



# INTEGRATED REPORT

2020-2021

BOTSWANAPOST • INTEGRATED REPORT • 2020-2021



**BotswanaPost** 

*We deliver, whatever wherever*

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T'S AND C'S APPLY



Republic of Botswana  
Ministry of Transport and Communications  
Department of Road Transport and Safety

CUSTOMER CENTRE  
**3911473**

**BotswanaPost** 

*We deliver, whatever wherever*

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ABOUT THIS INTEGRATED REPORT

# Service Delivery in Times of Crisis

*As one of the country’s oldest organisations offering public services, at BotswanaPost we are no strangers to times of change.*

The outbreak of COVID-19 in late 2019 rapidly became a global pandemic. Arriving in Botswana in the first quarter of 2020, it delivered almost overnight an unprecedented shock to our internal and external environments, our local and international relationships, our strategies, opportunities and business models. It drove organisations across the board, not only BotswanaPost, to review and adjust the way that business is conducted and service is delivered.

The lockdowns which began as temporary measures have ushered in a new era which has had a significantly negative impact on our financial performance and ability to meet key milestones. However, amid this social and economic upheaval, our work, that is the way we create value and how we improve the lives of others has continued, even though it has had to change.



**We use these symbols throughout this Report to signal content relating to the six capitals of the Integrated Reporting Framework, as outlined on page 9.**

Our Integrated Report 2020-2021 presents an excellent opportunity for us to transparently discuss these changes. In it, we will present the decisions we have made through our strategic and governance structures and will also examine the short, medium and long-term effects on our ability to sustain and grow that value.

We believe that this Report will enable all our key stakeholders, our shareholder, regulators, customers, suppliers, and the media to assess how we are performing economically, socially and environmentally in light of the 'new normal' we all face today.

### Scope

This Integrated Report covers the financial period from 1 April 2020 to 31 March 2021. It covers what we consider to be the most beneficial information to our stakeholders, giving them a clear insight into the various internal and external forces we face, their impact on BotswanaPost and our ability to create value.

### Approach

Our aim is to give the reader a holistic view of all our business operations, clearly summarized and easily accessible within one document.

In doing so, we were guided by international reporting guidelines and best practice, including King IV, the International <IR> Framework as well as all relevant legislation of the Republic of Botswana.

### Responsibility

The Board of Directors of BotswanaPost acknowledges its responsibility to ensure the integrity and accuracy of this Integrated Report and has approved it for publication on 20 September 2021.

In their opinion, this document fully addresses all the issues that are material to the Company's ability to create value and fairly presents the integrated performance of the organisation. The Board of Directors is confident that the Report has been prepared in accordance with the International <IR> Framework 2021.

NATHAN MONAMETSE  
**KGABI**  
Chairperson

CORNELIUS  
**RAMATLHAKWANE**  
Chief Executive Officer

MPHO JUDITH  
**DIMBUNU**  
Board Member



## INTEGRATED REPORTING NOW COMES TO THE FORE

*In times of crisis, information is power.*

*We believe that the COVID-19 pandemic has created an enormous and urgent need for our shareholder, regulators, customers and wider community to have access to high quality information about BotswanaPost – and how we are allocating our resources to lay the foundation for growth in the 'new normal.'*

*We also believe that Integrated Reporting is an ideal tool to achieve this goal, giving the world a holistic vantage point to understand the future prospects of our organisation.*

*If you need clarification or further information about the contents of this Integrated Report, please feel free to contact us.*

**To do so, please email:**

**[corporatecomms@botswanapost.co.bw](mailto:corporatecomms@botswanapost.co.bw)**





AT A GLANCE

# Who We Are



Established in 1875, BotswanaPost is a public limited liability Company which is fully owned by the Government of Botswana.

Our Company is simultaneously profit-motivated and socially-obligated.



We have nurtured a workplace culture which reinforces and rewards these transformative values in our people.



**OUR VISION**  
We executive innovative excellence.



**OUR MISSION**  
To provide affordable convenience for our customers through high quality, sustainable and profitable postal services, as well as diversified products and services.

We create value for our customers, communities and shareholder through physical and virtual channels.



131 BRANCHES  
20 KIOSKS  
87 AGENCIES



< **1140** >  
STAFF



MOBILE MONEY  
MOBILE APP  
ONLINE SERVICES



Our Strategic Intent is to generate P285 million in revenue, at a cost-to-income ratio of 151% by 2020-2021.



We will achieve our Strategic Intent by embracing these six goals as defined by our Interim Strategy (1)



We will achieve our Strategic Intent and Strategic Goals by fully capturing the value created by these four service categories.



Mail Business



Fintech Services



Courier & Logistics



Warehousing

OUR FINANCIAL YEAR AT A GLANCE

## Financial Highlights

for the year ended 31 March 2021

▼ TOTAL REVENUE

**-16%**

**P269.18 MILLION**

2020: **P320.77m**

▼ GROSS PROFIT

**-25%**

**P72.94 MILLION**

2020: **P97.07m**

▼ OPERATING EXPENSES

**-14%**

**P188.93 MILLION**

2020: **P218.90m**

▼ PROFIT (LOSS) BEFORE TAX

**-10%**

**(P42.83) MILLION**

2020: **(P39.01m)**

▼ TOTAL ASSETS

**-3%**

**P649.49 MILLION**

2020: **P667.77m**

▲ COST-TO-INCOME RATIO

**+2%**

**111.67%**

2020: **109.29%**

### REVENUE BY BUSINESS SEGMENT

▼ COURIER SERVICES

**-3.5%**

**P63.00 MILLION**

2020: **P65.29m**

▼ FINTECH SERVICES

**-20.8%**

**P115.89 MILLION**

2020: **P146.33m**

▼ MAIL BUSINESS

**-17.3%**

**P90.28 MILLION**

2020: **P109.16m**



RESILIENCE IN ACTION

## Recognising New Milestones

*Despite the many ways in which the pandemic has curtailed our operations, it is important to recognise the contributions and progress that many of our business units have made during the year under review. This is resilience in action at BotswanaPost.*

### COMMERCIAL

- Opening of 20 new BotswanaPost Kiosks
- Expanding our network of PosoMoney agents and merchants
- Revamping the PosoApp for increased functionality and ease of use
- Onboarding the Department of Road Transport Services (DRTS) to both PosoOnline and PosoApp
- Launching the Virtual Post Box
- Bulk prepaid electricity and airtime sales facility

### HUMAN CAPITAL

- Successfully implementing phase one of the Human Capital Management Information System — PostGlobal Human Resources, going live on leave management, overtime, payroll, recruitment and staff movement modules
- Developing and implementing safe return-to-work protocols in the aftermath of lockdowns
- Developing and rolling-out flexible working arrangements and guidelines
- Reviewing and approving harmonised human capital policies and procedures
- Placing the right people in the right roles
- Building leadership bench strength

### OPERATIONS

- Integrating mail processing systems
- Continuing to improve processes
- Improving delivery performance for domestic mail
- Qualifying for Universal Postal Union Quality of Service (QoS) audit
- Completing Customs Declaration System project to improve international mail turnaround times
- Introducing the Customer Effort Score to measure customer ease of use
- Running product-specific customer perception surveys to increase satisfaction
- Increasing Net Promoter Score from 55% to 78% and Customer Satisfaction Index from 79% to 87%

## KEY SUCCESS FACTORS

## Material Matters

Every year, we conduct a materiality review which identifies the biggest factors which have either a positive or negative impact on our ability to create value through the work we do every day.

MATERIAL MATTER	RISK	OPPORTUNITY
Partial reimbursement of the Universal Service Obligation by the Shareholder affects liquidity and profitability of the Company	<ul style="list-style-type: none"> <li>Insufficient funding to fully implement strategic objectives and fund operational activities</li> </ul>	<p>Shareholder to fully reimburse the costs of providing the Universal Service Obligation</p> <p>Innovation by improving transaction throughput on virtual channels</p>
Weaker financial position reflecting under-capitalisation is threatening the Company's going concern	<ul style="list-style-type: none"> <li>Weaker financial position makes it more difficult to source funding to finance emerging opportunities</li> </ul>	<p>Shareholder to adequately capitalise the Company</p> <p>Making use of smart partnerships, especially in technology, with stakeholders with whom we share common goals</p>
Enhancing the customer experience and attracting a new customer base	<ul style="list-style-type: none"> <li>Increased clearance times for all inbound mail and parcels due to mandatory quarantines and other customs delays</li> <li>Increased customer queries and complaints caused by both inbound and outbound delays</li> <li>Slow complaint resolution due to unavailability of normally well-established routes</li> </ul>	<p>Identifying greater operational efficiencies within the business wherever possible, while at the same time enhancing our dialogue with customers in the presence of the inevitable delays we are experiencing</p>



*In focus:*

### OUR STRATEGY

To learn more about how we strategically respond to material matters through different financial, customer, internal process and learning perspectives, please read our **Strategy Report on page 37**.



## HOW DO WE DETERMINE MATERIAL MATTERS?

### 1. Identify

Something is material if it affects our ability to execute our strategy and be successful. We engage all corners of the business to determine materiality.



### 2. Prioritise

From the matters we identify, we then prioritise those that are most significant in terms of creating value – or preventing the erosion of value.



### 3. Integrate

We then integrate the most relevant material matters into our balanced scorecard, measure our progress and create timelines for achievement of those goals.



MATERIAL MATTER	RISK	OPPORTUNITY
Digitisation and product diversification for enhanced online presence	<ul style="list-style-type: none"> <li>Technical issues with our partners have a heavy impact on the performance of our digital channels, leading to system downtime and unavailability</li> </ul>	Improving the operational uptime and therefore the profitability of our digital platforms through greater problem-solving and deeper dialogue with our technical partners
Employee productivity	<ul style="list-style-type: none"> <li>Loss of productivity as more of our staff shift to working from home to avoid infection risk</li> </ul>	Staff who are working from home need full mental and emotional support while at the same time reinforcing clear deliverables that prioritise service delivery
Brand equity	<ul style="list-style-type: none"> <li>The BotswanaPost brand must be perceived as relevant to the customer in these times where needs and expectations are rapidly evolving</li> </ul>	We continue to invest in the way BotswanaPost is perceived as a whole, while at the same time establishing strong, independently recognisable brands for newly-launched products such as PosoMoney and Virtual Post Box.

## ALL EYES ON SUSTAINABILITY

BotswanaPost gives micro-businesses the chance to grow. Our Mobile Vend solution offers a cheap, convenient way to sell airtime and electricity units, anywhere. It's a route to scalability for Botswana who work in the informal sector.





HOW WE CREATE VALUE

# Analysing our Six Capitals

*Applying six different types of capital to our value-creation process creates the outputs which our stakeholders can experience first-hand.*



**HUMAN**

We employ talented, values-driven people. We give them the tools, training and support they need to ensure that they are fit to serve and free to grow. We also support their ongoing personal and professional development.



**INTELLECTUAL**

Our brand is well-recognised, relevant in today's climate and respected by stakeholders. Our innovative digital channels give customers affordable convenience and access to our services through multiple channels.



**FINANCIAL**

Our revenue is well-diversified which allows us to 'future-proof' the business, create sustainable value and transcend the role of a traditional postal services operator. We control costs and allocate resources efficiently.



**MANUFACTURED**

We maintain physical infrastructure in the form of buildings, vehicles and specialised machinery which helps us to execute operational efficiency in the service of our customers and shareholder.



**SOCIAL**

We contribute daily through our service. We maintain strong, transparent relationships with our suppliers and smart partners. The BotswanaPost Foundation seeks investment in sustainable community programmes countrywide.



**NATURAL**

We are a conscious, responsible Company, aiming to minimise the impact of our operations on the environment, without compromising on the service we render to our customers who rely on us.

## Analysing our six capitals (continued)



### HUMAN

- We employed **1 140 people**
- Paid over **P200 million** in annual salaries and bonuses
- Reviewed and improved HR policies



### INTELLECTUAL

- We invested proactively in significant upgrades to our digital channels
- Continued to invest in our brand



### FINANCIAL

- We doubled-down on our commitment to allocate all resources effectively and sustainably, cutting costs wherever possible and protecting the integrity of balance sheet in times of crisis



### MANUFACTURED

- We maintained our properties countrywide
- Managed a fleet of 113 vehicles
- Handled specialised machinery



### NATURAL

- We employed natural capital such as land, atmosphere, water and raw materials



### SOCIAL

- We maintained our Universal Service Obligation, under which we provided mail and our other full suite of services to the most remote and vulnerable areas of the country



### HUMAN

- A loyal, committed and resilient workforce, fully focused on the future
- Revenue per Labour Cost: **P1.39**
- Development programmes for executives and managers, as well as 39% of all staff enrolled in self-study programmes

### INTELLECTUAL

- Enhanced relationships with our existing digital partners
- Onboarding of new partners such as Water Utilities Corporation
- A well-respected and highly relevant brand in changing times
- Succession planning for mission critical positions

### FINANCIAL

- Total revenue: **P269.18 million**
- Revenue growth: **-16%**
- Operating expenses: **P188.93 million**
- Profit (Loss) before tax: **-P42.83 million**
- Gross Profit: **-25%**
- Cash flow from operations: **P7.53 million**

### MANUFACTURED

- Post offices that are hygienic, welcoming and functional
- Well-serviced vehicles and machinery

### NATURAL

- We monitor and limit our CO<sub>2</sub> emissions
- Water-saving initiatives adopted Company-wide
- Packaging solutions that are more environmentally friendly

### SOCIAL

- Strong and transparent relationships with all our key stakeholders including customers, the shareholder, regulators, suppliers and smart partners

## LEADERSHIP

## Our Board of Directors

*Strategically robust and ethically governed, the quality and depth of our Board ensures that we fulfill our long-term sustainability agenda at BotswanaPost.*



### NATHAN MONAMETSE KGABI

#### Chairperson

**Appointed:** 2018  
BA (Economics)

#### KEY SKILLS

- Industrial relations
- Banking
- Corporate governance
- Management
- Strategic planning
- Business mentoring
- Transformational change
- Operational management

Nathan M. Kgabi is the Chairperson of the Board of Directors for BotswanaPost following his appointment in July 2018. He previously served as Managing Director of Metropolitan Life Botswana, prior to which he was Managing Director of CBET (Pty) Ltd., a privately owned publisher of Botswana Guardian and Midweek Sun newspapers.

He has served as Chief Executive Officer for Botswana Institute of Accountants. He was appointed Public Relations Manager and Company Secretary for Standard Chartered Bank. In addition, he applied his expertise as Corporate Services Manager and Industrial Relations Manager at Botswana National Productivity Centre and BOCCIM, respectively. He is also founder and Group Managing Director of Thito Holdings.



### CORNELIUS RAMATLHAKWANE

#### Ex-officio Board Member

**Appointed:** 2015  
MSc (Strategic Management)

#### KEY SKILLS

- Sales & Marketing
- Business development
- Customer service
- Performance management
- Finance
- Corporate governance
- Strategy formulation
- Executive development

Cornelius Ramatlhakwane is a seasoned corporate governance expert who has served on the Boards of MB Risk (Pty) Ltd, SmartSwitch Botswana (Pty) Ltd and Dolberg Finance (Pty) Ltd.

In addition to his ex-officio role on the Board of BotswanaPost, he is also a Board Member at Botswana Savings Bank, Southern African Postal Operators Agency (SAPOA), and the Pan African CEOs Forum as Vice Chairperson.

He holds a Master of Science (MSc) degree in Strategic Management from the University of Derby, UK as well as Executive Development Programme from University of Stellenbosch Business School.

He has also completed extensive corporate governance training and professional development courses.



**DR BUDZANANI TACHEBA**

Finance, Audit & Risk Committee Member

**Appointed:** 2018

PhD (Environmental Science)  
MSc (Remote Sensing)  
BSc (Natural Resources Management)

**KEY SKILLS**

- Science, technology & innovation
- Intellectual property management
- Cluster development
- Entrepreneurship
- Corporate governance
- Customer service



**JENNIFER MATLHO KGOSI**

Human Resources Committee Member

**Appointed:** 2018

Masters in Public Administration

**KEY SKILLS**

- Business process improvement
- Leadership coaching
- People and organisational development
- Business strategy and planning



**SHINGANI BOBENG**

Tender Committee Chairperson

**Appointed:** 2018

MA (Transport & Logistics)  
BA (Economics & Public Administration)  
Diploma (Law)

**KEY SKILLS**

- Procurement & purchasing
- Business operations
- Operations management
- Transport & logistics
- Production planning
- Revenue & profit growth

**The Board, Management and Staff of BotswanaPost wish to extend our heartfelt condolences to the Bobeng family in the wake of his tragic passing earlier this year. May his soul rest in peace.**



**MATHEWS PHETOGO**

Finance, Audit & Risk Committee Member

**Appointed:** 2018

FCCA  
ACCA

**KEY SKILLS**

- Financial analysis
- Financial reporting
- Financial modeling
- Strategic planning
- Risk management
- Corporate governance
- Auditing
- Banking
- Process engineering
- Operations
- Management



### MPHO JUDITH DIMBUNGU

Finance, Audit & Risk  
Committee Chairperson

**Appointed:** 2018

MBA (Business  
Administration and  
Management)

#### KEY SKILLS

- Financial reporting
- Financial modelling
- Risk management
- Business planning
- Internal controls



### DR TSHIAMO MOTSHEGWA

Human Resources  
Committee Chairperson

**Appointed:** 2018

PhD (Computer Science)  
BEng (Hons) (Computer  
Engineering)

#### KEY SKILLS

- Computing & data science
- Research & innovation
- Information technology & cyber infrastructure
- Technology transfer & intellectual property
- Operations management
- Strategy development



### THULAGANYO NTSATSI

Tender Committee  
Member

**Appointed:** 2018

MSc (Computer  
Communications and  
Networks)

#### KEY SKILLS

- Strategy management
- Project management
- Systems management



### TEBOGO EDISON TLADI

Human Resources  
Committee and  
Tender Committee  
Member

**Appointed:** 2018

MSt (International  
Human Rights)  
LLB

#### KEY SKILLS

- Commercial agreements & transaction advisory
- Corporate governance advisory & training
- Mergers & acquisitions: drafting, advisory & tribunal representation
- Dispute resolution: litigation & arbitration

INTRODUCING THE C-SUITE

 **Leading Simply**

*As the leadership of this Company, we are committed to leading simply by modeling the behaviour we wish to see in others, connecting with our people – and involving them in everything we do.*



 *In focus:*  
**OUR PEOPLE**

To learn more about how BotswanaPost brings out the best in our people, please read our **Human Capital Report on page 52.**

**CORNELIUS  
RAMATLHAKWANE**

**Chief Executive Officer and  
Ex-officio Board Member**

*Cornelius Ramatlhakwane joined BotswanaPost as Head of Business Development in 2009 and was appointed to the Chief Executive Officer’s position in 2015.*



Cornelius Ramatlhakwane has over 20 years of experience in the banking, financial and postal services sector, covering diverse areas such as business development, customer service, credit risk management — as well as sales and marketing.

He started his career with Deloitte and Touche, Cresta Hospitality Group and Standard Chartered Bank before joining BotswanaPost at Executive Management level in 2009 as Head of Business Development. Here, he was responsible for commercial strategy, business development and the launch of new products. He became Chief Executive Officer in October 2015.

Cornelius is a seasoned strategist, performance improvement expert, mentor and coach who is at the forefront of corporate strategy, performance and process improvement strategies, building a high performance culture and creating an exciting place to work for all employees.

As BotswanaPost Chief Executive Officer, his most notable successes are:

- Conducting a performance improvement programme that was followed by a successful 12-month execution plan (2016-2017)
- Facilitating the development and implementation of an in-house three-year corporate strategy (2017-2020)
- Facilitating the development and implementation of an in-house 12-month interim corporate strategy (2020-2021)
- Conducting two successful culture assimilation events (2016 and 2020)
- Spearheading the overall transformation and performance improvement of the organisation within five years of assuming the helm, returning it to profitability for the first time in a decade in both 2018 and 2019

Leading the successful amalgamation of BotswanaPost and Botswana Couriers & Logistics (2018).



## OFENTSE MABOTE

### Chief Financial Officer

Ofentse Mabote has worked as an accountant and finance professional for 25 years. During his career, Ofentse has been instrumental in several change-management projects, integration of management information systems, start-up projects and turnaround strategies.

He has held several Board and Trustee memberships at G4S Botswana Limited, G4S Facilities Management Limited, G4s Pension Fund, BIC Retirement Fund, the University of Botswana Pension Fund and the Bomaid Board of Trustees.

Ofentse is a BA (Economics & Accounting) graduate of the University of Botswana, a Fellow of the Botswana Institute of Chartered Accountants (FCA), an Associate member of Chartered Institute of Management Accountants (CIMA) and a Chartered member of Global Management Accountants (CGMA).



## THATO PONE

### Chief Human Capital Officer

Thato Pone is a seasoned, principled, ethical and goal-driven HR professional with 26 years of experience in Botswana, South Africa and Zimbabwe.

She joined BotswanaPost in 2012 as the Human Capital Service Delivery Manager, where she worked closely on projects such as the insourcing and automation of payroll, employee self-service, overtime and leave management. She also developed and implemented departmental operating procedures, reviewed and implemented policies, workforce budgets, end-to-end recruitment processes, as well as compensation and benefits initiatives.

She holds a Bachelor of Commerce in Human Resource Management from MANCOSA, a Diploma in Banking from Botswana Institute of Bankers and a full AAT qualification with Botswana Accountancy College.



## CLIFFORD LEKOKO

### Chief Commercial Officer

Clifford Lekoko's primary role is to develop strategies and metrics and ensure that the business stays on track with its strategic objectives, meeting its short, medium and long-term targets.

A future-focused commercial executive, he adds value to the organisation by developing partnerships with key stakeholders aimed at accelerating the Company's growth.

He works with various functions on the budgeting, sales processes and marketing strategies to ensure that the organisation's commercial strategy is achieved.

Clifford holds a Bachelor of Science degree from University of Botswana and an Honours Diploma in Network Centered Computers. He also completed the Executive Development Program from Wits University in South Africa.



## PAKO PLAATJIE

### Chief Operations Officer

Pako Plaattjie is an accomplished, results-orientated leader with years of progressive higher leadership and management experience.

He has held an array of management responsibilities during his career, mostly within the disciplined forces to compliment his strong understanding of operations in a technical and non-technical environment.

He holds a Bachelor of Business majoring in Logistics and Operations Management from University of Southern Queensland, Australia.

An astute operations professional, Pako has comprehensive expertise in logistics and operations management, tendering and strategic supply chain and information technology management, among others. He oversees the entire Operations function of the business, which provides essential support to the Value Centre Model.



**THABO  
MZWINILA**

**Chief of Staff**

Thabo Mzwinila is an accomplished attorney with 11 years of experience in both the private and public sectors. He holds a Bachelor’s Degree in Law from the University of Pretoria and is an experienced conveyancer, notary public, board secretary as well as corporate governance practitioner.

He has also completed a wide array of continuing professional development certificates in the fields of risk management, short-term insurance, anti-money laundering, fraud prevention, trial advocacy and corporate governance.

As Chief of Staff, he is the right-hand man of the Chief Executive Officer. He acts as an advisor and counsel on strategic decision-making and projects of high importance.

He is instrumental in policy and process approval within various sub-functions and departments. He is also responsible for monitoring and evaluating the performance of executives.



**BOTHEPHA  
KGOSIDIILE**

**Head of Internal Audit**

Bothepha Kgosiile helps to deliver the organisation’s strategic objectives by objectively assessing the adequacy and effectiveness of its governance and management of risks.

She provides an evidence-based assessment on all aspects of governance and internal control. She also oversees the development of the Internal Audit plan for BotswanaPost at large, using a risk management philosophy to evaluate operating systems.

She holds a Bachelor degree in Economics & Accounting and Masters in Business Administration with University of Derby and has completed the Executive Development Programme at Wits Business School.

She is Associate of the Chartered Institute of Chartered Accountants, Fellow of Botswana Institute of Chartered Accountants and Member of the Institute of Internal Auditors.



**KESEGOFETSE  
MOLATLHEGI**

**Risk & Compliance  
Manager**

Kesegofetse Molatlhegi is responsible for overseeing the development and coordination of the risk management programme at BotswanaPost.

She embeds risk management practices into strategy formulation, cascading them throughout the business and nurturing a risk-aware culture. She designs frameworks, policies, procedures and monitoring tools for effective identification and management of risks which go all the way up to Board level.

She holds a Bachelor Degree in Accountancy and a Masters Degree in Finance and Control. She is also an ACCA Affiliate and a member of various professional bodies such as Association of Certified Anti-Money Laundering Specialists, Information Systems Audit and Control Association and International Academy of Business and Financial Management.



**YARONA  
SHARP**

**Company Secretary**

As Company Secretary, Yarona Sharp is the conduit between Executive Management and the Board of Directors. She provides professional and strategic legal advice to the CEO and the Board and ensures that all decisions made by the Board are communicated to the relevant stakeholders.

She ensures that the Board adheres to the highest governance standards. She manages, monitors and coordinates all legal activities of the organisation.

She attained her Law degree from the Oliver Schreiner School of Law at Wits University and also holds a Master of Environmental Law and Practice with the University of De Montfort in Leicester, UK.

She has also completed her certification in Trade Law and Jurisprudence, International Commercial Arbitration and Executive Development.

## SUPPORT STRUCTURES

## Board Committees

Clause 10 of the Board Charter establishes Committees to deal with specific mandates and make recommendations to the Board.

Each Committee has a Charter that outlines its mandate and Terms of Reference. At every Board meeting, ordinary or special, the Committees report to the Board and present matters for noting, endorsement or approval. The Committees contribute a great deal to the effectiveness of the Board.

### FINANCE, AUDIT & RISK COMMITTEE (FARC)

MANDATE	KEY ACTIVITIES FOR THE REPORTING PERIOD
<p>The Finance, Audit &amp; Risk Committee oversees:</p> <ul style="list-style-type: none"> <li>The integrity of financial statements</li> <li>The performance of Internal Audit function and external auditors</li> <li>Compliance with legal and regulatory requirements</li> <li>Policies and procedures with respect to risk exposure and mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Recommended for approval the Interim Strategy 1 and FY 2020-2021 Budget</li> <li>Reviewed and approved the Audit Plan for FY 2020-2021</li> <li>Monitored compliance to the budget for FY 2020-2021</li> <li>Reviewed business performance reports and made recommendations to Executive Management</li> <li>Reviewed the Enterprise Risk Management Report and recommended it to the Board for approval</li> <li>Reviewed the Shareholder Compact and BotswanaPost Constitution and recommended them to the Board for approval</li> <li>Reviewed Internal Audit and External Audit findings and monitored progress of closing the findings identified therein</li> <li>Reviewed Governance instruments and recommended them to the Board for approval.</li> <li>Reviewed and approved the annual Risk and Compliance Plan for FY 2020-2021</li> </ul>

### HUMAN RESOURCES COMMITTEE (HRC)

MANDATE	KEY ACTIVITIES FOR THE REPORTING PERIOD
<p>The Human Resources Committee is responsible for:</p> <ul style="list-style-type: none"> <li>Reviewing and making recommendations to the Board in relation to remuneration strategies and staff welfare matters</li> <li>Performance management, succession planning and talent development</li> <li>Recruitment, development and performance management of executive management positions and their succession plans</li> </ul>	<ul style="list-style-type: none"> <li>Made key assessments about the impact of COVID-19 on labour productivity</li> <li>Reviewed and advised the Board concerning the COVID-19 Plan for all staff</li> <li>Reviewed the practicality of flexible working arrangements and the financial implications attached thereto</li> <li>Confirmed recruitment of the Chief Operations Officer effective from 01 September 2020</li> <li>Recommended to the Board formulation of a new Board Committee that deals with Business Operations and Risk Governance</li> <li>Approved the Workforce Plan and associated budget for FY 2020-2021</li> <li>Approved the Staff Development Plan for FY 2020-2021</li> <li>Reviewed Governance Instruments and recommended them to the Board for approval.</li> </ul>

**TENDER COMMITTEE (TC)**

MANDATE	KEY ACTIVITIES FOR THE REPORTING PERIOD
<p>The Tender Committee is responsible for:</p> <ul style="list-style-type: none"> <li>◦ Ensuring compliance with national laws and regulations to achieve best business practices in the procurement of goods and services</li> <li>◦ Reviewing and making recommendations to the Company's tender policies and procedures</li> <li>◦ Ensuring that the Company complies with its own tender and procurement policies including the appointment of consultants</li> </ul>	<ul style="list-style-type: none"> <li>◦ Reviewed and made recommendations to Management regarding provision of physical guarding services</li> <li>◦ Approved renegotiation of Cash-in-Transit Agreement</li> <li>◦ Reviewed insurance services renewal for short-term and long-term insurance.</li> </ul>

**BOARD AND COMMITTEE MEETING ATTENDANCE**

DIRECTOR	BOARD	FARC	TC	HRC	TOTAL(BWP)	
NATHAN KGABI	4/6				6 300	<ul style="list-style-type: none"> <li>◦ The Board of Directors had a total of four (4) ordinary board meetings and two (2) special board meetings.</li> <li>◦ The Finance, Audit and Risk Committee had a total of four (4) ordinary committee meetings and two (2) special committee meetings.</li> <li>◦ The Tender Committee and Human Resources Committee had a total of four (4) ordinary committee meetings, respectively.</li> </ul>
MPHO JUDITH DIMBUNGU	6/6	6/6			17 325	
SHINGANI BOBENG	3/6		4/4		9 450	
Dr TSHIAMO MOTSHEGWA	6/6			4/4	13 860	
JENNIFER MATLHO KGOSI	5/6			4/4	11 340	
Dr BUDZANANI TACHEBA	6/6	5/6			13 860	
MATHEWS PHETOGO	6/6	5/6			13 860	
THULAGANYO NTSATSI	6/6		4/4		13 545	
TEBOGO TLADI	3/6		3/4	3/4	7 560	
CORNELIUS RAMALTHAKWANE	6/6	6/6	4/4	4/4		

**Board Development**

The Board of Directors is structured to provide a balance of diversified knowledge and skills. With that in mind, formal training is prioritised to ensure professional development that is relevant to driving the strategic goals of BotswanaPost. The training plan for the Board of Directors is centered around drivers of the approved strategy, giving the Board an understanding of all areas of the business.

**Board Evaluation**

Both King IV Code on Corporate Governance and the Companies Act (CAP 42:02) require our Board of Directors to be formally evaluated. This requirement has been incorporated into the Company's constitutive documents via the Board Charter, the Board Committee Charters and the Constitution. In the period under review, the process was commenced in December 2020 by the Institute of Directors, South Africa, and duly included an assessment of the Board Chairperson, individual Board Members and Board Committees.

**Declaration of Interests**

Where there exists a conflict of interest in any matter to be discussed at the Board and Board Committee level for decision making, Board Members are required to declare

the nature and extent of that interest.

This is in line with the statutory requirement of the Companies Act which has been incorporated into the Company's constitutive documents. The Board of Directors shall, following due consideration, require the conflicted member to recuse him or herself from the discussion and decision-making pertaining to the matter with a conflict of interest.

Upon appointment and on an annual basis, the Board of Directors is required to complete a prescribed declaration of interests form. These records are kept by the Company Secretary.

**Company Secretary**

The Company Secretary, who reports directly to the Chief Executive Officer and indirectly to the Board Chairperson, is responsible for general legal, advisory and Board matters.

The Company Secretary is responsible for the effective and efficient control of the Company Secretarial and Legal Services function in ensuring management of legal and reputational risk. This is achieved by ensuring that there are controls, checks and processes that create compliance to governance principles and procedures. The Board of Directors has unlimited access to the Company Secretary in discharging their duties.

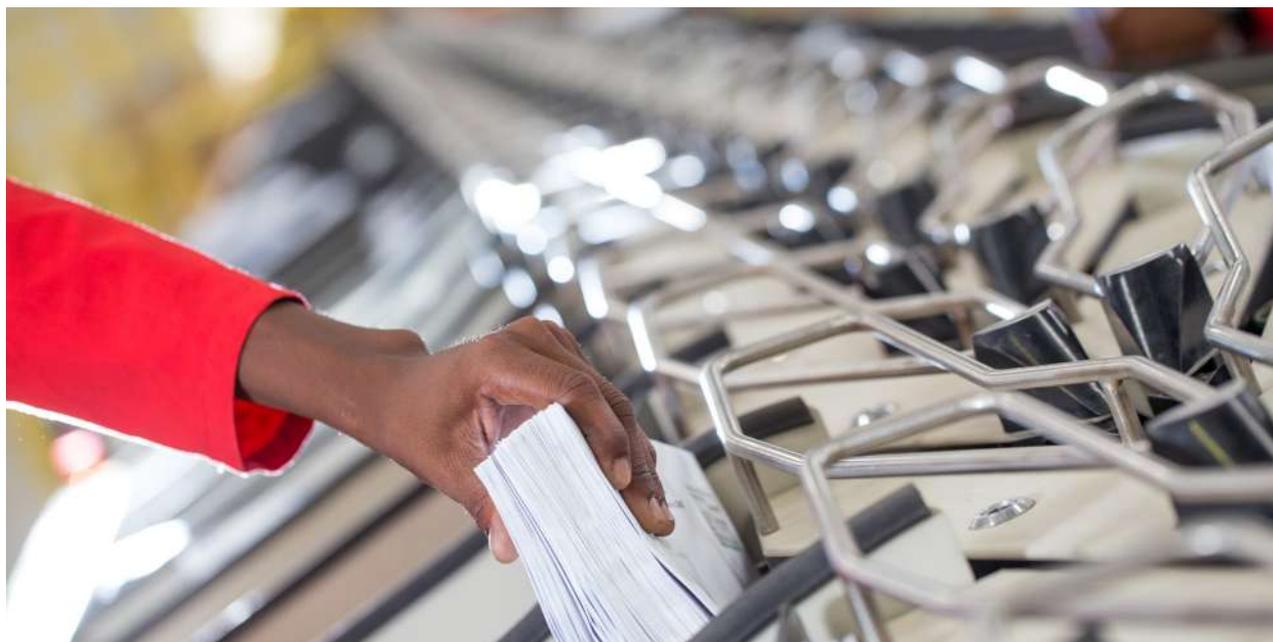
## COMPLIANCE &amp; REGULATION

## King IV Code on Corporate Governance - Application

*With true leadership comes direction, sustainability – and long-term success. The BotswanaPost Board of Directors collectively directs the Company's affairs, while meeting the appropriate interests of the Company's shareholder and other stakeholders.*

KING IV PRINCIPLES	SECTION	STATUS	EXPLANATION
The governing body should lead ethically and effectively	Leadership	Applied	The BotswanaPost Board leads ethically and effectively, meeting high standards of integrity and acting in good faith. The Board and Board Committee Charters capture the underlying principles to be used for effective leadership. The Charters ensure the accountability, transparency and responsibility of Board members.
The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	Ethical culture	Applied	The BotswanaPost Conditions of Service (which applies to all employees) is designed to ensure that the Company maintains the highest level of integrity and ethical conduct. The role of the Board is to ensure compliance with this code and that the highest ethical standards are upheld by the Company.
The governing body should ensure that the organisation is seen to be a responsible corporate citizen	Responsible corporate citizen	Applied	BotswanaPost meets its environmental responsibilities and aims to comply with laws and regulations that impact the environment. BotswanaPost is involved in various Corporate Social Investment initiatives which uplift the community (see Sustainability Report on page 23). BotswanaPost aims to be a model corporate citizen.
The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	Strategy and performance	Applied	The Board approves the Company's strategic agenda. These include resources that BotswanaPost relies on for value creation and the delivery of strategic imperatives.
The governing body should ensure the reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects	Reporting	Applied	The Board is in continuous engagements with the Shareholder regarding significant issues that affect the organisation. BotswanaPost ensures the competent coordination of the Annual Integrated Report and other stakeholder-focused reports ensuring that the reports are delivered within the stipulated time frames.
The governing body should serve as the focal point and custodian of corporate governance in the organisation	Roles and responsibilities	Applied	The Board has established various Board Committees which assist in the execution of its mandate and its oversight role (see Board Committees report on page 17).
The governing body should comprise the appropriate balance of knowledge, skills, experience and diversity and independent for it to discharge its governance role and responsibilities objectively and effectively	Composition	Applied	The Board comprises of a mixture of diverse knowledge, skills and experience, allowing the members to fully comprehend and apply themselves when considering key issues and making decisions that advance the best interests of BotswanaPost. The establishment of the Risk and Governance Committee stands to allow the Board to align with the organisation's strategic goals.

KING IV PRINCIPLES	SECTION	STATUS	EXPLANATION
The governing body should ensure its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties	Committees	Applied	The Board consists of Board Committees (see Board Committees Report on page 17). In 2020-2021, the Board approved the formulation of a new Committee that deals with Business Operations and Risk Governance to ensure effective oversight.
The governing body should ensure that the evaluation of its own performance and that of its Committees, its Chairperson and individual members support continued improvement in its performance and effectiveness	Performance evaluation	Applied	In order for the Board to remain effective, the Company Secretary ensures the induction and development of Directors through Board training. The Board's performance is measured by an external independent facilitator who coordinates the evaluation of the Board, Board Committees and individual directors.
The governing body should ensure that the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities	Delegation to management	Applied	BotswanaPost has outlined, in its approved Conditions of Service which is reviewed every three years (or as directed by the Board of Directors) the delegation of roles to Management which holds them accountable for day-to-day activities.
The governing body should govern risk in a way that supports the organisation setting and achieving its strategic objectives	Risk governance	Applied	Through the Risk and Compliance function, Management reports to the Board on a regular basis about the risks that the Company faces. Furthermore, in establishing the Risk and Governance Committee, the Board has demonstrated its understanding of accountability for enterprise risk management and the potential risks that are likely to affect delivery of its strategic objectives. The Committee oversees the implementation of risk management and monitors the mitigations in place.
The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	Technology governance	Applied	The Board of Directors has delegated effective information technology management. Through the Operations function, the Company is able to effectively manage information technology risks and align processes and procedures with the Company's objectives. This is demonstrated through formulation of governance instruments to curb cyber security breaches and other threats.
The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	Compliance governance	Applied	This responsibility has been delegated to the Risk and Compliance function which reports directly to the Chief Executive Officer. The Risk and Compliance function oversees compliance in the organisation and proactively responds to changes and developments in the regulatory environment.
The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external report	Assurance	Applied	There is a combined assurance structure that covers material issues in the organisation. This is demonstrated through the Risk and Compliance, Internal Audit, Company Secretarial and Legal Services functions and external auditors. The implementation of the lines of assurance gears the organisation to deal with challenges.
The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests	Institutional investors	Not applicable	BotswanaPost is not an institutional investor.



COUNTING THE COST

**Economic Context**

Measuring the impact of the pandemic on our business units.

The arrival of COVID-19 in Botswana in March 2020 has had an unprecedented impact on BotswanaPost and our ability to drive the growth of our business units.

While the lockdowns, social distancing measures and movement restrictions put in place by the authorities have helped to curb the unrestricted spread of the pandemic, the effects on our business operations have been immense.

ECONOMIC SECTORS	VACCINE ROLLOUT	INFLATION
GDP contracted by 7% during the year under review, the largest economic shrinkage on record	A widespread national vaccination programme is key to the recovery of the economy and a return to normal business activities	For the period under review, inflation remained within the Bank of Botswana’s target range of 3-6% as at the end of March 2021
The sectors that were most affected were tourism and hospitality, transport, finance, trade, mining and construction	Vaccinations are also essential for the full re-opening of Botswana’s borders and customs-clearing procedures	However, inflation is expected to increase later in the year, fueled by increases in VAT, the fuel levy and electricity tariffs
BotswanaPost, because of its linkages to all these industries, absorbed the effects of the economic contraction from many angles	BotswanaPost plays a pivotal role in the vaccine initiative because we provide warehousing and distribution services through our partnership with Central Medical Stores	These increases are expected to have an impact on the Company, especially in terms of increased fuel costs

ECONOMIC IMPACT ON THE BUSINESS PORTFOLIO

MAIL BUSINESS	COURIER SERVICES	FINTECH SERVICES
<ul style="list-style-type: none"> <li>International mail volumes have been severely reduced by border closures</li> <li>The shift to internet-based remote work has negatively affected our Government Mail and Hybrid Mail segments</li> <li>The Company will be launching technology driven mail products and enhancements in the 2021-2022 financial year</li> <li>The Postbox and Post Bag rental segments have shown resilience, recording 21% year-on-year growth</li> </ul>	<ul style="list-style-type: none"> <li>The Courier Services business recorded a 3.5% decline in revenue caused by restricted cross-border activity</li> <li>In the aftermath of amalgamation, BotswanaPost is focusing on robust upgrades to this business unit which are expected to yield significant long-term gains</li> <li>We continue to position ourselves to fully capitalise on the growth of e-commerce in the country as consumer confidence grows in terms of buying and selling through online platforms</li> </ul>	<ul style="list-style-type: none"> <li>Our Fintech services appeal to a youthful, tech-savvy market while at the same time offering a new way of interacting with our brand for our core customers</li> <li>We have introduced new digital channels including the relaunch of our revamped PosoApp with an extended bouquet of services</li> <li>We continue to seek out new strategic partnerships and leverage them to grow our agency services portfolio and create affordable convenience for our customers</li> <li>We see these as key areas of opportunity as consumer behaviour shifts towards online solutions and cost-savings in the midst of the pandemic</li> </ul>

**In focus:**  
**FINANCIAL PERFORMANCE**

To review our financial performance in more detail, please take a look the **Chief Financial Officer’s Report on page 46**, the **Commercial Report on page 53** as well as our **Annual Financial Statements** which begin **on page 60**.



**ECONOMIC OUTLOOK**

*The Ministry of Finance and Economic Development projects growth for the year ahead at 8.8 percent. This sentiment is shared by the International Monetary Fund. They attribute this robust return to normal based on what they believe will be a recovery in global economic activity in general, and specifically mining in Botswana’s case.*

*The implementation of Government’s Economic Recovery and Transformation Plan (ERTP) coupled with an accommodative monetary policy stance adopted by the Bank of Botswana is expected to bolster non-mining private sector-led growth within the economy during 2021.*

*It is worth noting that the economy’s recovery from the COVID-19 pandemic cannot be guaranteed or accurately predicted. The emergence of new variants and uncertainties surrounding vaccine rollout could lead to further movement restrictions – and subsequently weakened global demand.*

*BotswanaPost is staying the course. The Board and Executive resolved to extend the Company’s Interim Strategy, which was initially approved when the COVID-19 restrictions were first implemented in Botswana, beginning in April 2020.*

*BotswanaPost, with its accumulation of experience in digital technologies, is well-positioned to help Government accelerate its digital agenda. We have the ability to provide fully-integrated services to the public and add value to the pandemic response.*





A BETTER BUSINESS, IN EVERY WAY

# Sustainability Report

*At BotswanaPost, we achieve sustainability by meeting our present-day needs without compromising the ability of future generations to meet theirs.*

Our quest to drive a sustainable postal operations agenda is underpinned by three pillars: operational excellence, societal responsibility and environmental excellence.

These sustainability commitments are embedded into our organisation's strategy.

EXECUTING INNOVATIVE EXCELLENCE	MATERIAL MATTERS	STRATEGIC RESPONSE
We create advanced communication systems, advanced payment systems and multi-channel access	We deliver growing levels of customer acquisition, engagement and retention	Our tailor-made, easy-to-use online applications create new ways for customers to perform everyday tasks from their mobile devices
∨	∨	∨
SOCIETAL RESPONSIBILITY	OPERATIONAL EXCELLENCE	ENVIRONMENTAL EXCELLENCE
We have provided logistics for the handling and distribution of over <b>1.5 million COVID-19 vaccine doses</b> as of 01 October 2021	We deliver door-to-door to <b>391 countrywide locations</b>	We are gradually switching to cleaner forms of energy by investing in solar trailers to power cold-chain logistics
We deliver over <b>100 tonnes of medical drugs</b> per year to <b>113 healthcare facilities</b> countrywide	We provide our suite of services to <b>131 post offices</b>	We are advocates for conservation, a message we are continuously spreading locally and globally using philately

GOING THE DISTANCE

7 MILLION

KILOMETRES TRAVELLED EVERY YEAR IN SERVICE TO THE NATION

SOCIETAL CARE

200 000

NUMBER OF MONTHLY BENEFICIARIES SERVED FOR SOCIAL SECURITY BENEFITS

SOCIETAL RESPONSIBILITY

1.5 MILLION

LOGISTICS COVERAGE PROVIDED FOR COVID-19 VACCINE DOSES AS AT 01/10/2021

**Business continuity planning**

COVID-19 gives us a sharp reminder that the best way to respond to shocks in the external environment is through a robust business continuity and resilience programme. By exercising prudence in business continuity planning, we can manage risk better and safeguard ourselves against disruptive impacts comprehensively.

We recognise the need for a comprehensive business impact assessment to guide us towards greater levels of continuity planning in the near future.

**Data security**

As identified by our risk and compliance team, the risk of cyber-attacks has become more prevalent since the onset of the pandemic.

At BotswanaPost, we are committed to the protection of our critical information technology ecosystem. Our disaster recovery plans enable for return to normal business operations from disruptive incidents in the shortest possible time, should they occur.

**Anti-corruption**

Corruption compromises the sustainability of any business.

At BotswanaPost, we have a zero tolerance for corruption. We implement strict controls to insulate ourselves from this plague. Our Internal Audit, Risk and Compliance functions continue to enforce these controls.

**Anti-competitive behaviour**

For the year under review, we received no reported incidents of anticompetitive behaviour. We systematically follow all regulatory requirements including price regulations as set out by Botswana Communications Regulatory Authority (BOCRA).

**Environmental excellence**

The Universal Postal Union requires us to measure our emissions. During the financial year under review, we experienced some setbacks in the pursuit of this challenge. We are committed to ensuring that all relevant information with regards to CO<sub>2</sub> emissions is available in the next reporting period.



*During the year under review, we released a new stamp issue by collaborating with Water Utilities Corporation to commemorate its 50th anniversary and promote conservation of this vital resource.*

**Health and safety in the midst of the pandemic**

Despite the fact that complying with the provisions laid out by healthcare authorities and the Government naturally increases the cost of doing business, our response to COVID-19 as a team and as a family has underlined our resilience as one of the country's oldest parastatals.

Whether in terms of keeping our post offices open to the public, getting specimens to where they are needed, or delivering vaccines all over the country, BotswanaPost is working on the front lines of the pandemic as an essential services provider.

STAKEHOLDER COLLABORATION	OPTIMISED OPERATIONS	EFFICIENT FLEET	SUSTAINED EDUCATION	FACILITIES MANAGEMENT
We continue to work with all our key stakeholders in advancing our quest for sustainable business practices	We seek to achieve resource efficiency by ensuring optimisation of our resources through our value chain	Optimising our fleet will lead to reduction in the number of routes which will significantly reduce our carbon emissions	Our stamp issue policy is focused on conservation and increasing awareness of Botswana's rich natural diversity. For the year under review, we released four new stamp issues: <ul style="list-style-type: none"> <li>• Owls in Botswana</li> <li>• Water Utilities Anniversary Celebration 1970-2020</li> <li>• The Invertebrates of the Kalahari No.3</li> <li>• Giraffe in Botswana</li> </ul>	We are dedicated towards improving the physical condition of our post offices particularly those in need of reconditioning. We will also enhance the energy efficiency of our post offices using modern technology



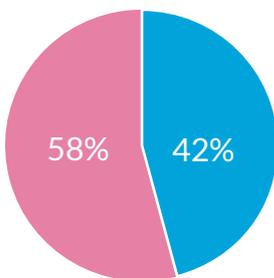
## INVESTING IN THE PEOPLE WHO MAKE IT HAPPEN

*Our employees are central to everything we do. We are proud to invest in our staff to ensure that every individual is fit to serve – and free to grow.*

**1 140**

TOTAL EMPLOYEES  
(2019-2020: 1 141)

*BotswanaPost is an employer who supports the advancement of women in our society.*



## WORKING IN HARMONY WITH THE SUSTAINABLE DEVELOPMENT GOALS

We are honoured to make our own contributions to the United Nations Sustainable Development Goals to help promote socio-economic development by ending poverty, reducing inequality and environmental degradation through a balanced dimension of social, economic and environmental development objectives.

Working sustainably allows us to create attractive and safe working places, build trust with the communities in which we operate — and leverage our networks for the benefit of the general public.

Sustainability also drives us in the innovation of new products and services that deliver affordable convenience to our customers, allowing us to attract a younger demographic and open the doors to financial inclusion for previously-excluded communities.

In short: sustainability makes us a better business, in every way. The process we follow to make our contribution to the Sustainable Development Goals is summarised in the figure below.

To learn more about the United Nations Sustainable Development Goals, please visit: <https://sdgs.un.org/>



SUSTAINABLE DEVELOPMENT GOAL	OUR CONTRIBUTION TO THE GOAL	OUR PERFORMANCE
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Through our Partner Logistics Unit, we support the warehousing, logistics and distribution of pharmaceutical and hospital supplies	Over 1.5 million doses of COVID-19 vaccines handled and distributed in over 18 administrative regions
 <p>5 GENDER EQUALITY</p>	We support gender equality and are a firm believer in offering equal opportunities to women at all levels of the business	<p>58% of our workforce are women</p> <p>63% of managers are women</p> <p>44% of our executives are women</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	We continually seek to reduce our carbon emissions in favour of renewable energy	We monitor our carbon emissions continuously as mandated by the Universal Postal Union
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Our drive and commitment for innovative excellence endeavors to increase resource efficiency and decouple economic growth and environmental destruction. We embrace the equal pay for equal work principle	<p>40% of our employees are under the age of 35, which is part of our commitment to nurture young talent</p> <p>PosoMoney, our mobile money solution, provides financial services to the unbanked</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	BotswanaPost promotes sustainable consumption patterns and the efficient use of natural resources	<p>We have two dedicated centres in Gaborone where we store waste paper for recycling</p> <p>We continue to reduce unnecessary printing and paper use</p>
 <p>13 CLIMATE ACTION</p>	We are raising awareness internally and externally about climate change mitigation, adaptation, impact reduction and early warning	We continue to advocate for environmental protection to alleviate climate change. The Water Utilities stamp issue aims to promote water conservation
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	We embrace smart partnerships locally, regionally, and globally in the quest to attain the SDGs	Our Executing Innovative Excellence strategy underpins the importance of smart partnerships and collaborations to leverage on each other's expertise
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	We continue to foster innovation to drive affordability and equal access for all	We developed the BotswanaPost Mobile App in-house which increases customer access to our convenient suite of online products and services

WINNING

## What Success Looks Like to Us

*Whether it's in upholding our social commitments as defined by the Universal Service Obligation or expanding our suite of online products and services, we define success through our ability to create value for our customers, community and shareholder.*

### Creating value for customers

At BotswanaPost, we provide value for our customers through upholding the Universal Service Obligation as defined by the Universal Postal Union and the Shareholder.

The smart partnerships we have built enable us to leverage the power of technology and deliver all-new levels of value for our stakeholders. For example, we have teamed up with SMMEs at the grassroots on our revamped Mobile Vend platform, providing them with an opportunity to offer postal products and a selection of high-value fintech services from our suite. This opens the door for them to creatively re-invent their businesses and scale up.

### Creating value for communities

We invest in the communities in which we operate. During the year under review, we provided technical support for the construction of a postal agency in Sojwe to serve the communities in Kweneng East. We are also expanding our postal network by constructing a new branch in Ramotlabaki to serve communities in Kgatleng East. Additionally, we have refurbished branches in Tsabong and Bokspits to improve the customer experience in these areas.

### Creating value for the Shareholder

The greatest interest for the Shareholder is business continuity and sustainability. We are doing everything we can to deliver this by maximising our revenue and containing costs. We also continue to maintain operational efficiency and defend our core mail business.



THE WAY WE DO BUSINESS

# Our Value Centre Model

At BotswanaPost, we extract maximum value from our six capitals for the benefit of our shareholder, communities and customers. We achieve this by deploying them in a system we call the Value Centre Model.



**OUR VALUE CENTRE MODEL**

We follow three steps in the creation of our Value-Centred Organisation:



**CHARACTERISTICS OF OUR VALUE-CENTRED ORGANISATION**

Our branch managers embrace the entrepreneurial spirit by:



**VALUE FOR OUR SHAREHOLDER**

- Cost containment to ensure business continuity and sustainability
- Management of financial risk

**VALUE FOR OUR COMMUNITIES**

- Provision of universal services as a Designated Postal Operator
- Staying abreast of international best practices and corporate governance trends as they emerge

**VALUE FOR OUR CUSTOMERS**

- Provision of a wide array of products and services in an efficient and convenient way. This is a way of providing affordable convenience for customers and enabling financial inclusion

## REGULATION

## Postal Working Model

To fulfil our regulatory responsibilities, we have maintained our membership in various postal bodies: regionally, continentally, and internationally.

We also welcome the oversight we receive from various local regulatory bodies, which help us to be accountable for our decisions and actions on a daily basis.

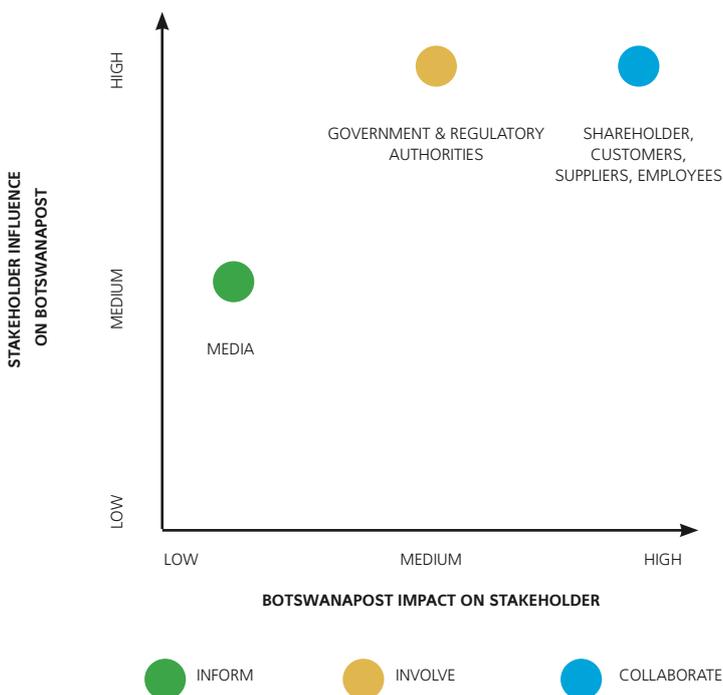
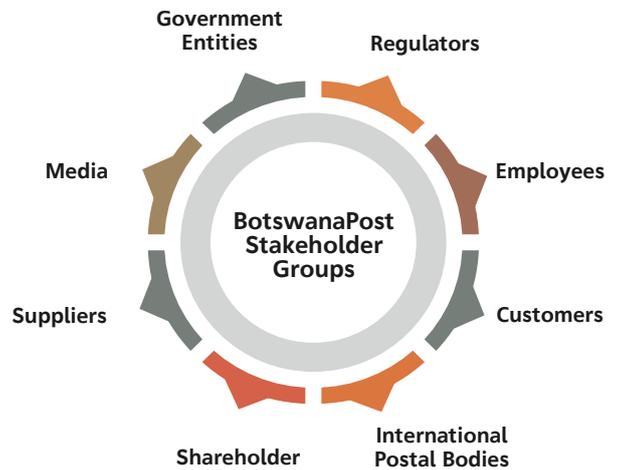
STAKEHOLDER	MANDATE
<b>Shareholder</b>	<p>Provision of financial backing to ensure going concern, liquidity, and sustainability of the business</p> <p>Provides oversight and support of BotswanaPost as a Designated Postal Operator to ensure success of the social obligation licence</p>
<b>Universal Postal Union (UPU)</b>	<p>Facilitates alignment of Designated Postal Operators to global mandate</p> <p>Facilitates international bilateral agreements</p> <p>Ensures smooth operations of cross border postal activities</p> <p>Ensures alignment of strategies at continental and regional levels</p>
<b>Pan African Postal Union (PAPU)</b>	<p>Specialised agency of the African Union, whose purpose is to spearhead the development of postal services in Africa</p>
<b>Southern African Postal Operators Association (SAPOA)</b>	<p>A regional collective of Designated Postal Operators cooperating on issues of mail, parcel, and financial services</p> <p>Ensures common regional standards and collective positions in respect of mail commerce</p>
<b>Conference of Commonwealth Postal Administrators (CCPA)</b>	<p>A UPU-accredited association of postal administrators of members of the Commonwealth, whose primary motivation is to increase the influence of Commonwealth countries within inter-Governmental bodies</p>
<b>Ministry of International Affairs and Cooperation</b>	<p>The Ministry provides oversight in our participation as a Designated Postal Operator in global postal sector forums</p>
<b>Botswana Communication Regulatory Authority (BOCRA)</b>	<p>Regulates the activities of the postal service, ensuring compliance to standards</p> <p>Postal policy formulation and implementation</p> <p>Adjusts and regulates postal tariffs</p>
<b>Bank of Botswana (BoB)</b>	<p>Regulates banks and financial institutions</p> <p>Provides oversight of national payments system</p>
<b>Non-Bank Financial Institutions Regulatory Authority (NBFIRA)</b>	<p>Regulator for all non-banking financial institutions</p>
<b>Financial Intelligence Agency (FIA)</b>	<p>Investigation, analysis and supervision of money laundering and other financial crimes</p>



OUR RELATIONSHIPS

# Stakeholder Relations

BotswanaPost leverages on its key stakeholder relationships to achieve its strategic agenda. It is therefore imperative to continuously engage them to reap the benefits and to ensure compliance to regulatory requirements.



**GOVERNMENT & REGULATORY AUTHORITIES**

**HOW WE ENGAGE:**

- Consultation with regulatory bodies
- Formal correspondence with regulators
- Participation in key activities organised by regulators

**KEY ISSUES RAISED:**

- Maintenance of relationships with regulators

**RESPONSE TO KEY ISSUES:**

- Continuously training of relevant employees on new legislation to ensure compliance
- Interaction with the regulators to discuss various concerns

**MEDIA**

**HOW WE ENGAGE:**

- Media updates, media courtesy calls, media-driven events (supporting, for example World Press Freedom Day) press releases, media tours of BotswanaPost facilities
- New product launches and press conferences
- Integrated Report launch

**KEY ISSUES RAISED:**

- Maintenance of relationships with journalists and media owners

**RESPONSES TO KEY ISSUES:**

- Responses to questions posed by media
- Education about ongoing organisational development

**SHAREHOLDER**

**HOW WE ENGAGE**

- Regular interaction with the Shareholder through arranged meetings and formal correspondences
- Participation in key activities organised by the Shareholder

**KEY ISSUES RAISED:**

- Business recapitalisation
- Payment of USO arrears
- Going concern risks

**RESPONSES TO KEY ISSUES:**

- Request for recapitalisation from the Shareholder



**EMPLOYEES**

**HOW WE ENGAGE:**

- Regular staff engagement and communication through various platforms such as meetings, email, and intranet
- Training facilitated, based on individual goals and Company specific requirements

**KEY ISSUES RAISED:**

- Career growth and opportunities
- Recognition of performance
- Work-life balance

**RESPONSES TO KEY ISSUES:**

- We retain our people by providing them with meaningful career opportunities
- Individuals are involved in the crafting of personal development plans

**SUPPLIERS & SERVICE PROVIDERS**

**HOW WE ENGAGE:**

- Regular interaction through various mediums such as one-on-one, telephone and emails

**KEY ISSUES RAISED:**

- Compliance with contractual terms

**RESPONSES TO KEY ISSUES:**

- Maintenance of relationships with suppliers and service providers

**CUSTOMERS**

**HOW WE ENGAGE:**

- Customer Contact Centre
- Corporate website
- Client presentations
- Over the counter

**KEY ISSUES RAISED:**

- Service provision
- Complaint resolution

**RESPONSES TO KEY ISSUES:**

- Continuous value-add and service improvement



OUR CONTROLS

# Internal Audit

*The role of internal audit is to provide independent assurance that BotswanaPost’s risk management, governance and internal control processes are operating effectively.*

The Internal Audit function reports administratively to the Chief Executive Officer and functionally to the Finance, Audit and Risk Committee.

Internal Audit follows a risk-based approach but can only provide reasonable and not absolute assurance against material misstatements or loss. The risk-based audit plan for financial year 2020-21 was approved by the Finance, Audit and Risk Committee and, by extension, the Board in March 2020.

**Reporting**

Internal Audit presents its summary of audit results, progress against delivery of the audit plan and progress in closing both Internal and External Audit findings fortnightly to management and quarterly to the Finance, Audit and Risk Committee.

After every meeting of the Finance, Audit and Risk Committee, the Chairperson apprises the Board on the duties and the achievements of the Internal Audit on quarterly basis.

**Quality Assurance**

The function was fully resourced throughout the year in terms of a seasoned team to work effectively and efficiently.

Internal Audit staff continue to comply with the Internal Auditing Standards and continuous professional development requirements, acquiring professional certifications to meet the requirements of the Audit Charter.

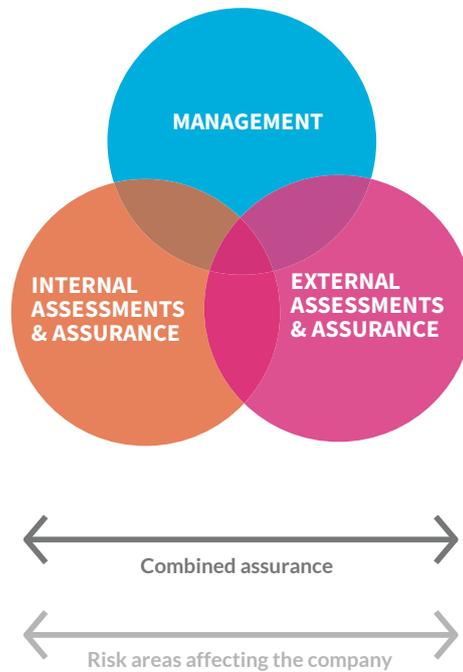
**Combined assurance overview**

The Board is responsible for overseeing the establishment of effective systems of internal controls in order to provide reasonable assurance that the Company’s financial and non-financial objectives are achieved.

BotswanaPost applies a combined assurance model, which seeks to optimise the assurance obtained from management, internal and external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance.

This combined process model allows the Board to receive reports from management on performances, results and forecasts and both the Board and management rely on Internal Audit to provide Independent and objective assurance.

The Internal Audit function, through Finance Audit & Risk Committee assures to the Board that the combined assurance model embedded within the Company is coordinated so as to best optimise costs.





DECISION-MAKING

## Analysing Our Risks and Opportunities

*What is risk management and why is it important? This is the process by which we identify, assess and control the threats we face when creating value as Botswana’s Designated Postal Operator.*

When we understand the challenges on our horizon, we can enhance the creation of value and make the business, as a whole, more sustainable. For this reason, we embed risk management into all our strategy formulation processes — and then cascade them throughout all our operations.

The Board of Directors provides oversight of our risk management activities and receives regular feedback from Management on all risk-related programmes through the Finance Audit and Risk Committee.

Our comprehensive risk governance structures are our lines of defence to protect BotswanaPost from excessive risk. These structures ensure that roles, responsibilities and accountabilities for identifying, assessing, mitigating, reporting and escalating risks and opportunities are clearly and appropriately defined.

Our Enterprise Risk Management Framework was developed in alignment with the Committee of Sponsoring Organisations (COSO) ERM Framework 2017 which emphasises alignment of risk management with the strategy, governance and culture as well as performance.

We also take other standards into consideration, such as ISO 31000 and the King IV Code of Corporate Governance.

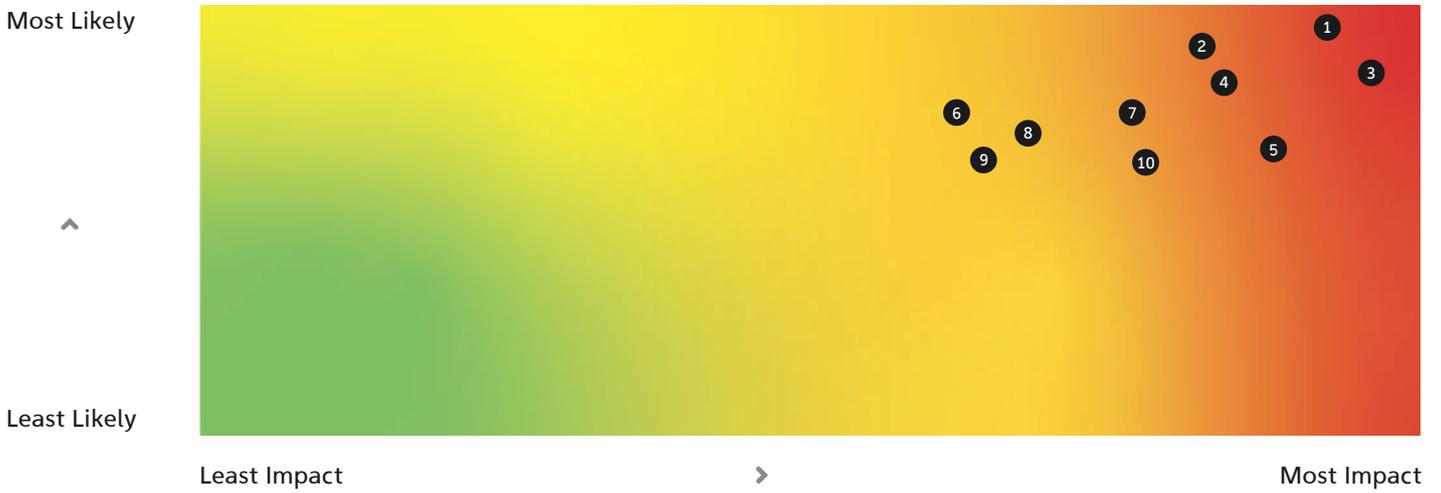
**In focus:**

### COVID-19 PANDEMIC

To understand in greater detail the negative impact that the COVID-19 pandemic has had on our inbound and outbound mail volumes, please see the **Operations Report on page 56**.

**RANKING THE TOP TEN RISKS TO OUR BUSINESS**

This heatmap shows the ranking of the top ten corporate risks facing our business during the 2020-2021 financial year.



RISK	DESCRIPTION	IMPACT	CHANGE	RISK RATING	MITIGATION
<b>1. Funding and liquidity</b>	Insufficient capital to implement strategic projects and support operational activities	Financial	▲		Lobbying the Shareholder for capital injection to support implementation of strategic intents  Seeking commitment from the Government for reimbursement of Universal Service Obligation  Changing of the business model, including restructuring, to transform the Company for the better
<b>2. Business continuity &amp; crisis management</b>	Our ability to deliver service to customers may be affected in the event of a disaster	Internal processes	▼		A Business Sustainability unit has been established  A roadmap for business sustainability has been duly approved which includes incorporation of sustainability objectives under the performance contracts of every employee to embed the culture
<b>3. Socio-economic and COVID-19</b>	Changes in the market and economic landscape as well as health and safety issues caused by COVID-19	Financial Customer Internal processes	■		Regular market trend analysis and innovation  Implementation of a surge management strategy for the containment of COVID-19 exposure against staff and other stakeholders  COVID-19 awareness training

RISK	DESCRIPTION	IMPACT	CHANGE	RISK RATING	MITIGATION
<b>4. Competition</b>	Influx of new players in the courier and logistics space as well as competition from other industry players making inroads into niche products and disruptive technologies which could erode the Company's market share and competitive advantages	Financial			<p>Review of Business acquisition strategies</p> <p>Market research and innovation</p> <p>Customer retention strategies</p> <p>Digitisation of product and service offerings, channel development, enhancements and gap-closing initiatives</p>
<b>5. Cyber-security threats</b>	Global cyber security risks heightened especially in the wake of COVID-19	Internal processes Customer			Routine testing and enhancement of cyber-security protocols, including cyber-security awareness campaigns/training programmes
<b>6. Contract management</b>	Possible exposure to litigation and/or loss of business due to inability to timeously meet contractual obligations	Financial Internal processes Customer			<p>Relationship management</p> <p>Robust assessment of contracting parties prior to onboarding</p>
<b>7. Regulatory</b>	Non-adherence to Universal Postal Union quality of service standards	Internal processes			<p>Business process optimisation</p> <p>Implementation of Customs Declaration System (CDS) to streamline customs clearing processes</p> <p>Renegotiation with airlines for international mail and parcel conveyance when COVID-19 travel restrictions are lifted</p>
<b>8. Standalone systems</b>	Standalone systems with no interface capabilities exposing the business to data integrity issues and susceptibility of fraud	Internal processes Financial			<p>Integration with the core transaction processing system PostGlobal and ERP</p> <p>Integration/interface of third party systems via Application Programming Interface (API)</p>
<b>9. Partnerships</b>	Reliance on third parties for technical support may lead to disruptions in the event of contract termination, or failure to deliver which might halt or discontinue value creation	Financial Customer Internal processes			<p>Rigorous due diligence and enforcement of Service Level Agreements</p> <p>Development of in-house capacity by recruiting IT personnel with requisite technical know-how and skills for development and support of in-house solutions</p>
<b>10. Infrastructure</b>	Dilapidated postal infrastructure which erodes the brand equity and public image	Financial Customer			A substantial budget consideration made for major maintenance and preservation of property values during the next financial year 2021-22

**Legend**

-  Increased risk
-  Reduced risk
-  New risk
-  Risk Unchanged

RAPID DIGITISATION AND RATE OF TECHNOLOGICAL ADVANCEMENTS	PRICE VOLATILITY WHICH MAY IMPACT BUYING POWER	RATIONALISATION OF LOSS-MAKING STATE-OWNED ENTERPRISES
<p>The Company may not be able to match the speed at which technology changes, thus making other areas of the business vulnerable to obsolescence. Rapid technological advances also present new cyber-security threats</p>	<p>New taxes and levies put upward pressure on prices of goods and services economy-wide. This will negatively affect household disposable incomes and increase the cost of doing business</p>	<p>There is uncertainty as to whether the Government's plan to rationalise loss making State Owned Enterprises will affect BotswanaPost in general, and specifically to our financial position and operations</p>



## THE CHALLENGE IS THE WAY

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*At BotswanaPost, we recognise that risks, provided they are adequately managed, present us with opportunities to unlock greater levels of value which contribute to our strategic objectives.*

**Funding and liquidity**  
*Harsh economic conditions encourage us to pay even more attention to our financial management and sharpen our cost-containment skills*

**COVID-19**  
*As more customers gravitate to mobile solutions and become more comfortable transacting online, this opens up wider channels of growth and encourages us to fast-track all e-service channels*

**Technology**  
*The increased emphasis on digitalisation encourages us to build the resilience of our online platforms and make upgrades to improve our e-services and network uptime.*



**Achievements**

The Company is on the right track on its journey of attaining the highest level of ERM maturity (Level 4).

This year, we reviewed the Enterprise Risk Management Framework to align ourselves with the latest risk management standards such as the Committee of Sponsoring Organisations (COSO) Framework 2017, ISO 31000 as well as the King IV Code on Corporate Governance.

We also embarked on risk management training and awareness programmes as part of embedding a risk-aware culture within the organisation.

The Company's Anti-Money Laundering and the Control of Terrorism and Proliferation Financing (AML/CFT/P) programmes have also matured as a result of implementation of the Board-approved policies and procedures.

**General outlook**

Our belief and expectation is that the Company's risk profile will improve on the strength of the Interim Strategy. However, funding challenges are still a reality for the business, and these may impede growth and the achievement of our strategic objectives.

We will develop and communicate risk appetite and tolerance statements in the year ahead. We have also committed to automate our risk management processes as well as transaction-monitoring and analysis.

The automation of risk management processes will lead to efficiencies in recording, monitoring and reporting of risk events. It will also act as an early warning system when certain key thresholds are approached or exceeded.

 **In focus: ORGANISATIONAL RISK**

To learn more about how the Company manages risk through its governance structures, processes and philosophies, please read about our application of the **King IV Code on Corporate Governance available on page 19.**



# Our Strategy

*Even in these uncertain times, where nothing can be taken for granted, BotswanaPost is leading the way as a blue-chip parastatal and implementing a strategy that will bring us back to where we belong: sustainable and profitable.*

## Ten Years of Executing Innovative Excellence

The Executing Innovative Excellence strategy was born in 2011. At BotswanaPost, we realised that in order to build a sustainable business, we must actively embrace what was (at the time) the Company's biggest threat: technology.

This force of progress, if ignored, posed a direct threat to the existence of the traditionalist postal model.

For us, the answer was clear: we must run towards the technology, leverage smart partnerships to reinvent what a postal operator can (and should) be — and do things that our customers had never seen before by giving them access to a whole new suite of services through multiple channels, both online and over-the-counter.

For nearly a decade, this blueprint yielded significant success for the organisation, fueled by well-diversified revenue streams, consistent sales growth — and arrival at a sustainable financial position that had been elusive at BotswanaPost for a long time.



## The formulation of Interim Strategy (1)

The COVID-19 pandemic has had an unprecedented impact on our ability to aggressively chase down our strategic goals as defined by the Executing Innovative Excellence strategy.

As Botswana's designated postal operator, we are not alone: the global postal services industry continues to operate in a contracted environment, one which is characterised by upheaval and uncertainty.

Chief among which was the disruption of our international supply chain as flights around the world were grounded. This had a negative impact on our ability to deliver mail and parcels in a timely way, and had a serious impact on our revenue from these lines of business.

With fewer staff on site due to work-from-home arrangements, social distancing protocols and isolation measures, we also lost significant working hours.

At times, COVID-19 infection risks resulted in temporary closures of some post offices and sorting centres. Health and safety initiatives put upward pressure on the running costs of the business, and the Company experienced an increase in leave liability as staff either postponed or canceled any travel plans they may have had.

These shocks to the system, combined with the significant revenue impact we have incurred, caused projects to take longer than normal to complete, delaying our accomplishment of key performance milestones.

## Why the Interim Strategy (1) was developed

At the beginning of April last year, the onset of the first lockdown prompted the leadership team to begin urgent work on the Interim Strategy (1), which we designed specifically to usher the organisation through these times of immense uncertainty.

Senior Management, along with the Executive team, formulated the Interim Strategy (1) in May 2020, which was set to run for one financial year. The IS1 Plan sets the performance agenda for the Company from April 2020 to March 2021. In addition to counteracting the negative effects of COVID-19, the strategy is also designed to position us to capitalise on the growth opportunities that will emerge in the aftermath of the pandemic.

Our Strategy Committee, comprising General Managers from all functions, developed a list of implementable initiatives which enabled us to bring the Interim Strategy Scorecard to life.

The Interim Strategy (1) was presented by the Committee to C-Suite for endorsement, and then to the Board for approval in June 2020.

We formulated the Interim Strategy (1) with the following goals at the top of our minds:

- To maximise our revenues
- To maximise our profits
- To maximise our transactional values
- To survive this period of uncertainty
- To return the business to status quo, and
- To provide quality leadership to those who rely on us.



## SHAREHOLDER ASSISTANCE

*We continue to engage our shareholder through the Ministry of Transport and Communications about the financial assistance we need in this moment to bounce back fully and return the organisation to a profitable, sustainable position as a blue-chip parastatal.*

*Firstly, we need to be fully reimbursed for the Universal Service Obligation which we carry out daily. This would make an enormous difference in helping us to improve our cash-flow position.*

*We have also attempted to convert our loan from Government, currently treated as a Public Service Debt Fund, into equity. This would also have a major impact on our financial position.*

*As Government continues its fight against the pandemic, we have been unable to secure the required level of financial assistance from our Shareholder. This further deteriorates our cash-flow, working capital and financial position in general.*

TRADITIONALISTS	SERVICE PROVIDERS	REGIONAL DIVERSIFIERS	GLOBAL PLAYERS
Strategic approach driven primarily by improving mail efficiency	Dominant strategy of diversification through convenience and proximity	At least 12.5% of revenue comes from outside domestic market	At least 25% of revenue comes from outside domestic market
National focus	Innovative solutions across channels	Revenue comes from neighbouring countries or the same continent	Revenue comes from more than one continent or trade block
	Services beyond mail, shipping, banking and stationery	Dominant strategy of regional growth	Clear strategy of international growth

^  
**BotswanaPost is positioned here**

**Transcending traditional post**

By committing to a strategy that leverages technology, we are deriving maximum value from our different business segments. We are also attracting, engaging and retaining a wider demographic of customers (especially younger, tech-savvy users) and transcending our old role as a traditionalist postal operator. The table above illustrates this evolution — and what lies ahead.

**FINANCIAL PERSPECTIVE: TO BE A P285 MILLION COMPANY**

STRATEGIC OBJECTIVE	SCORE	MATERIAL MATTERS	STRATEGIC RESPONSE
Grow Revenue	BWP 278m	Profitability	Emphasis on revenue growth
Improve cost structure	111.67%	Liquidity	Shareholder funding
Improve branch profitability	5 profitable post offices	Weak balance sheet	Universal Service Obligation shortfall recovery
Improve revenue per labour cost	P1.39 per labour cost	Shareholder funding	New products and services
Improve product profitability	60%		Products and services enhancements
Improve Operating Cash Flows (Operating CF / Operating Profit)	37%		Multi-channel access

**CUSTOMER PERSPECTIVE**

STRATEGIC OBJECTIVE	SCORE	MATERIAL MATTERS	STRATEGIC RESPONSE
New physical channels	20 Kiosks	Enhancing customer experience	Kiosk expansion
Implement Mail Product Strategy	1 new mail product	Product digitisation	Cashflow optimisation, system integration digitisation
Expand and diversify e-services products and channels	100% uptake of targeted transactions 6 new e-channels	Employee productivity maximisation for remote work Enhancing the BotswanaPost brand Service availability, query response Product knowledge, product usage Contract compliance, service uptime	Ensure system uptime, stock availability, call centre resourcing Department of Roads and Transport Services online Utilise Systems for Managing to monitor productivity of employees with a key focus on remote work Prepaid bulk sale of electricity and airtime



Notwithstanding the devastation that COVID-19 has brought to our doorstep, the Company was able to generate an overall performance score which was 83.3% of our defined targets at the inception of the Interim Strategy (1). This is a significant achievement, given the disruption and pressure faced by the business on every level.

Where does this resilience come from? We believe that communicating our Mission, Vision, Values and goals clearly throughout the organisation is instrumental in our ability to reach (or come close to) our strategic objectives — no matter how well or badly the economy may be doing.

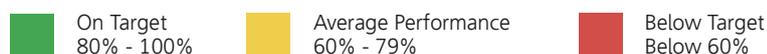
INTERNAL PROCESS

STRATEGIC OBJECTIVE	SCORE	MATERIAL MATTERS	STRATEGIC RESPONSE
Improve quality of service	87% Customer Satisfaction Index	Negative impact of COVID-19 on delivery performance of international inbound items	Engaged third parties with access to cargo airlines for outbound mail transport. Continued mail transport by road through South Africa to find cargo airlines going to different destinations
	78% Net Promoter Score	Increased mail related queries	Continuous process improvement, performance monitoring and issue resolution for domestic, outbound and inbound mail
Improve Processes	4 Customer Effort Score	Customers continue to experience some level of accessibility as a result of extended power shortages	QoS certification gap analysis completed and areas that need improvement acted upon
	85% Adherence to Delivery Matrix	Delivery performance below standard, QoS certification, compendium update	Planned update to compendiums for all items implemented
	9.3 days Adherence to Mail Processing Timelines	Slow complaint resolution due to unavailability of routes for inbound and outbound mail	UPU contact centre aiding enquires between postal operators
	160 Home Delivery Mail Volumes per Month	Lack of adequate automated tool to track complaint trend	Collected inbound mail from South Africa by road, giving items increased priority at all processing stations
			Continuous enquiry trend analysis at contact centre to identify service gaps
			Engagements with postal operators to resolve complaints
			Planned development of automated complaint reporting.

LEARNING AND GROWTH PERSPECTIVE

STRATEGIC OBJECTIVE	SCORE	MATERIAL MATTERS	STRATEGIC RESPONSE
Build a high performance culture	95%	Staff development plan uptake below target owing to COVID-19	Adapted to online training methods
Embed Systems for Managing	60%		Developed a productivity measuring tool in collaboration with Business Intelligence Unit
Embed talent management culture	100%	Lack of planning clear deliverables by line managers	Re-alignments and use of internal resources for continuity
		Recruitment freeze	
		Lack of productivity measurement for people working from home	Working on measuring tool and engaging with line managers on proper planning and tracking of performance for remote staff

Standard of Performance





OUR FINANCIAL YEAR IN REVIEW

# Chairperson's Statement

**NATHAN MONAMETSE  
KGABI**

CHAIRPERSON



The year under review has deeply tested our resilience — and it has done so in a manner that none of us could have predicted.

They say that tough times reveal who you really are. That has been true for myself and for my esteemed colleagues on the BotswanaPost Board of Directors.

Like any postal operator around the world, BotswanaPost has not been spared from the challenges presented by the COVID-19 pandemic. Despite the immense difficulties we face on a daily basis as our team takes its place in the frontline of the fight against the pandemic, we continue to invest heavily in the technologies of tomorrow.

These advancements give our customers affordable convenience, with multiple channel access, at this moment in their lives; allowing them to save money and stay safe.

These new and creative ways of doing business are central to who we are as a Company. In order for us to live and work in harmony with our social, economic and environmental sustainability agenda, we must be moving forward, with formidable resilience. We must redefine what a postal operator is — and can be.

## Performance Highlights

The immediate shrinkage in economic activity brought on by the pandemic in general (and specifically the lockdowns) caused a decline of both inbound and outbound mail. This, understandably, has ramifications for our financial performance.

Our total sales revenue declined sharply by 16% for the period under review. Our gross profit declined by 25%. And our losses after tax increased by 10%.

## Formulation of the Interim Strategy (1)

At BotswanaPost, our leadership at the Board, Executive and Management levels took action. We formulated the Interim Strategy (1) which we are following rigorously to return our Company to a sustainable financial position.

The Interim Strategy (1) allows us to maintain our agility and focus on what matters. Our goals are to:

- Deliver effective leadership
- Maximise revenue, transactional volumes and profits
- Survive the economic downturn, and
- Return the Company to its status quo.

We have taken this as a learning curve and fully appreciate the fight we have ahead of us

## Transformation

Our commitment to transformation enables us to seize opportunities that emerge under the 'new normal'.

As Botswana become more comfortable with online shopping, we seek to cement our position as their Courier of choice. We see this as a clear avenue for growth in the immediate future.

During the year under review, we were also able to revamp our mobile PosoApp, launched a new MobileVend service platform and rolled out an exciting Virtual Post Box solution.

Today, our customers can access an even wider array of services from the comfort and safety of their homes, without ever needing to visit a physical Post Office.

The opportunity exists to do much more, with the right backing. For example, we believe we could add immense value for Botswana Police Services if people had the option to pay their traffic fines at any one of our countrywide Post Offices. This would be a potential game-changer for all concerned.

In fact, BotswanaPost is perfectly positioned to help modernise and streamline a wide array of services on behalf of Government, our Shareholder.

**Our Responsibility**

This is a time for self-reflection and improvement. With that in mind, the Board has, for the first time, embraced an evaluation process which puts our own performance, contribution and competencies to the test.

We, the Board, take ultimate responsibility for Integrated Reporting. We focus on the six capitals — financial, manufactured, intellectual, human, social and relationship — and how best to deploy them in service of our stakeholders. All of us are learning how to create more value, with less. It is our sincere hope and expectation that this Report will show the nation how we at BotswanaPost are doing exactly that.

**In focus:**

**THE INTERIM STRATEGY (1)**

To understand how and why our Interim Strategy (1) was developed, please review our **Strategy Report on page 37**.

I am also proud to mention that BotswanaPost has experienced zero job losses during the year under review. We are truly committed to the wellbeing of our people.

As we strive to deliver a suite of services that is trusted nationwide, we will continue to uphold our Universal Service Obligation. We will deliver every last piece of mail, no matter the cost to us, to every corner of the country and be the preferred last mile. Marginalised communities will always be able to rely on us.

**The Future**

We do not believe that these hard times will last forever. We have many reasons to expect an improvement in the financial performance of the Company as we all learn, adapt — and respond to the needs of our customers.

In addition to a wide array of tech-driven advancements, we also plan to expand our postal footprint further in the year ahead.

**Recognition and thanks**

I wish to extend my heartfelt gratitude to my fellow Directors, our business partners and the amazing staff of BotswanaPost across the country. Your bold response to the challenges has been remarkable.

I would also like to take this opportunity to thank and recognise our Chief Executive Officer, Cornelius Ramathlakwane, whose spirit of remarkable excellence is being felt in every corner of the business — at a time when true leadership has never been more important.





STRATEGIC EXECUTION IN TIMES OF CRISIS

# Chief Executive Officer's Report



**CORNELIUS  
RAMATLHAKWANE**

CHIEF EXECUTIVE OFFICER

At BotswanaPost, we believe that the quality of our leadership has provided the Company with a guiding light which we can all use to see the way forward, even now, as COVID-19 potentially covers every corner of the country's economic and social resources in darkness.

You can find great leaders at all levels of this organisation. No matter the function, the job title or the uniform. In these special individuals we recognise great focus, commitment, resilience, agility — and determination to 'cross the line.'

As we reflect on the end of this financial year and plan our trajectory into the next, it is the perfect opportunity to recognise these special people.

## DEPLOYMENT OF THE SIX CAPITALS

### Human Capital

At BotswanaPost, we go above and beyond to empower our people and be an employer of choice. We are nurturing an environment where talented professionals can find a home, do more and be more. In times like these, everything depends on our ability to mobilise and incentivise people.

We have invested heavily in high-impact executive training for most members of the C-Suite, including myself. We have also enrolled our middle managers into leadership and executive development programmes which make them more effective in their day-to-day interactions. Additionally, all of our front-line staff have been trained to master our new Enterprise Resource Planning (ERP) and the front-end counter (PostGlobal) systems — making them more effective when dealing with customers.

In my capacity as Chief Executive Officer, I have personally visited 95% of all post offices during the course of the reporting period. During times of uncertainty and stress, I have embarked on this initiative to show up in person because I believe in modeling the behaviour I wish to see from my people. I connect with them and involve them in the strategic decisions that we make.



## MAXIMISING HUMAN CAPITAL WITH THE VALUE CENTRE MODEL

*We give Branch Managers the freedom and the responsibility to run their post offices like self-contained businesses. They have their own profit and loss reports which they file regularly. Their own budgets. And their own targets to meet.*

*The Value Centre business model reassigns talented, motivated people away from Head Office and onto the front line instead. We make them customer-facing, giving them enough leeway to make the best decisions for their branches.*

*In return, our Head Office team provides them with the support functions necessary to deliver value under our mandate.*

*As a result, Post Office team members have access to personal growth opportunities they have never experienced before — a complete change in outlook, which they relish.*

*These teams develop deeper relationships within their communities. They make sure equipment and systems are maintained. They take active steps to increase their sales.*

*In short, the Value Centre model represents the chance to transcend their old job titles — and act like entrepreneurs.*

*This is what we mean when we say that our people are fit to serve — and free to grow.*



**Intellectual Capital**

BotswanaPost has been building a strong brand in the hearts and minds of our customers for well over a century.

Today, as we celebrate the roll-out of new products and services such as PosoCloud, PosoMoney and Virtual Post Box, our strategy is to position these innovations as brands which can stand by themselves, earning a loyalty and following in their own rights. As these assets grow, the intellectual capital they accumulate can then be captured by the business.

**Financial Capital**

Despite the immense adversity we face on all fronts, I am proud to announce that we are only 2% short of the revised revenue target we had set for ourselves when the pandemic first arrived in Botswana.

We are demonstrating our financial resilience and value to our Shareholder, underpinned by our well-diversified revenue structure and commitment to staying ahead of the evolving needs of our customers.

My team remains steadfast in their commitment to 'trim the fat' out of the organisation at every opportunity. We have eradicated all non-essential expenditure and we believe that we have established the gold standard of fiscal responsibility.

Our Revenue Protection Unit enables us to see the value of every transaction flowing through the organisation and capitalise on opportunities in real time.

Despite the hard-won financial progress we have made, the Company as a going concern exists in a precarious state. This stems from our weak balance sheet position, adverse liquidity and high gearing. Unless we receive the help we need from our Shareholder, these are the type of factors which will adversely effect our value creation and sustainability agenda at BotswanaPost.

**Social Capital**

BotswanaPost is an organisation which fulfills its duty to the nation every day in the course of our ever-widening range of activities. Whether this contribution comes in the form of vaccine delivery, a suite of innovative online solutions or execution of the Universal Service Obligation, our commitment is proudly on display.

As the organisation returns gradually to financial sustainability, we also make the commitment to re-invest a portion of the profits into the BotswanaPost Foundation, currently under review, which is our formal social investment programme which is aligned to the National Development Plan 11.

**Environmental Capital**

As mandated by the Universal Postal Union, we are taking steps to reduce our carbon footprint which is outlined in more detail in our Sustainability Report.

BotswanaPost is an environmentally-conscious organisation, which has also led us to explore better methods of printing.

**Financial performance**

As COVID-19 wreaked its chaos and devastation on every corner of the globe, including ours, we were able to achieve 98% of our revenue target. This is nothing short of a formidable achievement.

▼ COST OF SALES	▼ OPERATING COSTS	▼ LOSS
<b>12%</b>	<b>14%</b>	<b>P43m</b>
(YEAR-ON-YEAR IMPROVEMENT)	(53% BETTER THAN TARGET)	(73% BETTER THAN BUDGET)
.....	.....	.....

In addition to coming so close to our revenue target, we were also able to fully execute a savings strategy for operations and administration, beating the already-aggressive targets we set by 53%.

We were also able to recoup P78 million in Universal Service income from the Shareholder, which is imperative to maintaining financial health of the business given the lengths we go to in providing essential mail services to the most marginalised areas of the country.

With revenue holding its ground and unnecessary spending significantly reduced, losses for the period under review were 73% lower than initially forecasted at the beginning of the pandemic. This is a huge achievement for the whole team and a clear message to our Shareholder that BotswanaPost can be relied on in good times and in bad times.

**Our operating environment**

Compared to any other public or private sector entity, BotswanaPost stands alone in the way that COVID-19 has affected our daily operations. We are unique because we operate a business which operates both locally and globally every day, as well as being both socially and commercially oriented.

We started to feel the impact of the pandemic as early as December 2019. This came in the form of a steep decline in inbound parcels.

Worldwide lockdowns, border closures, depressed economic activity and overall chaos has extracted deep cuts in the revenue we can earn through international business. Couple this with an equally devastating impact at home, and it feels like we are battling two pandemics.

Despite all this negativity, BotswanaPost is firmly in position to capitalise on the opportunities that the pandemic presents through online payments and money transfers, e-commerce, couriers, logistics and warehousing as well as ecosystems that are inter-operable.

**THE HUMAN COST OF COVID-19**

*COVID-19 has shaken the BotswanaPost family to our core.*

POSITIVE CASES	FATALITIES
<b>303</b>	<b>5</b>

*I recognise my team's valiant efforts to contain the spread of the pandemic and their ongoing commitment to observing all State of Emergency protocols.*

*On behalf of the Company as a whole, I extend my deepest condolences to the families of those who have lost their lives. May they find comfort in the Almighty as they celebrate the memories of their loved ones.*

### Digital transformation

BotswanaPost has carved out a position as a cutting edge, tech-savvy service provider which has long transcended its role as a traditionalist postal operator. The work we have been doing over the years is now clear, in the midst of this global crisis.

Take a look at our website, for example. What you will find is an interactive payment facilitation, courier services and e-commerce platform that opens the gateway to affordable convenience for our customers.

The launch of our new Virtual Post Box offering gives users a digital upgrade over a conventional Postbox, while at the same time increasing access to the postal network and therefore helping to build demand for our core business.

Coming soon will be the Virtual Teller Machine, a first from BotswanaPost. We call it the ATM on steroids. This innovation will give customers a secure, powerful, low-cost alternative way to access all our services as well as banking and money transfer in areas with low financial services penetration.

Also on the near horizon is our Digital Post Office (DigiPost), which will help retailers of all sizes to creatively reinvent their businesses.

The customer is always at the forefront at BotswanaPost. We continue to build our smart ecosystem of solutions and no Moptswana will be left behind.

### Interim Strategy (1)

At the beginning of April last year, the onset of the first lockdown prompted my team and I to begin urgent work on the Interim Strategy (1), which we designed specifically to usher the organisation through these times of immense uncertainty.

We formulated this strategy with the following goals at the top of our minds:

- To maximise our revenues
- To maximise our profits
- To maximise our transactional values
- To survive
- To return the Company to status quo, and
- To provide quality leadership to those who rely on us.

As the COVID-19 pandemic rapidly grew from a disturbance to a catastrophe, I am proud to reflect on the achievements of my leadership team and staff at BotswanaPost, who stayed the course and accomplished more — not less.

For example, we increased the number of social service beneficiaries we support through our payment system. We enrolled the Department of Road Transport Services (DRTS) onto our online platforms, allowing users to renew their vehicle licences with just a few taps or clicks. We also opened six new kiosks inside Choppies stores.

We made a lot of progress in a short, chaotic period. Times of immense pressure can bring the best out of a Company. But only when you have the right people.

As a result, we have been able to generate strong revenue earnings in the second half of the year, which provides us with an excellent springboard going into the next financial year.

### Message of thanks

I extend my heartfelt thanks to every member of the BotswanaPost team — our Board, C-Suite, management and staff — for everything you have done to contribute to our survival and even growth in this, the most demanding year in our Company's history.

In your commitment to help us become more sustainable, I have seen you smiling, moving, giving the extra degree of effort — and crossing the line.

I would also like to take this opportunity to express gratitude to our Shareholder, regulators, as well as our customers. We appreciate your support and feedback.

I am praying to the Almighty for a safe return to normal. For our Company, I know it will be a better 'normal' than ever before.

### In focus: VALUE CREATION

To learn more about how we create value for our customers, shareholder and community, please read the **Analysis of Our Six Capitals** which is available on page 9.

MONEY MATTERS

# Chief Financial Officer's Report



**OFENTSE  
MABOTE**

CHIEF FINANCIAL OFFICER

**OVERVIEW**

For BotswanaPost, the financial year 2020-2021 was one of two halves. In the first half of the year, our revenue suffered heavily due to severely reduced economic activity. However, the Company delivered significantly improved results in the second half of the year, indicating a robust and encouraging recovery of the business from the effects of the COVID-19 pandemic.

ECONOMIC SECTORS	FY	FY	H2	H2	H1	H1
	2021	2020	2021	2020	2021	2020
	P'm	P'm	P'm	P'm	P'm	P'm
Revenue	269	321	147	166	122	155
Operating profit/(loss)	(20)	(23)	9	(17)	(29)	(6)
Profit/(loss) before tax	(43)	(39)	(3)	(24)	(40)	(15)

While this improvement can, in part, be attributed to the modest easing of trading conditions economy-wide, it is important to note that the business continued to benefit from our close management of costs and revenue protection initiatives.

In the face of an extremely turbulent environment the likes of which has never been seen the world over, we made the decision to extend our strategic period by one year. Our number one priority during this time was to focus on managing the impact of the pandemic.

From a human perspective, the safety and protection of our people became paramount. And furthermore, as a business, we faced an almost overnight revenue cut across all our income streams.

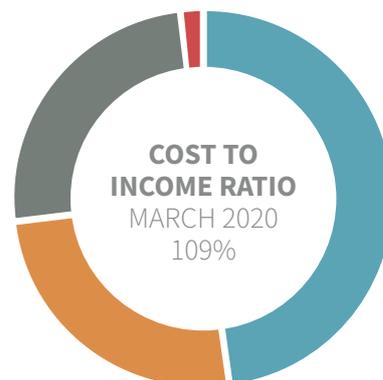
In response, we acted swiftly. Had we not taken dramatic and proactive steps to save costs and preserve our liquidity, the effects would have been much worse — and more difficult to recover from.

INCOME  
**P420.09M**

COST OF SALES  
**P223.71M**

ADMIN EXPENSES  
**P218.91M**

FINANCE COSTS  
**P16.49M**

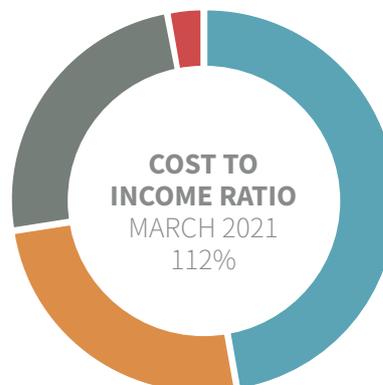


INCOME  
**P367.02M**

COST OF SALES  
**P196.24M**

ADMIN EXPENSES  
**P188.93M**

FINANCE COSTS  
**P23.37M**



*This adverse performance against last year is grossly attributable to the COVID-19 pandemic, consequently resulting in BotswanaPost recording a loss before taxation of P42.8 million (2020: P39.0 million).*

**STATEMENT OF COMPREHENSIVE INCOME**

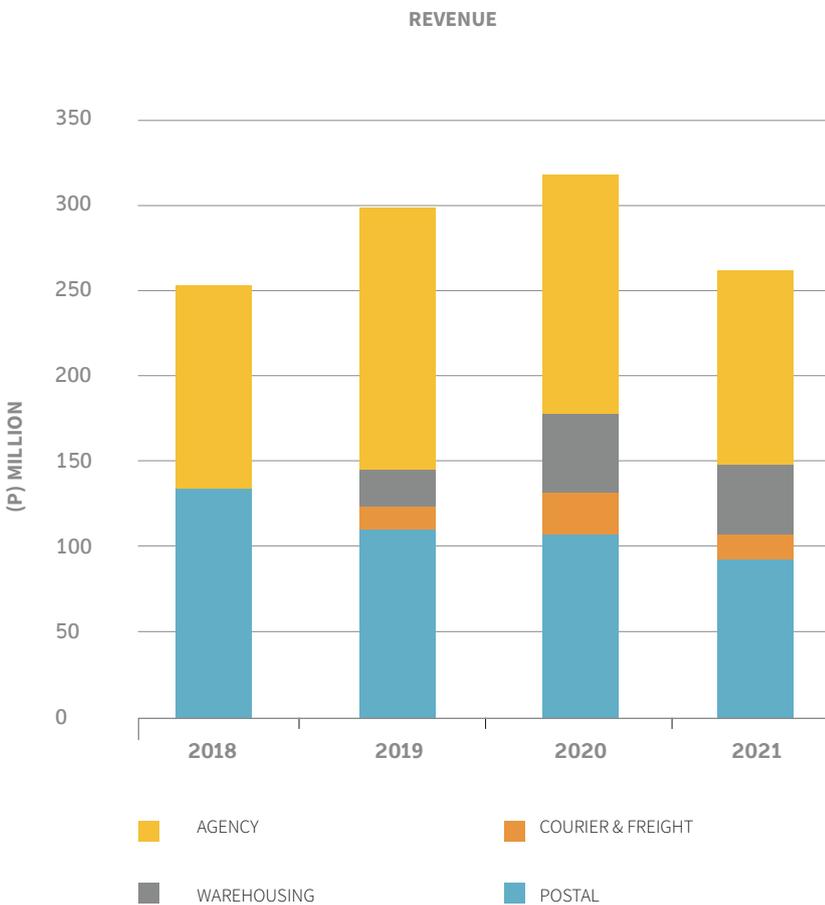
**Revenue**

With the exception of the Warehousing, Money Transfer, Postbox and Post Bag Rentals business segments which displayed great resilience, revenue decreased across all other business segments in comparison to the previous financial year.

This contraction is almost exclusively attributable to COVID-19 movement restrictions. The total decline in revenue amounts to P51.60 million which is illustrated in the graph below.

**Other Income**

We continue to honour the Universal Service Obligation (USO) to communities around the country — even in loss-making areas. Government recognises this essential service. However, USO income decreased by 8.2% in this financial year. Despite a once-off amalgamation cost refund of P7.82 million received from our Shareholder, Total 'Other Income' increased by 1% this year, to P96.10 million.



**Costs**

Costs were well maintained during the period under review and given utmost priority.

Our cost of sales declined by 12%, driven largely by reduced spending on airtime expenses which decreased by 39% compared to prior year mainly due to robust airtime inventory management.

Mail conveyance costs were lower than prior year by 41% due to closure of most borders for long periods of time.

Other operating expenses decreased by a net of 14% when compared to the previous year. This is attributable to robust cost saving initiatives and various factors, chief of which are outlined below:

- A decrease in security costs by 37% due to termination of cash in transit (CIT) contract
- A decrease in staff costs by 6% due to stringent controls on overtime worked during the year
- An increase in repairs and maintenance by 16% driven by an aged fleet of vehicles and foreign currency fluctuations of licensing costs
- An increase in depreciation by 12% due to the fixed assets revaluation exercise that was carried out in 2019-2020

TOTAL REVENUE

**-16%**

**P269.18 MILLION**

2019-2020: **P320.77m**

COST-TO-INCOME RATIO

**+2%**

**111.67%**

2019-2020: **109.29%**

GROSS PROFIT

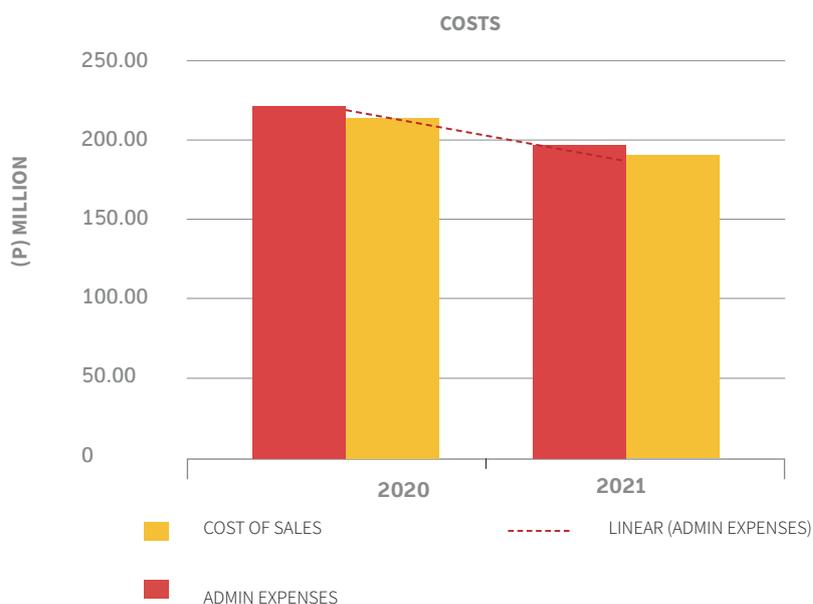
**-25%**

**P72.94 MILLION**

2019-2020: **P97.07m**

**Profitability**

For the year under review, BotswanaPost achieved a Gross Profit of P72.94 million (2020: P97.07 million). This is a decrease of 25% in comparison to the prior year. As a result of effects presented in this report, our loss before taxation amounts to P42.83 million (2020: P39.01 million) which is an adverse movement of 10% in contrast to the previous financial year.



**STATEMENT OF FINANCIAL POSITION**

The financial position of the Company was weakened by 3% compared to the previous financial year, due to the following factors:

**Assets**

Non-Current Assets declined to P418.35 million (previously: P442.04 million) despite capital expenditure made during the year, primarily due to increased depreciation. Inventories declined by 34% due to robust inventory management while trade and other receivables increased by 19% as a result of the tough financial and economic situation experienced by our customers. Cash Balances for the period under review were at P131.45 million (previously: P138.61 million) out of which P106.30 million was for third parties.

**Equity and Liabilities**

A decline in retained earnings by P28.73 million due to the loss experienced during the period under review resulted in eroded equity by the same amount. The Company continues to be highly geared due to the PDSF loan that also puts immense pressure on profitability.

**Statement of cash flow**

BotswanaPost generated cash flow from operating activities during the year totalling P7.53 million (previously: P72.14 million). This reduction is attributable to the shrinkage in revenue discussed above. In the same period, the Company used a total of P3.31 million (previously: P19.69 million) in investing activities. Due to the impact of the pandemic on the business, the Company strategically delayed non-essential capital expenditure during the year.

**Outlook**

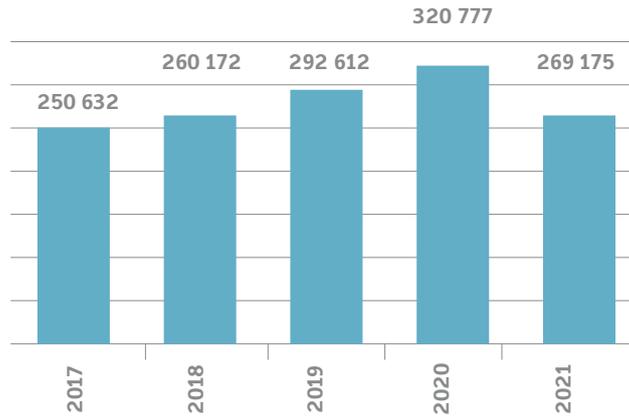
Despite the negative impact of COVID-19 pandemic during the period under review and a lingering uncertain future, the Company outlook is positive as it makes progress with its technology-driven strategy and continues to foster partnerships with third parties to improve efficiencies and revenue. These strategic activities, coupled with rigorous cost management, will move the Company back to profitability in the long term.

ANALYSIS

# Five-Year Financial Highlights

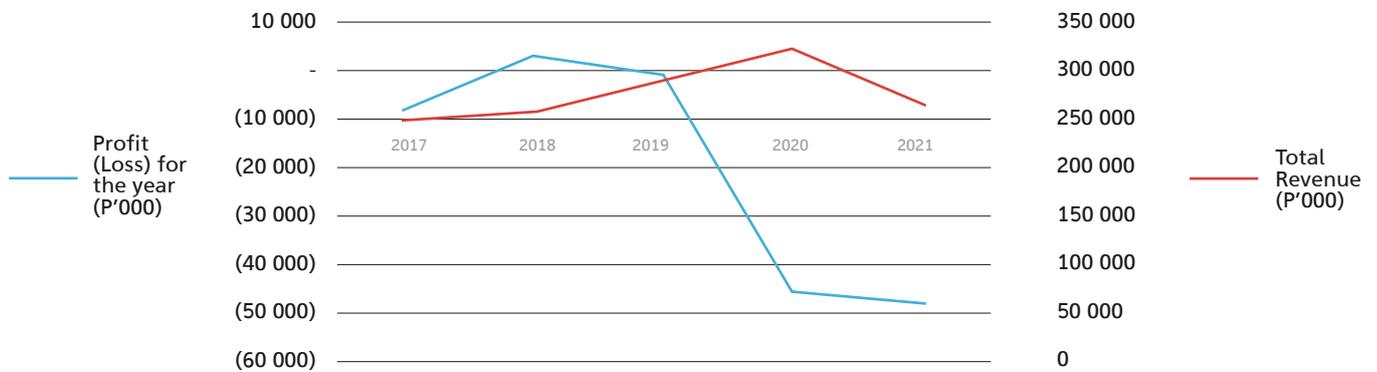
## STATEMENT OF COMPREHENSIVE INCOME

### TOTAL REVENUE (P'000)



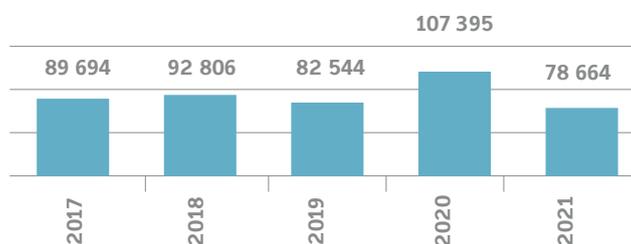
	2017	2018	2019	2020	2021
Total Revenue (P'000)	250 632	260 172	292 612	320 777	269 175
Cost of Sales (P'000)	(178 028)	(170 266)	(203 494)	(223 709)	(196 237)
Gross Profit (Loss) (P'000)	72 603	89 906	89 117	97 068	72 939
Operating Profit (Loss) (P'000)	(11 602)	20 412	23 458	(23 005)	(20 099)
Profit (Loss) for the year (P'000)	(7 892)	3 113	(948)	(44 997)	(28 731)

### REVENUE & PROFIT FOR THE YEAR



STATEMENT OF FINANCIAL POSITION

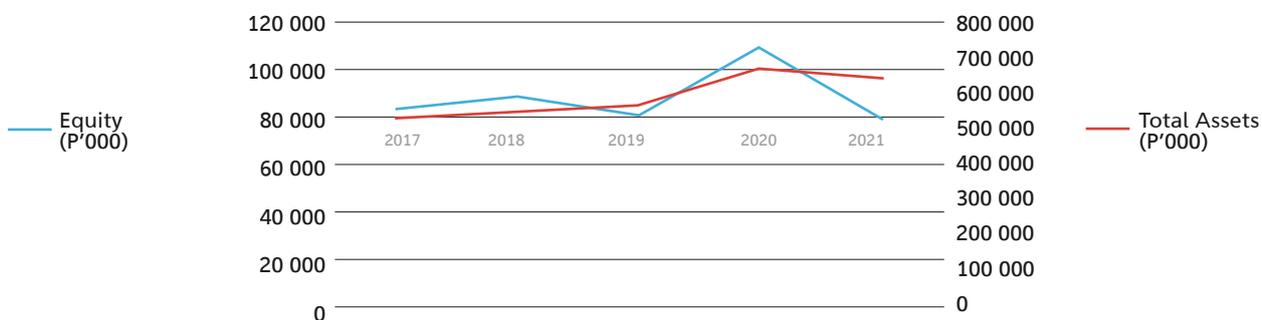
EQUITY (P'000)

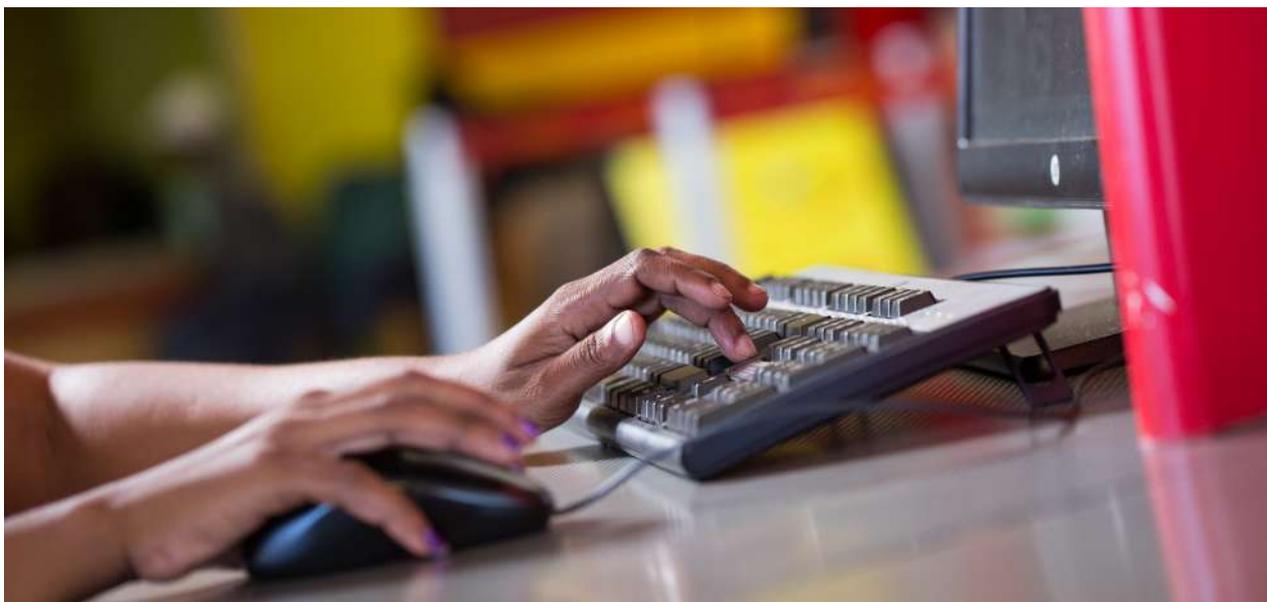


	2017	2018	2019	2020	2021
Equity (P'000)	89 694	92 806	82 544	107 395	78 664
Total Assets (P'000)	543 689	559 823	576 093	667 767	649 487
Total Liabilities (P'000)	453 995	467 016	493 549	560 372	570 823

Equity (P'000)	0.77	0.77	0.68	0.65	0.63
Total Assets (P'000)	5.06	5.03	5.98	5.22	7.26

EQUITY & TOTAL ASSETS





GROWTH OPPORTUNITIES

# Investment Case

*Investments which create value in a sustainable way are hard to come by, especially in an economic environment characterised by turbulence, recession and uncertainty.*

In times like these, enterprises must carefully consider the trade-offs between today's survival imperatives — and investing in the opportunities of the future. At BotswanaPost, we find ourselves weighing up these potential outcomes in the ongoing effort to create sustainability for the Company and our stakeholders.

Liquidity is an ongoing struggle for us at BotswanaPost. Because of our deteriorating Balance Sheet, we do not have access to the cash surplus we need to finance our operations and growth projects. This lack of capital, if left unaddressed by our Shareholder, will make it harder for us to take advantage of new opportunities as they present themselves.

Despite these challenges, the Company is boldly taking action, proactively creating value despite the unforgiving economic climate we find ourselves in. The table provides a snapshot of the opportunities that we believe provide the widest avenues for growth in the short to medium term.



*In focus:*

## FUTURE DEVELOPMENTS

To gain a deeper appreciation of the innovative products and services we are launching in the next financial year, please read our **Commercial Report on page 53.**

<b>E-commerce</b>	As households and businesses in Botswana become more comfortable with E-commerce, we seek to be their service provider of choice
<b>Payment Switch</b>	As we formulate a national payment switch with our strategic partners, we will drive down costs and create a central point of processing for a wide variety of transactions
<b>Virtual Teller Machines</b>	This innovation will give customers secure, low-cost access to all our services as well as banking and money transfer in areas with low financial services penetration
<b>PosoMoney</b>	PosoMoney is a mobile wallet service that works on any phone and any network, allowing our customers to perform a wide range of transactions quickly, safely and cheaply

HUMAN CAPITAL REPORT

# **Creating Value Through our People**

*We harness our strategic mission, vision and values by instilling a constructive culture of positive energy across the organisation.*

Our employees are our most valued assets here at BotswanaPost. In the most general sense, we motivate our staff to perform at the highest level possible and maintain an organisational culture of high performance. This is how we create value for our stakeholders.

In the aftermath of our successful amalgamation with Botswana Couriers & Logistics, we embarked on a journey of entrenching our organisation’s purpose. We took our people’s strengths, experience and inborn talents to the next level. We were able to do this by creating an environment where we empower everyone by putting the right people in the right jobs, giving them freedom to achieve their full potential. We call this being fit to serve — and free to grow.

We also took the opportunity to harmonise and review all Human Capital policies and processes to bring cohesion and standardisation of our operations across the business. This process was successful because it is cemented by our values.

Long-term capacity building has become more critical to our leadership so that the organisation can identify new customer needs, take advantage of new opportunities, and create new value in times of uncertainty and volatility. The closer our people are to their customers, the more likely they are to create solutions — but only if they have built the skills that allow them to listen to and analyse customer feedback.

We build capabilities that involve more than just teaching people how to complete their day-to-day tasks. Instead, we focus on a broader set of skills that increases each employee’s value to the organisation, such as learning to reach the root cause of every problem and making quicker decisions.

Being able to coach direct subordinates is a high-impact skill. The Chief Executive Officer reached out to the branch network at grass roots to re-energise, show support — and galvanise the team at this critical moment in our organisation’s lifetime.

Support from our approachable, solid and vibrant leaders plays a critical role in persuading the rest of the organisation to embrace the new changes and initiatives. This is how we reinforce positive behaviour.



## UP-SKILLING, TRAINING AND DEVELOPMENT

*Our staff development plan and its associate annual budget are important platforms to expand and build our knowledge base and build deep channels of learning in the organisation.*

*The job training, coaching, and mentorship programmes are the critical practical approaches to improving performance and up-skilling our workforce.*

*The staff development plan for BotswanaPost is based on the 70/20/10 principle:*

**70%**

**ON THE JOB LEARNING**  
Learning by experience

**20%**

**NEAR THE JOB**  
Learning from others

**10%**

**OFF THE JOB**  
Formal training and certifications

*We also facilitate learning and development opportunities for employees by taking part in free online courses offered through Universal Postal Union.*





COMMERCIAL REPORT

## Getting Down to Business

*We continue to cement our position as an agile, adaptable and forward-thinking entity despite the challenges faced during the reporting period.*



We are maintaining our position in the market as a trusted provider of diverse services and products, which is the bedrock of our sustainability agenda in a perpetually changing market.

The Company’s revenue-generating activities are spearheaded by the Commercial function. This work positions us to fulfill our financial, social and strategic goals through leveraging new technology and smart partnerships. The result? We continuously enhance and diversify our revenue streams through services that provide affordable convenience to customers.

The activities of the Commercial function have a direct impact on the Financial Capital of the Company.

Although we are a commercially-motivated organisation where the entrepreneurial spirit burns brightly, we are proud to provide postal services to the vulnerable in every far-flung corner of our country as part of our inclusion agenda. In fact, we have developed a wide array of solutions that have a fundamental impact on Botswana in these isolated places which improves their quality of life, human dignity and access to opportunities.

The strategy of the Commercial function runs on our key thematic drivers: advanced communication systems, advanced payment systems and multichannel access. These thematic drivers ensure that we service maximum value from our three primary business segments: Mail, Couriers & Logistics and Fintech Services.



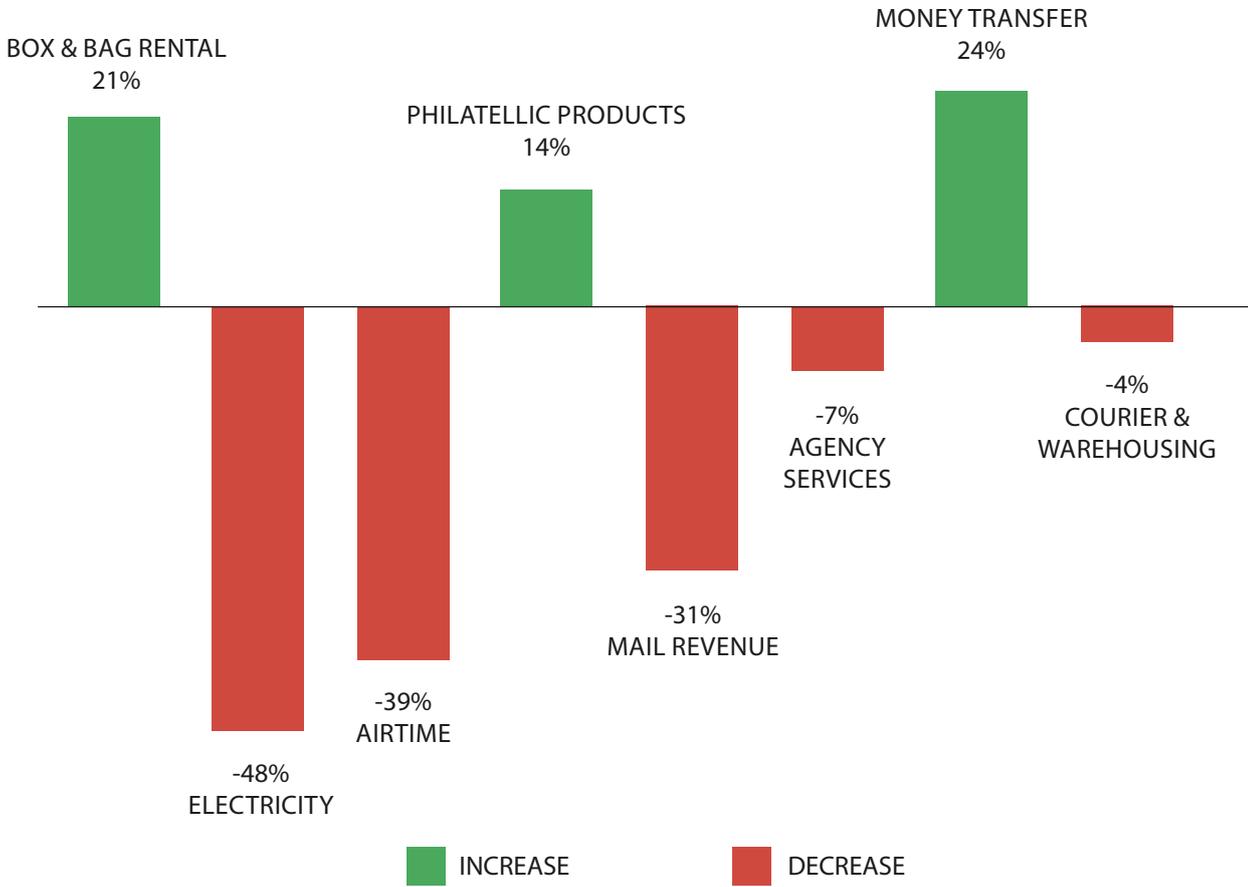
*In focus:*

### SUSTAINABILITY

To understand how we incorporate the financial wellbeing and commercial performance of the Company into our sustainability agenda in service of our stakeholders, please review our **Sustainability Report on page 23.**

**2020-2021: Analysing revenue change across our business segments**

While the onset of the COVID-19 pandemic has interrupted our business development goals in many segments — it has driven further growth in others.



▲ PHILATELLIC PRODUCTS

**+14%**

**YEAR ON YEAR GROWTH**

Driven by and increase in demand for philatelic products

▲ BAG & BOX RENTALS

**+21%**

**YEAR ON YEAR GROWTH**

Driven by enhanced compliance

▲ MONEY TRANSFER

**+24%**

**YEAR ON YEAR GROWTH**

Driven by stronger relationships with money transfer partners

▼ MAIL REVENUE

**-31%**

**YEAR ON YEAR DECLINE**

Key issues: movement restrictions, digital migration, and declining key client transaction volumes

▼ COURIER & WAREHOUSING

**-4%**

**YEAR ON YEAR DECLINE**

Key issues: movement restrictions, reduced volumes, lockdown protocols

▼ AGENCY SERVICES

**-7%**

**YEAR ON YEAR DECLINE**

Key issue: agency services suspension

▼ AIRTIME

**-39%**

**YEAR ON YEAR DECLINE**

Key issues: cash-flow constraints and inadequate stock levels

▼ ELECTRICITY

**-48%**

**YEAR ON YEAR DECLINE**

Key issues: termination of contract with key vendor

Driven by the urgent need to comply with COVID-19 protocols, we took action to advance our Multi-channel Access and Advanced Payment Systems thematic drivers which are such major components of the overall Commercial function.

**Choppies kiosks**

We were able to open 20 new kiosks inside Choppies stores, bringing our suite of services closer to more customers than ever before. This partnership also helps to relieve foot traffic inside our post offices. We intend to roll this programme out even further in the next financial year.

**PosoMoney**

This interoperable, network-agnostic mobile wallet solution serves as a gateway for under-served Batswana to enter into the digital economy. This innovation also has the capability for instant, cost-effective bulk distribution and payments. Since its launch in 2019, PosoMoney has rapidly positioned itself as a key participant in the digitisation of the economy. The system was licensed as an Electronic Payment Services Provider (EPSP) in early 2020 following the promulgation of the EPS regulations by the Bank of Botswana.

Our vision for this innovation is to evolve PosoMoney into an even broader payment platform which will drive entrepreneurship and business productivity.

**BotswanaPost mobile app**

In our quest to continually create affordable convenience for our customers, we recently re-launched our own Mobile App. This solution is helping to attract a more youthful demographic towards our brand.

**Vehicle licence renewal**

The partnership between BotswanaPost and Department of Road Transport Services is a testament to the transformative power of collaboration. During the year under review, we have worked together again to fully automate the national vehicle licence renewal service. This process is now complete and has received overwhelming praise from the public. Our customers can now get door-to-door service to their home, work — or delivery to Post Box. It is all about comfort, convenience, and staying safe.

**Virtual Post Box**

This exciting solution allows our customers to conveniently use their mobile phone number as a post box. Mail delivery notifications are sent via SMS and we offer the flexibility for in-person or home delivery.



A PREVIEW OF OUR **FUTURE DEVELOPMENTS**

*At BotswanaPost we are constantly re-imagining what a postal operator can be. Our commitment to transformation enables us to serve the community at large in new ways and seize opportunities that emerge under the 'new normal'.*

**Virtual Teller Machines**

- Self-service interactive and smart service points
- 24 Hour Service Access
- Available in remote locations

**PosoCard**

- Card with ATM and VTM functionality
- Mobile Wallet Integration i.e. PosoMoney
- Social Grant Disbursement

**Mail Product Strategy**

- Hybrid Digitisation
- Waybill Digitisation
- E-commerce Growth

**Enabling SMMEs through Technology**

- Our Digital Post Office platform empowers the informal sector
- Advanced Point of Sale solution using mobile phones to transact
- Services include postal products, airtime, electricity, insurance premium renewal, DSTV subscription, all of which enable retailers of any size to creatively reinvent their businesses





HOW WE MAKE IT HAPPEN

# Operations Report

*The Operations function maintains reliable and efficient distribution and transport capabilities; provides and supports technology infrastructure across the postal network; and creates a consistently positive customer experience. We achieve these goals through three major units: Mail Operations, Technology and Customer Service.*

## MAIL OPERATIONS

**The Operations function supports the Value Centre model through the provision of transport services for letters, parcels and cash**

<b>Letters</b>	We honour our obligation to deliver all letters
<b>Parcels</b>	We deliver parcels, registers and small packages as part of the Universal Service Obligation, as well as courier and freight items
<b>Cash</b>	We facilitate regular social services payments, including those in the most remote of areas



## THE IMPACT OF COVID-19 ON OUR OPERATIONS

The pandemic has put immense pressure on our mail processing value chain.



### Posting

Severe shrinkage in mail volumes.



### Outbound

Border closures and flight cancellations caused considerable shrinkage to our international network and routes, delaying outbound items



### Inbound

Inbound mail items were also delayed, taking longer to process due to quarantines of both mail and staff, including social distancing protocols



### Delivery

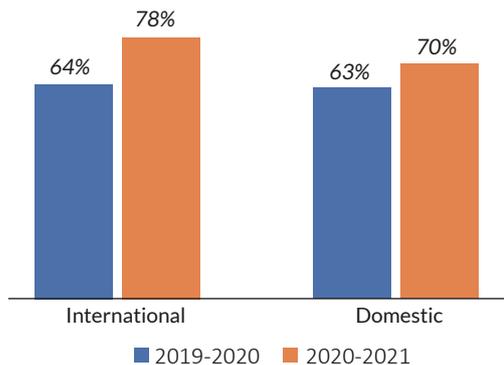
Increase in the average time taken to process and complete delivery of items



### Courier performance

With amalgamation complete, we were able to embark on a reengineering process to improve the performance of this business unit.

The result? An overall improvement in the courier delivery performance standards over the year under review.



### Warehousing

Our ongoing contract with the Ministry of Health and Wellness Central Medical Stores to provide warehousing management services continues to drive success of the warehousing segment of the business.

Under this agreement, we distribute pharmaceuticals and related products (including temperature-controlled vaccines and reagents) to healthcare facilities countrywide. We continue to play a pivotal role in the ongoing national vaccination drive in the fight against COVID-19.

### WE EMPLOY

128

DEDICATED DRIVERS

### WE HANDLE ALMOST

168 000

ITEMS PER DAY

### WE SERVICE

391

DELIVERY POINTS  
COUNTRYWIDE

### WE MAINTAIN

113

VEHICLES & MOTORBIKES

**Universal Postal Union eCommerce Readiness**

The operational readiness for the eCommerce project has been extended by the Universal Postal Union, and we have achieved 85% completion of this process.

We have formalised our relationships with third parties, mapped out our end-to-end processes and have recently completed the implementation of the Customs Declaration System which will reduce customs clearing times and increase our visibility of the supply chain.

In order to provide an operational backbone for Botswana’s growing eCommerce industry, we stand firm in our commitment to invest the necessary automations and capabilities.

**Universal Postal Union quality certification**

With traditional mail declining, eCommerce volumes on the rise and heavy competition in the postal market, we face new demands and are committed to improving our performance.

It is essential for us to align with the UPU Quality of Service certification process to ensure that the Operations function continues to support the Value Centre model.

We have met all the pre-requisites for certification. However, the audit has been postponed due to the pandemic.

**INFORMATION TECHNOLOGY**

Research by Harvard Business Analytics (2020) backs up what we have long believed at BotswanaPost. Customer experience, more than products or solutions, is the new battlefield for business.

With this at the top of our minds, the Information Technology function has achieved notable milestones that have a direct impact on the experience that our users receive on a daily basis.

For example, we optimised our underlying infrastructure, simplified our systems, data services and applications — as well as adopted more agile methods for systems development.

As a result of these coordinated optimisation efforts, we have been able to meet our network and systems availability standards at a rate of 97% and 99% respectively.

However, we do at times experience downtime to our branch network which is caused by interruptions to the national power grid, which calls for us to develop redundancy measures in future budgeting periods.

We also doubled our corporate internet bandwidth to 200Mbps, migrated 15 of our service points to fibre connections and expanded the wireless network at Central Medical Stores.

Data Services continue to play a pivotal role in our innovation efforts. Data collection and analysis has become integral part of our business model. Through Microsoft’s financial assistance, we have been able to fully assess our data platforms and develop a detailed remediation plan to improve our reporting capabilities. These upgrades are scheduled for Q1 of the upcoming reporting period.

**Enterprise Resource Planning and PostGlobal**

2020-2021 was an important year for BotswanaPost as it marked the rollout of significant modules for the Enterprise Resource Planning (ERP) solution which is powered by Microsoft Dynamics 365. We also implemented the Counter Automation System used worldwide, PostGlobal.

Through coordinated team efforts, we were able to complete these vital processes which are fully functional and stable.

We have also been able to implement what is known as the Spend Management module on both Microsoft Dynamics 365 and PostGlobal. This added functionality will help us to use funds in line with our fiscal budget, and lay the foundation for more structured spending and cost optimisation. We are on the verge of rolling out an additional three finance modules — as well as PostGlobal HR.

**ALL EYES ON SUSTAINABILITY**

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BotswanaPost provides a regular life-line to vulnerable communities. Every month, we distribute social security payments in the form of old age pensions, destitute allowances, World War II veterans allowances and Ipelegeng payments.



Priority Mail	2020	2021
International Inbound	58%	81%
Intenational Outbound	67%	44%
Domestic	81%	87%
Av Priority Performance	69%	71%
Non-Priority Mail	2020	2021
International Inbound	62%	47%
International Outbound	71%	34%
Domestic	58%	76%
Av Non-Priority Performance	64%	52%

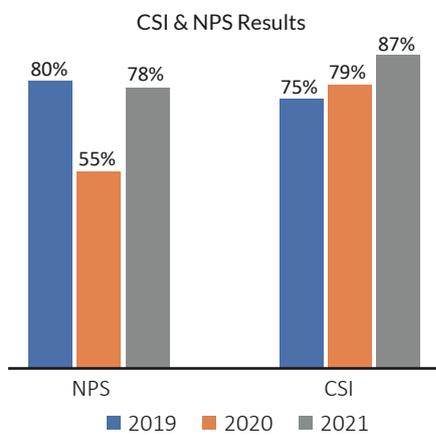


## CUSTOMER SERVICE

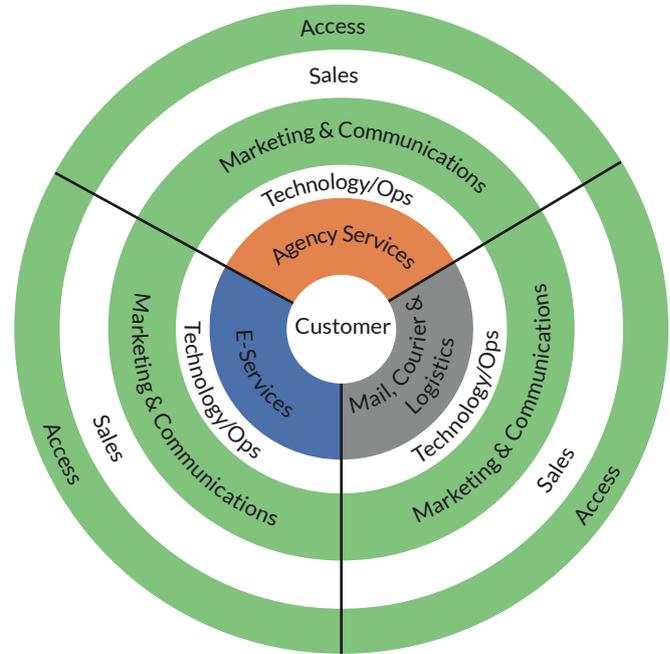
We strive to ensure that all operational efforts are customer centric across all access points. This is how we provide quality assurance throughout the organisation, allowing the whole team to work seamlessly towards the attainment of an excellent customer experience.

This year, we executed a new customer service strategy to ensure continued and sustained positive perceptions. The strategy is aligned to the broader organisational strategy, focusing on customer attraction, engagement and retention.

We gathered feedback through surveys and other mechanisms, strengthened complaint handling processes and measured our Customer Satisfaction Index, Net Promoter Score and Customer Effort Score.



## DEPENDENCIES AND SUPPORT NEEDED TO OPTIMISE CUSTOMER EXPERIENCE



- **Products:** Our products must be known by our customers and address their needs.
- **Technology and Operations:** Simple to understand user interface and online customer journeys. Mail operations must avail information affecting operations every time.
- **Marketing & Communications:** Messaging must have a clear value proposition and call to action. We use appropriate mediums that reach targeted customers.
- **Sales:** Internal teams must have adequate product understanding to reduce customer enquiries
- **Access:** Ownership of service quality assurance by teams on the ground. Access points in a good state. Simple customer journeys online.

# **Annual Financial Statements**

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# General Information

*Annual Financial Statements for the year ended 31 March 2021*

<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	Postal Services
<b>Members of the board</b>	Nathan Monametse Kgabi (Board Chairperson) Bobeng Shingani Dr Budzanani Tacheba Dr Tshiamo Motshegwa Mathews Titus Phetogo Jennifer Matlho Seitshiro Mpho Judith Dimbungu Tebogo Edison Tladi Thulaganyo Ntsatsi Cornelius Ramatlhakwane (Chief Executive Officer)
<b>Registered office</b>	Plot 50370 Acumen Park, Fairgrounds, Gaborone, Botswana
<b>Business address</b>	Poso House Plot 53952 Khama Crescent, Government Enclave, Gaborone, Botswana
<b>Postal address</b>	P O Box 100 Gaborone Botswana
<b>Bankers</b>	ABSA Bank of Botswana Limited First National Bank of Botswana Limited Standard Chartered Bank of Botswana Limited Stanbic Bank Botswana Limited Botswana Building Society
<b>Investment Bankers</b>	Botswana Insurance Fund Management
<b>Auditors</b>	Grant Thornton Chartered Accountants Member firm of Grant Thornton International Ltd
<b>Secretary</b>	R K Accountants (Proprietary) Limited
<b>Company registration number</b>	BW00001159815
<b>Functional currency</b>	Botswana Pula "P"
<b>Date of incorporation</b>	5 August 2015
<b>Ministry</b>	Ministry of Transport and Communications

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# Directors' Statement of Responsibilities and Approval

The members of the board are required in terms of the Companies Act (CAP 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The members of the board acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Management to meet these responsibilities, the members of the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members of the board have reviewed the Company's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their report is presented on pages 64 to 67.

The annual financial statements set out on pages 68 to 109, and supplementary information on pages 110 to 111 which have been prepared on the going concern basis, were approved by the members of the board on 30 JUL 2021 and were signed on their behalf by:



**N.M. Kgabi**  
Chairperson



**M.J. Dimbunu**  
Finance, Audit & Risk Committee  
Chairperson



**C. Ramatlhakwane**  
Chief Executive Officer




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**Chartered Accountants**

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[twitter.com/GrantThorntonBW](https://twitter.com/GrantThorntonBW)

# Independent Auditor's Report

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## To the shareholders of Botswana Postal Services Limited

### Opinion

We have audited the annual financial statements of Botswana Postal Services Limited set out on pages 68 to 109, which comprise the statement of Financial Position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the annual financial Statements give a true and fair view of, the financial position of Botswana Postal Services Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

The Company has an accumulated loss amounting to P 230 707 083 (2020: P 201 976 065) and a net current liability position of P 128 269 430 (2020: P 107 318 930). The continued deterioration of the net liquidity position of the Company raises a concern of the ability of the Company to continue as a going concern. The Government of Republic of Botswana has committed in writing through the Ministry of Transport and Communication that it will continue to support the Company and has committed to provide a Universal Service Obligation of P 74 million to ensure it continues as a going concern in financial year 2021/2022.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial Statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.




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Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit Firm of Public Interest Entity)  
Botswana Institute of Chartered Accountants membership number: MeFBW11013 (Audit and Non-Audit)

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Member of Grant Thornton International Ltd  
Offices in Gaborone & Francistown

#### Partners

Kalyanaraman Vijay (Managing), Dinesh R Mallan (Deputy Managing)\*, Aswin Vaidyanathan\*, Madhavan Venkatachary\*, Narayanaswamy Narasimhan\*, Anthony Quashie, Sunny K Mulakulam\*, Aparna Vijay\* (\*Indian)

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## Independent Auditor's Report

Key audit matter	How the matter was addressed in our audit
<p><b>Allowance for losses on trade and other receivables and completeness of revenue</b> Allowance for losses on trade and other receivables and completeness of revenue</p>	<p>For completeness of revenue, we obtained an understanding of controls surrounding recording of revenue from the sub systems into the general ledger. Further, where possible, we obtained a listing of revenue from the sub system and compared to the revenue recorded in the GL for each revenue stream considered to be significant. In cases where possible, we obtained an invoice listing of a revenue stream and identified gaps and duplicates in the same. All exceptions noted were communicated with management during the audit.</p> <p>In regard to impairment provision for trade and other receivables, we considered the appropriateness of adopted accounting policies and assessed the impairment methodologies applied, and compared these to the requirements of IFRS 9 Financial Instruments.</p> <p>We assessed the adequacy of the methodology used by the Company to identify trade and other receivables impairment and calculate provision. We evaluated appropriateness of provisioning methodologies and application.</p> <p>Our audit response focused on the significant inputs used by management in their impairment calculation. We formed an independent view on levels of provisions required by examining available external and internal information. We did not identify any exceptions through this exercise</p>
<p><b>Payables</b> Agency payables are significant to the entity due to the complexity around the reconciliation process and the significance of the amount involved. Thus, the matter has been considered key to the audit.</p>	<p>Our audit procedures included obtaining an understanding of and testing the relevant controls surrounding agency payables reconciliation process of the entity.</p> <p>We further reviewed the year-end reconciliations for all significant agency payables and we did not identify any exceptions or indications of fraud from these reviews.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Post Integrated Annual Report 31 March 2021", which includes the Directors' Report as required by the Companies Act of Botswana, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





## Independent Auditor's Report

### Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





## Independent Auditor's Report

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads "GRANT THORNTON" in all capital letters, with a horizontal line underneath the signature.

Chartered Accountants

Certified Auditor: Aswin Vaidyanathan (Memb No: 19980110)

Certified Auditor of Public Interest Entity: Certificate No: CAP 0016 2021

30 JUL 2021

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Gaborone

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2021

Figures in Pula	Note	2021	2020
Revenue	3	269 175 346	320 776 911
Cost of sales	4	(196 236 768)	(223 709 200)
<b>Gross profit</b>		<b>72 938 578</b>	<b>97 067 711</b>
Other operating income	5	19 206 050	11 096 417
Other operating gains (losses)	6	(1 316 294)	2 737 862
Movement in credit loss allowances	7	(7 989 325)	(5 265 772)
Other operating expenses		(180 937 920)	(213 641 020)
Grant income	5	78 000 000	85 000 000
<b>Operating (loss) profit</b>	7	<b>(20 098 911)</b>	<b>(23 004 802)</b>
Finance income	8	637 176	482 579
Finance costs	9	(23 373 207)	(16 492 491)
<b>(Loss) profit before taxation</b>		<b>(42 834 942)</b>	<b>(39 014 714)</b>
Taxation	10	14 103 924	(5 982 528)
<b>Loss for the year</b>		<b>(28 731 018)</b>	<b>(44 997 242)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gains on property revaluation		-	67 911 691
<b>Other comprehensive income for the year net of taxation</b>		<b>-</b>	<b>67 911 691</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(28 731 018)</b>	<b>22 914 449</b>

## Statement of Financial Position as at 31 March 2021

Figures in Pula	Note	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	11	374 029 133	396 281 994
Right-of-use assets	12	13 732 586	18 601 403
Intangible assets	13	25 124 335	27 159 140
Deferred tax	14	5 468 016	-
		<b>418 354 070</b>	<b>442 042 537</b>
<b>Current Assets</b>			
Inventories	15	5 145 220	7 816 541
Trade and other receivables	16	94 343 501	79 044 476
Operating lease asset	23	178 438	255 263
Current tax receivable		20 686	-
Cash and cash equivalents	17	131 445 575	138 608 621
		<b>231 133 420</b>	<b>225 724 901</b>
<b>Total Assets</b>		<b>649 487 490</b>	<b>667 767 438</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	18	68 662 009	68 662 009
Reserves	19	240 709 330	240 709 330
Retained income		(230 707 083)	(201 976 065)
		<b>78 664 256</b>	<b>107 395 274</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	20	164 627 064	170 002 203
Lease liabilities	12	10 151 790	12 012 464
Government grant	21	36 641 530	36 677 758
Deferred tax	14	-	8 635 908
		<b>211 420 384</b>	<b>227 328 333</b>
<b>Current Liabilities</b>			
Trade and other payables	22	283 478 545	279 857 297
Borrowings	20	56 742 154	38 448 585
Lease liabilities	12	5 536 202	8 366 522
Government grant	21	375 373	809 629
Current tax payable		-	38 794
Bank overdraft	17	13 270 576	5 523 004
		<b>359 402 850</b>	<b>333 043 831</b>
<b>Total Liabilities</b>		<b>570 823 234</b>	<b>560 372 164</b>
<b>Total Equity and Liabilities</b>		<b>649 487 490</b>	<b>667 767 438</b>

## Statement of Changes in Equity for the year ended 31 March 2021

Figures in Pula	Stated Capital	Revaluation Reserve	Retained income	Total equity
Opening balance as previously reported	68 662 009	173 118 639	(159 236 453)	82 544 195
Adjustments				
Adjustment from the adoption of IFRS 16	-	-	2 257 630	2 257 630
<b>Balance at 1 April 2019 as restated</b>	<b>68 662 009</b>	<b>173 118 639</b>	<b>(156 978 823)</b>	<b>84 801 825</b>
Loss for the year	-	-	(44 997 242)	(44 997 242)
Other comprehensive income	-	67 590 691	-	67 590 691
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>67 590 691</b>	<b>(44 997 242)</b>	<b>22 593 449</b>
<b>Balance at 1 April 2020</b>	<b>68 662 009</b>	<b>240 709 330</b>	<b>(201 976 065)</b>	<b>107 395 274</b>
Loss for the year	-	-	(28 731 018)	(28 731 018)
Other comprehensive income	-	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>-</b>	<b>(28 731 018)</b>	<b>(28 731 018)</b>
<b>Balance at 31 March 2021</b>	<b>68 662 009</b>	<b>240 709 330</b>	<b>(230 707 083)</b>	<b>78 664 256</b>
Note	18	19		

## Statement of Cash Flows for the year ended 31 March 2021

Figures in Pula	Note(s)	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	7 591 255	71 051 929
Tax received/(paid)		(59 480)	1 092 631
<b>Net cash from operating activities</b>		<b>7 531 775</b>	<b>72 144 560</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(3 685 807)	(5 371 922)
Profit/(disposal) on sale of property, plant and equipment	11	(1)	-
Purchase of other intangible assets	13	(256 482)	(14 797 581)
Finance Income		637 176	482 579
<b>Net cash from investing activities</b>		<b>(3 305 114)</b>	<b>(19 686 924)</b>
<b>Cash flows from financing activities</b>			
Net movement on borrowings		12 918 430	5 545 703
Payment on lease liabilities		(8 682 502)	(7 451 709)
Finance costs		(23 373 207)	(16 492 491)
<b>Net cash from financing activities</b>		<b>(19 137 279)</b>	<b>(18 398 497)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>(14 910 618)</b>	<b>34 059 139</b>
Cash and cash equivalent at the beginning of the year		133 085 617	99 026 478
<b>Total cash and cash equivalents at end of the year</b>	17	<b>118 174 999</b>	<b>133 085 617</b>

# Accounting Policies

## 1. Basis of preparation

Annual financial statements have been prepared on a historical cost basis, except for property, plant and equipment that have been measured at revalued amounts and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. The financial statements are presented in Botswana Pula (P).

These accounting policies are consistent with the previous period, except for the new standards and interpretations effective and adopted in the current year as set out in note 2.

### 1.1 Translation of foreign currencies

#### Foreign currency transactions

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

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

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

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

When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

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.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others (buildings) and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Land and buildings, motor vehicles, furniture and equipment are measured at revalued amounts less accumulated depreciation and impairment losses recognised after the date of revaluation. Revaluations are performed in stages 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	3 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.

## Accounting Policies

### 1.2 Property, plant and equipment (continued)

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.

Item	Depreciation Method	Average Useful Life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	3 - 7 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 - 5 years

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

It is Company policy to hold buildings that are partially occupied by tenants as property, plant and equipment, unless the sections occupied by tenants can be separately sold or leased

### 1.3 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 which is estimated to be their useful life and assessed for impairment whenever there is an indication of impairment. The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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.

### 1.4 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

## Accounting Policies

### 1.4 Leases (continued)

#### Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense (note 7) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Company is a lessee are presented in note 12 Leases (Company as lessee).

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Company under residual value guarantees;
- the exercise price of purchase options, if the Company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 12).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 9).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## Accounting Policies

### 1.4 Leases (continued)

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

#### Company 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 in the balance sheet.

#### Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 5).

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

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

## Accounting Policies

### 1.4 Leases (continued)

#### Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the the Company net investment in the lease. They are presented as lease receivables (note ) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the Company from the lessee, a party related to the lessee or a third party unrelated to the Company under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Company recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 8).

The Company applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

### 1.5 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.

### 1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.7 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

## Accounting Policies

### 1.7 Government grants (continued)

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income are presented as a credit in the profit or loss.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

### 1.8 Impairment of assets

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

The Company 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 Company 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.

### 1.9 Revenue from contracts with customers

The Company recognises revenue from the following major sources:

- Provision of Postal services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

#### 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 rental period.

#### 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.

#### Express Mail Service (EMS) revenue

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

## Accounting Policies

### 1.9 Revenue from contracts with customers (continued)

#### Terminal and transit dues

Terminal dues are amounts due to Botswana Postal Services Limited 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 Limited in transit to its destination out of Botswana. Revenue from terminal and transit dues is recognised once the mail has been delivered to its destination in the case of terminal dues, and once it has been sent off to its next stop with regard to the latter.

#### Sale of philatelic products and merchandise

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

#### Agency fees and commissions

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

#### Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the statement of profit or loss and other comprehensive income.

#### Rental income

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

#### Logistics

The Company has a contract with one of the government departments to provide warehousing management services. Revenue is recognised when the performance report issued to the client has been approved and the government purchase order issued.

### 1.10 Cost of operations

The related cost of providing services recognised as revenue in the current period is included in cost of operations.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

### 1.11 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading).

## Accounting Policies

### 1.11 Financial instruments (continued)

Note 28 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 16).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

##### Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 8).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

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

## Accounting Policies

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### 1.11 Financial instruments (continued)

#### Impairment

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

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Measurement and recognition of expected credit losses

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 16.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 7).

#### Write off policy

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

#### Credit risk

Details of credit risk are included in the trade and other receivables note (note 16) and the financial instruments and risk management note (note 28).

#### Derecognition

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

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

## Accounting Policies

### 1.11 Financial instruments (continued)

#### Borrowings and loans from related parties

##### Classification

Loans from group companies and borrowings (note 20) are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

Borrowings and loans from related parties are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 9.)

Borrowings expose the Company to liquidity risk and interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

##### Derecognition

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

#### Trade and other payables

##### Classification

Trade and other payables (note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

##### Derecognition

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

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which are recognised at fair value and subsequently measured at amortised cost.

#### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## Accounting Policies

### 1.11 Financial instruments (continued)

#### Derecognition

##### Financial assets

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

##### Financial liabilities

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

#### Reclassification

##### Financial assets

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

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

##### Financial liabilities

Financial liabilities are not reclassified.

### 1.12 Provisions and contingencies

Provisions are recognised when the Company 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.

### 1.13 Tax

#### Current tax assets and liabilities

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

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

#### Deferred tax assets and liabilities

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 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 by the balance sheet date.

## Accounting Policies

### 1.14 Significant judgements and sources of estimation uncertainty

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 Company's accounting policies and have the most significant effect on the amounts recognised in the financial statements:

#### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

##### Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

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

The Company engages independent valuation experts to determine the market values of those assets that are revalued. 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. Useful lives of intangible assets.

##### 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.

##### Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

##### Contingent liabilities

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

##### Deferred tax assets

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

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

## Notes to the Annual Financial Statements

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• CF Conceptual Framework for Financial Reporting	1 January 2020	The impact of the standard is not material.
• IAS 1 and IAS 8 Definition of Material (Ammendments to IAS 1 and IAS 8)	1 January 2020	The impact of the standard is not material.
• IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	1 January 2020	The impact of the standard is not material.

#### 2.2 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 2021 or later periods:s

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Covid - 19 - Related Rent Concessions - Amendment to IFRS 16	1 June 2020	Unlikely there will be a material impact

## Notes to the Annual Financial Statements

<b>3. Revenue</b>	<b>2021</b>	<b>2020</b>
<b>Revenue from contracts with customers (sale)</b>		
Box and bag rentals	44 149 098	36 406 306
Electricity	8 969 641	17 266 361
Airtime	31 144 866	51 190 002
Philatelic products	705 200	618 468
Mail revenue	44 762 147	64 422 578
Agency services	62 583 268	67 196 417
Money transfer commission	13 197 048	10 674 509
Terminal and transit dues	667 684	7 714 643
Courier and warehousing	62 996 394	65 287 627
	<b>269 175 346</b>	<b>320 776 911</b>
<b>4. Cost of sales</b>		
Cost of sales	196 236 768	223 709 200
<b>Cost of sales - Employee costs</b>		
Employee costs - salaried staff	111 976 368	112 536 445
<b>Cost of sales - Depreciation</b>		
Property, plant and equipment	3 300 625	3 334 614
Right-of-use assets	3 409 596	2 908 100
	<b>6 710 221</b>	<b>6 242 714</b>
<b>Cost of sales - Expenses</b>		
Subscriptions, books and periodicals	5 116	-
Technical partner's fees	18 414 381	17 909 374
Printing of stamps	484 515	377 176
Compensation to customers	195 856	235 451
Mail conveyance cost	15 043 425	25 486 084
Airtime expense	29 660 353	48 811 441
Stock adjustment	849 074	465 027
Staff welfare	1 669 690	3 915 327
Hybrid production costs	1 712 177	1 111 271
Staff transport	442 726	703 171
Mail bags and other consumables	2 658 131	1 766 633
Stamps	64 804	-
Consultancy- CMS	3 266 564	-
Advertisement and promotion	3 083 367	4 100 208
Franking machine	-	48 878
	<b>77 550 179</b>	<b>104 930 041</b>
<b>5. Other operating income</b>		
Other rental income	5 564 276	6 258 830
Bad debts recovered	5 924	-
Grant income	78 000 000	85 000 000
Sundry income	12 780 636	3 537 300
Newspaper and periodicals registration fees	38 496	63 922
Staff housing rental recoveries	441 345	426 736
Amortisation of Government grants	375 373	809 629
	<b>97 206 050</b>	<b>96 096 417</b>

## Notes to the Annual Financial Statements

		2021	2020
<b>6. Other operating gains (losses)</b>			
<b>Gains (losses) on disposals, scrappings and settlements</b>			
Property, plant and equipment	11	(67 057)	-
<b>Foreign exchange gains (losses)</b>			
Net foreign exchange (losses) gains		(1 249 237)	2 737 862
<b>Total other operating gains (losses)</b>		<b>(1 316 294)</b>	<b>2 737 862</b>
<b>7. Operating profit (loss)</b>			
Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:			
<b>Auditor's remuneration - external</b>			
Audit fees		800 000	760 000
<b>Employee costs</b>			
Salaries, wages, bonuses and other benefits		125 798 870	125 318 791
Short term benefit		52 009 044	58 652 682
Retirement benefit plans: defined contribution expense		16 147 046	16 058 774
<b>Total employee costs</b>		<b>193 954 960</b>	<b>200 030 247</b>
Less: Employee costs included in cost of sales		(111 976 368)	(112 536 445)
<b>Total employee costs expensed</b>		<b>81 978 592</b>	<b>87 493 802</b>
<b>Depreciation and amortisation</b>			
Depreciation of property, plant and equipment		25 871 612	23 787 924
Depreciation of right-of-use assets		9 220 401	8 826 056
Amortisation of intangible assets		2 008 035	834 091
<b>Total depreciation and amortisation</b>		<b>37 100 048</b>	<b>33 448 071</b>
Less: Depreciation and amortisation included in cost of sales		(6 710 221)	(6 242 714)
<b>Total depreciation and amortisation expensed</b>		<b>30 389 827</b>	<b>27 205 357</b>
<b>Movement in credit loss allowances</b>			
Trade and other receivables		7 989 325	5 265 772
<b>Other</b>			
Advertising		-	196 581
Cleaning		7 079 951	6 645 529
Consulting and professional fees		4 261 717	3 873 997
Consulting and professional fees - legal fees		1 165 058	1 231 767
Directors fees and board expenses		420 775	533 327
Donations		72 638	49 129
Impairment		-	14 967 212
Electricity and water		4 238 923	4 045 398
Office expenses		144 270	23 533
Lease rentals on operating lease		313 343	1 377 976
Insurance		2 094 578	2 501 857
Software maintenance and repairs		13 873 330	5 345 921
Repairs and maintenance		3 937 696	10 052 974
Security		12 658 438	20 060 326
Subscription		327 101	606 547
Telephone and fax		6 646 930	6 549 778
Training		657 944	1 612 268
Travel expenses		2 825 902	6 057 691

## Notes to the Annual Financial Statements

	2021	2020
<b>8. Finance income</b>		
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Interest income on call accounts	625 579	472 372
Interest income from short term deposit	11 597	10 207
<b>Total interest income</b>	<b>637 176</b>	<b>482 579</b>
<b>9. Finance costs</b>		
Lease liabilities	1 672 940	1 890 344
Interest on borrowings	19 682 054	12 652 313
Interest on overdraft	2 018 213	1 949 834
<b>Total finance costs</b>	<b>23 373 207</b>	<b>16 492 491</b>
<b>10. Taxation</b>		
<b>Major components of the tax expense (income)</b>		
<b>Deferred</b>		
Originating and reversing temporary differences	(14 103 924)	5 982 528
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	(42 834 942)	(39 014 714)
Tax at the applicable tax rate of 22% (2020: 22%)	(9 423 687)	(8 583 237)
<b>Tax effect of adjustments on taxable income</b>		
Charitable donations income	22 876	4 239 656
Deferred tax effect income	-	708 939
Permanent disallowances	(404 389)	-
Other income	-	5 462 020
Tax losses carried forward	(4 298 724)	4 155 150
	<b>(14 103 924)</b>	<b>5 982 528</b>

## 11. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	371 357 927	(34 250 397)	337 107 530	370 814 738	(22 612 993)	348 201 745
Furniture and fixtures	25 392 364	(15 399 091)	9 993 273	25 047 647	(10 535 131)	14 512 516
Motor vehicles	17 987 840	(10 946 651)	7 041 189	16 228 444	(8 230 868)	7 997 576
IT equipment	32 006 445	(17 403 075)	14 603 370	31 469 493	(11 023 107)	20 446 386
Capital - Work in progress	5 283 771	-	5 283 771	5 123 771	-	5 123 771
<b>Total</b>	<b>452 028 347</b>	<b>(77 999 214)</b>	<b>374 029 133</b>	<b>448 684 093</b>	<b>(52 402 099)</b>	<b>396 281 994</b>

## Notes to the Annual Financial Statements

## 11. Property, plant and equipment (continued)

## Reconciliation of property, plant and equipment - 2021

	Land and buildings	Furniture and fixtures	Motor vehicles	IT equipment	Capital - Work in progress	Total
Cost or revaluation	371 357 927	25 392 364	17 987 840	32 006 445	5 283 771	452 028 347
Accumulated depreciation and impairment	(34 250 397)	(15 399 091)	(10 946 651)	(17 403 075)	-	(77 999 214)
<b>Net book value at 31 March 2021</b>	<b>337 107 530</b>	<b>9 993 273</b>	<b>7 041 189</b>	<b>14 603 370</b>	<b>5 283 771</b>	<b>374 029 133</b>
<b>Net book value at beginning of year</b>	<b>348 201 745</b>	<b>14 512 516</b>	<b>7 997 576</b>	<b>20 446 386</b>	<b>5 123 771</b>	<b>396 281 994</b>
Additions	543 188	344 717	2 100 950	536 952	160 000	3 685 807
Disposals and scrapping's - cost	-	-	(341 555)	-	-	(341 555)
Disposals and scrapping - accumulated depreciation and impairment	-	-	274 499	-	-	274 499
Depreciation	(11 637 403)	(4 863 960)	(2 990 281)	(6 379 968)	-	(25 871 612)
	<b>337 107 530</b>	<b>9 993 273</b>	<b>7 041 189</b>	<b>14 603 370</b>	<b>5 283 771</b>	<b>374 029 133</b>

## Reconciliation of property, plant and equipment - 2020

	Land and buildings	Furniture and fixtures	Motor vehicles	IT equipment	Capital - Work in progress	Total
Cost or revaluation	370 814 738	25 047 747	16 228 444	31 469 493	5 123 771	448 684 193
Accumulated depreciation and impairment	(22 612 993)	(10 535 131)	(8 230 868)	(11 023 107)	-	(52 402 099)
<b>Net book value at 31 March 2021</b>	<b>348 201 745</b>	<b>14 512 616</b>	<b>7 997 576</b>	<b>20 446 386</b>	<b>5 123 771</b>	<b>396 282 094</b>
<b>Net book value at beginning of year</b>	<b>302 896 871</b>	<b>18 554 972</b>	<b>4 349 966</b>	<b>16 877 056</b>	<b>19 162 222</b>	<b>396 282 094</b>
Additions	34 233	1 358 296	-	2 536 007	1 443 386	5 371 922
Transfers from capital work in progress	10 290 264	-	-	5 191 573	(15 481 837)	-
Revaluations	53 892 224	4 335 813	6 747 279	2 848 805	-	67 824 121
Depreciation	(6 896 562)	(7 459 178)	(3 090 888)	(6 341 296)	-	(23 787 924)
Impairment loss	(12 015 285)	(2 277 387)	(8 781)	(665 759)	-	(14 967 212)
	<b>348 201 745</b>	<b>14 512 616</b>	<b>7 997 576</b>	<b>20 446 386</b>	<b>5 123 771</b>	<b>396 281 994</b>

## Notes to the Annual Financial Statements

### 11. Property, plant and equipment (continued)

#### Revaluations

In line with the Company accounting policies, movable and immovable assets were revalued in financial year 2019/20. This exercise was carried out by Willy Kathurima Associates, independent valuers not related to the Company on 31 March 2020 for all movable assets. It is management's considered view that the carrying values shown as at 31 March 2020 are a fair representation of the amounts that are expected to be recovered through the use or sale of the assets.

Further, there was a revaluation of all immovable properties with exception of leasehold improvements and post boxes and the revaluation was done on 31 March 2020. Revaluations was performed by an independent valuer Willy Kathurima Bsc (Hons) MRICS, MREIB of Willy Kathurima Associates who are not connected to the Company and have recent experience in location and category of the building being valued. The valuation was based on open market value for existing use. Since there is no substantial change in the economic scenarios between the balance sheet date and the valuation date, the Company has adopted the value.

In possession of Botswana Post are heritage assets (Stamp collection) which were valued by a curator in June 2018 at a value of P5 839 000. The amount has not been recognised in the financial statements because it is not probable that future economic benefits will flow to the entity.

#### Capital Work In Progress

The Company is in the process of building some postal offices and a project of installing postal boxes at residential stands in Gaborone. Further, it is also developing an economic resource planning system and this has been disclosed as work in progress under note 13 - intangible assets.

#### Fully depreciated assets in use

	2021	2020
Furniture and fixtures	141 912	-
Motor vehicles	11 279 508	-
Furniture residence	120 976	-
Computer accesories	104 072	-
Leasehold improvements	6 898 885	6 649 850
Post office buildings	942 963	-
	<b>19 488 316</b>	<b>6 649 850</b>

#### Partial own use of Poso House

The Company generates substantial amount of its rental income from Poso House - 55% of which, is occupied by a tenant. However, the building is still classified under PPE as the portions of the building cannot be sold or leased out separately under finance lease.

### 12. Leases (Company as lessee)

Details pertaining to leasing arrangements, where the Company is lessee are presented below:

The Company adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

#### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	12 641 388	14 100 608
Motor vehicles	1 091 198	4 500 795
	<b>13 732 586</b>	<b>18 601 403</b>

## Notes to the Annual Financial Statements

<b>12. Leases (Company as lessee) (continued)</b>	<b>2021</b>	<b>2020</b>
<b>Additions to right-of-use assets</b>		
Buildings	4 727 790	20 018 564
Motor vehicles	-	7 408 895
	<b>4 727 790</b>	<b>27 427 459</b>

**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 7), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	5 810 805	5 917 956
Motor vehicles	3 409 596	2 908 100
	<b>9 220 401</b>	<b>8 826 056</b>

**Lease liabilities**

The maturity analysis of lease liabilities is as follows:

Within one year	6 505 439	9 760 155
Two to five years	11 244 316	13 479 609
	17 749 755	23 239 764
Less finance charges component	(2 061 763)	(2 860 778)
	<b>15 687 992</b>	<b>20 378 986</b>
Non-current liabilities	10 151 790	12 012 464
Current liabilities	5 536 202	8 366 522
	<b>15 867 992</b>	<b>20 378 986</b>

The table below describes the nature of the Company's leasing activities by type of right of use asset recognised on balance sheet. There were no leases with variable payments linked to an index and option to purchase.

Right of use asset	No of right of use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with termination option
Motor vehicle	25	2-4 years	2 years	0	0
Buildings	52	2-4 years	3 years	52	43

**13. Intangible assets**

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Software	7 459 608	(7 255 039)	204 569	7 435 958	(7 138 361)	297 597
Counter automation software	44 611 964	(34 567 565)	10 044 399	33 753 154	(33 753 154)	-
Poso money	3 331 863	(1 626 701)	1 705 162	3 331 863	(549 757)	2 782 106
Work in progress	13 170 205	-	13 170 205	24 079 437	-	24 079 437
<b>Total</b>	<b>68 573 640</b>	<b>(43 449 305)</b>	<b>25 124 335</b>	<b>68 600 412</b>	<b>(41 441 272)</b>	<b>27 159 140</b>

## Notes to the Annual Financial Statements

### 13. Intangible assets (continued)

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Transfers	Amortisation	Total
Software	297 597	23 650	-	(116 678)	204 569
Counter automation project software	-	-	10 858 810	(814 411)	10 044 399
Poso money	2 782 106	-	-	(1 076 944)	1 705 162
Work in progress	24 079 437	232 832	(11 142 064)	-	13 170 205
	<b>27 159 140</b>	<b>256 482</b>	<b>(283 254)</b>	<b>(2 008 033)</b>	<b>25 124 335</b>

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Transfers	Amortisation	Total
Software	317 238	263 258	-	(282 899)	297 597
Poso money	-	-	3 331 863	(549 757)	2 782 106
Work in progress	12 876 977	14 534 323	(3 331 863)	-	24 079 437
	<b>13 194 215</b>	<b>14 797 581</b>	<b>-</b>	<b>(832 656)</b>	<b>27 159 140</b>

#### Fully amortised intangible assets still in use

Counter automation software	33 753 154	-
Software	6 856 058	-

### 14. Deferred tax

#### Deferred tax liability

Accelerated capital tax allowances	(13 670 403)	(5 791 630)
Deferred tax on leases	-	(415 876)
Temporary timing differences	(989 624)	(7 162 266)
Deferred tax on exchange gains	(258 786)	-
<b>Total deferred tax liability</b>	<b>(14 918 813)</b>	<b>(13 369 772)</b>

#### Deferred tax asset

Temporary timing differences	7 899 033	-
Deferred tax on exchange gains	-	257 022
Deferred tax on government grant	2 874 719	178 119
Deferred tax balance from temporary differences other than unused tax losses	10 773 752	435 141
Tax losses available for set off against future taxable income	9 182 888	4 298 723
	19 956 640	4 733 864
Deferred tax on leases	430 189	-
<b>Total deferred tax asset, net of valuation allowance recognised</b>	<b>20 386 829</b>	<b>4 733 864</b>
Deferred tax liability	(14 918 813)	(13 369 772)
Deferred tax asset	20 386 829	4 733 864
<b>Total net deferred tax (liability) asset</b>	<b>5 468 016</b>	<b>(8 635 908)</b>

## Notes to the Annual Financial Statements

<b>14. Deferred tax (continued)</b>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	(8 635 908)	(2 653 380)
Increases (decrease) in tax loss available for set off against future taxable income	4 847 045	4 186 471
Taxable / (deductible) temporary difference movement on tangible fixed assets	(7 878 773)	654 171
Temporary timing	12 181 768	(8 218 733)
Deferred tax on unrealised exchange gains	(515 808)	41 328
Deferred tax on government grant	2 696 600	(2 286 839)
Deferred tax on IFRS 9 provision	1 927 027	-
Deferred tax on leases	846 065	(358 926)
	<b>5 468 016</b>	<b>(8 635 908)</b>
<b>15. Inventories</b>		
Stock, phone cards, and other consumables	5 145 220	7 816 541
<b>16. Trade and other receivables</b>		
<b>Financial instruments:</b>		
Trade receivables	93 959 167	74 994 008
Loss allowance	(10 533 412)	(7 571 173)
Trade receivables at amortised cost	83 425 755	67 422 835
Deposits	3 150 906	2 137 350
Other receivables	2 908 984	1 322 274
<b>Non-financial instruments:</b>		
Staff advance	359 563	529 568
Prepayments	4 498 293	7 632 449
<b>Total trade and other receivables</b>	<b>94 343 501</b>	<b>79 044 476</b>

**Exposure to credit risk**

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

In order to mitigate the risk of financial loss from defaults, the Company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

## Notes to the Annual Financial Statements

### 16. Trade and other receivables (continued)

The Company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. Included in the trade and other receivables are also receivables owed by state owned entities which have been significantly collected subsequent to the year end. There has not been any significant increase in credit risk or risk of default on these balances and based on probability of default, loss given default, the expected credit loss is determined at Nil for both the current and previous year. The provision for credit losses is therefore based on past due status by desegregating into further risk profiles. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The loss allowance provision is determined as follows:

	2021	2021	2020	2020
<b>Expected credit loss rate:</b>	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Bulk mail Services debtors</b>				
Current	1 249 293	107 803	964 278	50 278
30 days	736 955	22 222	977 454	43 832
60 days	69 080	6 205	450 563	46 731
90 days	24 889	5 324	127 101	18 939
Over 90 days	1 336 715	909 154	728 465	555 423
	<b>3 416 932</b>	<b>1 050 708</b>	<b>3 247 861</b>	<b>715 203</b>
<b>Express mail service debtors</b>				
Current	648 222	7 660	598 815	8 015
30 days	477 384	3 993	240 402	5 615
60 days	131 707	5 787	158 257	1 631
90 days	50 436	11 316	50 050	1 941
Over 90 days	1 117 238	240 186	445 255	119 978
	<b>2 424 987</b>	<b>268 942</b>	<b>1 492 779</b>	<b>137 180</b>
<b>Hybrid mail service debtors</b>				
Current	230 316	17 187	766 089	25 264
30 days	135 147	12 716	803 074	37 272
60 days	175 755	24 919	250 499	56 857
90 days	17 475	8 045	-	-
Over 90 days	861 206	750 763	1 577 751	1 055 640
	<b>1 419 899</b>	<b>813 630</b>	<b>3 397 413</b>	<b>1 175 033</b>
<b>Rental and agency debtors</b>				
Current	5 879 274	373 736	4 189 519	41 686
30 days	1 442 188	21 362	1 176 096	7 012
60 days	793 820	32 428	1 755 534	42 913
90 days	1 760 514	15 200	313 762	47 840
Over 90 days	4 270 394	1 543 388	3 860 939	878 585
	<b>14 146 190</b>	<b>1 986 114</b>	<b>11 295 850</b>	<b>1 018 036</b>

## Notes to the Annual Financial Statements

## 16. Trade and other receivables (continued)

	2021	2021	2020	2020
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Couriers debtors</b>				
Current	6 229 972	3 177	5 970 436	26 462
30 days	5 477 680	1 752	1 465 128	21 379
60 days	560 072	1 214	921 049	13 823
90 days	401 714	1 507	851 877	12 016
Over 90 days	5 189 082	2 782 178	5 721 417	3 242 441
	<b>17 858 520</b>	<b>2 789 828</b>	<b>14 929 907</b>	<b>3 316 121</b>
<b>Trade debtors- other</b>				
Current	1 906 377	-	1 997 995	-
30 days	-	-	872 838	-
Over 90 Days	1 209 600	1 209 600	1 209 600	1 209 600
-	<b>3 115 977</b>	<b>1 209 600</b>	<b>4 080 433</b>	<b>1 209 600</b>
<b>SDR</b>				
Current	1 899 509	-	3 201 680	-
18 months	5 425 441	-	10 109 629	-
36 months	487 323	-	1 611 325	-
54 months	-	-	450 507	-
Over 54 months	10 760 537	-	3 319 172	-
	<b>18 572 810</b>	<b>-</b>	<b>18 692 313</b>	<b>-</b>
<b>Council electricity and airtime</b>				
Current	1 699 562	-	-	-
30 days	256 250	-	-	-
60 days	159 180	-	-	-
90 days	2 520 150	-	-	-
Over 90 days	777 150	-	-	-
	<b>5 412 292</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other debtors</b>				
Specific provision	27 594 560	2 414 590	17 857 452	-
<b>Total</b>	<b>93 962 167</b>	<b>10 533 412</b>	<b>74 994 008</b>	<b>7 571 173</b>

## Notes to the Annual Financial Statements

Figures in Pula 2021 2020

### 16. Trade and other receivables (continued)

#### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

<b>Opening balance in accordance with IFRS 9</b>	<b>(7 571 173)</b>	<b>(7 475 147)</b>
Provision raised on new trade receivables	(1 188 040)	(96 026)
<b>Closing balance</b>	<b>(8 759 213)</b>	<b>(7 571 173)</b>

The following table shows the movement in the specific loss allowance for trade and other receivables:

<b>Opening balance specific</b>	<b>-</b>	<b>(19 475 462)</b>
Provision raised on receivables	(2 414 590)	(2 897 579)
Bad debts written off	-	22 373 041
<b>Closing balance</b>	<b>(2 414 590)</b>	<b>-</b>

#### Fair value of trade and other receivables

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

### 17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	18 255 367	24 011 734
Bank balances	112 929 526	114 347 802
Short-term deposits	260 682	249 085
Bank overdraft	(13 270 576)	(5 523 004)
	<b>118 174 999</b>	<b>133 085 617</b>
Current assets	131 445 575	138 608 621
Current liabilities	(13 270 576)	(5 523 004)
	<b>118 174 999</b>	<b>133 085 617</b>
Cash and cash equivalents held by the entity on behalf of Agencies	106 321 181	98 494 844

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

#### ABSA Bank of Botswana Limited

The overdraft facility is P38 million. Interest is charged at prime rate (currently at 7%). The purpose of the overdraft is to finance the working capital.

Security

1. Deed of Cession over debtors in the amount of BWP 60,000,000.00 (Sixty Million Pula Only).
2. The aggregate of all indebtedness owing to the bank under the Facility by the borrower shall be covered 2 times by the aggregate value of unencumbered book debts in the borrowers accounts which are less than 90 days old and excluding debts from any affiliate.

#### Stanbic Bank Botswana Limited

The bank has an overdraft facility of P5 million, interest on the overdraft facility will be charged at 1,75% per annum above the bank,s prime rate prevailing from time to time. Interest payable will be calculated on the daily balance owing under a facility and it will be debited to the borrower,s account held with the bank, monthly in arrears.

## Notes to the Annual Financial Statements

Figures in Pula	2021	2020
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**17. Cash and cash equivalents (continued)**

It currently holds the following as security for the borrower,s indebtedness to the bank from time to time:

1. First continuing covering mortgage bond over portion 89, aportion of portion 65, (a portion of portion 3), of farm forest hill No. 9-KO, Gaborone International Commerce Park for P 8 000 000.
2. Cession of MDP over portion 89, a portion of portion 65, (a portion of portion 3) of farm forest hill No. 9-KO, Gaborone International Commerce Park
3. Cession Debts due and payable to debtor by Botswana Postal Service Limited
4. Unrestricted cession of funds due and become due
5. Pledge restricted to P 140 000 of call account in the name of Botswana Postal Service Limited, account number: 9060000964676 with a balance of P144 909.46 as at 16/10/2020
6. Lien over financial assets
7. Unrestricted cession of contracts monies

In addition and without prejudice to any security already held by the bank, the bank requires the security to cover the Facilities and all the other banking facilities granted to the borrower, whether direct or contingent and howsoever arising. The bank may from time to time require any asset which the bank holds as security to be valued, at the borrower,s expense, by a valuer approved by the bank. The bank reserves the right to instruct a valuer of its choice and to debit the borrower,s account or accounts held with the bank with any expenses incurred.

The total amount of undrawn facilities available for future operating activities and commitments	30 908 948	-
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**18. Stated capital****Issued**

Stated capital held 100% by Ministry of Transport and Communications	68 662 009	68 662 009
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**19. Revaluation reserve**

Opening balance	240 709 330	173 118 639
Gains /(losses on property, plant and equipment revaluation	-	67 590 691
	<b>240 709 330</b>	<b>240 709 330</b>

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 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.

**20. Borrowings****Held at amortised cost**

Stanbic Bank Botswana Limited	-	645 841
First National Bank of Botswana Limited	5 830 566	11 973 827
Government of Botswana - PDSF Loan 2015	215 538 652	195 831 120
	<b>221 369 218</b>	<b>208 450 788</b>

**Split between non-current and current portions**

Non-current liabilities	164 627 064	170 002 203
Current liabilities	56 742 154	38 448 585
	<b>221 369 218</b>	<b>208 450 788</b>

## Notes to the Annual Financial Statements

Figures in Pula 2021 2020

### 20. Borrowings (continued)

#### Government

Government loan is unsecured and consists of an advance given to Botswana Postal Services Limited 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 25 years and has a 2 year moratorium during which interest shall be capitalised. The principal amount and capitalised interest shall be paid over the remaining 23 years.

#### First National Bank of Botswana Limited

First National Bank of Botswana loan to Botswana Postal Services Limited 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 and is secured by first covering mortgage bond for P 18 800 000 over Lot 20577 Gaborone and first covering mortgage bond for P 2 200 000 over Lot 53592 Gaborone.

Other Security

- Fire policy ceded and cession of insurance registered in favour of RMB Botswana
- Letter of approval from the Ministry of finance and Development planning to borrow.

### 21. Government grant

Non-current liabilities	36 641 530	36 677 758
Current liabilities	375 373	809 629
	<b>37 016 903</b>	<b>37 487 387</b>

### Reconciliation of Government grants

Balance at the beginning of the year	37 484 387	38 297 017
Amortised during the year	(467 483)	(812 630)
	<b>37 016 904</b>	<b>37 484 387</b>

### 22. Trade and other payables

#### Financial instruments:

Trade payables	43 433 586	40 751 908
Agency payables	164 972 783	191 177 809
Other payables	14 547 878	11 045 291
Accrued leave pay	7 809 646	6 609 307
Provision for gratuity	8 890 001	5 465 293
Deposits received	138 079	134 579

#### Non-financial instruments:

Amounts received in advance	34 219 112	23 781 273
Value added tax	9 467 460	891 837
	<b>283 478 545</b>	<b>279 857 297</b>

### Fair value of trade and other payables

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

## Notes to the Annual Financial Statements

Figures in Pula	2021	2020
<b>23. Operating lease asset (accrual)</b>		
Current assets	178 438	255 263
<b>24. Cash generated from operations</b>		
Profit (loss) before taxation	(42 834 942)	(39 014 714)
<b>Adjustments for:</b>		
Depreciation and amortisation	37 100 048	33 448 071
Losses on disposals of assets	67 057	-
Finance income	(637 176)	(482 579)
Finance costs	23 373 207	16 492 491
Net impairments and movements in credit loss allowances	7 989 325	20 232 984
Amortisation of Government grant	(470 483)	(809 628)
<b>Business combinations</b>		
Inventories	2 671 321	2 957 567
Trade and other receivables	(23 288 350)	2 068 513
Trade and other payables	3 621 248	36 159 224
	<b>7 591 255</b>	<b>71 051 929</b>

## Notes to the Annual Financial Statements

### 25. Changes in liabilities arising from financing activities

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Finance costs	Net movements	New leases	Total Repayments including interest	Total movements	Closing balance
Borrowings	208 450 788	-	12 918 430	-	-	12 918 430	221 369 218
Finance lease liabilities	20 378 986	1 605 402	-	4 727 790	(11 024 186)	(4 690 994)	15 687 992
	<b>228 829 774</b>	<b>1 605 402</b>	<b>12 918 430</b>	<b>4 727 790</b>	<b>(11 024 186)</b>	<b>8 227 436</b>	<b>237 057 210</b>
<b>Total liabilities from financing activities</b>	<b>228 829 774</b>	<b>1 605 402</b>	<b>12 918 430</b>	<b>4 727 790</b>	<b>(11 024 186)</b>	<b>8 227 436</b>	<b>237 057 210</b>

#### Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	Finance costs	Adoption of IFRS 16	Total Repayments including interest	Total movements	Closing balance
Borrowings	208 450 788	-	-	-	-	208 450 788
Finance lease liabilities	-	1 989 103	27 427 459	(9 037 576)	20 378 986	20 378 986
	<b>208 450 788</b>	<b>1 989 103</b>	<b>27 427 459</b>	<b>(9 037 576)</b>	<b>20 378 986</b>	<b>228 829 774</b>
<b>Total liabilities from financing activities</b>	<b>208 450 788</b>	<b>1 989 103</b>	<b>27 427 459</b>	<b>(9 037 576)</b>	<b>20 378 986</b>	<b>228 829 774</b>

## Notes to the Annual Financial Statements

### 26. Related parties

Relationships	Government of Botswana
Ultimate holding Company Shareholder	Ministry of Transport and Communications
Common shareholding	Botswana Post Trust Foundation
Board of Directors	Nathan Monametse Kgabi (Board Chairperson) Bobeng Shingani Dr Budzanani Tacheba Dr Tshiamo Motshegwa Mathews Titus Phetogo Jennifer Matlho Seitshiro Mpho Judith Dimbunu Tebogo Edison Tladi Thulaganyo Ntsatsi
Members of key management	Cornelius Ramatlhakwane (Chief Executive Officer) Ofentse Mabote Clifford Lekoko Bothepha Botsile Kgosidiile Yarona Kopano Sharp Margaret Otukile (resigned 24 Dec 2020) Pako Plaatjie Thabo Mzwinila (joined 03 Jan 2021) Kesegofetse Molatlhegi

### Related party balances

#### Loan accounts - Owing (to) by related parties

Government of Botswana	(215 538 652)	(195 831 120)
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### Related party transactions

#### Other income

Amalgamation - Government of the Republic of Botswana	7 815 674	-
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#### Grants received from related parties

Universal Service Obligation- Government of the Republic of Botswana	78 000 000	85 000 000
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#### Board expenses

Directors fees and board expenses	420 775	533 327
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#### Compensation to directors and other key management

Short-term employee benefits	6 801 118	7 168 016
Post-employment benefits	2 017 564	1 934 154
	<b>8 818 682</b>	<b>9 102 170</b>

Botswana Postal Services Limited act as a collection Agency on behalf of other Government bodies. The transactions with these bodies are not considered to be related transactions.

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## Notes to the Annual Financial Statements

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### 27. Contingencies

Botswana Post provides agency banking services to Botswana Savings Bank. These agency banking services include the following:

1. Facilitation of bank account opening,
2. Collection of cash from customers (deposits) cash and,
3. Disbursements of cash to customers (withdrawals).

Excess deposits or withdrawals are remitted to either party on a monthly basis.

BotswanaPost is aware of an interest charge from Botswana Savings Bank amounting to P10,013,073.59 resulting from this transaction. This interest charge is however subject to a commercial discussion between the two parties. As at the reporting date the commercial discussion was yet to be had. There is a high degree of uncertainty as to whether this interest expense will accrue to Botswana Post.

## Notes to the Annual Financial Statements

### 28. Financial instruments and risk management

#### Categories of financial instruments

##### Categories of financial assets

##### 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	16	89 485 645	89 485 645	89 485 645
Cash and cash equivalents	17	131 445 575	131 445 575	131 445 575
		<b>220 931 220</b>	<b>220 931 220</b>	<b>220 931 220</b>

##### 2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	16	70 882 459	70 882 459	70 882 459
Cash and cash equivalents	17	138 608 621	138 608 621	138 608 621
		<b>209 491 080</b>	<b>209 491 080</b>	<b>209 491 080</b>

##### Categories of financial liabilities

##### 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	22	239 791 970	-	239 791 970	239 791 970
Borrowings	20	221 369 218	-	221 369 218	221 369 218
Finance lease obligations	12	-	15 687 992	15 687 992	15 687 992
		<b>461 161 188</b>	<b>15 687 992</b>	<b>476 849 180</b>	<b>476 849 180</b>

##### 2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	22	255 184 184	-	255 184 184	255 184 184
Borrowings	20	208 450 788	-	208 450 788	208 450 788
Finance lease obligations	12	-	20 378 986	20 378 986	20 378 986
		<b>463 634 972</b>	<b>20 378 986</b>	<b>484 013 958</b>	<b>484 013 958</b>

## Notes to the Annual Financial Statements

### 28. Financial instruments and risk management (continued)

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents disclosed in note 17, and equity as disclosed in the statement of financial position

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and noncurrent borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2020 and 2019 respectively were as follows:

		2021	2020
Borrowings	20	221 369 218	208 450 788
Lease liabilities		15 687 992	20 378 986
<b>Total borrowings</b>		<b>237 057 210</b>	<b>228 829 774</b>
Cash and cash equivalents	17	(118 174 999)	(133 085 617)
<b>Net borrowings</b>		<b>118 882 211</b>	<b>95 744 157</b>
Equity		78 664 258	113 377 803
Gearing ratio		66 %	46 %

## Notes to the Annual Financial Statements

### 28. Financial instruments and risk management (continued)

#### Financial risk management

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company has addressed this risk by developing a credit policy, which guides on what steps to take when faced with such risk.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	16	100 019 057	(10 533 412)	89 485 645	108 863 183	(26 950 609)	81 912 574
Cash and cash equivalents	17	131 445 575	-	131 445 575	138 608 621	-	138 608 621
		<b>231 464 632</b>	<b>(10 533 412)</b>	<b>220 931 220</b>	<b>247 471 804</b>	<b>(26 950 609)</b>	<b>220 521 195</b>

##### Liquidity risk

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

##### 2021

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	20	-	164 627 064	164 627 064	164 627 064
Lease liabilities		-	10 151 790	10 151 790	10 151 790
<b>Current liabilities</b>					
Trade and other payables		239 791 970	-	239 791 970	239 791 970
Borrowings	20	56 742 154	-	56 742 154	56 742 154
Lease liabilities		5 536 202	-	5 536 202	5 536 202
Bank overdraft	17	13 270 576	-	13 270 576	13 270 576
		<b>315 340 902</b>	<b>174 778 854</b>	<b>490 119 756</b>	<b>490 119 756</b>

## Notes to the Annual Financial Statements

### 28. Financial instruments and risk management (continued)

#### 2020

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	20	-	170 002 203	170 002 203	170 002 203
Lease liabilities		-	12 012 464	12 012 464	12 012 464
<b>Current liabilities</b>					
Trade and other payables		255 184 184	-	255 184 184	255 184 184
Borrowings	20	38 448 585	-	38 448 585	38 448 585
Lease liabilities		8 366 522	-	8 366 522	8 366 522
Bank overdraft	17	5 523 004	-	5 523 004	5 523 004
		<b>307 522 295</b>	<b>182 014 667</b>	<b>489 536 962</b>	<b>489 536 962</b>

#### Foreign currency risk

Management has set up a policy to manage their foreign exchange risk against their functional currency. The Company hedges its entire foreign exchange risk exposure with the treasury department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 March 2021 if the currency had strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 89 841 (2020: P 177 645) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 89 841 (2020: P 145 362) lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had strengthened by 10% against the South African Rand with all other variables held constant, pre-tax profit for the year would have been P 213 492 (2020: P 472 119) higher, mainly as a result of foreign exchange gains or losses on translation of ZAR denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had weakened by 10% against the South African Rand with all other variables held constant, pre-tax profit for the year would have been P 213 492 (2020: P 386 279) lower, mainly as a result of foreign exchange gains or losses on translation of ZAR denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had strengthened by 10% against the CHF with all other variables held constant, pre-tax profit for the year would have been P 162 (2020: P 10 141) higher, mainly as a result of foreign exchange gains or losses on translation of CHF denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had weakened by 10% against the CHF with all other variables held constant, pre-tax profit for the year would have been P 198 (2020: P 8 297) lower, mainly as a result of foreign exchange gains or losses on translation of CHF denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had strengthened by 10% against the SDR with all other variables held constant, pre-tax profit for the year would have been P 976 620 (2020: P 2 598 579) higher, mainly as a result of foreign exchange gains or losses on translation of SDR denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had weakened by 10% against the SDR with all other variables held constant, pre-tax profit for the year would have been P 976 620 (2020: P 2 126 110) lower, mainly as a result of foreign exchange gains or losses on translation of SDR denominated financial assets and financial liabilities.

At 31 March 2021, if the currency had strengthened by 10% against the MLK with all other variables held constant, pre-tax profit for the year would have been P 2 356 (2020: P Nil) higher, mainly as a result of foreign exchange gains or losses on translation of MLK denominated financial assets and financial liabilities.

## Notes to the Annual Financial Statements

### 28. Financial instruments and risk management (continued)

At 31 March 2021, if the currency had weakened by 10% against the MLK with all other variables held constant, pre-tax profit for the year would have been P 2 356 (2020: P Nil ) lower, mainly as a result of foreign exchange gains or losses on translation of MLK denominated financial assets and financial liabilities.

#### Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

		2021	2020
<b>US Dollar exposure:</b>			
<b>Current assets:</b>			
Trade and other receivables USD	16	-	1 427 269
Cash and cash equivalents		1 980 826	736 503
<b>Current liabilities:</b>			
Trade and other payables USD	22	(1 082 417)	(564 789)
<b>Net US Dollar exposure</b>		<b>898 409</b>	<b>1 598 983</b>
<b>SDR exposure:</b>			
<b>Current assets:</b>			
Trade and other receivables SDR	16	18 529 424	18 646 712
<b>Current liabilities:</b>			
Trade and other payables SDR	22	(8 766 221)	(4 740 495)
<b>Net SDR exposure</b>		<b>9 763 203</b>	<b>13 906 217</b>
<b>ZAR exposure:</b>			
<b>Current assets:</b>			
Trade and other receivables ZAR	16	8 376 453	4 997 257
<b>Current liabilities:</b>			
Trade and other payables ZAR	22	(6 241 535)	(748 189)
<b>Net ZAR exposure</b>		<b>2 134 918</b>	<b>4 249 068</b>
<b>CHF exposure:</b>			
<b>Current liabilities:</b>			
Trade and other payables CHF	22	(1 779)	(91 268)
<b>MLK exposure</b>			
<b>Current liabilities:</b>			
Trade and other payables	22	(23 559)	-

#### Interest rate risk

As the Company has significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings and short term deposits. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

At 31 March 2021, if interest rates on Pula-denominated borrowings had been 1% lower with all other variables held constant, pre-tax profit for the year would have been P 1 968 205 (2020: P 1 265 231) higher, mainly as a result of lower interest expense on floating rate borrowings.

At 31 March 2021, if interest rates on Pula-denominated borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been P 1 968 205 (2020: P 1 265 231) lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

## Notes to the Annual Financial Statements

Figures in Pula 2021 2020

### 29. Going concern

For the year ended 31 March 2021, the Company recorded comprehensive loss before tax of P42.8 million (2019: P39 million). The net current liabilities exceeds current assets by P128.2 million (2019: P 107.3 million). The cause of the deterioration of the Company's liquidity position is both due to lengthened weak financial position as a result of many years of loss making and inability to quickly generate enough revenue to cover costs mainly related to universal service obligation. The economic impact resulting from the COVID19 pandemic has also exerted a lot of undesirable pressure on the Company's revenue. These conditions indicate material weakness that may cast significant doubt of the Company's ability to continue as a going concern unless relief is provided by shareholder.

The Board continues to drive the turnaround strategy that includes implementation of revenue up-liftment initiatives and cost containment measures. The Board also continues to engage the shareholder in providing capital injection to alleviate the already eroded capital base.

The shareholder (Government of Botswana) continues to help reduce the universal service obligation cost by reimbursing the Company a portion of the cost. This support will ensure that the Company meets some of its financial obligations as they fall due. In the current year 2020/21 the Company was reimbursed P78 million and Government of Botswana has committed to reimburse the Company P74 million in the financial year 2021/22.

### 30. Botswana Postal Services Limited Universal Service Obligation Segmentation

During the financial year under review Botswana Postal Services Limited 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), whereas the Minister appoints from postal operators licenced 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

### Additional Information

The regulatory USO report shows the financial activity of the Company by post offices, Value Centre 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 for the year ended 31 March 2021

<b>Revenue</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	34 583 482	36 657 339	71 240 821
VC Central	29 743 205	27 368 398	57 111 603
VC South	69 744 016	51 110 987	120 855 003
Head Office	14 682 485	104 793 670	119 476 155
	<b>148 753 188</b>	<b>219 930 394</b>	<b>368 683 582</b>
<b>Cost</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	77 035 515	40 245 938	117 281 453
VC Central	66 217 750	27 131 428	93 349 178
VC South	141 536 426	55 270 781	196 807 207
Head Office	(11 309)	4 091 997	4 080 688
	<b>284 778 382</b>	<b>126 740 144</b>	<b>411 518 526</b>

## Notes to the Annual Financial Statements

## 30. Botswana Postal Services Limited Universal Service Obligation Segmentation (continued)

<b>Profit/(loss) before tax</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	(42 452 033)	(3 588 599)	(46 040 632)
VC Central	(36 474 545)	236 970	(36 237 575)
VC South	(71 792 409)	(4 159 793)	(75 952 202)
Head Office	14 693 794	100 701 674	115 395 468
	<b>(136 025 193)</b>	<b>93 190 252</b>	<b>(42 834 941)</b>

USO recovery model summary report post audit for the year ended 31 March 2020

<b>Revenue</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	10 521 122	43 688 140	54 209 262
VC Central	9 471 592	32 107 527	41 579 119
VC South	32 652 239	64 823 564	97 475 803
Head Office	112 062 690	120 071 108	232 133 798
	<b>164 707 643</b>	<b>260 690 339</b>	<b>425 397 982</b>

<b>Cost</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	86 949 206	45 543 354	132 492 560
VC Central	72 256 965	33 423 888	105 680 853
VC South	154 297 082	62 765 546	217 062 628
Head Office	3 756 519	5 420 134	9 176 653
	<b>317 259 772</b>	<b>147 152 922</b>	<b>464 412 694</b>

<b>Profit/(loss) before tax</b>	<b>USO</b>	<b>Non USO</b>	<b>Total</b>
VC North	(76 428 084)	(1 855 214)	(78 283 298)
VC Central	(62 785 373)	(1 316 361)	(64 101 734)
VC South	(121 644 844)	2 058 018	(119 586 826)
Head Office	108 306 171	114 650 974	222 957 145
	<b>(152 552 130)</b>	<b>113 537 417</b>	<b>(39 014 713)</b>

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## Notes to the Annual Financial Statements

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### 31. Events after the reporting period

The COVID-19 outbreak which started in December 2019, is spreading around the world. World Health Organization (WHO), declared the COVID-19 outbreaks as a global pandemic on the 11th of March 2020, just before the entity's reporting date of 31st March 2020.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe and the Postal industry was not spared. This has put immense pressure on the postal network supply chain, particularly cross-border exchanges. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time.

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Botswana has since confirmed cases of COVID-19 and a State of Public Emergency (SoPE) was declared for six months effective 2nd April 2020 midnight. This included an initial period of twenty-eight (28) days lock down for the whole country and a further seven (7) days extension. This was followed by a phased lifting of the lockdown rules until the 21st May 2020.

During this period BotswanaPost was listed as an essential service provider as it provides social services. The Company in response to the COVID-19 guidelines from Government operated Post Offices and shortened their operating times and encouraged use of its online channels. There has been subsequent Zonal lock-down for the greater Gaborone zone which took place from 13th to 15th June and 31st July to 13th August 2020 respectively and this once more affected operations.

The entity has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear currently. The Company has however estimated the impact of COVID-19 on the financial position and results of the entity for the financial year ending 31st March 2021. It's worth noting that though estimates have been made it is not possible to reliably estimate the duration and severity of these consequences for future periods. Government of Botswana has responded with monetary and fiscal interventions to stabilize economic conditions. These are largely directed at cushioning the populace of Botswana. These have an impact on Government spending which in turn may affect the Universal Service Obligation reimbursement to the Company.

## Detailed Income Statement

Figures in Pula	Note(s)	2021	2020
<b>Revenue</b>	3	<b>269 175 346</b>	<b>320 776 911</b>
<b>Cost of sales</b>	4	<b>(196 236 768)</b>	<b>(223 709 200)</b>
<b>Gross profit</b>	5	<b>72 938 578</b>	<b>97 067 711</b>
<b>Other operating income</b>		<b>97 206 050</b>	<b>96 096 417</b>
<b>Other operating gains (losses)</b>			
Loss on disposal of assets		(67 057)	-
Foreign exchange (losses) gains		(1 249 237)	2 737 862
	6	<b>(1 316 294)</b>	<b>2 737 862</b>
Movement in credit loss allowances	7	(7 989 325)	(5 265 772)
<b>Other operating expenses</b>			
Advertising		-	(196 581)
Amortisation		(2 008 035)	(834 091)
Auditors remuneration - external auditors	7	(800 000)	(760 000)
Defalcations		(23 218)	(320 305)
Bank charges		(3 855 015)	(2 782 598)
Cleaning		(7 165 718)	(6 645 529)
Computer expenses		(232 389)	(101 425)
Consulting and professional fees		(1 031 418)	(3 873 997)
Consulting and professional fees - legal fees		(1 165 058)	(1 231 767)
Depreciation		(28 381 792)	(26 371 266)
Directors fees and board expenses		(420 775)	(533 327)
Donations		(72 638)	(49 129)
Employee costs		(81 978 592)	(87 493 802)
BPS/BSB merger		67 455	(143 686)
Fines and penalties		2 229	24 669
IT expenses		(105 950)	(248 875)
Impairment		-	(14 967 212)
Insurance		(2 128 072)	(2 501 857)
Lease rentals on operating lease		(313 343)	(1 377 976)
Training levy		-	(635 735)
Motor vehicle expenses		(54 600)	(20 341)
Electricity and water		(4 238 923)	(4 045 398)
Office expenses		(144 270)	(23 533)
Operator licence fees		(179 405)	(1 615 349)
Other expenses		6 524	(135 042)
Printing and stationery		(4 568 610)	(5 211 323)
Repairs and maintenance		(16 835 218)	(15 398 895)
Security		(12 662 863)	(20 060 326)
Strategy costs		(63 621)	(184 552)
Subscriptions		(321 985)	(606 547)
Telephone and connectivity		(6 478 818)	(6 549 778)
Training		(657 944)	(1 612 268)
Travel expenses		(2 829 941)	(6 057 691)
Universal service access fund		(2 295 917)	(1 075 488)
		<b>(180 937 920)</b>	<b>(213 641 020)</b>

## Detailed Income Statement

Figures in Pula	Note(s)	2021	2020
<b>Operating (loss) profit</b>	7	<b>(20 098 911)</b>	<b>(23 004 802)</b>
Finance income	8	637 176	482 579
Finance costs	9	(23 373 207)	(16 492 491)
<b>(Loss) profit before taxation</b>		<b>(42 834 942)</b>	<b>(39 014 714)</b>
Taxation	10	14 103 924	(5 982 528)
<b>Loss for the year</b>		<b>(28 731 018)</b>	<b>(44 997 242)</b>



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