2011 Annual Report

NBFIRA

NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY

REGISTERED OFFICE

First Floor, MVA House
Plot 50367
Showgrounds
Gaborone
Tel: +267 310 2595
Fax: +267 310 2376

BANKERS

Stanbic Bank
Fairgrounds Branch
Gaborone

LAWYERS

Messrs. Salbany Torto Attorneys
P. O. Box 599
Gaborone

AUDITORS

Ernst & Young
Certified Public Accountants
(Botswana)
2nd Floor, Plot 22, Khama Crescent
P.O. Box 41015, Gaborone

Corporate Profile of NBFIRA

Establishment

The Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") was established as an independent regulatory agency for non-bank financial institutions in April 2008. As outlined in Section 8 of the NBFIRA Act, the principal objective of NBFIRA is to regulate and supervise non-bank financial institutions so as to foster the:

a) "Safety and soundness of non-bank financial institutions;

b) Highest standards of conduct of business by non-bank financial institutions;

c) Fairness, efficiency and orderliness of the non-bank financial sector;

d) Stability of the financial system; and

e) Reduction and deterrence of financial crime."

Legislative framework

The legislative framework governing the operations of both NBFIRA and supervised institutions is known as the "financial services law" and includes:

- The Non-Bank Financial Institutions Regulatory Authority Act;
- The Insurance Industry Act;
- The International Insurance Act;
- The Pension and Provident Funds Act;
- The Botswana Stock Exchange Act;
- The Collective Investments Undertaking Act; and,
- Part XVI of the Income Tax Act.

The NBFIRA Act is the main component of the financial services law in the sense that it is an umbrella statute that is intended to work with the other statutes that make up the financial services law. The Act is consistent with international standards and contains sections related to the operations, responsibilities and accountabilities of NBFIRA including staffing, finances, corporate governance and reporting to stakeholders. It also provides a comprehensive licensing regime for supervised entities and provides NBFIRA with the powers to remedy imprudent practices, unethical practices and contraventions of the law through the issuance of notices, the issuance of orders, the issuance of directions, the acceptance of undertakings, the imposition of civil penalties and the application to the courts in the most serious cases involving offences. NBFIRA also has significant powers with respect to information gathering, the conduct of on-site inspections and the conduct of investigations.

Corporate Profile of NBFIRA

Institutions covered

There are a wide range of entities that are defined as non bank financial institutions in Botswana. Table 1 outlines the types of non bank financial institutions as defined in the NBFIRA Act.

Table 1: Non Bank Financial Institutions

Asset Manager - means a person who, under an agreement with another person, applies assets of the other person by way of investment, whether the asset manager makes those investments in its own name or not but does not include a custodian or a trustee.
Administrator of a pension or provident fund – means a person who provides administration or similar services to the fund.
Central Securities Depository – means a facility for the deposit, clearing or settlement of securities transactions, whether physically, electronically or otherwise.
Collective Investment Undertaking – means an arrangement the principal object of which is the collective investment of its funds in real or personal property of whatever kind, including securities and other liquid financial assets, with the aim of giving its members, or unit-holders the benefit of the result of the management of funds and spreading investment risk and the units of which are at the request of holders, purchased, directly or indirectly out of those undertakings assets. A collective investment undertaking can be constituted as a unit trust or as an investment company with variable capital whose articles provide that the actual value of the paid up share capital of the company shall at all times be equal to the net asset value of the company and the shares of the company shall have no par value.
Custodian –means a person who holds property of another person for safekeeping.
Finance and Leasing Company – means a body corporate that provides loans, advances or leasing products, but does not include a bank or a deposit taking institution.
Friendly Society – means an association of persons established with no share capital for the purpose of aiding members of the association or their dependants, being an association that does not employ a person whose main occupation is canvassing for members of, or collecting contributions or subscriptions for, the association.
Insurance Agent - means a person who solicits applications for insurance or collects premiums for an insurer.
Insurance Broker – means a person who arranges insurance otherwise than as agent of the insurer.
Insurer - means a person who undertakes liabilities by way of insurance (including general insurance, life insurance and re-insurance), whether or not as a member of an association of underwriters and includes a person operating a medical aid fund.
International Insurance Firm – means an undertaking which carries on international insurance business and includes an insurance manager, a principal insurance representative and an insurance agent.
Investment adviser – means a person who gives other persons investment advice or recommendations (including about holding and disposing of investments) in relation to securities or other assets.
Management Company for a collective investment undertaking means an incorporated body responsible for the establishment, promotion, management and administration of a collective investment undertaking.
Member of the Insurance Industry – means an insurance surveyor, a risk manager, a loss assessor, a loss adjuster or a claims settlement agent.
Micro Lender – means a person who advances loans to persons, where the loans do not exceed a prescribed amount, but does not include a person licensed in terms of the Banking Act or the Building Societies Act.
Pension Fund – means any fund the principal objective of which is to provide for the payment of a pension to a person, who has been a member of the fund, on his retirement.
Provident Fund – means any fund which is not a pension fund where a lump sum payment is made at retirement.

Corporate Profile

Securities Dealer - means a person who carries on the business of buying and selling securities on behalf of other persons or a person who regularly buys or sells securities on his own behalf otherwise than through a licensed securities dealer.
Securities Exchange – means a market, exchange, place or facility that provides for bringing together, on a regular basis, buyers and sellers of securities to negotiate or conclude sales of securities.
Trustee of a Collective Investment Undertaking – means a person acting as a trustee of a unit trust.
Trustee of a Pension or Provident Fund – means a person acting as a trustee of a pension or provident fund.
Financial Group – means a group of companies under common control comprised of one or more prudentially regulated non-banking financial institutions and their subsidiaries.
Other – Other persons may be prescribed as non bank financial institutions. As at the date of this report, no other persons have been prescribed.

Corporate Governance

The NBFIRA Act entrusts all corporate governance responsibilities as well as all operational and regulatory functions of the financial services law to the NBFIRA Board of Directors which is currently comprised of:

- **Mrs. M. Dube,** Chairperson appointed by the Minister of Finance and Development Planning;
- **Mr. N.C. Greenland,** member appointed by the Minister of Finance and Development Planning;
- **Mrs. L. G. Matenge,** member appointed by the Minister of Finance and Development Planning;
- **Dr. T. T. K Matome,** member appointed by the Minister of Finance and Development Planning;
- **Mrs. L. K. Mohohlo,** ex officio member as Governor of the Bank of Botswana; and,
- **Mr. S. M. Sekwakwa,** ex officio member as Permanent Secretary of the Ministry of Finance and Development Planning.

Under Section 41 of the NBFIRA Act, the NBFIRA Board of Directors through a written instrument of delegation is empowered to delegate its powers and functions to:

- A member of the NBFIRA Board;
- An employee of NBFIRA;
- An employee of the Bank of Botswana;
- An investigator; or,
- A Self Regulatory Organization.

Board of Directors

Mrs. M. Dube
Member, Chair of the Board

Mr. N. C. Greenland
Member, Deputy Chair of the Board

Mrs. L. G. Matenge
Member, Chair of Finance and Audit Committee

Dr. T. T. K. Matome
Member

Mrs. L. K. Mohohlo
Member

Mr. S. M. Sekwakwa
Member

The Executive Team

Oaitse M. Ramasedi
Chief Executive Officer

Melville S. Brown
Deputy CEO-Regulatory

Marcelina !Gaoses
Director-Insurance and Pensions

Meshack J. Tafa
Director-Corporate Services

Kuki Kowa-Mophuting
Acting Director-Capital Markets

Substantive; Manager - Investment Institutions

The NBFIRA Board has, in fact, delegated certain of its operational and regulatory functions to the Chief Executive Officer who, in turn, has delegated certain functions to other members of the executive committee. Members of the executive committee are:

- **Mr. O. M. Ramasedi,** Chief Executive Officer;
- **Mr M. S. Brown,** Deputy Chief Executive-Regulatory
- **Ms. M. !Gaoses,** Director - Insurance and Pensions;
- **Mr. M. Tafa, Director** - Corporate Services; and,
- **Ms. K. Kowa-Mophuting** Acting Director-Capital Markets

NBFIRA is intended to operate as an independent regulatory agency with a mandate to supervise non-bank financial institutions in terms of the various statutes that make up the financial services law. Nevertheless, as per the NBFIRA Act, the Minister of Finance and Development Planning has ultimate responsibility for non-bank financial institutions regulation in Botswana and NBFIRA is directly accountable to the Minister.

The Management Team

M. George
Manager - Human Resources

W. O. Erulu
Manager - Pensions

P. Q. Marumoagae
Manager - IFSC and Exchanges

K. Kelobang
Manager - Life Insurance

M. V. Raphaka
Manager - Short Term Insurance

K. Balopi
Manager - Finance and Administration

M.P. Rampha
Manager - Information Technology

N. Modongo
Acting Manager - Micro-Lenders

Chairperson's Statement

“The ***Authority*** has recorded a surplus of P2,5 Million for the current financial year due to the cost cutting measures introduced”

On behalf of the Board of Directors, it is with great pleasure that, consistent with Sec 32 (1)(b) of the Non-Bank Financial Institutions Regulatory Authority Act, I am presenting the 2010/11 Annual Report for the financial year 2010/2011 of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA/***Authority***).

Corporate Governance

Whilst the composition of the Board has remained unchanged, I am happy to announce that Mr. N C Greenland has been elected Deputy Chairman of the Board by his colleagues, in line with Sec 11 (4) of the NBFIRA Act. We all congratulate him on his appointment and look forward to his contribution in this new responsibility. Additionally, the Board has set up a Finance and Audit Committee during the year under review in order to improve the governance structure of the ***Authority***. This Committee continued to meet regularly to consider matters relating to the risk management and all financial matters, and advised the Board accordingly.

NBFIRA Strategic Plan

During the financial year 2010/11, the ***Authority*** started implementation of its strategic plan whose main objective was to Create a Fair, Stable and Efficient Non-Bank Financial Institutions Sector. Consistent with this strategic plan, the Authority reviewed laws pertaining to both the insurance and the retirement funds sub sectors. Further, Prudential Rules on the said sub-sectors were drafted and discussed with the relevant stakeholders. These Rules will be promulgated during the financial year 2011/12.

Regulatory Matters

The Board of Directors, in exercising its corporate governance responsibilities, has been very active in approving a number of policies and procedures that will ensure that NBFIRA operates efficiently and in the public interest, with full transparency. Further, prudential rules and regulations governing the supervision of the insurance as well as the retirement funds sectors are at an advanced stage of development, and should be rolled out during the 2011/12 financial year.

Financial Performance

I am pleased to report that the ***Authority*** has recorded a surplus of P2,5 Million for the current financial year. Cost cutting measures had to be introduced, resulting in the reversal of the 2009/10 deficit.

Industry Consultation

Consultations continued to be held with the regulated entities on their specific regulatory frameworks. Thus far, the frequency of meetings has been quarterly. One-on-one (bi-lateral) meetings are envisioned for 2011/12 to further reach out to, and appreciate more, the industry.

Challenges

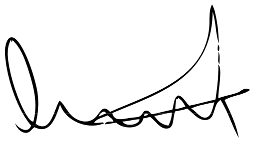
Despite our accomplishments during the past three years of our existence, much work continues to remain outstanding. The Action Plans drawn from the Strategic Plan cannot be fully implemented owing to manpower shortages and budgetary constraints. As the ***Authority*** is currently operating at only 60% of the approved human resourcing strength, development efforts have been concentrated on the insurance and retirement funds frameworks. In the coming financial year, the ***Authority*** will concentrate on capacity building in order to achieve a risk-based regulatory supervision. Nevertheless, I am confident that our Board members, as well as NBFIRA staff, are up to meeting the challenges ahead.

Acknowledgement

I wish to conclude by expressing my sincere appreciation to our parent Ministry for their continued constructive support and great working relations towards the sector's development.

I also wish to thank my colleagues in the Board for the support and cooperation they afforded me during the course of the year under review. This support and cooperation has made it possible for the ***Authority*** to attain the 2010/11 achievements, as well as comply with the statutory requirement to hold at least nine (9) Board meetings in a year.

Finally, it will be remiss of me not to extend my sincere appreciation to the Executive Team who have been steering the ***Authority,*** helping it maintain its course. Our appreciation as the Board also goes to the rest of management and staff for the good work done during this year. Without their visible contribution, very little would have been achieved.



Mrs. Mmatlala Dube
Chairperson of the Board of Directors

Corporate Services

"The ***Authority*** has developed a three year strategic plan, covering April 2010 – March 2013."

Overview

The membership of the Board of Directors has remained the same for the period under review. A sub-committee of the Board – the Finance and Audit Committee - was set up to oversee the finance and audit aspects of the ***Authority.***

The recruitment process for the Deputy CEO – Regulatory, was undertaken during the year and is to be completed in the following financial year.

During the year under review, the ***Authority's*** Director of Capital Markets resigned her position. An acting appointment was made while the recruitment process continues.

The staff complement currently stands at 35, made up of 26 permanent staff and nine graduate trainees from various academic backgrounds.

Financial Position

The 2010/2011 year has been yet another challenging year for the ***Authority,*** representing the third year since the inception of the Authority. In the year under review, the ***Authority*** continued to rely solely on Government for funding. There are no Levies currently charged on the regulated entities. However, a comprehensive Levies Structure has been prepared and submitted to the Ministry of Finance and Development Planning for approval.

There has been a general improvement in the performance of the ***Authority***. Revenue for the year was P19.9 million, up from P17.4 million in 2009/2010, an increase of P2.5 million (14%). Total expenditure for the year was P17.5 million, down from P18.9 million in 2009/2010, a decline of P1.4 million (7%). The accumulated funds to date are P1.9 million.

The capital acquisitions for the year were P275, 000, which represented furniture and computer equipment.

A grant estimated at P6.1 million has been approved by the African Development Bank (AfDB). The grant will fund the development and implementation of a Risk Based Regulatory Model for the Authority.

Implementation of the Strategic Plan

The ***Authority*** has developed a three year strategic plan, covering April 2010 – March 2013. The current level of funding from Government is insufficient to support the NBFIRA Strategic Plan, several action plans have been deferred until funds are available. It is envisaged that in the near future, the Levies on regulated entities will be introduced, and thus will assist with the current funding challenges.

Implementation of the Risk Based Supervision

NBFIRA, in collaboration with AfDB, is in the process of implementing a Risk Based Regulatory Model (RBRM) in line with the best international practice. The objective is to move away from compliance based supervision which has its own limitations and adopt the RBRM as it creates a common basis of analysis and approach, and it is anticipated to improve the soundness and efficiency of the non-banking financial services sector in Botswana.

The project is divided into two phases. The first phase is to develop and implement the model and the second phase entails the implementation of an information technology system to support the model. The project is planned to be implemented over a period of 2 years. It is anticipated that it will commence during the 2011/12 financial year, with completion target date of mid 2013.

Insurance and Pension Funds

A. INSURANCE INDUSTRY

1. Market Composition

At the end of the financial year 2010/2011 the Botswana insurance industry consisted of:

- Eleven (11) General Insurers;
- Seven (7) Life Insurers;
- Two (2) Reinsurers;
- Forty two (42) Insurance Brokers;
- Three hundred and eight six (386) Corporate Insurance Agencies; and
- Two Thousand, one hundred and ninety five (2195) Individual Insurance Agents and Sub-agents who are employed by insurers, brokers and corporate agents.

New licenses

During the fiscal year under review two (2) Short-term Insurers and one (1) Long-term Insurer were licensed. In addition, three (3) Brokers, 68 Corporate Agents and 195 Individual Agents were also registered.

2. Financial Performance

During the fiscal year under review the aggregate Botswana insurance industry gross premiums written totaled P2.8 billion of which life insurers accounted for P1.9 billion, an increase of 12% over the P1.7 billion in premiums written during the previous year and general insurers accounted for P902 million, an increase of 6% over P850 million in premiums written during the previous year. Over the last five years, gross premiums written in the life insurance industry have increased by an average of 18% per annum while the general insurer's gross premiums increased by an average of 14%, which is a drop when compared with last year's average.

Table I.1 outlines gross premiums written by class of insurance for the year 2010. As can be seen from the table, life insurance was the most significant class of business with gross premiums written accounting for 68% of total premiums written. This was followed by motor insurance where gross premiums written totalled P408 million or 15% of total gross premiums written.

Table I.1: Gross Premiums Written 2010

CLASS OF INSURANCE	PULA (Million)	% OF TOTAL
Fire	230.849	8%
Motor	407.798	15%
Personal Accident	11.140	0%
Workmen's Compensation	75.645	3%
Liability	8.998	0%
Credit & Suretyship	13.438	0%
Marine & Aviation	18.800	1%
Miscellaneous	117.023	4%
Engineering	18.032	1%
Total General Insurance	**901.723**	**32%**
Life Insurance	**1,900.958**	**68%**
Total	**2,802.681**	**100%**

3. Life Insurers

There were seven (7) insurers licensed to transact life insurance business in the period under review and their details are listed in Appendix A. The financial data contained herein is based on the audited financial statements of only six (6) insurers who submitted their annual returns during this period. A newly licensed life insurer, Absa Life Botswana, commenced its operations at the end of the reporting cycle as such is exempted from this report. This report draws direct comparisons of the current reporting period with that of the preceding fiscal year.

During the fiscal year under review the gross premiums written by the life insurance sector grew by 12% from P1.7 billion to P1.9 billion. Whilst this increase is notable, it actually represents a decrease from the 18% annual growth average noted over the preceding years. This appears to be the result of an increasing trend by policyholders to voluntarily cancel their policies, or to fail to continue premium payments; resulting in policies ceasing to be effective. This phenomenon in turn has contributed to the retarded growth rate of gross premiums written.

The life insurance industry has also reduced the level of premiums forwarded to reinsurers. Since 2007 the amount of premiums paid to (or ceded) to reinsurers has decreased from P101.5 million to only P30.4 million in 2010. This is a remarkable 70% reduction in premiums paid out and translates directly to an increasing level of insurance risk being borne directly by the life insurance companies themselves. As a consequence enhanced risk management procedures need to be employed by the life industry to ensure that it is able to meet its contractual obligations to consumers. As a result NBFIRA has had to adopt improved risk based supervisory oversight and regulatory procedures on the life industry to confirm continued financial safety and soundness.

Consolidated underwriting expenses have increased by a modest 5% in the fiscal year under review to P599.6 million. This is a decrease from the 35% average increase witnessed in the preceding years and strongly implies greater efficiencies within the insurers' operations. Since 2007 acquisition expenses have increased from P173.9 Million to P346.8 million, a 99% increase which indicates that the cost of acquiring new business is rapidly rising and that there may be a misallocation of related expenses. NBFIRA will continue to monitor commission rates vs. internal underwriting expenses to ensure that they are properly accounted for and commensurate with the actual costs of procuring business.

It is important for insurers to adopt an investment policy based on accepted actuarial practices to ensure that their investment strategy takes into account the nature of the insurance risks borne. The investment income of life insurers has overall been positive in the face of continued recovery of the investment markets. This has, in turn, had a positive impact on the profitability of the life insurance industry. For the period under revew, all the licensed insurers realized a profit, resulting in a cumulative gross profit of P382.6 million. Life insurers remitted P64.4 million towards tax, resulting in a net profit position of P318.2 million. A total of P217.4 million was declared as dividends. NBFIRA will continue to monitor the dividend declaration policies of life insurers to confirm that they do not adversely impact the on-going viability of these entities.

The operating performance of the life insurance industry is summarized in the consolidated income statement represented by Table I.2.

Table I.2 : Consolidated Life Insurance Income Statement 2010 (Pula Thousands)

DESCRIPTION	CONSOLIDATED	BOTSWANA INSURANCE FUND MANAGEMENT	BOTSWANA LIFE	LIBERTY LIFE	METROPOLITAN	MOMENTUM	REGENT LIFE
As at		**31-Dec**	**31-Dec**	**31-Dec**	**31-Dec**	**30-Jun**	**30-Jun**
Gross Premium Written	1,900,958	2,004	1,627,785	14,621	168,733	38,637	49,178
Premiums Ceded	(30,399)	-	(24,107)	-	6,854	(4,330)	(8,816)
Net Premiums Written	**1,870,559**	**2,004**	**1,603,678**	**14,621**	**175,587**	**34,307**	**40,362**
Change in Liability Provision	(390,248)	-	(337,396)	(2,235)	(79,621)	(11,655)	40,659
Adjusted Net Premiums	**1,480,311**	**2,004**	**1,266,282**	**12,386**	**95,966**	**22,652**	**81,021**
Incurred Claims / Policy holder benefits paid	(856,856)	-	(736,528)	(2,321)	(75,161)	(2,446)	(40,400)
Reinsurance Recoveries	31,835	-	23,842	-	1,049	3,397	3,547
Net Claims Paid	**(825,021)**	**-**	**(712,686)**	**(2,321)**	**(74,112)**	**951**	**(36,853)**
Acquisition Costs	(346,827)	-	(297,131)	(2,335)	(24,028)	(14,362)	(8,971)
Operating Expenses	(252,791)	(35,228)	(154,065)	(4,770)	(43,323)	(5,837)	(9,568)
Total Underwriting Expenses	**(599,618)**	**(35,228)**	**(451,196)**	**(7,105)**	**(67,351)**	**(20,199)**	**(18,539)**
Total Underwriting Income	**55,672**	**(33,224)**	**102,400**	**2,960**	**(45,497)**	**3,404**	**25,629**
Investments Income	413,582	26,228	326,916	696	46,120	3,708	9,914
Other Income	(86,663)	71,640	(180,329)	(230)	21,900	-	356
Gross Profit (Before Taxes)	**382,591**	**64,644**	**248,987**	**3,426**	**22,523**	**7,112**	**35,899**
Tax	(64,416)	(10,978)	(46,083)	-	(2,094)	185	(5,446)
Net Income After Tax	**318,175**	**53,666**	**202,904**	**3,426**	**20,429**	**7,297**	**30,453**

The life industry assets in Botswana continue to be concentrated amongst two companies, namely Botswana Life Insurance Limited and Botswana Insurance Fund Management, which account for 92% of the total assets. Given that these two companies are related parties, as they share the same parent company, there is a possible double counting of assets. The upcoming NBFIRA prudential rules will enhance future reporting requirements to yield more definitive insurance industry data.

Total liabilities for the life insurance industry totaled P14.0 billion, an increase of 7% from P12.9 billion (2009). The largest liability component consists of direct insurance (contract) liabilities, which amount to P13.5 billion. These liabilities represent only 88% of total life insurance assets and is indicative of a robust solvency ratio. Additionally, the life industry remains relatively free of long term debt, another positive attribute to long term sustainability. Trade payables constitute a relatively small portion of liabilities indicative of the insurers' expediency in meeting their ongoing payment obligations.

Total capital for the life insurance industry was reported at P1.3 billion, an increase from P1.2 billion as at the end of fiscal year 2009. This growth was mainly attributable to a change in capital reserves which grew from P397.4 million (2009) to P469.9 million as at the end of fiscal year 2010. Retained earnings grew only marginally from P626.5 million (2009) to P667.2 million (2010) and is indicative of the industry's liberal dividend policies. The consolidated balance sheet for life insurers is summarized in Table I.3 below.

Table I.3 : Consolidated Balance Sheet for Life Insurers 2010 (Pula Thousands)

DESCRIPTION	CONSOLIDATED	BOTSWNA INSURANCE FUND MANAGEMENT	BOTSWANA LIFE	LIBERTY LIFE	METROPOLITAN	MOMENTUM	REGENT LIFE
As at	********	**31-Dec**	**31-Dec**	**31-Dec**	**31-Dec**	**30-Jun**	**30-Jun**
Fixed Assets	267,099	233,496	30,938	538	1,570	30	527
Cash and Investments	1,051,042	8,445	703,501	4,863	137,449	45,361	151,423
Financial Assets	13,108,560	8,571,242	3,791,353	12,277	733,667	-	21
Tax Related Assets	11,236	-	-	-	6,849	3,995	392
Trade & Other receivables	680,409	71,427	544,471	1,839	50,702	7,420	4,550
Reinsurance Liabilities	67,110		28,409	355	20,155	12,185	6,006
Other	102,145	24,785	77,360	-	-	-	-
Total Assets	**15,287,601**	**8,909,395**	**5,176,032**	**19,872**	**950,392**	**68,991**	**162,919**
Insurance Liabilities	13,511,738	8,695,651	3,957,128	4,496	759,061	45,700	49,702
Trade & Other payables	348,936	10,713	287,157	1,678	35,757	1,052	12,579
Related Party Payables	88,869	49,517	3,960	5,637	1,032	4,004	24,719
Tax Related Liability	29,928	2,938	26,442	-	-	4	544
Total Liabilities	**13,979,471**	**8,758,819**	**4,274,687**	**11,811**	**795,850**	**50,760**	**87,544**
Share Capital	170,916	38,806	79,772	8,179	23,271	5,000	15,888
Reserves	469,866	58,850	353,412	-	1,991	7,841	47,772
Retained Earnings	667,217	52,920	468,161	(118)	129,280	5,259	11,715
Total Capital	**1,307,999**	**150,576**	**901,345**	**8,061**	**154,542**	**18,100**	**75,375**

4. General Insurers

There were eleven (11) insurers authorized to undertake general insurance business and 2 reinsurers to undertake general reinsurance business in Botswana in 2010 and their details are listed in Appendix A.

Among the 11 general insurers that were in operation in 2010, only eight (8) insurers' financial performance would be reported on as two (2) insurers namely Maemo Cell Insurance Company (Pty) Limited and Sunshine Insurance Company of Botswana (Pty) Limited had not completed twelve months of operation at the time of this reporting, and one (1) insurer BIHL Insurance Company Limited (formerly Letshego Guard Insurance Company (Pty) Limited) did not submit its audited financial statements on time to be included in this reporting.

The financial profile of the general insurance industry is presented in the form of a condensed balance sheet in Table I.4. This table indicates that the total assets of the industry at fiscal year-end were P1.2 billion. The largest general insurer in Botswana accounts for 32% of total industry assets, which is a drop from last year's percentage of 39%. The decline is offset by increased market shares for other insurers and indicates a generally deepening of the market and increased competition among insurers.

Cash and cash equivalents and related parties investment and loans are the most important investment assets for general insurers, a portfolio mix dictated by these insurers' high level of short-term obligations and the requirement to maintain sufficient levels of liquidity at all times. The consolidated balance sheet for general insurers is summarized in Table I.4 below.

Table I.4: Consolidated Balance Sheet for General Insurers 2010 (Pula Millions)

DESCRIPTION	BECI	BIC	HOLLARD	MUTUAL & FEDERAL	PREFSURE	REGENT	SESIRO	ZURICH	TOTALS
As at	**30-Jun**	**31-Dec**	**30-Jun**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Dec**	**31-Dec**	********
Cash and Investments	39.686	158.274	65.904	131.070	33.028	167.021	19.448	166.459	780.889
Fixed Assets	3.256	25.720	1.190	.953	.010	.625	-	2.016	33.772
Other Assets	6.888	193.555	40.511	54.742	5.270	17.864	1.862	36.124	356.816
Total Assets	**49.831**	**377.550**	**107.605**	**186.765**	**38.307**	**185.510**	**21.309**	**204.599**	**1171.477**
Insurance Liabilities	1.297	201.193	58.509	94.648	11.494	76.364	.324	133.971	577.801
Long-term Liabilities	.804	7.868	.084	6.394	-	3.596	.560	-	19.306
Other Current Liabilities	24.070	27.841	26.868	6.459	3.205	19.010	.474	10.668	118.595
Total Liabilities	**26.171**	**236.903**	**85.461**	**107.501**	**14.699**	**98.970**	**1.359**	**144.639**	**715.703**
Share Capital	12.470	52.293	10.000	21.545	5.747	9.530	3.940	19.105	134.630
Reserves	8.586	49.951	3.713	19.288	7.151	30.144	2.994	26.497	148.325
Retained Earnings	2.604	38.403	8.432	38.431	10.710	46.866	13.016	14.357	172.819
Total Capital	**23.660**	**140.647**	**22.144**	**79.264**	**23.608**	**86.541**	**19.950**	**59.960**	**455.774**

Liabilities for the general insurance industry totalled P716 million at the end of fiscal year 2010. Technical provisions including the unearned premium provision and the claims provision which are reported at P578 million or 81% of total liabilities. NBFIRA closely monitors the industry reserve provisions and overall liquidity position.

Capital for the general insurance industry in Botswana is reported at P456 million as at the end of fiscal year 2010, a P1 million increase from 2009 figure. Section 9 of the Insurance Industry Act requires each general insurer to annually transfer a minimum of 15% of net income after tax income to a Capital Reserve Account. In addition, Section 11 of the Insurance Industry Act requires that a minimum of 10% of gross profits to be transferred to a Statutory Reserve Solvency Account so much as is necessary to raise the total sum in the said account to a sum equivalent to 25% of the gross premiums received in the previous year. At the end of fiscal year

2010, general insurers reported a total of P148 million for these two accounts which is an increase of P33 million from last year. Retained earnings are reported at P173 million.

A general insurer is generally considered to be financially sound if it has a solvency ratio in excess of 25%. This is a higher requirement because of the relative volatility and uncertainty associated with a general insurer's short-term liabilities. As can be determined from Table I.4 the solvency ratio for the general insurance industry as a whole is 64% an increase of 10% as compared to 54% level reported for 2009. All insurers listed in the table exceed the 25% minimum requirement.

The second indicator used to assess the financial health of an insurer is the insurance risk ratio. A general insurer is generally considered to be financially sound if it has an insurance risk ratio of less than 300%. The information presented in Tables I.4 and I.5 indicates that the insurance risk ratio for the Botswana general insurance industry is 141% a bit higher than the 124% in 2009, and still comfortably below the maximum permitted. All general insurers in Botswana have insurance risk ratios of less than 300%.

Table I.5 outlines the operating performance of the general insurance industry in Botswana for the fiscal year ended 2010. Gross premiums written totalled P902 million compare to P850 million in 2009 with premiums ceded to reinsurers reported at P261 million compared to P285 million in 2009. The drop could be attributed to insurers having increased their retention levels on some of the risks. After adjustments for the change in unearned premiums, net premiums earned totaled P588 million compare to P535 million in 2009.

Table I.5: Consolidated Income Statement for General Insurers 2010 (Pula Millions)

DESCRIPTION	BECI	BIC	HOLLARD	MUTUAL & FEDERAL	PREFSURE	REGENT	SESIRO	ZURICH	TOTALS
As at	**30-Jun**	**31-Dec**	**30-Jun**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Dec**	**31-Dec**	********
Gross Premium Written	13.380	236.921	90.500	117.327	19.049	153.406	69.150	201.988	901.723
Premiums Ceded	5.061	66.134	36.265	37.283	7.598	14.979	57.116	36.703	261.140
Net Premiums Written	**8.319**	**170.787**	**54.235**	**80.044**	**11.450**	**138.426**	**12.034**	**165.286**	**640.583**
Change in UPR	-	33.954	5.823	4.050	1.534	13.866	.228	4.101	52.388
Net Premiums Earned	**8.319**	**136.833**	**48.4112**	**84.094**	**12.984**	**124.560**	**11.806**	**161.185**	**588.194**
Incurred Claims	3.551	(78.856)	25.119	51.297	5.779	77.525	-	93.389	177.806
Net Acquisition Costs	2.317	11.759	4.381	11.491	(1.143)	15.226	10.765	24.893	79.689
Operating Expenses	5.824	41.369	12.567	10.139	4.656	17.483	.274	10.335	102.646
Underwriting Expenses	**11.692**	**(25.728)**	**42.067**	**72.927**	**9.292**	**110.236**	**11.039**	**128.617**	**360.141**
Total Underwriting Income	**(3.373)**	**162.561**	**6.345**	**11.167**	**3.691**	**14.325**	**.767**	**32.568**	**228.053**
Investments Income	1.614	5.667	3.333	9.187	4.379	9.047	1.388	13.090	47.706
Other Income	2.369	14.178	.734	-	-	2.160	.098	-	19.538
Reinsurance Recoveries	.730	148.363	(.415)	7.805	-	2.228	-	9.927	-128.087
Net Profit Before Taxes	**1.341**	**34.043**	**9.997**	**28.159**	**8.071**	**27.760**	**2.253**	**55.586**	**167.210**
Tax	(.549)	(4.669	(2.267)	(3.645)	(1.810)	(6.399)	(.563)	(4.180)	24.083
Net Income After Tax	**.792**	**29.373**	**7.731**	**24.514**	**6.261**	**21.361**	**1.690**	**51.407**	**143.127**

Underwriting expenses are reported at P360 million a decrease from P470 million in 2009 consisting of incurred claims of P178 million, net acquisition costs of P80 million and operating costs of P103 million. Underwriting income was therefore P228 million. Seven (7) of the eight (8) general insurers shown in the above table, reported positive underwriting income whilst one (1) insurer reported underwriting losses.

Investment income for the general insurance industry was P48 million compare to P66 million during 2009. Net income for the general insurance industry during fiscal year 2009 is reported at P141 million much higher than the P74 million reported in 2008 with all insurers reporting positive net income. The general insurance industry paid a total of P20 million to the Government of Botswana in the form of income taxation.

5. Reinsurers

During the previous reporting year, two (2) reinsurance companies were licensed to transact all classes of general reinsurance business in Botswana. Table I:6 illustrates their operating performance during the year under review. Gross premiums written totalled P4 million and only P0.8 million was ceded. Both reinsurers incurred a loss in their first year of operation, a situation that is not uncommon for new insurance companies that has just commenced operations.

Table I.6: Consolidated Income Statement for Reinsurers 2010 (Pula)

DESCRIPTION	FMRE	FirstRe	TOTALS
As at	**31-Dec**	**31-Dec**	********
INCOME STATEMENT	*(Pula)*	*(Pula)*	*(Pula)*
Gross Premium Written	2,443,908	1,549,823	3,992,731
Premiums Ceded	475,376	323,531	798,907
Net Premiums Written	**1,967,532**	**1,226,292**	**3,193,824**
Change in UPR	1,246,200	266,419	1,512,619
Net Premiums Earned	**721,332**	**959,873**	**1,681,205**
Incurred Claims	196,753	245,258	442,011
Net Acquisitions Costs	225,692	407,608	633,300
Operating Expenses	2,678,229	1,908,157	4,586,386
Underwriting Expenses	**3,100,674**	**2,561,023**	**5,661,697**
Total Underwriting Income	**(2,379,342)**	**(1,601,150)**	**(3,980,492)**
Investments Income	70,456	454,209	524,665
Other Income (loss)	219,494	(402,796)	(183,302)
Retrocession Recoveries	0	0	0
Net Profit Before Taxes	**(2,089,392)**	**(1,549,737)**	**(3,639,129)**
Tax	19,722	(385,712)	365,990
Net Income After Tax	**(2,109,114)**	**(1,164,025)**	**(3,273,139)**

It should however be noted that the reinsurers' gross written premiums represent only 1.5% of general insurers' ceded premiums. Included in this 1.5%, are premiums from the reinsurers' sister companies outside this jurisdiction. The low percentage of reinsurers' gross premium as compared to the total ceded by the general insurers is attributed to the fact that some of the ceded premiums by local general insurers were placed with offshore reinsurers in the global market. It is the expectation of NBFIRA that the two reinsurers would be able to compete favorably, build up capacity and absorb some of the premiums that were outside of the country. The local general insurers are also encouraged in terms of the Insurance Industry Act to support these local reinsurers.

Table I.7: Consolidated Balance Sheet for Reinsurers 2010 (Pula)

DESCRIPTION	FMRE	FirstRe	TOTALS
As at	**31-Dec**	**31-Dec**	********
Cash and Investments	2,342,329	3,438,533	5,780,862
Fixed Assets	905,020	270,053	1,175,073
Long-term Assets	271,791	391,331	663,122
Other Current Assets	1,304,857	1,048,410	2,353,267
Total Assets	**4,823,997**	**5,148,327**	**9,972,324**
Insurance Liabilities	1,442,953	934,592	2,377,545
Long-term Liabilities	19,722	5,619	25,341
Other Current Liabilities	1,970,436	372,141	2,342,577
Total Liabilities	**3,433,111**	**1,312,352**	**4,745,463**
Share Capital	3,500,000	5,000,000	8,500,000
Reserves	29,889	30,701	60,590
Retained Earnings	(2,139,003)	(1,194,726)	(3,333,729)
Total Capital	**1,390,886**	**3,835,975**	**5,226,861**

The financial profile of the reinsurers is presented in the form of a condensed balance sheet in Table I.7. This table indicates that the total assets of the industry at fiscal year-end were P10 million. Out of the two (2) reinsurers, one (1) insurer did not meet the minimum capital requirement due to the high accumulated losses. The affected reinsurer has undertaken to inject more capital with immediate effect. In addition, the two reinsurers are planning to increase their capital base to enable them to write more risks.

6. Insurance Brokers

During this reporting period, there were forty two (42) insurance brokers operating in the insurance industry and their details are listed in Appendix B. Only thirty four (34) insurance brokers out of the forty two (42) insurance brokers financial performance is reported in this period. Brokers' assets totaled P236 million compared to P257 million during 2009. Gross premiums written through brokers during the year under review, was P1,051 million while the commission earned for placing this insurance business totaled P95 million.

B. PENSION FUNDS INDUSTRY

The Pension Funds Industry is regulated in terms of the NBFIRA Act (no.2 of 2006) and the Pension and Provident Funds Act and Regulations (Cap 27.03).

1. Market Composition

During the 2010/2011 fiscal year, there were 104 standalone pension funds licensed in Botswana, this number includes five (5) Umbrella Funds that manage 144 sub-funds. The umbrella funds consist of several small sized funds which are pooled together. The advantage of pooling the funds together is to facilitate investment strategies and achieve cost savings. The details of the licensed pension funds are listed in Appendix C.

New Licenses

During the year under review, the following standalone funds and sub-funds under umbrella funds were licensed:

Standalone Funds

- NBL Botswana Staff Pension Fund
- Alexander Forbes Individual Member Retirement Fund
- Bokamosso Hospital Staff Pension Fund
- Civil Aviation Authority of Botswana Staff Pension Fund
- BDO Spencer Staff Pension Fund
- Botswana Ash Staff Pension Fund

Sub-funds Under Umbrella Funds

- Trident Holdings Staff Pension Fund
- Choppies Distribution Stores Staff Pension Fund
- Prefhold (Botswana) Staff Pension Fund
- Ellerine Furnishers (Botswana) Staff Pension Fund
- Discovery Metals Limited and Subsidaries in Botswana Staff Pension Fund
- Botswana Accountancy College Staff Pension Fund
- Orthosurge Botswana (Pty) Ltd Staff Pension Fund
- St. Josephs College Staff Pension Fund
- Gaborone Container Terminal (GABCON) Staff Pension Fund
- Golder and Associates Staff Pension Fund
- Magnum Freight Staff Pension Fund
- Union Provident Staff Pension Fund
- Garrick Operations Staff Pension Fund
- Cheshire Foundation Staff Pension Fund
- Nampak Liquid Staff Pension Fund
- Botswana National Olympic Committee Staff Pension Fund
- Gaborone Private Hospital Staff Pension Fund
- Cadbury Staff Pension Fund
- Turnstar Holdings Staff Pension Fund
- Easigas Staff Pension Fund

2. Financial Performance

The total individual membership of all Botswana pension funds as at end of fiscal year 2010 was 153,787 compared to 146,755 in 2009, representing a growth of 5%. This total includes 131,844 active members, 13,826 deferred members and 8,117 pensioners who are current recipients of their pension payments from the pension funds.

The largest fund in Botswana is the Botswana Public Officers Pension Fund (BPOPF) with a total membership of 105,410. The net assets (members' funds) for the year under review totalled P36,280,186,811. This reflects an impressive growth of 20% over 2009 totals and is primarily attributable to the general level of recovery in the global financial markets during 2010. Table P.1 below shows the operational performance of the industry based on returns of 2010.

Table P.1: Consolidated Income/ Expenditure Statements 2010

INCOME	PULA MILLIONS 2010	PULA MILLIONS 2009
Members Contributions	730.4	411.1
Employer Contributions	1,312.0	1,667.0
Amounts received on life insurances	1.0	4.6
Investment Income	4,240.3	1,721.5
Other Income	1,923.0	613.2
Total Income	**8,206.7**	**4.417.4**
Expenditure		
Benefit Payments	1,719.4	1,717.9
Administration, Management Expenses and Fees	292.2	246
Other Expenses	0.2	0.5
Insurance Premiums	8.2	9.7
Total Expenditure	**2,020.0**	**1,974.1**

The member contributions increased by 78% mainly due to additional contributions made by members in the year 2010. The income from investments increased by 146% in 2010 as compared to 2009 and this can be attributed mainly to the recovery of the economy following the poor performance of the offshore investments held by pension funds in 2009. NBFIRA is introducing new investment spread limits during the new fiscal year to ensure that pension funds assets are adequately protected against high concentration in only one or two types of investment instruments. Benefit payments by pension funds showed a minimal increase in 2010 compared to the previous year. Administration, Management Expenses and Fees increased from 3% in 2009 to 19% in 2010.

This is because most services are outsourced to experts in the field of investments and funds administration. NBFIRA continues to monitor fees charged to pension funds by service providers closely to determine right course of action during the new fiscal year.

The pension funds industry continues to grow and contributes significantly to the economy of Botswana. This growth in the pension industry has led to an increase in the number of pension fund members making pension contributions. This has brought about a rapid increase in the contractual savings held by households. This rapid growth in retirement funds has in turn led to the development of an industry comprising of service providers such as benefit administrators, asset consultants, asset managers and custodians.

The Pension funds industry in Botswana has now become one of the largest single investors in the domestic capital market, by investing on the Botswana Stock Exchange.

Further in order to support the development and potential for growth in the capital markets, a series of bonds with various long term maturities were issued by the Government of Botswana. These bonds have provided investors (including pension funds), with long term, low risk Pula denominated investment instruments, which are ideal for covering and matching the long term liabilities of the funds.

The total assets of the pension industry as a whole stood at 35% of the Gross Domestic Products (Total 2010 GDP 98,045 Million) (source www.cso.gov.bw).

Table P.2 outlines the investment assets held by pension funds during the year under review. The table indicates that investment assets of Botswana pension funds totaled P34.6 billion, an increase of 7% from the previous year.

Botswana primary listed equities accounted for P6.1 billion while offshore equities stood at P17.9 billion, accounting for 52% of the total pension fund assets. Local bonds and commercial paper accounted for 13% of total pension fund assets, while offshore bonds accounted for 8% of total pension fund assets.

Pension funds in Botswana are allowed to invest up to 70% of their investment assets outside of Botswana. However, during the year under review, the offshore exposure of pension fund assets was only 62% (P21.3 billion), which is an indication that the industry is able to find local investment vehicles in which to invest.

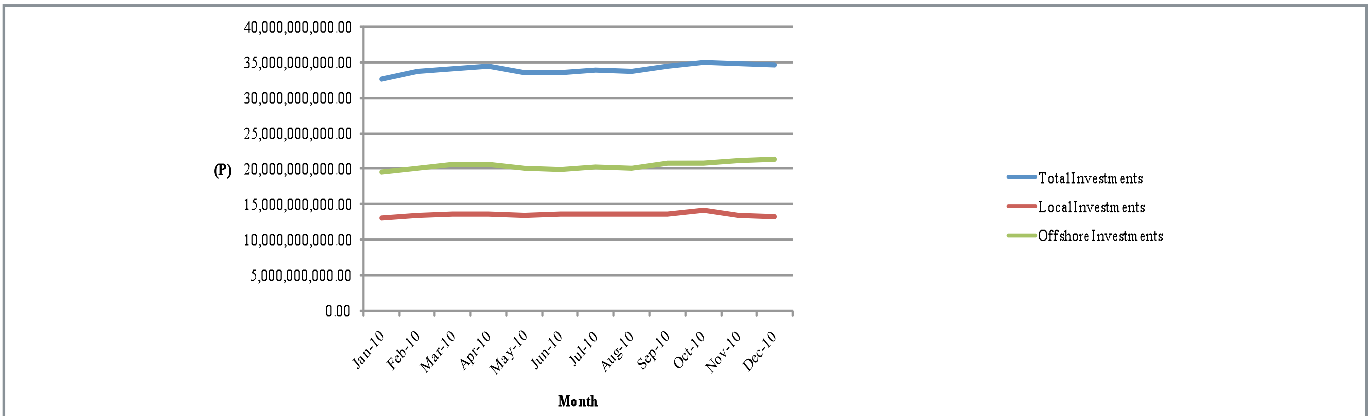
Table P.2 Pension Plan Investment Assets (Pula Millions)

INVESTMENT ASSETS	AS AT DECEMBER, 2010	PERCENTAGE OF TOTAL
2010		
Botswana Equities	6,099	17.6
Pula Bonds*	4,587	13.2
Pula Cash/Near Cash	2,358	6.8
Botswana Property	290	0.8
Total Botswana Investments	**13,334**	**38.5**
Offshore Equities	17,906	51.7
Offshore Bonds	2,628	7.6
Offshore Cash/Near Cash	770	2.2
Total Offshore Investments	**21,304**	**61.5**
Total Investments	**34,638**	**100.0**

*Includes Commercial Paper

Figure P.1 presents an illustration of the pension fund assets over the period January 2010 to December 2010.

Figure P.1: Pension Fund Investment Assets (January 2010 to December 2010)



While the investment manager's objective is to achieve growth of capital by investing in selected portfolios both offshore and locally, the investments may be exposed to market risks, credit risks, liquidity risks and foreign currency risk.

The local inflation rate for the month of December 2010 was 7.4% an increase from 6% in the previous months. Rising inflation posses problems for investments in cash, fixed income securities and government bonds as achieving positive real returns becomes more difficult and exposure to credit risks increases.

Also the rising inflation affected the Pula currency by causing it to weaken relative to other major trading currencies. This in turn affected the offshore investments by pension funds, which totaled P21.3 billion and this further augmented the foreign exchange risk exposure.

Interest rates experienced minimal fluctuations during the period under review, which had a positive impact on pension fund investments during the year, effectively mitigating the exposure to interest rate risk. NBFIRA will continue in the new fiscal year to monitor the levels of foreign exchange risk exposure for pension funds through regular reporting requirements.

Pension funds are encouraged to keep their liquidity at satisfactory levels by placing some of their investments in short term or liquid assets so as to be able to settle their obligations when they fall due. NBFIRA is planning to issue new prudential rules in the new fiscal year which will require pension funds to maintain a certain level of liquidity at all times to meet its short- to medium-term liabilities.

Various risks that Botswana pension funds are mainly exposed are:

a. Foreign Currency Risk:
   Pension fund investments are exposed to currency risks mainly through the investments denominated in foreign currency which amounted to P21.3 billion as at the end of 2010 compared to P19.5 billion as at the end of 2009.

b. Interest Rate Risk:
   The value of pension fund investments is exposed to market interest rate fluctuations. Financial instruments likely to be affected by interest rate risk include bank balances and cash, interest bearing securities and deposits. The total exposure to interest rate risk was P10.3 billion at the end of 2010 compared to P10.7 billion at the end of 2009.

c. Credit Risk:
   Pension fund investments are exposed to the risk that counterparties may default on their contractual obligations, which may result in losses to the fund. Credit risk is mainly concentrated around debt and equities. The total credit risk exposure was P31.2 billion or 90% of all pension fund assets during the year under review.

C. INSURANCE AND PENSION FUNDS SUPERVISORY ACTIVITIES

1. Insurance Industry – Regulatory Challenges

a. Product and business concentration – the Botswana life industry is proscribed by one lead insurer which accounts for 86% of the gross premiums written. This business concentration has the effect of limiting the positive impact of competition within the local life industry. The life industry is further characterized by the profile of the business books of individual insurance companies being dominated by single product lines. While in the short-term industry the high number of market entry seems to be saturating the industry as the players seem to recycle clients with minimal introduction of creative new products. The benefits of product and risk diversification are lost in this circumstance. The introduction of a risk-based supervisory framework will allow NBFIRA to allocate its supervisory efforts consistently with evidenced business and risk concentration.

b. A reduction in new business growth – The growth rate of new business has tapered off in response to wider economic challenges. Life insurance is often perceived as a non-essential product witnessed by consumers propensity to forego life insurance products in times of hardship. Life insurers have recently been forced to place additional emphasis on ensuring that the business they already have on their books remains in force. NBFIRA will continue to monitor this trend and ensure that best practice underwriting standards are not be reduced in a bid to enhance new business growth.

c. Limited industry data – Botswana insurers are challenged by inadequate data on which to base their pricing assumptions. Imported data and mortality tables have been utilized to overcome this data void, but cannot be considered adequate in the long term. Discussions have commenced with industry to discover feasible local data share platforms.

d. Inadequate investment assets – Insurers as part of their enterprise risk management strategy have to adopt their investment strategies to be in-line with their liability profiles. The Botswana capital markets, despite some improvements, continue to be challenged by a limited offering of investment vehicles and relatively low market liquidity. Insurers are therefore challenged to identify suitable investment assets to match their liability profile. This is especially applicable to retirement annuities which require longer dated bonds against which to hedge their resultant liabilities. It is anticipated that the revised Botswana Government Bond Issuance Program will assist the industry in meeting this challenge.

e. Unlicensed agents- Among the inspections conducted on the business operations of some brokers and agents there is continuance of violation of the Insurance Industry Act as it relates to the use of unlicensed individual agents. This is evidenced by these unlicensed individuals receiving commission payments.

f. Insurance legislature knowledge deficiency- Knowledge of the requirements by industry participants of the NBFIRA Act, Insurance Industry Act and its Regulations in deficient which leads to high levels of non-compliance is of high concern.

g. Annual Returns submissions - Late submission of Annual Returns by insurance brokers continues to be a problem which is compounded by increased requests by entities for extension to submit Audited Financial Statements.

h. Complaints handling - Poor complaints handling process within the entities leads to NBFIRA being inundated with complaints from policyholders and the general public. NBFIRA will introduce requirements around complaints handling processes for the insurance industry in the new fiscal year.

i. Revision of the Act and introduction of Prudential Rules - Despite the fact that the Insurance Industry Act review and introduction of prudential rules has been completed, the process of getting the new Act passed by Parliament is still a long process. Meanwhile, the lack of appropriate legislation remains a major challenge.

j. NBFIRA will be introducing a risk-based supervision model for the insurance industry in the new fiscal year. This is in line with the global trends in insurance industry supervision as recommended by the International Association of Insurance Supervisors (IAIS) of which NBFIRA is a member.

2. Regulatory Challenges – Pension Funds Industry

NBFIRA continues to experience some regulatory challenges which include among others the following:

a. Lack of knowledge by industry participants on the requirements of the NBFIRA Act, Pension & Provident Funds Act and its Regulations which leads to issues of non-compliance which is of high concern.

b. There has been an improvement in the submission of audited returns by funds on time. However, NBFIRA still receives requests for extension to submit audited returns, which ultimately results in late submissions.

c. Late notification and submission of fund rule amendments. Section 8 of the Pension & Provident Funds Act stipulates that no fund rule changes will be valid unless approved by NBFIRA. There have been incidents of failure and/or late notification of changes that have taken place such as: change of principal officers, controllers, dissolution or winding up being received by NBFIRA. Additionally, some of the stakeholders do not adhere to deadlines set by NBFIRA regarding submission of information, which ultimately leads to high penalties being imposed.

d. Corporate governance issues - Good corporate governance is important in the management of pension funds by the Board of Trustees. However, composition of the Boards of Trustees according to experience, qualifications and value addition still remains a major challenge. In addition, finding suitable qualified Trustees to serve on Boards of funds also remains a big challenge.

e. Customer and member education - A major challenge for the pensions industry in Botswana is to ensure that members of pension funds are aware of their rights and obligations. Stakeholders communication is of paramount importance in the supervisory environment. NBFIRA will continue engaging the stakeholders to increase customer protection and education through awareness campaigns such as: member education seminars, road shows and newsletters.

f. Lack of suitable investments in which to invest pension funds locally leading to such funds being invested offshore. Also, the lack of diversified annuity products in the Botswana market remains a challenge. There are few annuity providers in the Botswana market. Also certain disclosures on the computation of annuity products are not made to the annuitants, which lead to increased complaints.

g. Many of the pension funds in conjunction with their fund administrators and investment managers have carried out member training seminars. However, further training is still required to ensure that members understand the fund rules and the benefits they expect to receive from pension funds.

h. Revision of the Act and introduction of Prudential Rules - Despite the fact that the Pension and Provident Funds Act Review and introduction of prudential rules has been completed, the process of getting the new Act passed by Parliament is still a long process. Meanwhile, the lack of appropriate legislation for the service providers such as fund administrators and investment managers is a major concern.

i. NBFIRA will be introducing a risk-based supervision model for pension funds in the new fiscal year. This is in line with the global trends in pension fund supervision as recommended by the International Organisation of Pension Supervisors (IOPS) of which NBFIRA is a member.

It is against these challenges that renewed vigilance is required to ensure the continued soundness of the insurance and pension funds sector.

3. Special Projects

a. Insurance Industry Act and the Pension and Provident Funds Act

In line with regional and international standards, NBFIRA commenced a project in September 2009, through the funding of World Bank that involves the review and amendment of the Insurance Industry Act and the Pension and Provident Funds Act. The layman draft of both the Insurance Industry Act and the Pension and Provident Funds Act have been submitted to the Ministry of Finance and Development Planning (MFDP) for further steps to make the layman drafts into Acts. It is expected that the two would be made into laws during financial year 2011/2012.

b. Prudential Rules

The Prudential Rules in terms of the existing legislation are also scheduled to be finalized and implemented during the new fiscal year. In addition Supervisory Levies and Fees for licensing for the insurance and pension funds industry participants have been finalized and have been sent to MFDP for approval.

c. Medical Aid Funds

Currently, Medical Aid Funds (MAFs) are defined as insurance companies in the NBFIRA Act. However, NBFIRA is currently in consultation with the MAF industry to determine the most effective way of regulating and supervising the MAF industry, that is, to either regulate them as insurance companies under the Insurance Industry Act or to draft separate regulations in order to regulate them in the current set-up as MAFs.

To this end, NBFIRA has started a project with an overall objective to determine the most effective regulatory framework for the regulation and supervision of Medical Aid Funds ("MAFs") by NBFIRA. This covers the assessing of the current MAFs industry setup and determining the advantages and disadvantages of drafting a new legal framework, which introduces Regulations and Rules for MAFs, or to transform the MAFs into insurers as defined by the NBFIRA Act to underwrite health insurance. A consultant will be engaged to work with the relevant stakeholders and NBFIRA in developing the legal framework to regulate the MAFs.


cial institutions
by non-bank financial
non-bank financial sector
ne
(3)
ate
in the designing and
and human resources
the Authority.
ment and review of the
sures that all regulated
compliance with the
ctorate
NON-BANK FINANCIAL
INSTITUTIONS
REGULATORY
AUTHORITY (NBFIRA)

The CEO Mr O. M. Ramasedi at the Consumer Fair with some of the team members who were manning the stall.

CAPITAL MARKETS

Overview

The Capital Markets Division of NBFIRA is responsible for the licensing and supervision of the prudentially regulated Non-Bank Financial Institutions (NBFIs) which operate in the Botswana capital markets, including the following:

1. The Botswana Stock Exchange ("BSE")
2. The Central Securities Depository of Botswana ("CSDB")
3. The Commodities Exchange (Bourse Africa Limited)
4. Licensed Securities Dealers
5. Individual licensed Securities Dealers
6. International Financial Services Centre ("IFSC") Accredited companies
7. Collective Investment Undertakings ("CIU's") including Management Companies of the CIUs
8. Trustees
9. Custodians
10. Investment advisors
11. Asset Managers
12. Micro Lenders
13. Finance and Leasing companies

The division is governed by the NBFIRA Act,2006, CIU Act and the BSE Act,1994. The entities falling outside the last two legislatures remain unregulated in the absence of the promulgation of Regulations governing the specialized industries.

A. INVESTMENT INSTITUTIONS INDUSTRY

Market Composition

Collective Investment Undertakings ("CIU")

The Regulatory Authority supervises 5 locally incorporated and authorized investment funds. The investment funds include sixteen (16) separate unit portfolios of which four (4) are money market funds, five (5) are equity funds, four (4) are asset allocation/ balanced funds and three (3) invest predominantly in fixed income instruments (bonds). Appendix D of this report presents detailed information on local management companies of the CIU's and the 16 funds under their management.

Table 1 below gives a breakdown of assets under management for each unit trust as per the last audited financial results for each of the management companies.

Table1 (in Pula thousands)

Name of company	African Alliance International (AAI)		African Alliance Botswana (AAB)		Stanbic Investment Management Services (SIMS)		Investec Fund Managers Botswana (IFMB)		Coronation Fund Managers Botswana (CFMB)		Total	
Audited Financials as at	Apr-09	Apr-10	Apr-09	Apr-10	Dec-09	Dec-10	Sep-09	Mar-10	Sep-09	Sep-10	2009	2010
Net Asset Values (NAV)	645,586	742,071	483,798	524,039	2,408,251	3,060,100	117,204	153,916	-	-	3,654,839	4,480,127

Table 2 below provides information which shows the NAV per asset manager as at the financial year end of NBFIRA being, 31st March 2011, against the previous year.

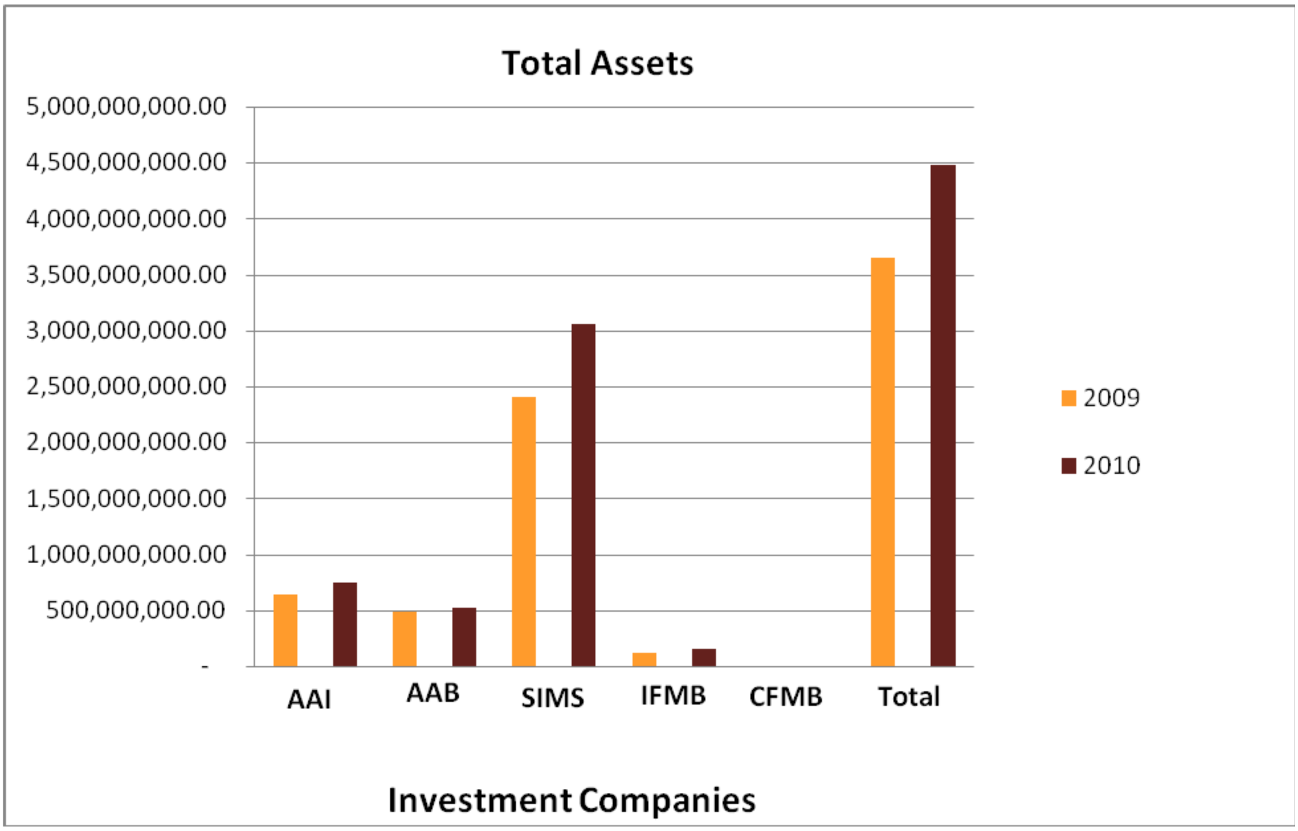
Table 2 (in Pula thousands)

	African Alliance International (AAI)		African Alliance Botswana (AAB)		Stanbic Investment Management Services (SIMS)		Investec Fund Managers Botswana (IFMB)		Coronation Fund Managers Botswana (CFMB)	
	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11	Mar-10	Mar-11
NAV	771,348,	817,664	499,916	503,657	2,797,153	3,388,721	153,916	220,434	--	11,449
Market Share %	18.26	16.54	11.83	10.19	66.20	68.56	3.11	4.46	0.0	0.23

Further, Table 2 indicates that Stanbic Investment Management Services ("SIMS") currently holds the majority of assets under management with 68.56 percent of the market also shown in Bar Graph 2. This represents 2.36 percentage increase from the prior year's figure. African Alliance International ("AAI") and African Alliance Botswana's ("AAB") market share stood at 16.54 percent and 10.19 percent respectively. Both companies experienced a slight and similar percentage decline of 1.65 percent. Investec Fund Managers Botswana ("IFMB") had an increase of 1.35 percent, i.e. from 3.11 percent of the previous year to 4.46 percent currently. After being licensed by NBFIRA in March 2010, Coronation Fund Managers Botswana ("CFMB") started operations in October 2010. Following 5 months of operations, Coronation has gained, approximately, a 0.23 percent market share.

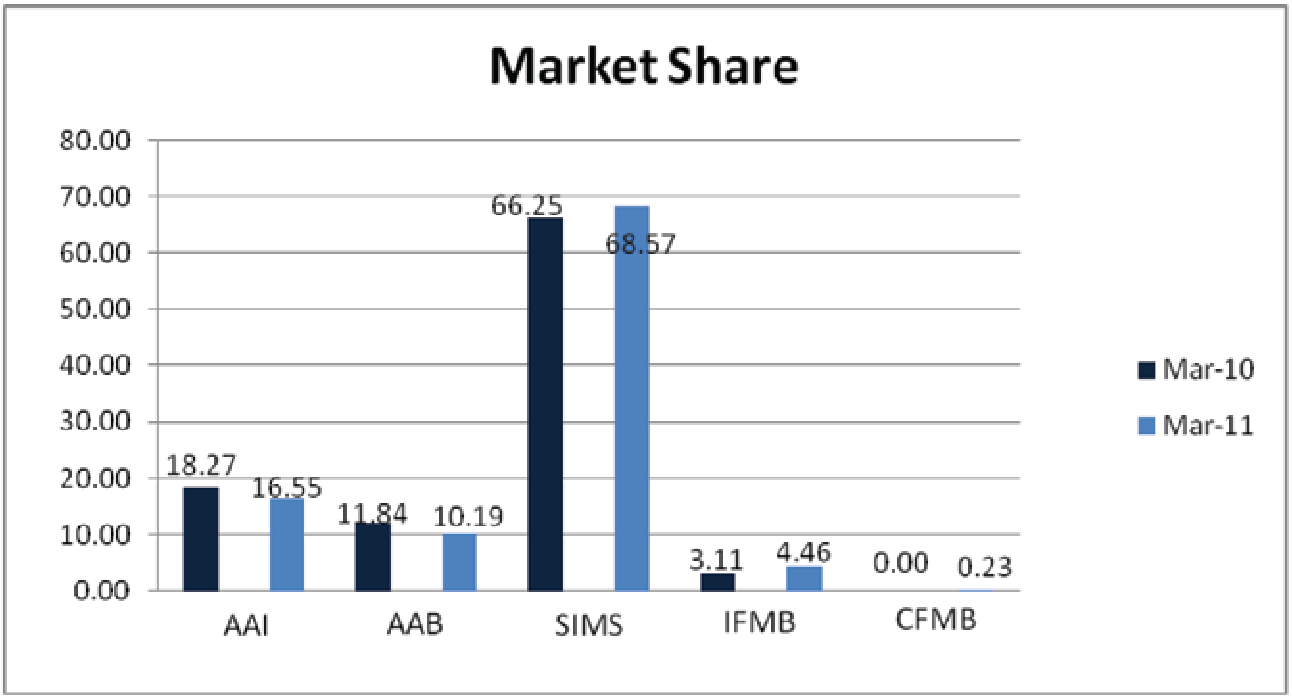
Bar Graph 1below depicts the position of assets under management by each management company as per the last audited financial results for each of the management companies.

Bar Graph 1



Bar Graph 2 shows the market share held by the management companies as at 31st March being the NBFIRA financial year end.

Bar Graph 2



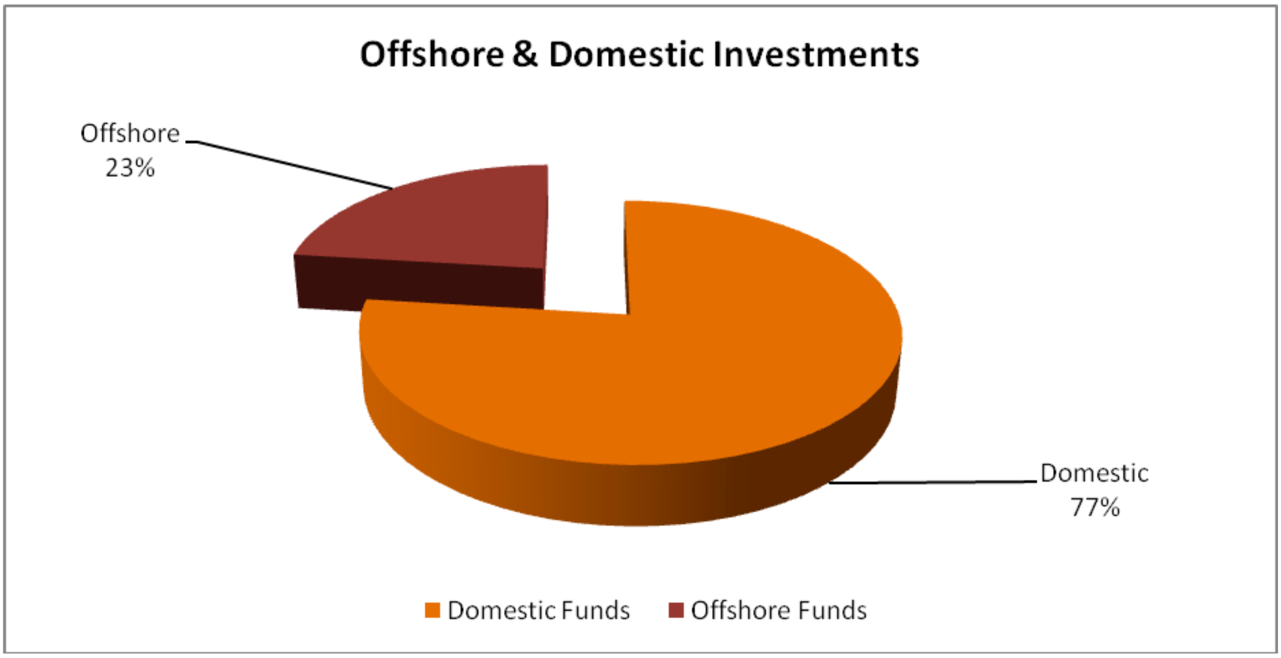
During the period under review, the maturity mix for the CIU's was decidedly short-term, a strong indication of local market volatility and a probable indication that local investors are inclined to be risk averse.

Investments in money market funds decreased slightly (< 1percent) during the year but still accounted for 86.47 percent of the total assets as of March 2011.

The money market funds experienced a decline of 15.9 percent in net inflows, i.e. from 102.39 percent in the prior period to 86.54% currently. Despite the decline, the money market funds still held the highest proportion of inflows when compared to the other three asset classes. The balanced funds recorded a net inflow of 12.39 percent, this is considered to have grown significantly when compared to the 2.6 percentage outflow reported in the prior year. The equity funds had the lowest inflow of 1.06 percent while the fixed interest funds recorded no growth for both the prior period and the current one.

Foreign funds may be marketed in Botswana only if authorized to do so by the Regulatory Authority. As at March 2011, there were 60 foreign funds being marketed in Botswana, a two-fold increase from the number of international funds sold locally in the previous year. The four principal and authorized sellers of foreign funds are: Orbis Investment Management Limited (Bermuda), Allan Gray Unit Trust Management Limited (RSA), State Street Bank Luxembourg S.A and Ashburton Replica Portfolio. A number of local investment companies serve as facilities agents for these foreign funds.

The following chart shows the mix of offshore investment funds (23 percent of total) versus domestic investments (77 percent of total) as of March 2011:



Of the five management companies, only one company failed to meet the minimum capital adequacy requirements during the period under review. Corrective action on this matter is being pursued by NBFIRA.

B. EXCHANGES AND IFSC COMPANIES INDUSTRY

Exchanges

The operation of all securities and commodities exchanges in Botswana falls under the regulatory supervision of NBFIRA. There are currently two licensed exchanges in Botswana, the Botswana Stock Exchange ("BSE") and the Bourse Africa Limited ("BAL"). BAL has been licensed as a Commodities Exchange but has not commenced actual operations as of the date of this report.

The BSE is Botswana's national stock exchange given the responsibility to operate the equities and fixed interest security market. The Exchange was formally established in 1989 when it was known as the Botswana Share Market and operated as an informal market. An Act of Parliament, "The BSE Act" was passed in 1994 and published in 1995. Under this Act, the BSE operates the formal stock exchange and conducts limited regulatory activities over its members and listed companies. Under the terms of the NBFIRA Act, 2006,the BSE and the operations of the traders (brokers and dealers) operating through the exchange are regulated by NBFIRA with reference to the BSE Act, 1994.

The Bank of Botswana ("BoB") issued BAL with a Certificate of Recognition following its application for Self Regulatory Organization status and it was declared as such on August 22, 2010, by the Minister of Finance and Development Planning. BAL is regulated in terms of the NBFIRA Act, 2006 and the Commodities Exchange Licensing Regulation, 2008.

Market composition

At the end of the fiscal year 2010/2011 the Botswana capital markets comprised of the following registered exchanges:

- Bourse Africa Limited
- Botswana Stock Exchange

The BSE has four stockbrokerage firms that are authorized to deal through the exchange:

- African Alliance Botswana Securities (Pty) Limited
- Capital Securities (Pty) Limited
- Motswedi Securities (Pty) Limited
- Stockbrokers Botswana (Pty) Limited

The BSE had a total of 30 listed companies as at March 31, 2011, 21 companies on the Domestic Board and 9 companies on the Foreign Equities Board. The BSE reports that the total market capitalization of listed companies, as of March 31, 2011, was P468.6 million.

The BSE also controls the Central Securities Depository Company of Botswana Limited, which is a company registered in the Republic of Botswana in 2008.

Botswana Stock Exchange ("BSE"): market performance

The BSE market performance indicators reveals that the highest liquidity levels with an average daily turnover of P5.1million and 137.8million shares traded were recorded during the quarter ending December 2010. In the previous 4 quarters, the highest average daily turnover recorded was P4.0million for the quarter ending March 2010. Total market turnover for the current year under review was P942.0million while total number of shares traded was 366.4million.

There were 35 bonds listed on the Exchange at March 31, 2011. During the 12 months ended March 31, 2011, six new bond issues were listed on the Exchange, five of which were corporate bonds and the other a government bond.

C. INTERNATIONAL FINANCIAL SERVICES CENTRE ("IFSC")

The International Financial Services Centre ("IFSC") accredited companies are regulated in terms of the NBFIRA Act PART VIII Sections 82-84.

Market composition

At the end of the fiscal year 2010/2011 there were nineteen (19) IFSC accredited companies undertaking non-bank financial business activities in Botswana. Details of IFSC accredited companies operating in Botswana are shown in Appendix E.

During the year, Botswana International Financial Services Centre and NBFIRA engaged in an exercise to classify IFSC accredited companies guided by the newly implemented Statutory Instrument No. 125 of 2010. The companies were classified based on their underlying activities, and the process was to ensure that prudential regulations and supervisory activities are aligned to their business activities. The process will be completed in the next financial year.

Regulatory challenges

With respect to compliance issues, the assessment course on the quarterly and annual returns submitted to NBFIRA offices revealed that in two cases, IFSC accredited companies had failed to maintain a minimum employment level, which is a condition on their Tax Certificates. No civil penalties in this regard were levied, but companies were given an opportunity to make representations and remedy these lapses.

D. CAPITAL MARKETS REGULATORY AND SUPERVISORY ACTIVITIES

1. INVESTMENT INSTITUTIONS

a. New Licenses

An integral feature of NBFIRA's supervisory activities is the licensing of investment institutions. The licensing review provides the initial and minimum requirement for future supervision. Among other safeguards, it provides a traceable record of the firm's location, owners and management.

During the period under review, the management company Summit Development Group (Pty) Ltd ("SDG"), and the fund, SDG Africa (Pty) Ltd submitted an application. The fund operates as a private equity fund which will not promote the sale of its units to the public but will, instead, target institutional/professional investors. To the extent that the fund will not be marketed to the public or retail investors, the fund does not qualify as a CIU under Section 5(2) of the CIU Act. SDG was accredited in 2008 by the IFSC as an investment company although the certificate was issued in December 2010, the delay caused primarily by the change of regulators from BoB to NBFIRA. SDG Africa (Pty) Ltd has also been recommended for issuance of the tax certificate, as per an IFSC letter dated December 10, 2010.

Standard Chartered Bank of Botswana ("SCBB") has been granted approval to offer Custodial and Trustee Services in terms of the CIU Act and the NBFIRA Act. The granting of approval resulted in the transfer of existing clients of Barclays Securities and Custody Services ("BSCS") to SCBB under an agreement of sale and transfer of the business by and between the parties.

The Authority received an application to grant Local Asset Status to a South African Exchange Traded Fund, BettaBeta, which will be marketed locally by African Alliance Botswana Securities ("AABS") in Botswana, who are the facilities managers. The BettaBeta Exchange Traded Fund was approved as an inward marketing product and granted Local Asset Status.

All entities regulated by this division, except those licensed under the CIU Act and the BSE Act, were granted temporary waiver to operate due to the fact that specific regulations for the sectors are currently being developed.

Amongst applications received by the NBFIRA Capital Markets Division was an application by Mascom Wireless Botswana ("Mascom") to provide a financial service through mobile phones. This was a unique application as NBFIRA does not regulate mobile operators, but had to review the non-bank financial services (money transfers) that were being offered to potential clients. The service proposed by Mascom was to provide a platform in terms of which clients would be able to transfer funds through their mobile phones. Mascom was to engage the services of a partner commercial bank and would further vet agents who would be their service providers. The Division concluded that this application was not in the domain of current NBFIRA regulations, however, Mascom was asked to provide their strategy with regards risk mitigation.

A meeting was jointly conducted with BoB to ascertain their views on the application, with the outcome that Mascom submitted the risk mitigation strategy and was subsequently granted permission to market the product to the public. Mascom undertook to submit periodic data to keep NBFIRA apprised of the performance of this new product.

b. Cancelled/Suspended Licenses

The Division did not cancel or suspend any licenses during this financial year of 2010/2011.

c. Inspections

Inspections are a proactive way of identifying potential situations that could pose a threat to the capital markets and in this year, the Investment Institutions Department within the Capital Markets Division of NBFIRA carried out two pre-operation inspections, as well as continuous off-site inspections of all companies under NBFIRA's purview.

• On-Site inspections

On September 27, 2010 a pre-operation inspection was carried out on Coronation Fund Managers. This was a follow up of the authorization of the Coronation Global Investment Fund Botswana in April 2010 which had a condition that the management company should have commenced operations within 6 months of the date of authorization. Prior to commencement of the business, NBFIRA was to carry out an inspection of the office and systems to be used by the management company.

Subsequent to licensing on October 22, 2010 a pre-operation inspection of the Trustee and Custodial Services Division at Standard Chartered Bank of Botswana was carried out on December 1, 2010.

In order to gain a better understanding of the regulated entities under the division's responsibility, research and analysis, including familiarization site visits, were carried out on the following companies:
African Alliance,
Imara Holding Limited,
Investec Fund Managers Botswana ("IFMB") (Pty) Ltd.

• Off-Site Inspections

The Capital Markets team is kept abreast of the performance of its industry participants by the periodic reporting received on agreed intervals. It is through these reports that the team ensures that the participants are complying with established rules and regulations as well as to analyze and monitor the financial soundness of these entities. To date, all regulated entities reviewed were found to be in compliance with NBFIRA regulations during the period under review.

d. Complaints

NBFIRA utilizes the input of direct complaints by consumers of regulated entities as a tool to monitor compliance and corporate behavior of the entities. During the period under review, only one complaint was lodged against an investment advisor. This company is no longer a going concern. As part of the investigation, the Authority held a regulatory meeting with both the complainant and Institution and reached a mutual agreement. It is with this case that the Investment Institutions Department sees the need to educate the public at large about the importance of investigating the legitimacy of companies they invest their monies with.

e. Regulatory Challenges

In the Investment Institutions Department, the necessary set of rules and regulations for the regulated entities are still in draft format only. This continues to be a challenge to NBFIRA as entities continue to operate on an 'exempt' basis from the usual reporting requirements and operating regulations that should be in place. NBFIRA and the affected entities are engaged in the development and finalization of the draft rules and regulations.

2. MICRO LENDING

a. New Licenses

The Regulatory Authority received 155 applications to operate micro lending business, all of which were issued temporary waivers to operate while the set of Regulations for Micro-lending as prepared by NBFIRA are formally approved by the MFDP and put into effect. NBFIRA is currently preparing a set of implementing rules and operating and reporting procedures for the micro-lending operators that will supplement the MFDP approved Regulations. These rules, which will come into effect once the Regulations are promulgated, will, among other matters, require the current micro-lenders operating on a waiver basis to submit current financial records and reapply for permanent operating licenses.

b. Inspections

The Authority carried out an investigation to establish whether one Micro Lender was engaged in activities of financial crime. The Authority resolved that there was no evidence that the Micro Lender was involved in any form of financial crime.

c. Complaints

The Regulatory Authority continues to receive numerous complaints from aggrieved micro lending clients. Where possible, the concerned Micro Lenders were contacted in an effort by NBFIRA to mediate. During the year, a total of 54 queries were submitted to NBFIRA. The table below gives a breakdown of complaints by nature. The Authority also participated in a number of public education programs, such as the Consumer Education Radio Campaign, in partnership with the Department of Trade and Consumer Affairs with the goal of educating the public about the micro lending business.

3. REGULATORY CHALLENGES FOR THE DIVISION

The Division continues to experience an acute shortage of trained personnel. While the approved staffing level for the Capital Markets Division, under the Regulatory Authority establishment register, is 17; total staff has been frozen at 9 people due to budgetary constraints. This shortfall of trained staff has forced

Types of complaints received: April 2010 - March 2011

	April	May	June	July	August	September	October	November	December	January	February	March	Total
Deductions without signed contract												1	1
Disclosure schedule not issued											3	1	4
Dispute settlement amount			1			1		2	1	2	3	2	12
Refusal to issue early settlement				1									1
Refusal to issue statement on demand		1											1
Excessive Interest		4			2	1			2	2		6	17
Illegal Collection Method				1					1				2
Over-Deduction of repayment installment.			1	1	3		1		2				8
Terms and conditions not explained					1								1
Use of Blank Documents									1				1
Other, (forgery by the Micro Lender)								5		1			6
Total	**0**	**5**	**2**	**3**	**6**	**2**	**1**	**7**	**7**	**5**	**6**	**10**	**54**

the division to forgo and/or delay certain important components of its mandated regulatory duties. This is particularly critical in the area of on-site inspections of management companies, custodians, trustees and securities dealers.

4. CONSULTATIVE MEETINGS FOR THE CAPITAL MARKETS DIVISIONS

Capital Markets Division continued to conduct quarterly industry meetings to inform the industry participants of the following important issues that NBFIRA is working on:

- Updates on relevant regulatory and supervisory issues,
- The proposed NBFIRA Fee and Levy Structure as it will be implemented for the capital market operators and industry participants,
- NBFIRA development through the World Bank sponsored Enhancing Capital Markets Supervision, project,
- Periodic updates on the NBFIRA Budget process to advise on the use of revenues derived from the industry fees and levies.

5. LEGISLATIVE UPDATES/PROJECTS

Levy and Fee Structure – Draft Regulations

The NBFIRA Act allows for NBFIRA, as a regulator, to implement a fee and levy structure on those entities whose financial soundness and operational safety it is responsible for. During the year under review, NBFIRA developed a comprehensive Levy and Fee Structure which was thoroughly discussed with all industry participants. Following amendments to address industry concerns, the draft Regulations have been submitted to the Minister of Finance and Development Planning for his approval, having been previously approved by the NBFIRA Board of Directors.

Final approval, which has been further delayed pending review by the Cabinet, has not been granted as of the date of this report, with the effect of causing severe restraints on the NBFIRA budget process and funding shortfalls critical to the NBFIRA strategic objectives. For the Capital Markets Division, this postponement translates directly into a shortage of the key personnel necessary to properly supervise an expanding market as well as challenges in the areas of on-site inspections, implementation of data analysis systems, and staff development.

Micro Lending Regulations

The micro lending industry in Botswana has expanded rapidly and exhibits a critical need for oversight and close supervision in a number of high risk areas. During the year under review, NBFIRA finalized a comprehensive set of Micro Lending Regulations covering the spectrum of licensing, operations and lending rules governing this sector. The approval process is currently ongoing within the MFDP and final approval and implementation is expected before year-end 2011. The Finance Minister, in his budget speech on February 7 2011, mentioned that the Micro-lenders Regulations are due to be gazetted.

As mentioned above, NBFIRA is actively engaged in the process of establishing a proper regulatory régime in Botswana for the micro lending sector.

The Securities Bill

The Securities Bill whose purpose is, inter alia, to corporatize the stock exchange by separating ownership of the stock exchange from participation on its floor, and which will replace the BSE Act has been sent to parliament for passing it into law subject to amendments of the relevant provisions as per the Presidential Directive. The Directive proposes that the NBFIRA Act be amended to ensure alignment with the Securities Bill. The Ministry of Finance and Development Planning is in the process of instructing the Attorney Generals Chambers to amend the Act in line with the Directive.

Enhancing Capital Markets

During the year, NBFIRA Capital Markets Division commenced a project to strengthen legislature in Capital Markets. The project started in October 2010 and includes programs to:

- Create a risk-based regulatory regime for Capital Markets participants,
- Assess the practicality of, and make recommended amendments to Self Regulatory Organizations (SRO) legislation as applicable in the current market environment, and;
- Conduct a review and recommend revisions to the CIU Act.

The interested stakeholders for these issues have been engaged in dialogue with NBFIRA since the inception of the project beginning with initial information gathering workshops conducted in February 2010 and following with workshops during which the draft regulations were reviewed in March 2011. The stakeholders continue to provide feedback to NBFIRA as this is an ongoing process.

NBFIRA staff at Mokolodi where they reviewed the Authority strategic plan. The purpose of the workshop was to ensure total alignment and buy in by all.

NBFIRA staff visiting SOS children as part of their Corporate Social Responsibility programme.

Annual Financial Statements

General Information

DIRECTORS

M. Dube	(Chairperson)
N. C. Greenland	(Deputy Chairperson)
L. G. Matenge	(Chairperson - Finance & Audit Committee)
T. T. K. Matome	
L. K. Mohohlo	
S. M. Sekwakwa	

CHIEF EXECUTIVE OFFICER

O. M. Ramasedi

NATURE OF BUSINESS

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is constituted in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2006 and is domiciled in the Republic of Botswana. The main purpose of the Authority is to safeguard the stability, fairness and efficiency of the non-bank financial sector through its regulatory role on Non-Banking Financial Institutions that includes; insurance companies, pension funds, collective investments undertakings and the stock exchange.

REGISTERED OFFICE

First Floor, MVA House
Plot 50367
Showgrounds
Gaborone

BANKERS

Stanbic Bank
Fairgrounds Branch

LAWYERS

Messrs. Salbany Torto Attorneys
P. O. Box 599
Gaborone

AUDITORS

Ernst & Young
Certified Public Accountants (Botswana)
2nd Floor, Plot 22, Khama Crescent
P.O. Box 41015, Gaborone

REPORTING DATE

31 March 2011

Board's Responsibility and Approval of Annual Financial Statements

The Authority's directors are responsible for the preparation of annual financial statements and all other information presented therewith. Their responsibility includes maintenance of financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

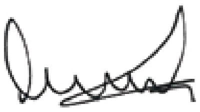
The Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse of the Authority's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal control.

The independent auditors are responsible for giving an independent opinion on the annual financial statements based on their audit of the affairs of the Authority.

After making enquiries the directors have no reason to believe that the Authority will not be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these annual financial statements based on forecasts, available cash resources and continued support of the Government of the Republic of Botswana.

The directors are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the Authority and to ensure that all transactions are duly authorised.

Against this background, the directors accept responsibility for the annual financial statements on pages 41 to70, which were signed on its behalf by:



....

....

Directors signature

Date: 19 August 2011

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY

Report on the financial statements

We have audited the accompanying financial statements of Non-Bank Financial Institutions Regulatory Authority, which comprise the statement of financial position as at 31 March, 2011, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 70.

Directors' responsibility for the financial statements

The Authority's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Non-Bank Financial Institutions Regulatory Authority as at 31 March, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

Ernst + Young

Certified Public Accountants
Practicing Member: Thomas Chitambo (20030022.05)
19 August 2011

ERNST & YOUNG

2nd Floor, Plot 22, Khama Crescent
P.O. Box 41015, Gaborone
Botswana

	Notes	March 2011 P	(Restated) March 2010 P
REVENUE			
Government grants	2	18,875,360	16,574,932
Amortisation of government grants relating to capital assets	17	447,912	315,809
Total grants revenue		19,323,272	16,890,741
Other revenue			
Licenses and penalties		532,459	526,780
Total revenue (before interest)		19,855,731	17,417,521
EXPENDITURE			
Staff costs	3	12,321,512	12,318,866
Consultancy costs	4	1,143,898	1,350,605
Administration expenses	5	2,019,649	2,272,492
Operating lease expenses	6	1,163,688	1,529,932
Other expenses		831,872	1,418,860
		17,480,619	18,890,755
Operating Surplus/(Deficit)		2,375,112	(1,473,234)
Interest revenue	7	78,301	86,630
Surplus/(Deficit) for the year		2,453,413	(1,386,604)
Other comprehensive income for the year		-	-
Total Comprehensive Income		2,453,413	(1,386,604)

	Notes	March 2011 P	(Restated) March 2010 P	(Restated) 01 April 2009 P
ASSETS				
Non-current assets				
Property and equipment	8	2,676,923	2,849,674	2,038,408
Current assets				
Trade and other receivables	9	155,596	53,216	132,784
Cash and cash equivalents	10	2,985,353	1,341,009	1,784,273
		3,140,949	1,394,225	1,917,057
Total assets		5,817,872	4,243,899	3,955,465
FUNDS, RESERVES AND LIABILITIES				
Funds and reserves				
Accumulated surplus (deficit)/funds		1,873,153	(580,260)	806,344
Non - current liabilities				
Government grants	17	2,676,923	2,849,674	2,038,408
Deferred operating lease liability	16.1	-	192,038	-
		2,676,923	3,041,712	2,038,408
Current liabilities				
Trade and other payables	11	657,379	1,299,495	1,095,388
Provisions	12	403,295	319,585	15,325
Deferred operating lease liability	16.1	207,122	163,367	-
		1,267,796	1,782,447	1,110,713
Total funds, reserves and liabilities		5,817,872	4,243,899	3,955,465

		Accumulated Funds	Total
		P	P
Balance as at 31 March 2009		824,869	824,869
Surplus for the year adjusted		806,344	806,344
Surplus for the year previously reported		824,869	824,869
Prior year adjusted	18	(18,525)	(18,525)
Balance at 01 April 2009 as restated		806,344	806,344
Deficit for the year adjusted		(1,386,604)	(1,386,604)
Deficit for the year previously reported		(1,299,770)	(1,299,770)
Prior year adjusted	18	(86,834)	(86,834)
Balance as at 31 March 2010 as restated		(580,260)	(580,260)
Surplus for the year		2,453,413	2,453,413
Surplus as at 31 March 2011		1,873,153	1,873,153

	Notes	March 2011 P	(Restated) March 2010 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/(Deficit) for the period		2,453,413	(1,386,604)
Adjustments for:-			
Amortisation of government grants		(447,912)	(315,809)
Depreciation	5	447,912	315,809
Interest revenue	7	(78,301)	(86,630)
Deferred operating lease liability	16.1	(148,283)	355,405
Movement in provision for leave pay for the year	12	83,710	304,260
Cash generated/(absorbed) by operations before working capital changes		2,310,539	(813,569)
(Decrease)/Increase in trade and other payables	11	(642,116)	204,106
(Increase)/Decrease in trade and other receivables	9	(102,380)	79,568
		(744,497)	283,675
Net cash flows from operating activities		1 566 043	(529 895)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of plant and equipment for expansion	8	(275,160)	(1,127,076)
Interest revenue	7	78,301	86,630
Net cash used in investment activities		(196,859)	(1,040,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government grants		275,160	1,127,076
Net cash flows from financing activities		275,160	1,127,076
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,644,344	(443,265)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,341,009	1,784,274
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	2,985,353	1,341,009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. All values are rounded to the nearest Pula (P1) except when otherwise indicated.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Non-Bank Financial Institutions Regulatory Authority Act, 2006.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the Authority's accounting policies, management has made the following estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year.

Key areas of estimation and judgement

The key assumptions concerning the future and other key sources of estimation uncertainty and judgements at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as they involve assessments or decisions that are particularly complex or subjective, are discussed below:

Depreciation charges and residual values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives is depreciated separately. The useful life of assets is determined with reference to its design life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, product life cycles and the intention of management. Residual values of an asset are determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the group with similar assets and the intention of management.

Assessment of the asset condition and usefulness are the key assumptions used to determine the assets' useful lives and residual values. Also refer to Note 8.

Plant and equipment

All plant and equipment are measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs such as replacement parts and major inspections are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. All day-to-day repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated separately over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following methods and rates were used during the period to depreciate property, plant and equipment to estimated residual values:

Motor vehicles	20%
Furniture and Fittings	10%
Office Equipment	15%
Computer Equipment	33.33%

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

Impairment of Non-Financial Assets

At each reporting date, the Authority reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the surplus or deficit in those categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the surplus or deficit.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The Authority assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Authority has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria must also be met before revenue is recognised:

License fees

Licensing fees are recognised on licensing of the relevant supervised entities.

Penalties

Penalties are recognised in the surplus or deficit on penalizing of the relevant supervised entity.

Interest revenue

Revenue is recognised as interest accrues (using the effective interest method). Interest income is recognised in the surplus or deficit.

Government grants

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

Where the Authority receives a non-monetary grant, the asset and that grant are recorded at nominal amounts and released to the total surplus or deficit over the expected useful life of the relevant asset by equal annual installments.

Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in previous financial statements are taken to the statement of comprehensive income in the period they arise.

Employment benefits

Pension

For non-management, the Authority operates a defined contribution scheme for the employees. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due. For management employees, the Authority pays gratuity in accordance with the respective contracts of employment. In some contracts gratuity is paid monthly, while in others, gratuity is deferred and settled at the end of the contract.

Leave pay provision

The Authority recognises, in full, employee's rights to annual leave entitlement in respect of past service. The recognition is made each year and is calculated based on accrued leave days not taken during the year. The charge is made to expenses in the statement of comprehensive income and a separate provision in the statement of financial position.

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. The Authority had no eligible assets or borrowing costs for the periods reported.

Financial Instruments

Cash and cash equivalents
For the purpose of the cash flow statement, cash and cash equivalents consist of cash and deposits on call in banks, net of outstanding bank overdrafts. Cash and cash equivalents are subsequently carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates its fair value.

Initial Recognition

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, including transaction costs except for instruments at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Authority commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.
The Authority's financial assets include cash and cash equivalents and trade and other receivable.

Financial Assets

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in surplus or deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
Loans and receivables consist of trade and other receivables and cash and cash equivalents.

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets

The Authority assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of a separate allowance account, namely provision for doubtful debts account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Reversal of impairment losses on financial assets at amortised cost is limited to the level that would have been the amortised cost had the asset not been impaired previously. Any subsequent reversal of an impairment loss is recognised in surplus or deficit.

In relation to financial assets, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Authority will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Authority determines the classification of its financial liabilities on initial recognition.

Loans and borrowings are carried subsequent to initial measurement at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and borrowings are derecognised as well as through the amortisation process. The Authority's financial liabilities include trade and other payables.

Financial guarantee contracts

Financial guarantee contracts issued by the Authority are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Financial instruments (continued)

Amortised cost

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired.
The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
(a) the Authority has transferred substantially all the risks and rewards of the asset, or
(b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect of the time value of money is material.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Minimum operating lease payments of an operating lease are recognised as an expense in the surplus or deficit on a straight line basis over the lease term.

Change in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Authority has adopted the following new and amended IFRS Standards and IFRIC interpretations as of 31 August 2009:

IFRS 3 Business Combinations
(Revised) effective 1 July 2009

Revised IFRS 3 replaces IFRS 3 as issued in 2004 and comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This standard has not impacted the reported financial performance or position and disclosures of the Authority as business combinations are not applicable to the structures of the Authority. IFRS 3R introduced a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009

IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. The amended standard changes the accounting for losses incurred by the subsidiary and amended the calculation of gain or loss from the sale of a controlling interest in a subsidiary. The changes introduced by IAS 27R must be applied prospectively and has not affected the financial performance or position and disclosures of the Authority as the Authority does not have any minority interests at present.

Amendments to IAS 7 Statement of cash flows:
(effective 01 January 2010)

This standard has not impacted the reported financial performance of the Authority but has affected the disclosures in the financial statements.

Amendments to IAS 36 Impairment of assets:
(effective 01 January 2010)

This standard has not impacted the reported financial performance of the Authority, as there has not been any impairment of assets in the year under review.

IFRIC 17 Distribution of Non-cash assets to owners:
(effective 01 July 2009)

The interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. IFRIC 17 has not impacted the financial statements as the Authority has not made non-cash distributions to the Government of Botswana in the past.

CHANGE IN ACCOUNTING POLICIES (continued)
IFRIC 19 Extinguishing financial liabilities with equity instruments: (effective 01 July 2010)

A debtor or creditor might renegotiate the terms of a financial liability with the result that the debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor. These transactions are sometimes referred to as “debt for equity swaps”. This IFRIC provides guidance on how to account for such transactions. This standard has not impacted the reported financial performance of the Authority, as the Authority does not engage in “debt for equity swaps”.

Amendments to IFRS 2 Share based payments:
(effective 01 January 2010)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share based payment transactions. The Amendments has no impact as there are no share-based payment arrangements done by the Authority.

IAS 32 Classification of rights issues – Amendment to IAS 32: (effective 1 February 2010)

This amendment clarifies the classification of rights issues, options and warrants denominated in a foreign currency. This standard has not impacted the reported financial performance of the Authority, as the Authority does not have any such rights issues.

IAS 39 Amendment to IAS 39 Financial instruments: Recognition and measurement – Eligible hedged items (effective 1 July 2009)

The amendment clarifies that the entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Authority has concluded that the Amendment has no impact on the financial position or performance of the Authority as the Authority has not entered into any such hedges.

Improvements to IFRSs for April 2009

Improvements to IFRS issued by the IASB in April 2009, primarily with the view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard. The adoption of the following amendments could result in changes in the accounting policies, but do not have any impact on the financial position or performance of the authority, although disclosure might be impacted.

IFRS 2 Share-based payments:

The amendment clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are out of the scope of IFRS 3 Business Combinations (as revised in 2008). This amendment does not have any impact on the Authority as the Authority does not have any share-based payments.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:

Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The amendment is effective for all financial years commencing on or after 1 January 2010 and has not impacted the Authority's financial position as there were no assets classified under IFRS 5.

IFRS 8 Operating Segment Information:

The amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The amendment is effective for all financial years commencing on or after 1 January 2010 and has not affected the Authority's disclosures.

IAS 1 Presentation of Financial Statements:

The terms of a liability that could result, at any time in its settlement by the issuance of equity instruments at the option of the counterpart do not affect its classification. This Amendment did not have any impact on the Authority, as the Authority did not issue any such instruments.

IAS 7 Statement of Cash Flows:

Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. The amendment is effective for all financial years commencing on or after 1 January 2010 and has been applied by the Authority.

IAS 17 Leases:

In terms of the amendment the specific lease classification principles regarding the lease of land is no longer applicable. The classification of all leases is now subject to the same principles. The amendment might impact the classification of operating leases of land. The amendment is effective for all financial years commencing on or after 1 January 2010 and has no impact on the Authority as no land has been leased by the Authority.

IAS 36 Impairment of Assets:

The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Authority as the annual impairment test is performed before aggregation. The amendment is effective for all financial years commencing on or after 1 January 2010 and will be applied when effective.

IAS 38 Intangible Assets: (effective 1 July 2009)

Additional consequential amendments arising from revised IFRS 3

The amendment clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. This amendment does not have any impact on the Authority, as the Authority did not acquire any such intangible assets in a business combination.

Measuring the fair value of an intangible asset acquired in a business combination

The amendment clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. This amendment does not have any impact on the Authority, as the Authority did not acquire any such intangible assets in a business combination.

IAS 39 Financial Instruments: Recognition and Measurement

Assessment of loan prepayment penalties as embedded derivatives

The amendment clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The Amendment does not have any impact on the Authority as there are no loan repayment penalties for the Authority to account for.

Scope exemption for business combination contract

The amendment clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken. This amendment does not have any impact on the Authority, as there are no business combinations.

Cash flow hedge accounting

The amendment clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss. This amendment does not have any impact on the Authority, as the Authority does not apply cash flow hedge accounting.

IFRIC 9 Reassessment of Embedded Derivatives:

The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. This amendment will have no impact on the Authority, as there are no business combinations.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation:

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. This amendment does not have any impact on the Authority, as the Authority does not apply hedge accounting.

IFRS 7 Financial Instruments - Disclosures:

The amendment clarifies that there must be a link between the qualitative and quantitative financial risk disclosures in the financial statements. The amendment is effective for financial years beginning on or after 1 January 2010 and will be applied when effective. The amendment will reduce the extent to which disclosures will be provided on financial instruments in the future.

IAS 27 Consolidated and Separate Financial Statements:

The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. This Amendment does not have any impact on the Authority as the Authority does not have any subsidiaries.

IAS 34 Interim Financial Reporting:

Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification
- Transfers of financial instruments between different levels of the fair value hierarchy
- Changes in classification of financial assets
- Changes in contingent liabilities and assets

This amendment does not have any impact on the Authority, as the Authority does not prepare interim financial statements.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Authority has not applied the following IFRSs and IFRIC interpretations that have been issued but are not yet effective.

IAS 1 Presentation of Financial Statements:

An entity shall present an analysis of other comprehensive income by item, either in the statement of changes in equity or in the notes to the financial statements, for each component of equity. The amendment is effective for financial years beginning on or after 1 January 2011. The amendment has been applied by the Authority as disclosed in the financial statements.

IFRS 1(Revised 2008) First-time Adoption of International Financial Reporting Standards – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendment)

In March 2009, the IASB provided relief from providing comparative information in certain disclosure requirements in the first year of application. This Amendment clarifies the conclusions and intended transition to IFRS. As the Authority already reports in terms of IFRS, the adoption of this revision will not have an impact to the financial performance of the Authority.

IFRS 9 Financial Instruments: (effective 01 January 2013)

This standard introduces new requirements for classifying, measuring and disclosing financial instruments that must be applied starting 1 January 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. This standard is expected to impact the classification, measurement and disclosure of the financial statements of the Authority.

IAS 24 Related Party Disclosures: (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Authority does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Authority after initial application, as the Authority is established under an Act of Parliament, with has no rights issues.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets. The Authority will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment) :

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Authority.

IFRIC 18 Transfer of assets from customers :

This standard becomes effective for transfer of assets on or after 1 July 2009. This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. As the Authority did not enter into any such arrangements, the Amendment has not impacted the Authority's financial performance.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Authority.

Improvements to IFRSs (issued in May 2010) :

The IASB issued *Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments* have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Authority:

IFRS 3 *Business Combinations*
IFRS 7 *Financial Instruments: Disclosures*
IAS 1 *Presentation of Financial Statements*
IAS 27 *Consolidated and Separate Financial Statements*
IFRIC 13 *Customer Loyalty Programmes*

The Authority, however, expects no impact from the adoption of the amendments on its financial position or performance.

IAS 12 Deferred Tax: Recovery of underlying assets (Amended)

The amendment to IAS 12 Income Taxes was issued in December 2010. The amendment provides a practical solution to the problem of determining whether assets measured using the fair value model in IAS 40 Investment Property are recovered through use or through sale. The amendment is effective for annual periods beginning on or after 1 July 2011, with earlier application permitted. The amendment is deemed to have no impact on the financial statements of the Authority, as the Authority does not have any Investment Property.

IFRS 10 Consolidated Financial Statements

This is a new standard effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS27 Consolidated and Separate Financial Statements that addresses accounting for consolidated financial statements. The standard establishes a single control model that applies to all entities (including "special purpose entities" or "structured entities". The changes introduced, will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent. This standard will not affect the financial statements of the Authority.

IFRS 11 Joint Arrangements

IFRS 11 is a new standard effective for annual periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 uses some of the terms that were used IAS 31, but with different meanings. This standard only addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. The option to account for jointly controlled entities (JCEs) using proportionate consolidation has been removed. Instead in JCEs that meet the definition of a joint venture must be accounted for using equity method. For joint operations (which includes former jointly controlled operations, jointly controlled assets, and potentially some former JCEs), an entity recognises its assets, liabilities, revenues and expenses, and/or its relative share of those items, if any. in addition, when specifying the appropriate accounting , whereas IAS 31 focused on the legal form of the entity, IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement. This standard will not have an impact in the financial statements of the Authority.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 is a new standard effective for annual periods beginning on or after 1 January 2013. IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. Many of the disclosure standards were previously included in IAS 27, IAS 31 and IAS 28, while others are new. The objective of this standard, is for an entity to disclose information that helps users of the financial statements evaluate:

1. The nature of, and risks associated with, its interests in other entities.

2. The effects of those interests on its financial position, financial performance and cash flows.

One of the new requirements of IFRS 12 is that an entity discloses the significant judgments and assumptions it has made (and changes thereto) in determining:

a) Whether it has control, joint control or significant influence over another entity.

b) The type of joint arrangement (i.e. joint operation or joint venture) when the joint arrangement is structured through a separate vehicle.

IFRS 12 expands the disclosure requirements for subsidiaries with non-controlling interest (NCI), joint arrangements and associates that are individually material. This standard will not have an impact in the financial statements of the Authority.

IFRS 13 Fair Value Measurement

IFRS 13 is a new standard effective for annual periods beginning on or after 1 January 2013. This is an attempt by International Accounting Standard Board (IASB) to establish a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The main for the IASB to issue this standard was to reduce complexity and improve consistency in application when measuring fair value. Many IFRS require or permit entities to measure or disclose the fair value of assets, liabilities, or equity instruments, but prior to the issuance of IFRS 13, the guidance on how to measure fair value was limited and, in some cases, the guidance was conflicting. IFRS 13 consolidates and clarifies the guidance on how to measure fair value. Other reason for the issuance of this standard was to enhance disclosures for fair value and to increase convergence with US GAAP. This standard will affect the disclosures of the financial statements when it becomes effective.

			March 2011 P	(Restated) March 2010 P
2	**GOVERNMENT GRANTS**			
	Revenue grants		18,875,360	16,574,932
	Capital grants	17	275,160	1,127,076
	Total Government Grants Received		19,150,520	17,702,008
	There are no unfulfilled conditions or contingencies attached to these income and capital grants.			
3	**STAFF COSTS**			
	Basic salaries		6,683,811	6,411,798
	Allowances		4,865,593	5,297,984
	Defined contribution plan expense		772,108	609,084
	Total staff costs		12,321,512	12,318,866
4	**CONSULTANCY COSTS**			
	Insurance forensic investigation		603,673	351,607
	Share dealing investigation		-	498,564
	Human resources consultancies		509,040	236,439
	Micro-lending consultancy		31,185	33,656
	Other consultancies		-	230,339
			1,143,898	1,350,605
5	**ADMINISTRATION EXPENSES**			
	Accounting Services		-	103,510
	Advertising		41,856	151,892
	Audit Fees		78,624	51,975
	Bad debts		74,068	-
	Bank Charges		18,029	24,547
	Depreciation		447,912	315,808
	Entertainment		65,004	70,976
	Insurance		95,402	43,430
	Office Expenses		39,445	35,356
	Postage		4,622	6,276
	Printing and stationery		254,160	455,270
	Recruitment		266,478	119,020
	Telephone & Fax		297,557	288,239
	Travel		137,358	498,054
	Utilities -Electricity		158,191	87,598
	Utilities - Water		34,002	14,594
	Vehicle expenses		6,941	5,947
			2,019,649	2,272,492

	March 2011 P	(Restated) March 2010 P
6 OPERATING LEASE EXPENSES		
Office rental	1,163,688	1,529,932
7 INTEREST REVENUE		
Interest revenue on other loans and receivables	78,301	86,630

8 PLANT AND EQUIPMENT

	Furniture and Fittings P	Motor Vehicles P	Computer Equipment P	Total P
COST				
At 31 March 2010	1,548,642	142,194	1,535,047	3,225,883
Reclassification	6,641		(6,641)	-
Additions for the period	71,411	-	203,749	275,160
At 31 March 2011	1,626,694	142,194	1,732,155	3,501,043
ACCUMULATED DEPRECIATION				
At 31 March 2010	78,114	30,845	267,249	376,208
Reclassification	(2,489)	-	2,489	-
Depreciation	163,337	25,635	258,940	447,912
At 31 March 2011	238,962	56,480	528,678	824,120
Carrying amount at 31 March 2011	1,387,732	85,714	1,203,477	2,676,923
COST				
At 31 March 2009	641,210	142,193	1,315,403	2,098,806
Additions for the period	907,432	-	219,644	1,127,076
At 31 March 2010	1,548,642	142,193	1,535,047	3,225,882
ACCUMULATED DEPRECIATION				
At 31 March 2009	11,763	5,210	43,426	60,399
Depreciation	66,351	25,635	223,823	315,809
At 31 March 2010	78,114	30,845	267,249	376,208
Carrying amount at 31 March 2010	1,470,528	111,348	1,267,798	2,849,674

Assets valued at P6 641.00 were reclassified in the current from furniture and fitting to computer equipment. The carrying amount approximates fair value.

	2011	2010
	P	P
9 TRADE AND OTHER RECEIVABLES		
Staff advances	133,484	8,167
Provision for bad debts	(74,068)	-
	59,416	8,167
Prepayments	68,835	-
Other receivables	27,345	45,049
	155,596	53,216

Other receivables are non-interest bearing and are generally on 30-90 days terms, and comprise of rental deposits and tax credit on withholding tax charged on interest income. Staff advances are receivable over three months and do not attract any interest.

As at 31 March 2011, the ageing analysis of accounts receivable is as follows:

	2011	2010
Impaired	(74,068)	-
Neither past due nor impaired	27,345	45,049
Past due but not impaired:		
Less than 30 days	133,484	8,167
Between 30 days and 60 days	-	-
Between 60 days and 90 days	-	-
More than 90 days	-	-
	86,761	53,216

As at 31 March 2011, accounts receivable at nominal value of P74, 068 were impaired and fully provided for. Amounts that are neither past due nor impaired relate to rental deposit for the premises occupied, prepayments in the normal operations of the business and staff advances. The receivables that are neither past due nor impaired are considered fully recoverable.

	2011	Restated 2010	Restated 2009
	P	P	P
10 CASH AND CASH EQUIVALENTS			
Call	3,032,940	1,585,296	396,640
Current	(50,220)	(244,413)	1,386,032
Cash on hand	2,633	126	1,601
	2,985,353	1,341,009	1,784,273

A sweeping arrangement is in place for the call and current account with Stanbic Bank. The funds in the call account therefore clear the overdraft reflected in the current account. The cash and cash equivalents are earning interest at a floating rate based on daily bank deposits rates.

	2011	Restated 2010	Restated 2009
11 TRADE AND OTHER PAYABLES			
Accruals	442,746	1,139,974	440,483
Withholding tax payable	214,633	159,521	654,905
	657,379	1,299,495	1,095,388

Other payables are non-interest bearing and have an average term of three months.

	2011	Restated 2010	Restated 2009
12 PROVISIONS			
Opening balance	319,585	15,325	-
Additional provision during the period	163,153	547,457	96,536
Provision used during the period	(79,443)	(243,197)	(81,211)
Closing balance	403,295	319,585	15,325

This provision relates to leave pay provisions as at the reporting date. There is uncertainty on the timing of employment contracts and the number of employees who may choose to terminate their employment contracts, the provision has assumed the full value as per the staff in place as at 31 March 2011.

13 FINANCIAL INSTRUMENTS

The accounting classification of each category of financial instruments and their carrying amounts are as follows:

	Note	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
2011				
Trade and other receivables	9	27,345	-	27,345
Cash and cash equivalents	10	2,985,353	-	2,985,353
Trade and other payables	11	-	(442,746)	(442,746)
		3,012,698	(442,746)	2,569,952
2010				
Trade and other receivables	9	53,216	-	53,216
Cash and cash equivalents	10	1,341,009	-	1,341,009
Trade and other payables	11	-	(1,139,974)	(1,139,974)
		1,394,225	(1,139,974)	254,251

Financial risk management objectives and policies

The main risks arising from the Authority's financial instruments are financial currency risk, interest rate risk, credit risk and liquidity risk. The Authority does not hold any derivative financial instruments.

13 FINANCIAL INSTRUMENTS (continued)

Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised Non-Bank Financial Institutions and other counter parties will not be able or willing to pay or fulfil their obligations in accordance with the Non-Bank Financial Institutions Regulatory Authority Act. The Authority is exposed to credit risk through its cash balances that are placed with local banks. Reputable financial institutions are used for investing purposes.

All cash and cash equivalents are placed with financial institutions registered in Botswana.

The Authority has guaranteed scheme loans for employees with a reputable financial institution, of which 85% of the loan balance is guaranteed the Authority. Such loans are both secured (residential and motor) and unsecured (alternative to residential and motor), under secured loans the title or financial interest of the underlying asset is in the name of the Authority. The title or financial interest is transferred to the employees when the loan has been settled. Exposure to credit risk relating to guaranteed loans is mitigated by fully providing for the impaired loans.

As at year end the financial guarantees were valued at P3, 215, 989 (2010: P2, 453, 913).

The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and cash and cash equivalents, as shown in the statement of financial position in addition to the financial guarantee contract as indicated in the “Liquidity” section of this note.

The financial guarantees relating to secured loans are secured by the underlying asset. The exposure to the Authority is under the unsecured loans. Settlements of impaired loans are paid out of accumulated surpluses, whilst means of recovery are pursued.

Significant concentration of credit risk

The Authority is currently funded by the Government of Botswana, although a Levy Proposal has been prepared to charge the regulated and supervised entities’, this has not commenced as yet.

With no Levies imposed on regulated entities, there is no credit risk relating to the Non-Bank Financial Institutions on the Levies. Financial assets that potentially subject the Board to concentrations of credit risk consist primarily of cash and cash equivalents as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal trading course. Expertise and controls have been put in place to manage credit risk.

The Authority does not have any significant credit risk exposure to any single counterparty. As at year end there was no significant credit risk, the cash position as at year end was P2, 985, 353 (2010: 1, 341, 009).

Foreign currency risk

The Authority is not exposed to foreign currency risk, as there are currently no foreign suppliers. The Authority does not use foreign currency forward contracts or purchased currency options for trading purposes.

13 FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 10). Interest rates applicable to these financial instruments compare favourably with those currently available in the market. The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the Authority's (deficit)/surplus for the year (through the impact on floating rate financial instruments) and funds and reserves at reporting date. The reasonable possible change is based on past trends of interest rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no other direct impact on the Authority's funds and reserves.

	March 2011	(Restated) March 2010
Effect on (deficit)/surplus for the year	P	P
Increase of 0.5% in interest rates	(1,264)	(661)
Decrease of 2% in interest rates	5,055	2,642

Liquidity risk

The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Authority's reputation. The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management procedures for the management of the Authority's funding and liquidity management requirements.

The Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecast and actual cash flows, and by matching the Government Subvention to the maturity profile of the financial liabilities.

The following table summarises the maturity profile of the Authority's financial liabilities as at 31 March 2011 based on contractual undiscounted payments:

13 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

2011	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Trade and other payables	442,746		77,690	105,359	625,795
Financial guarantee contracts	3,215,989	-	-	-	3,215,989
	3,658,735	-	77,690	105,359	3,841,784

2010	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Trade and other payables	843,398	147,699	235,711	18,525	1,245,333
Financial guarantee contracts	2,453,913	-	-	-	2,453,913
	3,297,311	**147,699**	**235,711**	**18,525**	**3,699,246**

Fair values

The carrying amounts of all financial assets and financial liabilities approximate to their fair value.

Capital management

Capital includes all funds and reserves as per the face of the statement of financial position. The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created for Management is of the view that these objectives are being met. During 2011, the Authority did not have borrowings. As a new government owned institution, the Authority is supported by the Government of the Republic of Botswana who currently provides the necessary support to sustain the operations of the Authority. The NBFIRA Act stipulates that an annual estimate of the Regulatory Authority's expenditure for a financial year shall include provision for a Statutory Reserve of not more than 10% of the total expenditure provided in the estimate.

	March 2011 P	(Restated) March 2010 P

14 RELATED PARTY TRANSACTIONS

The Authority was set up by the Non-Bank Financial Institutions Regulatory Authority Act, 2006 and is therefore related to the Government of Botswana. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties;

	March 2011 P	(Restated) March 2010 P
Grants received		
Government of the Republic of Botswana	19,150,520	17,702,007
Compensation paid to key management personnel of the Authority		
Short-term employee benefits	2,899,684	3,350,358

Non executive directors fees are not included in compensation paid to key management above

	March 2011 P	(Restated) March 2010 P
Transactions with other parastatals		
Motor Vehicle Accident Fund -operating lease rentals	1,311,971	1,174,527
Botswana Telecommunications Corporation - telephone bills	128,614	211,383
Botsnet - internet and mail services installation	283,733	281,882
	1,724,318	1,667,792
Related party balances outstanding as at year-end:		
Motor Vehicle Accident Fund -operating lease rentals and utility recoveries	17,916	346,330
Botswana Telecommunications Corporation - telephone bills	28,666	-
Botsnet - internet and mail services installation	-	179,379
	46,582	525,709

The purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2011, the Authority has not recorded any impairment of receivables relating to amounts owed to related parties (2010: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Directors' fees

Directors' fees for the year amounted to P44 730 (2010: P44 520).

	March 2011 P	(Restated) March 2010 P

15 TAXATION

No provision for taxation is required as the Authority is exempt from taxation in terms of the Second Schedule of the Income Tax Act (Chapter 52:01).

16 COMMITMENTS AND CONTINGENCIES

16.1 Operating lease commitments

The Authority has entered into a commercial property lease with the Motor Vehicle Accident Fund for a period of three years to 31 December 2011. There are no contingent rentals. The future aggregate minimum lease rentals under non-cancellable operating leases as at 31 March 2011 are as follows:

Operating lease commitments	March 2011 P	(Restated) March 2010 P
Within one year	1,039,035	1,311,971
After one year but not more than five years	-	1,039,035
More than five years	-	-
	1,039,035	2,351,006

Deferred operating lease liability	March 2011 P	(Restated) March 2010 P
Non current	-	192,038
Current	207,122	163,367
	207,122	355,405

16.2 Capital Commitments

As at 31 March 2011, the Authority did not have any capital commitments .

16.3 Guarantees

The Authority has provided guarantees of a certain portion of the employees' loans with the Botswana Savings Bank. The liability incurred during the year amounted to P74 068, while nil in 2010.

17 GOVERNMENT GRANTS

	March 2011 P	(Restated) March 2010 P
Opening balance	2,849,674	2,038,408
Received during the year	275,160	1,127,075
Amortisation of government grants	(447,912)	(315,809)
Closing balance	2,676,922	2,849,674

The Authority is funded through Government Subvention or Grant, currently there are no Levies charged on supervised entities.

18 RESTATEMENT OF ERRORS

The Authority has in the past under collected pay as you earn from the employees, due to the incorrect interpretation of the Income Tax Act (Chapter 52:01). The responsibility of pay as you earn collection rests with the Authority, a total of P105 359 was under deducted over the past three year period. The financial statements of 2009 and 2010 have been restated to correct this error. The effect of the restatement has been summarised below:

	March 2010 P	**March 2009 P**
Increase in payroll costs	86,834	18,525
(Decrease) in surplus/deficit for the year	(86,834)	(18,525)
Increase in other payables	86,834	18,525
(Decrease) in accumulated funds	(86,834)	(18,525)

NBFIRA got position 3, within financial services sector which exhibited at the Consumer Fair. This was it's maiden participation at the Fair.


HT10
CALIFORNIA SURF

NBFIRA staff helping at the SOS garden.

APPENDIX A: LICENSED INSURERS AND RE-INSURERS

COMPANY NAMES	ADDRESSES	TEL/FAX	CONTACT PERSON
RE-INSURERS			
First Re	P.O. Box 404271 Gaborone	3121041/3121043	Ms. Patience Marwiro
FMRE	P.O. Box 1839 Gaborone	Tel: 3934287/93/94 Fax: 3934310	Samuel Rimai (PO)
LIFE INSURERS			
Absa Life Botswana (Pty) Ltd	P.O. Box 11 Gaborone	Tel: 3625900 Fax: 3909827	Bilkiss Moorad
Botswana Insurance Fund Management Ltd	Private Bag BR 185 Gaborone	Tel: 3951 564 Fax: 3900 358	Tiny Kgatlwane
Botswana Life Insurance Ltd	Private Bag 00296 Gaborone	Tel: 3645100 Fax: 3905884	Patricia Raditholo
Momentum Life Botswana (Pty) Ltd	Private Bag 003 Suite 361, Mogoditshane	Tel:3500 462 Fax: 3500533	Mavis Rakhudu
Liberty Botswana (Pty) Ltd t/a Liberty Life Botswana	Private Bag 00128 Gaborone	Tel 3910310 Tel 3910311	Leungo Rasebotsa-Tibone
Metropolitan Life of Botswana Ltd	Private Bag BO235 Gaborone	Tel: 362 4400 Fax: 362 4423 Fax: 390 7353	Large Charumbira
Regent Life Botswana Ltd	Private Bag BR203 Gaborone	Tel: 3188 133 Fax: 31588 063	Ratanang Tsayang
GENERAL INSURERS			
Botswana Insurance Company Ltd	P.O Box 715 Gaborone	Tel: 3600 500 Fax: 3972 867	Johann Claasen
Export Credit Ins. & Guarantee Company (Botswana) Pty Ltd	Private Bag BO 279 Gaborone	Tel: 3188 015 Fax: 3188 017	Pauline Sebina
Hollard Insurance Company of Botswana (Pty) Ltd	P.O. Box 45029 Gaborone	Tel: 3958023 Fax: 3958024	Paul Beka
BIHL Insurance Company Ltd	P.O. Box 381 Gaborone	Tel: 3643300 Fax: 3643337	William Mujuru
Maemo Cell Insurance Company (Pty) Ltd	Private Bag BO 324 Gaborone	Tel: 3105994 Fax: 3934375	Fagose Sedenge
Mutual & Federal Insurance Company of Botswana Ltd	Private Bag 00347 Gaborone	Tel: 3903 333 Fax: 3903 400	John Heldsinger
Prefsure (Botswana) Ltd	P.O Box 601661 Gaborone	Tel: 393 6748 Fax: 391 8319	Era Stix Maseko
Regent Insurance (Botswana) (Pty) Ltd	Private Bag BR203 Gaborone	Tel: 3188 153 Fax: 3188 063	Douglas Heldsinger
Sesiro Insurance Company (Pty) Ltd	P.O. Box 329 Gaborone	Tel: 361 4200 Fax: 3956 110	Paul Ramokgalo
Sunshine Insurance Company Botswana (Pty) Ltd	Private Bag BR 15 Gaborone	Tel: 3105137 Fax: 3105139	Richard Inambao
Zurich Insurance Co. Botswana Ltd	P.O. Box 1221 Gaborone	Tel.:3188 888 Fax: 3188 911	Shiran Puvimanasinghe

APPENDIX B: LICENSED INSURANCE BROKERS

NAMES	ADDRESSES	TEL/FAX	CONTACT PERSON
Alexander Forbes Financial Services (Botswana) (Pty) Ltd	Private Bag 00410 Gaborone	Tel: 3651948 Fax: 3957 552	Paul Masie
Alexander Forbes Risk Services (Pty) Ltd	Private Bag BO 292 Gaborone	Tel: 3908562 Fax: 3908 563	Aiden Rose
Alto Assurance Company (Pty) Ltd	P.O Box AD 30 ACG Gaborone	Tel: 3933889	Frederick Ramatlapeng
Afrisure (Pty) Ltd	P.O. Box 30403 Tlokweng	Tel: 3971606/09 Fax: 3971607	Lydia Moate
AON Botswana (Pty) Ltd	P.O. Box 624 Gaborone	Tel: 3617 300 Fax: 3914 608	Barnabas Mavuma
Atlantis Insurance Brokers (Pty) Ltd	P.O. Box 1515 Gaborone	Tel: 3500 821 Fax: 3500 818	Derrick Vermaak
Blue Insurance Services (Pty) Ltd	Private Bag 351 Gaborone	Tel:3954053 Fax: 3910225	Maalila Malambo
BOC Consulting (Pty) Ltd	P.O. Box AB64 ABC Gaborone	Tel: 3959505 Fax: 3959507	Barry John O'Connell
Bombshell Investments (Pty) Ltd t/a Flexi-Link Insurance Brokers	P.O Box AE 62 AEH Plot 6398 Lejara Rd Broadhurst Industrial	Tel:3165262	Cosmas Nechiturike
Capricon Insurance Services	P.O. Box 502489 Gaborone	Tel: 3191286 Fax: 3923296	Absalom Ashihundu
CBAE (Pty) Ltd T/A Spectrum Insurance Brokers	Private Bag BR 351 Suite 189 Gaborone	Tel: 3500266 Fax: 3974892	Charles Tapiwa Kadenge
Coversure Insurance Brokers (Pty) Ltd	P.O. Box 11813 Francistown	Tel: 2415 986 Fax: 2415 827	Aaron Tembo
Dynamic Insurance Brokers (Pty) Ltd	P.O. Box 128 Gaborone	Tel: 3906 490 Fax: 3957 594	Alfred Tembo
Dokata Investments (Pty) Ltd t/a Coverlink Insurance Brokers	P.O. Box 26264 Gaborone	Tel:3182471 Fax:3182467	Abel Munhande
Ellwood Insurance Brokers t/a Penrich Insurance Brokers	P.O.Box 47144 Gaborone	Tel: 3973692 Fax: 3973021	Gaolebale Baalora
FDL Group (Pty) Ltd T/A Tilodi Brokers	P.O. Box 45229 Gaborone	Tel: 3951159 Fax: 3951164	Robert Holgate
First Sun Alliance (Pty) Ltd	P.O. Box 404349 Gaborone	Tel: 3930024 Fax: 3930 025	Paul Chitate
Glenrand M.I.B (Botswana)(Pty) Ltd	Private Bag BR 284 Gaborone	Tel: 3181870 Fax: 3180316	Sean Rasebotsa
Himalaya Investment (Pty) Ltd T/A Falcon Insurance Brokers	P.O. Box 121 Gaborone	Tel: 3952859 Fax: 3190951	Nathan Mpundu
Hirsch Vic Insurance Brokers (Pty) Ltd	P.O. Box 201491 Bontleng Gabs	Tel: 3951520 Fax:3951520	Victor Hirschfeldt
Huraya Holdings (Pty) Ltd. s T/a Huraya Ins Broker	P.O. Box 1751 Gaborone	Tel: 3102369 Fax: 3102368	Muyamwa Muyamwa
Kalahari Insurance Brokers Ltd	P.O. Box 24 Francistown	Tel: 2413 838 Fax: 2413 836	Rick Huppelschoten
Lebone Insurance Brokers (Pty) Ltd	P.O. Box 30549 Francistown	Tel: 2410475 Fax: 2410479	Sithabile Mpofu
Letsema Insurance Brokers (Pty) Ltd.	P.O Box 80045 Gaborone	Tel: 3181551 Fax: 3181552	Gobona Tobedza
Marsh (Pty) Ltd (prev. Sedgwick)	Private Bag 103 Gaborone	Tel: 3188 000 Fax: 3188 064	Fritzgerald Dube
Matrix Risk Management Services (PTY) LTD	P.O. Box 3447 Gaborone	Tel:3919586 Fax:3919584	Vincent Miyoba

NAMES	ADDRESSES	TEL/FAX	CONTACT PERSON
Mercantile & General Insurance Services (Pty) Ltd t/a Mercantile Legal & General Insurance Brokkers	P.O. Box 401297 Gaborone	Tel:3919429 Fax: 3919423	Coram Mushuta
Medvest Brokers (Botswana) Ltd	P.O. Box 403205 Gaborone	Tel: 3184622 Fax: 3184 624	Pieter Erasmus
Mopani Insurance Brokers (Pty) Ltd	P.O. Box 26392 Gaborone	Tel: 3924363 Fax: 3180985	Fackson Ngulube
Peoboswa Insurance Brokers (Pty) Ltd	P.O. Box 20332 Gaborone	Tel: 3930 137 Fax: 3158140	Sexton Kowa
Rayfact Investments (Pty) Ltd t/a Rayfact Insurance Services	Private Bag 00149 Suite 361 Postnet Kgale View	Tel: 3188452 Fax: 3188452	Peter Magaya
Roaland Insurance Brokers (Pty) Ltd T/A Roaland Insurance Brokers	Private Bag 003 Mogoditshane,Suit 492 Molapo Mall	Tel:3925781/3925782 Fax:3187667	C. Kopi
Saley's Agencies Botswana (Pty) Ltd T/A Saley's Insurance Brokers	P.O. Box 1317 Gaborone	Tel: 3913 804 Fax: 3956 172	Yunus Mayet
SATIB Africa Botswana (Pty) Ltd T/A Safari & Tourism Insurance Brokers Botswana	Private Bag 00346, Suite 229 Phakalane Gaborone	Tel:3170574 fax: 3170576	Seamus O'Neill
Shangor Insurance Brokers (Pty) Ltd	P.O. Box 402716 Gaborone	Tel: 3971 244/3185882 Fax: 3912 018	Humphrey Makununika
Strategic Wealth (Pty) Ltd	Private Bag 149 Suite 552,Postnet Kgaleview Gaborone	Tel:3952639 Fax: 3952639	Grant Young
Streamline Investments (Pty) Ltd T/A Federated Insurance Brokers	P.O. Box 60979 Gaborone	Tel:3903982 Fax:3903908	Rodney Butau
Sureway (Pty) Ltd	P.O. Box 80033 Gaborone Plot122,Unit 3F Gaborone Int. Finance Park	Tel: 3909562/63 Fax: 3909560	Kabelo Khupe
Trilogy Investments (Pty) Ltd	P.O. Box 47605 Gaborone	Tel: 3161859 Fax:3903321	Stanley. J. Dalziel
Tropical Insurance Brokers (Pty) Ltd	P.O. Box 58 Gaborone	Tel:3932953 Fax: 3932976	Isaac Mkandawire
U & Me Insurance Brokers	Private Bag BR 165 Gaborone	Tel: 3909546 Fax:3909544	Danwell Kapitolo
Versey & Associates (Pty) Ltd	P.O. Box 404179 Gaborone	Tel: 3974786/3937842 Fax: 3937843	Faiz Versey
VFS (Botswana) (Pty) Ltd	P.O. Box 251 Maun	Tel :6860891 Fax: 6860891	Noel Strugnell

APPENDIX C: LICENSED PENSION FUNDS

Table C.1: Stand Alone Pension Funds 2010

NAME OF FUND	FISCAL YEAR END DATE	MEMBERS AT YEAR -END 2010	MEMBERS AT YEAR -END 2009	ASSETS AT YEAR-END 2010 (P)
Africa 53 Provident Fund	30th Sept.	86	3	101,034,758.00
Air Botswana Pension Fund	31st Mar.	281	281	61,837,033.00
AON Botswana Ltd Defined Benefit Pension Fund	31st Dec.	5	7	2, 656,826.00
AON Botswana Staff Pension Fund	31st Dec.	168	165	29,231,520.00
AON Preservation PF	31st Dec.	294	197	16,490,870
Apex Pension Fund	30th June	38	36	16,490,870.00
Alexander Forbes Individual Member Retirement Fund***				
Bank of Botswana Defined Contribution Fund	30th Sept.	666	676	298,245,400.00
Barclays Bank of Botswana Ltd. Staff Pension Fund	31st Dec.	1,976	1,976	463,661,111.00
Barloworld Botswana Retirement Fund	30th Sept.	646	640	58,573,692.00
Boswe Construction Pension Fund	31st Mar.	3	3	265,395.65
Botswana Agricultural Marketing Board Pension Fund	31st Mar.	53	53	8,677,086.00
Botswana Building Society Defined Contribution Pension Fund	31st Mar.	192	191	41,817,384.00
Botswana Bureau of Standards Staff Pension Fund	31st Mar.	130	113	21,093,405.00
Botswana College of Agriculture Pension Fund	31st Mar.	251	251	144,279,897.00
Botswana Development Corporation Pension Fund	30th June	49	51	43,682,858.00
Botswana Housing Corporation Pension Fund	31st Mar.	375	324	47,785,031.00
Botswana Insurance Company limited Pension Fund [St. Paul]	31st Mar.	80	68	14,412,202.00
Botswana Insurance Holding Ltd Pension Fund	31st Dec.	323	264	43,802,520.00
Botswana Meat Commission Pension Fund	30th Sept.	535	517	112,945,075.00
Botswana Medical Aid Society Pension Fund	31st Dec.	89	69	18,551,656.00
Botswana Postal Services Pension Fund	31st Mar.	518	518	38,331,366.00
Botswana Power Corporation Staff Pension Fund	31st Mar.	1,762	1,809	366,959,460.00
Botswana Public Officers Pension Fund	31st Mar.	105,410	102,489	30,401,130,453.00
Botswana Public Officers Welfare Provident Fund***				
Botswana Railways Staff Pension Fund	31st Mar.	1023	1047	236,768,832.00
Botswana Savings Bank Pension Fund	31st Mar.	167	161	20,749,137.00
Botswana Technology Centre Pension Fund	31st Mar.	74	77	18,177,723.00
Botswana Telecommunication Authority Pension Fund	31st Mar.	64	58	18,723,080.00
Botswana Telecommunications Corporation Staff Pension Fund	31st Mar.	1,579	1,486	214,004,811.00
Botswana Unified Revenue Service Employees Pension Fund	31st Mar.	1,732	1,619	156,631,959.00
Botswana Vaccine Institute Pension Fund	31st Mar.	77	77	24,770,620.00
Botswana Ash Staff Pension Fund ***				
Bokamoso Hospital Staff Pension Fund***				
BDO Spencer Staff Pension Fund***				
BP Botswana Pension Fund	31st Dec.	71	85	33,933,641.00

Breweries Pension Fund	30th Sept.	1,260	1,227	73,131,695.00
Builders Merchants Botswana Retirement Fund	30th Sept.	96	96	3,855,845.44
Caltex Botswana Pension Fund	31st Dec.	24	33	5,961,523.00
CCB Benefit Pension Fund	31st Dec.	9	9	1,525,000
CEDA Pension Fund	31st Mar.	173	156	11,544,388.00
Civil Aviation Authority Staff Pension Fund***				
Compass Botswana Pension Fund	31st Mar.		41	
Coopers and Lybrand Pension	31st Mar.	10	6	1,418,380.00
Debswana Pension Fund	31st Dec.	9,554	9,631	3,271,387,872.00
Deferred Pensioners Pension Fund	31st Mar.	2830	2,759	259,365,646.00
Deloitte and Touché Staff Pension Fund	31st Dec.	58	58	8,221,248.00
Engen Botswana Retirement Fund	30th Oct.	43	44	7,323,328.00
Ernst & Young Pension Fund	30th June	44	33	3,068,289.00
Fincraft Retirement Fund ***				
Fedics Botswana Pension Fund	31st Oct.	19	19	400,941.18
First National Bank of Botswana Pension Fund	31st Dec.	1,242	1,242	100,168,862.1
Free Standing Additional Voluntary Contributions Retirement Fund	30th June	78	78	16,643,982.00
FSN Retirement Plan	31st Mar.	103	103	13,165,234.00
G4S Staff Pension Fund ***				
Gaborone Private Hospital Pension Fund	30th Sept.	240	216	11,501,988.00
Glenrand MIB Botswana Pension Fund	30th June	23	23	1,416,768.00
Glenrand MIB Orphans Fund	30th June	214	**	5,793,073.00
Hollard Insurance Botswana Pension Fund	30th June	24	24	2,677,654
IGI Botswana*	31st Mar.	49	49	8,693,474.63
Institute of Development Management Pension Fund	30th Sept.	50	48	2,671,206.00
J. Haskins & Sons Pension Fund	30th June	46	46	15,124,449.32
Local Enterprise Authority Pension Fund	31st Dec.	302	268	19,506,369.00
Macmillan (Botswana) Pension Fund	31st Dec.	18	15	4,464,460.00
Marsh Pension Fund	31st Dec.	38	38	2,108,237.85
Maru-a-pula School Staff Provident Fund	31st Dec.	66	65	4,616,841.00
Mascom Wireless Staff Pension Fund	31st Aug.	284	242	40,251,565.00
Metropolitan Staff Pension Fund	31st Mar.	56		25,000,000.00
Metropolitan Staff Provident Fund	31st Mar.	56		32,000,000
Motswere Retirement Fund***	31st Mar.			
NBL Botswana Staff Pension Fund***				
Sefcash Pension Fund	30th Sept.	1528		92,966,700.00
Motor Vehicle Accident Pension Fund	31st Aug.	68	70	13,659,412.00
National Development Bank Staff Pension Fund	31st Mar.	227	215	51,481,001.00
National Food & Technology Research Centre	31st Oct.	59	59	10,195,655.00
Ntlo Provident Fund	31st Mar.	230		70,000,000.00
Orange Botswana Pension Fund	31st Dec.	237	237	17,732,430.90
Peermont Global Botswana Pension Fund	30th June	724	667	26,133,174.00

Prefhold (Botswana) Pension Fund****	31st Dec.			18,029,464.38
RIPCO Pension Fund	30th June	205	201	52,012,062.00
Scales and Associates Staff Pension Fund ***				
Score Supermarket Botswana Retirement Fund****	30th Sept.			
Sefalana Pension Fund	30th Sept.	1528	153	92,966,700.00
Shell Oil Botswana Pension Fund	31st Dec.	81		32,655,586.00
Stanbic Bank Botswana Pension Fund	30th June	657	605	49,346.039.00
Standard Chartered Bank Botswana Pension Fund	31st Dec.	1098		166,504,062.00
Tosas Botswana Staff Pension Fund	30th June	10	9	703,749.00
Total Botswana Pension Fund	31st Dec.	13	13	2,501,106.00
Tyre Services Retirement Fund	31st Dec.	296		11,798,076.00
University of Botswana Staff Pension Fund	31st Mar.	370	342	181,600,393.00
University of Botswana Defined Contribution Staff Pension Fund	31st Mar.	1258	1065	673,812,408.00
Water Utilities Corporation Staff Pension Fund	31st Mar.	1536	926	285,076,294.00
TOTAL STAND ALONE FUNDS		145,754	122,809	32,508,052,187.00

*Closed fund **Information not available as the first filing for the fund is not yet due. **** transferred to Umbrella Fund

***Newly licensed funds (Bokamoso Hospital Staff Pension Fund, Botswana Ash Staff Pension Fund, BDO Spencer Staff Pension Fund, Alexander Forbes Individual member Retirement Fund, NBL Botswana Staff Pension Fund.

*** On 1st October 2006, NBFIRA licensed the Motswere Retirement Fund. The Fund has not taken on any members as at the date of this report.

Table C.2: UMBRELLA FUNDS

Alexander Forbes Retirement Fund	Sentlhaga Retirement Fund
Fund Particulars: **Fiscal Year End 30th June** **Fund Assets: P 222.5 (Millions)** **Membership 6358**	**Fund Particulars:** **Fiscal Year End 30th June** **Fund Assets: P 40.7 (Millions)** **Membership 2404**
Ackermans Botswana	Accenture Botswana (Pty) Ltd
Allan Gray	African Alliance Botswana (Pty) Ltd
Alexander Forbes Financial Service Botswana	African Distribution Centers
Alexander Forbes Risk Service Botswana	Arup Botswana (Pty) Ltd
Bamalete Lutheran Church	Centre for Development Enterprise
BCSA	Botswana Eagle Insurance Company (Pty) Ltd
Botswana Accountancy College Staff Pension Fund	Dulux Botswana
BEDIA	Broadhurst Primary School
BOCCIM	Bulk Trans (Pty) Ltd
Botswana Examination Council	Capital Bank
Botswana Tourism Board	Chemspec Botswana (Pty) Ltd
BPOPF Secretariat	Delta Diaries
Capricorn Investment Holdings	Diamonex
Clover Botswana (Pty) Ltd	Draught Dispense Services (Pty) Ltd
Choppies Distribution Staff Pension Fund	Discovery Metals Staff Pension Fund
Collins Newman And Co	E- Africa (Pty) Ltd
Delloitte And Touche Botswana	Fairground Holdings (Pty) Ltd
Distillers (prev SFW)	Group 4 Securicor Botswana (Pty) Ltd
Edgars Consolidated Stores	H & A Cutting Works
Flemming Asset Management Botswana	ICL Botswana (Pty) Ltd
Foschini Botswana	Imperial Car Rentals (Pty) Ltd
Gaborone Sun	Khulumani Ventures
GABCON	Kwena Rocla (Pty) Ltd
Game Discount World	Longman Botswana (Pty) Ltd
Garrick Operations Staff Pension Fund	Med Rescue International (Pty) Ltd
Global Holdings Botswana (Pty) Ltd	Stobech Facilities Management
Golder and Associates Staff Pension Fund	Mutual And Federal Insurance Botswana (Pty) Ltd
I-Com (Pty) Ltd	NBFIRA Staff Pension Fund
Investec Asset Management Botswana	PG Glass
Italitswana Construction	Regent Insurance Botswana (Pty) Ltd
JD Group	Securicor Botswana (Pty) Ltd
Kingdom Bank Africa	Tak Investments (Pty) Ltd
Komatsu	Tourism Development Consortium
Liquid Beverages	
Lobatse Tile	**Millenium Botswana Retirement Fund**
Macsteel Trading Botswana	**Fund Particulars:** **Fiscal Year End 31st August** **Fund Assets: P 140.2 (Millions)** **Membership: 2,247**
Micro Provident	Information Trust Company Pension Fund
Magnum Freight Staff Pension Fund	Material Investigation Centre
Modern Refrigeration	Pricewaterhouse Coopers
Mr. Price	African Banking Corporation
Multi Choice Botswana	Antalis Botswana
Multi Waste (Proprietary) Limited	Apostolic Faith Mission Church / New Apostolic Church
NTS Holdings	Alrededor Enterprises
Othosurge Botswana Staff Pension Fund	Blake And Associates
PE Steel Engineering	BOCODOL Pension Fund

PEP Botswana Holdings	Botsalo Books Pension Fund
PG Industries Botswana	Botswana Clay Works
Pracbuild Botswana	Botswana Institute Of Bankers
Primedia Outdoor Advertising	Botswana National Productivity Centre
Project Concern International	Botswana National Sports Council
Public Procurement And Asset Disposal Board	Botswana Stock Exchange
Retail Holdings	Cashbuild Botswana
Rio Tinto And Exploration Ltd Botswana	CCB
SAFDICO Botswana	Channel Technologies
Sandvic Mining And Construction	Construction Industry Trust Fund
Scania Botswana	Cresta Marakanelo
Seabelo Express	Ellerines Furnishers Staff Pension Fund
Skip Hire	Heinemann
SMC Brands	Hydrocomp
Style Clothing	Khumo Property
St .Josephs College Staff Pension Fund	Lobatse Clayworks
Tebelopele Voluntary Councelling Centre	Manica Botswana
Trident Holdings Staff Pension Fund	Prefhold Botswana Staff Pension Fund
Tswana Technical Consultancy Services (Pty) Ltd	Murray And Roberts
UCCSA	New Apostolic Church
Union Provident Staff Pension Fund	Otis Botswana
Winkel(Pty) Ltd (T/A Incredible Connection)	SAARC
Yarona FM	Bank of Baroda
	LSC Botswana
	Master Farmer
	Tswelelopele Brigades
	Grant Thornton
	William Lee Associates
	Tswelelopele Bridgades
Ntlo Pension Fund	William Lee Associates
Fund Particulars: **Fiscal Year End 31st January** **Fund Assets: P 47.9 (Millions)** **Membership: 580**	
Botswana Ash	
Dunns Store	
Kanye Brigades	
NBL Botswana	**Majwana Umbrella Pension Fund**
Phumaphi Botswana	**Fund Particulars :** **Fiscal Year End 31 March** **Fund Assets :P 1.2 (Millions)** **Membership :263**
UUNET	Teemane Manufacturing Company (Pty) Ltd
Vivant Enterprise Botswana	

Table C.3: Other Funds

Name	Fund Type
Botswana Cooperative Union Pension Fund	Inactive
Coronation Retirement Fund	External
Fridgeco Gaborone Pension Fund	Inactive
Kerry Trading Pension Fund	Inactive
Sun International Pension Fund	External
Sun International Provident Fund	External
Tati Company Pension Fund	Inactive

Appendix D: Management Companies and Funds Licensed in Botswana

Company name	Fund name	Contact Person	Contact Details	Facilities Agent
African Alliance Botswana Management Company (Pty) Ltd	*Botswana Global Allocation Fund *Botswana Global Income Fund *Botswana Value Fund *Botswana Liquidity Fund *Lobaka Equity Fund	Don Gaetsaloe	Plot 50361/A, Fairgrounds Office Park. P O Box 2770, Gabs Tel: 318 8958 Fax: 318 8956	
African Alliance International (Pty) Ltd	*Global Managed Fund *African Alliance Euro Fund *African Alliance Dollar Fund *Global Fixed Income Fund *Global Equity Fund	T. De Castro/ Don Gaetsaloe	Plot 50361/A, Fairgrounds Office Park. P O Box 2770, Gabs Tel: 318 8959 Fax: 318 8956	
Stanbic Investment Management Services (Pty) Ltd	*Stanbic Money Market Fund *Stanbic Equity Fund *Stanbic Managed Prudential Fund	Leonard Siwawa	Plot 50676, Fairgrounds Office Park, Phase, Block D, Unit 10. Private Bag 00168, Gaborone Tel: 391 0310 Fax: 391 0311	
Investec Fund Managers Botswana (Pty) Ltd	*Investec Botswana Managed Fund	Martinus Seboni	Plot 64511, Unit 5, Fairgrounds. P O Box 49, Gabs	
Coronation Fund Managers (Botswana) (Pty) Ltd	Coronation Global Investment Fund *Coronation Balanced Fund *Coronation Equity Fund *Coronation Income Fund	Kumbulani Munamati	Plot 64511, Fairgrounds. Private Bag 149, Gaborone Tel: 390 0152 Fax: 390 0257	
Externally Licensed Funds being Marketed in Botswana				
Orbis Investment Management Limited (Bermuda)	*Orbis Global Equity Fund *Orbis Africa Equity Fund *Orbis Japan Equity (US $) Fund *Orbis Optimal (EUR) Fund *Orbis Optimal (US $) Fund *Orbis Leveraged (EUR) Fund *Orbis Optimal (YEN) Fund *Orbis Asia ex-Japan Equity Fund *Orbis Leveraged (US $) Fund	James Dorr	P O Box HM 571 Hamilton HM CX BERMUDA Tel: +1 (44) 296 3001	Allan Gray Botswana (Pty) Ltd
Allan Gray Unit Trust Management Limited (RSA)	*Allan Gray Stable Fund *Allan Gray Equity Fund *Allan Gray Balanced Fund *Allan Gray Bond Fund *Allan Gray Optimal Fund *Allan Gray Money Market Fund *Allan Gray Global Fund of Funds *Allan Gray Global Feeder Fund	Tapologo Motshubi	Plot 115, Unit 19, Kgale Mews, Millenium Office Park. Private Bag 149, Suite 107, Gabs Tel: 318 8944 Fax: 318 8924	Allan Gray Botswana (Pty) Ltd
Ashburton Replica Portfolio Limited	Ashburton Sub Funds *Sterling Asset Management Fund *Dollar Asset Management Fund *Euro Asset Management Fund *Sterling Cash and Fixed Income Fund *Dollar Cash and Fixed Income Fund *Sterling Advanced Portfolio-Lower Risk Fund *Sterling Advanced Portfolio-Moderate Risk Fund *Sterling Advanced Portfolio-Higher Risk Fund *Dollar Advanced Portfolio-Lower Risk Fund *Dollar Advanced Portfolio-Moderate Risk Fund *Dollar Advanced Portfolio-Higher Risk Fund *Euro Advanced Portfolio-Lower Risk Fund *Euro Advanced Portfolio-Moderate Risk Fund *Euro Advanced Portfolio-Higher Risk Fund	Nicholas James Taylor	P O Box 239, 17 Hilary Street, St. Helier, Jersey Channel Island Tel: +44 (0) 1534 513377	First National Bank Botswana Limited

Management Companies and Funds Licensed in Botswana				
Company name	**Fund name**	**Contact Person**	**Contact Details**	**Facilities Agent**
State Street Bank Luxembourg S.A	Investec Global Stratergy Fund *US Dollar Money Fund *Sterling Money Fund *Euro Money Fund *Managed Currency Fund *Managed Currency Fund (Sterling) *Global Bond Fund *Global Stratergy Fund *US Dollar Bond Fund *High Income Bond Fund (US Dollar) *Sterling Bond Fund *High Income Bond Fund (Sterling) *European Bond Fund *High Income Bond Fund (Euro) *Emerging Markets Debt Fund *Global Stratergy Managed Fund *Global Equity Fund *Global Stratergy Equity Fund *Global Growth Fund *Global Dynamic Fund *AEFE Fund *American Equity Fund *UK Equity Fund *Asian Equity Fund *Japan Equity Fund *Continental European Equity Fund *Pan European Equity Fund *Global Energy Fund *Global Gold Fund *Global Dynamic Resources Fund	Grant Cameron	49 Avenue JF Kennedy P O Box 275 L-1855 Luxembourg	Investec Asset Management Services (Pty) Ltd
List of Licensed Private Equity Funds				
Company Name				
Vantage Mezzanine (Pty) Ltd	Vantage Mezzanine Fund II (Pty) Ltd	Luc Albinski	1st Floor, Melrose Boulevard, Melrose Arch, Johannesburg, South Africa	
Summit Development Group (Pty) Ltd	SDG Africa	Caspar Sprokel	5 Kgale Mews, Kgale Hill P O Box 406, Gaborone	
List of Licensed Trustees for Collective Investment Undertakings				
Name of Trustee/ Custodian	**Names of Clients**	**Contact Person**	**Contact Details**	
Stanbic Bank Botswana Limited	*African Alliance Botswana Management Company (Pty) Ltd *African Alliance International Limited *Investec Fund Managers Botswana (Pty) Ltd	Head of Custody, Mrs. Otlasala A. Khan	Plot 50672, Stanbic House, Off Machel Drive, Fairgrounds Private Bag 00168, Gabs	
First National Bank	No Clients	Head of Custody, Margaret Tshoswane	Plot 8843, Finance House, Khama Crescent. P O Box 1552, Gabs	
Standard Chartered Bank	*Stanbic Investment Management Services (Pty) Ltd *Coronation Fund Managers Botswana (Pty) Ltd	Head of Custody, MR. Keith Segolodi	Standard Chartered Bank of Botswana Ltd Head Office - Standard House, The Mall P O Box 496 Gaborone	

APPENDIX E: IFSC Accredited Companies

NAME OF IFSC ACCREDITED COMPANY	ADDRESS	TELEPHONE/FAX	CONTACT PERSON
1. African Alliance International	P. O. Box 2770 Gaborone	Tel: 3181194/3 Fax: 3181193	Donald Gaetsaloe
2. Ariya Capital	Box 21250 Bontleng, Gaborone	Tel: 3975846 Fax: 3912582	Bryan Lemar
3. Bergstan Investments (Pty) Ltd	Private Bag 00234 Gaborone	Tel: 3901128 Fax:3901127	Andrew Walker
4. Bourse Africa	P O Box 4966 Gaborone	Tel: 3160605 Fax: 3160622	Chris Goromonzi
5. Cherubim Ventures Botswana	P O Box 1444 Gaborone	Tel: 3952484 Fax: 3952484	Rob Carle
6. EFFCO (Pty) Ltd	Private Bag 254 Suite # 281 Gaborone Botswana	Tel: 318 8542 Fax: 318 8602	George Mseda
7. Emeritus International Reinsurance Company (Pty) Ltd	P. O. Box 1519 Gaborone	Tel: 3121041 Fax: 3121043	Leo Huvaya
8. Genesis Global Finance (Pty) Ltd	P. O. Box 404271 Broadhurst Gaborone	Tel: 267 3121041 Fax: 267 3121041	Felix Kumirai
9. Imara Holdings Limited	Private Bag 0186, Gaborone	Tel: 3188708/710 Fax:3188113/3191767	David Stone
10. Letshego Holdings Limited	P. O Box 381 Gaborone	Tel: 3643008 Fax:3957949	Dumisani Ndebele
11. Runaway Asset Management Holdings (Pty) Ltd	P.O. Box 40877 Gaborone	Tel: +27 11 549 0900 Fax: +27 11 463 5845	Dale McLean
12. Samstar Capital Management	Private Bag Bo2 Bontleng Gaborone	Tel: 3180951 Fax: 3161199	Kate Senye
13. SDG Africa (Pty) Ltd	P. O. Box 406, Gaborone	Tel: +27 119947081 Fax:	Casper Sprokel
14. Seed Co International Ltd	P. O. Box 478143 Phakalane, Gaborone	Tel: 3911907 Fax: 311830	Olefile Ramabya
15. Summit Development Group	P. O. Box 406 Gaborone	Tel: 3913970 Fax: 3167036	Casper Sprokel
16. Vantage Mezzanine (Pty) Ltd	P. O. Box 280 Parklands, South Africa 2121	Tel: +27 011 530-9100 Fax:+27 011 530-9101	Luc Albinski
17. Vantage Fund II	P. O. Box 280 Parklands, South Africa, 2121	Tel: +27 011 530-9100 Fax:+27 011 530-9101	Luc Albinski
18. Vantage Mezzanine Fund II (Pty) Ltd	P. O. Box 280 Parklands, South Africa, 2121	Tel: +27 011 530-9100 Fax:+27 011 530-9101	Luc Albinski
19. Windward Capital (Pty) Ltd	Private Bag 149 Postnet Kgale View, Suite 297 Gaborone	Tel: 3912379 Fax: 3912327	Stephanie Reynolds

NBFIRA
NON-BANK FINANCIAL INSTITUTIONS
REGULATORY AUTHORITY

First Floor, MVA House, Plot 50367, Showgrounds, Gaborone
Private Bag 00314, Gaborone, Botswana
Tel: +267 310 2595 | +267 310 2376