



# **BOTSWANA PUBLIC OFFICERS SAVINGS AND CREDIT Co-operative SOCIETY (BPOSACCOS)**

**Annual Report and Financial  
Statements 2017-2022**



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# Management Board



**KEBONYE KGABELE MOEPENG**  
BOARD CHAIRPERSON



**BENLIDA UNOMUNYO OAITSE**  
BOARD VICE-CHAIRPERSON



**KENNETH TIDIMANE**  
MEMBER



**MODIRO NANIE MOTHIBI**  
MEMBER



**NDAKIDZILO PEARL SECHELE**  
MEMBER



**JOHANNES LETLOTLO MOHUTSIWA**  
MEMBER



**KGOMOTSO BONNIE NKOMBA**  
MEMBER

# Secretariat



**BASEBI MOLOSIWA**  
CHIEF EXECUTIVE OFFICER



**KAGISO MOGAPAESI**  
ACCOUNTANT



**THAPELO TLHAKOLE**  
HUMAN RESOURCE & ADMINISTRATION  
OFFICER



**GOSEGO MAKHAMISA**  
BUSINESS DEVELOPMENT & MARKETING  
OFFICER



**GAONTEBALE NKWE**  
SECRETARY



# Objectives & Background

## OBJECTIVE

The principal object of the Society is to promote the economic interests of all Society members to attain their social and economic improvement through saving and credit in accordance with the Co-operative Principles. That is:

- a. Ensure monthly collection of savings from members.
- b. Grant personal loans to members at a reasonable interest rate.
- c. Invest members' savings in interest bearing accounts.

## DATE OF ESTABLISHMENT

Botswana Public Officers Savings and Credit Co-operative Society (BPOSACCOS) was formed and registered in July 2013 under registration number 261, in terms of the Co-operative Societies Act, 2013

## CORPORATE POWERS

The Society has corporate powers under this Act as a Savings a Credit Cooperative body with perpetual succession and without limitation on the powers to:

- a. Accept and invest member's savings in a manner profitable to the society and a good return to the members
- b. Provide loans to the members:
- c. Hold and maintain an Insurance Fund and Funeral Scheme for the benefit of the members:

## BENEFITS TO MEMBERS

- a. Secure savings
- b. Interest on savings
- c. Credit at affordable interest rates
- d. Dividends earned on shareholding
- e. Funeral Cover
- f. Credit life cover

# Notice of the 2024 Annual General Meeting

Botswana Public Officers Savings and Credit Co-operative Society Limited invites members to its Annual General Meeting

**Date:** 13th April 2024

**Venue:** University of Botswana Indoor Sports Arena

**Time:** 0630 Hours (Registration)

The issues to be discussed are;

1. Approval of the Agenda
2. Management Board Report
3. Auditors Reports
4. Appropriation of surplus
5. Ammendment of Bye laws
6. Approval of Budget 2024/25
7. Election of Management Board and Committees

**NB:** Members are encouraged to be present at this critical meeting to make decisions on the above matters and to pave the way forward regarding their Society. Members who arrive and register before 9:00 am will be eligible to receive a once off incentive of P300.00.

For more information contact us on +267 397 2048/ +267 71 262 000/  
+267 73 762 473. Visit our offices at Fairgrounds, Plot 50667, Block B, Ground Floor.

Thank you



Kebonye K. Moepeng - Chairperson  
Botswana Public Officers Savings and Credit Co-operative Society (Ltd)





# Agenda For Annual General Meeting

## AGENDA FOR THE BPOSACCOS ANNUAL GENERAL MEETING

**DATE:** 13th April 2024

**TIME:** 0630 HOURS

**Venue:** University of Botswana Indoor Sports Arena

NO	DESCRIPTION	PRESENTER	TIME
1	Arrival	All	0630
2	Registration	All	0630
3	National Anthem	All	0730
4	Prayer	Volunteer	0735
5	Introductions	Vice-Chairperson	0740
6	Welcome Remarks	Chairperson	0750
7	Key Note Address	BOSCCA CEO	0800
8	Confirmation of minutes & matters arising AGM 2017	Chairperson	0830
9	Confirmation of minutes & matters arising SGM 2022	All	0900
10	Management Board Report	Chairperson	0915
11	TEA BREAK	All	1000
12	Management Board Report – Questions & Comments	Chairperson	1030
13	Auditors report and presentation of audited financial statements - Comments & Questions	Baker Tilly	1100
14	<b>RESOLUTIONS</b> - Surplus Appropriation - Recommended Amendments of Bye-Laws	Chairperson	1200
15	LUNCH	All	1300
16	Approval of Budget 2024/2025	All	1400
17	Election of Management Board and Committees	Members	1430
18	Closing Remarks	Chairperson (Incoming)	1630
19	Vote of Thanks	Vice-Chairperson (Incoming)	1640
20	Closing Prayer	Volunteer	1645



## Minutes Of The Botswana Public Officers Savings And Credit Co-operative Society Limited Annual General Meeting (2017)

**November 30, 2017 Venue: Botswana Public Service College**

1. Opening Prayer. Volunteer.
2. Welcome Remarks

The Chairperson welcomed the members and introduced the guest of honour, the Director of Public Service Management Ms Ruth Maphorisa, representative of the Director for Corporative Development, Ms Tjikwakwa and Ms Kekgobilwe, and the Management Board of the Society.

3. Official Opening by the Director of Public Service Management

In her opening remarks, the Director of Public Service Management noted that this was the second annual general meeting of the Society following its establishment in November 2013.

She stated that Co-operatives could no longer run detached from modern business practices but to embrace these in order to diversify their products, meet customer needs and expectations; uphold entrepreneurship culture; and be run by people with business mindsets for them to be sustainable.

She further advised on challenges faced by Co-operatives which span from, governance, mismanagement and fraud, therefore encouraged the Society to take drastic steps to be aligned and be able to implement the Transformation Strategy for Co-operative development which the governing Ministry of Investment, Trade and Industry has developed in their efforts to resuscitate, revamp and re-direct the development of Co-operatives into globally competitive businesses.

The guest speaker further encouraged the Society to achieve Co-operatives management practices that meet customer and stakeholders needs and expectations; ensuring Co-operatives adhere to sound financial management practices; ensuring risk management structures are in place; ensuring that Co-operative uses ICT in planning, information management, operations and service delivery; and ensuring Co-operative management has requisite business skills.

She pointed out that governance across all sectors is instrumental in achieving MDGs and widely acknowledged as a precondition for sustainable growth and development. That all participants have a role to play in order to meet these goals. Therefore should strive to manage the Society in an effective and efficient manner, for it to remain relevant to all the current and prospective members. Lastly, she warned the Society of some of the challenges faced by Co-operatives which led to the dwindling image of Co-operative movement in Botswana which include among others:

**Mismanagement and Fraud:** that most of the once successful Co-operatives collapsed as a result of the debilitating mismanagement and fraudulent practices by their employees and or Board members.

**Attraction and Retention of Skilled Employees:** that some small and medium scale Co-operatives which are not in a position to competitively attract and retain skilled and experienced employees, especially at management level.

**Inadequate Member Commitment:** that this is a challenge Co-operatives are facing countrywide and it has manifested itself in poor attendance of Co-operative meetings by members and inadequate patronage. Whilst inadequate member commitment may be interpreted as meaning that the economic significance of Co-operatives has declined or is declining, Co-operatives remain important, particularly to the majority of Batswana who have no alternative ways and means of individually setting up income-generating activities through which they can improve their standards of living.



She indicated that, in view of all the above, she has not received any complaints or reports on the Society regarding these challenges. She took the opportunity to acknowledge the outgoing Board and the Secretariat for the good work they have done voluntarily.

She urged members to be proactive through the process of appointing a new Management Board as members of SACCOS had the right to vote and be voted in any office of Management into the society. Therefore, put it up to the members to make good use of their rights and elect reputable people who have the capability and integrity to take the society to the desired level of competitiveness noting that these leaders must be able to create a culture of trust and openness and also exhibit intellectual curiosity.

Finally, she encouraged the Saccos members to fully engage their intellectual ability throughout the AGM and make the necessary resolutions which will make the society competitive and attractive to its members.

#### 4. **Appreciation Remarks - Representative of the Director for Co-operative Development.**

The representative from the Director for Co-operative Development, Ms Tjikwakwa alluded to the fact that Co-operative societies are among the government initiatives geared towards Poverty Eradication and Citizen Economic Empowerment. She stated that Co-operatives are meant to address the members' needs, which can either be economical, social or cultural hence are relevant for Public Officers in their endeavour to improve their socio economic status and reduce their dependence on government employee support systems.

She noted that in their Ministry of Investment Trade and Industry, they trust in wealth creation, hence the excitement when people sweat in pursuance of wealth which is good for the economy of individuals, families as well the country at large. In her address, she noted that the Botswana Public Officers SACCOS is one of sixty-five (65) Savings and Credit Co-operatives in Botswana, thirty-one (31) of which are in Gaborone out of which fifteen (15) comprises of public sector employees and this meant that competition for membership is very rife in these SACCOS. This therefore, meant that the success and sustainability of BPOSACCOS was dependent on the provision of customer/ member oriented products and services that would lead to customer satisfaction and retention.

Ms Tjikwakwa implored the management board, to appoint a Member Education and Publicity Sub-Committee which will constantly be in touch with the society's members and be able to identify their expectations from their society with a view that there is no specified one size fits all products and services meant for the Savings and Credit Co-operative of which the design of the society's services should be need based and focused on the members' interests.

In her remarks, she indicated that this is in line with the Co-operative Transformation Strategy Pillar 8 which aims to increase member participation and commitment to the Co-operative movement. The pillar among others is aimed at ensuring that:

- a. Co-operatives members receive maximum benefits from their membership.
- b. Co-operative businesses adhere to transparency and accountability principles to enhance credibility
- c. Co-operatives businesses are viable, competitive and profitable; and
- d. Improving competitiveness of Co-operative goods and services.

Ms Tjikwakwa stated that the Botswana Public Officer's Savings and Credit Cooperative Society was initially registered as a Welfare Fund open to all the public sector employees, therefore there was a problem of some members having "dual membership" which Section 29 (1) of the Co-operative Societies Act, 2013 allows only with the written consent of the Director. It was, in this regard that the affected members were advised to address the issue by individually applying to the Director for Co-operative Development for approval of their dual membership.

Lastly, she pointed out that Botswana Public Officers SACCOS members were gathered to exercise their democratic right in the days deliberations and should therefore, wisely use these rights during discussions on Policy issues and also in elections both of which are quite crucial for the direction of their society.

Ms Tjikwakwa took the opportunity to thank the Directorate of Public Service Management for her holistic support to BPOSACCOS, the support which covers among others office accommodation, full time officers, and utilities and stationary. That the support can never be eternal, therefore it was quite crucial that the society strategically prepares for the exit of the government support.

## 5. Minutes of the First General Meeting and Action Sheet.

The Chairperson went through the minutes of the first General meeting which was held in November 2013 together with the action sheet thereto. Members confirmed and adopted the minutes to be a true record of what had transpired in the First General meeting.

## 6. Audit Report 2014 and 2015.

Baker Tilly, the independent auditor engaged by the Society, to audit the financial books for 2013/14 and 2014/2015 presented to the members their findings in as far as the financial reports were concerned for the years under review.

The meeting was informed that for the year 2013/2014, the financials were unqualified and for year 2014/2015 the financials were qualified with a figure of P230, 000.00 in the suspense account.

Members questioned this figure and wanted to know the cause of the amount and it was explained that due to the manual accounting carried out by the Society and the existence of many pay points for members in the public service, reconciliations of payments led to the accumulation of the suspense amount. It was advised that automation of the transactions of the Society was the best solution in insuring that the books are correctly kept.

## 7. Management Report

The Chairperson took members through on the performance of the Society for the period up to 2015, on the achievements and challenges encountered. She informed the meeting that though there were challenges facing the Society pertaining to withdrawals, these did not deter them in their resolve to deliver on the promise made to the members with regard to the growth of their savings.

In view of the audit reports that had been just presented, the Chairperson informed the members that the Board proposes to pay an interest rate of 2% on members' deposits for the year 2013/4 and 4% for the year 2014/15. She went further to indicate that in as far as the Society Bye laws dictate, a registered member in the books of the Society on the last day of the Society's financial year to which the interest relates to shall be paid interest in as far as that year is concerned. To that end, all members of the Society as at 30 April 2014 were to be credited with the 2% interest and all members who were in the books of the Society as at 30 April 2015 were to be credited with the 4% interest.

On the issue of dividends/bonuses, she stated that the Board had not been able to award any bonuses or dividends as for the insufficient profits realized for both financial years.

She informed the meeting that preparation of the financial statements for the years 2015/16 and 2016/17 were on going and completion of these reports expected before the financial year end of 2017 /18.

On other developments, the Chairperson informed the meeting that a trademark for the Society was registered with the Companies and Intellectual Property Authority which will be used in all Society communications.

Further, that the certificate to be issued to all members for their shareholding of 500 shares purchased at P1.00 will be bearing the Society trademark.

She also informed members that in an endeavor to ensure that the records of members are in order, the Society acquired a microfinance software which is for purposes of savings and credit in 2013 to the tune of P165, 000.00. The individual statements pertaining to the audit which had just been presented will be held through this microfinance software.

She informed members that the assignment tasked the Management Board had been done and, the gathering will be looking into electing the various Committees for the Board of Management, Credit Committee and Supervisory Committee which will carry the Society into the future. Therefore, encouraged members to elect able members who will take the Society into the future as the Society was there to stay for future generations

## 8. Funeral Policy for the Society

Liberty Life Botswana, the Funeral policy insurer for the Society presented to the members on the funeral policy together with other products which the liberty life offers such as life insurance

## 9. Elections

Elections were held for vacant positions in the Management Board, Supervisory Committee and Credit Committee.





The Director for Co-operatives office guided the elections and the following members were elected as follows;

#### MANAGEMENT COMMITTEE

No.	MEMBERS	POSITION	CELL
1	KEBONYE K. MOEPENG	CHAIRPERSON	71234334
2	BENLIDA O. OAITSE	VICE CHAIRPERSON	71362908
3	KENNETH TIDIMANE	MEMBER	71300792
4	MODIRO N. MOTHIBI	MEMBER	74246336
5	KAMOGILO KWADA	MEMBER	71278886
6	REBECCA WASUBERA	MEMBER	71393614
7	KGOMOTSO B. NKOMBA	MEMBER	71542124
8	JOHANNES L. MOHUTSIWA	MEMBER	77530211
9	NDAKIDZILLO P. NTONGE	MEMBER	75639952

#### CREDIT COMMITTEE

No.	MEMBERS	POSITION	CELL
1	MBONISI MAFALÉ	CHAIRPERSON	74774394
2	GOALETSA KEITUMETSE	MEMBER	76923324 / 73327080
3	MALEFSANE L. PHADI	MEMBER	71542508

#### SUPERVISORY COMMITTEE

No.	MEMBERS	POSITION	CELL
1	MORWALELA KESALOPA	CHAIRPERSON	73133121
2	MOEMEDI MOKWADI	MEMBER	74733301
3	BATISANI SOLOMON	MEMBER	76011925

#### 10. Way Forward

The Chairperson thanked members for being elected to the Board for a second period and she indicated that her re-election being the Chair of the Society was a demonstration of trust by the members.

She further pointed out that since she has other committees that will be available in the likes of the Supervisory and Credit committees, she expects that the performance of the Board will be more focused in the improvement of Society products with a view to enhance the membership expectations.

#### 11. Prayer. A volunteer gave a closing prayer and the meeting ended.

#### Action Sheet

Item	Description	Update
1.	Review the Bye Laws in line with Societies Act 2013	Done
2.	Members with dual membership to directly request the Director for Co-operatives for the authority	Done
3.	Avail individual Statements to members for financial years 2014 and 2015 indicating the interest for the years	In Progress - The Management Board has automated processes through implementation of a loans management system and once reconciliation has been completed, individual statement will be given to members
4.	Extensively market the Society	In Progress - The Society continues to be marketed through different platforms such as Website, Facebook, Newspapers, Flyers and offering of new products.



## **Minutes of the BPOSACCOS Special General Meeting held on the 5th March 2022 at Ba Isago University Convention Centre**

**Purpose of the meeting** - The Special General meeting convened by the Management Board to update members on the progress of the Society and to authorise the Management Board to continue serving, acquire resources for the Society, align the Society Bye-Laws to the Societies Act 2013 and approve the draft Organisational Structure.

### **1. PRAYER**

The meeting was started off with a prayer by a Volunteer.

### **2. INTRODUCTIONS**

Mr Benlida Oaitse introduced the guest of honour, the Director for Cooperative Development Ms Moipedu Nkoane to the meeting and her team from the Gaborone Regional Office Mr Motsumi Ketlhaotswe who is the Principal Co-operative Auditor I together with Ms Omphile Malongwa the Co-operative Officer in the same.

He further introduced the presence of the BPOSACCOS Board members present as follows:

Ms Kebonye Kgabele Moepeng the BPOSACCOS Chairperson and board members Ms Kgomotso Bonnie Nkomba, Mr Kenneth Tidimane, Ms Ndakidzilo Pearl Sechele and himself as the Vice Chairperson and Mr Aldrin Tayane who heads the BPOSACCOS Secretariat as the Manager of the Society.

### **3. ADOPTION OF THE AGENDA**

The Master of Ceremonies Mr Goaba Mojakgomo urged members of the meeting to appreciate the time reflected on the agenda that it had been reviewed to the effect that the meeting would end when members break for lunch at 1300 hours.

Further contributions were made by the members on the agenda and a comment from one of the members was to the effect that the agenda be amended to include declaration of interest whilst others were of the view that the already presented agenda be followed to avoid complications of the meeting.

The meeting agreed in one voice on advise that the Special General meeting has a specific purpose to be allayed to the members and the issue of interest can only be discussed in the annual general meeting where the financial reports of the Society would be presented before November 2022. The Chairperson urged members to make comments for the Board to appreciate and take note of any raised issues for resolve. The agenda was adopted as proposed.

### **4. WELCOME REMARKS**

The Chairperson welcomed all present to the Special General Meeting of the Botswana Public Officers Savings and Credit Co-operative Society Limited on the day. She expressed hope that all members and their families are safe during the challenging period of the pandemic of COVID-19. Ms Moepeng expressed how honoured she was to have the Director for Co-operative Development in the meeting and found the gesture demonstrating an intent to walk with the Society to the promised land. She indicated that she was so humbled and sure that the future of the BPOSACCOS looked bright.

Ms Moepeng noted that she was aware that the Society had not held any Annual General Meetings for quite some time as prescribed in both the society Bye-Laws and the Societies Act, 2013 which state that annual general meetings shall be held every year. She informed the meeting that this has been due to a number of reasons beyond the Management Board's control, however found it fitting and in order to convene a special general meeting which would pave way to rectifying all that has hindered progress in that regard.



The Chairperson informed the meeting that the day's Special General Meeting had been convened to approve two major items which would enhance stakeholder value. She noted the presence of the Director for Co-operative Development office and that their guidance is of critical importance going forward.

The second issue which Ms Moepeng put forward to the members was that she expected the Society to draw on the experience and expertise of the Director's office on the efforts of creating value for all shareholders. Finally, she noted the efforts being made to review the Societies Act, 2013, and hoped that this will open doors for prosperity in societies. She further hoped that the day will provide an opportunity to engage with a focus on the future of the Society. The Chairperson concluded her remarks by welcoming all to the meeting.

## 5. OFFICIAL OPENING

Ms Moipedi Nkoane officially opened the meeting and she expressed her gratitude to be with BPOSACCOS as a member too. She wished members and their families health and safety during the trying times of Covid 19 pandemic and deep gratefulness to all front line workers who are serving so generously during the health crisis. She encouraged members to never lose hope. Ms Nkoane went further to read from the bible in the book of Jeremiah 29: 11 which says that:

"For I know the plans I have for you, declares the LORD, plans for prosperity and not for evil, to give you a future and hope."

She said these words words of wisdom and as a people we need not take them for granted and such words express our desire to be seen somewhere in life as BPOSACCOS somewhere above what we are experiencing now and that we need to hold on tight unto that hope as the almighty God sees our cry and need to remain trusting in God that it all shall be well.

Further, Ms Nkoane informed the meeting that words are not enough to express her delight to be with the BPOSACCOS as she is a member too. She indicated that the importance of the gathering cannot be overemphasised as it is a statutory requirement to hold meetings of such nature as a way of updating shareholders about the status of their business.

Ms Nkoane informed the meeting that she had been reliably informed that BPOSACCOS membership comprises members from the entire Public Service and that the membership was currently at **6 800** as at 31st January 2022. She encouraged members of BPOSACCOS to fully patronise their Co-operative as this will contribute to the country's GDP and will eventually be evidence to be a positive indicator to members' prosperity and the prosperity of the Society would help to eradicate unemployment which is highly experienced by youth.

Further, the Director for Co-operative Development informed the meeting that Government is committed to supporting Co-operatives in this country and that Government through the Ministry of Investment, Trade and Industry which is the custodian of the Co-operative regulatory framework "Co-operative Societies Act" has also developed a Transformation Strategy for Co-operative development in their efforts to resuscitate, revamp and re-direct the development of Co-operatives into globally competitive businesses.

She highlighted that one of the important things in improving Co-operatives is transformation. Transformation involves;

**Branding-** by having banners and merchandise, as an example.

**Meetings** - She said members did wrong by not attending meetings as critical decisions on the Society end up being taken by a small number of members who have attended the meeting.

**Board** - She talked of the Board which is chosen by members of the Cooperative to take decisions on behalf of the members and that members must ensure their participation to ensure that their aspirations are met.

**Employees** - She emphasised on the need for the Co-operative to have its own employees.

She informed the meeting that it is in this regard that there is an ongoing consultative meeting with stakeholders of the Co-operative Societies Act, 2013 which is under review the aim of the amendment being to rectify the impediments realised during the implementation of the Act.

Ms Nkoane said the review of the Co-operative Societies Act was also in alignment with the Co-operative Transformation Strategy Pillar no 3: Environment for doing business which discourages the legislation on hindrance on the growth of Co-operatives.

She reminded the members of the Co-operative Principle "Autonomy and Independence" which discourages Co-operative Societies to be seen being reliant on their patrons. She said on inception, the Botswana Public Officers SACCOS was established as a Welfare Fund and later transformed into a Savings and Credit Co-operative Society in July 2013. Ms Nkoane further informed the meeting that she has learned that the Society is still housed under the Directorate of Public Service Management. She advised that due to membership growth, it is evident that it is crucial for the Society to have its own place of operation to ensure that customer service is not compromised due to lack of office space and staff.

She also stated that it had come to her attention that BPOSACCOS held its last General Meeting in 2017 and due to Covid-19 pandemic and Covid 19 protocols that were in place, this led to the current Board members term in office to elapse. She therefore urged members of Botswana Public Officers SACCOS to take into consideration some issues to be presented before them by those in office.

In her concluding remarks, she informed the meeting that for prosperity and success the following among others were required; that there should be computerisation of society information, regular communication and updates to members on the financial performance of their society; Member patronage and commitment for their society to continue as a "going concern". She declared the Special General Meeting officially open.

#### **6. VOTE OF THANKS**

Ms Nkomba thanked the Director for Co-operative Development for her attendance and the time to be with the BPOSACCOS during her busy schedule. She also thanked all present to have found it important to be part of the meeting which is intended to advance the interests of the members of the Society and their loved ones. She also appreciated the ideas mentioned by the Director on the branding and computerisation of the Society and assured the Director that the Society will do all to improve its visibility. In conclusion she thanked the Director for encouraging good governance in the Society.

#### **7. SOCIETY UPDATE**

The Chairperson Ms Moepeng, briefed the members on the Society that the Society was established with the aim to promote a culture of savings among public officers so as to facilitate their social and economic improvement.

She informed the meeting that the Botswana Public Officers Savings and credit Co-operative Society was originally established in 2010 registered as a Fund under the Non-Bank Financial Institutions Regulatory Authority. Then, it transformed into a Society in July 2013 being registered as a Savings and Credit Co-operative Society falling under the Director for Cooperative Development through the Co-operative Societies Act 2013.

The Chairperson indicated to the membership the fact that the Society has corporate powers as it is registered to accept and invest member savings in a manner profitable to its membership and it can sue and be sued. She further informed the meeting that the general membership of the Society is the supreme body at which decisions on the Society are made and these meetings are held annually as guided by the Bye-Laws of the Society and the Co-operative Society Act, 2013.

Ms Moepeng informed the meeting that an 9-member Board led by a Chairperson was elected in 2017 to oversee the activities of the Society and a 3-member Credit committee was also elected in 2017 with a 3-member Supervisory Board which ensures that all activities of the Society are done in accordance with the Bye laws of the Society and the Act. Unfortunately, the Supervisory Board and the Credit Committee never executed their mandates following election in November 2017 and that these services for the Credit committee have been performed by the Secretariat hence those falling under the Supervisory Board being done by the Management Board. She informed the meeting that since inception of the Society, the Management board members have always volunteered their time and energy to the BPOSACCOS with no sitting allowance or any form of incentive.

The meeting was further briefed on the Secretariat which is led by the Manager administering the Society on day to day basis by processing all that is required by the members. Members were also informed that since the establishment of the Society in 2013, there had been three (3) officers who were assigned to the Society by Directorate of Public Service Management to assist in the administration of the Society towards its independent. Further, that the Board decided to employ 6 temporary employees in this regard to assist in the day to day administration of the Society business until its independence.





The Chairperson informed the meeting that it was on the above basis that the Special General meeting had been convened to facilitate that drive towards the independence of the Society from the Employer.

She informed the members that acquisition of resources for the Society such as offices, employment of Society personnel for its administration and others were key to such independence which the Society deserves to serve its members adequately. She reminded members that as they may be aware, the Society was inundated with many requirements from members such as loan requests and other inquiries on a daily basis which requires this independence to be done and for the office to focus on its core mandate.

Ms Moepeng informed the members that all public officers are eligible to join and save with the Society from a minimum of P50 up to whatever amount they wish to save and membership is voluntary with a joining fee of P50 which is not refundable. She emphasised that on retirement from the service, a member may continue his/her membership of the Society through maintenance of the shareholding and monthly savings.

The meeting was further informed that the society had approximately 6,870 members (January 2022) as compared to 2,900 in November 2017 at the last General meeting of the Society which accounts to more than double the membership. She told the members that a member is allowed to hold a minimum of 500 shares valued at P1.00 per share and that member is eligible to attend general meetings of the Society and vote to make decisions of the Society. The Chairperson advised the meeting that the shareholding certificates had been completed however, due to lack of capacity by the Secretariat, these certificates were yet to be printed and distributed to the membership and the share capital stood at P3,435,000 as at end of January 2022.

## **Society Business Description**

### **a) Savings and Credit**

Ms Moepeng informed the meeting that the Society products are and services loans borne by the savings facility of the society affording members short and long term loans.

She indicated that these savings from members are deducted from pay (salary) source and directed to the Society account on monthly basis. She however, mentioned that retired members deposit directly to the Society account and local authorities do the same which has been.

She informed members that for credit activities, the Society offers loans to eligible members at a simple interest rate of ten percent per year with a maximum loan confined to 3 times the individual savings up to a maximum of P250 000, and that the credit facility of the Society processes in excess of P1,600,000.00 loans on a weekly basis hence requires dedicated officers in as far as commitment and due diligence is concerned in the verification process.

The Chairperson also informed the members that a microfinance software package was acquired by the Society to ensure processing of loans on the facility as well as to generate reports on the activities of the Society and that the employees had been trained on this facility and it is envisaged that this will enhance and ensure stability in the Society business.

### **b) Group Funeral Scheme**

Further, she informed the meeting that the Society also administers a group funeral scheme facilitated by a registered insurance company to enhance member dignity which was started in May 2017 and to be presented during the day's deliberations by a representative of the insurance company.

She told the members that the funeral scheme covers all Society members and their families and it is run through Liberty Life Botswana Insurance as the underwriter. The meeting was informed that the Society carries out the administration of the funeral scheme as a broker on behalf of the insurance particularly that beneficiaries of the scheme are the Society members with a negotiated monthly premium of P24.01 by a member and with a payout of P30, 000.00 for his/her family (Spouse and six children less than 21 years) that was in place and the insurance company pays a 10% administration fee on the total premiums to the Society for the service rendered by the Society.

### **c) Marketing**

The meeting was also informed that the Secretariat is also mandated to carry out the marketing of the Society business amongst potential members being public servants and to also educate members on the Society and that a group email address is in place which members are being informed on progress taking place and other relevant documentation to assist them on the Society.



She informed the meeting that a Facebook page has been recently created to afford members and potential members to access and know what the Society is doing and for further interaction on the Society business. Finally, the Chairperson informed the members that information on the Society has been packaged in flyers which have been distributed to Ministries and Departments in an effort to encourage members to join and to know what the Society is offering.

## **8. Society Structure**

Ms Moepeng informed the members that for the Society to keep up to pace and to stay relevant in its business, a holistic structure which addresses the business entity must be in place to sustain all the issues which have been briefed the members and the going concern of the business for a foreseeable future.

She said, to this end, the Board had drafted the Society structure which entails key committees to oversee products and services offered by the Society and also positions in the structure to ensure that the Society addresses its mandate.

## **9. Society Achievements**

The Chairperson informed the members that the Society had made several achievements being;

- Investments in money markets - Vunani and Botswana Insurance Fund management which were over P24,000,000.00.
- Fixed deposits, and Call deposits which were holding over P21,000,000.00.
- An Increase in the loan book.
- An affordable funeral cover for the members and their loved ones.

## **10. Alignment of the Society Bye-Laws to the Societies Act.2013.**

The Chairperson informed the meeting that following the 2017 General Meeting, the Board identified several clauses in the reviewed Societies Act 2013 which needed the Society to align its Bye-Laws with and that the deliberations of the day will take members through the alignments in the Bye-Laws which have been done to align the Society Bye-Laws to the Societies Act, 2013. She informed the meeting that it for this meeting to adopt and approve these amendments for the Society to move forward in its service to the members.

## **11. Challenges**

Finally, the Chairperson informed the members on the challenges which the Society had experienced during its term of office until the Special General meeting as follows:

- Lack of a functional structure
- The Society Office being run by DPSM personnel and temporary employees.
- Members of the Management Board not being paid sitting allowances for the services they render to the Society
- Financial books of the Society lagging behind due to reliance on both temporary employees and interns.
- Lack of adequate office space and office equipment due to dependency on DPSM.
- Migration from a Fund to a Society challenges information created a void to be addressed in adoption in the Co-operative Concept in which more education is required.
- Some members of the Society not providing correct banking details in their requests for financial assistance which contributes to delayed verification of transactions.
- Failure to update member records.

## **12. Proposals and recommendations**

The Chairperson proposed to the Membership approval of the draft structure which she said is subject to amendment in future as and when new ventures are adopted by the Society. She indicated that the structure addresses most the challenges experienced by the Society.

Further, she said the Board requests to employ on contract basis employees who are currently on temporary terms to fill up the positions in the proposed structure for purposes of continuity and the salary emoluments for the structure be aligned to the Government pay structure for now. In her proposal for the employment of the officers she indicated that the officers had experience in the Society cognizant of their service and it would be a drawback to lose their knowledge at this stage especially after being trained in both the Microfinance software package and Evolution accounting package which were to be used in the Society data management.



She also requested the members to allow the Board to employ in all prevailing vacant positions in the structure and that the Board be allowed to determine the terms and conditions of employment.

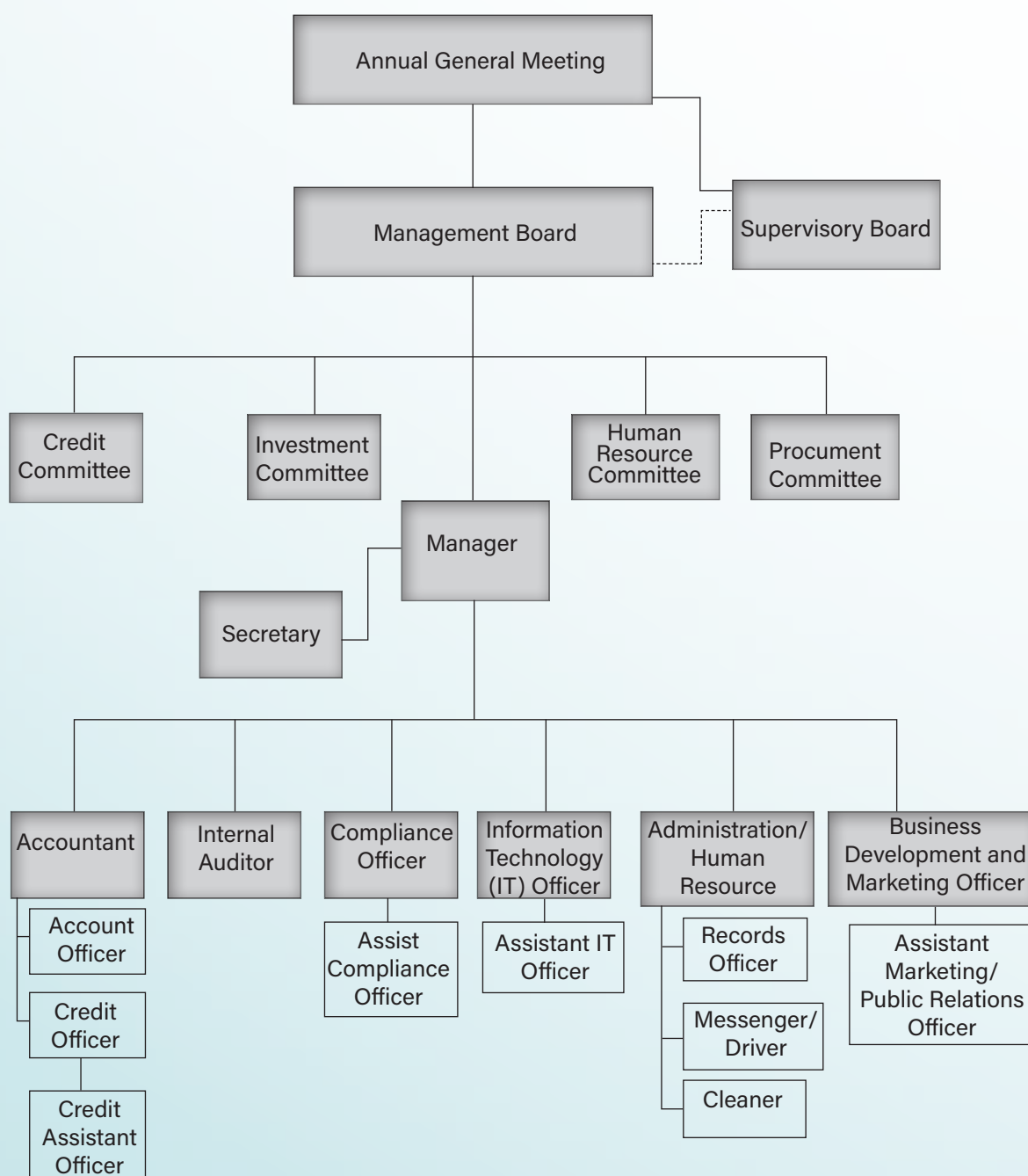
Finally, she requested the members to approve the amendment on the Bye - Laws which are aligning the Societies' Bye-Laws to the Societies Act, 2013.

She concluded that in the interest of the Society and for its benefit, the issues proposed by the Board be implemented with immediate effect after approval by the Special General Meeting.

The Chairperson also put it up to the members that with aforementioned proposals and recommendations, the current Board be mandated to implement the above recommendations and report on progress made to the Annual General Meeting which is normally held in November where elections of new Board and committee members will be made.

### 13. Proposed Draft Structure and Startup Budget Proposal

The Chairperson presented the draft structure to the members and a budget that will support the structure as follows:







## BPOSACCOS OFFICE STARTUP BUDGET PLAN 2022

## 2023 Budget

INCOME	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
<b>Operating Income</b>													
Member Share Capital(balance as @Feb2022)		3,350,000											3,350,000
Provision for a bank loan		5,000,000											5,000,000
Joining fees	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
Self-insurance premiums from loans @ 1.5%	45,653	45,653	45,653	45,653	45,653	45,653	45,653	45,653	45,653	45,653	45,653	45,653	547,833
Interest received from loans disbursed	204,275	204,275	204,275	204,275	204,275	204,275	204,275	204,275	204,275	204,275	204,275	204,275	2,451,304
10% Admin fee on Insurance administration	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	564,000
Other(25% from Reserve Account(2016/2017)		208,278											208,278
<b>Total Operating Income</b>	<b>298,728</b>	<b>8,857,006</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>298,728</b>	<b>12,143,015</b>
<b>Non-Operating Income</b>													
Interest Income(FNB interest earned)	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	26,220
Other													-
<b>Total Non-Operating Income</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>	<b>26,220</b>
<b>Total INCOME</b>	<b>300,913</b>	<b>8,859,191</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>300,913</b>	<b>12,169,235</b>
<b>EXPENSES</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>Total</b>
<b>Operating Expenses</b>													
Accounting and Audit fees-Accounting fees@P53760,Audit fees@P30120 per financial year	6,990	6,990	6,990	6,990	6,990	6,990	6,990	6,990	6,990	6,990	6,990	6,990	83,880
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	879	879	879	879	879	879	879	879	879	879	879	879	10,548
Dues and Subscriptions(software licenses)													-
Insurance(vehicle)	700	700	700	700	700	700	700	700	700	700	700	700	8,400
Bank loan repayment	65,385	65,385	65,385	65,385	65,385	65,385	65,385	65,385	65,385	65,385	65,385	65,385	784,620
Maintenance and Repairs	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Office Supplies	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Internet services	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Research and staff Development	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
Salaries and Wages	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000	1,524,000
Telephone	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,000
Incidental Expenses													-
Utilities(water,electricity)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Allowances	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700	152,400
<b>Total Operating Expenses</b>	<b>300,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>3,060,248</b>
<b>Non-Recurring Expenses</b>													
Furniture, Equipment and Software		200,000											200,000
Purchase of office buildings		8,400,000											8,400,000
Office Vehicles X2		500,000											500,000
<b>Total Non-Recurring Expenses</b>	<b>-</b>	<b>9,100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,100,000</b>
<b>Total EXPENSES</b>	<b>300,854</b>	<b>9,350,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>250,854</b>	<b>12,160,248</b>
<b>NET INCOME</b>	<b>59</b>	<b>(491,663)</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>50,059</b>	<b>8,987</b>



#### 14. MEMBERS COMMENTS AND RESOLUTIONS

Members made comments on the structure and the amended Bye-laws as follows:

- The meeting discussed the amended Bye-Law which did not make specification on the quorum for the general meeting to proceed.

It was discussed at length by the meeting and concluded that number of 60 members would constitute quorum for the general meeting to proceed. It was further agreed that if the scheduled meeting fails because of poor attendance (not reaching a quorum), then the meeting will be postponed to a later date after 7 days. If in the next meeting the members present do not form the quorum so prescribed the meeting will proceed as members would have been given adequate time and informed of the meeting through advertisement. The meeting will be procedural despite the quorum and decisions taken in that meeting are deemed valid.

- The Board was advised to benchmark with other Societies which are in the same industry on staff salaries than to rely on the Government salary structure.

The suggestion was alluded by the Board in order to come up with the Society salary structure of its own.

- One of the members suggested that the meeting adopt the proposals as made and give the Board the mandate to implement the proposals with a view to report back at the Annual General Meeting.

The proposal was agreed in one voice by the membership for implementation by the Board.

- Another member was concerned with the employment of the current temporary employees on their work ethics and suggested that all positions be advertised.

The meeting agreed that for continuity purposes, it would not be advisable to adopt such a measure as it would create a vacuum with the possibility of new employees and services the members compromised.

- Authority for the current Board to be in office until the next AGM

The current Board was given the authority to continue managing the Society until the next Annual General meeting.

- Other agreements made by the meeting were as follows:
  - It was agreed that interests which are outstanding be paid into member personal bank accounts once declared. This was agreed by all members present in the meeting.
  - Members attending general meetings will be given incentive allowances agreed by the Board
  - The members agreed that the proposed Structure be implemented as is and the Board acquire resources to support the proposed structure.
  - The draft amended Bye - Laws were approved by the members with the corrections proposed in the meeting.

#### 15. LIBERTY LIFE PRESENTATION

A representative from Liberty Life presented to the members present on information of the group funeral scheme offered to the BPOSACCOS. A few questions were made by the membership in which it was agreed that since the questions were more of administrative, they could be advanced to the Liberty Life office for resolve.

#### 16. CLOSING REMARKS

Mr Oaitse, the Vice Chairperson advised members to read and understand the BPOSACCOS Bye-laws for them to make sound contributions in the running of the society of such magnitude. At the end, he declared the Special General meeting closed.

#### 17. CLOSING PRAYER

A volunteer closed the meeting with a prayer.



# Management Board Report

## 1. BACKGROUND

Botswana Public Officers Savings and Credit Co-operative Society (**BPOSACCOS**) was formed and registered in July 2013 under registration number 261, in terms of the Co-operative Societies Act, 2013.

## 2. PRINCIPLES OF BOTSWANA PUBLIC SAVINGS AND CREDIT Co-operative SOCIETY (BPOSACCOS)

BPOSACCOS operates in accordance with the following Co-operative principles;

### 2.1 Voluntary and Open Membership

Membership is open to all persons wishing to use the services of the society therefore all Botswana Public Service employees have equal opportunity to become members of BPOSACCOS and to continue to become members through retirement.

### 2.2 Democratic Member Control

Co-operatives are democratic organizations controlled by their members who actively participate in setting policies and making decisions. BPOSACCOS adheres to this principle affording its members voting rights and the opportunity to be elected into the Board and Committees of the Society. Furthermore, the Management Board has had several engagements with individual and collective members of the society on issues relating to the management of the society. In 2021 a Special General Meeting (SGM) was held to amend Bye-Laws, approve the budget, and allow the sitting management Board to continue their mandate until finalization of the financials.

### 1.3 Member's Economic Participation

Members contribute equitably to the capital of the Co-operative by a minimum joining fee of **Fifty Pula** (P50) and a minimum saving of **Fifty Pula** (P50), as well as a shareholding of 500 shares per member. BPOSACCOS has taken steps to invest members' savings in interest-bearing accounts to allow for the growth of member funds. The Society further ensures monthly collection of savings from members and grants personal loans at a reasonable interest rate.

### 1.4 Autonomy and Independence

Co-operatives are autonomous, self-reliant organizations controlled by their members. If they enter into agreements or raise capital from external sources, they do so on terms that ensure democratic control. The Management Board elected by its members manages BPOSACCOS.

### 1.5 Education, Training and Information

Promoting education and training for members as well as communication about the nature and benefits of Co-operatives and help boost Co-operative understanding. BPOSACCOS continues to engage with its members through different platforms and structures. Furthermore, a Marketing and Business Development function is established to improve the communication, branding, and visibility of BPOSACCOS.



### 1.6 Cooperation Among Co-operatives

BPOSACCOS has been part of the Co-operatives initiatives/movement by working together with individual Co-operatives, local, regional, and international structures/apex bodies to improve services, bolster local economies, and deal more effectively with social and community needs. Through BOSCA in August 2022, BPOSACCOS attended and took part in the SACCA congress in Swaziland hosted by The African Confederation of Co-operative Savings and Credit Association (ACCOSCA), and in 2023 October the Society attended the same event in Botswana. In addition, BPOSACCOS has taken part in the celebration of Co-operatives Day hosted by the Botswana Cooperative Association (BOCA), held in Maun in September 2022. The Society continues to support and work with other Co-operatives in Botswana such as benchmarking tasks, honoring invitations to events hosted by other Societies

### 1.7 Members Concern for Community Consideration

The Society has included Corporate Social Responsibility (CSR) in its strategy and has an implementation budget.

## 3.0 GOVERNANCE

### 3.1 Management Board

**BPOSACCOS** is governed by a nine (9) member Board elected at the 2017 Annual General Meeting (AGM). The Board oversees all activities of the Society, regulations and prudent business practices.

**Table 1: Management Board Members**

No.	Members	Position	Period
1	Kebonye Kgabele Moepeng	Chairperson	2017-2023
2	Benlida Unomunyo Oaitse	Vice Chairperson	2017-2023
3	Kenneth Tidimane	Member	2017-2023
4	Johannes Mohutsiwa	Member	2017-2023
5	Kgomotso Bonnie Nkomba	Member	2017-2023
6	Modiro Nanie Mothibi	Member	2017-2023
7	Ndakizilo Pearl Sechele	Member	2017-2023
8	Kamogelo Kwada	Member	2017-2023
9	Rebecca Wasubera	Member	2017-2018
10	Aldrin Tayane	Manager (Ex- officio member)	2017-2023

One (1) member absconded from the Board in 2018 and another member was terminated from the Management Board in 2023 due to non-compliance with the board resolutions. The Management Board did not replace the two (2) members, hence only seven (7) remain active on the Board.

It should be noted that, due to delays in completion of the financial books, the BPOSACCOS members' Special General Meeting held in March 2022, extended the Management Board mandate until the next Annual General Meeting (AGM).

#### 3.1.1 Board Allowances

For the period under review there were no board allowances and members were attending to BPOSACCOS' business on a voluntary basis until March 2022 when members approved a budget to run the Society business.

Further, members approved amendment of Bye-Law 42.1 to allow Board and Committee members to receive sitting allowances for all meetings attended as determined from time to time. This also included the actual costs of traveling and subsistence allowance while working on the Society duties. The allowances approved were as follows;

**Table 2 : Board and Committee Allowances**

Position	Sitting Allowance from 03/2022 to 04/2023 (BWP)	Revised Allowance from 05/2023 to date(BWP)	Committee Allowances	
			2022	2023
Chairperson	1000.00	2500.00	500.00	750.00
Vice Chairperson	800.00	2000.00	500.00	750.00
Members	600.00	1500.00	500.00	750.00

### 3.2 Supervisory Committee

In 2017, a three-member Supervisory Committee was elected. Following their appointment, the Management Board held a familiarization meeting with the Supervisory Committee. However, since then, the Supervisory Committee has not convened any meetings or fulfilled their responsibilities. As a result, the Management Board has assumed the responsibilities of the Supervisory Committee.

**Table 3: Supervisory Committee Members**

No	Member	Position	Status	Period
1	Mbonisi Mafale	Chairperson	Absconded	2017
2	Goaletsa Keitumetse	Member	Absconded	2017
3	Malefsane Lekgowa Phadi	Member	Absconded	2017

### 3.3 Credit Committee

A three (3) member Credit Committee was elected in 2017 but never executed its mandate. This notwithstanding the Management Board did not replace the members and their duties are performed by the Secretariat.

**Table 4 - Credit Committee Members**

No.	Members	Position	Status	Date
1	Morwalela Kesalopa	Chairperson	Absconded	2017
2	Moemedi Makwati	Member	Absconded	2017
3	Batisani Solomon	Member	Absconded	2017

### 3.4 Society's Sub-Committees

In line with Byelaw 21.6 **"The Management Board may appoint sub committees, such as an Education Sub-Committee, Budget Sub- Committee, Elections Sub-Committee, Human Resource Committee, Procurement Committee etc, these sub-committees shall consist of persons drawn from the general membership of the Society"**, the Management Board has appointed the following Committees in 2022;

#### 3.4.1 Procurement Committee

The Procurement Committee is responsible for all the Society's procurement activities, including the procurement of the BPOSACCOS office, motor vehicles, furniture, and computer equipment. However, after establishing policies, procedures, processes, and internal controls, the Management Board delegated some of the procurement functions to the Society CEO.

**Table 5 – Procurement Sub-Committee members**

No.	Member	Position	Period
1	Benlida Unomunyo Oaitse	Chairperson	2022-2024
2	Kenneth Tidimane	Member	2022-2024
3	Johannes Letlotlo Mohutsiwa	Member	2022-2024
4	Ndakidzilo Pearl Sechele	Member	2022-2024

**3.4.2 Elections Committee**

The Management Board appointed a five (5) member Election Committee from the members of the Society to facilitate the elections to be held during the AGM. The committee prescribes the qualifications and criteria for elections. Members of the committee will also be responsible for conducting the elections in all designated centers.

**Table 6: Elections Committee members**

No.	Members	Position	Period
1	Chandapiwa Maele	Chairperson	2023-2024
2	Galaletsang Kgari	Member	2023-2024
3	Kunyalala Mphinyane	Member	2023-2024
4	Masego Koloboi	Member	2023-2024
5	Thatayaone Royal	Member	2023-2024

**3.4.3 Human Resources Committee**

The committee is responsible for all staff issues such as recruitment of staff members and conditions of employment. The committee is responsible for approval of Human Resources policies and procedures.

**Table 7: Human Resources Committee members**

No.	Member	Position	Period
1	Kgomotso Bonnie Nkomba	Chairperson	2022-2024
2	Kebonye Kgabele Moepeng	Member	2022-2024
3	Modiro Nanie Mothibi	Member	2022-2024
4	Kamogelo Kwada	Terminated	2022-2023

**4.0 CORPORATE PERFORMANCE ANALYSIS**

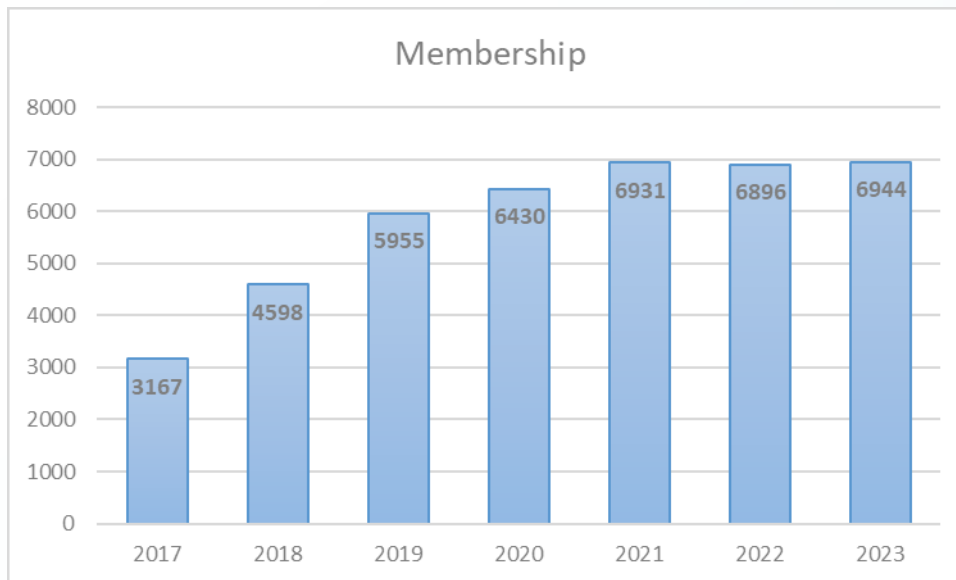
BPOSACCOS has shown significant growth in assets, membership, and shareholding over the past five year. The Management Board ensured financial stability through appropriate planning, effective implementation, cost recovery measures, monitoring, revenue generation, and sound governance structures.

**4.1 Membership**

The Society's membership has increased by 118% from 3,167 members in 2017 to 6,896 members in April 2022. This notwithstanding, the Society has experienced some members leaving due to resignations, death, and terminations.



**Chart 1- Membership growth from 2017 to 2023**



#### 4.2 Terminations

The main reasons for termination are financial constraints, inability to meet monthly payment due to retirement from work and others leave to join other BPOSACCOS.

Total terminations have decreased the membership by 18.2% and a total savings have also been decreased by 11% as at April 2022.

Over the past six (6) years, one thousand five hundred and forty one (1541) members have terminated membership from BPOSACCOS recording an increase of 1228% or 1425 **(One Thousand Four Hundred And Twenty Five)**

The savings withdrawn amounts to P13,584,847.94 **(Thirteen Million Five Hundred And Eighty Four Thousand Eight Hundred And Fourty Seven Pula Ninety Four Thebe)** inclusive of the P500.00 **(Five Hundred Pula)** for shares, therefore the terminated members are no longer shareholders.

**Table 8: Terminations per year**

Year	Number of Terminations	Savings Amount Withdrawn (BWP)
2017	116	498,927.00
2018	268	1,283,818.94
2019	217	1,290,436.00
2020	254	1,714,891.00
2021	355	3,255,814.00
2022	331	5,540,961.00

#### 4.3 Share Capital

In line with BPOSACCOS Bye-law 6.0, **"The Society shall issue shares to members only which will be of nominal value of P1.00(One Pula) and each members shall hold at least 500(Five Hundred Pula Only) shares in the Society. No member shall hold shares more than the one-fifth of the total shares"**, shareholders increased from three thousand one hundred and sixty seven (3167) shareholders in 2017 to six thousand eight hundred and ninety six (6896) in 2022. These are for members who hold 500 shares valued at P1.00 **(One Pula)** per share.



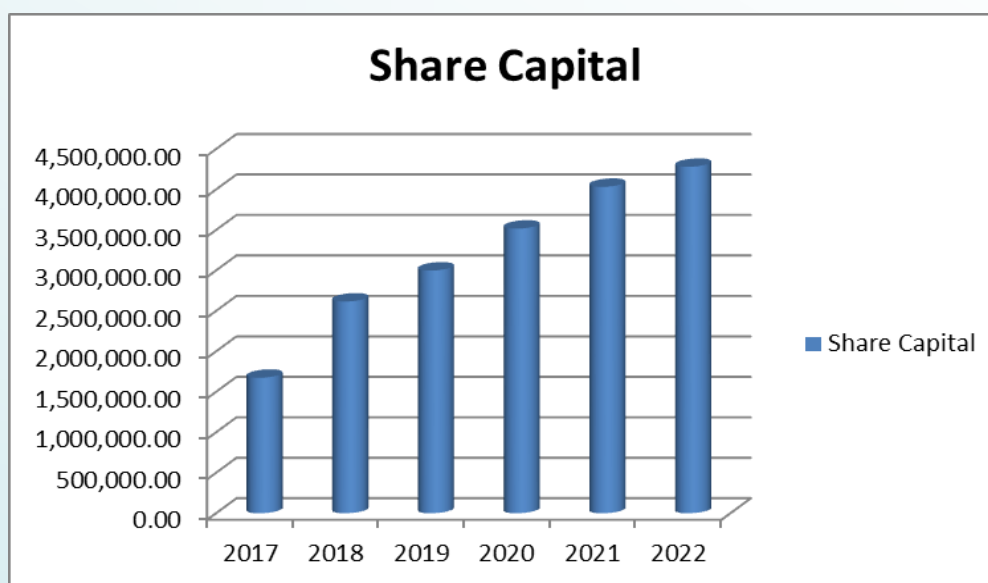
As at April 2022, Share Capital amounted to P4,280,650.00 (**Four million Two Hundred and Eighty Thousand Six Hundred and Fifty Pula Only**) compared to P1 674 069.00 (**One million, Six Hundred and Seventy Four Thousand and Sixty Nine Pula Only**) in 2017. This shows a significant increase of **155%** in the Society's share capital with an average growth of 22% annually. The huge jump in 2018 is due to an increase of 1431 or 45% in membership.

BPOSACCOS shareholders are eligible to vote at the AGM and are issued with share certificates as evidence. In addition, shareholders are allowed to have a minimum of 500 Society shares.

**Table 9 - Annual percentage growth**

Year	Share Capital (BWP)	% growth
2017	1,674,069.00	18%
2018	2,615,888.00	56%
2019	2,998,571.00	15%
2020	3,516,690.00	17%
2021	4,033,066.00	15%
2022	4,280,650.00	6%

**Chart 2 - Share Capital growth per year.**



#### 4.4 Assets

The Society's total assets increased significantly in value, from P30 390 184.00 (**Thirty Million Three Hundred and Ninety Thousand One Hundred and Eighty-Four Pula Only**) in 2017 to P154 795 689.00 (**One Hundred Fifty-Four Million Seven Hundred and Ninety-Five Thousand Six Hundred and Eighty-Nine Pula Only**) in 2022.

The growth is due to an increase in loans to members, along with the expansion of cash and cash equivalents and investments. For the year ending April 2022, loans to members accounted for 70% or P107 562 648.00 (**One Hundred And Seven Million Five Hundred And Sixty Two Thousand Six Hundred And Forty Eight Pula Only**) while cash and cash equivalents and investments contributed **14%** and **16%**, respectively, to the total assets.

The Society's growth highlights effective capital allocation and efficient resource management. This continuous expansion of assets is a result of strategic investments, strong lending practices, and prudent asset management.

**Table 10: Total assets growth from 2017 to 2022**

Assets	Balance as at April 2017 (BWP)	Balance as at April 2022 (BWP)
Loan book	19 364 631.00	107 562 648.00
BIFM	N/A	12,484 701.00
Vunani	N/A	12,536 584.00
Cash at bank	10 984 768.00	22 066 545.00
Computers	35 070.00	48 124.00
<b>Total</b>	<b>30 390 184.00</b>	<b>154 795 689.00</b>

**Graph 1 - Total assets per year**



#### 4.4.1 Assets breakdown as at April,2022

The Society's assets have been classified as follows;

##### 4.4.1.1 Non-Current assets

Non-Current assets have grown from P35 070.00 (**Thirty-Five Thousand and Seventy Pula Only**) in 2017 to P25 069 409.00 (**Twenty-Five Million Sixty-Nine Thousand Four Hundred and Nine Pula Only**) as of April 2022.

##### i) Investments

Investments with money markets valued at **P25,021,285.00 (Twenty-Five Million And Twenty One Thousand Two Hundred and Eighty Five Pula Only)** were placed with Vunani and BIFM as at April,2022.

In addition, a further P14 172 000.00 (**Fourteen Million One Hundred and Seventy-Two Thousand Only**) was invested in 2023. Therefore cumulatively, total investments in money markets is at P42 570 486.37 (**Forty Two Million Five Hundred and Seventy Thousand Four Hundred and Eighty Six Pula and Thirty Seven Thebe**) as at January,2024. This is inclusive of interest earned amounting to P2 696 906.20. (**Two Million Six Hundred And Ninety Six Thousand Nine Hundred And Six Pula Twenty Thebe**)





## ii) Equipment

The Society acquired computers and a server at a cost of P48,124.00 (**Forty-Eight Thousand, One Hundred and Twenty-Four Pula Only**) as at April, 2022.

The Management Board acquired additional assets in 2023 as follows;

- i) Office building Lot 50667 Fairgrounds purchased at a cost of P6,500,000.00 (**Six million, Five hundred Thousand Pula Only**)
- ii) Furniture, equipment and fittings purchased at a cost of P425,754.00 (**Four Hundred and Twenty-Five Thousand Seven Hundred and Fifty-Four Pula Only**)
- iii) Motor Vehicle Suzuki B 494 BRZ purchased at a cost of P255,000.00 (**Two Hundred and Fifty-Five Thousand Pula Only**).

### 4.4.1.2 Current Assets

A growth of 336% or P99 939 458.13 (**Ninety Nine Million Nine Hundred And Thirty Nine Thousand Four Hundred And Fifty Eight Pula Thirteen Thebe**) has been recorded in 2022 from P29 689 734.87 (**Twenty Nine Million Six Hundred And Eighty Nine Thousand Seven Hundred And Thirty Four Pula Eighty Seven Thebe**) in 2017 to P129 629 193.00 (**One Hundred And Twenty Nine Million Six Hundred And Twenty Nine Thousand One Hundred And Ninety Three Pula Only**) in 2022. This is due to a 455% growth in loan book value.

#### i) Cash at bank

Cash at bank balance as at April 2022 is P22 066 545.00 (**Twenty-Two Million And Sixty-Six Thousand Five Hundred And Forty-Five Pula Only**)

The Society has different accounts with the First National Bank of Botswana (FNBB) and Stanbic Botswana and the total balance in the said accounts is P11 027 430.24 (**Eleven Million, And Twenty-Seven Thousand Four Hundred and Thirty Pula Twenty-Four Thebe**) as of January, 2024

#### ii) Loan Book

The Management Board has implemented a Loan and Savings Policy that issued to guide the granting of loans, including terms and conditions of payment, loan limits, and lending ratio. Since inception, the following loan types have been implemented and were reviewed in 2022 in an endeavor to improve the BPOSACCOS loan facilities

**Table 11 : Products types**

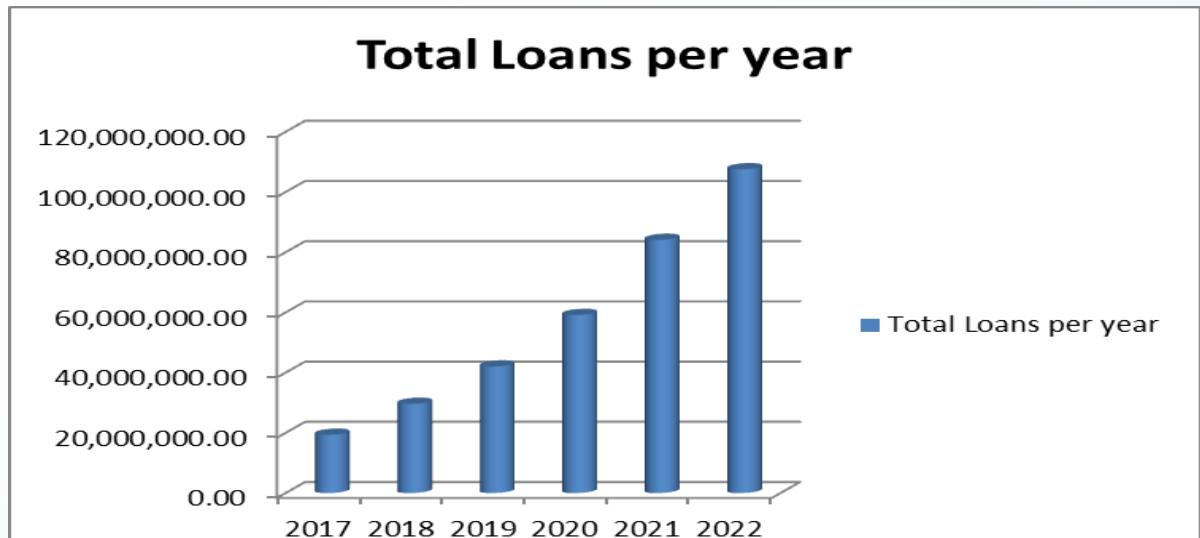
Product Type	Limit	Reviewed Limit	Interest Rate
Ordinary Loan	250 000.00		10%
Emergency Loan	10 000.00	20 000.00	10%
Petty Cash	1 500.00	5 000.00	5%
School fees(New)	-	30 000.00	8%

From April 2017 to April 2022, BPOSACCOS loan book increased by **455%**, from P19,364,631.00 (**Nineteen Million, Three Hundred and Sixty-Four Thousand Six Hundred and Thirty-One Pula Only**) in 2017 to P107,562,648.00 (**One Hundred and Seven Million, Five Hundred And Sixty-Two Thousand, Six Hundred and Forty-Eight Pula Only**) in April 2022. This is mainly due to the high demand for loans.

Table 12: Total Loans per year

Year	Number of Loans issued	Total Loans
2017	1123	19,364,631.00
2018	1428	29,666,423.00
2019	1859	42,044,183.00
2020	2367	59,154,615.00
2021	2737	84,119,723.00
2022	2956	107,562,648.00

Chart 3 - Total Loans per year



#### 4.4.4.3 Deceased Members

The Society has recorded a total of 164 deceased members from April 2017 to April 2022.

Table 13: Deceased members

Year	No. of deceased	Claims Paid
2017	7	183,750.00
2018	11	305,000.00
2019	14	420,000.00
2020	34	885,750.00
2021	62	1,749,000.00
2022	36	1,091,000.00
<b>Total</b>	<b>164</b>	<b>4,634,500.00</b>

Out of the 164 deceased members, a total of 24 deceased members owed the Society P567,074.05 (**Five Hundred And Sixty-Seven Thousand And Seventy Four Pula Five Thebe**) and they could not clear the outstanding balances. The Management Board therefore resolved to write off the loan outstanding balances amounting to P567,074.05 (**Five Hundred And Sixty-Seven Thousand And Seventy Four Pula Five Thebe**) in January, 2024 against the impairment provision budget.

**Table 14 : Loans breakdown per year.**

	2020	2021	2022	Total
Deceased Members	3	15	6	24
Loan balance (BWP)	132,740.69	331,475.98	102,857.38	567 074.05

**4.4.1.4 Delinquent Loans**

Further to the above, the Society experiences delinquency on payment of loans especially for members who resigned and or retired from the public service whilst their loans are still running. For the period under review, there were thirteen (13) members affected owing the Society loans amounting to; P614,962.37

The Management Board has since directed the Secretariat that for the remaining 13 members who are still not paying their loans, the following measures be put in place to recover the outstanding loan balances;

- i) Payment reminders have been sent through letters and telephone calls have been made
- ii) Engage with members for a favourable payment plan which has borne positive result

**4.4.1.5 Security of Loans**

For the period under review, loans were covered by their member savings, and 1.5% insurance deducted from their loans. This measure was seen wanting by the Management Board which introduced a Credit Life Insurance administered by Liberty Life Botswana on the 1st of November 2023, to cover the loans.

With a Credit Life Insurance in place, members' total exposure will be covered and financial risk mitigated.

**4.5 EQUITY**

In line with the Bye-Law 33.1(a), **"Subject to the provisions of the Act there under, the net surplus realized of the Co-operative Society shall be distributed by the General Body as follows;**

- i) **Transfer at least 25% of net surpluses to the reserve funds,**
- ii) **Credit 25% of its net surplus to the membership of the Co-operative Society,**
- iii) **The balance of the net surplus which is 50% shall be utilized for any other purposes as determined"**, BPOSACCOS has been compliant in transferring at least 25% of its net surplus to the Statutory Reserve fund since its inception.

**Table 15 - Bonus per member**

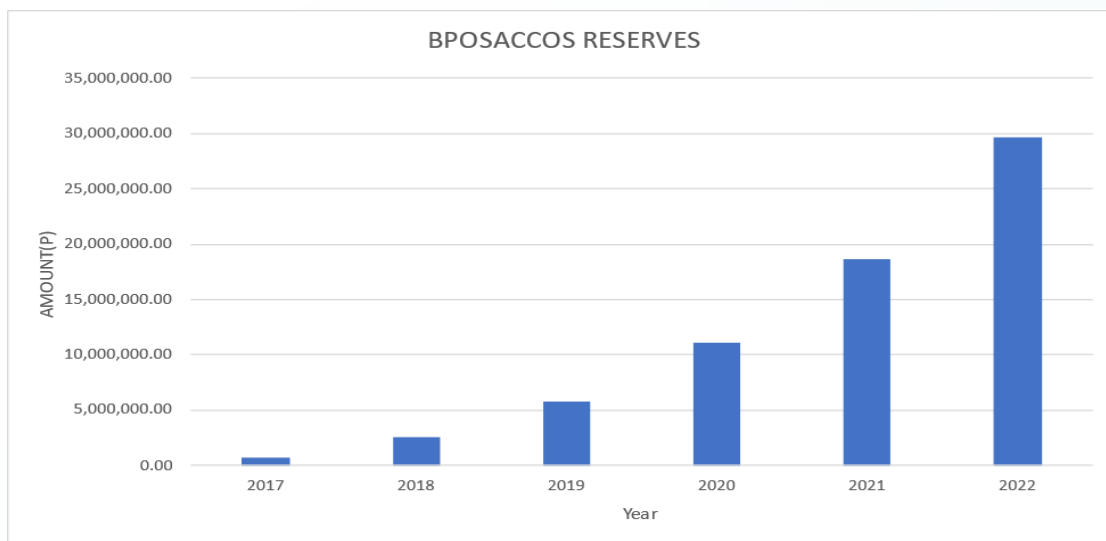
Year	Bonus Per Member (BWP)	Number of Member
2017	100	3167
2018	100	4598
2019	200	5955
2020	250	6436
2021	300	6931
2022	500	6896

**4.5.1 Reserve Funds**

The Reserve fund has experienced a substantial increase by **3989%**, from P724,101.00 (**Seven Hundred and Twenty-Four Thousand One Hundred and One Pula Only**) in 2017 to P29,609,391.00 (**Twenty-Nine Million, Six Hundred and Nine Thousand Three Hundred and Ninety-One Pula Only**) in 2022. This remarkable growth in the Society's equity is attributable to an increase in membership, increased net surpluses, investments, and interest on issued loans.



**Chart 4: Reserve funds**



#### 4.5.2 Retained Income

The Society's cumulative surplus increased substantially by 706%, from P1,363,553.00 (**One Million, Three Hundred And Sixty-Three Thousand Five Hundred And Fifty-Three Pula Only**) in April 2017 to P10,991,973.00 (**Ten Million Nine Hundred And Ninety-One Thousand Nine Hundred And Seventy-Three Pula Only**) in April 2022. This was a result of an increase in revenue, an increase in loans to members, diversified investments, and administration fees receivables.

**Chart 5: Retained Earnings**



### 5.0 Current Liabilities

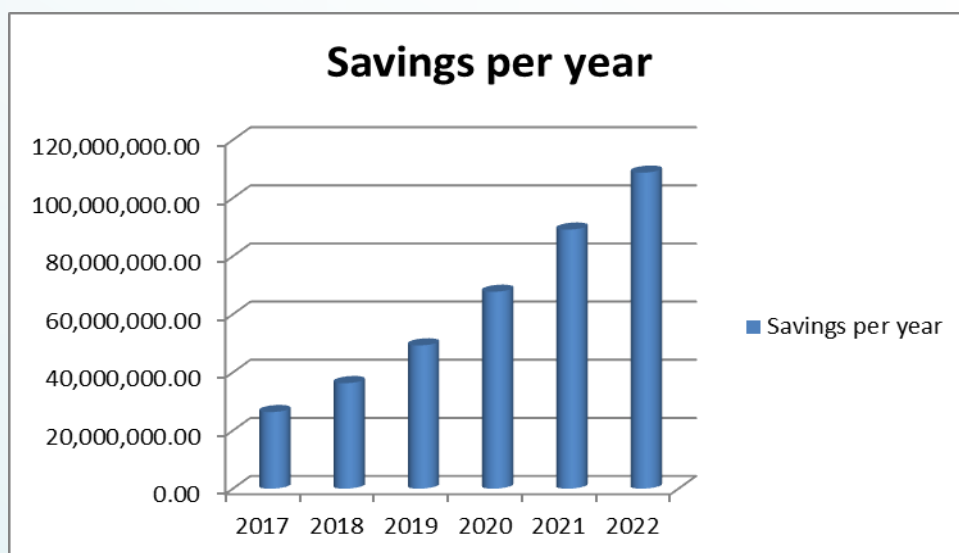
The Society's primary role is to accept and invest member savings profitably and provide good returns to members.

#### 5.1 Member Savings

For the period under review, member savings increased by **75.5%** from P26,354,262.00 (**Twenty-Six Million Three Hundred and Fifty-Four Thousand Two Hundred And Sixty-Two Pula Only**) in 2017 to P108,734,826.00 (**One Hundred And Eight Million Seven Hundred And Thirty-Four Thousand Eight Hundred And Twenty-Six Pula Only**) in 2022.

**Table 16: Member Savings per year**

Year ending	Number of Members	Total Savings (BWP)
2017	3167	26,354,262.00
2018	4598	36,312,929.00
2019	5955	49,287,749.00
2020	6430	67,747,061.00
2021	6693	89,139,660.00
2022	6896	108,734,826.00

**Graph 2: Savings per year**

New savings account types were introduced on the 24<sup>th</sup> November 2023 with benefits to members as per the table below;

**Table 17: New savings products**

Products	Benefits
Flexi Savings	<ul style="list-style-type: none"> <li>▪ Open an account with P100.00.</li> <li>▪ Monthly savings contribution of a minimum of P100.</li> <li>▪ Member must maintain a balance of P500 at all times.</li> <li>▪ Saving period of 12 months.</li> <li>▪ Quarterly withdrawals.</li> <li>▪ 4% interest earned per annum.</li> </ul>
Gold Savings	<ul style="list-style-type: none"> <li>▪ Open account with P1000.00</li> <li>▪ Fixed period of 24 months with mandatory savings of P1000 minimum per month.</li> <li>▪ No administration fees on loans secured by Gold Savings.</li> <li>▪ Guaranteed 5% interest earned per annum.</li> <li>▪ Negotiated interest rates on loans secured. by the Gold Savings account up to a maximum of 2%.</li> </ul>

## 5.2 Interest on Member Savings

During the period under review, an annual amount of interest declared on member deposits increased from P1,010,505.00 (**One Million and Ten Thousand Five Hundred and Five Pula Only**) in April 2017 to P4,957,239.00 (**Four Million Nine Hundred and Fifty Seven Thousand Two Hundred And Thirty-Nine Pula Only**) in April 2022. The declared interest percentage is informed by the amount of surplus funds each year.

Since 2016 the Management Board never declared any interest to the members until 2022 when a decision was made to declare and paid out interest as follows;

**Table 18: Declared Interest per year**

Financial Year ending	Declared Interest %	Amount Declared (BWP)
2017	4%	1,010,505.00
2018	4%	1,497,262.00
2019	4%	2,066,079.00
2020	4%	2,880,925.00
2021	4%	3,895,354.00
2022	4%	4,957,239.00
2023	4%	5 057 706.00
Total		<b>21 365 070.00</b>

Despite the announcement of the declaration of interest and the decision to pay out to members, there has been a worrisome low claim for interest withdrawals. Out of 6896 members, 3986, or 57.8% members have made claims for the years 2016 to 2022.

A further 4% interest declaration for the year ending April 2023, has been approved by the Management Board on the 15<sup>th</sup> of December 2023 and only five hundred and three (503) members have applied for interest payment as at January 2024.

Declared interest that is not claimed is credited to member's savings accounts and attracts compound interest monthly.

## 6.0 REVENUE AND EXPENSES

The Society's total revenue increased by 556%, from P3,020,687.00 (**Three Million and Twenty Thousand Six Hundred and Eighty-Seven Pula Only**) in 2017 to P19,820,552.00 (**Nineteen Million Eight Hundred and Twenty Thousand Five Hundred and Fifty-Two Pula Only**) in 2022. This is due to an increase in interest on loans issued to members and an increase in administrative receivables.

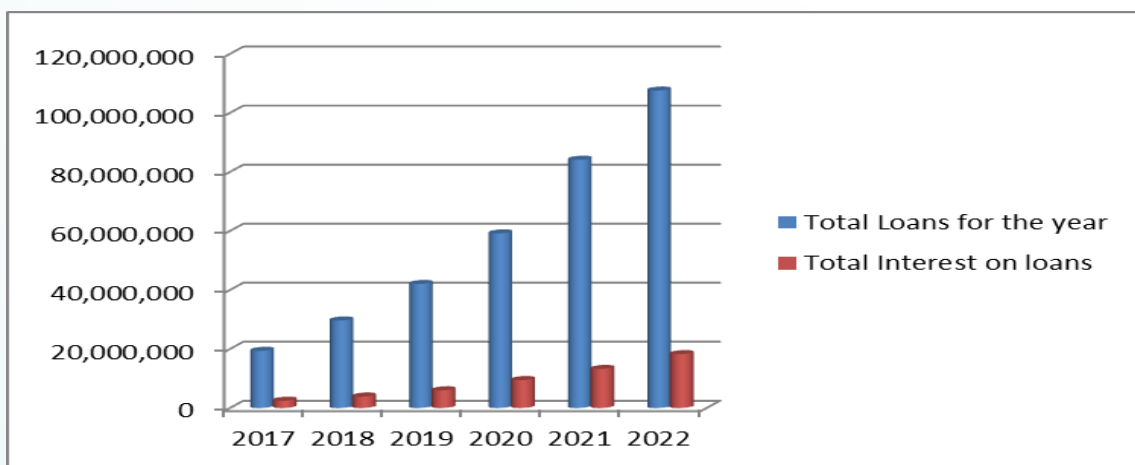
### 6.1 Interest on Loans

The Management Board has fixed interest rates ranging from 5% to 10%. Society's interest on loans increased from P2,451,304.00 (**Two Million Four Hundred and Fifty-One Thousand Three Hundred and Four Pula Only**) in April 2017 to P18,255,369.00 (**Eighteen Million Two Hundred and Fifty-Five Thousand Three Hundred and Sixty-Nine Pula Only**) in April 2022. This reflects a substantial **645%** increase in interest revenue. This expansion in the loan portfolio and the subsequent rise in loan interest is attributable to prudent lending policies, proactive membership attraction, and retention strategies.

**Table 19: Interest on loans per year**

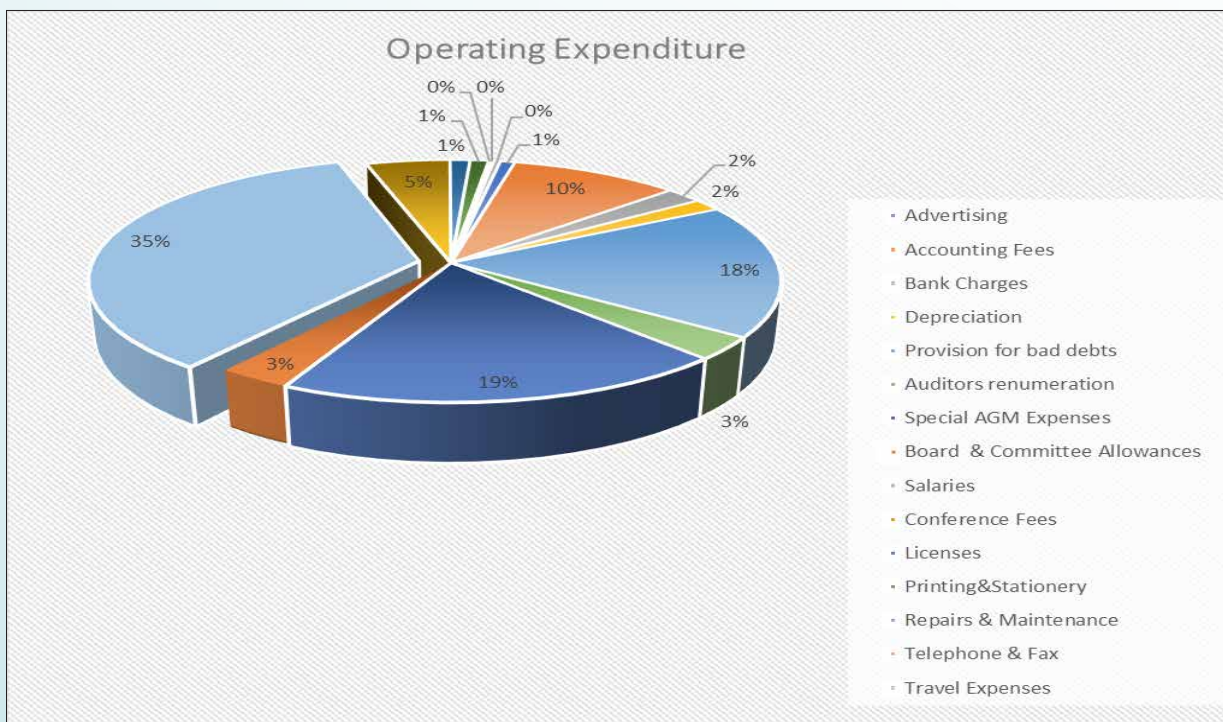
Year	Total Loans for the year (BWP)	Total Interest on loans (BWP)
2017	19,364,631.00	2,451,304.00
2018	29,666,423.00	3,883,544.00
2019	42,044,183.00	5,998,022.00
2020	59,154,615.00	9,477,171.00
2021	84,119,723.00	13,245,824.00
2022	107,562,648.00	18,255,369.00




**Chart 4 : Interest on loans**


## 6.2 Operating Expenses

On the other hand, operating expenditure increased by **321%**, from P317,346.00 (**Three Hundred and Seventeen Thousand Three Hundred and Forty-Six Pula Only**) in 2017 to P1,337,508.00 (**One Million Three Hundred and Thirty-Seven Thousand Five Hundred and Eight Pula Only**) in 2022. The increase in expenditure was due to an escalation in employee costs for temporary staff, Special General Meeting (SGM) costs, and accounting and audit fees for the years under review

**Pie Chart 1- Operating expenses**


## 7.0 Organizational structure and staffing

The BPOSACCOS structure was approved at the Special General Meeting held in March 2022, with twenty five (25) positions, off the twenty and eighteen (18) positions have been filled. The officers are manning the following departments;

- Human Resources and Administration (9)
- Credit (3)
- Accounts (4)
- Risk and Compliance (1)
- Marketing and Business Development (1)

BPOSACCOS Management Board approved the following staff welfare programs and benefits;

- i) Medical aid – The Society is paying 50% of the monthly subscriptions for BPOSACCOS employees with Pula Medical aid. Currently ten (10) employees have joined the medical aid.
- ii) All employees are engaged on a five-year contract term.
- iii) A total of P5 348 412.00(**Five Million Three Hundred and Fourty Eight Thousand Forty Hundred And Twelve Pula Only**) is budgeted for staff salaries and benefits during the year ending April 2024.

## 7. SOCIETY ACHIEVEMENTS

The Management Board and Secretariat have worked tirelessly over the years to ensure the growth of the business and its effectiveness to the members. This is evidenced by continued net worth growth. This has led to a self-sustainable Society that is able to acquire assets without credit and continues to offer its members services such as improved loans. In addition, continued declaration and payment of interest to members for the years under review up to the financial year ending April 2023.

The following are noticeable achievements:

### 7.1 Establishment of an Independent Office

The Society has acquired a 3-storey office building lot No. 50667 at Fairgrounds in Gaborone. The building houses its own Secretariat on the Ground floor while the other twelve (12) offices on the second and third floors are rented out.

The Society has also acquired its own furniture and equipment and own motor vehicle.

### 7.2 Group Funeral and Credit Life with Liberty Life Insurance Botswana (Pty) Ltd

### 7.3 BPOSACCOS Policies and Regulations

BPOSACCOS has developed policies and regulations to strengthen internal controls and ensure compliance to established laws. Table 19 shows policies and regulations in place.

**Table 20: Policies and Regulations**

Policy Name	Purpose	Implementation Date
Anti Money Laundering (AML) manual	Used as a preventive tool to guard against any fraud or financial risk.	08/07/2000
Customer Acceptance Policy	Provides guiding principles on compliance with the obligations of BPOSACCOS members under the FIA Act.	08/07/2020
Risk Management policy	Guides and directs in ways to manage and mitigate risk to support the achievement of corporate objectives.	03/06/2022
Records Management policy.	Gives guidance in handling and keeping records procedures	25/04/2023
Procurement and Asset Disposal policy.	Guides the procurement and assets disposal process to support good governance.	15/12/2023
Accounting policy.	Used as a compliance tool to ensure accounting standards are adhered to.	30/05/2023
Travel and Transport Policy	Provides guiding principles on business travel and control on usage of the Society's vehicles.	28/02/2024
Human Resource Manual	Outlines human resources policies, procedures and guidelines related to the management of employees of the Society.	10/04/2024
Savings & Loans Policy	Provides guidance to the Credit Committee and the members in granting, managing and collecting loans due for payment and write off.	11/04/2024

#### 7.4 Business Operating Systems (BOS).

The Management Board established and implemented systems to enhance overall operational efficiency, productivity, and alignment of processes as per the table below.

**Table 21: Automation Systems**

System	Implementation Date	Usage
Records Management System	23.09.2022	The system ensures the Society's true and accurate records, data integrity and security.
E-KYC System	23.09.2022	The system provides a structured way to record, analyze, and report financial transactions efficiently.
Accounting System	28.04.2023	The system provides a structured way to record, analyze, and report financial transactions efficiently.
Payroll System	13.07.2023	The system provides automation of payroll processes to assist with salary calculations, maintain legislative and tax compliance processes, and back up all payroll data.

## 8. CHALLENGES

During the period under review, the Management Board could not hold Annual General Meeting (AGM) due to delays in completion of financials accounts. The reason for these delays are as follows;

- Unreferenced payments for savings and or loan repayments by members into the BPOSACCOS's account. This has led to unallocated funds which have contributed to qualification of books of accounts.
- Lack of BPOSACCOS permanent staff
- Lack of independent office for BPOSACCOS
- Data integrity challenges due to manual and poor records management system.
- Delays in completion of the financials by our accountants
- Failure to timeously comply with KYC requirements by BPOSACCOS member



## 9. RECOMMENDATIONS

The Management Board recommends approval of the following decisions;

1. Payment of Bonus to members of the Society as follows:

**Table 22: Member Bonus per year**

Year	Bonus Payable per Member (BWP)	Number of Members
2017	100	3167
2018	100	4598
2019	200	5955
2020	250	6436
2021	300	6931
2022	500	6896

2. Payment of Honorarium to Management Board members in accordance with number of meetings attended at the rate of Board allowance approved in 2022 for the years under review.
3. Payment of staff bonus for employees who were seconded to BPOSACCOS by DPSM at a fixed rate of P1250.00 per year for the years under review
4. Continuous vetting of the Management Board, subcommittee members, and employees of BPOSACCOS.

## 10. CONCLUSION

In conclusion, this annual report highlights the financial performance and operational activities of the BPOSACCOS. The following key points summarizes the main findings and outcomes presented in this report:

### 1. Financial Performance

In as much as our audited financial reports are qualified the financial health of the society as showcased by the savings, liabilities, income, expenses, and net profit for the years indicates that there has been growth in the BPOSACCOS. The Management Board ensured that the systems for records management, savings and loan automation are in place and operational. The systems have improved the efficiency in the management of the affairs of the society. However, the society continues to experience unallocated funds resulting from members depositing funds as savings and or loan re-payments without proper referencing. Members are therefore encouraged to ensure that every deposit made into the BPOSACCOS account are properly referenced to avoid similar instances in the future.

### 2. Operational Highlights

The report outlined the operational achievements and challenges faced by the savings and credit society during the year. It discussed initiatives undertaken, services offered to members, and any significant events that had an impact on its operations.

### 3. Member Impact

A crucial aspect covered in the annual report is how the savings and credit society's activities have benefited its members through declaration of the interests on an annual basis and timely issuance of loans as and when applied by members. This continued to improve the livelihoods of the members as well as their financial well-being.

### 4. Future Outlook

The Society shows positive future prospects in relation to improved savings to the members resulting from the newly introduced savings accounts. It is strongly believed that members will continue to save more so that they will qualify for the improved credit scheme limit of up to P500k. Further, members are encouraged to be KYC compliant at all times.

5. Lastly, let me take this opportunity to extend the Management Board's utmost appreciation to the;
  - i) members for having trusted them thus far in running the affairs of their society; the staff of the BPOSACCOS for their continued service in ensuring that the society is effectively managed;



- ii) Director of the Directorate Public Service Management for handholding the BPOSACCOS from inception until 2022 when the society became independent by having its own office and staff;
  - iii) Director, Department of Corporate Development for their continued guidance in ensuring that our society lives up to the principles of being a cooperative.
6. It will be remiss of me not to mention:
- i) Liberty Life Botswana our insurer who at all times ensures that in time of need they are available to assist us spontaneously.
  - ii) Vunani and BIFM our trusted investors we are thankful and wish that you will continue giving us best rates to realize improved returns on our investments.
  - iii) FNB and Stanbic you continue being our trusted bankers and we highly appreciate your continued support and contribution to the success of the savings and credit society during the reporting period.
7. To the incoming Management Board we wish you all the best and trust that you will take our BPOSACCOS to greater heights in being the Society of choice.
8. Thank you

# Proposed Amendments Of Bye-Laws

## SUMMARY OF AMENDMENTS ON THE PREVIOUS SAVINGS AND CREDIT Co-operative SOCIETY BYE-LAWS

Following the Special General Meeting (SGM) held in 2022, major amendments were made as shown in the current Bye-Laws. This notwithstanding the Management Board is recommending additional amendments as indicated below:

ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 1.0 (ii)	The registered Society's address and principal business area shall be: Directorate of Public Service Management Private Bag 0011 Gaborone	The registered Society's address and principal business area shall be: Plot 50667, Block B Fairgrounds PO Box 1682 AAD Poso House Gaborone	Proposed
Bye-law 2.2 (e) Bye-law 2.2 (h)	(e) General Body", means General membership of the Society and in relation to a Co-operative Society constituted under the provisions of the Act, (h) "Manager" means the Chief Executive Officer of the Society;	Annual General Meeting", means General membership of the Society and in relation to a Co-operative Society constituted under the provisions of the Act,  (h) Replacing Manager with Chief Executive Officer	Proposed
Bye-law 3.1 (c)	New additions	Compliance to Anti-money laundering regulations as prescribed by the Financial Intelligence Act. i) A member is required to be KYC compliant	Proposed
Bye-law 4.0	4.0 Corporative Powers 4.0 The Society shall have Corporative powers under this Act as a Savings and Credit Cooperative body with perpetual succession and without limitation on the powers to:	4.0 Corporate Powers The Society shall have Corporate powers under this Act as a Savings a Credit Cooperative body with perpetual succession and without limitation on the powers to:	Proposed
Bye-law 4.1 (f)	(f)Employ, dismiss and exercise disciplinary control over its employees	Move the bye-law from 4.1 to 22.1 (c)	Proposed
Bye-law 7.1 (b)	Public officers who are aged above 18 years of age.	Public officers, parastatal employees and their immediate family members who are aged 18 years and above,	Proposed
Bye-law 7.1	Addition of 7.1 (c) and (d)	(c) Terminated, disqualified members and former members who are no longer working for the Botswana government and would like to re-join the Society (d) Any member Proposed who was Disqualified is normalized the reasons for disqualification after a period of one month	Proposed





ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 8.1	The application for membership shall be submitted by the applicant to the Manager of the Society in the prescribed form and with a submission of a once off joining fee of P50.00 for administration purposes	The application for membership shall be submitted by the applicant to the Chief Executive Officer of the Society in the prescribed form and with a submission of a once off joining fee of P 100.00 for administration purposes. The subscription fee remaining at a minimum of P50.00	Proposed
Bye-law 8.3	8.5 The Management Board is vested with the decision on acceptance of membership of a member.	8.5 Chief Executive Officer is vested with the decision on acceptance of membership of a member.	Proposed
Bye-law 8.4	Addition	The joining fee shall be subject to changes and approval by the AGM from time to time.	Proposed
Bye-law 8.5	Addition of 8.5	The joining fee will be deducted from source OR depositing directly into the BPOSACCOS bank accounts.	Proposed
Bye-law 9.1	b) He did not make monthly savings for a period of four (4) months  c) Including savings, if any, as decided by the board of Society from time to time  (d), (e), (f) new additions	b) Membership of the Society may be terminated by a resolution of the general meeting passed by 2/3rd majority present and voting if;  c) Any member has defaulted in payment of monthly subscriptions for a continuous period of four months" as per Bye-Laws of the Society  d) is not compliant with BPOSACCOS AML regulations; therefore, KYC compliance  e) Disqualified members shall not have access to membership benefits  f) Disqualified members are allowed to re-join after a period of six (6) months after normalizing	Proposed
Bye-law 10 (d)	d) Incurring any of the disqualifications of membership;	d) remove from the bye-laws	Proposed
Bye-law 11.1	Any member of the Society may withdraw from membership of the Society after giving at least a month notice and approved by the Board of the Society	Any member of the Society may withdraw from membership of the Society only after giving at least a one-month notice and duly accepted by the Chief Executive Officer (CEO)	Proposed
Bye-law 12.0	Termination of membership	Termination and expulsion of membership	Proposed
Bye-law 12.1	Membership of the Society may be terminated by a resolution of the general body passed by 2/3 <sup>rd</sup> majority present and voting if;	A member to the Society who was suspended may be terminated by a resolution of the general meeting passed present and voting if:	Proposed
Bye-law 12.1 (b)	New addition	b) A member who was suspended and did not meet the AML requirements within one (1) month notice;	Proposed

ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 13.1 (a) and (b)( e )	<p>a) Equal voting rights in the general body meetings of the Society;</p> <p>b) Right to receive notice of general body meetings as per byelaws of the Society;</p> <p>(e)Inspect member registers, copy of bye-laws and may obtain certified copies of the resolutions of the Society from time to time</p>	<p>a) Equal voting rights in the general meetings of the Society;</p> <p>b) Right to receive notice of general meetings as per byelaws of the Society;</p> <p>(e) Inspect member registers, copy of bye-laws and may obtain stamped and signed copies of the resolutions of the Society by giving the Chief Executive Officer fourteen(14) days of notice.</p>	Proposed
Bye-law 17.19 (h)	(h) New addition	h) And any other source that maybe determined by the Management Board from time to time	Proposed
Bye-law 20.1(c) (v)	<p>(c) The General Meeting shall first elect the Management Board or vacancies therein and proceed to elect the Chairperson, Vice Chairperson, the Secretary and the Treasurer out of the Board members.</p> <p>(v) An elections committee appointed by the Board shall prescribe the qualification standard to each vacancy over and above the above set generic requirements. The elections committee shall conduct the elections of the Board members and of any officer elected by the members.</p>	<p>(c) Remove from the bye-laws</p> <p>(v) An Elections Committee appointed by the Board shall prescribe the qualification standard to each vacancy over and above the set generic requirements. The Elections Committee shall conduct the elections of the Management Boardand other relevant committes.</p>	Proposed
Bye-law 20.1 (h)	h) All elections shall be by a secret ballot and no member shall be entitled to vote by proxy	h) Members of the committees are eligible for re-election after two (2) years	Proposed
Bye-law 21.1 (g)	(g) Determine from time to time the interest rates on loans to members; the maximum maturities and terms of payment or amortization of loans to members; the maximum amounts that maybe loaned with or without security to any member. When, by action of the committee, the interest rates on future loans are changed, similar action may be taken with regard to interest rates on unpaid balances of existing loans;	(g) Determine from time to time the interest rates on loans to members; i. the maximum maturities and terms of payment or amortization of loans to members; ii. the maximum amounts that maybe loaned with or without security to any member. iii. When, by action of the committee, the interest rates on future loans are changed, iv. similar action may be taken with regard to interest rates on unpaid balances of existing loans;	Proposed
Bye-law 22.1	New addition	c)Employ, dismiss and exercise disciplinary control over its employees	Proposed
Bye-law 23.2	The officers of the Society shall comprise Chairperson, Vice Chairperson,the Treasure, Secretary and the CEO shall be ex officio member. The General Meeting shall elect these officers from the members of the Management Board.	<p>23.2 remove from bye-laws</p> <p>New additions: No person shall serve in the post of Board for more than two consecutive terms, and no person who has held office for two consecutive three-year terms, shall be eligible for re-election for a period of two years from the date of his vacating the office, without the prior permission of the Director</p>	Proposed
23.4	New addition	All elected members of the Management Board and committees shall undergo continous vetting.	Proposed



ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 25.0 Bye-law 25.1(o)	<p>The Manager The Management Board shall appoint a Manager of the Society whose responsibility will be to manage the Society's business and to whom all the treasury and secretary duties shall be delegated and whose duties shall be subject to the directions of the Management Board as follows;</p> <p>New Addition</p>	<p>Chief Executive Officer</p> <p>The Management Board shall appoint a Chief Executive Officer of the Society whose responsibility will be to manage the Society's business and to whom all the treasury and secretary duties shall be delegated and whose duties shall be subject to the directions of the Management Board as follows;</p> <p>25.1 (o) To develop and implement the Society's corporate strategy. (q) To track overall performance of the Society. (r) To provide strategic direction and ensure the growth of the Society.</p>	Proposed
Bye-law 26.1	<p>The Credit Committee shall consist of not less than three and not more than five members of the Society, the uneven number to be decided by the General Meeting. None of them shall be officers of the Management Board. Members of the Credit Committee shall be elected at a General Meeting.</p>	<p>The Credit Committee shall consist of not less than three and not more than five members of the Society, the uneven number to be decided by the General Meeting. None of them shall be officers of the Management Board. Members of the Credit Committee shall be elected at a General Meeting.</p> <p>No person shall serve in the Credit Committee for more than two consecutive terms, and no person who has held office for two consecutive three year terms, shall be eligible for re-election as Committee members for a period of two years from the date of his vacating the office, without the prior permission of the Director</p>	Proposed
Bye-law 27.0	Supervisory board	Supervisory Committee	Proposed
Bye-law 27.1	<p>The Supervisory Committee shall consist of three members of the Society elected by the General Meeting. No member of the Management Board, the Credit Committee, or any employee, may be elected to the Supervisory Board.</p>	<p>The Supervisory Committee shall consist of three members of the Society elected by the General Meeting. No member of the Management Board, the Credit Committee, or any employee, may be elected to the Supervisory Board.</p> <p>No person shall serve in the Supervisory Committee for more than two consecutive terms, and no person who has held office for two consecutive three year terms,</p>	Proposed



ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 30.2	<p>30.2 Every loan granted shall first be approved by a majority of the Credit Committee.</p> <p>30.4 All loans shall be applied for on Loan Application forms provided by the Society. The Loan Application in each case shall set forth the amount applied for, the terms of repayment, the security, interest rate applied and such other information as the Credit Committee may require.</p> <p>30.5 All applications for loans and the minutes indicating the decision of the Credit Committee thereon shall be filed as permanent records of the Society.</p> <p>30.6 The Credit Committee shall ordinarily consider loan applications in the order in which they are submitted, but may, in its discretion, give prior consideration to emergency applications. If a loan is deemed by the committee to be an emergency loan, it shall be reported as such to the Management Board.</p> <p>30.7 The Credit Committee may require when the need arise a personal interview with the loan applicant before making its decision on such Loan Application</p> <p>30.9 Loans shall be granted to eligible members only if; (b)The loan is approved by the Credit Committee or referred to Management Board if the required amount is above the limit on terms no more favorable than those extended to other borrowers;</p> <p>30.9 (d) After the approval of the loan, the total amount of all such loans shall not exceed 25% of the out-standing loan balances at the previous month-end.</p>	<p>30.2 Every loan granted shall first be approved by the Chief Executive Officer</p> <p>30.4 All loans shall be applied for on Loan Application forms provided by the Society. The Loan Application in each case shall set forth the amount applied for, the terms of repayment, the security, interest rate applied and such other information as the Chief Executive Officer may require.</p> <p>A credit life form should be filled and filed along with the loan application form.</p> <p>30.5 All applications for loans and the minutes indicating the decision of the Chief Executive Officer thereon shall be filed as permanent records of the Society.</p> <p>30.6 The Chief Executive Officer shall ordinarily consider loan applications in the order in which they are submitted, but may, in its discretion, give prior consideration to emergency applications.</p> <p>30.7 The Chief Executive Officer may require when the need arise a personal interview with the loan applicant before making its decision on such Loan Application</p> <p>30.9 Loans shall be granted to eligible members only if; (b) The loan is approved by the Chief Executive Officer</p>	Proposed
Bye-law 31.1	<p>Within the unsecured and secured loan limits established by the Management Board, the Credit Committee shall require such security for loans, as it may consider necessary. The savings and the a 1.5% insurance deduction from the loan, as approved by the Director may be taken as security.</p>	<p>Within the unsecured and secured loan limits established by the Management Board, the Chief Executive Officer shall require such security for loans, as it may consider necessary. Member savings and the credit life premium deducted from the loan, as approved by the Management Board shall be taken as security.</p>	Proposed
Bye-law 31.2	<p>The Management Board may delegate to the Credit Committee to limit the amount of a member's total liability to the Society as a borrower.</p>	<p>The Management Board may delegate to the Chief Executive Officer to limit the amount of a member's total liability to the Society as a borrower.</p>	Proposed



ITEM DESCRIPTION	OLD VERSION	AMENDED VERSION	STATUS
Bye-law 32.1	The Management Board shall establish loan repayment time limits for periods not exceeding six (6) years; provided, however, that the Credit Committee or the Management Board may be empowered by the General meeting to extend loans beyond the overall 6 years' time limit when necessary for collection purposes.	The Management Board shall establish loan repayment time limits for periods not exceeding ten (10) years; provided, however, that the Credit Committee or the Management Board may be empowered by the General meeting to extend loans beyond the overall 10 years' time limit when necessary for collection purposes.	Proposed
Bye-law 32.4	At every regular meeting of the Management Board, the Manager shall present an up-to-date listing of delinquent borrowers showing;	At every regular meeting of the Management Board, the Chief Executive Officer shall present an up-to-date listing of delinquent borrowers showing;	Proposed
Bye-law 34.1	In the event the society has excess funds after the Board's allocation of the loan vote, the society may invest or deposit its funds in fixed deposits or Commercial banks	In the event the society has excess funds after the Board's allocation of the loan vote, the society may invest or deposit its funds where it will generate returns for the society	Proposed
Bye-law 36.0 (iii)	iii) The Reserve Fund shall be separately invested in deposits and Commercial banks	iii) The Reserve Fund shall be separately invested where it will generate returns for the society	Proposed
Bye-law 37.1	Accounts and records of the Society shall be maintained in the approved domain by the Director for Co-operatives with such additions as the board of directors consider necessary.	Accounts and records of the Society shall be maintained in the approved domain by the Management Board with such additions as it consider necessary.	Proposed
Bye-law 41.0	Service Rules	Conditions of Service	Proposed
Bye-law 42.1	Board and Committee members shall receive from the Society sitting allowances for all meetings attended as determined from time to time and the actual costs of traveling including subsistence while working on the Society duties from the net surplus as allowed in these bye-laws	Board and Committee members shall receive from the Society ,sitting allowances for all meetings attended as determined from time to time and the actual costs of traveling including subsistence while working on the Society duties from the approved budget	Proposed
Bye-law 42.6	A copy of the Bye-Laws shall be furnished to every member who requests one, upon payment of a fee not exceeding its actual cost to the Society.	The bye laws shall be made readily available to the BPOSACCOS information sharing platforms; website and individual emails. A copy of the Bye-Laws shall be furnished to every member who requests one	Proposed
Bye-law 45.1	The Society will adopt and use a common seal. The seal will be a rubber-stamp bearing the words, "Seal of the Co-operative Savings and Credit Society Ltd", and shall be different from the ordinary name-stamp of the Society. The seal shall be kept securely under lock and key by Manager and shall be used only by, and in the presence of, the officers authorized to sign documents on behalf of the society.	The Society will adopt and use a common seal. The seal will be a rubber-stamp bearing the words, "Seal of the Co-operative Savings and Credit Society Ltd", and shall be different from the ordinary name-stamp of the Society. The seal shall be kept securely under lock and key by Chief Executive Officer and shall be used only by, and in the presence of, the officers authorized to sign documents on behalf of the society.	Proposed

**FOR THE  
YEAR 2017 -2018**

# **ANNUAL FINANCIAL STATEMENTS**





## General Information

### Country of incorporation and domicile

Botswana

### Nature of business and principal activities

Self-help savings and credit Co-operative society. The Society accepts monthly savings from its members and also advances partly secured loans to its members. Members of the Society are employees of the Government of the Republic of Botswana (both central and local). The main source of income of the Society is interest from loans advanced to members and investment of cash balances.

### Directors

K K Moepeng - Chairperson  
B O Oaitse - Vice Chairperson  
M Mulalu  
J Sekgoni  
M N Mothibi  
K Tidimane

### Registered office

Plot 50672, Block 2  
Attorney General Chambers  
Government Enclave  
Gaborone

### Postal address

P. O. Box 1682 AAD  
Poso House  
Gaborone  
Botswana

### Bankers

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited

### Auditor

Baker Tilly  
Certified Auditors

### Legal form

This is a cooperative society incorporated in terms of the Cooperative Societies Act of 2013. It has legal personality, perpetual succession and limited liability. Members' liability is limited by shares.

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There ports and statements set out below comprise the annual financial statements presented to them embers of the Society:

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## Directors' Responsibilities and Approval of Annual Financial Statements

The Management Board (the Board) is required by the Cooperative Societies Act of 2013, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Board members are of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Board on 06 / 10 / 2023 and were signed on its behalf by:

### Approval of annual financial statements

**K K Moepeng - Chairperson**

**B O Oaitse - Vice Chairperson**

**M N Mothibi**



**Certified Auditors**

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Plot 64515 Fairgrounds  
Gaborone, Botswana  
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Mosalaesi Street, Francistown, Botswana  
T: +267 2415298

[info@bakertilly.co.bw](mailto:info@bakertilly.co.bw)  
[www.bakertilly.co.bw](http://www.bakertilly.co.bw)

**Independent Auditor's Report****To the Members of Botswana Public Officers Savings And Credit Cooperative Society Limited****Report on the Audit of the Financial Statements**

We have audited the financial statements of Botswana Public Officers Savings Credit Cooperative Society Limited set out on pages 7 to 19, which comprise the statement of financial position as at 30 April 2018, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly the financial position of Botswana Public Officers Savings Credit Cooperative Society Limited as at 30 April 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013.

**Basis for Adverse Opinion**

Included under Property, plant, and equipment are assets amounting to a Net Book Value of P 42,298. We were unable to physically verify these assets as there is not detailed assets listing for the opening balances that could be verified. Due to lack of evidence and supporting documentation available, there are no alternative audit procedures available that we could perform to obtain assurance as to the existence of the assets. Property, Plant, and equipment are potentially misstated by this amount.

Included in the statement of financial position members' loans receivable amounting to P 29,967,733. We were not provided with the supporting documentation for a sample of loans amount to P 430, 379 which resulted in an extrapolated variance of P 3,073,103. Due to lack of evidence and supporting documentation available, there were no alternative audit procedure available that we could perform to obtain assurance as to the existence and accuracy of the balance. Members' loans are potentially misstated by this balance.

Included in the statement of financial position are members' savings amounting to P 36,312,929. We were not provided with the supporting documentation for a sample of savings amount to P 72,439 which resulted in an extrapolated variance of P 1,111, 816. Due to lack of evidence and supporting documentation available, there were no alternative audit procedure available that we could perform to obtain assurance as to the existence and accuracy of the balance. Members' savings are potentially misstated by this balance.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the society's annual financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

**ADVISORY • AUDIT • TAX • ACCOUNTING**

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chileshe FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities



## Statement of Financial Position as at 30 April 2018

Figures in Pula	Note(s)	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	2	42,298	35,070
<b>Current assets</b>			
Loans to members	3	29,666,423	19,364,631
Other receivables	4	62,243	5,715
Cash and cash equivalents	5	14,058,938	10,984,768
		<b>43,787,604</b>	<b>30,355,114</b>
<b>Total assets</b>		<b>43,829,902</b>	<b>30,390,184</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	2,615,888	1,674,069
Reserves	7&8&9	2,557,566	724,101
Retained income		1,974,708	1,363,553
		<b>7,148,162</b>	<b>3,761,723</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' savings	10	36,312,929	26,354,262
Other payables	11	368,811	274,199
		<b>36,681,740</b>	<b>26,628,461</b>
<b>Total equity and liabilities</b>		<b>43,829,902</b>	<b>30,390,184</b>

## Statement of Comprehensive Income

Figures in Pula	Note(s)	2018	2017
Revenue	12	4,432,127	3,020,687
Interest cost	13	(1,497,262)	(1,010,505)
<b>Gross profit</b>		<b>2,934,865</b>	<b>2,010,182</b>
Other income	14	15,668	26,213
Operating expenses	15	(505,913)	(317,346)
<b>Operating profit</b>		<b>2,444,620</b>	<b>1,719,049</b>
<b>Surplus for the year</b>		<b>2,444,620</b>	<b>1,719,049</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2,444,620</b>	<b>1,719,049</b>

# BOTSWANA PUBLIC OFFICERS' SAVING SAND CREDIT COOPERATIVE SOCIETY LIMITED

(Registration number:261)

Annual Financial Statements for they ear ended 30 April 2018

## Statement of Changes in Equity

	Share capital	Statutory reserve	Members' rebates reserve	Special reserve	Total reserves	Retained income	Total equity
Figures in Pula							
<b>Balance at 0 1May 2016</b>	<b>1,415,448</b>	<b>184,278</b>	<b>-</b>	<b>36,885</b>	<b>221,163</b>	<b>147,442</b>	<b>1,784,053</b>
Profit for the year	-	-	-	-	-	1,719,049	1,719,049
Appropriation of profit to reserves	-	419,115	-	83,823	502,938	(502,938)	-
Issue of shares	258,621	-	-	-	-	-	258,621
<b>Total changes</b>	<b>258,621</b>	<b>419,115</b>	<b>-</b>	<b>83,823</b>	<b>502,938</b>	<b>(502,938)</b>	<b>258,621</b>
<b>Balanceat 01 May 2017</b>	<b>1,674,069</b>	<b>603,393</b>	<b>-</b>	<b>120,708</b>	<b>724,101</b>	<b>1,363,553</b>	<b>3,761,723</b>
Profit for the year	-	-	-	-	-	2,444,620	2,444,620
Appropriation of profit to reserves	-	611,155	611,155	611,155	1,833,465	(1,833,465)	-
Issue of shares	941,819	-	-	-	-	-	941,819
<b>Total changes</b>	<b>941,819</b>	<b>611,155</b>	<b>611,155</b>	<b>611,155</b>	<b>1,833,465</b>	<b>(1,833,465)</b>	<b>941,819</b>
<b>Balance at 30 April 2018</b>	<b>2,615,888</b>	<b>1,214,548</b>	<b>611,155</b>	<b>731,863</b>	<b>2,557,566</b>	<b>1,974,708</b>	<b>7,148,162</b>
Note(s)	6	7	8	9			





## Statement of Cash Flows

Figures in Pula	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
Cash generated from/(used in)operations	19	2,157,789	(1,528,011)
<b>Cash flows from investing activities</b>			
Purchase of equipment	2	(25,438)	(26,571)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	6	941,819	258,621
<b>Net increase/(decrease)in cash and cash equivalents for the year</b>		<b>3,074,170</b>	<b>(1,295,961)</b>
Cash and cash equivalents at the beginning of the year		10,984,768	12,280,729
<b>Cashandcashequivalentsattheendoftheyear</b>	<b>5</b>	<b>14,058,938</b>	<b>10,984,768</b>

### Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Cooperative Societies Act of 2013. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pula, which is the Society's functional currency.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgments and sources of estimation uncertainty

#### Critical judgments in applying accounting policies

The Board is required to make critical judgments in applying accounting policies from time to time. The judgments, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

#### Key sources of estimation uncertainty Impairment of loans to members

The Board keeps monitoring the performance of loans advanced to members for any indication of recoverability. Indicators of impairment of loan balances could be missing payments of some monthly installments and members/debtors leaving their employment resulting in their failure to pay off their loans. At each reporting date the Board evaluates the loan book for any indications of impairment. This takes into account the loan balances and the member's savings balance. The Board then estimates the doubtful debts on the portion soft he loans not secured by the members' savings on loans that have indications of impairment.

There is significant estimation and judgment used in the estimation of incurred loss on loans that have impairment indicators. These judgments affect the expense on profit or loss and the balance of loans advanced to members.

### 1.2 Equipment

Equipment are tangible assets which the Society holds for its own use which are expected to be used for more than one period.

Equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Society.

The useful lives of items of equipment have been assessed as follows:

### 1.2 Equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straight line	6years

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

When indicators are present that the useful lives and residual values of items of equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at a mortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at a mortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Loans to members

Loans advanced to members are recognised when the applications are approved and disbursed to the applicants. Subsequent to initial recognition, the loans are carried on the statement of financial position at a mortised cost.



## Members' savings

Members' savings are recognised when they are received by the Society. The members' savings are credited to a payable account on the statement of financial position and subsequently carried at cost.

### 1.4 Impairment of assets

The Society assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the cashflow statement these are netted off against any overdraft balances that are payable on demand.

### 1.6 Equity

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

Ordinary shares are recognised at nominal value and classified as 'share capital' in equity. Reserves set up in compliance with the law and the Bye-laws of the Society are classified as equity. Accumulated surplus of the Society built over the years is also classified as equity on the statement of financial position.

### 1.7 Revenue

The Society receives different forms of revenue which are counted for as follows:

- (a) **Interest on members' loans** is counted for using the effective interest rate method.
- (b) **Insurance premiums** on self insurance scheme are deducted from the approved loans and credited to the insurance premium income upon the approval and disbursement of the loans the insurance scheme is meant to cover.
- (c) **Members' joining fees** collected from members who join the Society are recognised as income when the members application for membership is approved by the Board and the fees collected from the member.
- (d) **Commission received** from service providers such as insurers for collection done by the Society on their behalf is recognised as revenue when the collected amounts are remitted to the service provider. The amount collected is credited to a payable account and the commission is recognised as revenue when the collected amount is remitted which marks the completion of the collection task.

### 1.8 Interest on members' savings

The interest on members' savings is determined by the Board of the Society. The interest is accrued as an expense and credited to the members' savings when approved by the Board.

## 1.9 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

## 1.10 Tax

### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

## Notes to the Annual Financial Statements

Figures in Pula

2018

2017

## 2. Equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	9,959	-	9,959	9,495	-	9,495
Computer software	40,010	(7,671)	32,339	26,571	(996)	25,575
<b>Total</b>	<b>49,969</b>	<b>(7,671)</b>	<b>42,298</b>	<b>36,066</b>	<b>(996)</b>	<b>35,070</b>

### Reconciliation of equipment-2018

	Opening balance	Additions	Depreciation	Closing balance
IT equipment	9,495	11,999	(11,535)	9,959
Computer software	25,575	13,439	(6,675)	32,339
	<b>35,070</b>	<b>25,438</b>	<b>(18,210)</b>	<b>42,298</b>

### Reconciliation of equipment-2017

	Opening balance	Additions	Depreciation	Closing balance
IT equipment	19,048	-	(9,553)	9,495
Computer software	-	26,571	(996)	25,575
	<b>19,048</b>	<b>26,571</b>	<b>(10,549)</b>	<b>35,070</b>

## 3. Loans to members

Loans to members	29,967,733	19,653,420
Allowance for bad and doubtful debts	(301,310)	(288,789)
	<b>29,666,423</b>	<b>19,364,631</b>

The credit risk attached to loans to members is mitigated by the members' savings that the Society holds. The Society has the right to set off any outstanding loan balances against the members' savings. Members' loan limit is three times their savings balances at the time of loan approval. In addition, the Society runs a self insurance scheme which covers it against the credit risk arising from members' death and default.

Loans to members are recharged interest at the rate of 5% per annum for petty cash loans and 10% per annum for all the other loans (emergency and ordinary loans). The loan terms range from six (6) months for petty cash loans to seventy two (72) months.





#### 4. Other receivables

With holding tax on interest	5,793	5,715
Commission receivable	56,450	-
	<b>62,243</b>	<b>5,715</b>

#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14,058,938	10,984,768
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Bank balances are deposited at reputable banks in Botswana. The banks are subject to the regulation of the Bank of Botswana. All bank balances are available for use by the Society within a short time.

#### 6. Share capital

##### Reconciliation of number of shares issued:

At the beginning of the year	1,674,069	1,415,448
Issue of shares – ordinary shares	941,819	258,621
	<b>2,615,888</b>	<b>1,674,069</b>

##### Issued and fully paid

Ordinary shares of P1.00 nominal value	2,615,888	1,674,069
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In terms of the Society's bye-laws, members should hold at least five hundred (500) shares at a nominal value of P1.00 each. Shares entitle members to vote in general meetings of the Society on a one-member-one vote basis. Shares also represent members' residual interest in the Society.

#### 7. Statutory reserve

Statutory reserve is setup in terms of Section 41 of the Cooperative Societies Act of 2013. It is credited with 25% of the surplus made by the Society in each year.

There reserve is represented by a portion of cash and cash equivalents (See note 5)

Opening balance	603,393	184,278
25% of profit appropriated to statutory reserve	611,155	419,115
	<b>1,214,548</b>	<b>603,393</b>

#### 8. Members' rebates reserve

The Members' rebates reserves was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended to reward members for their loyalty to the Society.

There serve is represented by a portion of cash and cash equivalents (Note 5)

Appropriation of 25% of current ear profit	611,155
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#### 9. Special reserve

The special reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for any special funding needs of the Society.

The special reserve is represented by a portion of the cash and cash equivalents (Note 5)

Figures in Pula	2018	2017
<b>9. Special reserve(continued)</b>		
Opening balance	120,708	36,885
Amount allocated to special reserve in the current year	611,155	83,823
	<b>731,863</b>	<b>120,708</b>

#### 10.Members'savings

Opening balance	26,354,262	19,475,367
New savings collected from members in the year	10,276,250	7,070,347
Interest accrued on members' savings	1,497,262	1,010,505
Termination sand withdrawals	(1,814,845)	(1,201,957)
	<b>36,312,929</b>	<b>26,354,262</b>

Members make monthly contributions to the Society to build their savings. They are entitled to loans of up to three (3) times their savings balances. The Society reserves the right to set off the savings against their loan balances.

Savings are eligible for interest which is decided by the Board on a year by year basis. In the year under review, the Board declared interest on members' savings of 4% per annum ( 2017 - 4% p.a).

Members can terminate their member ship by giving a month's notice and with draw their savings from the Society.

#### 11. Other payables

Audit and accounting fees payable	368,811	274,199
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#### 12. Revenue

Interest on loans to members	3,883,544	2,451,304
Members' joining fees	67,576	21,550
Self insurance premiums	318,674	547,833
Commission received	162,333	-
	<b>4,432,127</b>	<b>3,020,687</b>

#### 13. Interest cost

Interest on members' savings	1,497,262	1,010,505
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#### 14. Other income

Interest on bank balances	15,668	26,213
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#### 15. Operating expenses

Operating expenses include the following expenses:



Figures in Pula	2018	2017
<b>15. Operating expenses (continued)</b>		
<b>Remuneration, other than to employees, for:</b>		
Accounting fees	53,760	53,760
Auditors' remuneration	40,852	40,802
	<b>94,612</b>	<b>94,562</b>
Bad and doubtful debts	301,310	196,534
Depreciation	18,210	10,549
Employee costs	48,130	-
Training	5,107	-
Bank charges	16,136	15,945
Conference fees	20,388	-
<b>16. Employee costs</b>		
<b>Employee costs</b>		
Basic pay	48,130	-
<b>17. Depreciation</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation</b>		
Equipment	18,210	10,549
<b>18. Taxation</b>		
<b>Non provision of tax</b>		
The Society is exempt from taxation under the Second Schedule of the Income Tax Act. Therefore, no provision has been made.		
<b>19. Cash generated from / (used in) operations</b>		
Profit for the year	2,444,620	1,719,049
<b>Adjustments for:</b>		
Depreciation	18,210	10,549
<b>Changes in working capital:</b>		
Other receivables	(56,528)	(2,215)
Other payables	94,612	94,319
Net increase in members' savings	9,958,667	6,878,895
Net increase in loans to members	(10,301,792)	(10,228,608)
	<b>2,157,789</b>	<b>(1,528,011)</b>

Figures in Pula	2018	2017
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## 20. Related parties

### Relationships

Ultimate holding company

The Society is owned by the members. There is no ultimate parent entity.

Members of the Board

RefertoGeneralInformationonPage1

Members of key management

Mr. Aldrin Tayane (Manager)

No compensation was paid to key management by way of employee benefits. The manager of the Society was a second from the government of Botswana and he was not on the payroll of the Society.

## 21.Categories of financial instruments

### Debt instruments at a mortised cost

Cash and cash equivalents	14,058,938	10,984,768
Other receivables	62,243	5,715
Loans to members	29,666,423	19,364,631
	<b>43,787,604</b>	<b>30,355,114</b>
<b>Financial liabilities at a mortised cost</b>		
Other payables	368,811	274,199
Members' savings	36,312,929	26,354,262
	<b>36,681,740</b>	<b>26,628,461</b>





## Detailed Income Statement

Figures in Pula	Note(s)	2018	2017
<b>Revenue</b>			
Interest on loans to members		3,883,544	2,451,304
Members' joining fees		67,576	21,550
Commission received		162,333	-
Self insurance premiums received		318,674	547,833
	12	<b>4,432,127</b>	<b>3,020,687</b>
<b>Interest cost</b>			
Interest on members' savings		(1,497,262)	(1,010,505)
<b>Net interest income</b>		<b>2,934,865</b>	<b>2,010,182</b>
<b>Other income</b>			
Interest on bank balances		15,668	26,213
<b>Operating expenses</b>			
Accounting fees		(53,760)	(53,760)
Advertising		(2,020)	-
Auditors' remuneration		(40,852)	(40,558)
Bad and doubtful debts		(301,310)	(196,534)
Bank charges		(16,136)	(15,945)
Conference fees		(20,388)	-
Depreciation		(18,210)	(10,549)
Employee costs		(48,130)	-
Training		(5,107)	-
		<b>(505,913)</b>	<b>(317,346)</b>
<b>Profit for the year</b>		<b>2,444,620</b>	<b>1,719,049</b>

**FOR THE  
YEAR 2019**

# **ANNUAL FINANCIAL STATEMENTS**



## General Information

### Country of incorporation and domicile

### Nature of business and principal activities

Botswana

Self-help savings and credit Co-operative society. The Society accepts monthly savings from its members and also advances partly secured loans to its members. Members of the Society are employees of the Government of the Republic of Botswana (both central and local). The main source of income of the Society is interest from loans advanced to members and investment of cash balances.

### Directors

K K Moepeng - Chairperson  
B O Oaitse - Vice Chairperson  
B Nkomba  
N Ntonge  
K Kwada  
M N Mothibi  
K Tidimane  
J Mohutsiwa

### Registered office

Plot 50672, Block 2  
Attorney General Chambers  
Government Enclave  
Gaborone

### Postal address

P.O.Box1682AAD  
Poso House  
Gaborone

Botswana

### Bankers

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited

### Auditors

Baker Tilly  
Certified Auditors

### Legal form

This is a cooperative society incorporated in terms of the Cooperative Societies Act of 2013. It has legal personality, perpetual succession and limited liability. Members' liability is limited by shares.



## Index

The reports and statements set out below comprise the annual financial statements presented to the members of the Society:

	<b>Page</b>
Directors' Responsibilities and Approval of Annual Financial Statements	3
Independent Auditor's Report	4
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
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The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	20
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## Directors' Responsibilities and Approval of Annual Financial Statements

The Management Board (the Board) is required by the Cooperative Societies Act of 2013, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Board members are of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material mis statement or loss.

The external auditors are responsible for independently auditing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Board on 06 / 10 / 2023 and were signed on its behalf by:

### Approval of annual financial statements

**K K Moepeng - Chairperson**

**B O Oaitse - Vice Chairperson**

**M N Mothibi**

**Certified Auditors**

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Plot 64515 Fairgrounds  
Gaborone, Botswana  
T: +267 3916650, +267 3916659

Plot 12684, Area A, Cnr. Botshelo drive  
Mosalaesi Street, Francistown, Botswana  
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[info@bakertilly.co.bw](mailto:info@bakertilly.co.bw)  
[www.bakertilly.co.bw](http://www.bakertilly.co.bw)

**Independent Auditor's Report****To the Members of Botswana Public Officers Savings And Credit Cooperative Society Limited****Report on the Audit of the Financial Statements****Qualified Opinion**

We have audited the financial statements of Botswana Public Officers Savings and Credit Cooperative Society Limited (the society) set out on pages 7 to 19, which comprise the statement of financial position as at 30 April 2019, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Botswana Public Officers Savings And Credit Cooperative Society Limited as at 30 April 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013.

**Basis for Qualified Opinion**

The following matters were noted in relation to the members' loan balance in the statement of financial position;

- (i) a difference of P669,189 was noted when comparing the members' loan balance in trial balance against the detailed listing/schedule of members' loans. The difference was attributable to uncredited loans, loans without details and direct loan repayments which had not been adjusted against individual members' loan balances.
- (ii) two loans amounting to P107,680 were identified as having been recorded twice in the members' loan book. Due to the manual nature of maintaining the accounting records, including the loan book, we were unable to determine the extent to which the members' loan book may be impacted by loans being recorded multiple times. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

Furthermore, the following balances, (a) P247,494 (2018: P247,494) and (b) P482,794 (2018: P531,128), are included in the members' loan balance and did not have a detailed listing and supporting documents. As such, we were unable to obtain sufficient and appropriate audit evidence to verify the existence and valuation of the balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether members' loan balance was free from material misstatement.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the society's annual financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

**ADVISORY • AUDIT • TAX • ACCOUNTING**

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chileshe FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities



## Statement of Financial Position as at 30 April 2019

Figures in Pula	Note(s)	2019	2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	15,943	42,298
<b>Current assets</b>			
Loans to members	3	42,044,183	29,666,423
Other receivables	4	5,988	62,243
Cash and cash equivalents	5	19,346,917	14,058,938
		<b>61,397,088</b>	<b>43,787,604</b>
<b>Total assets</b>		<b>61,413,031</b>	<b>43,829,902</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	2,998,571	2,615,888
Reserves	7 & 8 & 9	5,729,541	2,557,566
Retained income		3,032,030	1,974,708
		<b>11,760,142</b>	<b>7,148,162</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' savings	10	49,287,749	36,312,929
Other payables	11	365,140	368,811
		<b>49,652,889</b>	<b>36,681,740</b>
<b>Total equity and liabilities</b>		<b>61,413,031</b>	<b>43,829,902</b>

## Statement of Comprehensive Income

Figures in Pula	Note(s)	2019	2018
Revenue	12	6,887,301	4,432,127
Interest cost	13	(2,066,079)	(1,497,262)
<b>Gross profit</b>		<b>4,821,222</b>	<b>2,934,865</b>
Other income	14	122,251	15,668
Operating expenses	15	(714,176)	(505,913)
<b>Operating profit</b>		<b>4,229,297</b>	<b>2,444,620</b>
<b>Profit for the year</b>		<b>4,229,297</b>	<b>2,444,620</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>4,229,297</b>	<b>2,444,620</b>



## Statement of Changes in Equity

Figures in Pula	Share capital	Statutory reserve	Members' rebates reserve	Special reserve	Total reserves	Retained income	Total equity
<b>Balance at 01 May 2017</b>	<b>1,674,069</b>	<b>603,393</b>	<b>-</b>	<b>120,708</b>	<b>724,101</b>	<b>1,363,553</b>	<b>3,761,723</b>
Profit for the year	-	-	-	-	-	2,444,620	2,444,620
Appropriation of profit	-	611,155	611,155	611,155	1,833,465	(1,833,465)	-
Issue of shares	941,819	-	-	-	-	-	941,819
<b>Total changes</b>	<b>941,819</b>	<b>611,155</b>	<b>611,155</b>	<b>611,155</b>	<b>1,833,465</b>	<b>(1,833,465)</b>	<b>941,819</b>
<b>Balance at 01 May 2018</b>	<b>2,615,888</b>	<b>1,214,548</b>	<b>611,155</b>	<b>731,863</b>	<b>2,557,566</b>	<b>1,974,708</b>	<b>7,148,162</b>
Profit for the year	-	-	-	-	-	4,229,297	4,229,297
Appropriation of profit	-	1,057,325	1,057,325	1,057,325	3,171,975	(3,171,975)	-
Issue of shares	382,683	-	-	-	-	-	382,683
<b>Total changes</b>	<b>382,683</b>	<b>1,057,325</b>	<b>1,057,325</b>	<b>1,057,325</b>	<b>3,171,975</b>	<b>(3,171,975)</b>	<b>382,683</b>
<b>Balance at 30 April 2019</b>	<b>2,998,571</b>	<b>2,271,873</b>	<b>1,668,480</b>	<b>1,789,188</b>	<b>5,729,541</b>	<b>3,032,030</b>	<b>11,760,142</b>
Note(s)	6	7	8	9			





## Statement of Cash Flows

Figures in Pula	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	4,905,296	2,157,789
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(25,438)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	6	382,683	941,819
<b>Net increase in cash and cash equivalents for the year</b>		<b>5,287,979</b>	<b>3,074,170</b>
Cash and cash equivalents at the beginning of the year		14,058,938	10,984,768
<b>Cash and cash equivalents at the end of the year</b>	5	<b>19,346,917</b>	<b>14,058,938</b>

## Accounting Policies

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Cooperative Societies Act of 2013. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pula which is the Society's functional currency.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

The Board is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

##### Key sources of estimation uncertainty Impairment of loans to members

The Board keeps monitoring the performance of loans advanced to members for any indication of irrecoverability. Indicators of impairment of loan balances could be missing payments of some monthly installments and members/debtors leaving their employment resulting in their failure to pay off their loans. At each reporting date the Board evaluates the loan book for any indications of impairment. This takes into account the loan balances and the member's savings balance. The Board then estimates the doubtful debts on the portions of the loans not secured by the members' savings on loans that have indications of impairment.

There is significant estimation and judgement used in the estimation of incurred loss on loans that have impairment indicators. These judgements affect the expense on profit or loss and the balance of loans advanced to members.

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Society holds for its own use which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Society.

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



## 1.2 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straightline	6 years

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

## 1.3 Financial instruments

### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### Financial instruments at a mortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at a mortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

### Loans to members

Loans advanced to members are recognised when the applications are approved and disbursed to the applicants. Subsequent to initial recognition, the loans are carried on the statement of financial position at a mortised cost.

### Members' savings

Members' savings are recognised when they are received by the Society. The members' savings are credited to a payable account on the statement of financial position and subsequently carried at cost.

## 1.4 Impairment of assets

The Society assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

## 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the cashflow statement these are netted off against any overdraft balances that are payable on demand.

## 1.6 Equity

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

Ordinary shares are recognised at nominal value and classified as 'share capital' in equity. Reserves set up in compliance with the law and the Bye-laws of the Society are classified as equity. Accumulated surplus of the Society built over the years is also classified as equity on the statement of financial position.

## 1.7 Revenue

The Society receives different forms of revenue which are accounted for as follows:

- (a) **Interest on members' loans** is accounted for using the effective interest rate method.
- (b) **Insurance premiums** on self insurance scheme. Insurance premiums are deducted from the approved loans and credited to the insurance premium income upon the approval and disbursement of the loans the insurance scheme is meant to cover.
- (c) **Members' joining fees** collected from members who join the Society are recognised as income when the members application for membership is approved by the Board and the fees collected from the member.
- (d) **Commission received** from service providers such as insurers for collection done by the Society on their behalf is recognised as revenue when the collected amounts are remitted to the service provider. The amount collected is credited to a payable account and the commission is recognised as revenue when the collected amount is remitted which marks the completion of the collection task.

## 1.8 Interest on members' savings

The interest on members' savings is determined by the Board of the Society. The interest is accrued as an expense and credited to the members' savings when approved by the Board.

## 1.9 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.





## 1.10 Tax

### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

### Notes to the Annual Financial Statements

Figures in Pula

## 2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	-	-	-	9,959	-	9,959
Computersoftware	26,571	(10,628)	15,943	40,010	(7,671)	32,339
<b>Total</b>	<b>26,571</b>	<b>(10,628)</b>	<b>15,943</b>	<b>49,969</b>	<b>(7,671)</b>	<b>42,298</b>

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Asset write - off	Depreciation	Closing balance
IT equipment	9,959	-	(9,959)	-
Computer software	32,339	(13,437)	(2,959)	15,943
	<b>42,298</b>	<b>(13,437)</b>	<b>(12,918)</b>	<b>15,943</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
IT equipment	9,495	12,000	(11,536)	9,959
Computer software	25,575	13,438	(6,674)	32,339
	<b>35,070</b>	<b>25,438</b>	<b>(18,210)</b>	<b>42,298</b>

## 3. Loans to members

Loans to members	42,461,495	29,967,733
Allowance for bad and doubtful debts	(417,312)	(301,310)
	<b>42,044,183</b>	<b>29,666,423</b>

The credit risk attached to loans to members is mitigated by the members' savings that the Society holds. The Society has the right to set off any outstanding loan balance against the members' savings. Members' loan limit is three times their savings balances at the time of loan approval. In addition, the Society runs a self insurance scheme which covers it against the credit risk arising from members' death and default.

Loans to members are charged interest at the rate of 5% per annum for petty cash loans and 10% per annum for all the other loans (emergency and ordinary). The loan terms range from six (6) months for petty cash loans to seventy two (72) months.

## 4. Other receivables

With holding tax on interest	5,988	5,793
Commission receivable	-	56,450
	<b>5,988</b>	<b>62,243</b>

Figures in Pula

2019 2018

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	19,346,917	14,058,938
---------------	------------	------------

Bank balances are deposited at reputable banks in Botswana. The banks are subject to the regulation of the Bank of Botswana. All bank balances are available for use by the Society within a short time.

## 6. Share capital

### Reconciliation of number of shares issued:

At the beginning of the year	2,615,888	1,674,069
Issue of shares – ordinary shares	382,683	941,819
	<b>2,998,571</b>	<b>2,615,888</b>
<b>Issued and fully paid</b>		
Ordinary shares of P1.00 nominal value	2,998,571	2,615,888

In terms of the Society's bye-laws, members should hold at least five hundred (500) shares at a nominal value of P1.00 each. Shares entitle members to vote in general meetings of the Society on a one-member-one vote basis. Shares also represent members' residual interest in the Society.

## 7. Statutory reserve

Statutory reserve is setup in term of Section 41 of the Cooperative Societies Act of 2013. It is credited with 25% of the surplus made by the Society in each year.

The reserve is represented by a portion of cash and cash equivalents (Seenote5)

Opening balance	1,214,548	603,393
25% of surplus allocated to statutory reserve	1,057,325	611,155
	<b>2,271,873</b>	<b>1,214,548</b>

## 8. Members' rebates reserve

The members' rebates reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended to reward members for their loyalty to the Society.

There serve is represented by a portion of cash and cash equivalents (Note5)

Opening balance	611,155	-
Appropriation of 25% of current year profit	1,057,325	611,155
	<b>1,668,480</b>	<b>611,155</b>

## 9. Special reserve

The special reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for any special funding needs of the Society.

The special fund is represented by a portion of the cash and cash equivalents (Note5)



Figures in Pula	2019	2018
<b>9. Special reserve (continued)</b>		
Opening balance	731,863	120,708
Amount allocated to special reserve in the current year	1,057,325	611,155
	<b>1,789,188</b>	<b>731,863</b>
<b>10.Members' savings</b>		
Opening balance	36,312,929	26,354,262
New savings collected from members in the year	12,199,177	10,276,250
Interest accrued on members' savings	2,066,079	1,497,262
Terminations and withdrawals	(1,290,436)	(1,814,845)
	<b>49,287,749</b>	<b>36,312,929</b>

Members make monthly contributions to the Society to build their savings. They are entitled to loans of up to three (3) times their savings balances. The Society reserves the right to set off the savings against their loan balances. Savings are eligible for interest which is decided by the Board on a year by year basis. In the year under review, the Board declared interest on members' savings of 4% per annum ( 2018 - 4% p.a).

Members can terminate their membership by giving a month's notice and withdraw their savings from the Society.

#### 11.Otherpayables

Audit and accounting fees payable	365,140	368,811
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#### 12.Revenue

Interest on loans to members	5,998,022	3,883,544
Members' joining fees	57,500	67,576
Self insurance premiums	520,233	318,674
Commission received	311,546	162,333
	<b>6,887,301</b>	<b>4,432,127</b>

#### 13.Interest cost

Interest on members' savings	2,066,079	1,497,262
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#### 14.Other income

Interest on bank balances	6,032	15,668
Miscellaneous income	116,219	-
	<b>122,251</b>	<b>15,668</b>

#### 15.Operating expenses

Operating expenses include the following expenses:

Figures in Pula	2019	2018
<b>15. Operating expenses (continued)</b>		
<b>Remuneration, other than to employees, for:</b>		
Accounting fees	115,140	53,760
Auditors' remuneration	40,802	40,852
	<b>155,942</b>	<b>94,612</b>
Bad and doubtful debts	202,541	301,310
Depreciation	12,918	18,210
Employee costs	221,853	48,130
Software license fees	74,534	-
Conference fees	23,393	20,388
Bank charges	18,711	16,136
Other expenses	4,284	5,107
<b>16. Employee costs</b>		
<b>Employee costs</b>		
Basic pay	211,537	48,130
Leave pay accrual charge	10,316	-
	<b>221,853</b>	<b>48,130</b>

### 17. Depreciation

The following items are included within depreciation, amortisation and impairments:

<b>Depreciation</b>		
Property, plant and equipment	12,918	18,210

### 18. Taxation

#### Non provision of tax

The Society is exempt from taxation under the Second Schedule of the Income Tax Act. Therefore, no provision has been made.

### 19. Cash generated from operations

Surplus for the year	4,229,297	2,444,620
<b>Adjustments for:</b>		
Depreciation	12,918	18,210
Write-off of computer software	13,437	-
<b>Changes in working capital:</b>		
Other receivables	56,255	(56,527)
Other payables	(3,671)	94,612
Net increase in members' savings	12,974,820	9,887,696
Net increase in loans to members	(12,377,760)	(10,230,822)
	<b>4,905,296</b>	<b>2,157,789</b>





Figures in Pula

2019

2018

## 20. Related parties

### Relationships

Ultimate holding company  
ultimate parent entity.

The Society is owned by the members. There is no

Members of the Board

Refer to General Information on Page 1

Members of key management

Mr. Aldrin Tayane (Manager)

No compensation was paid to key management by way of employee benefits. The manager of the Society was a seconded from the government of Botswana and he was not on the payroll of the Society.

## 21. Categories of financial instruments

### Debt instruments at amortised cost

Cash and cash equivalents	19,346,917	14,058,938
Other receivables	-	56,450
Loans to members	42,044,183	29,666,424
	<b>61,391,100</b>	<b>43,781,812</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	365,140	368,811
Members' savings	49,287,749	36,312,929
	<b>49,652,889</b>	<b>36,681,740</b>

## Detailed Income Statement

Figures in Pula	Note(s)	2019	2018
<b>Revenue</b>			
Interest on loan to members		5,998,022	3,883,544
Members' joining fees		57,500	67,576
Commission received		311,546	162,333
Self insurance premiums received		520,233	318,674
	12	<b>6,887,301</b>	<b>4,432,127</b>
<b>Interest cost</b>			
Interest on members' savings		(2,066,079)	(1,497,262)
<b>Net interest income</b>		<b>4,821,222</b>	<b>2,934,865</b>
<b>Other income</b>			
Interest on bank balances		6,032	15,668
Decrease in accruals		116,219	-
		<b>122,251</b>	<b>15,668</b>
<b>Operating expenses</b>			
Accounting fees		(115,140)	(53,760)
Advertising		-	(2,020)
Auditors' remuneration		(40,802)	(40,852)
Bad and doubtful debts		(202,541)	(301,310)
Bank charges		(18,711)	(16,136)
Conference fees		(23,393)	(20,388)
Depreciation		(12,918)	(18,210)
Employee costs		(221,853)	(48,130)
Licenses		(74,534)	-
Printing and stationery		(2,503)	-
Training		-	(5,107)
Travel		(1,781)	-
		<b>(714,176)</b>	<b>(505,913)</b>
<b>Profit for the year</b>		<b>4,229,297</b>	<b>2,444,620</b>

**FOR THE  
YEAR 2020**

# **ANNUAL FINANCIAL STATEMENTS**

## General Information

### Country of incorporation and domicile

Botswana

### Nature of business and principal activities

Self-help savings and credit Co-operative society. The Society accepts monthly savings from its members and also advances partly secured loans to its members. Members of the Society are employees of the Government of the Republic of Botswana (both central and local). The main source of income of the Society is interest from loans advanced to members and investment of cash balances.

### Directors

K K Moepeng - Chairperson  
B O Oaitse - Vice Chairperson  
B Nkomba  
N Ntonge  
K Kwada  
M N Mothibi  
K Tidimane  
J Mohutsiwa

### Registered office

Plot 50672, Block 2  
Attorney General Chambers  
Government Enclave  
Gaborone

### Postal address

P. O. Box 1682AAD  
Poso House  
Gaborone

### Bankers

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited

### Auditors

Baker Tilly  
Certified Auditors

### Legal form

This is a cooperative society incorporated in terms of the Cooperative Societies Act of 2013. It has legal personality, perpetual succession and limited liability. Members' liability is limited by shares.





## Index

The reports and statements set out below comprise the annual financial statements presented to the members of the Society:

	Page
Directors' Responsibilities and Approval of Annual Financial Statements	3
Independent Auditor's Report	4
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 14
Notes to the Annual Financial Statements	15 - 19
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	20

## Directors' Responsibilities and Approval of Annual Financial Statements

The Management Board (the Board) is required by the Cooperative Societies Act of 2013, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Board members are of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

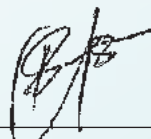
The external auditors are responsible for independently auditing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Board on 06 / 10 / 2023 and were signed on its behalf by:

### Approval of annual financial statements



**K K Moepeng - Chairperson**



**B O Oaitse - Vice Chairperson**



**M N Mothibi**

**Certified Auditors**

Kgwebo @ Fairgrounds  
Plot 64515 Fairgrounds  
Gaborone, Botswana  
T: +267 3916650, +267 3916659

Plot 12684, Area A, Cnr. Botshelo drive  
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T: +267 2415298

[info@bakertilly.co.bw](mailto:info@bakertilly.co.bw)  
[www.bakertilly.co.bw](http://www.bakertilly.co.bw)

## Independent Auditor's Report

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To the Members of Botswana Public Officers Savings And Credit Cooperative Society Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Botswana Public Officers Savings And Credit Cooperative Society Limited (the society) set out on pages 7 to 19, which comprise the statement of financial position as at 30 April 2020, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Botswana Public Officers Savings And Credit Cooperative Society Limited as at 30 April 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013.

#### Basis for Qualified Opinion

The following matters were noted in relation to the members' loan balance in the statement of financial position;

A difference of P235,248 was noted when comparing the members' loan balance in trial balance against the detailed listing/schedule of members' loans. The difference was attributable to uncredited loans, loans without details and direct loan repayments which had not been adjusted against individual members' loan balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

Furthermore, the following balances, (i) P247,494 (2019: P247,494) and (ii) P-68,083 (2019: P482,794), are included in the members' loan balance and did not have a detailed listing and supporting documents. As such, we were unable to obtain sufficient and appropriate audit evidence to verify the existence and valuation of the balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether members' loan balance was free from material misstatement.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the society's annual financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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#### ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chileshe FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities

## Statement of Financial Position as at 30 April 2020

Figures in Pula	Note(s)	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	2	10,628	15,943
<b>Current assets</b>			
Loans to members	3	59,154,615	42,044,183
Other receivables	4	6,311	5,988
Cash and cash equivalents	5	28,686,004	19,346,917
		<b>87,846,930</b>	<b>61,397,088</b>
<b>Total assets</b>		<b>87,857,558</b>	<b>61,413,031</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	3,516,690	2,998,571
Reserves	7&8&9	11,140,287	5,729,541
Retained income		4,835,608	3,032,030
		<b>19,492,585</b>	<b>11,760,142</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' savings	10	67,747,061	49,287,749
Other payables	11	617,912	365,140
		<b>68,364,973</b>	<b>49,652,889</b>
<b>Total equity and liabilities</b>		<b>87,857,558</b>	<b>61,413,031</b>

## Statement of Comprehensive Income

Figures in Pula	Note(s)	2020	2019
Revenue	12	10,768,832	6,887,301
Interest cost	13	(2,880,925)	(2,066,079)
<b>Gross profit</b>		<b>7,887,907</b>	<b>4,821,222</b>
Other income	14	8,013	122,251
Operating expenses	15	(681,596)	(714,176)
<b>Operating profit</b>		<b>7,214,324</b>	<b>4,229,297</b>
<b>Profit for the year</b>		<b>7,214,324</b>	<b>4,229,297</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>7,214,324</b>	<b>4,229,297</b>




**BOTSWANA PUBLIC OFFICERS' SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED**

(Registration number: 261)

Annual Financial Statements for the year ended 30 April 2020

**Statement of Changes in Equity**

Figures in Pula	Share capital	Statutory reserve	Members' rebates reserve	Special reserve	Total reserves	Retained income	Total equity
<b>Balance at 01 May 2018</b>	<b>2,615,888</b>	<b>1,214,548</b>	<b>611,155</b>	<b>731,863</b>	<b>2,557,566</b>	<b>1,974,708</b>	<b>7,148,162</b>
Profit for the year	-	-	-	-	-	4,229,297	4,229,297
Appropriation of profit	-	1,057,325	1,057,325	1,057,325	3,171,975	(3,171,975)	-
Issue of shares	382,683	-	-	-	-	-	382,683
<b>Total changes</b>	<b>382,683</b>	<b>1,057,325</b>	<b>1,057,325</b>	<b>1,057,325</b>	<b>3,171,975</b>	<b>(3,171,975)</b>	<b>382,683</b>
<b>Balance at 01 May 2019</b>	<b>2,998,571</b>	<b>2,271,873</b>	<b>1,668,480</b>	<b>1,789,188</b>	<b>5,729,541</b>	<b>3,032,030</b>	<b>11,760,142</b>
Profit for the year	-	-	-	-	-	7,214,324	7,214,324
Appropriation of profit	-	1,803,582	1,803,582	1,803,582	5,410,746	(5,410,746)	-
Issue of shares	518,119	-	-	-	-	-	518,119
<b>Total changes</b>	<b>518,119</b>	<b>1,803,582</b>	<b>1,803,582</b>	<b>1,803,582</b>	<b>5,410,746</b>	<b>(5,410,746)</b>	<b>518,119</b>
<b>Balance at 30 April 2020</b>	<b>3,516,690</b>	<b>4,075,455</b>	<b>3,472,062</b>	<b>3,592,770</b>	<b>11,140,287</b>	<b>4,835,608</b>	<b>19,492,585</b>
Note(s)	6	7	8	9			

## Statement of Cash Flows

Figures in Pula	Note(s)	2020	2019
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	8,820,968	4,905,296
<b>Cash flows from investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	6	518,119	382,683
<b>Net increase in cash and cash equivalents for the year</b>		<b>9,339,087</b>	<b>5,287,979</b>
Cash and cash equivalents at the beginning of the year		19,346,917	14,058,938
<b>Cash and cash equivalents at the end of the year</b>	5	<b>28,686,004</b>	<b>19,346,917</b>

## Accounting Policies

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Cooperative Societies Act of 2013. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pula which is the Society's functional currency.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

The Board is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

##### Key sources of estimation uncertainty

##### Impairment of loans to members

The Board keeps monitoring the performance of loans advanced to members for any indication of irreconcilability. Indicators of impairment of loan balances could be missing payments of some monthly installments and members/debtors leaving their employment resulting in their failure to pay off their loans. At each reporting date the Board evaluates the loan book for any indications of impairment. This takes into account the loan balances and the member's savings balance. The Board then estimates the doubtful debts on the portions of the loans not secured by the members' savings on loans that have indications of impairment.

There is significant estimation and judgement used in the estimation of incurred loss on loans that have impairment indicators. These judgements affect the expense on profit or loss and the balance of loans advanced to members.

#### 1.2 Equipment

Equipment are tangible assets which the Society holds for its own use which are expected to be used for more than one period.

Equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.



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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Society. The useful lives of items of equipment have been assessed as follows:

### 1.2 Equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straight line	6years

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

When indicators are present that the useful lives and residual values of items of equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

## Loans to members

Loans advanced to members are recognised when the applications are approved and disbursed to the applicants. Subsequent to initial recognition, the loans are carried on the statement of financial position at amortised cost.

## Members' savings

Members' savings are recognised when they are received by the Society. The members' savings are credited to a payable account on the statement of financial position and subsequently carried at cost.

### 1.4 Impairment of assets

The Society assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the cashflow statement these are netted off against any overdraft balances that are payable on demand.

### 1.6 Equity

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

Ordinary shares are recognised at nominal value and classified as 'share capital' in equity. Reserves set up in compliance with the law and the Bye-laws of the Society are classified as equity. Accumulated surplus of the Society built over the years is also classified as equity on the statement of financial position.

### 1.7 Revenue

The Society receives different forms of revenue which are accounted for as follows:

- (a) **Interest on members' loans** is accounted for using the effective interest rate method.
- (b) **Insurance premiums** on self insurance scheme. Insurance premiums are deducted from the approved loans and credited to the insurance premium income upon the approval and disbursement of the loans the insurance scheme is meant to cover.
- (c) **Members' joining fees** collected from members who join the Society are recognised as income when the members application for membership is approved by the Board and the fees collected from the member.
- (d) **Commission received** from service providers such as insurers for collection done by the Society on their behalf is recognised as revenue when the collected amounts are remitted to the service provider. The amount collected is credited to a payable account and the commission is recognised as revenue when the collected amount is remitted which marks the completion of the collection task.

### 1.8 Interest on members' savings

The interest on members' savings is determined by the Board of the Society. The interest is accrued as an expense and credited to the members' savings when approved by the Board.





## 1.9 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### 1.10 Tax

#### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

### Notes to the Annual Financial Statements

Figures in Pula

2020

2019

#### 2. Equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer software	26,571	(15,943)	10,628	26,571	(10,628)	15,943

#### Reconciliation of equipment - 2020

	Opening balance	Depreciation	Closing balance
Computer software	15,943	(5,315)	10,628

#### Reconciliation of equipment - 2019

	Opening balance	Asset write-off	Depreciation	Closing balance
IT equipment	9,959	-	(9,959)	-
Computer software	32,339	(13,437)	(2,959)	15,943
	<b>42,298</b>	<b>(13,437)</b>	<b>(12,918)</b>	<b>15,943</b>

#### 3. Loans to members

Loans to members	59,750,324	42,461,495
Allowance for bad and doubtful debts	(595,709)	(417,312)
	<b>59,154,615</b>	<b>42,044,183</b>

The credit risk attached to loans to members is mitigated by the members' savings that the Society holds. The Society has the right to set off any outstanding loan balance against the members' savings. Members' loan limit is three (3) times their savings balances at the time of loan approval. In addition, the Society runs a self insurance scheme which covers it against the credit risk arising from members' death and default.

Loans to members are charged interest at the rate of 5% per annum for petty cash loans and 10% per annum for all the other loans (emergency and ordinary). The loan terms range from six (6) months for petty cash loans to seventy two (72) months.

#### 4. Other receivables

Withholding tax on interest	6,311	5,988
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#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	28,686,004	19,346,917
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Bank balances are deposited at reputable banks in Botswana. The banks are subject to the regulation of the Bank of Botswana. All bank balances are available for use by the Society within a short time.

Figures in Pula	2020	2019
<b>6. Share capital</b>		
<b>Reconciliation of number of shares issued:</b>		
At the beginning of the year	2,998,571	2,615,888
Issue of shares—ordinary shares	518,119	382,683
	<b>3,516,690</b>	<b>2,998,571</b>
<b>Issued and fully paid</b>		
Ordinary shares of P1.00 nominal value	3,516,690	2,998,571

In terms of the Society's bye-laws, members should hold at least five hundred (500) shares at a nominal value of P1.00 each. Shares entitle members to vote in general meetings of the Society on a one-member-one vote basis. Shares also represent members' residual interest in the Society.

## 7. Statutory reserve

Statutory reserve is set up in terms of Section 41 of the Cooperative Societies Act of 2013. It is credited with 25% of the surplus made by the Society in each year.

The statutory reserve is represented by a portion of cash and cash equivalents (See note 5)

Opening balance	2,271,873	1,214,548
25% of surplus allocated to statutory reserve	1,803,582	1,057,325
	<b>4,075,455</b>	<b>2,271,873</b>

## 8. Members' rebates reserve

The members' rebates reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended to reward members for their loyalty to the Society.

The reserve is represented by cash and cash equivalents (Note 5)

Opening balance	1,668,480	611,155
Appropriation of 25% of current year profit	1,803,582	1,057,325
	<b>3,472,062</b>	<b>1,668,480</b>

## 9. Special reserve

The special reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for any special funding needs of the Society.

The special reserve is represented by a portion of the cash and cash equivalents (Note 5)

Opening balance	1,789,188	731,863
Amount allocated to special reserve in the current year	1,803,582	1,057,325



	<b>3,592,770</b>	<b>1,789,188</b>
Figures in Pula	2020	2019
<b>10.Members' savings</b>		
Opening balance	49,287,749	36,312,929
New savings collected from members in the year	17,293,278	12,199,177
Interest accrued on members' savings	2,880,925	2,066,079
Termination sand withdrawals	(1,714,891)	(1,290,436)
	<b>67,747,061</b>	<b>49,287,749</b>

Members make monthly contributions to the Society to build their savings. They are entitled to loans of three(3) times their savings balances. The Society reserves the right to set off the savings against their loan balances.

Savings are eligible for interest which is decided by the Board on a year by year basis. In the year under review,the Board declared interest on members' savings of 4% per annum ( 2019 - 4% p.a).

Members can terminate their membership by giving a month's notice and with draw their savings from the Society.

#### 11. Other payables

Audit and accounting fees payable	437,252	365,140
Insurance premiums payable	180,660	-
	<b>617,912</b>	<b>365,140</b>

#### 12. Revenue

Interest on loans to members	9,477,171	5,998,022
Members' joining fees	84,450	57,500
Self insurance premiums	710,920	520,233
Commission received	496,291	311,546
	<b>10,768,832</b>	<b>6,887,301</b>

#### 13. Interest cost

Interest on members' savings	2,880,925	2,066,079
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#### 14. Other income

Interest on bank balances	8,013	6,032
Recovery from accruals	-	116,219
	<b>8,013</b>	<b>122,251</b>

#### 15.Operating expenses

Operating expenses include the following expenses:

<b>Remuneration, other than to employees, for:</b>		
Accounting fees	115,140	115,140
Auditors' remuneration	40,852	40,802
	<b>155,992</b>	<b>155,942</b>

Figures in Pula	2020	2019
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### 15. Operating expenses (continued)

Bad and doubtful debts	178,447	202,541
Depreciation	5,315	12,918
Employee costs	318,413	221,853
Software license fees	-	75,534
Bank charges	21,145	18,711
Conference fees	1,310	23,393
Other expenses	974	3,234

### 16. Employee costs

<b>Employee costs</b>		
Basic pay	318,413	211,537
Leave pay charge	-	10,316
	<b>318,413</b>	<b>221,853</b>

### 17. Depreciation

The following items are included within depreciation, amortisation and impairments:

<b>Depreciation</b>		
Property, plant and equipment	5,315	12,918

### 18. Taxation

#### Non provision of tax

The Society is exempt from taxation under the Second Schedule of the Income Tax Act. Therefore, no provision has been made.

### 19. Cash generated from operations

Profit for the year	7,214,324	4,229,297
<b>Adjustments for:</b>		
Depreciation	5,315	12,918
Write-off of computer software	-	13,437
<b>Changes in working capital:</b>		
Other receivables	(323)	56,255
Other payables	252,772	(3,671)
Net increase in members' savings	18,459,312	12,974,820
Net increase in loans to members	(17,110,432)	(12,377,760)
	<b>8,820,968</b>	<b>4,905,296</b>





Figures in Pula

2020

2019

## 20. Related parties

### Relationships

Ultimate holding company

The Society is owned by the members. There is no ultimate parent entity.

Members of the Board

Refer to General Information on Page1

Members of key management

Mr. Aldrin Tayane (Manager)

No compensation was paid to key management by way of employee benefits. The manager of the Society was a seconded from the government of Botswana and he was not on the payroll of the Society.

## 21. Categories of financial instruments

### Debt instruments at amortised cost

Cash and cash equivalents	28,686,004	19,346,917
Loans to members	59,154,615	42,044,183
	<b>87,840,619</b>	<b>61,391,100</b>

### Financial liabilities at amortised cost

Trade and other payables	617,912	365,140
Members' savings	67,747,061	49,287,749
	<b>68,364,973</b>	<b>49,652,889</b>

### Detailed Income Statement

Figures in Pula	Note(s)	2020	2019
<b>Revenue</b>			
Interest on loans to members		9,477,171	5,998,022
Members' joining fees		84,450	57,500
Commission received		496,291	311,546
Self insurance premiums received		710,920	520,233
	12	<b>10,768,832</b>	<b>6,887,301</b>
<b>Interest cost</b>			
Interest on members' savings		(2,880,925)	(2,066,079)
<b>Net interest income</b>		<b>7,887,907</b>	<b>4,821,222</b>
<b>Other income</b>			
Interest on bank balances		8,013	6,032
Recovery from accruals		-	116,219
		<b>8,013</b>	<b>122,251</b>
<b>Operating expenses</b>			
Accounting fees		(115,140)	(115,140)
Auditors' remuneration		(40,852)	(40,802)
Bad and doubtful debts		(178,447)	(202,541)
Bank charges		(21,145)	(18,711)
Conference fees		(1,310)	(23,393)
Depreciation		(5,315)	(12,918)
Employee costs		(318,413)	(221,853)
Licenses		-	(74,534)
Printing and stationery		(974)	(2,503)
Travel		-	(1,781)
		<b>(681,596)</b>	<b>(714,176)</b>
<b>Profit for the year</b>		<b>7,214,324</b>	<b>4,229,297</b>

**FOR THE  
YEAR 2021**

**ANNUAL  
FINANCIAL  
STATEMENTS**



## General Information

### Country of incorporation and domicile

Botswana

### Nature of business and principal activities

Self-help savings and credit Co-operative society. The Society accepts monthly savings from its members and also advances partly secured loans to its members. Members of the Society are employees of the Government of the Republic of Botswana (both central and local). The main source of income of the Society is interest from loans advanced to members and investment of cash balances.

### Directors

K K Moepeng - Chairperson  
B O Oaitse - Vice Chairperson  
B Nkomba  
N Ntonge  
K Kwada  
M N Mothibi  
K Tidimane  
J Mohutsiwa

### Registered office

Plot 50672, Block 2  
Attorney General Chambers  
Government Enclave  
Gaborone

### Postal address

P. O. Box1682 AAD  
Poso House  
Gaborone  
Botswana

### Bankers

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited

### Auditors

Baker Tilly  
Certified Auditors

### Legal form

This is a cooperative society incorporated in terms of the Cooperative Societies Act of 2013. It has legal personality, perpetual succession and limited liability. Members' liability is limited by shares.

## Index

There ports and statements set out below comprise the annual financial statements presented to the members of the Society:

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Statement of Comprehensive Income	8
Statement of Changes in Equity	9
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 The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	20





## Directors' Responsibilities and Approval of Annual Financial Statements

The Management Board (the Board) is required by the Cooperative Societies Act of 2013, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Board members are of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Board on 06 / 10 / 2023 and were signed on its behalf by:

### Approval of annual financial statements

**K K Moepeng - Chairperson**

**B O Oaitse - Vice Chairperson**

**M N Mothibi**

**Certified Auditors**

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Plot 64515 Fairgrounds  
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Plot 12684, Area A, Cnr. Botshelo drive  
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[www.bakertilly.co.bw](http://www.bakertilly.co.bw)

## Independent Auditor's Report

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To the Members of Botswana Public Officers Savings And Credit Cooperative Society Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Botswana Public Officers Savings And Credit Cooperative Society Limited (the society) set out on pages 7 to 19, which comprise the statement of financial position as at 30 April 2021, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Botswana Public Officers Savings And Credit Cooperative Society Limited as at 30 April 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013.

#### Basis for Qualified Opinion

The following matters were noted in relation to the members' loan balance in the statement of financial position;

A difference of P2,500,818 was noted when comparing the members' loan balance in trial balance against the detailed listing/schedule of members' loans. The difference was attributable to uncredited loans, loans without details and direct loan repayments which had not been adjusted against individual members' loan balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

Furthermore, the following balances, (i) P247,494 (2020: P247,494) and (ii) P-250,213 (2020: -68,083), are included in the members' loan balance and did not have a detailed listing and supporting documents. As such, we were unable to obtain sufficient and appropriate audit evidence to verify the existence and valuation of the balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the society's annual financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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#### ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chileshe FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities



## Statement of Financial Position as at 30 April 2021

Figures in Pula	Note(s)	2021	2020
<b>Assets</b>			
<b>Non - current assets</b>			
Equipment	2	5,313	10,628
Investments	3	24,000,000	-
		<b>24,005,313</b>	<b>10,628</b>
<b>Current assets</b>			
Loans to members	4	84,119,723	59,154,615
Other receivables	5	102,201	6,311
Cash and cash equivalents	6	11,796,469	28,686,004
		<b>96,018,393</b>	<b>87,846,930</b>
<b>Total assets</b>		<b>120,023,706</b>	<b>87,857,558</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7	4,033,066	3,516,690
Reserves	8&9&10	18,694,113	11,140,287
Retained income		7,353,547	4,835,608
		<b>30,080,726</b>	<b>19,492,585</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' savings	11	89,139,660	67,747,061
Other payables	12	803,320	617,912
		<b>89,942,980</b>	<b>68,364,973</b>
<b>Total equity and liabilities</b>		<b>120,023,706</b>	<b>87,857,558</b>

## Statement of Comprehensive Income

Figures in Pula	Note (s)	2021	2020
Revenue	13	14,821,895	10,768,832
Interest cost	14	(3,895,354)	(2,880,925)
<b>Gross profit</b>		<b>10,926,541</b>	<b>7,887,907</b>
Other income	15	68,170	8,013
Operating expenses	16	(922,946)	(681,596)
<b>Operating profit</b>		<b>10,071,765</b>	<b>7,214,324</b>
<b>Profit for the year</b>		<b>10,071,765</b>	<b>7,214,324</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>10,071,765</b>	<b>7,214,324</b>



# BOTSWANA PUBLIC OFFICERS' SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

(Registration number:261)

Annual Financial Statements for the year ended 30 April 2021

## Statement of Changes in Equity

	Share capital	Statutory reserve	Members' rebates reserve	Special reserve	Total reserves	Retained income	Total equity
Figures in Pula							
<b>Balance at 01 May 2019</b>	<b>2,998,571</b>	<b>2,271,873</b>	<b>1,668,480</b>	<b>1,789,188</b>	<b>5,729,541</b>	<b>3,032,030</b>	<b>11,760,142</b>
Profit for the year	-	-	-	-	-	7,214,324	7,214,324
Appropriation of profit to reserves	-	1,803,582	1,803,582	1,803,582	5,410,746	(5,410,746)	-
Issue of shares	518,119	-	-	-	-	-	518,119
<b>Total changes</b>	<b>518,119</b>	<b>1,803,582</b>	<b>1,803,582</b>	<b>1,803,582</b>	<b>5,410,746</b>	<b>(5,410,746)</b>	<b>518,119</b>
<b>Balance at 01 May 2020</b>	<b>3,516,690</b>	<b>4,075,455</b>	<b>3,472,062</b>	<b>3,592,770</b>	<b>11,140,287</b>	<b>4,835,608</b>	<b>19,492,585</b>
Profit for the year	-	-	-	-	-	10,071,765	10,071,765
Appropriation of profit to reserves	-	2,517,942	2,517,942	2,517,942	7,553,826	(7,553,826)	-
Issue of shares	516,376	-	-	-	-	-	516,376
<b>Total changes</b>	<b>516,376</b>	<b>2,517,942</b>	<b>2,517,942</b>	<b>2,517,942</b>	<b>7,553,826</b>	<b>(7,553,826)</b>	<b>516,376</b>
<b>Balance at 30 April 2021</b>	<b>4,033,066</b>	<b>6,593,397</b>	<b>5,990,004</b>	<b>6,110,712</b>	<b>18,694,113</b>	<b>7,353,547</b>	<b>30,080,726</b>
Note(s)	7	8	9	10			





## Statement of Cash Flows

Figures in Pula	Note(s)	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	6,594,089	8,820,968
<b>Cash flows from investing activities</b>			
Placement of funds on investment		(24,000,000)	-
<b>Net cash from investing activities</b>		<b>(24,000,000)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	516,376	518,119
<b>Net(decrease)/increase in cash and cash equivalents for the year</b>		<b>(16,889,535)</b>	<b>9,339,087</b>
Cash and cash equivalents at the beginning of the year		28,686,004	19,346,917
<b>Cash and cash equivalents at the end of the year</b>	6	<b>11,796,469</b>	<b>28,686,004</b>

## Accounting Policies

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Cooperative Societies Act of 2013. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pula which is the Society's functional currency.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgments and sources of estimation uncertainty

##### Critical judgments in applying accounting policies

The Board is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

##### Key sources of estimation uncertainty Impairment of loans to members

The Board keeps monitoring the performance of loans advanced to members for any indication of irrecoverability. Indicators of impairment of loan balances could be missing payments of some monthly installments and members/debtors leaving their employment resulting in their failure to pay off their loans. At each reporting date the Board evaluates the loan book for any indications of impairment. This takes into account the loan balances and the member's savings balance. The Board then estimates the doubtful debts on the portions of the loans not secured by the members' savings on loans that have indications of impairment.

There is significant estimation and judgement used in the estimation of incurred loss on loans that have impairment indicators. These judgements affect the expense on profit or loss and the balance of loans advanced to members.

#### 1.2 Equipment

Equipment are tangible assets which the Society holds for its own use which are expected to be used for more than one period.

Equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Society. The useful lives of items of equipment have been assessed as follows:

### 1.2 Equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straightline	6 years

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

When indicators represent that the useful lives and residual values of items of equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced



to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

## Loans to members

Loans advanced to members are recognised when the applications are approved and disbursed to the applicants. Subsequent to initial recognition, the loans are carried on the statement of financial position at amortised cost.

## Members' savings

Members' savings are recognised when they are received by the Society. The members' savings are credited to a payable account on the statement of financial position and subsequently carried at cost.

### 1.4 Impairment of assets

The Society assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the cashflow statement these are netted off against any overdraft balances that are payable on demand.

### 1.6 Equity

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

Ordinary shares are recognised at nominal value and classified as 'share capital' in equity. Reserves set up in compliance with the law and the Bye-laws of the Society are classified as equity. Accumulated surplus of the Society built over the years is also classified as equity on the statement of financial position.

### 1.7 Revenue

The Society receives different forms of revenue which are accounted for as follows:

- (a) **Interest on members' loans** is accounted for using the effective interest rate method.
- (b) **Insurance premiums** on self insurance scheme. Insurance premiums are deducted from the approved loans and credited to the insurance premium income upon the approval and disbursement of the loans the insurance scheme is meant to cover.
- (c) **Members' joining fees** collected from members who join the Society are recognised as income when the members application for membership is approved by the Board and the fees collected from the member.
- (d) **Commission received** from service providers such as insurers for collection done by the Society on their behalf is recognised as revenue when the collected amounts are remitted to the service provider. The amount collected is credited to a payable account and the commission is recognised as revenue when the collected amount is remitted which marks the completion of the collection task.

## 1.8 Interest on members' savings

The interest on members' savings is determined by the Board of the Society. The interest is accrued as an expense and credited to the members' savings when approved by the Board.

## 1.9 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

## 1.10 Tax

### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

## Notes to the Annual Financial Statements

Figures in Pula

2021

2020

### 2. Equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer software	26,571	(21,258)	5,313	26,571	(15,943)	10,628

#### Reconciliation of equipment-2021

	Opening balance	Depreciation	Closing balance
Computer software	10,628	(5,315)	5,313

#### Reconciliation of equipment-2020

	Opening balance	Depreciation	Closing balance
Computer software	15,943	(5,315)	10,628

## 3. Investments

### At amortised cost

BIFM Money Market Investment

12,000,000

-

The Society invested, on a long term basis, into money market unit trusts with BIFM Fund Managers. The investment earns interest at the rate of 6% per annum. It is not secured and it can be recalled by giving a forty five (45) day notice.

Vunani Money Market Investment

12,000,000

-

The Society invested in money market unit trusts with Vunani Fund Managers. The investments earn interest at the rate of 8% per annum. It is not secured and it can be recalled by giving a forty five (45) day notice.

	<b>24,000,000</b>	<b>-</b>
<b>Non-current assets</b>		<b>-</b>
At amortised cost	24,000,000	





Figures in Pula

2021

2020

#### 4. Loansto members

Loanstomembers	84,969,445	59,750,324
Allowanceforbadanddoubtfuldebts	(849,722)	(595,709)
	<b>84,119,723</b>	<b>59,154,615</b>

The credit risk attached to loans to members is mitigated by the members' savings that the Society holds. The Society has the right to set off any outstanding loan balance against the members' savings. Members' loan limit is three (3) times their savings balances at the time of loan approval. In addition, the Society runs a self insurance scheme which covers it against the credit risk arising from members' death and default.

Loans to members are charged interest at the rate of 5% per annum for petty cash loans and 10% per annum for all the other loans (emergency and ordinary). The loan terms range from six (6) months for petty cash loans to seventy two (72) months.

#### 5. Other receivables

With holding tax on interest	6,930	6,311
Commission receivable	95,271	-
	<b>102,201</b>	<b>6,311</b>

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	11,796,469	28,686,004
---------------	------------	------------

Bank balances are deposited at reputable banks in Botswana. The banks are subject to the regulation of the Bank of Botswana. All bank balances are available for use by the Society with in a short time.

#### 7. Share capital

##### Reconciliation of number of shares issued:

At the beginning of the year	3,516,690	2,998,571
Issue of shares – ordinary shares	516,376	518,119
	<b>4,033,066</b>	<b>3,516,690</b>

##### Issued and fully paid

Ordinary shares of P1.00 nominal value	4,033,066	3,516,690
--	-----------	-----------

In terms of the Society's bye-laws, members should hold at least five hundred (500) shares at a nominal value of P1.00 each. Shares entitle members to vote in general meetings of the Society on a one-member-one vote basis. Shares also represent members' residual interest in the Society.

## 8. Statutory reserve

Statutory reserve is setup in terms of Section 41 of the Cooperative Societies Act of 2013. It is credited with 25% of the surplus made by the Society in each year.

There serve is represented by a portion of cash and cash equivalents (See notes 3&6)

Figures in Pula	2021	2020
Opening balance	4,075,455	2,271,873
25% of profit allocated to statutory reserve	2,517,942	1,803,582
	<b>6,593,397</b>	<b>4,075,455</b>

## 9. Members' rebates reserve

The members' rebates reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for rewarding members for their loyalty to the Society.

There serve is represented by a portion of cash and cash equivalents and investments.

Opening balance	3,472,062	1,668,480
Appropriation of 25% of currently year profits	2,517,942	1,803,582
	<b>5,990,004</b>	<b>3,472,062</b>

## 10. Special reserve

The special reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for any special funding needs of the Society.

The special reserve is represented by a portion of the cash and cash equivalents and long-term investments. (Notes 3 & 6)

Opening balance	3,592,770	1,789,188
Amount allocated to special reserve in the current year	2,517,942	1,803,582
	<b>6,110,712</b>	<b>3,592,770</b>

## 11. Members'savings

Opening balance	67,747,061	49,287,749
New savings collected from members in the year	20,723,059	17,293,278
Interest accrued on members' savings	3,895,354	2,880,925
Terminations and withdrawals	(3,225,814)	(1,714,891)
	<b>89,139,660</b>	<b>67,747,061</b>

Members make monthly contributions to the Society to build their savings. They are entitled to loans of three(3) times their savings balances. The Society reserves the right to set off the savings against their loan balances. Savings are eligible for interest which is decided by the Board on a year by year basis. In the year under review,the Board declared interest on members' savings of 4% per annum ( 2020 - 4% p.a).

Members can terminate their membership by giving a month's notice and withdraw their savings from the Society.

## 12. Other payables

Audit and accounting fees payable	606,923	437,252
Insurance premiums payable	196,397	180,660
	<b>803,320</b>	<b>617,912</b>



Figures in Pula	2021	2020
<b>13.Revenue</b>		
Interest on loans to members	13,245,824	9,477,171
Members' joining fees	30,500	84,450
Self insurance premiums	985,056	710,920
Commission received	560,515	496,291
	<b>14,821,895</b>	<b>10,768,832</b>
<b>14.Interest cost</b>		
Interest on members' savings	3,895,354	2,880,925
<b>15.Other income</b>		
Interest on bank balances	10,866	8,013
Other income	57,304	-
	<b>68,170</b>	<b>8,013</b>
<b>16. Operating expenses</b>		
Operating expenses include the following expenses:		
<b>Remuneration, other than to employees,for:</b>		
Accounting fees	128,820	115,140
Auditors' remuneration	40,852	40,852
	<b>169,672</b>	<b>155,992</b>
Bad and doubtful debts	254,013	178,447
Depreciation and amortisation	5,315	5,315
Employee costs	367,703	318,413
Bank charges	24,605	21,144
Conference fees	18,873	1,310
Software licenses	74,570	-
Other expenses	8,195	974
<b>17.Employee costs</b>		
<b>Employee costs</b>		
Basic pay	367,703	318,413
<b>18.Depreciation</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation</b>		
Equipment	5,315	5,315

Figures in Pula

2021

2020

## 19. Taxation

### Non provision of tax

The Society is exempt from taxation under the Second Schedule of the Income Tax Act. Therefore, no provision has been made.

## 20. Cash generated from operations

Profit for the year	10,071,765	7,214,324
<b>Adjustments for:</b>		
Depreciation	5,315	5,315
<b>Changes in working capital:</b>		
Other receivables	(95,890)	(323)
Other payables	185,408	252,772
Net increase in members' savings	21,392,599	18,459,312
Net increase in loans to members	(24,965,108)	(17,110,432)
	<b>6,594,089</b>	<b>8,820,968</b>

## 21. Related parties

### Relationships

Ultimate holding company

The Society is owned by the members. There is no ultimate parent entity.

Members of the Board

Refer to General Information on Page 1

Members of key management Mr. Aldrin Tayane (Manager)

No compensation was paid to key management by way of employee benefits. The manager of the Society was a secondee from the government of Botswana and he was not on the payroll of the Society.

## 22. Categories of financial instruments

### Debt instruments at amortised cost

Cash and cash equivalents	11,796,469	28,686,004
Investments	24,000,000	-
Other receivables	95,271	-
Loans to members	84,119,723	59,154,615
	<b>120,011,463</b>	<b>87,840,619</b>

### Financial liabilities at amortised cost

Trade and other payables	803,320	617,912
Members' savings	89,139,660	67,747,061
	<b>89,942,980</b>	<b>68,364,973</b>





## Detailed Income Statement

Figures in Pula	Note(s)	2021	2020
<b>Revenue</b>			
Interest on loans to members		13,245,824	9,477,171
Members' joining fees		30,500	84,450
Commission received		560,515	496,291
Self insurance premiums received		985,056	710,920
	13	<b>14,821,895</b>	<b>10,768,832</b>
<b>Interest cost</b>			
Interest on members' savings		(3,895,354)	(2,880,925)
<b>Net interest income</b>		<b>10,926,541</b>	<b>7,887,907</b>
<b>Other income</b>			
Interest on bank balances		10,866	8,013
Miscellaneous income		57,304	-
		<b>68,170</b>	<b>8,013</b>
<b>Operating expenses</b>			
Accounting fees		(128,820)	(115,140)
Auditors' remuneration		(40,852)	(40,852)
Bad and doubtful debts		(254,013)	(178,447)
Bank charges		(24,605)	(21,145)
Conference fees		(18,873)	(1,310)
Depreciation		(5,315)	(5,315)
Employee costs		(367,703)	(318,413)
Licenses		(74,570)	-
Printing and stationery		(6,154)	(974)
Travel		(2,041)	-
		<b>(922,946)</b>	<b>(681,596)</b>
<b>Profit for the year</b>		<b>10,071,765</b>	<b>7,214,324</b>

**FOR THE  
YEAR 2022**

# **ANNUAL FINANCIAL STATEMENTS**



## General Information

### Country of incorporation and domicile

Botswana

### Nature of business and principal activities

Self-help savings and credit Co-operative society. The Society accepts monthly savings from its members and also advances partly secured loans to its members. Members of the Society are employees of the Government of the Republic of Botswana (both central and local). The main source of income of the Society is interest from loans advanced to members and investment of cash balances.

### Directors

K K Moepeng - Chairperson  
B O Oaitse - Vice Chairperson  
B Nkomba  
N Ntonge  
K Kwada  
M N Mothibi  
K Tidimane  
J Mohutsiwa

### Registered office

Plot 50672, Block 2  
Attorney General Chambers  
Government Enclave Gaborone

### Postal address

P.O.Box1682AAD  
Poso House  
Gaborone  
Botswana

### Bankers

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited

### Auditors

Baker Tilly  
Certified Auditors

### Legal form

This is a cooperative society incorporated in terms of the Cooperative Societies Act of 2013. It has legal personality, perpetual succession and limited liability. Members' liability is limited by shares.



## Index

The reports and statements set out below comprise the annual financial statements presented to the members of the Society:

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The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	21





## Directors' Responsibilities and Approval of Annual Financial Statements

The Management Board (the Board) is required by the Cooperative Societies Act of 2013, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Board members are of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 20, which have been prepared on the going concern basis, were approved by the Board on 06 / 10 / 2023 and were signed on its behalf by:

### Approval of annual financial statements

**K K Moepeng - Chairperson**

**B O Oaitse - Vice Chairperson**

**M N Mothibi**

**Certified Auditors**

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Plot 64515 Fairgrounds  
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[info@bakertilly.co.bw](mailto:info@bakertilly.co.bw)  
[www.bakertilly.co.bw](http://www.bakertilly.co.bw)

## Independent Auditor's Report

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To the Members of Botswana Public Officers Savings And Credit Cooperative Society Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Botswana Public Officers Savings And Credit Cooperative Society Limited (the society) set out on pages 7 to 20, which comprise the statement of financial position as at 30 April 2022, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Botswana Public Officers Savings And Credit Cooperative Society Limited as at 30 April 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013.

#### Basis for Qualified Opinion

The following matters were noted in relation to the members' loan balance in the statement of financial position;

A difference of P2,706,877 was noted when comparing the members' loan balance in trial balance against the detailed listing/schedule of members' loans. The difference was attributable to uncredited loans, loans without details and direct loan repayments which had not been adjusted against individual members' loan balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

Furthermore, the following balances, (i) P247,494 (2021: P247,494) and (ii) P-450,239 (2021: P-250,213), are included in the members' loan balance and that did not have a detailed listing and supporting documents. As such, we were unable to obtain sufficient and appropriate audit evidence to verify the existence and valuation of the balances. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the members' loan balance was free from material misstatement.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the society's annual financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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#### ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chileshe FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities



## Statement of Financial Position as at 30 April 2022

Figures in Pula	Note(s)	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	2	48,124	5,313
Investments	3	25,021,285	24,000,000
		<b>25,069,409</b>	<b>24,005,313</b>
<b>Current assets</b>			
Loans to members	4	107,562,648	84,119,723
Other receivables	5	97,087	102,201
Cash and cash equivalents	6	22,066,545	11,796,469
		<b>129,726,280</b>	<b>96,018,393</b>
<b>Total assets</b>		<b>154,795,689</b>	<b>120,023,706</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7	4,280,650	4,033,066
Reserves	8&9&10	29,609,391	18,694,113
Retained income		10,991,973	7,353,547
		<b>44,882,014</b>	<b>30,080,726</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' savings	11	108,734,826	89,139,660
Other payables	12	1,178,849	803,320
		<b>109,913,675</b>	<b>89,942,980</b>
<b>Total equity and liabilities</b>		<b>154,795,689</b>	<b>120,023,706</b>

## Statement of Comprehensive Income

Figures in Pula	Note(s)	2022	2021
Revenue	13	19,820,552	14,821,895
Interest cost	14	(4,957,239)	(3,895,354)
<b>Gross profit</b>		<b>14,863,313</b>	<b>10,926,541</b>
Other income	15	6,613	68,170
Operating expenses	16	(1,337,508)	(922,946)
<b>Operating profit</b>		<b>13,532,418</b>	<b>10,071,765</b>
Investment revenue	17	1,021,286	-
<b>Profit for the year</b>		<b>14,553,704</b>	<b>10,071,765</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>14,553,704</b>	<b>10,071,765</b>



# BOTSWANA PUBLIC OFFICERS' SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

(Registration number:261)

Annual Financial Statements for the year ended 30 April 2022

## Statement of Changes in Equity

	Share capital	Statutory reserve	Members' rebates reserve	Special reserve	Total reserves	Retained income	Total equity
Figures in Pula							
<b>Balance at 01 May 2020</b>	<b>3,516,690</b>	<b>4,075,455</b>	<b>3,472,062</b>	<b>3,592,770</b>	<b>11,140,287</b>	<b>4,835,608</b>	<b>19,492,585</b>
Profit for the year	-	-	-	-	-	10,071,765	10,071,765
Appropriation of profit to reserves	-	2,517,942	2,517,942	2,517,942	7,553,826	(7,553,826)	-
Issue of shares	516,376	-	-	-	-	-	516,376
<b>Total changes</b>	<b>516,376</b>	<b>2,517,942</b>	<b>2,517,942</b>	<b>2,517,942</b>	<b>7,553,826</b>	<b>(7,553,826)</b>	<b>516,376</b>
<b>Balance at 01 May 2021</b>	<b>4,033,066</b>	<b>6,593,397</b>	<b>5,990,004</b>	<b>6,110,712</b>	<b>18,694,113</b>	<b>7,353,547</b>	<b>30,080,726</b>
Profit for the year	-	-	-	-	-	14,553,704	14,553,704
Appropriation of profit to reserves	-	3,638,426	3,638,426	3,638,426	10,915,278	(10,915,278)	-
Issue of shares	247,584	-	-	-	-	-	247,584
<b>Total changes</b>	<b>247,584</b>	<b>3,638,426</b>	<b>3,638,426</b>	<b>3,638,426</b>	<b>10,915,278</b>	<b>(10,915,278)</b>	<b>247,584</b>
<b>Balance at 30 April 2022</b>	<b>4,280,650</b>	<b>10,231,823</b>	<b>9,628,430</b>	<b>9,749,138</b>	<b>29,609,391</b>	<b>10,991,973</b>	<b>44,882,014</b>
Note(s)	7	8	9	10			





## Statement of Cash Flows

Figures in Pula	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	10,086,712	6,594,089
Interest income		1,021,286	-
<b>Net cash from operating activities</b>		<b>11,107,998</b>	<b>6,594,089</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment	2	(64,221)	-
Placement of funds on investment		(1,021,285)	(24,000,000)
<b>Net cash from investing activities</b>		<b>(1,085,506)</b>	<b>(24,000,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	247,584	516,376
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>		<b>10,270,076</b>	<b>(16,889,535)</b>
Cash and cash equivalents at the beginning of the year		11,796,469	28,686,004
<b>Cash and cash equivalents at the end of the year</b>	6	<b>22,066,545</b>	<b>11,796,469</b>

## Accounting Policies

### Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Cooperative Societies Act of 2013. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pula which is the Society's functional currency.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

#### Critical judgements in applying accounting policies

The Board is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

#### Key sources of estimation uncertainty Impairment of loans to members

The Board keeps monitoring the performance of loans advanced to members for any indication of irrecoverability. Indicators of impairment of loan balances could be missing payments of some monthly installments and members/debtors leaving their employment resulting in their failure to pay off their loans. At each reporting date the Board evaluates the loan book for any indications of impairment. This takes into account the loan balances and the member's savings balance. The Board then estimates the doubtful debts on the portions of the loans not secured by the members' savings on loans that have indications of impairment.

There is significant estimation and judgement used in the estimation of incurred loss on loans that have impairment indicators. These judgements affect the expense on profit or loss and the balance of loans advanced to members.

### 1.2 Equipment

Equipment are tangible assets which the Society holds for its own use which are expected to be used for more than one period.

Equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Society.

The useful lives of items of equipment have been assessed as follows:

### 1.2 Equipment (continued)

Item	Depreciation method	Average useful life
IT equipment	Straight line	6years

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

When indicators are present that the useful lives and residual values of items of equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.



## Loans to members

Loans advanced to members are recognised when the applications are approved and disbursed to the applicants. Subsequent to initial recognition, the loans are carried on the statement of financial position at amortised cost.

## Members' savings

Members' savings are recognised when they are received by the Society. The members' savings are credited to a payable account on the statement of financial position and subsequently carried at cost

### 1.4 Impairment of assets

The Society assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the cashflow statement these are netted off against any overdraft balances that are payable on demand.

### 1.6 Equity

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

Ordinary shares are recognised at nominal value and classified as 'share capital' in equity. Reserves set up in compliance with the law and the Bye-laws of the Society are classified as equity. Accumulated surplus of the Society built over the years is also classified as equity on the statement of financial position.

### 1.7 Revenue

The Society receives different forms of revenue which are accounted for as follows:

- (a) **Interest on members' loans** is accounted for using the effective interest rate method.
- (b) **Insurance premiums** on self insurance scheme. Insurance premiums are deducted from the approved loans and credited to the insurance premium income upon the approval and disbursement of the loans the insurance scheme is meant to cover.
- (c) **Members' joining fees** collected from members who join the Society are recognised as income when the members application for membership is approved by the Board and the fees collected from the member.
- (d) **Commission received** from service providers such as insurers for collection done by the Society on their behalf is recognised as revenue when the collected amounts are remitted to the service provider. The amount collected is credited to a payable account and the commission is recognised as revenue when the collected amount is remitted which marks the completion of the collection task.

### 1.8 Interest on members' savings

The interest on members' savings is determined by the Board of the Society. The interest is accrued as an expense and credited to the members' savings when approved by the Board.

## 1.9 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

## Notes to the Annual Financial Statements

Figures in Pula

2022

2021

## 2. Equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	43,705	-	43,705	-	-	-
Computer software	26,571	(22,152)	4,419	26,571	(21,258)	5,313
<b>Total</b>	<b>70,276</b>	<b>(22,152)</b>	<b>48,124</b>	<b>26,571</b>	<b>(21,258)</b>	<b>5,313</b>

### Reconciliation of equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
IT equipment	-	64,221	(20,516)	43,705
Computer software	5,313	-	(894)	4,419
	<b>5,313</b>	<b>64,221</b>	<b>(21,410)</b>	<b>48,124</b>

### Reconciliation of equipment - 2021

	Opening balance	Depreciation	Closing balance
Computer software	10,628	(5,315)	5,313

## 3. Investments

### At amortised cost

BIFM Money Market Investment	12,484,701	12,000,000
------------------------------	------------	------------

The Society invested, on a long term basis, into money market unit trusts with BIFM Fund Managers. The investment earns interest at the rate of 6% per annum. It is not secured and it can be recalled by giving a forty five (45) day notice.

Vunani Money Market Investment	12,536,584	12,000,000
--------------------------------	------------	------------

The Society invested in money market unit trusts with Vunani Fund Managers. The investments earns interest at the rate of 8% per annum. It is not secured and it can be recalled by giving a forty five (45) day notice.

	<b>25,021,285</b>	<b>24,000,000</b>
<b>Non-current assets</b>		
At amortised cost	25,021,285	24,000,000





Figures in Pula

2022

2021

#### 4. Loans to members

Loans to members	108,651,187	84,969,444
Allowance for bad and doubtful debts	(1,088,539)	(849,721)
	<b>107,562,648</b>	<b>84,119,723</b>

The credit risk attached to loans to members is mitigated by the members' savings that the Society holds. The Society has the right to set off any outstanding loan balance against the members' savings. Members' loan limit is three (3) times their savings balances at the time of loan approval. In addition, the Society runs a self insurance scheme which covers it against the credit risk arising from members' death and default.

Loans to members are charged interest at the rate of 5% per annum for petty cash loans and 10% per annum for all the other loans (emergency and ordinary). The loan terms range from six (6) months for petty cash loans to seventy two (72) months.

#### 5. Other receivables

Withholding tax on interest	1,180	6,930
Commission receivable	95,907	95,271
	<b>97,087</b>	<b>102,201</b>

#### Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	22,066,545	11,796,469
---------------	------------	------------

Bank balances are deposited at reputable banks in Botswana. The banks are subject to the regulation of the Bank of Botswana. All bank balances are available for use by the Society within a short time.

#### 6. Share capital

##### Reconciliation of number of shares issued:

At the beginning of the year	4,033,066	3,516,690
Issue of shares – ordinary shares	247,584	516,376
	<b>4,280,650</b>	<b>4,033,066</b>
<b>Issued and fully paid</b>		
Ordinary shares of P1.00 nominal value	4,280,650	4,033,066

In terms of the Society's bye-laws, members should hold at least five hundred (500) shares at a nominal value of P1.00 each. Shares entitle members to vote in general meetings of the Society on a one-member-one vote basis. Shares also represent members' residual interest in the Society.

#### 7. Statutory reserve

Statutory reserve is setup in terms of Section 41 of the Cooperative Societies Act of 2013. It is credited with 25% of the surplus made by the Society in each year.

There serve is represented by a portion of cash and cash equivalents (See notes 3&6)

Figures in Pula

2022

2021

## 8. Statutory reserve (continued)

Opening balance	6,593,397	4,075,455
25% of profit allocated to statutory reserve	3,638,426	2,517,942
	<b>10,231,823</b>	<b>6,593,397</b>

## Members' rebates reserve

The members' rebates reserve was set up by the Board in terms of Section 42 of The Cooperative Societies Act of 2013. It is intended to reward members for their loyalty to the Society.

There serve is represented by a portion of cash and cash equivalents and investments.

Opening balance	5,990,004	3,472,062
Appropriation of 25% of current year profit	3,638,426	2,517,942
	<b>9,628,430</b>	<b>5,990,004</b>

## Special reserve

The special reserve was set up by the Board in terms of Section 42 of the Cooperative Societies Act of 2013. It is intended for any special funding needs of the Society.

The special reserve is represented by a portion of the cash and cash equivalents and long-term investments. (Notes 3 & 6)

Opening balance	6,110,712	3,592,770
Amount allocated to special reserve in the current year	3,638,426	2,517,942
	<b>9,749,138</b>	<b>6,110,712</b>

## 11. Members' savings

Opening balance	89,139,660	67,747,061
New savings collected from members in the year	20,178,888	20,723,059
Interest accrued on members' savings	4,957,239	3,895,354
Terminations and withdrawals	(5,540,961)	(3,225,814)
	<b>108,734,826</b>	<b>89,139,660</b>

Members make monthly contributions to the Society to build their savings. They are entitled to loans of three (3) times their savings balances. The Society reserves the right to set off the savings against their loan balances.

Savings are eligible for interest which is decided by the Board on a year by year basis. In the year under review, the Board declared interest on members' savings of 4% per annum (2021 - 4% p.a).

Members can terminate their membership by giving a month's notice and withdraw their savings from the Society.

## 12. Other payables

Audit and accounting fees payable	455,027	606,923
Insurance premiums payable	723,822	196,397
	<b>1,178,849</b>	<b>803,320</b>



Figures in Pula	2022	2021
<b>13.Revenue</b>		
Interest on loans to members	18,255,369	13,245,824
Members' joining fees	17,840	30,500
Self insurance premiums	1,067,892	985,056
Commission received	479,451	560,515
	<b>19,820,552</b>	<b>14,821,895</b>
<b>14.Interest cost</b>		
Interest on members' savings	4,957,239	3,895,354
<b>15.Other income</b>		
Interest on bank balances	6,613	10,866
Miscellaneous income	-	57,304
	<b>6,613</b>	<b>68,170</b>
<b>16.Operating expenses</b>		
Operating expenses include the following expenses:		
<b>Remuneration, other than to employees, for:</b>		
Accounting fees	128,820	128,820
Auditors' remuneration	40,852	40,852
	<b>169,672</b>	<b>169,672</b>
Bad and doubtful debts	238,818	254,013
Depreciation and amortisation	21,410	5,315
Employee costs	466,058	367,703
Bank charges	28,050	24,605
Conference fees	63,156	18,873
Software licenses	15,105	74,570
Special AGM expenses	259,073	-
Board allowances and committee expenses	42,446	-
Other expenses	33,720	8,195
<b>17.Investment revenue</b>		
<b>Interest revenue</b>		
Unit trusts	1,021,286	-

Figures in Pula	2022	2021
<b>18. Cash generated from operations</b>		
Profit for the year	14,553,704	10,071,765
<b>Adjustments for:</b>	21,410	5,315
Depreciation		
Interest received	(1,021,286)	-
<b>Changes in working capital:</b>	5,114	(95,890)
Other receivables		
Other payables	375,529	185,408
Net increase in members' savings	19,595,166	21,392,599
Net increase in loans to members	(23,442,925)	(24,965,108)
	<b>10,086,712</b>	<b>6,594,089</b>

## 19. Employee costs

<b>Employee costs</b>		
Basic pay	466,058	367,703

## 20. Depreciation

The following items are included within depreciation, amortisation and impairments:

<b>Depreciation</b>		
Equipment	21,410	5,315

## 21. Taxation

### Non provision of tax

The Society is exempt from taxation under the Second Schedule of the Income Tax Act. Therefore, no provision has been made.

## 22. Related parties

### Relationships

Ultimate holding company

The Society is owned by the members. There is no ultimate parent entity.

Members of the Board

Refer to General Information on Page1

Members of key management

Mr. Aldrin Tayane (Manager)

No compensation was paid to key management by way of employee benefits. The manager of the Society was a secondee from the government of Botswana and he was not on the payroll of the Society.





Figures in Pula		2022	2021
<b>23. Categories of financial instruments</b>			
<b>Debt instruments at amortised cost</b>			
Cash and cash equivalents		22,066,545	11,796,469
Investments		25,021,285	24,000,000
Other receivables		95,907	95,271
Loans to members		107,562,648	84,119,723
		<b>154,746,385</b>	<b>120,011,463</b>
<b>Financial liabilities at amortised cost</b>			
Other payables		1,178,849	803,320
Members' savings		108,734,826	89,139,660
		<b>109,913,675</b>	<b>89,942,980</b>
<b>Detailed Income Statement</b>			
Figures in Pula	Note(s)	2022	2021
<b>Revenue</b>			
Interest on loans to members		18,255,369	13,245,824
Members' joining fees		17,840	30,500
Commission received		479,451	560,515
Self insurance premiums received		1,067,892	985,056
	13	<b>19,820,552</b>	<b>14,821,895</b>
<b>Interest cost</b>			
Interest on members' savings		(4,957,239)	(3,895,354)
<b>Net interest income</b>		<b>14,863,313</b>	<b>10,926,541</b>
<b>Other income</b>			
Interest on bank balances		6,613	10,866
Miscellaneous income		-	57,304
		<b>6,613</b>	<b>68,170</b>
<b>Operating expenses</b>			
Accounting fees		(128,820)	(128,820)
Advertising		(10,968)	-
Auditors' remuneration		(40,852)	(40,852)
Bad and doubtful debts		(238,818)	(254,013)
Bank charges		(28,050)	(24,605)
Conference fees		(63,156)	(18,873)
Depreciation		(21,410)	(5,315)
Employee costs		(466,058)	(367,703)
Special AGM expenses		(259,073)	-
Board allowances and committee expenses		(42,446)	-
Licenses		(15,105)	(74,570)
Printing and stationery		(13,994)	(6,154)
Repairs and maintenance		(1,550)	-
Telephone and fax		(2,184)	-
Travel		(5,024)	(2,041)
		<b>(1,337,508)</b>	<b>(922,946)</b>
<b>Operating profit</b>		<b>13,532,418</b>	<b>10,071,765</b>
Investment income	17	1,021,286	-
<b>Profit for the year</b>		<b>14,553,704</b>	<b>10,071,765</b>



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