on business and personal objectives that will enable them to deliver and sustain outstanding performance and act in line with BotswanaPost's values. It is for this reason that in the 2014/15 financial year, we negotiated and agreed on a performance-based salary adjustment with the workers' representatives. This not only improves staff engagement, it also reinforces and drives good performance.

Executive Committee (EXCO) Restructuring

The Exco restructuring has been successfully concluded and a new structure implemented. The objective of the Exco restructuring was to create a structure at the top of the organisation that is fit for purpose and to increase efficiency and alignment to the mandate and corporate governance to achieve our strategic goals.

Improving Profitability

The company total revenues increased by some 29% to P430 million driven by business services (86%), courier and logistic (154%), EMS (25%), and philately (100%).



Financial Report

BotswanaPost's financial results for the period ended 31 March 2015 is a tale of two halves: in one half there are the negatives such as the overall loss-making performance. There are also, however, some major positives that augur well for the achievement of a sustained turnaround going forward.

On a positive note, the company total revenues increased by some 29% to P430 million driven by business services (86%), courier and logistic (154%), EMS (25%), and philately (100%).

Most significantly, administrative cost lines were lower than in the prior year. However, the cost of sales grew faster than revenue at 34%. This translated into slightly squeezed margins and therefore overall results are down, with the loss for the year rising from P33.8 million to P47 million.

Financial Highlights

Company	Group
Revenue [BWP Mil]	Revenue [BWP Mil]
18% ↑ 366	29% ↑ 430
Administrative Expenses [BWP Mil]	Administrative Expenses [BWP Mil]
5% ↓ 129	17% ↑ 186
Cost of Sales [BWP Mil]	
38% ↑ 277	
Gross Profit [BWP Mil]	Gross Profit [BWP Mil]
16% ↓ 89	20% ↑ 142
Operating Loss [BWP Mil]	Operating Loss [BWP Mil]
48% ↑ 30.7	12% ↑ 34
Total Loss for the Year [BWP Mil]	Operating Loss [BWP Mil]
39.3% ↑ 47	16% ↑ 52

As anticipated, income from our traditional mail service continued to decline although traditional mail remains a major contributor to our revenue stream. It is worth noting that the 9% drop in revenue experienced in the review period is less severe than the international standard of around 10 to 12%. There is no doubt that demand for traditional mail services in Botswana will continue into the foreseeable future – and it will always be incumbent upon BotswanaPost as a designated public postal operator to provide that service. Nevertheless, it is clear that the downward trend is well entrenched and that in order to remain viable, BotswanaPost has to continue with its strategy of finding alternative revenue streams through the utilisation of a mix of traditional and non-traditional channels to deliver a range of services and targeting the courier and logistics space.

The rise in the cost of sales was driven predominantly by electricity sales (83%), mail conveyance (17%) and some new costs due to an enhancement of service to several lines of business including the social service and CMS contracts. As the cost of electricity sales is likely to increase, efforts continue to look for inexpensive modes of selling this service to augment the existing partnerships.

The upfront costs and partner fees to enhance the payment service in the social service contracts are to pay dividends in the future as the Poso card will enable the group to leverage this technology for other services.

Apart from the costs outlined above, the remaining costs incurred during the review period were well managed and in line with the general growth of the business.

Administrative cost grew 17% largely driven by staff costs (46%), security and insurance (34%), and repairs and maintenance (30%). Staff cost growth was mainly attributable to the CMS contract which started in 2013/14, the full impact of which was felt only in 2014/15. Due to increased security breaches in terms of break-ins, security as well as insurance covers were beefed up. Overall, most administrative costs were managed well and the momentum has been carried into the 2015/16 financial year.

Achievements

One of the greatest challenges of the review period was the final integration of the point-of-sale (Riposte) and back-end financial system (Accpac). While this project was initiated in 2012, much of the processes remained semi-manual with several unresolved reconciliation issues. The challenge in the 2014/15 financial year was to deal with all outstanding issues to enable the switch over to a fully integrated and automated system with adequate controls, unhindered information flows and effective co-ordination between all departments. This has largely been achieved save for a few teething issues which shall be put to rest in the 2015/16 financial year.

The result is a significant and welcome drop in reporting time of the monthly results. These are now reported within the month following month-end. Within the current financial year, this should be reduced further to 10 days. One of the major advantages of this is that it enables us to improve our debt management processes as we are able to identify problem areas and take remedial action faster than was possible in the past.

Looking ahead

Despite the P52 million loss experienced in the 2014/15 financial year, BotswanaPost is on track to significantly reduce the losses in the current financial year. This will be achieved as a result of several factors, not least of which is the welcome recognition by Government of the need for funding to enable BotswanaPost to meet its obligation to provide a universal postal service to citizens across the country.

As the profitability of the company improves, this will give us the ability to initiate additional alternative revenue streams. However, we are also aware of the fact that the technology required for these alternative revenue streams comes at a cost. In order to ensure that any projects undertaken bears fruits as quickly as possible, all proposals for future projects are now subjected to a rigorous investment analysis process. This will enable us to obtain a more realistic view of costs and margins as well as the actual returns that can be achieved.

Meanwhile, the cost control initiatives introduced in the 2014/15 financial year continue, and we are seeing the results in the current year. In addition, revenue continues to grow and relief on margins is constantly being sought. A major focus in the current year is improved cash flow and working capital management.

If we are able to maintain and build on the momentum achieved in the review period, the prospects for the 2015/16 financial year and beyond are extremely positive.

Value-add Through Technology

We will continue to consolidate and improve the ICT structures, thus moving BotswanaPost to being an optimised and profitable national service provider organisation.

Information and Communication Technology (ICT) has been the driver of BotswanaPost's strategy for the past four years, and will continue to play a crucial role going forward. The company has invested heavily in putting in place a range of robust and secure technology platforms and systems that will support the vision of the organisation to be more than a conventional postal service and deliver services of all kinds to the citizens and residents of Botswana, wherever they may be.

This has included establishing a state-of-the-art ICT infrastructure, including a wide area network that leases a range of technologies from various service providers. The network connects all 124 BotswanaPost outlets to our central data centre as well as to each other.



Convenient, reliable, risk reduced mobile & internet payment gateway service

What you need to know about PosoOnline

What is PosoOnline?

- PosoOnline is a free service that allows users to easily pay their bills online anytime, from any device that is connected to the internet.

Why use PosoOnline?

- PosoOnline is simple to use and user's payments are directly reconciled with their accounts: no more 'lost' payments!
- PosoOnline is available 24/7.
- PosoOnline retains the user's billing and payment history; bills or payments can be reviewed any time.
- PosoOnline allows users to schedule payments: bills will be paid, even while users are away on holiday.

Is PosoOnline Safe?

- PosoOnline uses the very latest in browser security, to protect users.
- The PosoOnline site is Thawte certified and every time a user logs on, their connection is encrypted to ensure the safety of their information.

Who can use PosoOnline?

- PosoOnline is available to anyone who wants to pay their bills online - provided their Service Providers have signed up for the PosoOnline billing service.

How do I register on PosoOnline?

- Visit the PosoOnline site and select the Register button.
- Have the Account Number, personal details and ID number ready to load your bills.

How do I pay my bills on PosoOnline?

- Once a user has registered on PosoOnline and added their bills, they can pay with a debit or credit card.
- Other payment methods will be soon be added to PosoOnline.

Can I use PosoOnline on my smartphone?

- Users can access PosoOnline with any device that is connected to the internet. This includes a PC, smartphone, laptop or tablet.

In addition to running Kitsong (Business Communication) Centres at around 55 of our branches, BotswanaPost is looking closely at using our network to provide additional services to our customers, thus becoming a true Value Added Network service provider.

The establishment of PosoCloud in 2013 to provide vanilla broadband connectivity and cloud based products across our network to third parties was one of the first manifestations of this strategy. However, the broadband environment has changed considerably since then with BoFiNet taking a leading role in its provision. We will therefore be re-evaluating our offering to include greater value-added services, potentially in the PosoOnline mould.

PosoOnline is a secure and convenient online Bill Presentment and Payment System designed to enable users to receive and pay all their monthly bills from a single point anytime, anywhere. The billers receive payment information in real time improving their reconciliation process. At present, only Orange and BotswanaPost itself offers customers this facility, but more will be added in the current and subsequent financial years. Technology is always a moving target and the main challenge is to ensure that we continue to fund the improvements that are needed to achieve our long term goals. However, resources – both financial and in terms of skills – remains a

challenge, particularly as the return on investment can take some time. What has assisted us in achieving all that has been achieved to date is having efficient partners who understand and support our objectives.

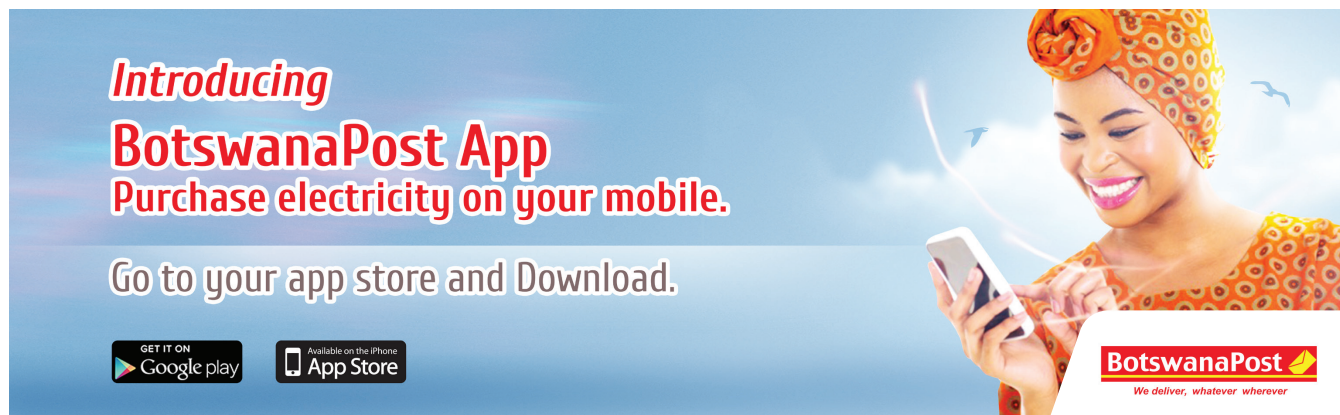
Looking ahead, we will continue to consolidate and improve the ICT structures to make them fit and geared towards moving BotswanaPost to being an optimised and profitable national service provider organisation.

Internally our drive will be to make the typical BotswanaPost employee more productive and IT savvy through the use of various service, collaboration and information sharing tools.

For our external stakeholders, we will continue to look for innovative products that offer convenience and solve customer problems. We will be looking at porting more of our suite of products towards the internet and mobile channels. Convenience and self-service as well as tools to help in-service turnaround times will be key.

In addition to mobility solutions, the PosoCard, our consumer card, will play a key role in how we interact with our customers.

All this will be provided within a robust and secure ICT environment.



Introducing
BotswanaPost App
Purchase electricity on your mobile.

Go to your app store and Download.

GET IT ON
Google play

Available on the iPhone
App Store

BotswanaPost
We deliver, whatever wherever

Touching Lives

BotswanaPost actively promotes a culture of volunteerism among staff members.



Social Impact

Corporate Social Investment

Since 2011 and the establishment of the Botswana Post Foundation, BotswanaPost has employed a strategy of using the Foundation's social investment programme to build strong relationships with the communities in which we operate. This has included working towards positive change and unlocking value in people within those communities. This strategy has enabled us to attain high visibility and to enhance the organisation's stature as we continue to leverage our vast network and geographical footprint across the country and within the corporate private business community.

Objectives of the Foundation

Projects and activities eligible for funding must promote or involve any of the following:

- Primary, secondary and tertiary education
- Youth development and empowerment programmes
- Development of art and culture
- Development of ICT
- Community development and welfare programmes
- Employee volunteerism
- Environmental issues, including project scoping, the promotion of Environmental Impact Assessments (EIA), and countering environmental pollution and wastage in project implementation.

Chairman's Golf Day

The annual Chairman's Charity Golf Day was first held in 2010 to strengthen relationships with our business partners as well as to also raise funds for the Post Office's Corporate Social Responsibility programmes. This tradition continued following the establishment of the BotswanaPost Foundation in 2011 and the event remains the largest single contributor of funds to the Foundation. The 2014 Charity Golf Day raised well over P300,000 that went directly towards supporting the Foundation's charitable initiatives.

In addition, this event provided an ideal platform to strengthen relationships with our business partners and other stakeholders.

Staff Volunteerism: A culture of caring

BotswanaPost actively promotes a culture of volunteerism among staff members. Four regional Corporate Social Responsibility (CSR) committees have been set up to involve staff in giving back to their community.

This means that staff are encouraged not only to make monetary contributions to the BotswanaPost Foundation, but to actively participate in identified social development initiatives and give their time and resources to these projects.

Among the projects that have been instituted are the **#Steps-Of-Hope** and **#Clean-the-Closet-Fridays** programmes. These welfare campaigns involve the collection of shoes and clothing for distribution to identified beneficiaries.

During the review period, the Central Region CSR Committee donated children's toys and reading material to the Mahalapye Primary Hospital Paediatric Ward. These are intended to help the children better cope as some are far from close family members and also spend long hours alone with little to occupy them. This sense of isolation, and resultant emotional distress it causes, can sometimes delay the recovery process of some of the children.

In the Lobatse/Kgalagadi region, a donation of learning and educational material was made to the Ghanzi Day Care Centre. We also supported the Presidential appeal to promote remote communities upliftment by sponsoring the Khawa Dune Challenge Football tournament.

The South CSR Regional Committee made a goodwill donation to the Ramotswa Centre for Deaf Education.

Educating Tomorrow's Leaders

While the Foundation has assisted various communities, its flagship project to date has been the adoption of Kacgae Primary School in the Ghanzi district in 2012. This project has now been concluded. Over the years, our involvement in the community and the school has included developments such as the establishment of a computer laboratory; refurbishment and restocking of the school library; and the establishment of a horticultural garden. We also sponsored the school's prize giving ceremony for a period of three years. Our three-year partnership and reach into the community of Kacgae was an eye opener in terms of the levels of destitution and desperation



Sustainability Review

in the country. However, small as our involvement with the community and the school has been in the overall scheme of things, it has had a noticeable positive impact. By the time the project came to an end, there was a consistent and tangible improvement in pupils' school attendance; a general improvement in academic performance; and a noticeable boost in the pupils' attitude towards learning. This has spurred us on to re-double our efforts to uplift our local communities.

For the period under review BotswanaPost Foundation adopted and launched a flagship project as part of the broader Adopt-A-School initiative dubbed "DeskBuddy". This came as we closed the Kacgae Primary School anchor project that has been running for the last three years. This came in response

to the unpalatable learning environment for the young ones especially in the public schools across the country. The "Deskbuddy" being a mobile, lap desk is intended to help the pupils to sit comfortably and be attentive in class. This "lap" study desk will also prove very useful as it can be carried home and boost the child's interest to study.

The Foundation's involvement in these types of education-focused projects will not end with our involvement with Kacgae. The Foundation is determined to continue to support the efforts Ministry of Education, Skills and Development (MoESD) and the Government of Botswana by rightly empowering the next generation and heritage of this nation – "ruta ngwana, boloka sechaba."





Corporate Governance

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Sound Governance Structures

Introduction

Botswana Postal Services was established in terms of section 3 of the Botswana Postal Services Act, 1989, Cap72:01 (the Act). In 2012, the Botswana Postal Services (Amendment) Act was passed establishing Botswana Postal Services as a body corporate. Following the Amendment Act, the Botswana Postal Services (Transition) Act was passed in 2013, to provide for the registration of Botswana Postal Services under the Companies Act, 2007, Cap 42:01.

The process of converting to a company is currently on-going.

The Board which provides strategic direction to Management is appointed by the Minister of Transport and Communications in his capacity as the Government's representative. The Board is also responsible for ensuring that BotswanaPost complies with applicable laws, regulations and codes of best business practice. It has committed itself to the highest standards of corporate governance through a Board Charter and Board Procedures Manual, informed by the King III Code of Corporate Governance.

Group Governance Structure

BotswanaPost wholly owns Botswana Couriers and Logistics (Pty) Ltd. Strategy and policy direction are set at parent Company level and the subsidiary develops its own strategy and governance framework in line with the Group structure.

Board Structure and Composition

The Board as stated in the foregoing paragraph is appointed by the Minister in accordance with the Act. Directors are appointed for a period not exceeding four years, while the Chairman's appointment is for a period not exceeding three years. In determining a Director's tenure, the Minister ensures that not more than a third of Directors' tenure expires in any one year, thereby maintaining continuity and preserving corporate memory. Reappointment is determined by the performance of each member as reflected in the Board Evaluation System and the need to rotate Directors.

The Board comprises Non-Executive Directors, including the Chairman and one Ex-Officio Director, being the Director General. The Minister takes into account the balance of skills, experience, professional and industry knowledge necessary to realise the corporate task of operating and managing postal services along commercial lines.



In order to fulfil their duties, procedures are in place for Directors to seek both independent advice and the advice and services of the Company Secretary who is responsible for advising the Board on all governance matters

During the financial year, the Board comprised:

- Mr. Polokoetsile Pedro Motau - Chairman
- Ms. Colleen Motswaiso - Member
- Ms. Hilda Mocuminyane-Rabashwa - Member
- Ms. Ntoto Mosetlhe - Member
- Mr. Abel Monnakgotla - Member

Board Committees

To effectively discharge its duties, the Board, as it deems fit, can delegate any of its powers to Board Committees without abdicating its own responsibilities, which shall deal with specific mandates of the Board at greater detail and make recommendations to the Board, where necessary. The following committees are the current standing committees of the Board:

- Finance and Audit Committee
- Human Resources Committee
- Tender Committee

Finance and Audit Committee

The Committee assists the Board in reviewing any matters of significance affecting financial reporting and compliance including but not limited to exercising oversight of the accuracy and completeness of the financial statements and making informed decisions regarding accounting and compliance policies, practices and disclosures.

Human Resources Committee

The Committee serves to provide oversight relating to all employee recruitment and remuneration, and determining the organisational structures, culture, policies and processes that support the development and optimisation of employee potential.

Tender Committee

The Committee provides oversight relating to the implementation of and compliance with the procurement best practices and ensuring that the company practices best value with integrity and accountability in order to enhance an effective control environment in the organisation's procurement processes. The Committee is delegated financial authority that is reviewed periodically.

Board Remuneration

Board members are remunerated in accordance with the BotswanaPost Policy on Board Fees, Disbursements and Training. The fees are formulated in line with the rates as determined and prescribed by the Government of Botswana from time to time. During the financial year, remuneration rates were as follows:

- Board Chairman - P1050 / sitting
- Vice Chairman - P950 / sitting
- Member - P840 / sitting
- Chairperson (Committee) - P950 / sitting

Board Attendance

During the current financial year, the Board held 12 meetings:

Members	Board	Finance and Audit Committee	Human Resources Committee	Tender Committee
Mr. P. P. Motau	12/12	-	-	-
Ms. C. Motswaiso	10/12	3/3	-	-
Ms. H. Mocuminyane-Rabashwa	11/12	-	4/4	-
Ms. N. Mosetlhe	10/12	-	4/4	-
Mr. A. Monnakgotla	7/9	3/3	-	-
Mr. Pele Moleta (Ex Officio)	9/9	3/3	4/4	-

Compliance

BotswanaPost continues to provide universal postal services in accordance with standards as outlined in the UPU Conventions Article 3 Sections 1 to 3 and part VIII of the Communications Regulatory Authority Act. Furthermore, BotswanaPost has obligations to comply with the following Accounting, Financial and Audit legal statutes:

- Botswana Postal Services Act
- Botswana Postal Services (Amendment) Act
- Botswana Postal Services (Transition) Act
- Communications Regulatory Authority Act
- Finance and Audit Act
- Accountants Act
- Financial Intelligence Act
- Non-Banking Financial Institutions Regulatory Authority Act
- Income Tax Act
- Value Added Tax Act

Internal Audit

The Board commits to ensuring that an effective and sound system of internal control is in place and adequately implemented at all times. It is in recognition of the importance of this system that BotswanaPost has established an independent Internal Audit structure whose responsibilities include to:

- Evaluate the effectiveness of the BotswanaPost's control system as established by Management by reviewing external audit reports and monitoring and recommending Management responses and corrective actions on identified shortcomings.
- Review the internal audit plan and the Scope of work for the External Auditor.
- Ensure that no restrictions are placed on the audit process by Management; and
- Review and recommend to the Board the appointment of External Auditors and assess external audit fees.



Code of Ethics

The Board commits, through the Code of Ethics and Conduct, to subscribe and promote the principles of good ethical behaviour, both during the conduct of the Board deliberations and in their dealing with BotswanaPost's stakeholders. The Board endeavours to ensure the establishment and monitoring of a code of ethics to promote high ethical behaviour, and to guide, in reflection of the values of the organisation, ethical considerations on day-to-day decisions made at every level of delegation in BotswanaPost.

Risk Management

The Board understands its role of Risk Management and is aware of its obligation to ensure effective risk management practice in accordance with best practice risk standards and frameworks. It commits to risk management through the Board Charter and commits to ensuring that there is a system that:

- Prevents any actions that are likely to expose BotswanaPost to financial, market, liquidity, regulatory and operational risk.
- Periodically identifies documents and appropriately monitors and controls risks.
- Reviews and endorses the BotswanaPost Business Continuity, Critical and Disaster Recovery Plans.



Passionate, Dedicated, Determined.

Through a Board Charter and Board Procedures Manual, the Board has committed itself to the highest standards of corporate governance



Polokoetsile P. Motau
Chairman

Mr. Motau received his Accounting degree from the University of Botswana in 1990 and went on to complete his MSc Computer Auditing and Computerised Accounting qualification at the University of East Anglia, UK in 1992. He is a Chartered Member of the Institute of Directors, South Africa. Mr. Motau has over 25 years' experience in Accounting and has sat on the Boards of multiple institutions in Botswana including BONELA, Botswana Couriers and Logistics, and Botswana Savings Bank. He is currently employed in the Department of Accounting and Finance at the University of Botswana.



Cornelius Ramatlhakwane
Chief Executive Officer

Mr Ramatlhakwane has been with the Post since 2009, as former Head of Business Development overseeing BotswanaPost transition into e-commerce. CR, has over 20 years of experience in the banking, financial and postal services sector covering diverse areas such as business development, Customer Service, Credit, Risk Management, Sales and Marketing. He started his career with Deloitte and Touche, Cresta Hospitality Group and Standard Chartered Bank before joining BotswanaPost at Executive Management level responsible for commercial strategy, business development, and product development. He holds a Master of Science (MSc) degree in Strategic Management from the University of Derby – United Kingdom, as well Executive Development Programmes from University of Stellenbosch Business School – South Africa.



Hilda Mocuminyane-
Rabashwa
Board Member

Hilda Mocuminyane-Rabashwa holds a Bachelor of Law (LLB) from the University of Botswana and an MSc in Strategic Management (Derby) in collaboration with BAC. She is an attorney and strategist with over 18 years' experience practising law and management in various capacities and institutions in Botswana. She has worked as Corporate Secretary and Head of Legal for Botswana Telecommunication Corporation; and has worked as Director of Legal Services and Board Secretary at Air Botswana and Head of Legal and Board Secretary for the Non-Banking Financial Institutions Regulatory Authority (NBFIRA). She is currently the Registrar of Companies and Intellectual Property Authority.



Abel Monnakgotla
Board Member

Abel Monnakgotla is a businessman and entrepreneur with more than 20 years' business experience. He possesses a burgeoning repertoire of skills ranging from telecommunications, project and financial management to travel and tourism, in which he is heavily involved. He has been active in the public service having served in various capacities at Botswana Telecommunications Corporation (BTC). He currently holds directorships in six companies. He has a Master's Degree in Business Administration (MBA) from De Montfort University, Leicester in collaboration with the Sandton Business School via the Botswana Accountancy College.



Colleen Motswaiso
Board Member

Colleen Motswaiso holds an ACCA from the Emile Wolf AT Group (London). She is a Fellow of the Institute of Chartered Certified Accountants (FCCA) and a Fellow of Botswana Institute of Chartered Accountants (BICA). She has over 24 years' experience in the financial and accounting industry having worked in various establishments including BTC and Metropolitan Life Botswana. Ms Motswaiso is currently the Corporate Services General Manager at the Motor Vehicle Accident Fund.



Ntloti Mosetlhe
Board Member

Ntloti Mosetlhe is an astute professional and seasoned executive with over 20 years' active engagement in the telecommunications and housing industry. She has extensive experience in Customer Service, Human Resources and Support Services management and has held a number of executive positions in numerous higher performing institutions in Botswana. She has attended training in several management and strategic courses. Ms Mosetlhe holds an MBA from the University of Botswana. She is currently the Group Human Resources Manager at Debswana.

Leadership & Teamwork Make the Dream Work

We are fortunate to have the guidance of a strong, committed Management Team who help ensure the vision of the business is realised.



1



2



3



4



5

- 1 **Booster Nkomba**
Head of Property & Administration
- 2 **Dzuki Bailiki**
Head of Company Secretary & Legal Counsel
- 3 **Kabelo Ntobedzi**
Head of Retail

- 4 **Ofentse Mabote**
Head of Finance & Procurement
- 5 **Clifford Lekoko**
Head of Business Development (Ag)
- 6 **Bonang Seame**
Head of Human Capital (Ag)

- 7 **Lebogang Bok**
Head of Strategy & Communications
- 8 **Thato Kewakae**
Head of Technology & Information Management
- 9 **Setshedi Bothole-Mmopi**
Head of Mail Business



6



7



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Annual Financial Statements

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General Information

BOTSWANA POSTAL SERVICES was incorporated in Botswana in terms of the Botswana Postal Services Act No 22 of 1989 - Laws of Botswana CAP 72:01

Members of the Board

Polokoetsile Pedro Motau	- Chairman
Hilda Mocuminyane - Rabashwa	- Member
Ntoti Mosetlhe	- Member
Colleen Motswaiso	- Member
Abel Monnakgotla	- Member
Keolebogile Pele Moleta	- Director General / Chief Executive (resigned 30 April 2015)
Cornelius Ramatlhakwane	- Chief Executive Officer (appointed 1st October 2015)

Registered Office

Poso House
Plot 53952, Khama Crescent
Government Enclave,
Gaborone

Bankers

Barclays Bank of Botswana
Botswana First National Bank of Botswana
Standard Chartered Bank of Botswana

Auditor

Office of the Auditor General

Responsibility for and Approval of the Annual Financial Statements

The board of management is responsible for the annual financial statement 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 financial statements based on the audit of the affairs of the organisation. The Board of Finance and Audit Committee which consists of two non-executive members of the Board and the Chief Executive met senior management as well as the external auditors as and when it deemed necessary to evaluate matters concerning accounting, internal controls, auditing and financial reporting.

At its meeting held on the 26th September 2015, the Board supported by the Finance and Audit Committee satisfied itself that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the financial statements, safeguard assets of the organisation and to ensure that all transactions are duly authorised.

The financial statements have been prepared on the going concern basis, since Members of the Board have every reason to believe that the organisation has adequate resources to continue in the operation for the foreseeable future. Against this background, the Members of the Board accept responsibility for the financial statements on page 26th September 2015 for the year ended 31 March 2015 which were approved on 26th September 2015 and signed on their behalf by:



P. P. Motau
Chairman



C. Motswaiso
Finance & Audit Committee Chairman



C. Ramatlhakwane
Chief Executive Officer

Date: 29 / 09 / 2015

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Kgale Hill
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Email: oag@gov.bw



Office of the Auditor General
Private Bag 0010
Gaborone
Botswana

Audit Report of the Auditor General to the Members of The Board of Botswana Postal Services

I have completed the audit of the financial statements of Botswana Postal Services as set out on pages 48-72 for the year ended 31st March 2015, which comprises the statement of financial position as at 31st March 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended in terms of Section 21 (2) and (3) of the Botswana Postal Services Act [CAP.72:01].

Members of the Board's Responsibility for the Financial Statements

The Board Members of Botswana Postal Services are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. The responsibility includes:

- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 conducted. I conducted the audit in accordance with the International Standards for Supreme Audit Institutions. 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 misstatement; and whether they were prepared in all material respects, in accordance with an applicable reporting framework.

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, and 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 procedures used and the evidence obtained are sufficient and appropriate to provide a basis for the opinion given below.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Botswana Postal Services as at 31st March 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw the attention to the financial statements which indicate that the Group and the Post incurred a total comprehensive loss of P52,006,003 and P47,088,413 respectively (2014: P44,951,351 and P33,847,379 respectively) and

have net current liabilities of P62,353,490 and P46,723,146 respectively. These conditions may cast significant doubt on the going concern status of the Group and the Post. The Government of the Republic of Botswana, as the shareholder of the Post, has committed in writing to provide the necessary financial support to the Post to ensure it continues as a going concern. The Board believes that the Post will receive on-going support from the Government as disclosed in note 24 of these financial statements.

Report on other Legal and Regulatory Requirements:

I have received all the information and explanations necessary for the performance of the audit;

Botswana Postal Services has kept proper books of accounts, with which the financial statements are in agreement;

The financial statements were prepared on a basis consistent with that used in the previous financial year and therefore represent a fair view of the Organization's transactions and its financial affairs as at 31st March 2015.

The Botswana Postal Services has not met some of the requirements of Section 17 of Botswana Postal Services Act [CAP. 72:01] which require it to conduct its affairs on sound commercial lines and ensure that its revenues are sufficient to produce on the fair value of its assets a reasonable rate of return as disclosed in Note 25 of these financial statements. The Post incurred a total comprehensive loss of P47,088,413 (2014: P33,847,379).



P. D. Letebele
Auditor General

Date: 18th September 2015

Gaborone



Statement of Comprehensive Income
for the year ended 31 March 2015

	Note	GROUP		CORPORATION	
		2015 P	2014 P	2015 P	2014 P
Revenue	2	430,039,164	334,063,799	366,181,590	308,895,285
Cost of Sales	3	(288,140,361)	(215,658,306)	(277,095,293)	(202,333,007)
Gross profit		141,898,803	118,405,493	89,086,297	106,562,278
Other income	4	10,772,647	11,420,883	10,039,538	9,342,621
Administrative expenses	5	(186,330,722)	(159,687,574)	(129,438,388)	(136,021,924)
Other operating expenses	6	(393,084)	(596,958)	(393,084)	(596,958)
Operating profit/(loss)		(34,052,356)	(30,458,156)	(30,705,6387)	(20,713,983)
Finance cost	7	(20,357,116)	(17,983,303)	(18,659,350)	(17,028,776)
Finance income	8	2,385,365	218,999	2,385,340	218,519
Restructuring Costs		(108,766)	3,676,860	(108,766)	3,676,860
Loss before taxation		(52,132,874)	(44,545,600)	(47,088,413)	(33,847,379)
Taxation	19	66,871	(392,751)	-	-
Loss for the year		(52,066,003)	(44,938,351)	(47,088,413)	(33,847,379)

Statement of Financial Position

as at 31 March 2015

		GROUP		CORPORATION	
	Note	2015 P	2014 P	2015 P	2014 P
ASSETS					
Non current assets					
Property, Plant and Equipment	9	315,366,107	317,425,337	302,860,472	303,074,985
Intangible assets	10	17,639,514	23,565,189	16,683,787	22,126,668
Investment in subsidiary	23	-	-	10,230,280	10,230,280
		333,005,621	340,990,526	329,774,539	335,431,933
Current Assets					
Inventories	11	9,805,872	9,651,991	9,805,872	9,651,991
Trade and other receivables	12	150,735,936	72,398,966	136,736,801	66,493,477
Cash and short term deposits	13	24,216,347	22,135,535	24,168,860	22,095,578
		184,758,155	104,186,492	170,711,533	98,241,046
TOTAL ASSETS		517,763,776	445,177,018	500,486,072	433,672,979
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	38,431,729	38,431,729	38,431,729	38,431,729
Revaluation reserve	14	129,122,191	124,836,864	128,843,016	124,557,689
Other capital reserves	14	199,761	199,761	199,761	199,761
Retained earnings		(153,354,723)	(101,266,140)	(135,568,174)	(88,457,178)
		14,398,959	62,202,214	31,906,332	74,732,001
Non current liabilities					
Interest bearing loans and borrowings	15	178,277,167	139,560,891	174,645,799	135,225,335
Government grants	16	76,023,659	80,550,002	76,023,659	80,550,002
Finance lease obligation	18	1,584,967	606,588	475,599	456,404
Deferred tax liability	19	367,457	434,328	-	-
		256,253,250	221,151,809	251,145,057	216,231,741
Current liabilities					
Finance lease obligation	18	1,312,762	5,746,630	537,154	684,605
Trade and other payables	17	207,064,216	127,041,408	188,294,404	117,705,902
Interest bearing loans and borrowings	15	4,482,805	3,681,461	3,841,886	3,197,415
Government grants	16	4,526,340	4,526,340	4,526,340	4,526,340
Bank overdraft	13	29,725,443	20,827,156	20,234,899	16,594,976
		247,111,566	161,822,995	217,434,682	142,709,238
TOTAL EQUITY AND LIABILITIES		517,763,775	445,177,018	500,486,071	433,672,979

Statement of Cashflows

for the year ended 31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
Cash flows from operating activities				
Cash (utilised) in operating activities :- Note 20	(9,538,525)	(15,096,795)	(12,678,030)	(9,086,245)
Taxation Paid	(135,447)	(10,565)	-	-
Net cash from operating activities	(9,673,972)	(15,107,360)	(12,678,030)	(9,086,245)
Investing activities				
Proceeds from sale of property, plant & equipment	18,605	286,429	18,605	100,700
Purchase of property, plant & equipment	(9,723,883)	(28,314,154)	(6,682,345)	(22,146,883)
Purchase of intangible Assets	(5,887,541)	-	(5,887,541)	-
Investment in subsidiary	-	-	-	(6,000,000)
Finance income	2,385,365	218,999	2,385,340	218,519
Net cash flows from investing activities	(13,207,454)	(27,808,726)	(10,165,941)	(27,827,663)
Financing activities				
Loan Financing	143,048,578	(3,270,543)	143,595,892	(3,042,717)
Repayment of Borrowings	(103,530,953)	(95,872)	(103,530,954)	(95,872)
Finance lease payments	(3,455,490)	(5,391,936)	(128,258)	(8,772,938)
Finance cost	(19,998,183)	(17,983,303)	(18,659,350)	(17,028,776)
Net cash flows from financing activities	16,063,952	(26,741,654)	21,277,330	(28,940,303)
Net increase in cash and cash equivalents	(6,817,474)	(69,657,740)	(1,566,640)	(65,854,211)
Cash and cash equivalents at beginning of the year	1,308,378	70,966,118	5,500,601	71,354,812
Cash and cash equivalents at end of the year	(5,509,096)	1,308,378	3,933,961	5,500,601

Statement of Financial Position

as at 31 March 2015

GROUP	Stated share capital P	Other capital reserves P	Revaluation reserve P	Retained earnings P	Total P
Balance as at 1 April 2013	38,431,729	199,761	113,775,796	56,327,786	96,079,500
Revaluation adjustments	-	-	41,758,279	-	41,758,279
Loss for the year	-	-	-	(44,938,351)	(44,938,351)
Utilisation of reserve of disposed and impaired assets	-	-	(30,697,211)	-	(30,697,211)
Balance as at 1 April 2014	38,431,729	199,761	124,83,864	101,266,137	62,202,214
Adjustments	-	-	-	(22,583)	(22,583)
Loss for the year	-	-	-	(52,066,003)	(52,066,003)
Revaluation adjustments	-	-	4,285,327	-	4,285,327
Balance as at 31 March 2015	38,431,729	199,761	129,122,191	(153,354,723)	14,398,958

CORPORATION	Stated share capital P	Other capital reserves P	Revaluation reserve P	Retained earnings P	Total P
Balance as at 1 April 2013	38,431,729	199,761	113,496,621	(54,609,799)	97,518,312
Revaluation adjustments	-	-	41,758,279	-	41,758,279
Loss for the year	-	-	-	(33,847,379)	(33,847,379)
Utilisation of reserve of disposed and impaired assets	-	-	(30,697,211)	-	(30,697,211)
Balance as at 1 April 2014	38,431,729	199,761	124,557,689	(88,457,178)	74,732,002
Adjustments	-	-	-	(22,583)	(22,583)
Loss for the year	-	-	-	(47,088,413)	(47,088,413)
Revaluation adjustments	-	-	4,285,327	-	4,285,327
Balance as at 31 March 2015	38,431,729	199,761	128,843,016	(135,568,174)	31,906,332

Summary of Significant Accounting Policies

31 March 2015

1. BASIS OF PREPARATION

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

1.1 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.

1.2 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.

1.3 PROPERTY, PLANT AND EQUIPMENT

Land and buildings, motor vehicles, 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.

Revaluations are performed in the following manner

Immovable Assets	3 years
Movable Assets	2 years

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.

Work in progress is stated at cost.

1.4 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.

1.5 OPERATING LEASES

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

1.5.1 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.

1.5.2 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.

1.6 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 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.

Summary of Significant Accounting Policies (cont'd)

31 March 2015

1.7 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.

1.8 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.

1.9 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 instalments.

1.10 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.

1.11 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:

1.11.1 Box and bag rentals

"These are amounts paid by customers for the rental of private post boxes and bags. Revenue is recognised on an accrual basis over the rented period."

1.11.2 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.

1.11.3 Expedited Mail Service (EMS) revenue

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

1.11.4 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.

1.11.5 Sale of philatelic products

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

1.11.6 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.

1.11.7 Interest income

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

1.11.8 Rental income

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

1.12 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.

1.13 FINANCIAL ASSETS**1.13.1 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.

Summary of Significant Accounting Policies (cont'd)

31 March 2015

1.13.2 Subsequent measurement

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

1.13.2.1 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.

1.13.2.2 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.

1.14 FINANCIAL LIABILITIES

1.14.1 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 corporation's financial liabilities include trade and other payables, bank overdraft and loans and borrowings.

1.14.2 Subsequent measurement

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

1.14.2.1 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.

1.14.2.2 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.

1.14.2.3 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.

1.14.2.4 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.

1.14.2.5 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 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.

1.15 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.

1.16 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.

1.17 TAXATION

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

1.17.1 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.

1.17.2 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.

Summary of Significant Accounting Policies (cont'd)

31 March 2015

1.18 SIGNIFICANT ACCOUNTING JUDGEMENTS AND 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:

1.18.1 Revaluation, useful lives and residual values of property, plant and equipment

The corporation engaged independent valuation experts to determine the market values of the revalued assets at 31 March 2011. 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.

1.18.2 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.

1.18.3 Provisions

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

1.18.4 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.

1.18.5 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.

1.18.6 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.

1.18.7 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 corporation 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 Financial Statements

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
2. REVENUE				
Agency services	91,222,539	92,293,698	91,222,539	92,293,698
Box and bag rentals	21,856,133	23,595,234	21,856,133	23,595,234
Bulk mail	32,663,753	36,755,954	32,663,753	36,755,954
Business services	143,287,787	77,231,925	143,287,787	77,231,925
Courier Income	63,857,575	25,168,514	-	-
EMS revenue	8,148,679	6,504,948	8,148,679	6,504,948
Mail revenue	43,610,888	44,736,461	43,610,888	44,736,461
Money Transfer Commission	16,408,036	19,140,640	16,408,036	19,140,640
Philatelic products	2,581,324	1,287,556	2,581,324	1,287,556
Terminal/Transit dues	6,402,451	7,348,869	6,402,451	7,348,869
	430,039,164	334,063,799	366,181,590	308,895,285
3. COST OF SALES				
Advertisement and promotion	3,788,136	5,554,192	3,788,136	5,554,192
Airtime Expense	32,644,468	40,833,879	32,644,468	40,833,879
Compensation to customers	2,197	50,237	2,197	50,237
Depreciation	5,534,113	10,135,468	1,212,895	8,751,040
Discount allowed	2,698,706	4,386,002	2,698,706	4,386,002
Electricity Purchases	137,041,972	75,036,387	137,041,972	75,036,387
Fees paid postal agencies	191,400	156,350	191,400	156,350
Mail bags and other consumables	328,954	1,139,957	328,954	1,139,957
Mail conveyance costs	33,180,504	28,303,108	28,921,006	16,362,236
Maintenance post boxes	75,268	105,656	75,268	105,656
Merchandise Expense	303,411	271,454	303,411	271,454
Printing of stamps	418,981	464,519	418,981	464,519
Salaries	49,272,178	48,539,989	49,272,178	48,539,989
Staff transport	359,633	681,109	359,633	681,109
Technical partner's fees	13,951,126	-	13,951,126	-
CMS contract costs	2,464,352	-	-	-
Stock adjustment	2,823,404	-	2,823,404	-
Post office loss	3,061,557	-	3,061,557	-
	288,140,361	215,658,306	277,095,293	202,333,007
4. OTHER INCOME				
Directors' fees received	7,050	9,220	7,050	9,220
Government grant	4,526,343	4,526,343	4,526,343	4,526,343
Operating lease income	2,682,961	2,402,145	2,682,961	2,402,145
Newspaper and periodicals registration fees	84,760	68,507	84,760	68,507
Profit on disposal of assets	18,358	44,730	18,358	44,730
Sale of merchandise	536,785	369,849	536,785	369,849
Staff housing rental recoveries	200,994	309,992	200,994	309,992
Sundry income	2,715,397	3,216,352	1,982,288	1,611,836
Profit and Loss on exchange differences	-	473,746	-	-
	10,772,647	11,420,883	10,039,538	9,342,621

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
5. ADMINISTRATIVE EXPENSES				
Audit fees	293,343	451,500	210,000	360,000
Bad Debts	426,172	493,724	-	-
Cleaning	2,237,241	2,386,710	2,174,039	2,336,125
Depreciation	23,381,877	21,789,803	22,334,046	21,471,690
Directors fees and board expenses	367,627	686,949	173,780	383,743
Doubtful debts	(343,286)	2,988,793	(343,286)	2,988,793
Electricity	2,349,859	2,111,442	2,349,859	2,111,442
Insurance	3,954,586	2,265,608	2,967,525	1,840,233
Loss on disposal of assets	344,378	64,167	344,378	-
Office expenses	(408,198)	4,020,727	(780,171)	3,818,432
Printing and stationery	5,162,307	6,805,361	4,565,130	6,622,320
Professional and legal fees	7,380,120	9,190,197	5,734,713	8,964,973
Rent and rates	4,459,404	3,414,025	3,597,014	3,295,554
Repairs and maintenance	16,639,758	12,784,888	13,081,480	9,563,118
Sales promotion and advertising	2,115,203	2,105,288	516,285	902,205
Security and alarm	8,268,164	6,838,540	7,465,452	6,733,705
Staff Costs	85,866,247	58,710,116	45,162,209	44,412,537
Strategy costs	430,019	759,558	430,019	759,558
Subscriptions and licences	1,688,471	1,126,043	1,535,046	1,034,062
Telephone and fax	9,588,859	8,998,921	7,972,283	8,122,351
Training	3,091,340	2,572,827	2,467,210	2,415,269
Travelling	8,279,660	8,629,564	7,189,844	7,602,307
water	433,986	492,824	291,535	283,508
Loss exchange difference	323,587	-		
	186,330,722	159,687,574	129,438,388	136,021,924

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
6. OTHER OPERATING EXPENSES				
Donations	364,082	426,810	364,082	426,810
Other expenses	29,002	170,148	29,002	170,148
	393,084	596,958	393,084	596,958
7. FINANCE COST				
Bank charges and interest	1,250,286	879,702	891,353	672,693
Motor vehicle lease charges	1,402,617	2,882,076	180,033	2,617,321
Interest on borrowings	17,704,214	14,221,526	17,587,965	13,738,763
	20,357,116	17,983,303	18,659,350	17,028,776
8. FINANCE INCOME				
Interest income from short term deposits	2,365,168	161,126	2,365,168	161,126
Interest income on call accounts from banks	20,196	57,873	20,171	57,393
	2,385,365	218,999	2,385,340	218,519

Notes to the Financial Statements (cont'd)

31 March 2015

9. PROPERTY, PLANT AND EQUIPMENT

9.1 GROUP - COST OR VALUATION	Land and buildings at valuation P
Balance as at 31 March 2013	238,631,321
Additions	4,534,428
Transfers	10,281,130
Disposals	(1,161,696)
Elimination*	(3,492,605)
Impairment *	(18,439,512)
Revaluations	41,758,279
At 1st April 2014	272,111,345
Additions	4,188,136
Transfers	
Disposals	(18,605)
Elimination*	
Revaluations	
At 31 March 2015	276,280,876

In line with the Corporation's accounting policies, movable property were revalued in the current year. This exercise was carried out by Wille Kathurima. It is management's considered view that the carrying values shown as at 31 March 2015 are a fair representation of the amounts that are expected to be recovered through the use or sale of the assets. The next revaluation exercise will be conducted as at 31 March 2017 for all immoveable assets.

9.2 GROUP - DEPRICIATION	Land and buildings at valuation P
Balance as at 31 March 2013	4,626,483
Depreciation charge for the year	2,640,477
Disposals	(92,888)
Elimination*	(3,492,605)
Balance as at 1st April 2014	3,681,466
Depreciation charge for the year	4,517,442
Disposals	(18,605)
Elimination*	
At 31 March 2015	8,180,303
CARRYING VALUE	
At 31 March 2015	268,100,573
At 31 March 2014	268,429,879
At 31 March 2013	234,004,838

	Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
	6,450,530	20,116,681	39,366,699	18,935,100	2,770,996	777,424	5,240,562	332,289,314
	4,684,895	3,567,235	4,114,699	-	-	-	8,414,730	25,315,986
	95,289	(95,289)	-	-	-	-	(10,600,783)	(319,653)
	(361,837)	(21,374,359)	-	-	-	-	-	(22,897,892)
	-	-	-	-	-	-	-	(3,492,605)
	-	-	-	-	-	-	(64,887)	(18,504,399)
	-	-	-	-	-	-	-	41,758,279
	10,868,877	2,214,268	43,481,398	18,935,100	2,770,996	777,424	2,989,623	354,149,031
	1,472,710	1,280,253	5,726,125				48,025	12,715,249
							(2,991,366)	(2,991,366)
		(773,275)						(791,880)
	(1,233,543)	(195,498)	(8,084,981)					(9,514,022)
	1,113,930	184,199	3,903,041					5,201,170
	12,221,974	2,709,947	45,025,583	18,935,100	2,770,996	777,424	46,282	358,768,181

	Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
	4,247,918	561,958.70	1,341,368	14,144,118	1,801,147	267,271	-	26,990,264
	1,985,549	7,769,747	4,118,764	3,161,606	923,573	259,116	-	20,858,832
	-	(7,539,910)	-	-	-	-	-	(7,632,798)
	-	-	-	-	-	-	-	(3,492,605)
	6,233,467	791,796	5,460,132	17,305,724	2,724,720	526,386	-	36,723,692
	4,953,639	144,793	4,850,462	1,626,537	46,276	250,992		16,390,141
		(179,132)						(197,737)
	(1,233,543)	(195,498)	(8,084,981)					(9,514,022)
	9,953,563	561,959	2,225,613	18,932,261	2,770,996	777,379	-	43,402,074
	2,268,411	2,147,988	42,799,970	2,839	0	46	46,282	315,366,107
	4,635,410	1,422,472	38,021,267	1,629,376	46,276	251,038	2,989,623	317,425,337
	2,202,612	19,554,722	38,025,331	4,790,982	969,849	510,153	5,240,562	305,299,048

Notes to the Financial Statements (cont'd)

31 March 2015

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

9.3 CORPORATION - COST OR VALUATION	Land and buildings at valuation P
Balance as at 31 March 2013	229,590,004
Additions	4,534,428
Transfers	10,281,130
Disposals	(911,397)
Elimination*	(3,492,605)
Impairment	(18,439,512)
Revaluations	41,758,279
At 1st April 2014	263,320,327
Additions	4,188,136
Transfers	-
Disposals	(18,605)
Elimination*	-
Revaluations	-
At 31 March 2015	267,489,858

In line with the Corporation's accounting policies, movable property, plant and equipment was revalued. This exercise was carried out by Willy Kathurima Associates, professionally qualified valuers. It is management's considered view that the carrying values shown as at 31 March 2015 are a fair representation of the the amounts that are expected to be recovered through the use or sale of the assets. The next revaluation exercise will be conducted as at 31 March 2017 for all immoveable assets.

9. PROPERTY, PLANT AND EQUIPMENT

9.4 CORPORATION - DEPRICIATION	Land and buildings at valuation P
Balance as at 31 March 2013	4,481,693
Depreciation charge for the year	2,640,477
Disposals	(92,888)
Elimination*	(3,492,605)
Balance as at 1st April 2014	3,536,677
Depreciation charge for the year	4,517,442
Disposals	(18,605)
Elimination*	-
At 31 March 2015	8,035,514
CARRYING VALUE	
At 31 March 2015	259,454,344
At 31 March 2014	259,783,650
At 31 March 2013	225,108,311

	Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
	1,125,975	19,043,421	36,707,469	18,935,100	2,770,996	777,424	5,240,562	314,190,951
	187,288	3,567,235	3,860,450	-	-	-	8,414,730	20,564,130
	95,289	(95,289)	-	-	-	-	(10,600,783)	(319,653)
	(111,941)	(21,374,359)	-	-	-	-	-	(22,397,697)
	-	-	-	-	-	-	-	(3,492,605)
	-	-	-	-	-	-	(64,887)	(18,504,399)
	-	-	-	-	-	-	-	41,758,279
	1,296,611	1,141,008	40,567,919	18,935,100	2,770,996	777,424	2,989,623	331,799,008
	-	1,280,253	4,157,297	-	-	-	48,025	9,673,711
	-	-	-	-	-	-	(2,991,366)	(2,991,366)
	-	(773,275)	-	-	-	-	-	(791,880)
	(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,514,022)
	1,113,930	184,199	3,903,041	-	-	-	-	5,201,170
	1,176,998	1,636,687	40,543,276	18,935,100	2,770,996	777,424	46,282	333,376,621
	-	-	-	14,144,117	1,801,147	267,271	-	20,694,228
	601,121	7,769,747	3,799,557	3,161,606	923,573	259,116	-	19,155,196
	-	(7,539,910)	-	-	-	-	-	(7,632,799)
	-	-	-	-	-	-	-	(3,492,605)
	601,121	229,837	3,799,557	17,305,723	2,724,720	526,386	-	28,724,020
	632,422	144,793	4,285,424	1,626,537	46,276	250,992	-	11,503,887
	-	(179,132)	-	-	-	-	-	(197,737)
	(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,514,022)
	0	(0)	(0)	18,932,260	2,770,996	777,380	-	30,516,148
	1,176,998	1,636,687	40,543,276	2,840	0	44	46,282	302,860,472
	695,490	911,171	36,768,362	1,629,377	46,276	251,037	2,989,623	303,074,985
	1,125,975	19,043,421	36,707,470	4,790,983	969,849	510,153	5,240,562	293,496,724

Notes to the Financial Statements (cont'd)

31 March 2015

10. INTANGIBLE ASSETS

10.1 GROUP	Software P	Counter Automation Software P	Development Cost P	Poso Card P	Total P
COST					
At 1 April 2013	4,300,736	33,433,502	-	-	37,734,238
Additions	1,582,752	319,653.0	1,415,416	-	3,317,821
At 31 March 2014	5,883,488	33,753,155	1,415,416	-	41,052,059
Additions	633,815	-	-	5,253,726	5,887,541
At 31 March 2015	6,517,303	33,753,155	1,415,416	5,253,726	46,939,600
AMORTISATION AND IMPAIRMENT					
At 1 April 2013	2,766,424	3,654,005	-	-	6,420,429
Amortisation	1,125,171	9,941,270	-	-	11,066,441
At 31 March 2014	3,891,594	13,595,276	-	-	17,486,870
Amortisation	1,104,547	9,989,437	471,805	247,427	11,813,216
At 31 March 2015	4,996,141	23,584,713	471,805	247,427	29,300,086
NET BOOK VALUE					
At 31 March 2015	1,521,162	10,168,442	943,611	5,006,299	17,639,514
At 31 March 2014	1,991,894	20,157,879	1,415,416	-	23,565,189
At 31 March 2013	1,534,312	29,779,497	-	-	31,313,809

10.2 CORPORATION	Software P	Counter Automation Software P	Development Cost P	Poso Card P	Total P
COST					
At 1 April 2013	4,267,736	33,433,502	-	-	37,701,238
Additions	1,582,752	319,653.0	-	-	1,902,405
At 31 March 2014	5,850,488	33,753,155	-	-	39,603,643
Additions	633,815	-	-	5,253,726	5,887,541
At 31 March 2015	6,484,303	33,753,155	-	5,253,726	45,491,184
AMORTISATION AND IMPAIRMENT					
At 1 April 2013	2,755,435	3,654,005	-	-	6,409,440
Amortisation	1,126,265	9,941,270	-	-	11,067,535
At 31 March 2014	3,881,700	13,595,276	-	-	17,476,975
Amortisation	1,093,558	9,989,437	-	247,427	11,330,422
At 31 March 2015	4,975,258	23,584,712	-	247,426	28,807,397
NET BOOK VALUE					
At 31 March 2015	1,509,045	10,168,443	-	5,006,300	16,683,787
At 31 March 2014	1,968,789	20,157,879	-	-	22,126,668
At 31 March 2013	1,512,301	29,779,497	-	-	31,291,798

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
11. INVENTORIES				
Definitive stamps	769,032	737,625	769,032	737,625
Postal orders and postal stocks	52,104	43,495	52,104	43,495
Kiosks, nests, pillar boxes and equipment	272	36,122	272	36,122
Stock, phone cards and other consumables	11,807,866	8,834,750	11,807,866	8,834,750
Less: Provision for stock adjustment	(2,823,402)	-	(2,823,402)	-
Total inventories at lower of cost and net realisable value	9,805,872	9,651,991	9,805,872	9,651,991
12. TRADE AND OTHER RECEIVABLES				
Trade receivables	85,983,159	70,927,403	61,899,677	60,386,040
Less: Provision for Doubtful Debts	(8,808,915)	(8,726,030)	(7,630,236)	(7,973,523)
Receivables from related parties	(9,888,510)	(4,539,279)	-	-
	67,285,734	57,662,094	54,269,441	52,412,517
Staff advances	954,058	608,006	954,058	608,006
Prepayments and deposits	3,461,246	3,251,458	3,295,407	3,063,404
Other receivables	79,034,898	10,877,408	78,217,895	10,409,550
	150,735,936	72,398,966	136,736,801	66,493,477
Trade receivables are non-interest bearing and are generally on 30-60 day terms. Staff advances may be up to 6 months.				
12.1 Trade Receivables				
Neither past due nor impaired	35,296,772	24,352,132	22,623,359	22,403,385
between 30 days and 60 days	13,253,362	11,529,893	11,838,051	10,065,654
between 60 days and 90 days	5,939,637	5,787,281	5,017,963	5,041,389
more than 90 days	25,408,817	22,025,217	22,420,304	20,182,011
Provision for Doubtful Debts	(8,808,915)	(8,726,030)	(7,630,236)	(7,973,523)
Net Carrying Amount	71,089,671	57,662,094	54,269,441	52,412,517
" The movement in the provision for impairment of trade and other receivables is set out below: "				
12.2 Provision For Doubtful Debts				
	Collectively impaired		2015 Collectively impaired	
At 31 March 2014	(8,200,713)		(7,910,661)	
Charge for the year	(525,317)		(62,862)	
At 1st April 2014	(8,726,030)		(7,973,523)	
Charge for the year	(82,886)		343,286	
At 31 March 2015	(8,808,915)		(7,630,236)	

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
13. CASH AND SHORT-TERM DEPOSITS				
Cash at banks and on hand	24,128,919	22,052,745	24,081,432	22,012,788
Short-term deposits	87,428	82,790	87,428	82,790
	24,216,347	22,135,535	24,168,860	22,095,578
Bank overdraft	(29,725,443)	(20,827,126)	(20,234,899)	(16,594,976)
	(5,509,096)	1,308,408	3,933,961	5,500,601
<p>Short term deposits are made at 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.</p> <p>The group has overdraft facilities amounting to P48 000 000 (corporation P38 000 000 and subsidiary P10 000 000). The group's receivables were pledged as collateral for these facilities.</p>				
14. 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				
Balance as at 31 March 2015	199,761	199,761	199,761	199,761
Revaluation reserve	129,122,191	124,836,864	128,843,016	124,557,689

The revaluation reserve is used to record revaluation surpluses recognised on revaluation of property, plant 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.

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
15. INTEREST BEARING LOANS AND BORROWINGS				
Held at amortised cost				
Current				
First National Bank	4,482,805	3,681,461	3,841,886	3,197,415
	4,482,805	3,681,461	3,841,886	3,197,415
Non- current				
First National Bank	34,681,277	39,560,891	31,049,909	35,225,335
Botswana Insurance Fund Management Ltd	-	100,000,000	-	100,000,000
Government of Botswana - Loan 2015	143,595,890		143,595,890	
	178,277,167	139,560,891	174,645,799	135,225,335

The Government loans are unsecured and consist of advances given to Botswana Postal Services by the Government of Botswana.

The First National Bank loan to Botswana Postal Services 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.

Government Loan of P140M was obtained on December 2014 at bank rate + 2%. The loan period is for 25 years and has a 2 year moratorium during which interest shall be capitalized. The principal amount and capitalized interest shall be paid over the remaining 23 years.

"Stanbic Bank Botswana loan to Botswana Couriers (Pty) Ltd is secured by 1st covering mortgage bond over portion 89, a portion of portion 65, (a portion of portion 3), of the Farm Forest Hill No. 9-KO, Gaborone International Commerce Park, house owner's comprehensive insurance cover, (the property is in the name of Brookdale (Pty)(Ltd) letter of suretyship for an unlimited amount by Brookdale holdings, cessation of book debts and memorandum of agreement of the loan.

The loan bears interest at the property lending rate, currently at 9%. It is repayable over 10 years in monthly instalments of P60 491."

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
16. GOVERNMENT GRANTS				
Balance as at 1 April 2014	85,076,342	89,602,685	85,076,342	89,602,685
Released to income statement	(4,526,343)	(4,526,342)	(4,526,343)	(4,526,343)
Balance as at 31 March 2015	80,549,998	85,076,343	80,549,998	85,076,342
Current	4,526,340	4,526,340	4,526,340	4,526,340
Non- current	76,023,659	80,550,002	76,023,659	80,550,002
	80,549,999	85,076,342	80,549,999	85,076,342
17. TRADE AND OTHER PAYABLES				
Trade payables	159,912,762	84,489,500	138,178,226	74,243,988
Other payables	56,893,005	47,091,187	50,116,179	43,461,913
Due to related parties	(9,741,550)	(4,539,279)	-	-
	207,064,216	127,041,408	188,294,404	117,705,902
18. FINANCE LEASE OBLIGATION				
Shortterm portion disclosed under current liabilities	1,312,762	5,746,630	537,154	684,605
Long term portion	1,584,967	606,588	475,599	456,404
	2,897,729	6,353,218	1,012,753	1,141,009
19. DEFERRED TAX				
Deferred Tax Asset/(Liability)				
Accelerated capital allowances for tax purposes	(84,097)	(47,170)		
Revaluation on property, plant and equipment	(75,766)	(75,766)		
Intangible asset - development costs	(207,594)	(311,392)		
	(367,457)	(434,328)		
Reconciliation of deferred tax asset (liability)				
At beginning of the year	(434,328)	(41,577)		
Charge for the year	66,871	(392,751)		
Originating temporary difference on tangible fixed assets	(37,126)	(81,359)		
Originating temporary difference on revaluation of property	103,997	(311,392)		
	(367,457)	(434,328)		

Notes to the Financial Statements (cont'd)

31 March 2015

	GROUP		CORPORATION	
	2015 P	2014 P	2015 P	2014 P
20. CASH UTILISED IN OPERATIONS				
Loss before taxation	(52,132,873)	(44,545,600)	(47,088,413)	(33,847,379)
Adjustment to reconcile loss before tax to net cash flows				
Non-cash:				
Depreciation and impairment of property and equipment	16,390,142	20,857,738	11,503,887	19,155,197
Amortisation and impairment of intangible assets	11,813,216	11,067,535	11,330,422	11,067,535
(Profit)/Loss on disposal of property and equipment	575,538	19,437	575,538	(44,730)
Other movements in revaluation surplus	(915,844)	-	(915,844)	-
Other prior year adjustments	(22,583)		(22,583)	
Finance income	(2,385,365)	(218,999)	(2,385,340)	(218,519)
Finance cost	19,998,183	17,983,303	18,659,350	17,028,776
Amortisation of government grants	(4,526,343)	(4,526,343)	(4,526,343)	(4,526,343)
Working capital adjustments:				
Increase in inventories	(153,881)	(1,918,973)	(153,881)	(1,918,973)
Increase in trade and other receivables	(78,201,523)	(5,831,788)	(70,243,324)	(1,097,252)
Increase in trade and other payables	80,022,806	(7,983,106)	70,588,499	(14,684,558)
Cash generated from operating activities	(9,538,525)	(15,096,795)	(12,678,030)	(9,086,245)
21. COMPENSATION OF KEY MANAGEMENT PERSONNEL				
Short-term employee benefits	14,062,460	13,535,080	10,299,056	10,715,547
	14,062,460	13,535,080	10,299,056	10,715,547

22. RELATED PARTY DISCLOSURES

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

		Purchases from related party	Amounts owed by related party	Amounts owed to related party
Botswana Couriers (Pty) Ltd- subsidiary				
	2015	23,709,348	4,915,302	4,826,248
	2014	23,265	4,523,871	15,407

BotswanaPost conducts business at market rates with the Government of Botswana as part of its mandate to provide services to the general public across the country.

Terms and conditions of transactions with related parties

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

Notes to the Financial Statements (cont'd)

31 March 2015

23. INVESTMENT IN SUBSIDIARY

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

24. GOING CONCERN

The Group and the Post incurred a total comprehensive loss of P52 006 003 and P47 088 413 respectively (2014: P44 951 351 and P33 847 379 respectively) and have net current liabilities of P62 353 490 and 46 723 146 respectively. The conditions indicate a material uncertainty which may cast significant doubt about the Group and Post to continue as a going concern.

The going concern of the Group and the Post is dependent on continued government support. In the current year Government provided written assurance that it will continue to provide the necessary financial support to ensure the Group remains a going concern and meets its financial obligations as they fall due. Subsequent to year end, Government has provided funding of P40,000,000 in line with this support.

25. LEGAL AND REGULATORY REQUIREMENTS

The organisation incurred a total comprehensive loss of P47 088 413. Consequently, the Post will not be in a position to make dividend payments to the Government as provided for by section 17(e) of the Botswana Postal Services Act (Cap 72:01).

Under the Universal Service Obligation (USO), the Post continues to provide postal services on non-commercially viable terms and conditions. This, compounded by inordinate delays in the approval of prescribed tariffs and payments for services rendered to Government Departments has seriously compromised on the Post's ability to ensure that its revenues are sufficient to produce on the fair value of its assets a reasonable return.

26. BOTSWANA SAVINGS BANK AND BOTSWANA POSTAL SERVICES MERGER

The merger follows a Government decision to rationalize some parastatals and public entities. The government recognizes the historical evolution of the two entities that have seen them utilize strategic synergies to improve efficiency in service delivery. The merger was instituted after thorough public consultations coordinated by PEEPA.

The merger has progressed relatively slowly due to the need to prepare enabling pieces of legislation and taking them through the approval process. These included the amendment of the Botswana Postal Services Act, Transition Acts of both the merging organisations and Promulgation of the Botswana Communications Authority Act. The Botswana Postal Services (Transition) Act 2014, enables BotswanaPost to register as a company and be merged with Botswana Savings Bank under a holding company. Botswana Couriers, a subsidiary of BotswanaPost will also be registered as a subsidiary of the holding company. The holding company has since been registered under the name Botswana Post and Savings Group Limited. Post year end, the Botswana Post's conversion was concluded with the registration of the Post as a limited company on the 5th August 2015.

27. CONTINGENT LIABILITY - BIFM LOAN

There is a pending discussion between Botswana Post and BIFM regarding early settlement of BIFM Loan of P100M by Botswana Post. BIFM wants to charge Botswana Post P20.6M as penalty for early settlement of the loan. The two parties are still to meet to close this issue amicably. As at 31 March 2015 the matter was still pending.

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BotswanaPost 

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