

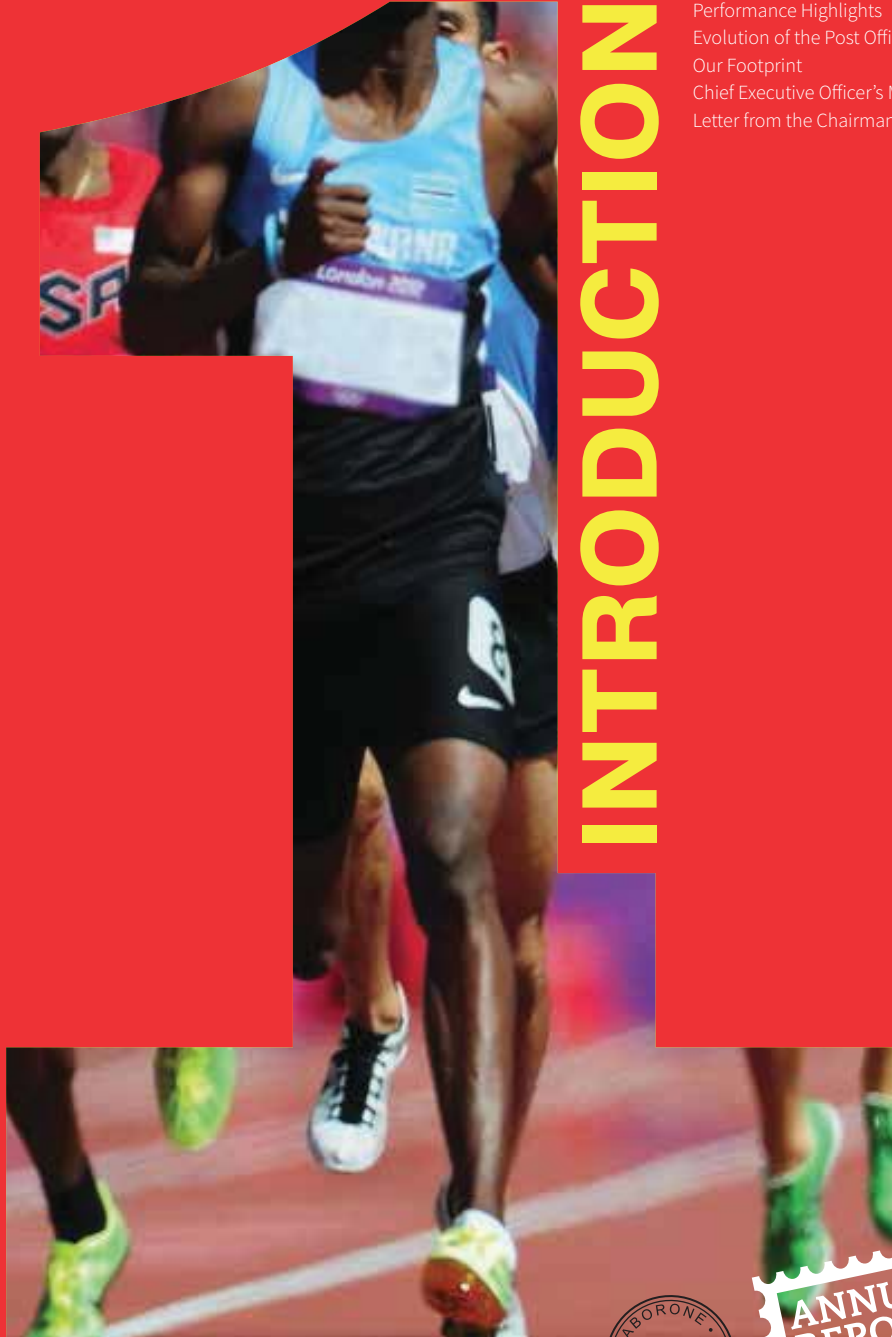
BotswanaPost

We deliver, whatever, wherever



**ANNUAL
REPORT
2016**





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50 YEARS OF PROGRESS

Stamp Collection

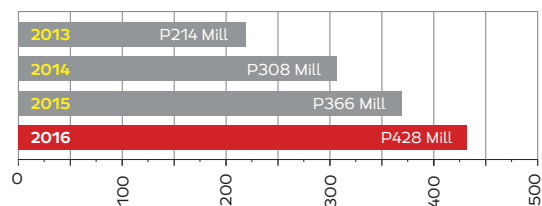


SPORTS DEVELOPMENT

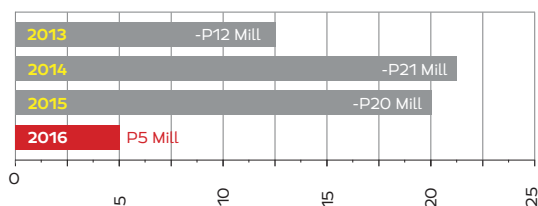
Informal village games, which still persist, have been supplemented by developed opportunities in many sports codes, including success at Olympic level for some citizen athletes.

Performance Highlights

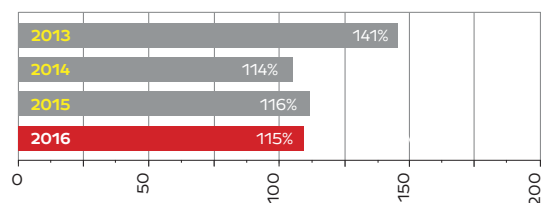
REVENUE



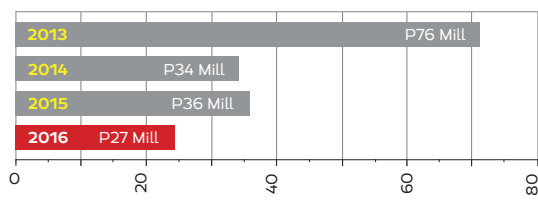
OPERATING LOSS/PROFIT



TOTAL COST: INCOME

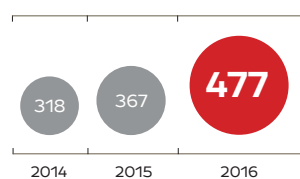


LOSS BEFORE TAX



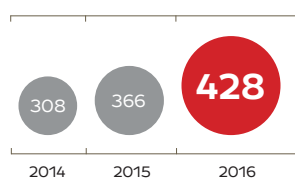
TOTAL INCOME

Up 30% to P477 million



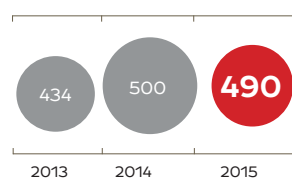
OPERATING INCOME

Up 17% to P428 million



ASSETS

Down 2% to P490 million



FIVE YEAR REVIEW - CORPORATION

	31 March 2016 P	31 March 2015 P	31 March 2014 P	31 March 2013 P	31 March 2012 P	31 March 2011 P
Revenue	428,717,256	366,181,590	308,895,285	214,178,291	199,581,721	170,508,622
Cost of Sales	(336,068,759)	(277,095,293)	(202,333,006)	(111,706,949)	(103,680,922)	(89,312,384)
Gross profit	92,648,497	89,086,296	106,562,279	102,471,342	95,900,799	81,196,238
Other income	48,088,228	20,639,539	9,342,621	9,912,945	10,552,169	10,955,111
Administrative expenses	(134,959,313)	(129,438,388)	(136,021,924)	(123,445,275)	(99,148,170)	(90,856,280)
Other operating expenses	(1,285,786)	(393,084)	(596,958)	(1,001,615)	(303,557)	(6,137,788)
Operating profit/(loss)	4,491,626	(20,105,636)	(20,713,982)	(12,062,603)	7,001,241	(4,842,719)
Finance cost	(22,214,087)	(18,659,350)	(17,028,776)	(14,728,043)	(8,837,515)	(4,356,291)
Finance income	480,583	2,385,340	218,519	359,637	561,997	2,213,317
Restructuring Costs	(5,105)	(108,766)	3,676,860	(50,135,636)	(2,319,14)	-
Loss on disposal of investment	(10,230,280)	-	-	-	-	-
Loss for the year	(27,477,263)	(36,488,411)	(33,847,379)	(76,566,645)	(3,593,991)	(6,985,693)
Other comprehensive income:						
Gains and losses on property, plant and equipment revaluations		-	-	272,483	23,520	-
Loss for the year	(27,477,263)	(36,488,411)	(33,847,379)	(76,294,162)	(3,570,471)	(6,985,693)

Evolution of the Post Office

The Postal Service is probably one of the oldest public services in Botswana, having been established in 1875 by the London Missionary Society. In those days, pairs of “runners” carried mail between various points on a stretch from Bulawayo up to Mahikeng. Historical records indicate that these runners (men on foot) carried up to 15,542 postal items of mail per annum. Subsequently, the Post used the train and road transport contractors to deliver mail until the late 1990’s when the Post acquired its own fleet of delivery vehicles and continued to expand the mail delivery network.

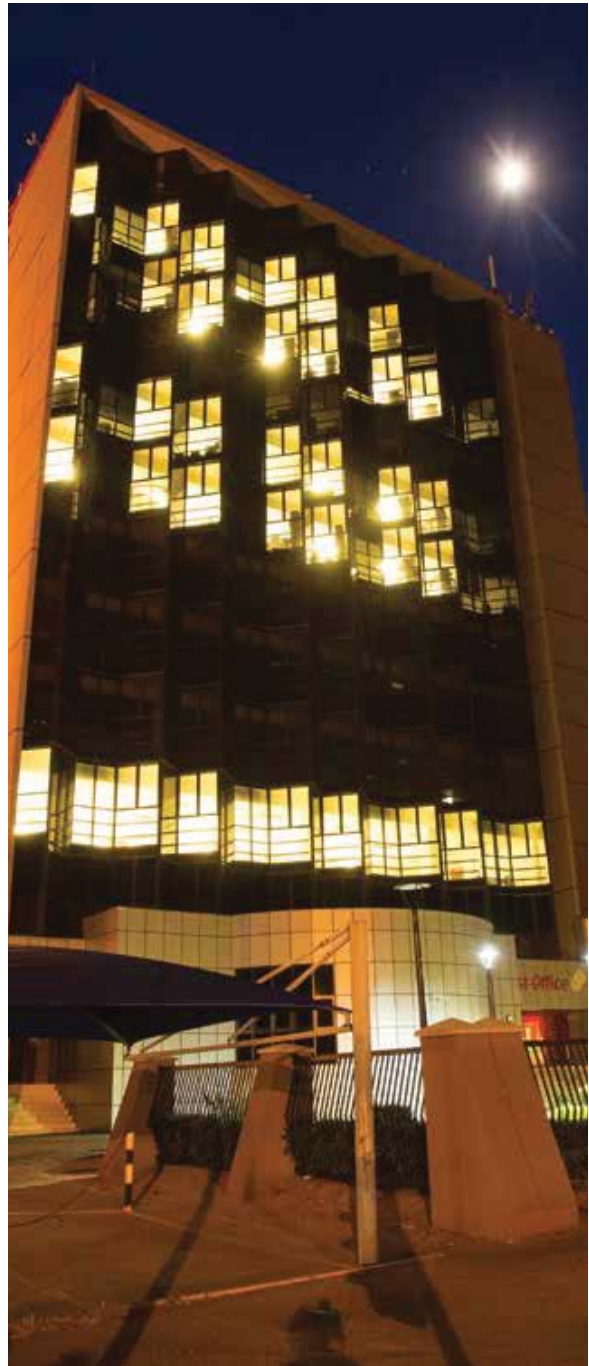
The Post evolved over the years into the Bechuanaland Protectorate Postal Services. At Independence it was transformed into the Department of Posts and Telegraphs with 123 Post Offices and 43 Postal Agencies.

The portfolio of services also included the Post Office Savings Bank. At this time, the Post was at the centre of communication, with the letter perhaps being the fastest and most reliable mode of communication after the telephone, which was however only accessible to a privileged few. The Post was also at the centre of commerce, as most purchases were sourced through mail order mainly from the Republic of South Africa.

Since Independence, the Post has grown considerably, with three entities that were under the aegis of the Department of Posts and Telegraphs being incorporated as parastatals due to the ever-changing market driven needs. The Botswana Telecommunications Corporation and Botswana Savings Bank were set up as parastatals in 1980 and 1982 respectively, and the BotswanaPost in 1989. At incorporation, the modes of communication were changing, accelerated development of telecommunications was taking place and the phone had become more and more accessible to the ordinary citizen. Emerging technologies such as email and internet services, and later cellular phones, all followed, reducing the use of the letter as a preferred mode of communication.



For more info
www.botspost.co.bw



Our Footprint

Post Offices

Gaborone Region	Oodi Taung Ramotswa Village Riverwalk S.S.K.A Sikwane Thamaga Thebephatshwa Tlokweng Sojwe Metsimotlhabe Mathubantwa Poso House Masa Post	Charlshill Kalkfontein Nojane Jwaneng Hukuntsi Kang Khakhea Lehututu Mabutsane Motokwe Middlepits Tsabong Werda Lobatse Digawana Goodhope Mabule	Otse Pitsane Sedibeng Woodhall Mmasekou Mahikana Kanye - Ntsweng Mmathethe Moshupa Kanye (Tomela) Molapowabojang	Central Region Mahalapye Madiba Sefhare Mookane	Machaneng Kalamare Pilikwe Shoshong Palapye Lerala Moeng Sherwood Pota Lecheng Maokatumo Tumasera Ramokgonami Maunatlala Serowe Rasebolai Moiyabana	Selebi Phikwe Sefhophe Botshabelo Serule Bobonong Mmadinare Tsetsebye Semolale	North Region Boseja Chobe Bus Centre Etshe F/Town Business Centre Francistown Gumare	Gweta Kasane Kavimba Lethakane Maitengwe Masunga Mathangwane Matsiloje Maun Maun Airport Monarch Mopipi Nata Nkange Orapa Pandamatenga	Rakops Ramokgwebana Sebina Sehithwa Shakawe Shashe Sowa Tatitown Tonota Tshesebe Tutume F/Town Airport
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Kitsong Centres

Gaborone Region	Kopong UB Lethakeng	Mabutsane Charlshill Goodhope Gantsi	Mabule Middlepits Moshupa	Central Region Botshabelo Machaneng Sefhare	Shoshong Moiyabana Rasebolai Mmadinare Sefhophe Ramokgonami Lecheng Maunatlala	Mookane Madiba Tsetsebye Lerala Bobonong	North Region Blue Jacket	Chobe Etshe Gweta Lethakane Maitengwe Masunga Mathangwane Mopipi	Nata Rakops Sebina Sehithwa Shakawe Tonota Tshesebe Tutume Gumare
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Postal Agencies

Mochudi Region	Gaborone Station Region	Ramatlabama	Tsabong Region	Palapye Region	Thabala Tshimoyapula Paje	Kasane Region	Masunga Region
Morwa Rasesa (PA) Mosomane Modipane (PA) Sikwane Post Office Malolwane (PA) Mathubudukwane(Pa)	Manyana Kumakwane Gakuto Mokolodi	Jwaneng Region Maokane Sese Lorolwane Sekoma Makopong Heretford Tshane Logwabe	Bobonong Region Gobojango Lentswele-Moriti Mathathane Molalaitau	Sefhare Region Moshopha	F/Town Region Borolong Chadibe Kalakamati Marapong	Parakarungu Satau Kachikau	Maun Region Makalamabedi Nokaneng Sepopa Seronga Gunotshoga Shorobe
Molepolole Region	Ghanzi Region	Mmasekou Region	Mahalapye Region	Selibe Phikwe Region	Mapoka Mosetse Nswazwi Tatisiding Marobela	Lethakane Region Mmatshumo Mosu	Sehithwa Region Tsau
Dutlwe (PA) Lephhepe Lethakeng Post Takatokwane Khudumelapye	Karikubis Kole Kcagae Lobatse Area Hebron Metlajane Molapowabojang Ntharithe Mogobane	Ranaka Lotlhakane Metloto	Mmaphashalala Radisele Dibete Makwate Pallaroad	Tobane		Ramokgwebana Region Moroka Nhlaphwane	Rakops Region Khumaga Xhumo



KEY

- Post Offices
- Postal Agencies
- Kitsong Centres
- Future Offices

Striving for
GROWTH



BotswanaPost continues on its journey to becoming an icon of excellence, connecting people to each other and the globe, and this is proven by the continued accessibility of services throughout the post office network, even in non-profitable areas.

High-level overview of financial performance

Profitability

For the financial year ended March 2016, revenue grew by 17% when compared to the previous year, which led to an improvement in profitability.

Even though cost of sales increased by 21% our gross margin improved by 4%. The Botswana Government disbursed P40-million to provide relief for BotswanaPost's provision of Universal Services Obligation (USO). Further, administrative expenses were reduced by 4%.

Therefore, the improved margin, the USO relief and the decline in administrative expenses resulted in a 55% reduction in our losses for the period under review.

The major revenue drivers for the business continue to be agencies and business services. Traditional mail

services are still a major part of our business and these services are continuously reviewed to give us the impetus to compete in the digital world. Mail business has maintained a 28% share of the business in the period under review.

During this period, as a result of the merger under the Botswana Postal and Savings Group, Botswana Post subsidiary was transferred to the group structure. This resulted in a loss on disposal of the subsidiary of P10.2-million. This had an impact on our comprehensive income, which then increased our loss to P27.5-million, albeit better than the prior year's restated loss of P36.5-million.

The restatement of the March 2015 results was due to the correction of our development grant account having reviewed completed projects that were funded by the Botswana Government.

MAIL REVENUE



↑ **07%**

Mail services include both letter and parcel delivery and revenue from these services is recognised upon delivery of the mail or parcel to its destination.

BULK MAIL



↓ **05%**

Bulk mail is a mail sorting and delivery service offered to customers with large mailing lists such as banks.

BOX AND BAG RENTALS



↑ **16%**

BotswanaPost total box population stood at 160,350 as at end of March 2016, with 85% occupancy rate.

EXPRESS MAIL SERVICE



↑ **01%**

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

Financial position

Our capital continues to be eroded by the losses we make. However, we have now turned the corner and this will help curb this erosion. Also, the continued support from the Botswana Government through the USO disbursement will help in accelerating the recovery.

Our cash flow continues to improve and this has helped us improve our liquidity, thanks to the implementation of the working capital management strategy.

Becoming operationally efficient

Last year's theme was transform, modernise and diversify. This year's theme is a mix of last year's as well as "fit to serve" and "fit for growth." We are now in the process of shifting from an Icon of Excellence into an operationally efficient company.

We have done well in terms of our Icon of Excellence strategy, especially from a revenue point of view. Although we didn't reach our target of becoming a P500-million revenue company by the end of March 2016 and having a cost-to-income ratio of 60%, we can all be proud of our high revenue growth of 17% to P429-million. We also achieved our goals in terms of aggressive growth, diversification and modernisation.

When I became CEO in October 2015, I told the Board that I wanted to find out why we are making losses. We decided to check if the company is indeed "fit to serve" and "fit for growth" by doing the Operational Efficiency and Performance Improvement Scan, which is like a health check for companies.

Our aim was to answer three questions:

- Can we increase our revenue?
- Can we be more efficient?
- Can we be profitable?

After conducting the Operational Efficiency and Performance Improvement Scan towards the end of 2015, we decided to extend our Icon of Excellence strategy by one year to end 31 March 2017.

We are at a dramatic turning point: while the top line is growing, the bottom line is deteriorating, which means that we can either improve or decline as a business. That's why the scan was so important in establishing exactly where our inefficiencies and therefore costs are lying. The scan was key to addressing issues relating to productivity, efficiency and costs, and then, ultimately, profitability.



Following the scan, we introduced a customer-centric value-centred model to provide operational efficiency that will see the company turn around in the next two years. The company now has five functional areas: governance; operations and technology; commercial; finance and administration; and human capital and skills development.

Our two-year turnaround strategy started with a 12-month execution plan, which is currently being implemented. During the first year we have to implement solutions to the problems discovered through the scan and then, in the second year, we must begin to see the results of these improvements.

A value-centred organisation is a company that's based on lean principles. To be efficient, each line manager must have an average of five to seven staff members reporting directly to him or her in order to eliminate the tall, inefficient structures.

Through the scan, we found that our top-heavy company structure did not support the business and our customers' needs. Our head office (18% of the workforce) was consuming 44% of our payroll, while the norm in the financial services industry is that head offices consume 20% to 30% of the payroll.

Revenue per labour cost is a key indicator of performance in a company. When 44% of labour costs are consumed by 18% of the people, it means you are not efficient. We had the right people with the right qualifications, but not in the right places.

We needed to redirect people to the frontline, because that's where they are required, and then empower them to profitably manage their areas of operations, thus decentralising decision-making. We have addressed this, which means we now have closer interaction with customers and can respond more swiftly to their needs. We've also introduced a customer-service dashboard to measure customer satisfaction.

We no longer have Post Offices that have one person working in them. We have an average of two to three staff members per Post Office and, as a result, we've created employment – a total of 107 new jobs.

We also found that we didn't have an effective performance-management system that is simple, sustainable, easy to use and able to give results.

We have since introduced one and we've come to an agreement with each and every employee about the specific goals he or she has to achieve every day and how to achieve them. On a weekly basis, I sit with the executive team and we look at the key performance indicators (KPIs) for each function and, if they're not what they should be, we try to establish why and how it can be addressed.

Following the scan, we're also redesigning our core processes, such as mail delivery, and improving our risk management processes in order to ensure robust revenue protection and sustainability of our business in the long term.

Smart partnerships and a multi-channel approach

With the Icon of Excellence strategy, the key strategic driver was leveraging technology to enhance existing products and introduce new revenue streams. One of our notable success stories and developments is in the area of harnessing our multi-channel strategic imperative and leveraging our smart partnerships.

As a business, we want to aggressively pursue this strategic goal because we have the physical infrastructure in almost every town and major village, which is not the case with other major corporate businesses. It makes sense to avail some of our facilities and resources to generate revenue and grow our brand, while our partners grow and attain their business goals too – it's a win-win situation.

One example of such a partnership is PosoCard, which we used to automate the national social services registration and grant payment processes at all Post Offices. We brought the brand, customer and government support to the table and then formed a smart partnership with an organisation that provided the technology and platform, but we own the intellectual property. More than 150 000 beneficiaries now receive their government grants through PosoCard.

Our focus on multiple channels continues and people can access prepaid electricity across the country using the postal network. Electricity can be purchased at Post Offices, ATMs or spaza shops and also via the Internet or our mobile BotswanaPost App for both Android and iOS devices.

Technology and innovation

e-Commerce in this day and age is the way and we have already demonstrated our capability with the successful rollout of prepaid electricity and grant payments.

We are also very proud of the BotswanaPost App, which can be used to buy prepaid electricity as well as airtime from all mobile operators. Our customers can also use it to register and pay for, or renew a post box.

Thanks to our Philately e-Commerce portal, stamp collectors can order stamps from us online and we'll deliver them anywhere in the world.

Unfortunately we've experienced some setbacks with PosoCloud, an internet service at major airports, and PosoOnline, which was Botswana's first fully integrated bill presentment and payment web portal.

We've also, during the period under review, refurbished four of our 124 Post Offices as a step in the direction of

incorporating the Savings Bank into Post Offices. As we are now sister companies, we are exploring models for people who seek financial services but find commercial banks to be too expensive.

During this financial year we've also run a pilot project for the delivery of mail to homes as part of the Addressing Botswana project, in conjunction with the Ministry of Local Government and the Ministry of Lands and Housing. We've received a very positive response, which means in future we'll have a new business model enabling the delivery of mail directly to people's homes.

BotswanaPost also launched a premium post box, which is highly secure and can only be accessed with a card.

I think I am in a position to say we have come a long way in terms of our money transfer services. From 2014 to date, we have processed money order transactions of about P16.6-million between Botswana and Zimbabwe and South Africa. Through this service you can also transfer money from anywhere within Botswana to Lesotho and Swaziland, and we are currently working on extending this service to include several other countries.

Going forward

We are still making a loss and we're still at risk of insolvency, but there are positive indicators that we're heading in the right direction.

I believe our value-centred model will enhance accountability and ownership of both revenue generation and cost management, which is expected to turn the company around and make it profitable.

We also have to focus on leadership and staff engagement. Our staff need to have a consistent approach to service delivery – a certain culture. It's a matter of people wanting to cross the line to get better results. In anything you do in life there's a line and you have to aspire to cross that line. And you can only cross the line if you put in an extra degree of effort.

I always use the example of boiling water. At 99°C water is hot, but at 100°C it boils. When it boils, it produces steam and with steam you can power a train. So you just need one degree more – at 99°C it will burn you, but it won't move a train.

I'm also saying to my team: let's lead simply. Leading simply is about modelling the behaviour you want, involving people and connecting with people – that's all. When we rolled out our execution plan, we called it #smove – smile and move. Wake up in the morning,

be thankful, have a culture of "I'm going to achieve," complain less. Just smile and move!

People emulate what you do so if you want people to be just like you, you'd better make sure that you are what it is that you want. That's the message really, and we believe with that we can transform.

Thank You

I would like to extend a word of thanks to each and every staff member as well as the management team of BotswanaPost for their hard work. None of the progress we've made on our road to becoming an Icon of Excellence that is "Fit-to-Serve" and "Fit-for-Growth" would have been possible without the immense efforts of the entire BotswanaPost team. Thank you for sharing the vision and the passionate desire to turn BotswanaPost into an Icon of Excellence that is operationally efficient and profitable.

I would also like to extend my sincere gratitude to the Chairman of the BotswanaPost Board and all other Board members, the Botswana Postal and Savings Group Chairman and his Board, and the Honourable Minister of Transport and Communications, his Permanent Secretary and their team for their encouragement and support.

To our customers, partners and other stakeholders – thank you for having confidence in us as we endeavour to cross the line in transformation and excellence. We promise that we will continue to choose to commit, work hard, focus and bounce back with an extra degree of effort to cross the line to excellence.

As we move into the next financial year, I'd like us to consider any obstacle on our path to success as an opportunity for change and growth. Let's refuse to recognise challenges; let's see them as opportunities.

Let's smile and move to cross that line.



Cornelius Ramathlakwane
Chief Executive Officer



Property of BotswanaPost
No unauthorized entities may insert mail into this box.
Perpetrators will be prosecuted.



Consolidating to

DRIVE PROFITABILITY



English

All in all, the business environment in which BotswanaPost operates has not improved over the past financial year. Revenue, however, grew by 17% for the year ended March 2016 when compared with the previous year and of this BotswanaPost can be proud.

There is still work to be done, but the appointment, at long last, of a substantive CEO means we are confident of the progress we will make in the future. Cornelius Ramatlhakwane's appointment came after a protracted period of sifting through and interrogating various candidates for the position.

While BotswanaPost is still making a loss that cuts into capital, I feel we have turned the corner on this. Our cash flow continues to improve, revenue has grown and profitability has improved. Even so, cost of sales remains higher than we would like. It increased by 21% in the year under review. Gross margin was up 4%.

We are grateful for the P40-million disbursed by Government to cushion our Universal Services

Setswana

Maemo a bogwebi a BotswanaPost e ntseng e berekela mo go one ga a a tokafala ka gope mo ngwageng wa madi o o sa tswang go feta. Le fa go ntse jalo, letseno lone le oketsegile ka selekanyo sa lesome le bosupa mo lekgolong (17%) mo ngwageng o o wetseng ka Mopitlo 2016 fa go tshwantshangwa le ngwaga o o neng o sa tswa go feta, mme e bile BotswanaPost e motlotlo ka seo.

Tiro e sale ntsi, mme legale go tlhongwa mo maemong mo go sa bolong go emelwa ka matlho a mahibidu ga mookamedi go re fa tsholofelo ya gore go tlaa nna le tswelolepele mo isagong. Go tlhongwa ga ga Cornelius Ramatlhakwane go tla jaana morago ga lobaka lo lo leele lwa go sekasekwa go bo go tlhotlwa mo go ba ba neng ba ikopetse tiro e.

Le fa BotswanaPost e santse e na le ditatlhegelo tse di amang sekgwama sa rona bobbe, re ikutlwa re alogile mo kgannyeng e. Go dira madi ga rona go tswetsetse ka go tokafala, letseno le godile le dipoelo di tokafetse.

AGENCY SERVICES



↑ **15%**

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

PHILATELY



↓ **2%**

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

BUSINESS SERVICES



↑ **30%**

Revenue from new business services such as prepaid electricity vending was the biggest growth area in 2016.

English

Obligation. It meant a 55% reduction in our losses for the period under review. Also, administrative expenses were reduced by 4% from the previous year.

All of this occurred in an environment in which the Botswana Government took the drastic decision to draw down on its foreign reserves to stimulate the economy under its Economic Stimulus Package. This shows just how hard times are: the 2015 Reserve Bank Governor's Report noted a 0.3% contraction in our gross domestic product – this against a backdrop of slow commodity demand in the global market. Tightening our proverbial belts must be standard practice in this environment.

Strategic review

Part of reshaping our future will come from the turnaround strategy Mr. Ramathlakwane and his team devise. We have pledged our support to this process, and believe we have the right team to help us in implementing this strategy.

We have extended our Icon of Excellence strategy by one year, to 31 March 2017. This extension of the strategy period follows the Operational Efficiency and Performance Improvement Scan conducted

Setswana

Le fa go ntse jalo, tiriso ya madi e sale kwa godimo ga selekanyo se se eletsegang. E oketsegile ka selekanyo sa masome a mabedi le bongwe mo lekgolong (21%) mo ngwageng o re o sekasekang o. Dipelo tsone di oketsegile ka bone mo lekgolong (4%).

Re lebogela P40-million yo re mo filweng ke puso go re sireletsa mo manokonokong a ditirelo tsa kakaretso tse re patelesegang go di dira. Ka ntlha ya mpho e, ditatlhegelo tsa rona di fokotsegile ka masome a matlhano le botlhano mo lekgolong (55%) mo ngwageng o o sekasekwang o. Gape ditshenyegelo tsa go tsamaisa ditiro tsa rona di fokotsegile ka bone mo lekgolong (4%) go tswa kwa ngwageng o o neng o sa tswa go feta.

Dilo tse tsoatlhe di diragetse jaana mo seemong se puso ya Botswana e neng ya ipeta pelo ya tlopolo kwa letloleng la makatadimeche le le kwa mafatsheng a sele go rudisa itsholelo ka lenaneo la ESP. Selo se se supa ka fa tshega e fapogileng marago ka teng: Pego ya molaodi wa banka ya sechaba ya 2015 e supa ngotlego ya 0.3% mo mahumong a rona – ka fa re ntse re lebanywe ke go wela tlase ga kgatlhego ya mebaraka ya mafatshafatshe mo go tse re ka di ba rekisetsang. Go gagamatsa dithapo e tshwanetse go nna selo modiro.

English

by Mr. Ramatlhakwane towards the end of 2015. Becoming an Icon of Excellence is a journey, and our hard work towards this goal is proven by the continued accessibility of our services throughout the country, even in unprofitable areas.

Ordinarily, a business would not want to provide services in unprofitable areas, but there is an obligation placed on us by the Government to provide universal access to our services. This is what makes us bleed, and makes the Government's P40-million cash injection very welcome.

Our major revenue drivers continue to be agencies and business services, and – fortunately for us – traditional post continues to be a major part of our business, maintaining a 28% share of the business in the period under review.

That said, people keep asking about the future of traditional postal services, and I feel I can confidently say we have already outgrown that tag now that we offer a range of financial services. We have introduced a BotswanaPost App that can be used to buy airtime from all major mobile operators, and prepaid electricity. It can also be used to register, pay for and renew a post box.

Financial review

During the period under review, BotswanaPost, a subsidiary of the Botswana Postal and Savings Group, was transferred to the Botswana Post and Savings Group. The group is now the holding company of BotswanaPost, Botswana Couriers and Botswana Savings Bank. This merger resulted in a P10.2-million loss that had an impact on our comprehensive income which, in turn, increased our loss to P26.7-million. Even so, this was better than the previous year's P38.5-million loss.

The restatement of our March 2015 results was due to the correction of our development grant account after a review of completed projects that were funded by the Botswana government.

Our capital continues to be eaten away by the losses we make, but this situation is being rectified. Continued financial support from the Botswana government through the Universal Services Obligation programme will help reverse this process, accelerating our recovery.

Our cash flow continues to improve, and we have implemented our working capital management strategy.

In the reporting year, through the Operational Efficiency and Performance Improvement Scan, we streamlined the business after discovering that 18% of the workforce (head office) was consuming 44% of the payroll. The norm in the services industry is that a head office consumes 20% to 30% of the payroll.

Setswana

Tshekatsheko ya togamaano

Bontlha bongwe jwa go papana bokamoso jwa rona bo tlaa tswa mo lenaneong la paakanyo le Rre Ramatlhakwane le setlhophha sa gagwe ba le betlang. Re netefaditse fa re tlaa ema tiro e nokeng, mme e bile re dumela fa re na le setlhophha sa badiri se se siametseng go re thusa mo go diragatseng lenaneo le. Re okeditse lenaneo la rona la Icon of Excellence (sekgantshwane sa manonthlotlho) lobaka ka ngwaga go ya go fitlha kwa go Mopitlo a tlhola masome a mararo le bongwe ka 2017. Koketso e e tla morago ga ditshekatsheko tsa go dira tiro ka natla le tokafatso maduo e e dirilweng ke Rre Ramatlhakane ka mafelo a ngwaga wa 2015. Go nna sekgantshwane sa manonthlotlho ke loeto, mme go itsolopanya ga rona gore re goroge kwa re go yang go supiwa ke ka fa ditirelo tsa rona di tswelletseng ka go bonwa motlhofo ka teng lefatshe leno ka bophara, le mo mafelong a a sa re busetseng sepe tota.

Ka fa mokgweng ga go na kgwebo e e ka batlang go isa ditirelo kwa e sa boelweng teng, mme puso e re file boikarabelo jwa go isetsa Batswana ditirelo gongwe le gongwe kwa ba leng teng. Selo se ke sone se se re gobatsang, mo e bileng re ne re nyoretswe bobhe mpho ya puso ya P40-million.

Dipoelo tsa rona ka bontsi di tswelsetse ka go tla ka makalana le ditirelo tse re gwebang ka tsone, e bile - ka lesego - ditirelo tsa poso tsa tlwaelo e santse e le karolo e kgolo ya bogwebi jwa rona, mo di neng di dira selekanyo sa masome a mabedi le boferabobedi mo lekgolong (28%) mo ngwageng o o sekasekwang o.

E re go ntse jalo, batho ba tswelsetse ka go botsa ka bokamoso jwa diposo tse di tlwaelesegileng, mme e bile ke bona ke ka bua ke ntshitse phega gore re godile re kgabagantse seemo seo e bile re na le ditirelo tse di farologanyeng tsa madi. Re simoloditse maranyane a BotswanaPost app a a ka dirisiwang go reka di-units mo dikomponeng ka bontsi tsa megala ya lotheka ga mmogo le motlakase. Gape maranyane a teng a ka dirisiwa go ikwadisetsa, go duelela le go nchafatsa letlole la poso.

Tshekatsheko ya tsa madi

Mo ngwageng o re o lebileng o, BotswanaPost, e leng lekalana la Botswana Postal and Savings Group, e ne ya hudusediwa kwa Botswana Post and Savings Group. Kompone e jaanong ke yone motsadi wa BotswanaPost, Botswana Couriers le Botswana Savings Bank. Tshwaragano e, e feletse e re jela P10.2-million yo o bileng a amile dipoelo tsa rona le tsone di okeditseng tatlhegelo ya rona go ya kwa go P26.7-million. Le fa go ntse jalo, tatlhegelo e e botoka mo go ya ngogola, e e neng e le didikadike di le P38.5.

Go boelela go ntsha maduo a Mopitlo 2015 go ne go dirwa ke paakanyo ya letlole la madi a re a filweng a ditlhabololo go sena go sekasekwa ditiro tse di feditsweng tse di neng di duelelwa ke puso ya Botswana.

English

This process also saw 174 people (38 temporary employees, 95 part-time employees and 41 interns) absorbed into permanent positions and others transferred to Post Offices so we can serve people more effectively.

Governance

It comes as a great relief, and at a crucial time, to have finally had the holding company hand me a full complement of Directors. We had been under complement for an extended period.

Besides being a corporate governance and compliance requirement, there is no doubt we stand to gain a lot with regard to the quality of our oversight and fiduciary responsibilities. Our new colleagues come with a wealth of industry knowledge and expertise, and strategic dynamism. We now have three fully functional Board committees, and the requisite skills and expertise.

BotswanaPost has been appointed by the Botswana Communications Regulatory Authority as a designated operator to provide national postal services, with a long-term licence as a commercial postal operator. In 2012, the Government passed the Communication Regulatory Act that provides for the regulation of all communications services, including telecommunications, Internet, postal and broadcasting services.

Looking ahead

Business sustainability is going to be our next major focus area, an anthem of sorts, as we ponder opportunities beyond the Icon of Excellence strategy. Already, a lot of groundwork has been done. In the new financial year we will adopt the model of a value centred company.

Given the changes made after the CEO's Operational Efficiency and Performance Improvement Scan, I expect to see improvements in general efficiency levels, a better customer service experience and improved revenue levels.

The CEO has made a commitment to significantly cut down our cost of sales for the duration of his tenure.

Thanks

It would be remiss of me not to show appreciation for my colleagues and fellow Directors at the Board for their unwavering commitment to our sustainability. I am also thankful for the ever-enduring support of our holding company and Ministry principals.

The brand that is BotswanaPost continues to grow and reach new frontiers. Thank you to our business partners; we will continue to collaborate with you over the next five-year strategy period.

Setswana

Sekgwama sa rona se tsewetse ka go gobadiwa ke ditatlhegelo tse re di dirang, mme legale seemo se se ntse se a baakangwa. Go tswela re fiwa madi ke puso ya Botswana go tswelisa lenaneo la ditirelo tse re patelesang go di dira go tlaa thusa go busetsa dilo meriting, go bo go fefosa boitekanelo jwa rona mo go tsa madi.

Dipoelo tsa rona di ntse di a tokafala, e bile re tokafaditse lenaneo la madi a tsamaiso kgwebo.

Mo ngwageng o ne o re buang ka one o, ka tshekatsheko ya go dira ka natla le tokafatso maduo, re ne ra aga kompone sesha re sena go lemoga fa selekanyo sa lesome le boferabobedi mo lekgolong (18%) sa badiri ba kwa ofisi kgolo se ne se eja selekanyo sa masome a mane le bone (44%) sa madi a dituelo. Ka tlwaelo mo madirelong a a thusang ka ditirelo, ofisi kgolo e ja selekanyo sa masome a mabedi (20%) go ya kwa go 30% ya dituelo.

Thulaganyo e e bile ya dira gore batho ba le lekgolo, masome a supa le bone (174) ba ba akaretsang badiri ba nama-o-sa-tshwere ba le masome a mararo le boferabobedi (38), ba nakwana ba le masome a fera bongwe le botlhano (95) le ba ba neng ba tsile go ithutela tiro ba le masome a mane le bongwe, ba thapiwe e le ga sennela ruri fa ba bangwe ba ne ba hudusediwa kwa diposong gore re tle re kgone go direla batho ka manontlhotlho.

Tsamaiso

Gore kompone e e re okametseng e leng Botswana Post and Savings Group e be e nneetse baokamedi botlhe ba re ba tlhokang mo nakong e, ke selo se se molemo thata. Go lobaka re tlhalelwa.

Mo godimo ga go nna kompone ya kgwebo e e bileng e tlhoka go sala tsamaiso morago, ga se ga dipotso gore re ka roba sengwe mo bokgoning jwa rona jwa go baya leitlho le go diragatsa maikarabelo a re a filweng. Badiri-ka-rona ba basha ba tla ka dikitso le maitemogelo a a kwa godimo ga mmogo le matlhagathaga a go loga maano. Jaanong re na le dikomiti tsa khuduthamaga di le tharo ga mmogo le dikitso le maitemogelo a a tlhokafalang.

BotswanaPost e tlhomilwe ya ba ya fiwa tseletso ya lobaka lo lo leele ya go gweba ka ditirelo tsa poso ke Botswana Communications Regulatory Authority. E rile ka 2012 puso ya dira molao wa Communication Regulatory Act o o laolang ditirelo tsotlhe tsa ditlhaeletsanyo go balelwa megala, inthanete, poso le kgaso.

Kwa re go yang

Go tshegetsang kgwebo go e itsa go phutlhamana e tlaa nna yone mmangmang wa rona, re tlaa tsaya tsetlana e e le monka sekano sa rona jaaka fa re ntse re batla menyetla e e ka re tshegetsang morago ga lenaneo la go tlhwaafalela go nna sekgantshwane sa

English

Lastly, I must say that it is a privilege that we are celebrating the 50th year of Botswana's Independence. Looking around, we are doing a fairly good job as BotswanaPost and there is certainly more to be done. And with that, I wish you all a jubilant year as we mark our 50 year Golden Jubilee, Bot50.



Polokoetsile P. Motau
Chairman

Setswana

manontlhotlho. Tiro ya tshimolodiso lenaneo ka bontsi e dirilwe, mme jaanong mo ngwageng wa madi o moshla re tlaa tlhagafalela go nna kompone e e itebagantseng le go ntsha ditirelo tsa tlhwatlhwa.

Ka ntlha ya diphetogo tse di dirilweng morago ga ditshekatsheko tsa mookamedi tsa go dira ka natla le tokafatso maduo, ke solofela go bona tokafalo mo bokgoning jwa rona, go thusa ba re ba fang ditirelo botoka le go tokafatsa dipoelo.

Mookamedi wa Botswana Post o ikanne go fokotsa go menaganye ditshenyegelo mo nakong ya fa a santse a se kotame.

Malebo

Go ne go ka nna bofafalele fa ke ne ke ka tlhoka go itumelela bonokopila jo bo se nang bana ba phefo jwa badiri-ka-nna le baokamedi ba bangwe kwa khuduthamageng, jo bo dirang gore re bo re ntse re itsetsepitse jaana. Ke lebogela le kemo-nokeng e e kalo e re e bonang mo komponeng e e re okametseng ga mmogo le bagolwane ba rona kwa lephateng.

BotswanaPost e tswelletse ka go gola e le sekgantshwane e bile e fitlha golo go se fa. Ke a lo leboga ba re tshwaraganetseng tiro mmogo; re tlaa tswelera re tshwaragane le lona mo lenaneong la rona la dingwaga tse tlhano.

Re motlotlo go bo re ipelela ngwaga wa bomasome matlhano Botswana a ipusa. Fa re itshekatsheka, re bona re dira tiro e ntle re le BotswanaPost. Ke lo eleletsa boitumelo jaaka re ipelela dingwaga tse di masome matlhano tsa katlego, Bot50.



BotswanaPost



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50 YEARS OF PROGRESS

Stamp Collection



RURAL DEVELOPMENT

Rural dwellers formerly depended on visiting experts for information; now, due to cellphone coverage, they are in instant communication with a national and international network.

CHANGING LIVES



Our Corporate Social Investment

Since BotswanaPost established the BotswanaPost Foundation in 2012, the organisation has been at the forefront of the Corporate Social Investment (CSI) space in Botswana.

The Foundation continues to build strong relationships with the communities within which it operates, by working for positive change and unlocking value in people.

The Foundation's work enhances BotswanaPost's reputation as it continues to leverage its vast network of partners and geographical footprint in Botswana and within the corporate business community for social good.



To date, the BotswanaPost Foundation has sponsored in excess of

P2 Million

Objectives of the BotswanaPost Foundation

The projects and activities eligible for funding must promote or involve work in the following areas:

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

A look back at the first four years: BotswanaPost Foundation

As the business wraps up the final year in the Journey to “Icon of Excellence Strategy,” it goes without saying that establishing the BotswanaPost Foundation is one of the major milestones and deliverables of the period.

From the onset, the objective of the Foundation was to coordinate the Corporate Social Investment activities of the business and create a platform for the participation of a wide range of stakeholders including the staff of BotswanaPost whilst making a mark in communities and uplifting lives. The long-term assignment of ensuring that the Foundation becomes self-sustaining continues to be a top priority.

The Foundation has established a powerful reputation, thanks to the positive and life-changing impact it has had since it was established four years ago. To date, the Foundation has sponsored in excess of P2 million on different projects across the country.

The first project that the Foundation undertook was the Flagship Kacgae Primary School sponsorship under the Ministry of Education & Skills Development Adopt-A-School banner. Kacgae is a remote settlement on the outskirts of Kang. Investment in youth and education is a top priority for the BotswanaPost Foundation, and these aligned with the pillars of the Vision 2016,

National Development Plan and UN Development Goals. Youth and education projects are the biggest beneficiaries of the Foundation’s investments to date.

Youth are seen as a top priority due to the growing number of young people and the shortage of livelihood avenues and resources to support this age group. Through strategic investment in youth programmes we have been able to touch the lives of Botswana’s future leaders.

The Experience: 2015 & Beyond

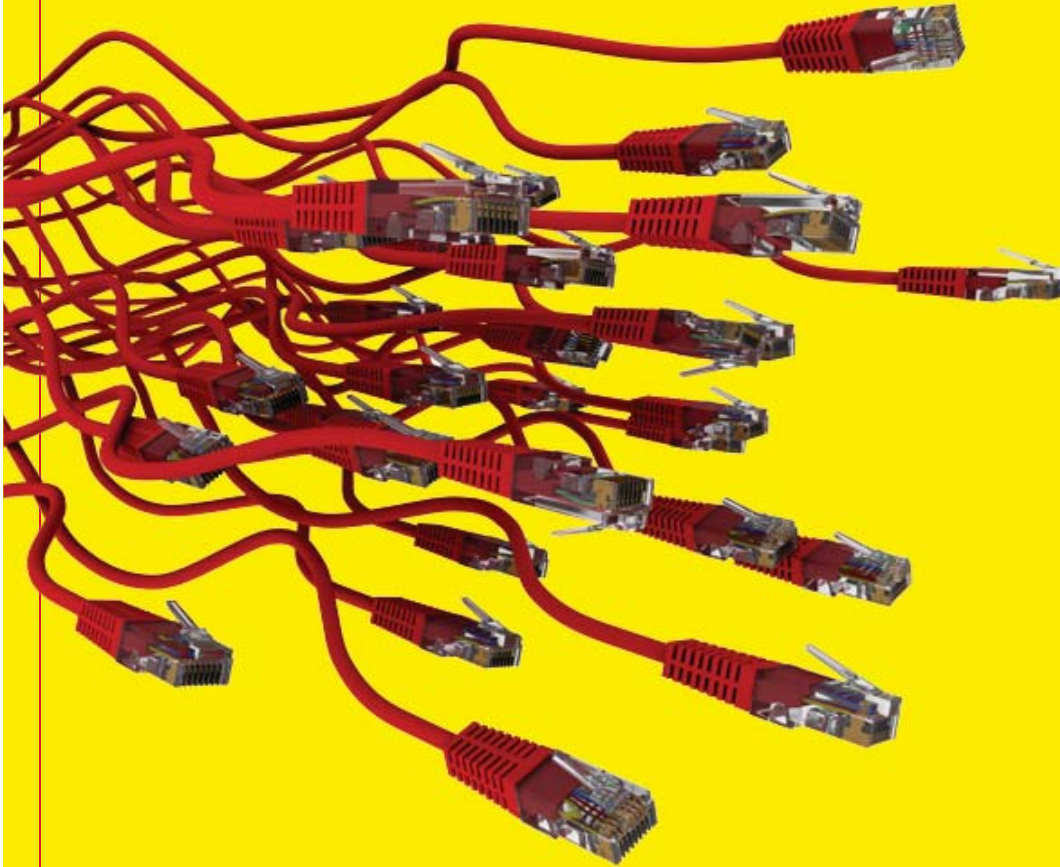
In the period under review, the Foundation in collaboration with a youth-owned small-business, Laetsho (Pty) Ltd procured 500 mobile lap desks. These lap-based study desks called “Desk buddies” were donated through the Ministry of Education & Skills Development to 50 schools across the country. The contribution totaled P250, 000 to under-resourced schools selected by the five regional Corporate Social Investment (CSI) Offices of the Foundation.

In all, the Foundation provides strategic oversight to CSI Committees for projects implementation in the following: Lobatse/Kgalagadi, Gaborone, Central, North and South.

During 2015/2016, the Foundation re-strategised to identify alternative sources of funding to implement a broader range of projects to meet the community’s demands and improve the Foundation’s standing. During the next reporting period, the operational focus will be on implementation of a sustainability, growth-inclined action plan.

Driving Service Delivery Through

TECHNOLOGY



Information and Communication Technology (ICT) has been at the heart of BotswanaPost's five year Journey to Excellence strategy. This strategy aims to transform, modernise and diversify the organisation to enable it to keep pace with shifts in the postal services industry in Botswana.



94%

Network Availability Score



96%

System Availability Score

ICT has enabled the delivery of this strategy through the development of robust and secure technology platforms and systems that support the organisation's vision to be more than a conventional postal service and deliver a range of services to people across the country.

During the 2015/2016 financial year, the ICT department has made good progress on IT related initiatives and projects in order to solve business problems, improve operational efficiency and customer service.

The ICT department has used an agile approach to keep pace with the rapidly changing business environment within BotswanaPost. The department looks forward to maintaining this momentum with improvements in technology governance, project prioritisation and the implementation of a strategic plan that embeds technology within all departments across the organisation.

The ICT team will continue to put in place structures to serve both internal and external customers in order to achieve the technology-led strategic plan. Technology is being used across the organisation to help to realise BotswanaPost's vision and strategy with a focus on achieving three imperatives: delivering operational excellence, achieving organisational objectives and transforming BotswanaPost through insight and innovation.

We continue to be guided by our strategy statement: Enable BotswanaPost by providing service-oriented ICT solutions that help achieve the company goals of improving growth, enabling the workforce and customer loyalty.

1. Structured Management of Projects

This financial year, the ICT department has been integral in defining robust project management processes and procedures to improve the management of ICT projects. The implementation of these new procedures has resulted in a marked improvement in project success.

The new procedures aim to reconnect ICT with the business by focusing on relevance to the business using an agile project management approach and measuring performance. Improved project management will drive improved performance in BotswanaPost ensuring professional service delivery and that strategic projects are delivered within budget, scope and on time.

2. Improvements to Departmental Cost Structure

During the 2015/2016 financial year IT made good progress in improving the departmental cost structure.

This was achieved by leveraging existing technology to unlock ICT potential. In particular, the ICT department successfully utilised existing technology to start building the Business Intelligence Solution. In the next financial year the same technology will be used to implement the Customer Relationship Management Solution.

We have also succeeded in defining and implementing a chargeback model to encourage departments within the organisation to better manage technology-related spending against budget allocations. One of the intended outcomes of this model is to shift mind-sets internally so that users begin to see IT as a utility that has an associated cost that must be paid by the business.

The ICT department has also worked hard to promote the use of existing technology such as Microsoft Lync for office communication with the long-term aim of reducing travel and telephone costs.

3. Process Improvement and Optimisation

During 2015/2016 financial year, the ICT department contributed to the refinement and rollout of project management and other IT related processes, policies and procedures across the organisation. In addition utilisation of these procedures and policies was measured to determine compliance.

4. Network Availability

Following the completion of the Wide Area Network (WAN) remediation project in the previous financial year the network availability score was 94%. This is a significant improvement on the network availability score of 91% in 2014/2015 and is nearing the 96% target.

The WAN remediation project involved the replacement of most of BotswanaPost's Asymmetric Digital Subscriber Line (ADSL) network which resulted in significant improvements to network availability.

5. Applications/Systems Availability

Following on from the improved network availability score our systems availability has also improved significantly to a score of 96%. Automated applications availability capability reporting has also been built by the ICT department and these reports are shared with the business to inform decision-making.

6. Revenue Growth from New Products and Services

The IT team has worked hand-in-hand with the business to support revenue growth through the rollout of new products and services. ICT was been integral in ensuring that the ICT infrastructure and relevant applications support the suite of new products and services. All new

products were introduced using existing platforms that BotswanaPost has in place.

Timely and appropriate system enhancements were completed to support the rollout of new products and services and in some cases, interfaces were also developed to ensure process efficiency.

For the year 2015/16, ICT supported the launch of the following new products and services: virtual airtime, improved parcel tracking, money transfer to different countries and BotswanaPost App.

7. Systems Enhancements and Upgrades

The financial year 2015/2016 was a year of transformation for BotswanaPost and the ICT department, as a partner to the business, was integral in enabling this transformation.

Regular systems updates and enhancements are crucial to ensure the smooth running of existing systems and to ensure that the systems continue to meet business requirements. During the 2015/2016 financial year several enhancements and upgrades were implemented.

The International Parcel Service (IPS) parcels tracking systems was successfully enhanced to allow for the tracking of small parcels. This enhancement ensures that small parcels, especially those for client products like Homechoice, are properly tracked on the system. Other system updates included: Microsoft Lync, Project Server, Sharepoint and Exchange Server.

All of these upgrades were completed using internal resources. In the past these enhancements and upgrades would have been completed by external consultants at great cost. As a result the department has achieved cost savings without compromising on service delivery.

8. Knowledge and Information Management

In addition during the financial year 2015/2016 the ICT department rolled out a records management system across the Post Office network. This followed on from improvements in records management at the Poso House Head Office and has resulted in improved record keeping at the Post Office level.

The records keeping audits have shown a marked improvement in record keeping in the organisation as a result of the rollout of this new system.

9. Looking Forward

This year has shown that technology can help to pave the way for new lines of business. Every year brings new opportunities for technology to create value and to meet the fast-paced and changing requirements of the market in which BotswanaPost competes. Our ability to evolve quickly to meet new challenges helps to improve BotswanaPost's competitiveness and deliver new products to market quickly.

For the year 2016/2017 we intend to achieve the following:

- Reduce the number of applications, data sources and seamlessly integrate disparate systems;
- Address current business intelligence challenges on transactional reporting;
- Reduce the number, size and complexity of interfaces;
- To implement a Disaster Recovery Plan;
- Improve customer service through improved ICT infrastructure; and
- Implement an enhanced ICT project management system to ensure the management of technology projects is rolled-out in a structured manner that is informed by the business context and constraints.

The following projects are targeted for completion in the next financial year to achieve the aims listed above:

- Disaster Recovery Plan implementation;
- Enterprise Service Bus implementation;
- Customer Relationship Management Solution implementation;
- Business Intelligence Solution implementation;
- Applications Interfaces: Department of Road Transport and Safety (DRTS), Botswana Savings Bank (BSB); and
- Enterprise Content Management to control electronic records.

Delivering a Value-Centred

ORGANISATION



For the period under review (2015/2016), BotswanaPost was committed to delivering a high performance culture throughout the organisation by focusing on two key Human Capital themes:

- *Improving services for employees*
- *Maximising future potential*

 **850**

Staff complement
increased from 743 to 850

 45% Male
 55% Female

Human Capital is a department that is integral to delivering BotswanaPost's five year Journey to Excellence strategy.

In order to drive transformation and diversification of the organisation, Human Capital has been required to implement a new value-centred organisational model as well as equip staff with the necessary skills and training to achieve operational efficiency and improve service delivery.

IMPROVING SERVICES FOR EMPLOYEES

Human Capital Service Charter

In pursuit of the continual development and improvement of services to both employees and customers of BotswanaPost, the Human Capital Department implemented the Service Charter which outlines the department's service standards and commitment to our clients both internally and externally.

Through collaboration with management and staff we aim to maximise our employees' and the organisation's performance to become a high performing organisation. In order to achieve our aims, Human Capital Department continues to work effectively with staff and management to:

- Understand the business needs and the operating environment;
- Keep the organisation informed of relevant developments and initiatives;
- Ensure the service provided is consistent, timely, accurate, fair and relevant;
- Ensure that decisions and delegations are made at the appropriate levels; and
- Ensure adherence to a cycle of quality measurement, evaluation and improvement that encourages constructive feedback.

During the financial year 2015/2016, we also launched the Human Capital blog called "ASK HC." The objective of the blog is to facilitate continuous communication with staff and to hear their concerns and questions. The blog is also a platform to share any relevant information that may improve Human Capital's service delivery and allow us to reach out to staff.

The blog functions like a help desk and aims to give BotswanaPost staff direct and real-time access to Human Capital and a platform to get information and clarity on Human Capital related issues.

MAXIMIZING FUTURE POTENTIAL

Investing in Customer Service

Service excellence is one of the company's core values and we know that companies that go above and beyond the call of duty to provide a positive customer experience that exceeds a customer's expectations will create lasting brand loyalty. In an effort to achieve these high levels of excellence the Human Capital Department rolled out customer service training for all front-line staff across the country during the 2015/2016 financial year.

In line with our strategic objective to transform the workforce, the training and development of customer-facing staff was identified as a top priority for the department. Adequate training in customer service was seen as critical to empowering these employees to perform effectively in their roles.

The training also sought to improve morale and the confidence of customer-facing staff and using these new skills establish customer relationships built on positive experiences and trust.

As we take the steps towards becoming a customer-centric company, it is important that we remain close to our customers. This training initiative was one of many ways to ensure that we equip staff with the tools and skills to take pride in their work and strive for the highest standards of quality in order to continue being "Fit to Serve and Fit to Grow."

Supervisory Skills Training

In line with BotswanaPost's learning and growth objective of ensuring high levels of skills to role matches and the organisation's vision of creating a high performance culture, we conducted supervisory skills training for both new and existing supervisors. The training sought to equip supervisors with the skills to handle the full range of challenges and responsibilities they face on a daily basis.

The objectives of this training were to:

- Clarify the scope and nature of a supervisory position;
- Learn techniques to deal with the challenges of the role;
- Recognise the responsibilities that supervisors have to themselves, their teams and the organisation;
- Learn key techniques to help them plan and prioritise effectively;
- Acquire a basic understanding of leadership, team building, communication, motivation and what part they play in effective supervision; and
- Develop strategies for motivating their teams, giving feedback and resolving conflicts.

HIGHLIGHTS OF THE 2015/2016 FINANCIAL YEAR

Corporate Wear

In 2015/2016 we achieved a significant milestone, the procurement of corporate wear for staff. The procurement of corporate wear has been a challenge since 2010 and the achievement of this milestone is an important one in delivering professional service to our customers.

Corporate wear is a very important aspect of the BotswanaPost identity and branding. Corporate wear, and an employee's overall appearance, is important in projecting a professional image to customers and stakeholders. Employees play a vital role in creating a positive impression and projecting the desired image of the organisation.

BotswanaPost has procured and launched the first batch of corporate wear for front-line staff and will continue to rollout uniforms to other staff in phases.

In addition, Human Capital Department has developed dress code guidelines for staff to maintain the highest level of professionalism when interacting with customers. Employees are required to dress neatly and appropriately when on duty.

We also believe that the rollout of the branded corporate wear will help to present a cohesive brand image, help BotswanaPost stand out against its competitors while also creating a sense of unity among the employees.

Implementation of a Value-Centred Model

During the 2015/2016 financial year, Human Capital carried out a performance scan to assess the current business challenges and opportunities. The scan aimed to improve organisational efficiency and effectiveness and inform the development of an implementation plan for business transformation.

The scan identified 141 opportunities which were analysed and categorised into four major strategic drivers:

- A customer-focused organisational structure;
- Labour availability in the right places;
- A performance measurement and management system; and
- Process optimisation.

This process also resulted in the development of an additional organisational value: "execution." In order to implement the strategic drivers, a one-year execution plan was developed, which included the design and implementation of a value-centred organisation.

The implementation of the value-centred model required the re-organisation of structures to become more customer focused. As a result, the Head Office head count was reduced and redirected to the retail network with a view to deriving greater value per employee.

Among others, the Executive team was reduced from 10 to 6 with a new functional structure that includes the following departments: Governance (Legal and Audit), Operations and Technology, Commercial, Finance and Administration and Human Capital and Skills Development.

In addition, all interns, part-time employees and temporary staff were absorbed into the permanent staff complement in order to adequately resource Post Offices. As a result, the staff complement increased from 743 to 850. Support functions were also decentralised and are now providing real-time and more efficient support to the business thanks to their proximity and improved response time.

The transition to a value-centred organisation has been well implemented thanks to the well-planned change management process. The change management process, called Smile and Move dubbed "#SMOVE", was launched in Maun and was well-received by staff.

The support and buy-in from staff has resulted in positive results that are already trickling down to Post Offices across the country.

Providing Safe Workspaces

CONDUCTIVE TO GROWTH



At BotswanaPost the safety, health and welfare of staff is a top priority. A safe and healthy work environment enables the organisation to deliver a high performance culture that encourages high levels of efficiency and outstanding service delivery.

Workplace health and safety procedures are necessary for the wellbeing of the employer, employees and BotswanaPost customers.

	SAFETY ITEMS	DEPARTMENT	NO OF EMPLOYEES ISSUED
1	Acid Proof Dust Coats	Mail Business	75
	Acid Proof Dust Coats	KIM	34
	Acid Proof Dust Coats	Stores	4
	Acid Proof Dust Coats	Security	1
2	Safety Boots	Mail Business	75
3	Acid Proof Winter Jackets	Mail Business	48
4	Heavy Winter socks	Mail Business	48

BotswanaPost continues to go the extra mile in the health and safety field with the aim of achieving:

- A zero accident/incident work environment;
- A reduction in loss or damage to company property;
- Reduction in absenteeism due to office ergonomics;
- A safe work environment to improve the organisation's profile with customers, clients, insurers and other stakeholders;
- A safer workplace to motivate employees and as a result see improved production and profit margins; and
- A reduction in compensation costs.

1. Creating a Culture of Health and Safety

The organisation has put several initiatives in place to encourage service providers, partners and stakeholders to adopt sound Safety, Health and Environmental measures to achieve comparable safety and environment standards. These include the following:

- a. Pre-construction safety and health Inductions for all contractors;
- b. Strict monitoring of health and safety during the project period;
- c. Listing "SHE procedures" as a compliance requirement when tendering for BotswanaPost works;
- d. Intergrating energy saving initiatives when planning and designing new Post Offices; and
- e. Continuous monitoring of sub-contractors SHE systems during implementation of BotswanaPost works.

This report provides a summary of health and safety across the organisation in the areas of Health and Safety Performance, Health and Safety Risk Management and Health and Safety Incidents.

2. Ensuring Health and Safety in the Workplace

BotswanaPost appreciates that the safety and health of its employees is critical to the success of its business and that a safe work environments helps maximise the productivity of workers. During the year under review the following initiatives were undertaken:

- a. **First Aid training:** training of six trainers in first aid, which brings the complement of trained trainers to 22 across the organisation.

- b. **Protective gear:** all employees in sorting centers were issued with acid-proof dust coats, safety boots and acid-proof winter jackets to provide protection while at work. Consumables such as gloves and masks are provided as and when there are needed. Distribution was as per the table on page 27.

- a. **Fire simulations:** BotswanaPost fire marshals carried out simulations with the Botswana Defense Force (BDF) Special Support Unit on 11 February 2016. This partnership illustrates the impact that the SHE unit have had in bolstering the organisations profile with partners.

- b. **Fire extinguisher demonstrations:** all Post Office staff across the country where given a demonstration on the use of a fire extinguisher.

- c. **Procurement of office furniture:** following the SHE audit carried in February 2016, a shortage of chairs was found to be one of the major contributors to ergonomic injuries. As a result approximately 258 chairs were procured and distributed to Post Offices across the country.

3. Preventing Fires at BotswanaPost Offices

In order to ensure readiness for any fire eventuality that may occur, the SHE unit has put in place a service schedule to ensure that all fire fighting equipment is checked and serviced on a regular basis to ensure that it is in working order.

Service certificates were filed as per the requirements of the Factories Act (1973) and insurance provisions. The following fire fighting equipment is a state of readiness should an emergency occur:

- Smoke detector systems;
- Sprinkler systems;
- Fire alarm systems;
- Fire extinguishers; and
- Booster pump stations.

In addition, two standby generators at Poso House Head Office and IMEC are serviced and maintained by Scania Botswana (Pty) Ltd and Generators at Botswana (Pty) Ltd respectively. This is to ensure business continuity during load shedding.

We are happy to report that, during the period under review, there were no business interruptions due to lack of power and all the back-up generators were in good working order.

4. Environmental Management in the Workplace

During the period under review, no environmental incidents were recorded. The organisation continues to invest in renewable energy as per the requirements of the Universal Postal Union (UPU) resolution C 27/2008 (initiatives for the sustainable reduction of the negative environmental impact of the postal sector) and resolution C 34/2008 (work on sustainable development) taken at the 24th Congress in Geneva in 2008.

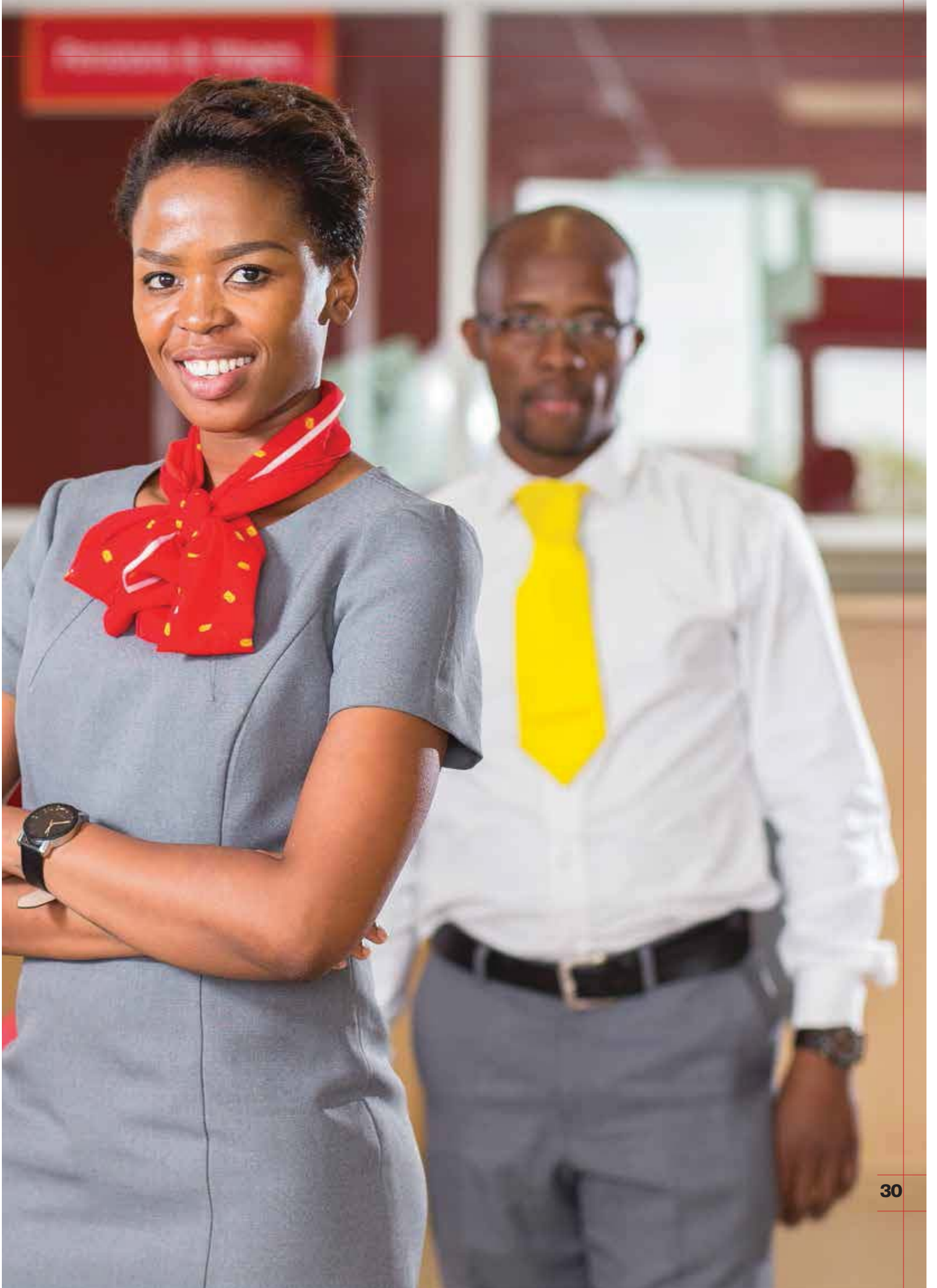
Currently, Takatokwane is running on a hybrid system that uses electricity and solar power. During the day, the Post Office operates with grid electricity and, at night, with solar.

These are just some of the organisation's initiatives to reduce its carbon footprint.

5. Working Towards Zero Workplace Accidents

During the 2015/2016 reporting period, two ergonomic injuries were reported in BotswanaPost. As per the doctors advice, two ergonomic chairs were provided to the affected employees. All the employees are back at work and have resumed normal duties. We are pleased to report that the casualty rate for the financial year 2015/2016 is zero.





Driving Growth Through

INNOVATION



During this financial year, BotswanaPost initiated a performance scan to provide an assessment of the current business challenges and opportunities. The scan aimed to improve organisational efficiency and effectiveness by informing the development of an implementation plan for business transformation.

The scan identified key priority areas that the company needs to focus on as we move towards realising our full potential by turning a profit in the medium to long-term.



Home delivery Mail Boxes installed
in Block 7 and 8, Gaborone

During this financial year, there was a renewed focus on cost management, having experienced several years of double-digit revenue growth.

Implementation of the opportunities for growth identified in the performance scan will go a long way towards ensuring that BotswanaPost becomes an Icon of Excellence as outlined in the strategic vision.

Our Mission

We remain committed to our mission of providing communities with financial, logistics, postal, communications and agency services by leveraging our network and partnerships with Government and business. We continue to place the needs of communities first by ensuring that their day-to-day needs are met with low-cost and convenient solutions.

In order to achieve this mission, we continued to launch new products. The BotswanaPost App, launched in the year under review, is a new product that allows customers to interact with the Post Office through their mobile phone. The 2015/2016 financial year also saw the re-positioning of BotswanaPost to play a more prominent role in the e-commerce market and the establishment of a new money transfer arrangement with South Africa, to add to the existing money transfer arrangement with Zimbabwe.

Where We Are

This year, we continued to look for innovative solutions to deliver high quality and low cost services to our customers in line with the Journey to Excellence strategy. We introduced several new services and products to ensure we continue to serve our customers' needs. To this end, the following key goals were realised during the year:

- Launched the PosoApp, which allows customers to buy prepaid electricity from their mobile phones. The app will continue to be enhanced with the addition of new products and features like payment of postbox rentals and airtime;
- We continued to enhance our prepaid electricity sales channels. Currently we occupy the dominant position in online electricity sales in Botswana;
- We partnered with most of the local banks to provide prepaid electricity purchasing channels;
- Revamped Rail Park, Mahalapye and Serowe Post Offices;
- Broke ground on the new Post Office in Bokspits: and
- The home delivery pilot project infrastructure was installed in Blocks 7 and 8.

The Journey Ahead

The year ahead promises to be an exciting one for BotswanaPost as the organisation continues to focus on achieving efficiencies and providing value-for-money services for our customers.

During the coming year, we will open the new Bokspits Post Office and reopen the Railpark, Serowe and Mahalapye Post Offices. These newly revamped Post Offices will create more space and a better in-store experience for our customers. In addition, the new Post Offices will house our sister companies, Botswana Couriers and Logistics and Botswana Savings Bank, to provide a one-stop-shop for courier, financial and postal services.

2016/2017 will also see the launch of the home delivery pilot. Post will be delivered to customers' homes in Blocks 7 and 8, as we strive to make mail delivery more convenient and cost effective.

In the year ahead, we will explore the full potential of the PosoApp by allowing customers to use the App to buy airtime, pay for their postbox rentals, and make water utility payments, as well as transfer money.

BotswanaPost is poised to launch PosoOnline, a web-based electronic bills presentment and payment tool. PosoOnline will allow customers of several service providers to view and pay their bills online. The site will also allow customers to pay for some postal services online.

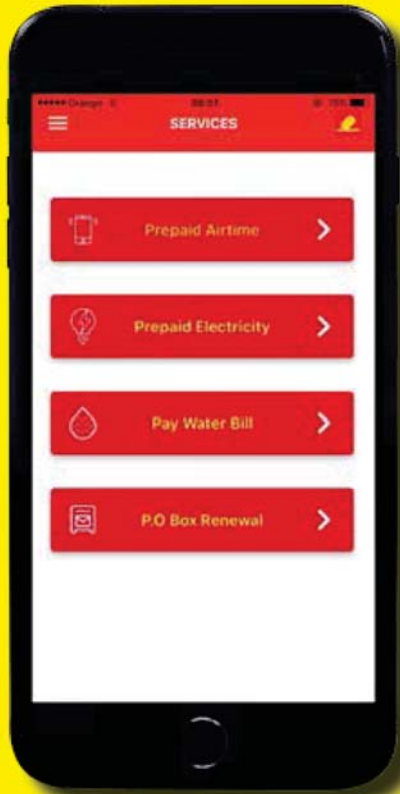
This new service will not only improve customer convenience but will enable the organisation to provide other services to customers using the PosoOnline platform as a payment method.

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

BotswanaPost continues to consolidate its position as the organisation of choice for financial, ICT, e-Government and postal services within the community, by continuing to ensure that the business model remains aligned to customers' evolving needs and expectations.

Driving Growth Through

DIVERSIFICATION



In this financial year, BotswanaPost continues to improve its Information Communication Technology (ICT) environment, introducing the BotswanaPost mobile App, a 24 hour mobile service channel used to extend services to the ever busy generation by offering postal products and agency services. Services currently on offer include paying water bills, buying electricity, purchase airtime and renewing post box rental.

 **10 000** | Number of App Downloads

 **400** | an extra 200 POS devices were procured to bring the total to 400

BotswanaPost aims to establish itself as the hub of choice for financial, ICT, e-Government and postal services within Botswana. In order to achieve this objective the business development department is developing new products, services and partnerships in order to generate new revenue streams for the organisation.

During the 2015/2016 financial year, BotswanaPost has continued to implement its five year Journey to Excellence Strategy. In the final year of the strategy the organisation is consolidating the progress made in transforming the organisation from a traditional Post Office to one-stop-shop that offers communities a range of agency services and merchandise.

The Journey to Excellence strategy identifies three pillars to drive transformation: organic business growth, customer service excellence and operational efficiencies. This places significant emphasis on the role of business development in driving growth and diversification in order to modernise and transform BotswanaPost.

1. Expansion through Innovation

BotswanaPost continues to expand services through innovation and the addition of new services and products. During the year under review, BotswanaPost have enhanced its mobile offering and now customers are able to purchase pre-paid electricity, pre-paid airtime and renew their postal box through the BotswanaPost App. This application is now available on both Android and iOS devices.

In addition, Point of Sale (POS) machines were also enhanced to offer pre-paid airtime in addition to the existing pre-paid electricity service. Furthermore, an extra 200 POS devices were procured to bring the total to 400. By doubling the number of POS devices BotswanaPost has increased its reach within community.

2. Multichannel and Smart Partnerships

Our multichannel strategy and smart partnership approach to business continues to prove highly relevant and effective at developing new business opportunities.

During the 2015/2016 financial year, the Business Development department concluded negotiations with Sefalana Holdings to erect Post Office counters in four of their major stores in Gaborone. The service is expected to be available to the public by end of

August 2016 and will reduce Post Office congestion in the greater Gaborone area. These counters will offer a range of services including special services for pensioners and discounted bundles will also be available.

In addition, Botswana Building Society was added to the list of financial institutions as means of increasing pre-paid electricity channels and 24-hour access of services.

3. Enhancing Existing Products

In line with our strategy of enhancing existing products and services against the backdrop of our ICT infrastructure developments, significant work has been done to broaden BotswanaPost's product offering. Philately Portal was designed to bring Philately products and services closer to local and international customers and collectors. In addition two more international money transfer corridors were added to support the financial inclusion initiative. Lesotho and Swaziland were added to the already existing corridors of Zimbabwe and South Africa.

4. Diversify Revenue Streams

As part of our diversification drive, BotswanaPost is piloting digital media advertising within Post Office branches. During this financial year, over 50 Post Office branches have had digital screens installed enabling both public and private sector advertising. The screens can also be utilised as a PR tool by the organisation to communicate messages across the organisation.

5. Plans for the Next Financial Year

The upcoming financial year will bring further developments and innovation as we continue to strive for excellence. The Business Development department will be developing the following new products and services portfolio:

- Mobile Money Transfer;
- Online Vehicle License Renewal;
- International Financial Services (IFS) International Corridors to Nigeria and Malawi; and
- Wi-Fi offering.

Enhancing the Organisation's

CORE BUSINESS



BotswanaPost is an organisation at the cutting-edge of postal services, using innovative ICT developments to deliver new products and services to customers and citizens.

BotswanaPost's vision is to provide communities with financial, logistics, postal, communications and agency services, throughout our network and partnerships with Government and business.

The Mail Business Department is key to delivering BotswanaPost's postal services and as such is continually working to improve the mail delivery services it offers in order to contribute to the organisation's strategic objectives.

1. Rollout of Residential Mailboxes

During the 2015/2016 financial year, the Mail Business Department implemented the residential mailbox project. Two youth-owned companies were procured and contracted to install residential mailboxes in the Blocks 7 and 8 suburbs in Gaborone. These mailboxes were installed in preparation for the launch of the mail home-delivery service. In addition to personal correspondence, this service targets commercial stakeholders such as utility providers and councils to enable the delivery of bills and statements to customers.

2. Addressing and Postcode Project

During the period under review, the Mail Business Department also launched the long-awaited Addressing and Postcode Project. BotswanaPost in partnership with the Botswana Bureau of Standards (BOBS) is currently developing the National Addressing Standard which will be published by the end of 2016.

The purpose of this standard is to enforce proper addressing procedures to ensure the compliance of mailers, particularly bulk mailers. Enforcing compliance in addressing procedures will facilitate processing efficiencies and reduce missorts and undeliverable mail.

The standard also introduces postcodes to complete the address structure and enhance efficient processing and delivery. Rollout of the postcodes will commence during the course of the next financial year.

In addition, the rural home delivery service in Tshane continues to grow from strength to strength with a 50% increase in mail volumes since its inception in July 2014.

3. ISO 9001 Implementation

BotswanaPost is committed to complying with all statutory and regulatory requirements in our day-to-day work. In the period under review the Quality Unit led the implementation of a Quality Management System which conforms to the requirements of the ISO 9001 standard.

In September 2015, the Quality Unit introduced the ISO 9001 Standard and a Quality Steering Committee was formed to drive the implementation of this project. The project scope included the following facilities: Poso House Head Office, IMEC (International Mail Exchange Centre), POTA (Central Sort Centre) and TATITOWN (Northern Sort Centre).

In preparation for the rollout the Quality Unit conducted ISO 9001:2008, awareness training from August to October 2015 for all employees involved in the implementation of the project.

The Quality Unit also documented the ISO 9001 mandatory documents which were then approved by the Quality Steering Committee. Achieving ISO 9001 certification is the first step in the process of continual improvement that will provide BotswanaPost with the necessary management tools to improve working practices throughout the entire organisation.

Meeting the requirements of this standard will also require Quality Management Systems that will be of real benefit to BotswanaPost to help manage our business effectively and put in place best practice methodologies.

4. Universal Postal Union Quality Management Certification Audit Workshop

The Universal Postal Union (UPU) Quality Certification Workshop was held at Tlotlo Conference, Gaborone, Botswana from 24 – 27 November 2015.

The workshop was for all English-speaking African countries and aimed to assist participants in implementing a Quality Management System.

Mr. Cornelius Ramatlhakwane, Chief Executive Officer, BotswanaPost, inaugurated the workshop. He welcomed all the delegates to the workshop and thanked the UPU for the continuous support that BotswanaPost receives from the union. He encouraged all participants to take full advantage of the workshop.

The General Secretary of the Pan African Postal Union (PAPU), Mr. Younouss Djibrine and the Assistant General Secretary Mr. Kola Aduloju also took part in the workshop.

Representatives of Botswana, Ethiopia, Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zimbabwe participated in the training. The workshop delivered the following actions as a way forward:

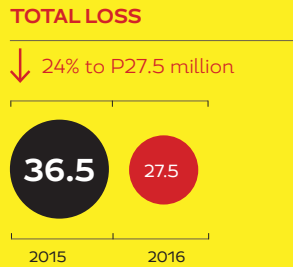
- Delivery standards for all inbound products must be set and updated at all times;
- The online Parcel Post and Letter Post Compendium must be updated at all time;
- Using Quality Control System (QCS), Single Tool for Online Reporting and Monitoring (STORM) and Global Monitoring System (GMS) Reports for product and process gap analysis;
- Service Level Agreements with customs and airlines; and
- Participation in GMS (minimum end-to-end internal module).

A Look at Our

FINANCIAL PERFORMANCE



BotswanaPost has made significant strides in the 2015/2016 financial year and, despite some challenges, our results are very positive.



The Company

We achieved a 17% growth in overall revenue year-on-year, cost of sales grew faster than revenue at 21%, gross margins grew by 4%, administration costs grew slightly above inflation (4%), USO funding was availed albeit lower than the true cost and finance costs continued to be a burden. With these we have more than shown an indication to turn the corner in terms of reversing the losses we have been making. For the year ended March 2016, we have made a P26.5-million loss versus the previous year's loss of P36.5-million.

Other good news is that we've turned last year's P20-million operating loss into an operating profit of P5.3-million, so from an operational point of view the company is turning around.

Our biggest challenge is still around our cost of sales, which increased by 21% due to the continued growth of our nontraditional revenue lines. Efforts are being made to continue to sweat the partnerships that we have to reduce our cost of sales by adding more services since the platforms are now available at no or little costs. The good news though lies in our administrative expenses, which more or less grew around the country's overall inflation of 4%. As we continue in the path of spending discipline we now see the benefits in lower growth of our administration expenses.

Besides cost of sales, our biggest challenge has been around our finance costs – the current loan structure is a burden on the company's financials. Due to that, the good operating profit that we've made this year, resulted in a P16-million loss before tax. We are, however, engaging our financier about ways in which we can restructure that loan.

During the financial year 2015-16, BotswanaPost's subsidiary, Botswana Couriers and Logistics, was transferred to the Botswana Post and Savings Group in September 2015. The Botswana Post and Savings Group is now the holding company of BotswanaPost, Botswana Couriers and Logistics, and Botswana Savings Bank.

The disposal of the subsidiary, which amounted to a loss on disposal of P10.2-million, exacerbated the company's total loss for the year to P26.5-million.

The Group

The transfer of Botswana Couriers and Logistics to the new group structure is one of the reasons our revenue is down. Due to the merger taking place in the middle of the financial year, the BotswanaPost financial results are somewhat skewed as our financial reports were consolidated up to the point of the transfer on the 5th of September 2015.

In terms of the proportional consolidation of Botswana Couriers and Logistics, we saw a reduction in revenue, which was almost half of what was reported the previous year. That has slowed down growth of what was formally the BotswanaPost Group, by 3%.

Further, because of the transfer of Botswana Couriers & Logistics to the group, the Company is 15% lower in terms of our gross margins from a Botswana Post Group perspective.

Due to the scaling down in terms of the subsidiary's consolidation, we saw a reduction in our expenses of 13%. This impacted our operating profit in that against a loss of P23.4 million last year we now have an operating profit of P6.5 million in the current year.

When you look at the overall results, they are very positive. Revenue is growing very well and, even though the profit margins are under pressure, we've made a turnaround in terms of our operating profit.

Ultimately, because of our financing costs – largely due to the major loan we have with central government – and the loss on disposal of investment, we find ourselves with a P26-million loss, albeit P10-million lower than the previous year.

Economic Climate and Trends

Inflation has been favourable during this financial year and because most of our services are aimed at the entire population of Botswana, including rural areas, this has had a positive impact on our revenue. Low inflation has resulted in our customers having more disposable income and as a result we have seen an increase in the uptake of our services, this has resulted in our revenue growth exceeding inflation.

Even though our mail business is still in decline, largely because of technological developments, we've managed to reduce the decline we experienced previously by moving into the e-business and e-gov space.

We believe, however, that the mail business is still relevant in specific instances, especially when you look at the delivery of parcels. We've seen a trend in Botswana where people are buying online and, going forward, our parcels-delivery business will be the engine for growth of our mail business. Further, we are moving into the electronic and the financial services space to meet the growing demand for these types of services from our customers.

Improved Cash Flow and Debtors' Management

We've made tremendous strides in terms of our cash flow. Last year we had a P3.4-million net cash flow, while our cash position has improved to P21.8-million this year. This achievement can be attributed to careful management of our working capital, suppliers and ensuring that our debt is collected on time.

A large portion of our debtors are Government entities and we've resolved issues with one of our major government customers this year. We continue engaging with the rest of our customers, too.

Botswana Government continue to support BotswanaPost and is now also reimbursing us for our Universal Service Obligation (USO) of providing postal services to the whole country.

Turning Challenges into Opportunities

Both our cash flow and our profitability have been managed well, and we're seeing the results.

We've had challenges regarding our systems, but we've improved our controls, such as integrating our point-of-sale systems with our accounting systems. Since we've managed to stabilise the interface, we're much more comfortable in terms of producing results on time and we know that all financial information is accounted for.

The company, because of its history of loss making, has eroded its capital and capital base. We require funding to alleviate this problem and we hope our discussions with government around this will be concluded during the course of the new financial year.

Efforts to Control Costs

We are targeting certain cost lines that have been troublesome and all staff members are working hard to drive these costs down. On a weekly basis, we track our performance in terms of our cost-reduction targets.

Our mail conveyancing costs have been a concern and we're also looking at reducing our telephone, cleaning and security costs. By managing people better so that they are able to take their leave and work less overtime, we are also making sure staff costs are contained.

Going Forward

We have gone through an organisational restructure, essentially focusing on our company structure, processes, risk management and performance in order to drive our strategic goals. We believe the Icon of Excellence strategy is still relevant and by focusing on these four areas, we will be able to achieve our goals. We are now moving away from operational profitability to overall profitability.

Company Structure

We've re-organised the company in terms of people, a process that was driven largely by our staff's competencies. With the new structure, we afford customers the service interface they need. We now have more staff members on the frontline, working directly with customers, and we believe this will lead to happy, returning customers and thus better revenue lines.

The new structure will improve our cost/revenue ratio, as efficiencies drive our costs down and the people in the front drive our revenue up.

Major Processes

We have also started re-engineering our processes to improve our service delivery and be more efficient, and we have already seen tremendous improvements in terms of our productivity. One of our focus areas has been our traditional mail-delivery services, and by improving our sorting and delivery processes, our delivery times have dropped from more than five days to two and a half days. This means it takes on average of only two and a half days to deliver mail within the country, from the time we receive it in Botswana.

Risk Assessment and Management

We're making sure our risk assessment, reporting and mitigation structures are in place. We're deploying risk champions across the company so that we are aware of each and every risk. Risks include fraud, equipment not being ready for use at all times, network unavailability especially since we're covering a vast area - and security and cash flow risks.

Turning Performance into a Culture

We realised there was a need to cultivate a culture of high performance, where employees know what is expected from them and are enabled to meet these expectations. We've since introduced a performance-management system that allows employees to account for their time. Employees' performance is tracked against set objectives on a regular basis, so we're able to improve the productivity levels of each and every employee.

Thank you

I would like to take this opportunity to thank the whole organisation for embracing the changes that we have introduced in the last year, especially with regard to greater spending discipline and the controls that we have placed on the whole company.

Secondly, I'd like to thank the entire finance team for the role they played in the improvement that BotswanaPost has made in the past financial year. Without the commitment of the entire team we would not have been able to make such progress and we will continue to work at improving our financial results.



Delivering Innovation Excellence Through

CUSTOMER SERVICE



BotswanaPost is organisation at the cutting-edge of postal services, using innovative ICT developments to deliver new products and services to customers and citizens. In order to harness these innovations to drive growth, it is critical that BotswanaPost is able to offer customers the highest-standard of service.



82.2%

Satisfaction Index rating was 82.2% for Business to Consumer



56.2%

Satisfaction Index rating was 56.2% for Business to Business

Innovation and service excellence are two values at the heart of the organisation's Journey to Excellence strategy. In order to deliver this high level of service excellence the Retail and Customer Service Department has implemented several key initiatives in the period under review in order to achieve the strategic objectives of the organisation.

1. Enabling Service Delivery through Skills Development

To enable service delivery BotswanaPost took all customer-facing staff through two sets of customer services training. During the period under review the unit identified a skills gap that would prevent staff from delivering the high level of service expected and this training sought to close the gap.

This training is in addition to the short customer service training sessions that take place on a weekly basis with customer service staff across the country.

2. Focusing on Continuous Improvement

By November 2015, BotswanaPost's Customer Satisfaction Index rating was 56.2% for Business to Business and 82.2% for Business to Consumer. This is in line with the target of 90% for each by March 2016. BotswanaPost believes that customer satisfaction will improve further as the organisation continues to put an emphasis on delivering quality service to all customers in order to reduce operational costs and improve efficiencies for the company.

3. Expanding Services

During the period under review BotswanaPost also expanded the services of the PosoCard to include payment of disability benefits, among other social service benefits.

The addition of this service has proved valuable for villages with a sizeable number of social service benefits recipients. In addition to the expansion of the PosoCard services, BotswanaPost has eased the congestion at payment points of some Post Offices. This has been achieved by making the payment of social services available at different dikgotla, public meetings of traditional councils, in select villages.

4. Plans for the Next Financial Year

In the upcoming financial year (2016/2017), BotswanaPost aims build on its ICT capabilities to enable service delivery. This will include partnering with select merchandisers to offer PosoCard services. In addition, BotswanaPost will offer customers remote enrolment on the PosoCard system for social service benefits. These are just some of the developments planned for the next financial year that aim to take BotswanaPost's services to the people while also building an organisation that is fit for growth and fit to serve.



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GOVERNANCE





50 YEARS OF PROGRESS

Stamp Collection



HEALTH

The rudimentary health system has evolved; citizens now benefit from a developed system involving highly qualified medical experts and sophisticated technical support.

Board of **DIRECTORS**



Polokoetsile P. Motau (Chairman)

Mr. Polokoetsile Motau received his Accounting degree from the University of Botswana in 1990 and went on to complete his MSc Computer Auditing and Computerised Accounting qualification at the University of East Anglia (United Kingdom) in 1992. He is a Chartered Member of the Institute of Directors, South Africa. Mr. Motau has over 25 years' experience in Accounting and has sat on the Boards of multiple institutions in Botswana including BONELA, Botswana Couriers and Logistics, and Botswana Savings Bank. He is currently employed as a lecturer in the Department of Accounting and Finance at the University of Botswana. He has been Chairman since 2014.

Cornelius Ramatlhakwane (Chief Executive Officer)

Mr. Cornelius Ramatlhakwane holds a MSc in Strategic Management from the University of Derby (United Kingdom) as well as Executive Development Programmes from University of Stellenbosch Business School (South Africa). His career started at Deloitte and Touché, before moving to Cresta Hospitality Group and Standard Chartered Bank. He has over 20 years' experience in the banking, financial and postal services sector covering areas such as business development, customer service, credit, risk management, sales and marketing. In 2009, he joined BotswanaPost as Head of Business Development responsible for commercial strategy, business development, product development and the transition into e-commerce. For the past 2 years, he has proved to be a more than capable Chief Executive Officer.

Hilda Mocuminyane - Rabashwa (Director)

Ms. Hilda Mocuminyane-Rabashwa holds a Bachelor of Laws from the University of Botswana and an MSc in Strategic Management from the University of Derby (United Kingdom) in collaboration with Botswana Accountancy College (BAC). She's also undergone a Management Development Programme and an Executive Development Programme, with the UCT Graduate School Of Business. With 20 years' of experience in law and management she has been; Corporate Secretary and Head of Legal for Botswana Telecommunications Corporation, Director of Legal Services and Board Secretary at Air Botswana and Head of Legal and Board Secretary for the Non-Banking Financial Institutions Regulatory Authority (NBFIRA). Currently she is the Registrar of Companies and Business names at the Companies and Intellectual Property Authority (CIPA).

**Abel Monnakgotla (Director)**

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

Ntoti Moseitlhe (Director)

Ms. Ntoti Moseitlhe is an astute professional and seasoned executive with over 20 years' active engagement in the telecommunications and housing industry. She has extensive experience in customer service, human resources and support services management and has held a number of executive positions in numerous high performing institutions in Botswana. She has attended training in several management and strategic courses. Ms Moseitlhe holds an MBA from the University of Botswana. She is currently the Group Human Resources Manager at Debswana.

Colleen Motswaiso (Director)

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

Executive **MANAGEMENT**

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



1

2

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4

5

1 Cornelius Ramathlakwane
Chief Executive Officer

2 Thato Kewakae
Head of Technology & Information
Management

3 Clifford Lekoko
Head of Business Development (Acting)

4 Mompoti Christos
Head of Mail Business (Acting)

5 Lebogang Bok
Head of Strategy & Communications



6

7

8

9

10

11

6 Bonang Seame
Head of Human Capital (Acting)

7 Kabelo Ntobedzi
Head of Retail

8 Ofentse Mabote
Head of Finance and Procurement

09 Ngele Gabriel Ngele
Head of Internal Audit and Risk

10 Dzuke Baliki
Head of Company Secretary and
Legal Counsel

11 Booster Nkomba
Head of Property and Administration

Sound Governance

STRUCTURES



Botswana Postal Services Limited transitioned from a body corporate established under the Botswana Postal Services (Transition) Act in 2012 to a Company registered under the Companies Act, 2007, Cap 42:01 in 2015. Upon conversion, Botswana Postal Services became Botswana Postal Services Limited.

Group Governance Structure

Botswana Postal Services Limited is a subsidiary of the Botswana Post and Savings Group Limited (the Parent Company). The Parent Company is wholly owned by the Government of the Botswana. Strategy and policy direction are set at Parent Company level and the Subsidiary develops its own strategy and governance framework in line with the Group structure.

Board Structure and Composition

The Board, which provides strategic direction to management, is appointed by the Parent Company in line with the Company's Constitution. Directors are appointed for a period not exceeding three (3) years. In determining the Director's tenure, the Parent Company ensures that not more than a third of Directors' tenure expires in any one year, thereby maintaining continuity and preserving corporate memory.

The Board comprises Non-Executive Directors including the Chairman. The Parent Company takes into account the balance of skills, experience, professional and industry knowledge necessary to realise the corporate task of operating and managing postal services along commercial lines in appointing Directors to the Board.

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

Board of Directors

The primary role of the Board is to promote the long-term health and prosperity of the Company. Directors have an important role in assuring the Shareholder that the Board is able to act in the best interests of the Company and independently of Executive Management. The Board Charter outlines roles and responsibilities of the Board.

Conduct and Ethics

The Company Code of Conduct sets out the way staff are expected to conduct themselves in their day-to-day business. The Code of Conduct aims to establish a code of ethics to promote high ethical behaviour, and to guide, in line with the values of the organisation, ethical considerations on day-to-day decisions made at every level of delegation in BotswanaPost. The

Code of Conduct is also reflected in, and supported by, a broad range of the Company's policies and procedures. The behavioural expectations for Board of Directors are contained within the Board of Directors Code of Ethics and Conduct. It outlines all standards of integrity, conduct or character reflective and expected of all appointees to the Company Board.

Continuous Disclosure

The Company believes that the shareholder, regulators, third parties and the investment community should be informed of all major business events and risks that influence the Company in a factual, timely and widely available manner. The Company's continuous disclosure procedure is incorporated in the Company's Communications and Continuous Disclosure Policy as well as the Company Board of Directors Code of Ethics and Conduct.

Constitution and Charters

The Company Constitution sets out requirements concerning the setting of: board size, meetings, appointment of Directors and the powers and duties of Directors. The Board Charter details the Board's role and responsibilities and its relationship with Management. The Company's three (3) standing Board Committees assist the Board in its oversight function. The Board Committee Charters detail the composition and responsibilities of each Committee and how it exercises its authority.

Risk and Compliance

Risk and compliance continue to be a top priority at BotswanaPost and is integral to how the Company conducts its business. In an effort to enhance our control environment on a continual basis, a comprehensive Compliance Universe has been formulated to ensure effective compliance with all statutory and regulatory requirements.

The formulation and adoption of a Stakeholder Engagement Plan (SEP) further highlights the Company's commitment to effectively manage relationships with stakeholders who are vital to the successful pursuit and realisation of the Company's business interests. The SEP does not cover all areas of the business but is meant to address the defined Shareholder broadly, the Regulator as well as the international organisations that the Company affiliates to.

Corporate Governance Checklist

Below is an outline of the Company's compliance with key King III principles and the mitigation plans in place to address any short-comings.

Board Meetings and Committees Attendance

Members	Board	Finance and Audit Committee	Human Resources Committee	Tender Committee	Total Fees Paid
Mr. P. P. Motau	12/12	-	-	-	12,600.00
Ms. C. Motswaiso	9/12	6/6	-	-	13,260.00
Ms. H. Mocuminyane-Rabashwa	9/12	-	15/15	1/1	21,950.00
Ms. N. Mosetlhe	10/12	-	15/15	-	22,650.00
Mr. A. Monnakgotla	10/12	6/6	-	1/1	13,440.00
Ms. S. Botlhole-Mmopi	3/3	4/4	5/5	-	-
Mr. C. Ramatlhakwane	4/4	2/2	4/4	1/1	-

Chapter 1 - Ethical Leadership and Corporate Citizenship			
King III Principle	Status	Level of Compliance	Plans to resolve short-comings
1.1 The Board should provide effective leadership based on an ethical foundation.	The Directors Code of Ethics and Conduct has been formulated. Through the Charters, which are reviewed periodically, the Board commits to high standards of integrity and ethical conduct.	Full	
1.2 The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	BotswanaPost Foundation endorsed by the Board was established so that the Company could be fully involved in Corporate Social Responsibility.	Full	
1.3 The Board should ensure that the Company's ethics are managed effectively.	Company policies exist to manage ethics and integrity within the Company.	Full	

Chapter 2 - Boards and Directors			
King III Principle	Status	Level of Compliance	Plans to resolve short-comings
2.1. The Board should act as the focal point for and custodian of Corporate Governance.	The Board through its Charter is committed to the principles of best corporate practices and conduct.	Full	
2.2. The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board is committed to standards of integrity and ethical conduct through its Charters, Committee terms of reference as well as Board Procedures Manual. However greater effort is required in terms of effectively managing risk within the Company.	Partial	A new governance structure has been established which will have a dedicated risk management function.
2.3 The Board should ensure that the Company has an effective and independent audit Committee.	The Board has established the Finance and Audit Committee with a Charter in order to comply with this principle. The Committee is empowered to invite independent specialists to advise the Committee on points of clarity. The Committee is comprised of Non-Executive Directors.	Full	
2.4 The Board should be responsible for the governance of risk.	Currently there is no robust Risk Management function within the Company. Risk is managed at an operational level.	Partial	A new governance structure has been established which will have a dedicated risk management function. It will reside within the Internal Audit department which is currently being capacitated.
2.5 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standard.	The Company has developed a comprehensive Compliance Universe which details Compliance undertakings of the Company. A compliance framework is also in operation.	Full	

King III Principle	Status	Level of Compliance	Plans to resolve short-comings
2.6 The Board should ensure that there is an effective risk-based Internal Audit.	An Internal Audit function exists within the Company's structure. The Company experienced challenges due to lack of capacitation of the department.	Partial	Internal Audit function currently being capacitated.
2.7 The Board should ensure the integrity of the Company's Integrated Report.	A comprehensive report of the Company's performance is made by the Board in the Annual Report. This is done in line with the principles of corporate governance.	Full	
2.8 The Board and its Directors should act in the best interests of the Company.	All Directors commit to this principle by signing a Declaration of Interest form.	Full	
2.9 The Board should elect a Chairman of the Board who is a Non-Executive Director. The CEO of the Company should not also fulfil the role of the Chairman of the Board.	The Board is composed of Non-Executive Directors including the Chairman. The Chairman and other Directors are appointed in consideration of a balance of skills, experience, professional and industry knowledge necessary to realise the corporate task of operating and managing postal services along commercial lines.	Full	
2.10 The Board should appoint the CEO and establish a framework for the delegation of authority.	The Board has appointed a CEO and a delegation of authority is outlined in the Board Charter. The accountability clauses are clearly outlined and the Board is responsible for the evaluation of the CEO's performance on an annual basis.	Full	
2.11 The Board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors should be independent.	The Board is comprised of five (5) Non-Executive Directors. On determining the directors, a balance of skills, experience, professional and industry knowledge necessary to realise the corporate task of operating and managing postal services along commercial lines are considered.	Full	
2.12 The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	The Company Secretary possesses the requisite competency, qualifications, skills and experience necessary for the effective administration of the role in accordance with the Companies Act.	Full	

King III Principle	Status	Level of Compliance	Plans to resolve short-comings
2.13 The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The Board has established three (3) committees to manage some of its functions. Committees are mandated through their terms of references and Board Charter to report to the Board as frequently as necessary.	Full	
2.14 Companies should disclose the remuneration of each individual director and certain senior executives.	The full disclosures of director's remunerations are contained in the Annual Report. Disclosure of executive remuneration is not required.	Full	
2.14 The Shareholder should approve the Company's Board remuneration policy.	The Board is remunerated in accordance with the remuneration practices of the Government of Botswana.	Full	

Chapter 3 – Audit Committees			
King III Principle	Status	Level of Compliance	Plans to resolve short-comings
3.1 The Board should ensure that the Company has an effective and Independent Audit Committee.	The Board has established the Finance and Audit Committee.	Full	
3.2 The Audit Committee is responsible for recommending the appointment of the external Auditor and overseeing the external audit process.	The Committee recommends the appointment of the external auditor to the Board. It also reviews the external audit process including external audit plan.	Full	
3.3 The Audit and Risk Committee should report to the Board and Shareholder on how it has discharged its duties.	A periodic report on the performance of the Committee by the Chairperson of the Committee is submitted to the Board.	Full	

Chapter 6 - Compliance with Laws, Codes, Rules and Standards			
King III Principle	Status	Level of Compliance	Plans to resolve short-comings
6.1 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	A comprehensive Compliance Universe which details compliance undertakings of the Company is in place.	Full	



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**ANNUAL
REPORT
2016**



50 YEARS OF PROGRESS

Stamp Collection



INFRASTRUCTURE COMMUNICATIONS

Postal services, which were formerly dominated by delivery of letters and parcels, have now moved forward confidently into the Information Technology era.

General Information

BOTSWANA POSTAL SERVICES was created by an Act of Parliament, namely; the Botswana Postal Services Act No 22 of 1989 - Laws of Botswana CAP 72:01. On 5th August 2015 the organisation changed to a Company limited by shares in terms of the Companies Act CAP 42:01 and became BOTSWANA POSTAL SERVICES LIMITED.

Members of the Board

Polokoetsile Pedro Motau	- Chairman	
Hilda Mocuminyane - Rabashwa	- Director	
Ntoti Mosetlhe	- Director	
Colleen Motswaiso	- Director	
Abel Monnakgotla	- Director	
Boiki Tema	- Director	(appointed 01 April 2016)
Christopher Mokgware	- Director	(appointed 01 April 2016)
Thabane Ndlovu	- Director	(appointed 01 April 2016)
Gontse Kgosiemang	- Director	(appointed 01 April 2016)
Setshedi Botlhole-Mmopi	- Chief Executive Officer (Ag)	(01 April - 30 September 2015)
Cornelius Ramatlhakwane	- Chief Executive Officer	(appointed 01 October 2015)

Registered Office

Poso House
Plot 53952, Khama Crescent
Government Enclave,
Gaborone

Bankers

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

Auditor

Office of the Auditor General

The Board of Directors is responsible for the annual financial statements and all other information presented therewith. Its responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and provisions of the Company's Act.



P. P. Motau
Chairman

The Auditor General has the responsibility to give an independent opinion on the reasonableness of the financial statements based on the audit of the affairs of the organisation. The Finance and Audit Committee which consists of two non-executive members of the Board and the Chief Executive met senior management as well as the external auditors as and when it deemed necessary to evaluate matters concerning accounting, internal controls, auditing and financial reporting.



C. Motswaiso
Finance & Audit Committee Chairman



C. Ramatlhakwane
Chief Executive Officer

At its meeting held on the 13th December 2016, the Board of Directors supported by the Finance and Audit Committee satisfied itself that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the financial statements, safeguard assets of the organisation and to ensure that all transactions are duly authorised.

Date: 13 Dec 2016

The financial statements have been prepared on the going concern basis, since Members of the Board have every reason to believe that the organisation has adequate resources to continue the operation for the foreseeable future. Against this background, the Members of the Board and Management accept responsibility for the financial statements on page 62 to 86 for the year ended 31 March 2016 which were approved on 13th December 2016 and signed on their behalf by:

Telephone: (+267) 3617100/3951050
Fax: (+267) 3188145/3908582
Farm Forest Hill No.9
Lot 134 Millennium Park
Kgale Hill
Webstie: www.oag@org.bw
Email: oag@gov.bw



REPUBLIC OF BOTSWANA

Office of the Auditor General
Private Bag 0010
Gaborone
Botswana

I have completed the audit of the financial statements of Botswana Postal Services Ltd as set out on page 62 to 86 for the year ended 31st March 2016, which comprises the statement of financial position as at 31st March 2016, the statements of comprehensive income, cash flows and changes in equity for the year then ended in terms of Section 21 (2) and (3) of the Botswana Companies Act.

Members of the Board's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

An audit includes an examination, on a test basis, of evidence supporting amounts and disclosures in the financial statements. An audit also includes an evaluation of the appropriateness of the accounting principles, assessment of the reasonableness of the accounting estimates made by management, and the overall presentation of the financial statements.

I have examined the books, accounts and vouchers of Botswana Postal Services Ltd to the extent I considered necessary. I believe that the audit procedures used and the evidence obtained are sufficient and appropriate to provide a basis for the opinion given below.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Botswana Postal Services Ltd as at 31st March 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw the attention to note 16 of financial statements which indicate that the Group and Botswana Postal Services Ltd were restated for the year ended March 2015 to comply with IAS20- Accounting for Government Grants and Disclosure of Government Grants.

Plulane D. Letebele
Auditor General
Dated: 17th Feb 2017



Statement of Financial Position as at 31 March 2015

	Notes	GROUP		COMPANY	
		2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
ASSETS					
Non current assets					
Property, Plant and Equipment	9	325,401,481	315,624,577	301,150,778	302,860,472
Intangible assets	10	5,264,969	17,658,608	4,781,049	16,683,787
Investment in subsidiary	24	-	-	-	10,230,280
Deferred tax asset	19	602,551	-	-	-
		331,269,001	333,283,185	305,931,827	329,774,539
Current Assets					
Inventories	11	13,461,212	9,805,872	13,461,212	9,805,872
Trade and other receivables	12	94,689,361	148,838,556	96,568,181	136,736,801
Cash and short term deposits	13	74,252,568	24,456,985	74,083,513	24,168,860
Tax receivable	19	98,649	151,707	-	-
		182,501,790	183,253,120	184,112,906	170,711,533
TOTAL ASSETS		513,770,791	516,536,305	490,044,733	500,486,072
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	38,431,729	38,431,729	38,431,729	38,431,729
Revaluation reserve	14	130,063,439	129,109,947	128,843,016	128,843,016
Other capital reserves	14	199,761	199,761	199,761	199,761
Retained earnings		(136,226,045)	(105,333,678)	(113,497,147)	(86,019,884)
		32,468,884	62,407,759	53,977,359	81,454,622
Non current liabilities					
Interest bearing loans and borrowings	15	185,404,716	178,277,167	182,442,092	174,645,799
Government grants	16	31,030,700	14,690,323	31,030,700	14,690,323
Finance lease obligation	18	8,686,265	1,584,968	-	475,599
Deferred tax liability	19	-	367,457	-	-
		225,121,681	194,919,916	213,472,792	189,811,721
Current liabilities					
Finance lease obligation	18	4,417,887	1,312,762	-	537,154
Trade and other payables	17	237,964,213	208,561,277	215,805,432	189,479,447
Interest bearing loans and borrowings	15	4,502,619	4,482,805	3,603,238	3,841,886
Government grants	16	2,914,222	15,126,343	2,914,222	15,126,343
Bank overdraft	13	6,381,286	29,725,443	271,690	20,234,899
		256,180,227	259,208,630	222,594,582	229,219,729
TOTAL EQUITY AND LIABILITIES		513,770,791	516,536,305	490,044,733	500,486,072

Statement of Comprehensive Income as at 31 March 2016

		GROUP		COMPANY	
		2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
Revenue	2	446,231,237	430,443,044	428,717,256	366,181,590
Cost of Sales	3	(325,197,878)	(288,377,005)	(336,068,759)	(277,095,293)
Gross profit		121,033,359	142,066,039	92,648,497	89,086,297
Other income	4	48,476,848	21,372,648	48,088,228	20,639,539
Administrative expenses	5	(165,521,211)	(188,025,200)	(134,959,313)	(129,438,388)
Other operating expenses	6	(1,285,786)	(393,084)	(1,285,786)	(393,084)
Operating profit/(loss)		2,703,210	(24,979,597)	4,491,626	(20,105,636)
Finance cost	7	(22,974,048)	(20,357,116)	(22,214,087)	(18,659,350)
Finance income	8	480,583	2,385,365	480,583	2,385,340
Loss on disposal of investment - subsidiary	22	(10,230,280)	-	(10,230,280)	-
Restructuring Costs		(5,105)	(108,766)	(5,105)	(108,766)
Loss before taxation		(30,025,640)	(43,060,113)	(27,477,263)	(36,488,411)
Taxation	19	407,403	66,871	-	-
Loss for the year		(29,618,237)	(42,993,242)	(27,477,263)	(36,488,411)

Statement of Changes In Equity as at 31 March 2016

GROUP	Stated Share Capital P	Other Capital Reserves P	Revaluation Reserve P	Retained Earnings P	Total P
RESTATED					
Balance as at 1 April 2014	38,431,729	199,761	124,836,864	(62,340,436)	101,127,919
Revaluation adjustments	-	-	4,285,327	-	4,285,327
Loss for the year	-	-	(12,244)	(42,993,242)	(43,005,486)
Balance as at 31st March 2015	38,431,729	199,761	129,109,947	(105,333,678)	62,407,759
Loss / profit for the year	-	-	350,002	(31,142,667)	(30,792,665)
Business Combinations	-	-	-	250,300	250,300
Revaluation	-	-	603,490	-	603,490
Balance as at 31 March 2016	38,431,729	199,761	130,063,439	(136,226,045)	32,468,884
COMPANY					
RESTATED					
Balance as at 1 April 2014	38,431,729	199,761	124,557,689	(49,531,473)	113,657,707
Loss for the year	-	-	-	(36,488,411)	(36,488,411)
Revaluation adjustment	-	-	4,285,327	-	4,285,327
Balance as at 31st March 2015	38,431,729	199,761	128,843,016	(86,019,884)	81,454,622
Loss for the year	-	-	-	(27,477,263)	(27,477,263)
Balance as at 31 March 2016	38,431,729	199,761	128,843,016	(113,497,147)	53,977,359

	GROUP		COMPANY	
	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
Cash flows from operating activities				
Cash (utilised) in operating activities :- Note 20	36,782,362	(25,149,735)	47,760,278	(12,678,030)
Taxation Received	53,058	(135,447)	-	-
Net cash from operating activities	36,835,420	(25,285,182)	47,760,278	(12,678,030)
Investing activities				
Proceeds from sale of property, plant & equipment	834,316	18,605	783,272	18,605
Purchase of property, plant & equipment	(23,440,802)	(10,030,208)	(10,200,827)	(6,682,345)
Purchase of intangible assets	(318,725)	(5,887,541)	(318,725)	(5,887,541)
Finance income	480,583	2,385,365	480,583	2,385,340
Net cash flows from investing activities	(22,444,628)	(13,513,779)	(9,255,696)	(10,165,940)
Financing activities				
Loan financing	11,476,163	143,595,892	11,476,163	143,595,892
Receipt of government grant	47,042,477	-	47,042,477	-
Proceeds from shareholder	20,000,000	-	-	-
Repayment of borrowings	(4,328,802)	(104,078,268)	(3,918,520)	(103,530,954)
Finance lease payments	9,766,196	(3,571,739)	(1,012,753)	(128,258)
Finance cost	(23,277,509)	(19,881,934)	(22,214,087)	(18,659,350)
Net cash flows from financing activities	60,678,525	16,063,951	31,373,280	21,277,330
Net increase in cash and cash equivalents	73,139,741	(6,576,836)	69,877,863	(1,566,640)
Cash and cash equivalents at beginning of the year	(5,268,458)	1,308,378	3,933,961	5,500,601
Cash and cash equivalents at end of the year	67,871,283	(5,268,458)	73,811,824	3,933,961

1. Basis of Preparation

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

1.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Botswana Postal Services Ltd and its subsidiary Botswana Couriers & Logistics (Pty) Ltd.

The accounting policies of the subsidiary are in line with those of Botswana Postal Services Ltd.

All intra-group balances, income and expenses and profits and losses arising out of intra-group transactions are eliminated in full upon consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until such control ceases.

1.2 Foreign Currency Translation

Botswana Postal Services Ltd's consolidated financial statements are presented in Botswana Pula (BWP), which is the Company's functional currency. That is the currency of the primary economic environment in which Botswana Postal Services Ltd operates.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Transactions with other postal administrators are governed by the Universal Postal Union (UPU) which uses Special Drawing Rights (SDR) as the currency to settle international balances.

1.3 Property, Plant and Equipment

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

Revaluations are performed in the following manner:

Immovable Assets	3 years
Movable Assets	2 years

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

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

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

Buildings	50 years
Motor vehicles	5 years
Furniture and equipment	3 - 7 years
Computer hardware	3 - 5 years

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

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

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

Work in progress is stated at cost.

1.4 Intangible Assets

Intangible assets consist of purchased software and are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over 3 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible asset.

The estimated useful lives and residual values are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the income statement when the asset is derecognised.

1.5 Operating Leases

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

1.5.1 Botswana Postal Services Ltd As Lessee

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

1.5.2 Botswana Postal Services Ltd As Lessor

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

1.6 Finance Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower at the present value of minimum lease payments. Lease payments

are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1.7 Borrowing Costs

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

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is purchase cost, determined on a first in first out basis, including transport and handling costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Government Grants

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

Where non-monetary grants are received, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the asset by equal annual instalments.

1.10 Impairment Of Non-Financial Assets

Botswana Postal Services Ltd assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, an estimate of the recoverable amount is made. An asset's recoverable amount is the higher of the asset's fair value less costs to sell, and its value in use and is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation surplus was taken to equity. In respect of that asset, the impairment is also recognised in equity up to the amount of any previous revaluation surplus.

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

1.11 Revenue Recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the organisation and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration

received, excluding discounts, rebates, value added tax or duty. The following specific recognition criteria should also be met before revenue is recognised:

1.11.1 Box and Bag Rentals

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

1.11.2 Mail Revenue and Bulk Mail Revenue

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

1.11.3 Express Mail Service (Ems) Revenue

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

1.11.4 Terminal and Transit Dues

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

1.11.5 Sale of Philatelic Products

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

1.11.6 Agency Fees and Commissions

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

1.11.7 Interest Income

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

1.11.8 Rental Income

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

1.12 Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of short term deposits, as defined above, net of outstanding bank overdrafts.

1.13 Financial Assets

1.13.1 Initial Recognition

Financial assets within the definition of IAS39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short term deposits and trade and other receivables.

1.13.2 Subsequent Measurement

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

1.13.2.1 Cash and Cash Equivalents

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

1.13.2.2 Trade and Other Receivables

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

1.14 Financial Liabilities

1.14.1 Initial Recognition

Financial liabilities within the scope of IAS39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdraft and loans and borrowings.

1.14.2 Subsequent Measurement

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

1.14.2.1 Interest Bearing Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

1.14.2.2 Trade and Other Payables

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

1.14.2.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised

amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.14.2.4 Impairment of Financial Instruments

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.14.2.5 Trade and Other Receivables

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original

effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

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

1.15 Derecognition of Financial Instruments

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

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

1.16 Provisions

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

1.17 Taxation

Botswana Postal Services Ltd and Botswana Couriers and Logistics (Pty) Ltd are subject to income tax in terms of the income Tax Act and are taxable.

1.17.1 Current Income Tax

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

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

1.17.2 Deferred Income Tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.18 Significant Accounting Judgements and Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following are critical judgements and estimates that management has made in the process of applying the entities' accounting policies and have the most significant effect on the amounts recognised in the financial statements:

1.18.1 Revaluation, Useful Lives and Residual Values Of Property, Plant and Equipment

The Company engaged independent valuation experts to determine the market values of the revalued assets at 31 March 2015. The results of this valuation exercise were used as the basis for revaluation of the assets. The estimation of the useful life and residual value of an asset is a matter of judgement based on past experience

of the Company with similar assets and the intention of management.

1.18.2 Useful Lives of Intangible Assets

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

1.18.3 Provisions

Management estimated provisions based on information available.

1.18.4 Contingent Liabilities

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

1.18.5 Impairment of Trade and Other Receivables

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

1.18.6 Impairment of Slow Moving Inventory

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

1.18.7 Deferred Tax Assets

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

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires he

Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

1.19 New Standards and Interpretations Not Yet Effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2016.

IFRS 9 Financial Instruments

The new standard is the first of the three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes of IAS 39.

Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.

Financial assets at amortised cost are those financial assets at where the business model for managing the asset is to hold the assets to collect contractual cash flow (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.

Under certain circumstances, financial assets may be designated as at fair value.

For a hybrid contract, where the host contract is an asset within the scope of IFRS 9, the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provision of IAS 39 still applies.

Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances reclassification takes place

prospectively from beginning of first reporting period after the date of change of the business model.

Financial Liabilities shall not be reclassified.

Investment in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains and losses accumulated in equity are not recycled to profit and loss on de-recognition of investment. The election may be made per individual investment.

IFRS 9 does not allow for investment in equity instruments to be measured at cost.

The classification categories for financial liabilities remain unchanged. However, where a financial liability is designated as at fair value through profit and loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentations will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit and loss.

The standard has mandatory effective date for annual periods on or after 1 January 2018.

	GROUP		COMPANY	
	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
2. REVENUE				
Agency services	105,241,697	91,222,539	105,241,697	91,222,539
Box and bag rentals	25,398,535	21,856,133	25,398,535	21,856,133
Bulk mail	30,973,441	32,663,753	30,973,441	32,663,753
Business services	186,183,847	143,287,787	186,183,847	143,287,787
Courier Income	17,513,981	64,261,454	-	-
EMS revenue	8,245,359	8,148,679	8,245,359	8,148,679
Mail revenue	46,799,099	43,610,888	46,799,099	43,610,888
Money transfer commission	16,980,337	16,408,036	16,980,337	16,408,036
Philatelic products	2,528,276	2,581,324	2,528,276	2,581,324
Terminal and transit dues	6,366,665	6,402,451	6,366,665	6,402,451
	446,231,237	430,443,044	428,717,256	366,181,590
3. COST OF SALES				
Advertisement and promotion	3,974,107	3,788,136	3,974,107	3,788,136
Airtime expense	38,016,579	32,644,468	38,016,579	32,644,468
Compensation to customers	212,247	2,197	212,247	2,197
Depreciation	2,176,177	5,534,113	1,377,819	1,212,895
Discount allowed	4,335,600	2,698,706	4,335,600	2,698,706
Electricity purchases	178,203,790	137,041,972	178,203,790	137,041,972
Fees paid postal agencies	(1,300)	191,400	(1,300)	191,400
Mail bags and other consumables	2,820,798	328,954	2,820,798	328,954
Mail conveyance costs	14,724,596	33,417,148	29,198,440	28,921,006
Maintenance post boxes	734,470	75,268	734,470	75,268
Merchandise expense	1,180,685	303,411	1,180,685	303,411
Printing of stamps	891,278	418,981	891,278	418,981
Salaries	51,261,636	49,272,178	51,261,636	49,272,178
Staff transport	549,000	359,633	549,000	359,633
Defalcation	561,261	-	561,261	-
Technical partner's fees	22,752,350	13,951,126	22,752,350	13,951,126
CMS contract costs	2,804,604	2,464,352	-	-
Stock adjustment	-	2,823,404	-	2,823,404
Post office loss	-	3,061,557	-	3,061,557
	325,197,878	288,377,005	336,068,759	277,095,293
4. OTHER INCOME				
Directors' fees received	2,630	7,050	2,630	7,050
Government grant	2,914,222	15,126,343	2,914,222	15,126,343
Operating lease income	2,506,308	2,682,961	2,506,308	2,682,961
Newspaper and periodicals registration fees	66,955	84,760	57,674	84,760
Profit on disposal of assets	8,786	18,358	8,786	18,358
Sale of merchandise	1,287,788	536,785	1,287,788	536,785
Staff housing rental recoveries	318,775	200,994	318,775	200,994
Sundry income	729,242	2,715,397	647,013	1,982,288
Discount received	345,032	-	345,032	-
USO recovery	40,000,000	-	40,000,000	-
Profit on exchange differences	297,111	-	-	-
	48,476,848	21,372,648	48,088,228	20,639,539

	GROUP		COMPANY	
	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
5. ADMINISTRATIVE EXPENSES				
Audit fees	810,869	293,343	719,452	210,000
Cleaning	2,422,466	2,237,241	2,373,290	2,174,039
Depreciation	21,801,794	23,381,877	21,357,665	22,334,046
Directors fees and board expenses	317,300	367,627	230,654	173,780
Doubtful debts	1,085,543	82,886	1,085,543	(343,286)
Electricity	2,830,275	2,349,859	2,830,275	2,349,859
Insurance	3,070,568	3,954,586	1,981,658	2,967,525
Loss on disposal of assets	658,545	344,378	658,545	344,378
Office expenses	3,948,499	(358,745)	3,729,292	(780,171)
Printing and stationery	4,267,987	5,162,307	4,116,697	4,565,130
Professional and legal fees	7,848,838	7,380,120	7,839,570	5,734,713
Rent and rates	4,485,707	4,459,404	3,730,953	3,597,014
Repairs and maintenance	8,568,108	16,639,758	7,682,144	13,081,480
Sales promotion and advertising	1,566,439	2,115,203	650,561	516,285
Security and alarm	7,964,794	8,268,164	7,391,888	7,465,452
Staff costs	73,024,354	87,511,272	50,282,523	45,162,209
Strategy costs	452,755	430,019	452,755	430,019
Subscriptions and licences	1,053,716	1,688,471	918,613	1,535,046
Telephone and fax	8,450,765	9,588,859	7,687,543	7,972,283
Training	3,412,536	3,091,340	3,104,620	2,467,210
Travelling	6,973,914	8,279,660	5,730,407	7,189,844
Water	505,439	433,986	404,665	291,535
Loss on exchange differences	-	323,587	-	-
	165,521,211	188,025,200	134,959,313	129,438,388
6. OTHER OPERATING EXPENSES				
Donations	1,067,626	364,082	1,067,626	364,082
Other expenses	218,161	29,002	218,161	29,002
	1,285,786	393,084	1,285,786	393,084
7. FINANCE COST				
Bank charges and interest	1,055,631	1,250,286	868,009	891,353
Motor vehicle lease charges	248,028	1,402,616	62,273	180,033
Interest on borrowings	21,670,390	17,704,214	21,283,805	17,587,965
	22,974,048	20,357,116	22,214,087	18,659,350
8. FINANCE INCOME				
Interest income from short term deposits	453,272	2,365,168	453,272	2,365,168
Interest income on call accounts from banks	27,311	20,196	27,311	20,171
	480,583	2,385,365	480,583	2,385,340

9. PROPERTY, PLANT AND EQUIPMENT

9.1 GROUP - COST OR VALUATION

	Land and buildings at valuation P
Balance as at 31 March 2014	272,111,345
Additions	4,364,597
Transfers	
Disposals	
Elimination*	(18,605)
Revaluations	
At 1st April 2015	276,457,337
Additions	5,320,706
Transfers	
Disposals	
At 31 March 2016	281,778,043

In line with Botswana Postal Services Ltd accounting policies, movable properties were revalued in financial year 2014/15. This exercise was carried out by Wille Kathurima Associates.

It is management's considered view that the carrying values shown as at 31 March 2016 are a fair representation of the amounts that are expected to be recovered through the use or sale of the assets.

The next revaluation exercise will be conducted in the next financial year 2016/17 for all immoveable assets.

Elimination* - Elimination after revaluation to reflect revalued amounts.

9.2 GROUP - DEPRECIATION

	Land and buildings at valuation P
Balance as at 31 March 2014	3,681,466
Depreciation charge for the year	4,537,049
Disposals	(18,605)
Elimination	-
Balance as at 1st April 2015	8,199,910
Depreciation charge for the year	4,936,124
Disposals	-
At 31 March 2016	13,136,034
CARRYING VALUE	
At 31 March 2016	268,642,009
At 31 March 2015	268,257,427

Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
10,868,877	2,214,268	43,481,398	18,935,100	2,770,996	777,424	2,989,623	354,149,031
1,472,710	1,280,253	5,835,689	-	-	-	48,025	13,001,274
		-	-	-	-	(2,991,366)	(2,991,366)
	(773,275)		-	-	-	-	(773,275)
(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,532,627)
1,113,930	184,199	3,903,041	-	-	-	-	5,201,170
12,221,974	2,709,947	45,135,147	18,935,100	2,770,996	777,424	46,282	359,054,207
11,894,123		2,909,301				4,165,731	24,289,861
392,458		578,491				(970,949)	-
	(1,636,688)	(39,746)					(1,676,434)
24,508,555	1,073,259	48,583,193	18,935,100	2,770,996	777,424	3,241,064	381,667,634

Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
6,233,467	791,796	5,460,132	17,305,724	2,724,720	526,386	-	36,723,691
4,953,639	144,793	4,858,410	1,626,537	46,276	250,992	-	16,417,697
-	(179,132)	-	-	-	-	-	(197,737)
(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,514,022)
9,953,563	561,959	2,233,561	18,932,261	2,770,996	777,378	-	43,429,629
2,466,848	212,259	5,432,864	2,839	-	45	-	13,050,979
-	(212,259)	(2,197)	-	-	-	-	(214,456)
12,420,411	561,959	7,664,228	18,935,100	2,770,996	777,423	-	56,266,152
12,088,144	511,300	40,918,965	-	-	1	3,241,064	325,401,481
2,268,411	2,147,988	42,901,586	2,839	-	46	46,282	315,624,577

9. PROPERTY, PLANT AND EQUIPMENT

9.3 COMPANY - COST OR VALUATION

	Land and buildings at valuation P
Balance as at 31 March 2014	263,320,327
Additions	4,188,136
Transfers	-
Disposals	(18,605)
Elimination*	-
Revaluations	-
At 1st April 2015	267,489,858
Additions	4,466,936
Transfers	-
Disposals	-
At 31 March 2016	271,956,794

In line with Botswana Postal Services Ltd accounting policies, movable properties were revalued in financial year 2014/15. This exercise was carried out by Wille Kathurima Associates.

It is management's considered view that the carrying values shown as at 31 March 2016 are a fair representation of the amounts that are expected to be recovered through the use or sale of the assets. The next revaluation exercise will be conducted in the next financial year 2016/17 for all immovable assets.

Elimination* - Eliminations of assets to reflect revalued amounts

9.4 COMPANY - DEPRECIATION

	Land and buildings at valuation P
Balance as at 31 March 2014	3,536,677
Depreciation charge for the year	4,517,442
Disposals	(18,605)
Elimination	-
Balance as at 1st April 2015	8,035,514
Depreciation charge for the year	4,879,608
Disposals	-
At 31 March 2016	12,915,122
CARRYING VALUE	
At 31 March 2016	259,041,672
At 31 March 2015	259,454,344

Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
1,296,611	1,141,008	40,567,919	18,935,100	2,770,996	777,424	2,989,623	331,799,008
-	1,280,253	4,157,297	-	-	-	48,025	9,673,711
-	-	-	-	-	-	(2,991,366)	(2,991,366)
-	(773,275)	-	-	-	-	-	(791,880)
(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,514,022)
1,113,930	184,199	3,903,041	-	-	-	-	5,201,170
1,176,998	1,636,687	40,543,276	18,935,100	2,770,996	777,424	46,282	333,376,621
-	-	1,568,159	-	-	-	4,165,731	10,200,826
392,458	-	578,491	-	-	-	(970,949)	-
-	(1,636,688)	(10,800)	-	-	-	-	(1,647,488)
1,569,456	-	42,679,126	18,935,100	2,770,996	777,424	3,241,064	341,929,960

Motor vehicles at valuation P	Leased Motor Vehicles P	Furniture & equipment at valuation P	Project (Kitsong) assets P	BAPS Assets P	IFS Assets P	Work in progress at cost P	Total P
601,121	229,837	3,799,557	17,305,723	2,724,720	526,386	-	28,724,021
632,422	144,793	4,285,424	1,626,537	46,276	250,992	-	11,503,886
-	(179,132)	-	-	-	-	-	(197,738)
(1,233,543)	(195,498)	(8,084,981)	-	-	-	-	(9,514,022)
-	-	-	18,932,260	2,770,996	777,380	-	30,516,148
565,995	212,259	4,816,743	2,839	-	45	-	10,477,490
-	(212,259)	(2,197)	-	-	-	-	(214,456)
565,995	-	4,814,546	18,935,099	2,770,996	777,426	-	40,779,182
1,003,461	-	37,864,580	1	-	(2)	3,241,064	301,150,778
1,176,998	1,636,687	40,543,276	2,840	-	44	46,282	302,860,472

10. INTANGIBLE ASSETS

10.1 GROUP	Software P	Counter Automation Software P	Development Cost P	Poso Card P	Total P
At 1 April 2015	5,883,488	33,753,155	1,415,416	-	41,052,059
Additions	652,909	-	-	5,253,726	5,906,635
At 31 March 2015	6,555,491	33,753,155	1,415,416	5,253,726	46,958,694
Additions	318,725	-	-	-	318,725
At 31 March 2016	6,874,216	33,753,155	1,415,416	5,253,726	47,277,419
AMORTISATION AND IMPAIRMENT					
At 1 April 2015	3,891,594	13,595,276	-	-	17,486,870
Amortisation	1,104,547	9,989,437	471,805	247,427	11,813,216
At 31 March 2015	5,015,235	23,584,713	471,805	247,427	29,300,086
Amortisation	1,116,445	9,989,437	471,806	1,134,676	12,712,364
At 31 March 2016	6,131,680	33,574,150	943,611	1,382,103	42,012,450
NET BOOK VALUE					
At 31 March 2016	742,536	179,005	471,805	3,871,623	5,264,969
At 31 March 2015	1,540,256	10,168,442	943,611	5,006,299	17,658,608

10.2 COMPANY	Software P	Counter Automation Software P	Development Cost P	Poso Card P	Total P
COST					
At 1 April 2014	5,850,488	33,753,155	-	-	39,603,643
Additions	633,815	-	-	5,253,726	5,887,541
At 31 March 2015	6,484,303	33,753,155	-	5,253,726	45,491,184
Additions	318,725	-	-	-	318,725
At 31 March 2016	6,803,028	33,753,155	-	5,253,726	45,809,909
AMORTISATION AND IMPAIRMENT					
At 1 April 2014	3,881,700	13,595,276	-	-	17,476,976
Amortisation	1,093,558	9,989,437	-	247,427	11,082,995
At 31 March 2015	4,975,258	23,584,713	-	247,427	28,807,397
Amortisation	1,097,351	9,989,437	-	1,134,676	12,221,464
At 31 March 2016	6,072,609	33,574,149	-	1,382,103	41,028,861
NET BOOK VALUE					
At 31 March 2016	730,419	179,006	-	3,871,623	4,781,048
At 31 March 2015	1,509,045	10,168,443	-	5,006,300	16,683,787

	GROUP		COMPANY		
	Notes	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
11. INVENTORIES					
Definitive stamps		489,012	769,032	489,012	769,032
Postal orders and postal stocks		12,771	52,104	12,771	52,104
Kiosks, nests, pillar boxes and equipment		112	272	112	272
Stock, phone cards and other consumables		15,782,721	11,807,866	15,782,721	11,807,866
Less: Provision for stock adjustment		(2,823,404)	(2,823,404)	(2,823,404)	(2,823,404)
Total inventories at lower of cost and net realisable value		13,461,212	9,805,872	13,461,212	9,805,870
12. TRADE AND OTHER RECEIVABLES					
Trade receivables		91,902,491	83,913,551	59,039,594	61,899,677
Less: Provision for Doubtful Debts		(9,894,458)	(8,808,915)	(8,715,779)	(7,630,236)
Receivables from related parties		(5,282,608)	(9,888,613)	-	-
		76,725,425	65,216,023	50,323,814	54,269,441
Staff advances		1,192,379	954,058	503,931	954,058
Prepayments and deposits		3,628,604	3,785,284	2,993,692	3,295,407
Other receivables		13,142,953	78,883,191	42,746,743	78,217,895
		94,689,361	148,838,556	96,568,181	136,736,801
Trade receivables are non-interest bearing and are generally on 30-60 day terms. Staff advances may be up to 6 months.					
12.1 Trade Receivables					
Neither past due nor impaired		23,680,095	35,296,772	17,458,116	22,623,359
between 30 days and 60 days		12,609,297	13,253,362	10,317,538	11,838,051
between 60 days and 90 days		3,258,998	5,939,637	2,361,697	5,017,963
more than 90 days		46,802,832	25,408,817	28,902,243	22,420,304
Provision for Doubtful Debts		(9,894,458)	(8,808,915)	(8,715,779)	(7,630,236)
Net Carrying Amount		76,456,763	71,089,672	50,323,815	54,269,441
The movement in the provision for impairment of trade and other receivables is set out below:					
12.2 Provision For Doubtful Debts					
		2016		2016	
		Collectively		Collectively	
		impaired		impaired	
At 31 March 2014		(8,726,030)		(7,973,523)	
Charge for the year		(82,886)		343,286	
At 1st April 2015		(8,808,916)		(7,630,237)	
Charge for the year		(1,085,542)		(1,085,543)	
At 31 March 2016		(9,894,458)		(8,715,779)	

	GROUP		COMPANY		
	Notes	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
13. CASH AND SHORT-TERM DEPOSITS					
Cash at banks and on hand		58,677,903	24,129,396	58,665,574	24,081,432
Short-term deposits		15,574,665	327,589	15,417,939	87,428
Cash and Short term deposits		74,252,568	24,456,985	74,083,513	24,168,860
Bank overdraft		(6,381,286)	(29,725,443)	(271,690)	(20,234,899)
		67,871,282	(5,268,458)	73,811,823	3,933,961

Short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

14. STATED CAPITAL AND RESERVES

Stated share capital				
Stated capital held 100 % by the government of Botswana		38,431,729	38,431,729	38,431,729
Other capital reserves				
Balance as at 31 March 2016		199,761	199,761	199,761
Revaluation reserve		130,063,439	129,109,947	128,843,016

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

15. INTEREST BEARING LOANS AND BORROWINGS

Held at amortised cost				
Current				
First National Bank of Botswana		4,502,619	4,482,805	3,603,238
		4,502,619	4,482,805	3,603,238
Non- current				
First National Bank of Botswana		30,332,661	34,681,277	27,370,037
Government of Botswana - PDSF Loan 2015		155,072,055	143,595,890	155,072,055
		185,404,716	178,277,167	182,442,092

Government loan is unsecured and consist of advance given to Botswana Postal Services Ltd by the Government of Botswana under the Public Debt Service Fund (PDSF). The Government loan of P140 million was obtained in December 2014 at bank rate +2%. The loan period is for 25 years and has a two (2) years moratorium during which interest shall be capitalised. The principal amount and capitalised interest shall be paid over the remaining twenty three (23) years.

First National Bank of Botswana loan to Botswana Postal Services Ltd is secured with interest at Prime Less 1% per annum with a 2 year moratorium on repayment commencing on the date of final drawn down. The loan term is 12 years. The loan was obtained in March 2010.

Stanbic Bank Botswana Limited loan to Botswana Couriers and Logistics (Pty) Ltd is secured by 1st covering mortgage bond over portion 89, a portion of portion 65, (a portion of portion 3), of the Farm Forest Hill No. 9-KO, Gaborone International Commerce Park, house owner's comprehensive insurance cover, (letter of suretyship for an unlimited amount by Brookdale Holdings (Pty) Ltd Letter of suretyship for unlimited amount by Brookdale, cession of book debts and memorandum of agreement of loan. The loan bears interest at the property lending rate, currently at 9%. It is repayable over 10 years in installments of P60 491 per month.

Notes	GROUP		COMPANY	
	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
16. GOVERNMENT GRANTS				
Balance as at 1 April 2015	29,816,666	44,943,009	29,816,666	44,943,009
Received during the year	47,042,477	-	47,042,477	-
Released to income statement	(42,914,222)	(15,126,343)	(42,914,222)	(15,126,343)
Balance as at 31 March 2016	33,944,921	29,816,666	33,944,922	29,816,666
Current	2,914,222	15,126,343	2,914,222	15,126,343
Non- current	31,030,700	14,690,323	31,030,700	14,690,323
	33,944,922	29,816,666	33,944,922	29,816,666

17. RESTATEMENT OF FINANCIAL STATEMENTS

The 2014/15 Financial statements have been restated to be compliant with IAS 20. Botswana Couriers & Logistics Pty Ltd has also consolidated its financial statements with its subsidiary - HUB 25

18. TRADE AND OTHER PAYABLES

Trade payables	178,905,598	160,210,058	163,166,884	138,178,226
Other payables	64,341,307	58,092,769	52,638,549	51,301,221
Due to related parties	(5,282,691)	(9,741,550)	-	-
	237,964,213	208,561,277	215,805,432	189,479,447

18. FINANCE LEASE OBLIGATION

Shortterm portion disclosed under current liabilities	4,417,887	1,312,762	-	537,154
Long term portion	8,686,265	1,584,968	-	475,599
	13,104,152	2,897,730	-	1,012,753

19. DEFERRED TAX

Accelerated capital allowances for tax purposes	781,914	(84,097)		
Revaluation on property, plant and equipment	(75,766)	(75,766)		
Intangible asset - development costs	(103,597)	(207,594)		
Deferred tax Liability	602,551	(367,457)		
Deferred Tax Liability / Asset	602,551	(367,457)		
Reconciliation of Deferred Tax				
At the beginning of year	(367,457)	(434,328)		
Originating temporary difference on tangible fixed Assets	866,011	(37,126)		
Originating temporary difference on development costs	103,997	103,997		
	602,551	(367,457)		

	GROUP		COMPANY		
	Notes	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
19. RECONCILIATION FOR TAX EXPENSE					
Profit before tax		173,893	(5,044,459)		
Charge for the year		38,257	(1,109,781)		
Deferred Tax not recognized		(445,660)	1,029,086		
Fines and Penalties		-	13,824		
		(407,403)	(66,871)		
20. CASH UTILISED IN OPERATIONS					
Loss before taxation		(29,618,237)	(43,060,113)	(27,477,263)	(36,488,411)
Adjustment to reconcile loss before tax to net cash flows					
Non- cash:					
Depreciation and impairment of property and equipment		13,070,074	20,857,738	10,477,490	11,503,887
Amortisation and impairment of intangible assets		12,693,269	11,067,535	12,221,464	11,330,422
(Profit)/Loss on disposal of property and equipment		627,662	19,437	649,760	575,538
(Profit)/Loss on disposal of subsidiary		10,230,280		10,230,280	-
Profit / loss on exchange difference		(316,047)	-	-	-
Other movements in revaluation surplus		-	(915,844)	-	(915,844)
Other prior year adjustments		-	(22,583)	-	(22,583)
Finance income		(480,583)	(218,999)	(480,583)	(2,385,340)
Finance cost		23,717,735	17,983,303	22,214,087	18,659,350
Amortisation of government grants		(42,914,222)	(15,126,343)	(42,914,222)	(15,126,343)
Working capital adjustments:					
Increase in inventories		(3,655,340)	(1,918,973)	(3,655,340)	(153,881)
Increase in trade and other receivables		28,438,034	(5,831,788)	40,168,619	(70,243,324)
Increase in trade and other payables		24,989,737	(7,983,106)	26,325,986	70,588,499
Short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.					
Cash generated from operating activities		36,782,362	(25,149,735)	47,760,278	(12,678,030)

Notes	GROUP		COMPANY	
	2016 P 000	2015 P 000 Restated	2016 P 000	2015 P 000 Restated
21. COMPENSATION OF KEY MANAGEMENT PERSONNEL				
Short- term employee benefits	14,608,377	13,535,080	8,231,627	10,299,056
	14,608,377	13,535,080	8,231,627	10,299,056
22. LOSS ON DISPOSAL OF SUBSIDIARY				
	10,230,280		10,230,280	
	10,230,280		10,230,280	

Botswana Postal Services Ltd lost control of Botswana Couriers and Logistics Ltd on 5th September 2015. An Investment of P10 230 280 in Botswana Couriers and Logistics Ltd was disposed at P1. Hence loss on disposal value of P10 230 280. All Shares were transferred to Botswana Postal Services and Savings Group Ltd.

23. RELATED PARTY DISCLOSURES

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

		Purchases from related party	Amounts owed by related party	Amounts owed to related party
Botswana Couriers & Logistics (Pty) Ltd- subsidiary	2016	26,825,000	2,642,065	2,640,626
	2015	23,709,348	4,915,302	4,826,248

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

24. INVESTMENT IN SUBSIDIARY

As part of a restructuring exercise, Botswana Postal Services Ltd formed a fully owned subsidiary Botswana Couriers & Logistics (Pty) Ltd in the financial year 2001-02. Botswana Couriers & Logistics Ltd (Pty) Ltd carries on the business of providing courier services. However as at 5th September 2015, Botswana Postal Services Ltd shares in Botswana Couriers & Logistics Ltd(Pty) were transferred to the Holding company at a consideration of P1.

25. GOING CONCERN

The Group and Botswana Postal Services Limited incurred a total comprehensive loss of P 29 618 237 and P27 477 263 respectively (2015: P42 993 242 and P 36 488 411 respectively) and have net current liabilities of P73 678 437 and P38 481 676 respectively. The conditions indicate a material uncertainty which may cast significant doubt about the Group and Botswana Postal Services Limited to continue as a going concern.

The going concern of the Group and the Botswana Postal Services Ltd is dependent on continued Government support. In the current year Government provided written assurance that it will continue to provide the necessary financial support to ensure the Group remains a going concern and meets its financial obligations as they fall due. Botswana Postal Services Limited was given support of P40,000,000 and is still to receive P38 000 000 in financial year 2016/17.

26. LEGAL AND REGULATORY REQUIREMENTS

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

27. BOTSWANA SAVINGS BANK AND BOTSWANA POSTAL SERVICES MERGER

The merger follows a Government decision to rationalise some parastatals and public entities. The Government recognises the historical evolution of the two entities that have seen them utilize strategic synergies to improve efficiency in service delivery. The merger was instituted after thorough public consultations coordinated by PEEPA. The merger exercise commenced in the fiscal year 2009/10 and was concluded in the fiscal year 2014/15.

The merger has progressed relatively slowly due to the need to prepare enabling pieces of legislation and taking them through the approval process. These included the amendment of the Botswana Postal Services Act, Transition Act of both the merging organisations and Promulgation of the Botswana Telecommunications Authority Act. The Botswana Postal Services (Transition) Act enables Botswana Postal Services to register as a company and be merged with Botswana Savings Bank under a holding company. Botswana Couriers & Logistics Ltd (Pty) Ltd, a subsidiary of Botswana Postal Services Ltd will also be registered as a subsidiary of the holding company. The holding company has since been registered under the name Botswana Post and Savings Group Limited.

28. BOTSWANA POSTAL SERVICES LTD UNIVERSAL SERVICE OBLIGATION SEGMENTATION

During the financial year under review Botswana Postal Services Ltd presented its Universal Service Obligation (USO) segmented statements for review. This is in line with its recent designation as a postal operator. In Botswana the obligation is imposed by the Communications Regulatory Act (section 67), where at the Minister appoints from postal operators licensed by the Botswana Communication Regulatory Authority, a designated postal operator to provide universal postal services. Section 67(2), recognising the burden of the appointment states that designation shall be under such conditions as may be set by the Minister. It can be inferred that such conditions include financial support and quality of service standards.

The regulatory USO report shows the financial activity of the company by post offices, region and commercial activity. Since some costs are shared across the business, the company uses activity based costing to apportion them to business activity.

USO RECOVERY MODEL SUMMARY REPORT POST AUDIT FY2015/16 - MARCH YTD

	TOTAL REVENUE		
	USO	NON USO	TOTAL
North Region	28,806,982	44,985,277	73,792,259
Central Region	19,787,471	31,577,975	51,365,445
Gaborone Region	27,804,144	38,295,145	66,099,289
Lobatse Kgalagadi Region	11,328,811	32,687,260	44,016,070
Philatelic Post Office	758,884	-	758,884
Hybrid	-	15,556,405	15,556,405
Property Services	-	3,170,115	3,170,115
Other	-	222,527,598	222,527,598
TOTAL	88,486,292	388,799,774	477,286,066.26

	TOTAL COST		
	USO	NON USO	TOTAL
North Region	38,525,226	55,745,440	94,270,666
Central Region	28,860,235	59,735,234	88,595,469
Gaborone Region	63,816,853	54,422,535	118,239,388
Lobatse Kgalagadi Region	22,641,165	42,979,013	65,620,178
Philatelic Post Office	122,391	-	122,391
Hybrid	-	9,704,509	9,704,509
Property Services	-	104,383	104,383
Other	-	128,106,346	128,106,346
TOTAL	153,965,870	350,797,461	504,763,330

	TOTAL PROFIT		
	USO	NON USO	TOTAL
North Region	(9,718,243)	(10,760,164)	(20,478,407)
Central Region	(9,072,765)	(28,157,260)	(20,478,407)
Gaborone Region	(36,012,709)	(16,127,389)	(52,140,099)
Lobatse Kgalagadi Region	(11,312,354)	(10,291,753)	(21,604,107)
Philatelic Post Office	636,494	-	636,494
Hybrid	-	5,851,896	5,851,896
Property Services	-	3,065,732	3,065,732
Other	-	94,421,252	94,421,252
TOTAL	(65,479,578)	38,002,314	(27,477,264)

