

ENHANCING ACCOUNTABILITY IN
THE NON-BANK FINANCIAL SECTOR

NBFIRA

NON-BANK FINANCIAL INSTITUTIONS
REGULATORY AUTHORITY

ANNUAL REPORT 2012

REGISTERED OFFICE

First Floor
MVA House
Plot 50367
Showgrounds
Gaborone

BANKERS

Stanbic Bank
Fairgrounds Branch
Fairgrounds Office Park
Block D
Unit 10
Gaborone

AUDITORS

Ernst & Young
Firm of Chartered Accountants
2nd Floor
Plot 22
Khama Crescent
Gaborone

Creative Rationale

PROPOSED NBFIRA THEME/RATIONALE

VISION

To be an efficient and effective regulatory and supervisory Authority in line with international best practice.

MISSION

To regulate and supervise non-bank financial institutions for the purpose of contributing towards financial stability.

VALUES

Integrity;
Transparency;
Fairness;
Accountability &
Effectiveness.

NBFIRA's mandate is to regulate and enforce compliance within the NBFI sector in order to safeguard the stability, fairness and efficiency of the non-bank financial sector. The Authority's regulatory portfolio encompasses a wide variety of industries including Insurance, Pension, Capital Markets, Micro Lenders, Collective Investment Undertakings (CIUs), Asset Managers, Investment Advisors, and Custodians, among others. During the review period, NBFIRA continued to illustrate how it continued to set the standards and practices that are in line with the global standards and safe guard the interest of the local market. There were improvements in business operations. During the period under review, NBFIRA rolled out activities that encouraged governance, stability, fairness and accountability.

This explains our theme of:

Accountability. Stability. Fairness.
Enhancing Accountability in the non-bank financial sector.

What we want our stakeholders to say after reading the Annual Report:

- NBFIRA is the cornerstone of Botswana's Non-Banking Financial Sector.
- NBFIRA is a key partner in economic diversification through its regulation.
- NBFIRA provides stability in the market and it promotes Botswana's prosperity.
- NBFIRA is a world class regulator which lives the values that it has set for itself.
- We trust NBFIRA.



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CORPORATE PROFILE

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.

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.

CORPORATE PROFILE

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 reinsurance), 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.
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 nonbank 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 PROFILE

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, Vice Chairperson appointed by the Minister of Finance and Development Planning;
- Dr. T. T. K. Matome, member appointed by the Minister of Finance and Development Planning;
- Mr. M. Mbaakanyi, 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. 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



Mr. M. Mbaakanyi
Member



Dr. T. T. K. Matome
Member



Mrs. L. K. Mohohlo
Member



Mr. S. M. Sekwakwa
Member

EXECUTIVE TEAM



Mr. O. M. Ramasedi
Chief Executive Officer



Mr. M. S. Brown
Deputy Chief Executive Officer - Regulatory



Mrs. H. Mocuminyane-Rabashwa
Head - Legal Services



Mrs. M. V. Raphaka
Director (A) - Insurance & Pensions

EXECUTIVE TEAM



Mr. M. P. Rampha
Director (A) - Corporate Services



Mrs. K. C. Kowa - Mophuting
Director (A) - Capital Markets

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 Officer
- Mrs. M. V. Raphaka, Acting Director - Insurance and Pensions
- Mr. M. P. Rampha, Acting Director - Corporate Services; and
- Mrs. K. C. Kowa-Mophuting, Acting Director - Capital Markets
- Mrs. H. Mocuminyane-Rabashwa, Head - Legal Services

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 institution regulation in Botswana and NBFIRA is directly accountable to the Minister.

MANAGEMENT TEAM



Mr. M. George
Manager - Human Resources



Mr. W. O. Erulu
Manager - Pensions



Ms. P. Q. Marumoagae
Manager - IFSC & Exchanges



Mr. P. P. Sesinyi
Manager - Short Term Insurance

MANAGEMENT TEAM



CHAIRPERSON'S STATEMENT

"I have the honour to table this Annual Report, per Sec 32 (1) (b) of the Non-Bank Financial Institutions Regulatory Authority Act."

CORPORATE GOVERNANCE

The Board continued meeting in accordance with the requirements of the law. NBFIRA Act requires the Board to meet at least nine (9) times in any year. Further, the year saw the retirement of Mrs. Matenge from, and the appointment of Mr. Mbaakanyi to, the Board. On behalf of the rest of the Board, and on my own behalf, I wish to appreciate the contribution made by Mrs. Matenge to the running of the Authority, particularly that she joined the Board at the very beginning, and profitably participated in laying the foundation that defines the path NBFIRA follows. By the same token, I welcome Mr. Mbaakanyi, and look forward to his contribution in shaping up the Authority.

In addition to the Finance and Audit Committee which is now in its second year of existence, the Board established a Human Resources (HR) Committee during the year under review. The establishment of the HR Committee happened towards the tail end of the year, to start its work, in earnest, in the 2012/13 financial year. The two (2) sub-committees of the Board are expected to further improve the corporate governance of the Authority.



CHAIRPERSON'S STATEMENT

STRATEGIC PLAN

The current Strategic Plan included objectives such as the creation of a stable non-bank financial institutions (nbfi's) sector. Initiatives such as promulgation of Prudential Rules and Regulations, aimed towards attaining the above Strategic Objective were effected with the promulgation of Regulations on Micro-Lending, as well as Rules on Capital Markets activities. A number of Regulations on the supervision of the Capital Markets sectors are at an advanced stage, and may be promulgated during 2012/13. Regulations are promulgated by the Minister of Finance and Development Planning.

FINANCIALS

The Authority's finances are expected to improve, following the promulgation of Regulations on Fees and Levies. These Regulations were passed in February 2012. With the promulgation of the Levies Regulations, the Authority is now on a recruitment drive to better capacitate itself, and thus improve its oversight over nbfi's.

INDUSTRY BILATERAL MEETINGS

One-on-one (or bi-lateral) meetings were held between the Authority and a number of the systemically important entities within the nbfi's sector. The meetings sought to discuss issues of importance with the entities, outside of inspections.

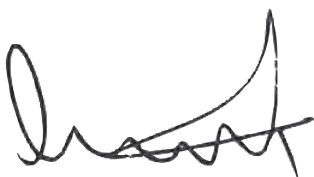
ACKNOWLEDGEMENT

I wish to conclude by thanking 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 reported achievements, as well as comply with the statutory requirement to hold at least nine (9) Board meetings in a year.

I would also like to pass my gratitude to all our stakeholders, especially our Parent Ministry (Ministry of Finance and development Planning), for all their support during the course of this year.

It will be remiss of me not to extend my sincere appreciation to the Executive Team who have been steering the Authority, greatly assisting in the Authority's development and helping it maintain its course.

Finally, 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 could have been achieved.



Mrs. Mmatlala Dube
Chairperson of the Board of Directors

CORPORATE SERVICES

OVERVIEW

During the period under review, there were changes in the NBFIRA Board of Directors as one Director - Mrs. Lily Matenge retired and she was replaced by Mr. Modiri Mbaakanyi. The Board established the Human Resources Committee to oversee all matters pertaining to the Authority's human resource matters.

FINANCIAL POSITION

The 2011/12 financial year was filled with uncertainty as the Authority operated without the knowledge of whether the supervisory levies and collection structure would be approved and the effective date thereof. Uncertainty in the funding of the Authority, posed a threat to the execution of the 2010 - 2013 Strategic Plan, which had already suffered delays in execution due to funding challenges. Government continued to extend financial support to the Authority, of which strict adherence was maintained to the budget. Capacity continued to be a challenge in the implementation of the strategic plan; however, NBFIRA has maximized the scarce regulatory skills and resources to foster effective regulation.

Revenue for the year stood at P28 million, compared to P20 million in 2011, an increase of P8 million (40%). Total Expenditure for the year was P21 million, compared with P17 million in 2011, an increase of P4 million (23%) from the previous financial period. The surplus for the period was P6 million compared to P2 million in the prior year. Accumulated funds to date stand at P8 million.

Government grants received was P21 million, a P2 million rise from the P19 million received in 2011. The 2012 financial period marks a historic year for both the Authority and the regulated non-bank financial institutions, as it is the year in which the Supervisory Levies and License Fees were approved, following lengthy consultations with the various stakeholders. Statutory Instrument No.11 of 2012; (Supervisory Levies and License Fees), was published in the Government Gazette in February 2012, this being the effective date of the instrument.

In 2012 income raised from the Supervisory Levies was

P5 million, the charge being prorated from the effective date of application. The Supervisory levies will contribute in unlocking independent funding and in executing the strategic objectives of the Authority.

License fees and penalties for the period stood at P1 million, from P500,000 in the 2011 fiscal year.

Operating Expenditure for the 2012 financial year was P21 million, from P18 million in the 2011 financial year, an increase of P3 million (16%) from the prior year. Payroll Costs for the year amounted to P15 million, from P12 million in the previous year, a rise of P3 million (25%). Administration expenses for the year were P3 million, compared to P2 million in the prior year.

The assets acquired during the year amounted to P140,976, which were computer equipment and furniture for the staff.

HUMAN RESOURCES

A successful attainment of Authority's mandate depends on the quality of its employees. Attracting and retaining high calibre talent ranks high in its priorities. The Authority continues to recruit personnel with industry experience to ensure high quality regulation in areas of Insurance & Pensions and Capital Markets.

NBFIRA is pursuing staff development policies vigorously. There have been in-house training programmes and offsite training in the form of workshops and seminars around the world. Employees have benefited immensely from training and development initiatives from development partners such as International Monetary Fund (IMF), World Bank, African Development Bank (AfDB) and others.

In 2010, the Authority launched a Graduate Trainee Programme, through which recent university graduates are trained in the various departments of NBFIRA over a period of two years and those who successfully complete the programme may be employed. The programme has been a huge success and it has already produced the first batch of Analysts who are an integral part of the organisation.

CORPORATE SERVICES

On the other hand the Authority lost three of its senior staff members being the Director of Insurance and Pensions, Director of Corporate Services and the Manager for Short Term Insurance.

The manpower plan of NBFIRA is a total of 56 employees. As at 31st March 2012 the staff complement stood at 33.

The table below shows the staff complement by division.

Department	Number of Employees
Insurance and Pensions	11
Capital Markets	10
Corporate Services	9
General Management	3
Total	33

Table: Staff complement by Division

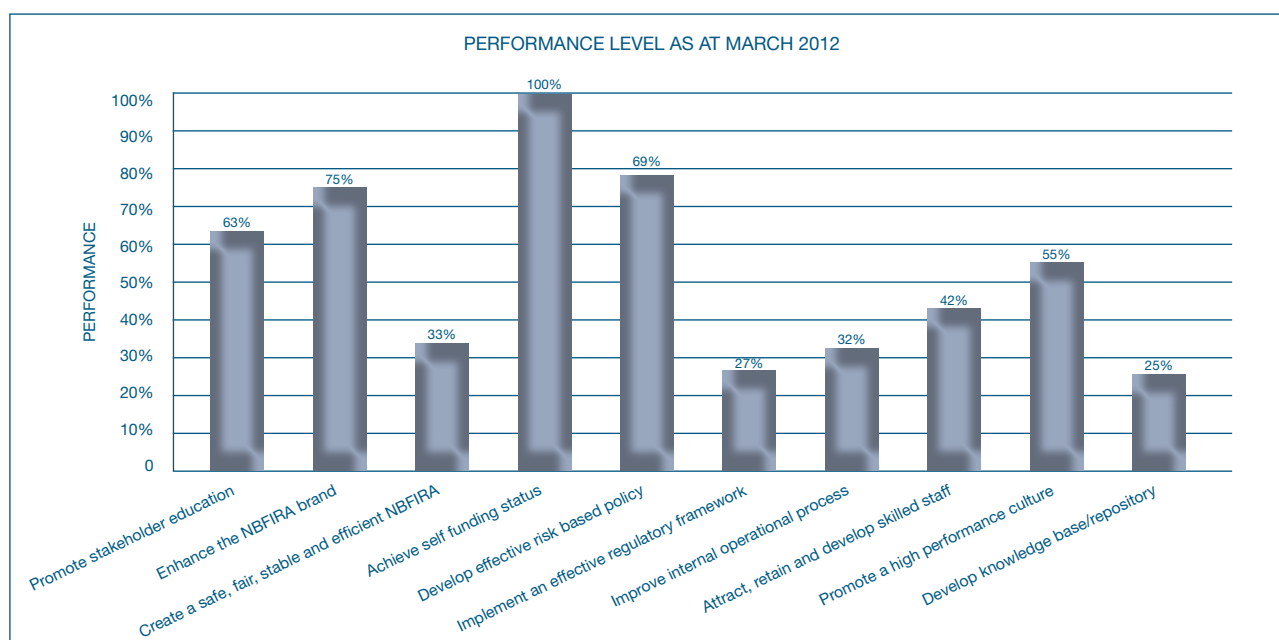
IMPLEMENTATION OF THE STRATEGIC PLAN

The Authority continued with the implementation of its 2010-13 strategic plan and notwithstanding the resource challenges it is facing; it managed to complete the following projects:

- The NBFIRA Website;
- The review and development of the Insurance Industry Act and the associated rules and regulations;
- The review and development of the Pension and Provident Funds Act and the associated rules;
- The development of business conduct rules and corporate governance rules for capital markets;
- Development of the infrastructure for fees and levies collection.

Despite these achievements the Authority overall did not perform well due to resource constraints. The Authority only achieved 52% performance on the planned projects. The figure below shows the performance of the Authority on its strategic objectives.

The graph shows that out of the ten objectives the Authority managed to do well only on five objectives for which it attained over 50% and the remaining five it performed below 50%. For most of the objectives the low performance is attributable to the lack funding and the shortage of the manpower as well as the requisite skills.



CORPORATE SERVICES

IMPLEMENTATION OF THE RISK BASED SUPERVISION

The Authority initiated the implementation of the Risk Based Supervision concept in October 2011. The introduction of risk-based supervision is designed to assist a regulator to allocate its resources more effectively, by prioritising supervision of those firms which present the greatest risk to achievement of NBFIRA's regulatory objectives under the NBFIRA Act such as reduction of systemic risk, fair and orderly operation of markets and reduction and deterrence of financial crime.

The project consists of two phases. The first phase is development and implementation of the Risk Based Regulatory Model and the second phase is the development of an IT system to support the model.

The first phase of the project has been underway for some time and it started by carrying out a situational analysis to determine the status of regulation of the Non-Banking Sector in Botswana.

Following an inception phase, the consultants have developed a risk-based regulatory model which has been reviewed by NBFIRA and accepted as a basis upon which to develop risk-based supervisory manuals. An analysis of the legal and regulatory framework and of any issues in implementing risk-based supervision has also been undertaken. The manuals have been developed, and training has been provided to NBFIRA staff in the use and application of the models and the manuals and the procedures contained in them. Visits have been made to a sample of non-bank financial institutions to outline the implications of the introduction of risk-based supervision.

The second phase of the project which as mentioned above, is the design and development of the IT system has started with firms expressing interest for the development of the system.

The introduction of Risk Based Supervision could not be introduced without the support of the relevant legislation. Some of the laws, regulations and rules have been revised in the earlier projects and these do support Risk Based Supervision.

These include:

- Collective Investment Undertaking Act;
 - Insurance Industry Act;
 - Pension and Provident Funds Act.
- 

INSURANCE AND PENSION FUNDS

1. MARKET COMPOSITION

As at the end of the financial year 2011/2012, the insurance market comprised of:

- Two (2) Reinsurance companies
- Twelve (12) General insurance companies
- Seven (7) Life insurance companies
- Forty two (42) Insurance brokers
- One hundred and ninety seven (197) Corporate insurance agents
- Two thousand, five hundred and eighty five (2585) Individual/sub-agents employed by insurers, brokers and corporate agents.

New licenses

Phoenix of Botswana Assurance Company (Pty) Ltd was licensed to transact general insurance business bringing the total number of general insurers to twelve (12). In addition one (1) insurance broker Tropical Insurance Brokers (Pty) Ltd was licensed.

Voluntary de-registration

Pursuant to section 46 of the NBFIRA Act, one application from an insurance broker, Blue Insurance Services (Pty) Ltd, for voluntary deregistration was approved.

Involuntary de-registration

During the reporting period NBFIRA removed from the register 208 corporate agents due to cancellation of agency agreements by their principals and for licenses not renewed for a period exceeding 90 days in terms of section 49A of the Insurance Industry Act Chapter 46:01.

Mergers

NBFIRA received two applications from insurance entities to merge their businesses. The authority approved merger transactions in which Metropolitan Life Botswana (Pty) Ltd acquired Momentum Life of Botswana (Pty) Ltd and Marsh (Pty) Ltd acquired Alexander Forbes Risk Services (Pty) Ltd.

2. OVERALL INSURANCE FINANCIAL PERFORMANCE

During the reporting period the insurance market generated a combined gross written premium of P3.1 billion (Table I.1) of which life insurers accounted for P2.1 billion which is an increase of 11% from the prior period (2010: P1.9 billion), while general insurers (non-life) accounted for P1 billion, which is an increase of 11% from the prior period (2010: P902 million).

The overall trend indicates that life insurance gross written premium growth rate was 29% over the past three years while general insurance gross written premium experienced a growth rate of 18% over the same period.

INSURANCE AND PENSION FUNDS

Table I.1: Gross written premiums by class of insurance business 2011

Class of Insurance	Pula (Million)	% of Total
Fire	290.969	9%
Motor	402.396	13%
Personal Accident	14.491	0.5%
Workmen's Compensation	72.795	2%
Liability	9.594	0.3%
Credit & Suretyship	9.078	0.3%
Marine & Aviation	28.407	1%
Miscellaneous	188.404	6%
Total General Insurance	1,016.134	32%
Life Insurance	2,136.737	68%
Total	3,152.871	100%

Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information

2.1 Life Insurers

As at March 31, 2012, there were seven (7) licensed life insurers offering various types of life insurance business. The financial profile of the life insurance industry is presented in the form of a condensed balance sheet in Table I.2. As shown in Table I.2, total assets of the industry at fiscal year-ended 2012 are reported at P15.5 billion. The life insurance segment in Botswana is quite concentrated with two companies accounting for almost P14.1 billion which amount to 91.3% of total life insurers' assets. The total liabilities of the life insurance industry amounted to P14.024 billion and this shows only an insignificant increase of 0.3% from the previous reporting year.

Total Capital amounts to P1.5 billion and this shows a growth of P155 million from the previous reporting period representing a percentage increase of 11.8%.

INSURANCE AND PENSION FUNDS

Table I.2: Condensed Balance Sheet for Life Insurers 2011 (Pula millions)

Description	Consolidated	ABSA Life	Metropolitan	Momentum	Regent Life	BIFM	Botswana Life	Liberty Life
As at March	****	31-Dec	31-Dec	30-Jun	30-Jun	31-Dec	31-Dec	31-Dec
Fixed Assets	400.844	1.202	1.608	0.065	0.6001	358.468	38.822	0.079
Cash and Investments	595.249	2.928	134.636	85.319	141.662	8.860	220.011	1.833
Financial Assets	13,376.549	36.375	786.111	-	3.553	7,748.542	4,780.850	21.118
Tax Related Assets	8.481	-	1.402	3.272	3.807	-	-	-
Trade & Other Receivables	233.158	4.345	64.970	2.659	-	24.166	129.890	7.127
Reinsurance Liabilities	113.812	-	16.270	14.210	9.582	56.335	15.989	1.426
Other	759.108		0.021	-	0.753	21.255	736.735	0.344
Total Assets	15,487.202	44.850	1,005.018	105.525	159.958	8,217.626	5,922.297	0.0312
Insurance Liabilities	13,541.096	41.458	735.074	68.280	48.636	8,064.393	4,572.132	11.122
Trade & Other Payables	413.820	-	96.449	8.745	10.622	12.119	282.013	3.873
Related Party Payables	22.200	-	0.861	3.574	-	9.940	6.691	1.134
Tax related Liability	20.837		-	0.001	-	3.421	17.402	0.012
Other Liabilities	26.590		24.190	0.146	1.556	-	-	0.697
Total Liabilities	14,024.544	41.458	856.574	80.746	60.815	8,089.874	4,878.238	16,839
Share Capital	251.131	12.060	85.105	9.500	15.888	38.806	79.772	10.000
Reserves	612.049	-	-	9.636	53.714	61.021	486.377	1.302
Retained Earnings	599.476	(8.668)	63.339	5.643	29.541	27.925	477.909	3.787
Total Capital	1,462.657	3.392	148.444	24.779	99.143	127.752	1,044.058	15.088

Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information

The financial health of a life insurer can be determined by the establishment of an insurance risk ratio which is calculated as net premiums written divided by total capital. Where an insurance risk ratio is less than 300%, the insurer is generally considered to be financially sound. Table I.3 shows that the overall insurance risk ratio for the Botswana life insurance industry is 144% which is well below the maximum permitted.

INSURANCE AND PENSION FUNDS

Table I.3: Condensed Income Statement for Life Insurers 2011 (Pula millions)

Description	Consolidated	ABSA Life	Metropolitan	Momentum	Regent Life	BIFM	Botswana Life	Liberty Life
As at	****	31-Dec	31-Dec	30-June	30-June	31-Dec	31-Dec	31-Dec
Gross Premium Written	2,136.737	95.319	110.789	68.067	69.363	2.838	1,758.833	31.528
Premiums Ceded	29.919	-	(2.119)	7.697	6.826	-	15.007	2.507
Net Premiums Written	2,106.818	95.319	112.908	60.369	62.536	2.838	1,743.826	29.021
Change in UPR	616.987	(42.925)	2.091	20.555	4.642	-	627.424	5.200
Adjusted Net Premiums	1,413.264	52.394	110.817	39.814	67.178	2.838	1,116.402	23.821
Incurred Claims	1,055.009	-	89.781	3.822	25.442	-	927.850	8.113
Reinsurance Recoveries	32.615	-	2.075	4.575	5.573	-	20.391	-
Net Claims Paid	1,022.394	-	87.706	(0.753)	19.869	-	907.459	8.113
Acquisition Costs	334.992	47.316	23.699	25.301	15.422	-	218.607	4.647
Operating Expenses	278.006	14.371	27.938	9.429	10.216	48.628	162.158	5.266
Total Underwriting Expenses	1,635.392	61.687	51.637	34.730	25.638	48.628	380.765	18.025
Total Underwriting Income	(222.128)	(9.293)	(28.526)	5.837	21.671	(45.790)	(171.822)	5.796
Investments Income	384.151	0.625	26.469	3.732	9.379	12.128	330.983	0.835
Other Income	176.264	-	15.906	-	0.640	3.020	156.698	-
Retrocession	-	-	-	-	-	-	-	-
Net Profit Before Taxes	412.263	(8.668)	13.849	9.568	31.690	43.334	315.859	6.630
Tax	50.570	-	5.528	1.889	7.923	1.159	32.649	1.424
Net Income After Tax	372.748	(8.668)	19.377	7.679	23.768	42.175	283.210	5.206

Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information

During the reporting year, gross premiums written by the life insurance sector is P2.1 billion as compared to the 2011 figure of P1.9 billion constituting a growth of 11% from the previous year. Of the total underwriting expenses of P1.635 billion, operating expenses for life insurers totaled P278 million while the total acquisition expenses totaled P335 million. Acquisition costs constitute about 20% while operating costs constitute about 17% of the total underwriting costs.

Net income before tax for the industry during the fiscal year is reported at P412 million with six of the seven insurers reporting positive net income. From the consolidated income statement above, Absa Life Botswana (Pty) Ltd has reported a loss. This is not unusual for a company in a start up position as it is more likely to be characterized by high costs during the first few years of operation. The life insurance industry paid a total of P50.6 million to the Government of Botswana in the form of income taxation.

2.2 General Insurers

During the reporting period twelve (12) general insurers were licensed to underwrite general insurance business and two (2) reinsurers were licensed to undertake general reinsurance business and their details are as listed in Appendix A. One newly licensed insurer's financial performance is not included in this report since the company has not completed a full 12 months of operation.

INSURANCE AND PENSION FUNDS

Table I.4 below outlines a condensed financial balance sheet for general insurers for the reporting period. The table indicates that total assets for general insurers increased by 8% from P1.2 billion (2010) to P1.3 billion in the reporting period.

Table I.4: Consolidated Balance Sheet for General Insurers 2011 (Pula millions)

Description	BECI	BIC	BIHL	Hollard	Maemo	Mutual & Federal	Prefsure	Regent	Sesiro	Sunshine	Zurich	Totals
As at	30-Jun	31-Dec	31-Dec	30-Jun	30-Jun	31-Dec	30-Sept	30-Jun	31-Dec	30-Jun	31-Dec	****
Cash and Investments	36.573	150.167	33.442	80.083	2.951	107.712	7.105	210.346	24.991	3.097	161.517	817.984
Fixed Assets	5.549	29.527	2.296	2.031	0.551	1.041	36.152	1.004	-	0.790	1.698	80.639
Other Current Assets	3.926	221.106	1.366	36.785	2.051	56.474	8.518	21.529	13.543	2.415	34.150	401.863
Total Assets	46.047	400.800	37.104	118.899	5.553	165.227	51.775	232.879	38.534	6.302	197.365	1,300.486
Insurance Liabilities	0.639	211.503	3.068	63.440	1.038	89.283	16.474	84.925	0.970	0.890	137.621	609.850
Long-term Liabilities	0.404	4.617	-	0.275	-	6.750	-	4.053	0.537	-	-	16.636
Other Current Liabilities	21.047	37.035	24.169	21.665	3.277	8.955	7.540	26.885	15.339	4.579	8.617	179.109
Total Liabilities	22.090	253.155	27.238	85.379	4.315	104.988	24.014	115.863	16.847	5.468	146.238	805.595
Share Capital	12.470	52.293	5.968	11.909	6.083	21.545	5.747	9.530	3.940	3.250	19.105	151.840
Reserves	10.368	57.879	2.144	4.766	0.000	25.905	10.402	39.947	3.456	-	30.996	185.864
Retained Earnings	1.120	37.473	1.753	16.845	4.845	12.789	11.612	67.539	14.291	-2.416	1.026	157.188
Total Capital	23.958	147.644	9.866	33.520	1.238	60.239	27.762	117.016	216.873	0.834	51.128	494.891

Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information

Cash and cash equivalents and related parties investment and loans are the most important investment assets for general insurers. Significant investments in these asset types are expected given that it is necessary for general insurers to meet their short-term obligations in a timely manner. Total liabilities, including technical liabilities of the general insurers stood at P806 million depicting an increase of 13% when compared to previous fiscal year. NBFIRA continues to closely monitor the industry reserves provision and overall liquidity through both quarterly and annual reporting by entities.

The capital for the general insurance market is reported at P495 million for the reporting period, reflecting a well-capitalized market. Section 9 of the Insurance Industry Act requires each general insurer to annually transfer 15% of net after tax income to a Capital Reserve Account. In addition, Section 11 of the Insurance Industry Act requires that the lesser of 10% of gross profits or 25% of gross premiums written be transferred to a Statutory Reserve Solvency Account. At the end of December 2011, general insurers reported a total of P186 million for these two accounts, an increase of P38 million from the prior year. Retained earnings are reported at P157 million, which has declined by P16 million from the prior year. The decline is attributed to several general insurers experiencing reduction in profits made. In addition the reduction in total retained earnings is as a result of two newly licensed underwriters' financials namely, Maemo Cell Insurance Company (Pty) Ltd and Sunshine Insurance Botswana (Pty) Ltd which were not accounted for in the previous reporting period as they had not completed their twelve months reporting cycle. The two underwriters' financials have now been included in this reporting period and have made losses as it is not uncommon for a startup companies to experience losses in their first year of operation.

INSURANCE AND PENSION FUNDS

Table I.5 below outlines the operating performance of the general insurance market for the reporting period. The gross written premium for the non-life insurance market reached the P1 billion mark during the reporting period. This is a growth rate of 11% from the prior period (2010: P902 million). The market ceded a total of P341 million worth of premiums to both local and external reinsurers. This represent 34% of total gross premium that was written in this reporting period compared to 29% ceded in the prior year.

Table I.5: Consolidated Income Statement for General Insurers 2011 (Pula millions)

Description	BECI	BIC	BIHL	Hollard	Maemo	Mutual & Federal	Prefsure	Regent	Sesiro	Sunshine	Zurich	Totals
As at	30-Jun	31-Dec	31-Dec	30-Jun	30-Jun	31-Dec	30-Sep	30-Jun	31-Dec	30-Jun	31-Dec	*****
INCOME STATEMENT												
Gross Premium Written	14.589	250.658	31.146	100.538	6.374	125.664	24.196	171.014	76.875	16.036	213.477	1,016.134
Premiums Ceded	5.348	124.260	-	33.706	6.327	45.252	4.383	12.401	68.312	0.938	40.293	341.220
Net Premiums Written	9.240	126.398	31.146	66.832	0.047	80.412	19.813	158.613	8.563	0.666	173.184	674.914
Change in UPR	-	-7.741	0.009	2.244	0.047	4.054	4.780	7.723	0.645	-	5.260	17.021
Net Premiums Earned	9.240	134.139	31.137	64.589	-	76.358	15.033	150.890	7.918	0.666	167.924	657.893
Incurred Claims	4.478	88.979	7.917	36.193	1.282	38.530	7.263	78.306	-	1.010	108.573	372.531
Net Acquisition Costs	2.303	10.766	1.080	9.207	0.193	9.300	1.990	18.913	6.235	0.220	26.931	87.139
Operating Expenses	6.352	35.410	20.299	13.956	4.755	10.913	5.553	29.230	0.339	2.838	9.135	138.781
Underwriting Expenses	13.133	135.155	29.297	59.357	5.844	58.743	14.806	126.449	6.574	4.069	144.639	598.064
Total Underwriting Income	-3.893	-1.016	1.840	5.232	-5.844	17.615	0.227	24.441	1.343	-3.403	23.286	59.829
Investments Income	1.303	7.947	0.536	3.127	0.094	5.841	5.133	11.388	0.814	0.016	10.292	46.492
Other Income	1.966	-15.149	0.884	0.420	0.040	0.003	-	1.466	-	0.971	-	-9.399
Reinsurance Recoveries	0.665	31.250	-	5.993	0.864	7.431	-	2.400	-	-	11.401	60.004
Net Profit Before Taxes	0.041	23.033	3.261	14.772	-4.845	30.890	5.360	39.695	2.157	-2.416	44.978	156.925
Tax	0.059	-2.594	0.076	-3.397	-	-1.315	-1.207	-9.219	-0.420	-	-3.811	-21.827
Net Income After Tax	0.100	20.439	3.337	11.375	-4.845	29.575	4.153	30.475	1.737	-2.416	41.167	135.098

Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information

Underwriting expenses for the market increased from P360 million (2010) to P598 million during the reporting period. Incurred claims for the market more than doubled to P373 million during the reporting period compared with the prior period (2010: P178 million). The rate of increase in incurred claims is higher than the rate at which premiums increased in the same period. The total underwriting income for the market was P60 million which indicates a P5 million decline from the prior period and this could be attributable to a significant increase in incurred claims. However four (4) insurers reported underwriting losses during the reporting period.

Investment income for the general insurance industry was P46 million for the reporting period compared with P48 million in the prior period, which indicates a decline of P2 million and a P20 million total investment income decline over the past three years. During the reporting period the general insurance industry paid to the government P22 million in the form of income tax, an increase of P2 million from the prior period.

INSURANCE AND PENSION FUNDS

2.3 Reinsurers

In 2009 NBFIRA licensed two (2) reinsurance companies (Appendix A) to transact all classes of general reinsurance business in the market. During the reporting period, the reinsurance companies generated a combined gross written premium of P16 million, this amount is more than four times the amount recorded in the prior period (2010: P4 million) and this growth could be attributable to the utilization of the local reinsurance capacity by general insurers. Even though this amounts to 5% of the total premium ceded by the market, it is important to note that reinsurers' gross written premium stated here, includes reinsured business outside this market. The growth in local placement of reinsurance business is expected to improve as local insurers continue to offer local reinsurers the business which will in turn help develop the domestic insurance sector.

Table I.6: Consolidated Income Statement for General Reinsurers 2011 (Pula)

Description	FMRE	FirstRe	Totals
As at	31-Dec	31-Dec	****
Gross Premium Written	8,268,029	8,098,700	16,366,729
Premiums Ceded	1,250,807	2,798,906	4,049,713
Net Premiums Written	7,017,222	5,299,794	12,317,016
Change in UPR	2,724,443	707,591	3,432,034
Net Premiums Earned	4,292,779	4,592,203	8,884,982
Incurred Claims	819,712	1,450,248	2,269,960
Net Acquisition Costs	903,242	1,005,791	1,909,033
Operating Expenses	2,974,036	2,420,987	5,395,023
Underwriting Expenses	4,696,990	4,877,026	9,574,016
Total Underwriting Income	(404,211)	(284,823)	(689,034)
Investments Income	163,026	225,156	388,182
Other Income (loss)	(484,600)	(171,626)	(656,226)
Retrocession Recoveries	-	114,838	114,838
Net Profit Before Taxes	(725,785)	(116,455)	(842,240)
Tax	19,722	(28,538)	(8,816)
Net Income After Tax	(706,063)	(144,993)	(851,056)

Source: Audited financial statements of reinsurers. Some adjustments made to ensure consistent presentation of information

During the reporting period, both reinsurance companies made losses with this resulting in a total negative net income of P851,056. The loss is attributed to high increase in expenses. Both reinsurers recorded underwriting losses, as incurred claims increased sharply from P440,000 in the prior period (2010) to P2.3 million under the review period.

INSURANCE AND PENSION FUNDS

Table I.7: Consolidated Balance Sheet for General Reinsurers 2011 (Pula)

Balance Sheet	FMRE	FirstRe	Totals
Cash and Investments	3,645,642	2,719,318	6,364,960
Fixed Assets	719,780	228,686	948,466
Long-term Assets	1,066,291	368,602	1,434,893
Other Current Assets	3,630,553	4,156,055	7,786,608
Total Assets	9,062,266	7,472,661	16,534,927
Insurance Liabilities	4,672,365	3,168,634	7,840,999
Long-term Liabilities	-	5,906	5,906
Other Current Liabilities	3,705,078	607,140	4,312,218
Total Liabilities	8,377,443	3,781,680	12,159,123
Share Capital	3,500,000	5,000,000	8,500,000
Reserves	286,872	255,801	542,673
Retained Earnings	(3,102,049)	(1,564,819)	(4,666,868)
Total Capital	684,823	3,690,982	4,375,805
Total Liabilities & Equity	9,062,266	7,472,662	16,534,928
Source: Audited financial statements of insurers. Some adjustments made to ensure consistent presentation of information			

Table I.7 indicates that total assets for reinsurers increased by 70% from P10 million (2010) to P17 million in the reporting period while total liabilities also increased by 140% from P5 million (2010) to P12 million in the same period. As noted, the rate of increase in liabilities is higher than that of assets, an inconsistency that NBFIRA is closely monitoring.

The total capital for reinsurers is reported at P4.3 million which is a decline by 17% from the prior period (2010: P5.2 million). One reinsurer namely FMRE did not meet the Minimum Capital Requirement of P2 million as at December 2011 and therefore, its licence was suspended. However, FMRE has since regularized its capital to meet the minimum capital requirement and its licence was reinstated. FMRE's solvency margin will be constantly monitored and this monitoring will be achieved with the aid of quarterly reporting that has been implemented through the introduced Prudential Rules which effected March 1, 2012.

2.4 Insurance Brokers

As reported earlier there were 42 registered insurance brokers during the reporting period and their full details are as listed in Appendix C.

The combined generated commission earned by insurance brokers during the period under review was P190 million from both Life and Non-life business and P79 million received as consulting fees. The total assets of insurance brokers stand at P290 million compared with P236 million in the prior period.

INSURANCE AND PENSION FUNDS

B. RETIREMENT FUNDS INDUSTRY

1. Market Composition

As at March 31, 2012 there were 97 active standalone pension funds licensed in Botswana; this number includes the 6 Umbrella Funds. The umbrella funds consist of 168 several small sized funds which are pooled together. The advantage of pooling the funds together is to facilitate cost savings.

The total membership of all pension funds as at end of fiscal 2011 was 153,766 compared to 153,787 in 2010. This number includes 141,469 active members, 5,809 deferred members and 6,488 pensioners who receive their pension payments from the Pension Funds. The largest fund in Botswana is the Botswana Public Officers Pension Fund with a membership of 107,149. The total members' funds for the year totaled P40, 454 million. This reflects a growth of 17% as compared to 2010.

Table P1: Condensed Income/Expenditure statements for the period ended 31-Dec-2011 (Pula millions)

Income	2011	2010
Members Contributions	713.122	730.358
Employer Contributions	1,203.167	1,312.000
Amounts received on life insurances	6.544	.905
Investment Income	2,677.693	4,240.339
Other Income	277.488	1,923.010
Total Expenditure		
Benefit Payments	1,722.089	1,719.382
Administration, Management Expenses and Fees	312.593	292.169
Insurance Premiums	30.619	8.226
Total	2,078.172	2,039.054

The member contributions decreased by 2.4% while employer contributions decreased by 8.3% in the year 2011. The income from investments decreased by 37% in 2011 as compared to 2010. Benefit payments by pension funds showed a minimal increase in 2011 compared to the previous year. Administration, Management Expenses and Fees increased from 3% in 2010 to 7% in 2011. This fee increase is because most services are outsourced to experts in the field of investments and funds administration.

Table P2 outlines the investment assets held by pension funds as at December, 2011. The table indicates that as at December, 2011 investment assets of Botswana pension funds totaled P40.4 billion, an increase of 17% from the previous year. This is an indication that the Pension Industry continues to grow and contributes significantly to the economy of Botswana.

Botswana primary listed equities accounted for P7.4 billion while offshore equities stood at P17.2 billion. Equities in total accounted for 61% of the investment assets of pension funds. Local Bonds and commercial paper accounted for 16% of total pension fund assets while offshore bonds accounted for 7% of total pension fund assets.

Pension Funds in Botswana are allowed to invest up to 70% of their investment assets outside of Botswana. As at December, 2011 offshore investments of Botswana pension funds totaled P22.7 billion or 55% of total pension assets.

INSURANCE AND PENSION FUNDS

Table P.2: Pension Plan Investment Assets (Pula millions)

Investment Asset	As at December, 2011(Pula millions)	% of Total
2011		
Botswana Equities	7,388	19
Pula Bonds*	6,496	16
Pula Cash/Near Cash	3,456	9
Botswana Property	367	1
Total Botswana Investments	17,707	45
Offshore Equities	17,151	42
Offshore Bonds	2,913	7
Offshore Cash/Near Cash	2,583	6
Total Offshore Investments	22,647	55
Total Investments	40,354	100
*Includes Commercial Paper		

The Pension Fund Investment Managers' main objective is to achieve growth of capital for the fund members by investing in portfolios both offshore and locally with minimal risks. These investments are exposed to market risk, credit risk, liquidity risk and foreign currency risk.

Other risks facing investments relate to inflation. The rising inflation poses problems for cash, fixed income investments and Government bonds because achieving positive real returns becomes difficult. Pension funds are also expected to maintain their liquidity at satisfactory levels so as to be able to settle their obligations when they fall due.

- Foreign Currency Risk:**
 Pension Fund investments are exposed to currency risks mainly through the investments denominated in foreign currency which amounted to P22.6 billion as at 31st December 2011 compared to P21.3 billion as at 31st December 2010.
- Interest Rate Risk:**
 Pension Fund Investments are exposed to the risk of fluctuation, because of changes in market interest rates. Financial instruments likely to be affected by interest rate risk include bank balances and cash, interest bearing securities and deposits. The total amount exposed to interest rate risk was P15.5 billion as at 31st December 2011 compared to P10.3 billion as at 31st December 2010.
- Credit Risk:**
 Pension Fund investments are exposed to the risk that a counterparty will default on its contractual obligations which may result in losses to the funds. Credit risk is mainly concentrated around debt and equities. The total amount exposed to credit risk was P33.9 billion or 84% of all pension fund assets.

INSURANCE AND PENSION FUNDS

C. REGULATORY CHALLENGES

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

- Lack of in-depth knowledge of the requirements of the NBFIRA Act, Insurance Industry Act, Pension & Provident Funds Act and its Regulations by the regulated entities which often leads to issues of non-compliance.
- There has been an improvement in the submission of Annual Returns by regulated entities even though NBFIRA still receives requests for extension to submit the returns past the legislated submission periods of four (4) months for insurance entities and six (6) months for pension funds.
- Customer and Member Education is a major challenge for the pensions industry in Botswana especially to ensure that members of pension funds are aware of their rights and obligations regarding their entitlements in terms of the fund rules.
- Furthermore, NBFIRA continues to receive claim related complaints, mostly concerning settlement (quantum) dispute. It is in this vein that entities are encouraged to put in place robust internal complaint handling procedures to reduce the number of complaints that reach NBFIRA which could have been addressed without NBFIRA's mediation.
- Low turnout by regulated entities during the NBFIRA industry consultations meetings which in turn delays completion of consultation processes.



CAPITAL MARKETS

OVERVIEW

The Capital Markets division is responsible for the licensing and supervision of prudentially regulated Non-Bank Financial Institutions (NBFIs) which includes the following:

- The Botswana Stock Exchange (BSE)
- The Central Securities Depository of Botswana (CSDB)
- The Commodities Exchange (Bourse Africa Limited)
- Licensed Securities Dealers
- Individually licensed Securities Dealers Accredited companies
- International Financial Services Centre (IFSC) Accredited companies
- Collective Investment Undertakings (CIUs) including Management Companies of the CIUs
- Trustees
- Custodians
- Investment Advisors
- Asset Managers
- Micro Lenders
- Finance and Leasing companies

MARKET STRUCTURE

The Capital Market infrastructure consists of the Botswana Stock Exchange (BSE) which is the securities exchange and the Bourse Africa Limited (BAL) licensed as the commodities exchange. BSE operates through a central securities depository while BAL will operate through central counterparty. The Central Securities Depository Company of Botswana Limited (CSDB) is fully owned by the BSE and allows for the holding of securities in electronic form.

The BSE is the only securities exchange in Botswana. The Exchange was established in 1989 when it was known as the Botswana Share Market and operated as an informal market. The BSE Act was passed in Parliament in 1994 and promulgated in 1995. Following the establishment of NBFIRA, the BSE is regulated by the Regulatory Authority. The BSE is given the responsibility to conduct limited regulatory activities over its member brokers and listed companies under the BSE Act and the various BSE Rules.

BSE members brokers remain at four (4) to date. Details of which are included in Appendix F.

BAL has been licensed as a commodities exchange to carry out activities which include inter alia, trading currency and commodity derivatives. It will operate a spot and derivatives market offering trade in futures contracts on African currencies and commodities. It will also operate a central counterparty clearing house and depository platform. BAL is given the responsibility to conduct limited regulatory activities over its member brokers as stipulated between a Memorandum of Understanding (MOU) signed with NBFIRA.

BSE Members

Since the inception of NBFIRA, the Regulatory Authority has delegated the supervision of the four (4) Stock broking firms, namely Motswedi Securities (Pty) Ltd, Stockbrokers Botswana Ltd, Imara Capital Securities (Pty) Ltd and African Alliance Botswana Securities (Pty) Ltd to the BSE due to capacity challenges faced by the Regulatory Authority. However, where there are some issues that need the intervention of the Regulatory Authority, NBFIRA conducts investigations and takes proper action accordingly.

NBFIRA monitors the performance compliance and conduct of these firms through the reports submitted by the BSE i.e. annual on-site inspections reports and annual audited financial reports.

NBFIRA is in the process of signing an MOU with the BSE, the MOU will specify the activities to be performed by both the BSE and NBFIRA to avoid duplication of activities and the possibility of regulatory arbitrage regarding the supervision of the Stock broking firms.

Amendments to the Rules

Section 59 of the NBFIRA Act allows a self-regulatory organisation to make rules; the rules or amendments of such rules are of no effect unless approved by the Regulatory Authority. During the year ending March 2012, NBFIRA granted approval to the BSE and the CSDB with respect to the amendments to the rules as follows:

CAPITAL MARKETS

BSE rules amendments

- Section 17 of the listing rules was amended to increase the annual sustaining fees for dual listed companies. The rationale behind this was that the fees had not been reviewed since 1999. The activities of the Exchange have since increased and developments have been made such as the introduction of new products and infrastructure.
- Introducing provisions for penalties for late payments applicable to BSE Members and Listed Companies.
- Amendment of Member Rule 3.05 (ii) (h) to exclude proprietary rights in the computation of net assets.
- Amendment of Member Rule 3.05 (iii) (1) (a) (ii) for the format used to compute net capital for brokers. A sentence was added to clarify that proprietary rights are treated as an intangible asset and are excluded in the computation of net assets.
- The inclusion of Member Rule 12.2 that serves to extend the Central Securities Depository Company of Botswana Limited (CSDB) penalty rules to apply to securities cleared and settled outside the CSDB.

CSDB rules amendments

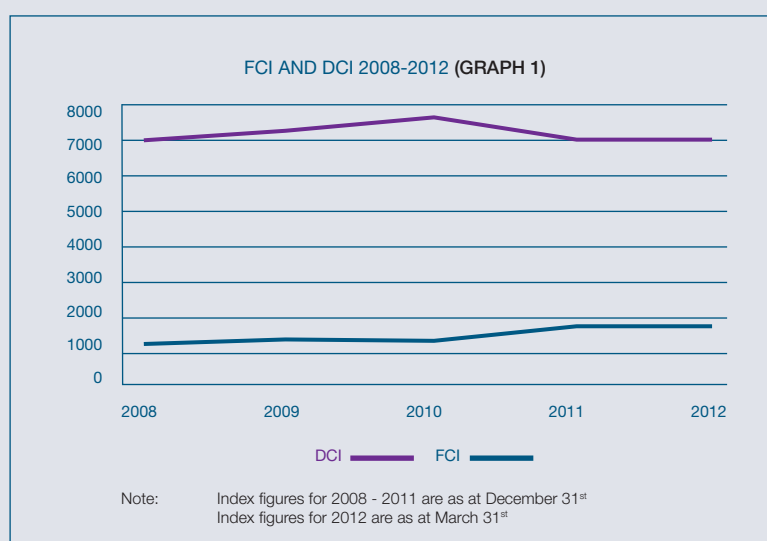
- Charges were introduced for value added services given to clients. This included a levy to brokers and nominated transfer secretaries for the use of CSDB infrastructure and software as well as back office operation services. Trade statistics, historical data and freezing/unfreezing of securities will also be charged.
- The T+4 settlement cycle was reduced to T+3. This included amending other relevant areas of the rules that would need to accommodate the reduction in the settlement cycle.
- Inclusion of a provision for penalties for late payments. Failure of fees within stipulated time frame as well as the penalty within 10 days from the written notice will result in the participant's suspension from the CSDB.

Performance of the Market

The BSE had a total of thirty-six (36) listed companies as at March 31st 2012 compared to a total of thirty (30) companies as at March 31st 2011. There are twenty-four (24) companies on the domestic board and twelve (12) companies on the foreign equities board. Ten (10) of the companies are on the venture capital board, while the remaining twenty-six (26) are listed on the main board. During the fiscal year, seven (7) companies were listed of which four (4) are in the business of mining and exploration.

There are two exchange traded funds on the BSE, the NewGold ETF and the BettaBeta Equally Weighted Top40 ETF. The listing of the ETFs has seen the financial deepening of the market.

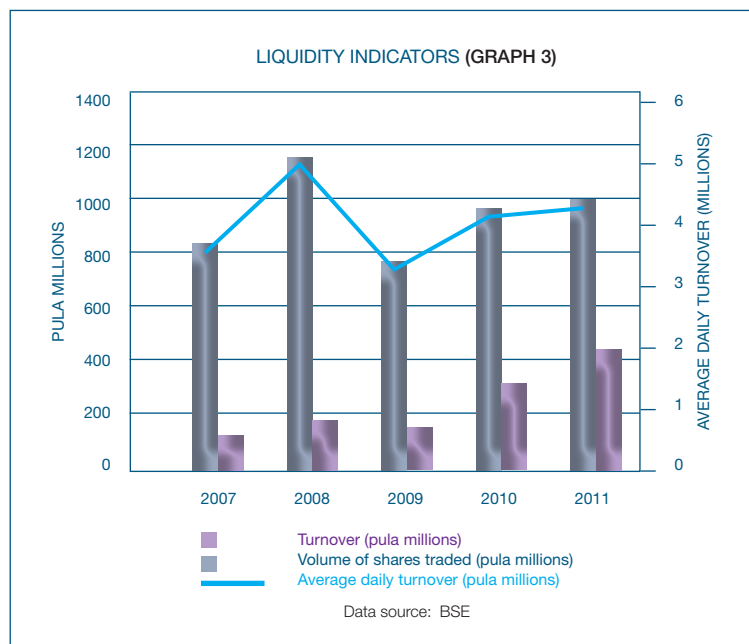
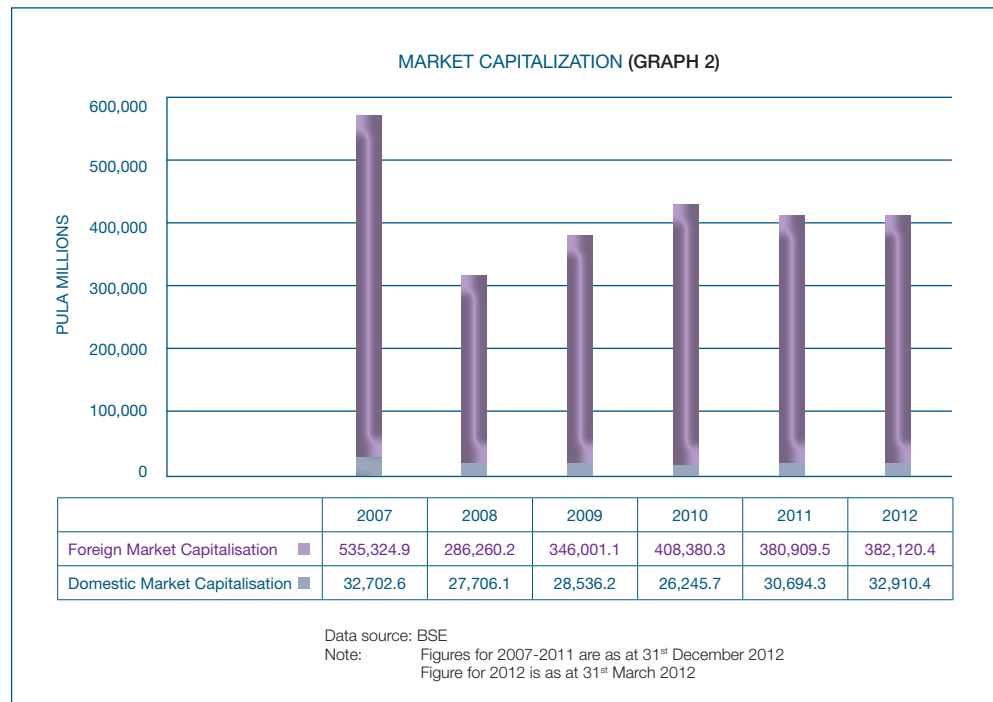
The BSE's main indices are the Domestic Companies Index ("DCI") and the Foreign Companies Index ("FCI"). The Exchange has 6 other indices including that for the local asset sector, domestic financial sector, foreign resource sector and free float indices. The performance of the DCI and FCI, as illustrated by Graph 1, on a year-to-year basis the DCI appreciated by 8.7% while the FCI appreciated by 1.8% in 2011. This can be compared to a decline of 11.4% and an increase of 18% for the DCI and FCI respectively in 2010.



CAPITAL MARKETS

The DCI appreciated by 1.0% for the 3 months ended March 2012, while the FCI appreciated by 0.3%. Graph 2 depicts the total market capitalization across the years as divided between domestic and foreign market capitalization. A large decline in market capitalization can be seen from 2007 to 2008 due to the effect of the global financial crisis. The fluctuations of the domestic market capitalization over the past 5 years have resulted in a movement from a domestic market capitalization of 32.7 billion at the end of 2007 to P32.9 billion at the end of 2012. The effects of the financial crisis that only hit the BSE in 2008 can partly be seen by the large decline in both domestic and foreign market capitalization from 2007 to 2008. The graph illustrates that the changes to domestic market capitalization were minimal in comparison with the foreign market capitalization, partly showing that international companies were more affected by the financial crisis than domestic companies.

As seen in graph 3, the highest liquidity level on a year to year basis was in 2008. As per BSE data source the highest liquidity levels as shown by average daily turnover and volume of shares traded, was highest in quarter 2 of 2011 with average daily turnover of P5.8 million and volume of shares traded as 181.1 million. The lowest liquidity levels were recorded in quarter 3 of 2011, with an average daily turnover of P1.7 million and volume of shares traded at 39.1 million.

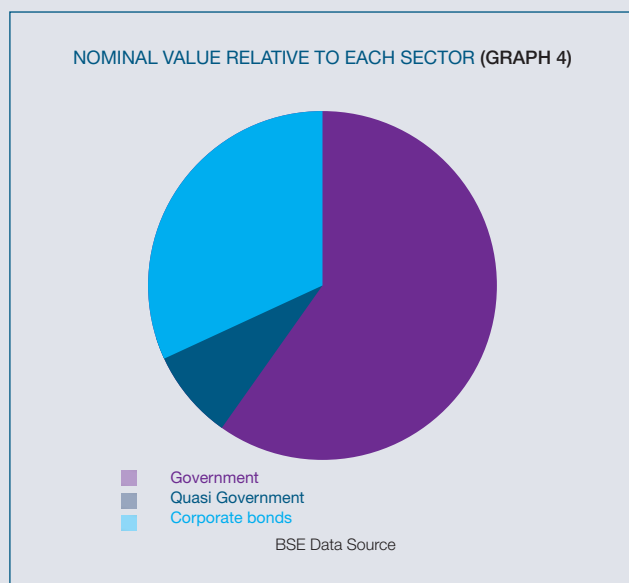


CAPITAL MARKETS

Bond Market

The profile of bonds listed on the BSE as at March 31st 2012 was comprised of six (6) government bonds, five (5) quasi-government and twenty-three (23) corporate bonds. The nominal value of issued bonds was P4.729 billion for government bonds, P0.635 billion for quasi government and P2.394 billion for corporate bonds, as shown by graph 4.

During the 12 months ended 31st March 2012, five (5) bonds were listed on the exchange, three (3) of which were government bonds, the remaining two (2) being corporate bonds.



Industry Infrastructure Development

Automated Trading System

The Botswana Stock Exchange is in their final stage of implementing the Automated Trading System ("ATS"). The ATS will increase visibility and the reach of the BSE. It will also assist in the surveillance of the market and hence complement capital market regulation. The BSE anticipates that the piloting of the system will commence during the third quarter 2012, along with the new Rules

for the exchange participants after approval by NBFIRA. NBFIRA has been kept abreast with this development through meetings and a one day workshop conducted by the BSE on operation of the new system.

Bond Market Development Strategy

The BSE has initiated the development of a comprehensive bond market development strategy for the domestic market. As part of this strategy the BSE is in the process of reviewing the bond pricing computation that will be adopted by the Exchange. At present Fleming Advisor Pty Ltd compute a bond price for Botswana named Fleming aggregate Bond Index (FABI). The reviewed bond pricing was benchmarked with bond pricing formulae used in South Africa. The bond formulae included in the Automated Trading System will also be reviewed in the process. These methods include pricing: coupon bonds, zero coupon bonds, Floating Rate Notes, Convertible Bonds, Callable Bonds and Bills. The Bond index will support future development of index based products.

International Financial Services Centre Activities

The Capital Markets Department is responsible for licensing and monitoring all non - bank financial institutions which have been approved by the IFSC Certification Committee and recommended to NBFIRA. Once approved NBFIRA is responsible for prudential regulation and monitoring compliance of tax exemption conditions and the financial soundness of such entities. NBFIRA also ensure that these entities comply with the legal and regulatory frameworks in place.

During the year ending March 2012, three (3) companies namely Norsad Finance Limited, African Emerging Venture Services (Pty) Ltd and Turnstone Corporate Botswana (Pty) Ltd submitted applications to be licensed as IFSC non-bank financial institutions. The three applications were in finance and leasing, investment management and treasury management of group companies, respectively. Norsad Finance Limited and African Emerging Venture Services were given an exemption as the Regulatory Authority has no legal frameworks governing finance and leasing companies, while the regulations for asset managers await approval. Turnstone application is still in process.

CAPITAL MARKETS

International Financial Services Centre Activities (continued)

Two companies namely Cherubim Ventures and Vantage Mezzanine Fund II (Pty) Ltd applied for and were given approval to terminate their operations in Botswana. Furthermore SeedCo International ("SeedCo") and African Banking Corporation Holdings ("ABCH") Limited were relegated out of NBFIRA's regulatory preview. SeedCo International business activities were reviewed and the findings revealed that SeedCo does not carry out any NBFI activity. SeedCo will be transferred back to the supervisory purview of Botswana International Financial Services Centre. The supervision of ABCH will be transferred to Bank of Botswana based on the fact that 95% of ABCH business activities are primarily banking enterprises and that Bank of Botswana has signed MOUs with other African Banks to facilitate sharing supervisory information and to enhance cross border monitoring of ABCH.

The total number of IFSC accredited companies granted regulatory approval by NBFIRA decreased to seventeen (17) as at end of March 2012 compared to nineteen (19) at the end of March 2011. Out of the 16 companies, twelve (12) were operational at the end of the reporting period. These companies are listed in Appendix E.

Investment Institutions

Capital Markets Department is responsible for the regulation and supervision of investments intermediaries which includes management companies of Collective Investment Undertakings (CIUs), CIU funds, trustee for CIU's, asset managers, custodians and investment advisors.

As at reporting date, NBFIRA had six (6) licensed management companies which deal with CIUs. These CIU's tend to cater to retail investors. Four (4) of the six (6) licensed management companies were previously licensed under the CIU Act by Bank of Botswana. NBFIRA has registered thirteen (13) asset managers, three (3) custodians and two (2) trustees. The absence of licensing regulations covering asset managers, custodians

and trustees make it possible to hold only a registration supervisory status rather than a licensed regulatory status.

From the thirteen (13) registered asset managers, there are seven (7) major asset managers, ranked approximately by the magnitude of assets under their management. These handle pension funds, six (6) of which are mandated to manage government pension funds.

There are currently eighteen (18) investment advisors registered with NBFIRA. The Association of Botswana Financial Advisers (ABFA) has forty-five (45) registered members representing twelve (12) entities. NBFIRA encourages membership of the Association of Botswana Financial Advisers to aid a central point of discussion about matters affecting investment advisors.

Licensing

The unit processes applications for licenses, registrations, approvals and authorization of changes in original applications. NBFIRA licensed BIFM Unit Trust Investment (Pty) Ltd as a management company, during the year, to operate six (6) portfolios. This comprised three (3) money market funds, one (1) equity fund, and two (2) asset allocation funds. The latter is a mix of equity, bonds, cash, property and derivatives. This brings the total number of licensed management companies to six (6), operating 22 CIU Funds. Appendix D1 gives the names of licensed management companies and details of the types of funds approved for public offer. The twenty-two (22) licensed funds comprise seven (7) money market funds, six (6) equity funds, six (6) are asset allocation funds and three (3) funds which invest predominately in fixed income instruments (bonds) funds. BIFM Unit Trust Pty Ltd is expected to start marketing its funds during the next financial year.

BIHL Unit Trusts (Pty) and Stanbic Investment Services Management Services (SIMS) changed their names to BIFM Unit Trust Pty Ltd and Stanlib Investment Management Services (SIMS), respectively. While NBFIRA received an application to approve an advanced money market fund by SIMS, this was approved after the reporting period.

CAPITAL MARKETS

Licensing (continued)

NBFIRA dealt with several applications for licensing during the period under review. These included seven (7) financial advisors and 2 investment companies. The proposals were at various stages of processing as at the year-end.

SURVEILLANCE

On-site and off-site supervision are fundamental in monitoring the conduct of business activities of licensees.

During the period under review NBFIRA monitored compliance of its licensed entities with the relevant laws and licensing conditions through submission of statutory returns, periodic disclosures such as interim and annual audited financial statements, foreign investment returns, Net Asset Value ("NAV") calculations, and other appropriate information relating to reporting issues which are to be disclosed to the public where applicable.

A review of the statutory return, interim and audited financial statements was conducted to ensure adherence to the prescribed standards. The management companies satisfied the minimum capital adequacy requirements throughout the year.

The Investment Institutions Unit conducted one full scope on-site inspection. The scope of the examination included an appraisal of compliance to the CIU Act to ascertain the adequacy of the structure, systems, and internal controls and to verify the accuracy of financial information submitted to NBFIRA.

Consultative and Prudential Meetings

NBFIRA held bilateral meetings with some supervised non-bank financial institutions. The meetings covered the review of their latest financial statements, strategic plans and regulatory updates. One meeting was held with management companies and trustees to discuss the lack of adherence by some funds to investment restrictions, stipulated in the First Schedule of the CIU Regulations which resulted in breaches of the same. These investment restrictions are intended to impose minimum diversification on the funds, restrict the types of investments (with the objective of ensuring liquidity of open-ended funds), and impose maximum percentages of any one issuer that may be owned (control issues). There are limits on the use of leveraging by the open-ended funds.

Performance of the Market

Combined assets held by asset managers and management companies stood at P47.541 billion for the last 12 months ending 31st March 2012 compared to P43.997 billion at end of March 2011. This represents a growth of 8.06 percent. Graph 1 below shows the industry assets which originate from pension funds. Pension funds continue to form the bulk of these assets representing 83.53 percent (82.56: 2011). Assets held by management companies as CIU comprised 10.51 percent (11.30: 2011) of the industry assets.

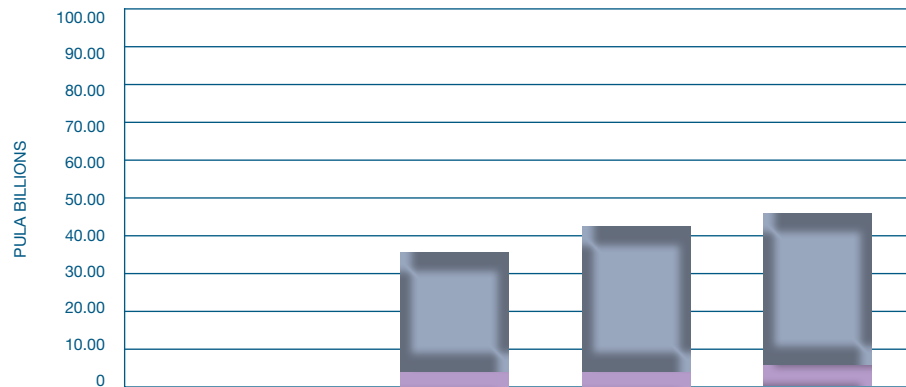
CAPITAL MARKETS

The assets managed as CIU assets for the last 12 months ending 31 March 2012 stood at P4.997 billion compared to P4.973 billion at the end of March 2011. This illustrated reduced popularity as the assets reflected a growth rate of less than 1% (0.49%) compared to 17.20% and 39.33% in 2010 and 2011, respectively.

The bulk of assets managed by local CIUs; 73% (78%: 2011) are held in domestic investment, with the remainder being held outside the country.

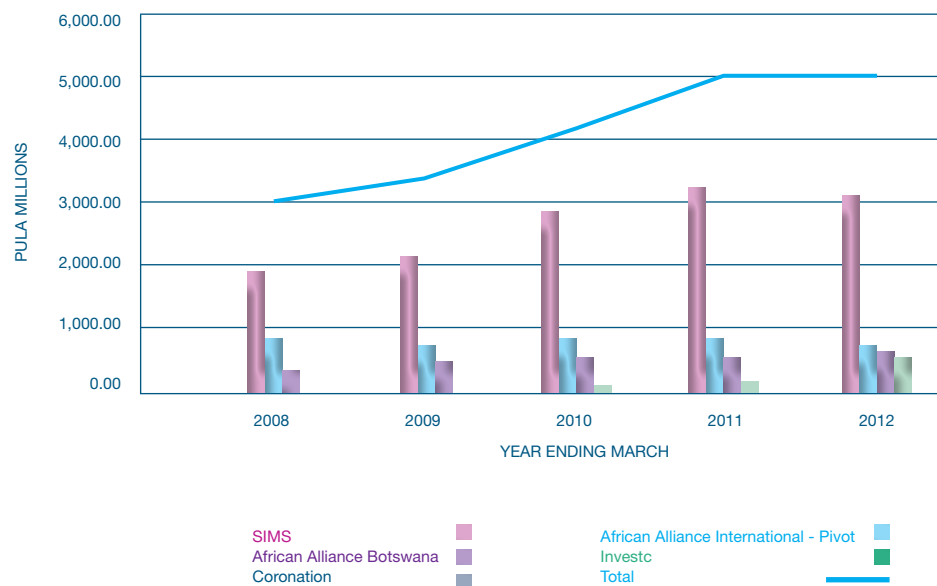
Foreign funds may be marketed in Botswana only if authorized to do so by NBFIRA. Appendix D2 gives a list of those CIUs which have been permitted to be marketed locally through a local facilities agent. As at the end of March 2012 four (4) undertakings representing 60 unit portfolios were approved. The policy that has been applied to these foreign applications is to ensure that their home regulatory environment is comparable to that of Botswana and the products offered are of a similar structure and risk profile to those offered by a Botswana Management Company.

INDUSTRY ASSETS BY SOURCE (GRAPH 5)



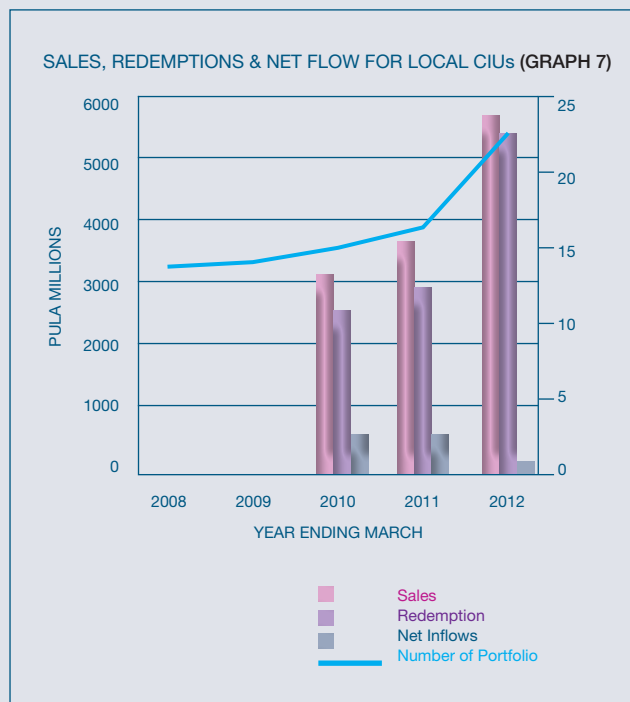
	2010	2011	2012
Pension Assets held by Asset Managers	34,168,979,926.56	36,324,899,724.67	39,711,306,191.94
CIU Total Assets	4,243,230,332.94	4,972,906,972.67	4,997,172,408.91

TOTAL ASSETS UNDER MANAGEMENT FOR CIU'S (GRAPH 6)



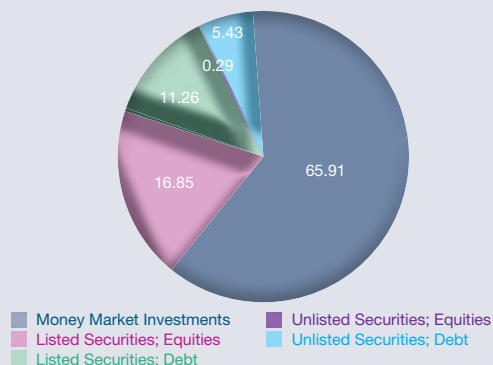
CAPITAL MARKETS

Over the year, the CIU industry attracted net annual outflows of P206.5 million comprising P5.600 million sales and P5.394 million repurchases. This compared to net outflow of P772.5 million recorded in the previous year. Most transactions were in the money markets which tend to be more liquid and are therefore more acceptable to risk adverse investors. Graph 7 below depicts net flows over a three year trend. The graph below also shows that despite the steady increase in AUM there has been a significant increase in the number of funds from 15 in the previous year to 22 licensed as at March 31, 2012.

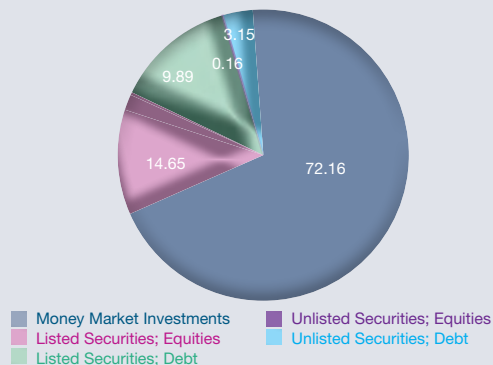


A breakdown of total CIU assets by asset type over three years is depicted in the Graph 8. Money market instruments continue to form the bulk of the assets at 65.91 percent.

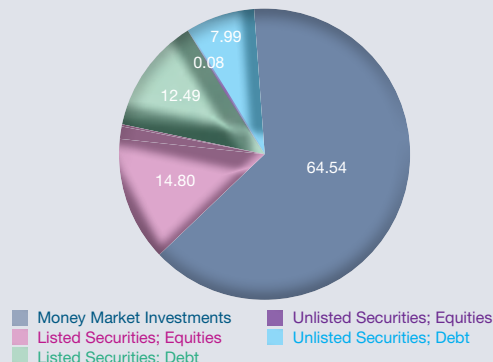
PORTFOLIO HOLDING AS AT MARCH 2012 (GRAPH 8 (I))



PORTFOLIO HOLDING AS AT MARCH 2011 (GRAPH 8 (II))



PORTFOLIO HOLDING AS AT MARCH 2010 (GRAPH 8 (III))



CAPITAL MARKETS

Regulatory Development

Commencing October 2010, NBFIRA embarked on a project to enhance Capital Markets legislature. A lot of progress has been made in this regard. The Capital Markets Participants Regulations are in the final stages and will be passed to the Ministry of Finance & Development Planning for approval, whilst the Rules have been approved by the NBFIRA Board of Directors on March 17, 2012. NBFIRA, as empowered by Section 50 of the NBFIRA Act, will rollout these rules. The Rules are the Corporate Governance Rules, which stipulate how capital markets participants, should be governed and directed from a board perspective or equivalence of the board in non corporate structures. These are reinforced by the Conduct of Business Rules which provides rule on how Capital Markets Participants should be managed on a day-to-day basis.

Pending the approval of the Licensing Regulation, NBFIRA has made a decision to carry out due diligence to test all nbfis which would otherwise be licensed.

Domestic and International Cooperation

NBFIRA expanded its collaboration with several bodies. Effective cooperation and exchange of information as well as robust working relationships between regulators are key to preserving financial stability. NBFIRA is in the process of signing several bilateral Memoranda of Understanding (MOUs) with local, regional and international counterparts. The signing of MOUs will enable information sharing, technical cooperation and investigative assistance. These MOUs are at various levels of completion.

NBFIRA AML/CFT Activities

NBFIRA, in its task to reduce and deter financial crime, is responsible for ensuring that money laundering does not undermine the safety and soundness of the financial sector. The Financial Intelligence Act, 2009 stipulates that all nbfis, as specified parties, should comply with Anti-Money Laundering and Combating of Financial Terrorism ("AML/CFT") Requirements. As a regulatory body NBFIRA is required by the same Act to ensure that all nbfis comply with the requirements of the Act. NBFIRA is a member

of the National Coordinating Committee on Financial Intelligence (NCCFI). The committee is the national policy making body responsible for combating financial offences, assessing the effectiveness of policies and taking measures to combat financial offences in Botswana. Other members of the committee include representatives from other authorities involved in the combat against money laundering. The NCCFI has held three meetings since being formed; it was formed in June 2011.

NBFIRA organized and coordinated two workshops through a partnership with Financial Intelligence Agency. The first workshop held in April 2011 was an initiative by the Financial Intelligence Agency to sensitize the NBFI's on anti-money laundering and combating of financial terrorism as well as their upcoming obligations called for by the Financial Intelligence Act, 2009. It was also aimed at sharing with the participants the international standards with regard to AML/CFT compliance issues for the different industries represented. The delegation comprises representatives from various non-bank financial institutions.

International Meetings

SADC Committee on Insurance, Securities and Non-Banking Financial Authorities (CISNA)

CISNA was established in June 1998 as a sub-committee of the committee of senior treasury officials in SADC, and its members are supervisory authorities of Capital Markets, Retirement Funds, Collective Investment Schemes, Insurance companies and providers of intermediary services from SADC countries.

CISNA's mandate is to facilitate the development and implementation of harmonized legislations for the non-bank financial institutions regulators in the SADC region, to ensure consistency and adherence to international regulatory standards and best practice. It also addresses consumer education matters. The committee conducts its business through meetings, at least bi-annually. It has two sub-committees, namely Insurance & Retirement Funds, and Capital Markets.

CAPITAL MARKETS

International Meetings (continued)

CISNA met in Luanda, Angola, from the 19th to 24th April 2012, Capital Market Department participated in this meeting. The meeting discussed the harmonization of legislations of each member state according to the standards of the International Organization of Securities Commissions (IOSCO). The forum analysed documents and matters related to harmonization of the legislation of insurance markets and capital markets of the SADC countries and the investors' education.

The meeting also discussed the assessment on the development of the Financial Investment Protocol, regulations against Money Laundering and Terrorism Financing, whose Terms of Reference were approved.

MICRO - LENDING

The Capital Markets department is also responsible for supervising and regulating the Micro Lending sector through the Micro Lending Regulations which the Minister of Finance and Development Planning approved on February 24, 2012. The Micro Lending Regulations became law upon their promulgation in the Government Gazette on March 9, 2012. Following this NBFIRA issued a public notice regarding these Regulations and their implementation thereon, and all exemptions previously issued in terms of gazette notice of June 17, 2009 were cancelled and it therefore became mandatory for all entities to apply for licensing under the Regulations.

All Micro Lenders were required to submit applications for registration and licensing in order to continue with their operations. According to the Micro Lending Regulations, any person who advances loans to any persons but is not licensed under the Banking Act or Building Societies Act is deemed to be a Micro Lender and is required to be licensed by NBFIRA, this includes individuals operating from their homes.

Consequently, NBFIRA highlighted one of the immediate changes introduced to the micro lending industry which is the prohibition of micro lenders from retaining their customers ATM cards and National Identity documents (Oman). Subsequently, with respect to the licensing processes, NBFIRA came up with micro lending licensing requirements which prescribed among other things a licensing fee of P5,000, minimum financial requirement of P20,000 and vetting of Micro Lender controllers. The fit and proper tests for the controller include, vetting through the Botswana Police Service and the Directorate of Intelligence and Security. As per the Supervisory Levies and Licensing Fees Regulations - Statutory Instrument number 11 of 2012, NBFIRA will impose an annual levy of 0.5% of a Micro Lenders total loan book value at the end of each month of the financial year.

The registration process commenced smoothly and NBFIRA received one hundred and six (106) license applications from Micro Lenders, with one hundred and four (104) being applications from small and medium entities. NBFIRA issued a deadline of June 30, 2012 to allow all Micro Lenders a grace period for registration, after which time sanctions would be imposed on those who did not abide by the law with a fine of P2,500 per day.

CAPITAL MARKETS

Table 1 below is a chronological representation of the distribution spread of the one hundred and six (106) applications received:

Gaborone	47	Selebi Phikwe	6
Francistown	16	Orapa	12
Maun	4	Jwaneng	4
Letlhakane	2	Masunga	1
Bobonong	2	Molepolole	1
Serowe	0	Lobatse	2
Moshupa	1	Mahalapye	2
Palapye	5	Mochudi	1

COMPLAINTS

One of the controls used to monitor and supervise the Micro Lenders is through complaints monitoring. The unit relies also on direct complaints by clients. In many cases this has assisted in the identification of regulatory breaches. During the financial year to 31 March 2012, a total number of forty nine (49) complaints were received compared to fifty four (54) in the previous year. By the end of the year under review forty six (46) of the complaints were resolved .

Table 2: Types Complaints Received

Types of complaints received for the period ending March 30, 2012

Types of Complaints	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Copy of contract not given									1				1
Deductions without signed contract													0
Disclosure schedule not issued			1										1
Dispute settlement amount	1		1		2						2		6
Refusal to issue early settlement													0
Refusal to issue statement on demand													0
Excessive Interest	4					1		1	1				7
Illegal Collection Method													0
Over-Deduction of repayment instalment	2					4	2				1	6	15
Retention of bank cards													0
Retention of National Identity (Omang)													0
Terms and conditions not explained			1				1	2					4
Use of Blank Documents													0
Other, (forgery by the Micro Lender)	3		3	1	3	1		3			1		15
Total	10	0	6	1	5	6	3	6	2	0	4	6	49

CAPITAL MARKETS

ENQUIRIES FROM UNIONS TO REGISTER AS MICRO LENDERS

The Regulatory Authority has received enquiries from various Trade Unions, who sought clarity whether they qualify as micro lenders since they are lending money to their members only. The exercise to determine whether they qualify as micro lenders is ongoing. Necessary consultations have been made with other regulators in the region like, NAMFISA. According to information advanced to NBFIRA, unions set up subsidiary companies which are tasked mainly with advancing loans to their members.

CONSUMER EDUCATION

In its effort to continue to educate the general public on micro lending matters, the Regulatory Authority participated in interviews on the national television and radio stations in the last quarter of the financial year. The public had questions and general concerns mainly around, retention of customer's ID card or ATM cards, and overcharging interest and settlement penalties.

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31 MARCH 2012

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GENERAL INFORMATION

DIRECTORS

M. Dube	(Chairperson)
N.C. Greenland	(Deputy Chairperson - Human Resources Committee)
L.G. Matenge	(Resigned 30th September 2011)
T.T.K. Matome	(Chairperson - Finance & Audit Committee)
M. Mbaakanyi	(Appointed 1 st October 2011)
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
Fairgrounds Office Park
Block D
Unit 10
Gaborone

AUDITORS

Ernst & Young
Firm of Chartered Accountants
2nd Floor
Plot 22
Khama Crescent
Gaborone

REPORTING DATE

31 March 2012

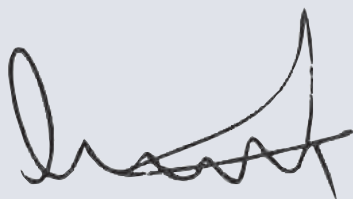
BOARD'S RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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 47 to 77, which were signed on its behalf by:



Mrs. M. Dube



Dr. T. T. K. Matome
14 August 2012

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 (NBFIRA), which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity 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 48 to 77.

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 controls 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

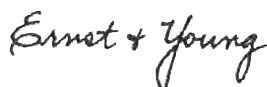
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 give a true and fair view of the financial position of Non-Bank Financial Institutions Regulatory Authority (NBFIRA) as at 31 March, 2012, 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.



Certified Auditors
Practicing Member: Thomas Chitambo (20030022)
18 September 2012

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

STATEMENT OF COMPREHENSIVE INCOME

	Notes	March 2012 P	March 2011 P
REVENUE			
Government grants	2	21,009,544	18,875,360
Amortisation of government grants relating to capital assets	18.1	473,279	447,912
Total grants revenue		21,482,823	19,323,272
 Supervisory Levies	 3	 4,544,135	 -
 Other revenue	 4	 1,607,603	 532,459
Total revenue (before interest)		27,634,561	19,855,731
 EXPENDITURE			
Staff costs	5	14,811,351	12,321,512
Consultancy costs	6	615,898	1,143,898
Administration expenses	7	2,757,694	2,019,649
Operating lease expenses	9	1,212,893	1,163,688
Other expenses	8	1,932,249	831,872
		21,330,085	17,480,619
 Operating Surplus		 6,304,476	 2,375,112
 Finance income	 10	 60,322	 78,301
 Surplus for the year		 6,364,798	 2,453,413
Other comprehensive income for the year		-	-
Total Comprehensive Income		6,364,798	2,453,413

STATEMENT OF FINANCIAL POSITION

	Notes	March 2012 P	March 2011 P
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,344,620	2,676,923
Work-in-progress	18.2	627,271	-
		<u>2,971,891</u>	<u>2,676,923</u>
Current assets			
Trade and other receivables	12	4,236,138	155,596
Cash and cash equivalents	13	6,574,932	2,985,353
		<u>10,811,070</u>	<u>3,140,949</u>
Total assets		<u>13,782,961</u>	<u>5,817,872</u>
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Accumulated funds		<u>8,237,951</u>	<u>1,873,153</u>
Non-current liabilities			
Government grants	18.1	2,344,620	2,676,923
African Development Bank	18.2	627,271	-
		<u>2,971,891</u>	<u>2,676,923</u>
Current liabilities			
Trade and other payables	14	1,976,936	657,379
Provisions	15	596,183	403,295
Deferred operating lease liability	17.1	-	207,122
		<u>2,573,119</u>	<u>1,267,796</u>
Total funds, reserves and liabilities		<u>13,782,961</u>	<u>5,817,872</u>

STATEMENT OF CHANGES IN EQUITY

	Accumulated Funds P	Total P
Balance as at 1 April 2010 as restated	(580,260)	(580,260)
Surplus for the year	2,453,413	2,453,413
Balance as at 1 April 2011	1,873,153	1,873,153
Surplus for the year	6,364,798	6,364,798
Surplus as at 31 March 2012	8,237,951	8,237,951

Restatement of errors in previous financial periods related to under collection of pay as you earn from the employees, due to incorrect interpretation of the Income Tax Act (Chapter 52:01). The financial statements of 2009 and 2010 were restated to correct this error.

STATEMENT OF CASH FLOWS

	Notes	March 2012 P	March 2011 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus for the period		6,364,798	2,453,413
Adjustments for:			
Amortisation of government grants		(473,279)	(447,912)
Depreciation	7	450,874	447,912
Interest revenue	10	(60,322)	(78,301)
Deferred operating lease	17.1	(207,122)	(148,283)
Gain on disposal of assets	4	(3,349)	-
Movement in provision for leave pay for the year	15	192,888	83,710
Cash generated/(absorbed) by operations before working capital changes		6,264,488	2,310,539
(Decrease)/Increase in trade and other payables	14	1,319,557	(642,116)
(Increase)/Decrease in trade and other receivables	12	(4,080,542)	(102,381)
		(2,760,985)	(744,497)
Net cash flows from operating activities		3,503,503	1,566,042
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of plant and equipment for expansion	11	(140,976)	(275,160)
Finance income	10	60,322	78,301
Proceeds from disposal of assets		25,754	-
Net cash used in investment activities		(54,900)	(196,859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Grants	18.2	140,976	275,160
Net cash flows from financing activities		140,976	275,160
NET CASH INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,589,579	1,644,344
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,985,353	1,341,009
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	6,574,932	2,985,353

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. 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 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 assets 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 assets 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 key assumptions used to determine the assets' useful lives and residual values. Also refer to Note 11.

Supervisory levies

Where supervisory levies are calculated on information that has not been audited, the Authority assumes that estimates have been used and will place reliance on the information submitted by the regulated entities as a basis for calculation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at cost, net of accumulated depreciations and/or accumulated impairment losses, if any. 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 Authority 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 on a straight line basis, 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 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 plant and equipment to estimated residual values:

Motor vehicles	20%
Furniture and Fittings	10%
Office Equipment	15%
Computer Equipment	14% - 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 financial 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 pretax 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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:

Supervisory levies

The Supervisory levies and License fees were promulgated into law through Statutory Instrument No.11 of 2012 of the Republic of Botswana, which was subsequently published in the Government Gazette of the 17th February 2012.

Supervisory levies are charged and are payable in two equal portions, on or before the 30th April and 31st October of each financial year. Registered Non-bank financial institutions are required to pay levies on an annual basis in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2006. Supervisory Levies are recognised on an accrual basis.

License fees

License fees are recognised on licensing of the relevant supervised entities. Some classes of regulated entities are charged annual licence fees, such fees are recognised by the Authority as revenue.

Penalties

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

Finance income

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 the 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 instalments.

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 statements of comprehensive income in the period they arise.

EMPLOYMENT BENEFITS

Pension

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.

Gratuity

The Authority provides for gratuity benefits for employees on fixed term contracts in line with the Employment Act Chapter 47:01 and the relevant employment contracts. Gratuity expenses are recognised immediately, to the extent that the benefits are amortised on a straight-line basis over the period of service, until the benefits become payable. The charge is made to expenses in the statement of comprehensive income and a separate provision in the statement of financial position. Previous gratuity was paid on a monthly basis, for employees on fixed term contract who joined on or before August 2009. With effect from 1st January 2012, the Authority has ceased the monthly payment of gratuity, gratuity entitlements for the employees will be effected upon successful completion of the employment contract.

Leave pay provision

The Authority recognises, in full, employee's right 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 period reported.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash deposits on call in banks, net of 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 surplus or deficit.

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 assets. 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 receivables.

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 the surplus or deficit when the loans and receivables are derecognised or impaired, as well as through amortisation process.

Loans and receivables consist of trade and other receivables and cash and cash equivalents.

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 accounts. 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 loss 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Initial recognition (continued)

Loans and borrowings are carried subsequent to initial measurement at amortised cost using the effective interest method. Gains and losses are recognised in surplus or deficit 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.

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 assets

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 1 January 2011:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Authority.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Authority is not subject to the minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Authority.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Authority.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Authority.

IFRS 3 Business Combinations

The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

IFRS 7 Financial Instruments - Disclosures

The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Authority reflects the revised disclosure requirements in Note 16.

IAS 1 Presentation of Financial Statements

The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Authority:

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).

IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008)).

IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards).

IAS 27 Consolidated and Separate Financial Statements.

IAS 34 Interim Financial Statements

The following interpretation and amendment to interpretations did not have any impact on the accounting policies, financial position or performance of the Authority:

IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits).

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Several Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment to IFRS 1) was issued in January 2010. The Amendments are required to be applied for annual periods beginning on or after 1 July 2011.

The amendment provides guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment does not have an impact on the Authority financial position or performance, as the functional currency is not subject to severe hyperinflation.

IFRS 7 Financial Instruments: Disclosures - Enhanced derecognition disclosure requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Authority's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the Authority's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Authority's financial position or performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 and financial liabilities 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 hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Authority will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. The amendment will not have an impact on the financial position of performance of the Authority.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation.

Instead, JCEs that meet the definition of a joint venture

must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Authority. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard will not impact the financial position or impact of the Authority. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Authority does not prepare separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

IAS 32 Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32)

The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The Authority is currently assessing the impact that the amendment will have on the Authority position and performance. The effective date is 1 January 2014.

IFRIC 20 Stripping costs in the production phases of a surface mine

The interpretation applies to stripping costs incurred during the production phase of a surface mine and requires such costs to be capitalised as part of an asset (the 'stripping activity asset') if certain criteria are met. The adoption of this interpretation will have no effect on the financial statements of the Authority. The effective date is 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32)

The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The Authority is currently assessing the impact that the amendment will have on the Authority position and performance. The effective date is 1 January 2014.

IFRIC 20 Stripping costs in the production phases of a surface mine

The interpretation applies to stripping costs incurred during the production phase of a surface mine and requires such costs to be capitalised as part of an asset (the 'stripping activity asset') if certain criteria are met. The adoption of this interpretation will have no effect on the financial statements of the Authority. The effective date is 1 January 2013.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Notes	March 2012 P	March 2011 P
2. GOVERNMENT GRANTS			
Revenue grants		21,009,544	18,875,360
Capital grants	18.1	140,976	275,160
Total Government grants received		21,150,520	19,150,520
There are no unfulfilled conditions or contingencies attached to these income and capital grants.			
3. SUPERVISORY LEVIES			
Capital Markets		2,470,161	-
Insurance & Pensions		2,073,974	-
Total Supervisory Levies		4,544,135	-
4. OTHER REVENUE			
Licenses and penalties		1,088,392	532,459
Guarantee income		508,141	-
Sundry income		7,721	-
Profit on disposal of assets		3,349	-
Total other revenue		1,607,603	532,459
5. STAFF COSTS			
Basic salaries		8,102,250	6,683,811
Allowances		5,649,615	4,865,593
Defined contribution plan expense		1,059,486	772,108
Total staff costs		14,811,351	12,321,512
6. CONSULTANCY COSTS			
Insurance consultancies		450,331	603,673
Human resources consultancies		68,173	509,040
Micro-lending consultancies		-	31,185
Other consultancies		97,394	-
		615,898	1,143,898

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2012 P	March 2011 P
7. ADMINISTRATION EXPENSES		
Advertising	122,858	41,856
Audit Fees	82,734	78,624
Bad Debts	118,765	74,068
Bank Charges	27,076	18,029
Depreciation	450,874	447,912
Entertainment	93,047	65,004
Insurance	38,443	95,402
Office Expenses	17,672	39,445
Postage	8,945	4,622
Printing and Stationery	311,372	254,160
Recruitment	687,809	266,478
Telephone & Fax	247,448	297,557
Travel	296,975	137,358
Utilities - Electricity	217,896	158,191
Utilities - Water	19,346	34,002
Vehicle expenses	16,434	6,941
Total Administration Expenses	2,757,694	2,019,649

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2012 P	March 2011 P
8. OTHER EXPENSES		
Board Fees	64,470	44,730
Cleaning	130,078	118,290
Computer Expenses	29,915	70,410
Garden Maintenance	5,475	5,392
Guarantee expense	508,141	-
Internet	206,417	178,379
Legal Fees	47,455	90,148
Licenses	176,221	75,536
Public Relations	97,182	55,842
Repairs & Maintenance	26,453	14,029
Security	43,747	31,509
Strategy	119,749	-
Subscriptions	288,450	104,750
Training	188,496	42,857
Total Other Expenses	1,932,249	831,872
9. OPERATING LEASE EXPENSES	1,212,893	1,163,688
10. FINANCE INCOME		
Finance income on other loans and receivables	60,322	78,301

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Furniture and Fittings P	Motor Vehicle P	Computer Equipment P	Office Equipment P	Total P
COST					
11. PROPERTY, PLANT AND EQUIPMENT					
At 1 April 2011	1,626,694	142,194	1,732,155	-	3,501,043
Reclassification	-	-	(99,637)	99,637	-
Additions for the period	13,000	-	112,505	15,471	140,976
Disposals for the period	-	-	(29,383)	-	(29,383)
At 31 March 2012	1,639,694	142,194	1,715,640	115,108	3,612,636
ACCUMULATED DEPRECIATION					
At 1 April 2011	238,962	56,480	528,678	-	824,120
Reclassification	-	-	(31,137)	31,137	-
Depreciation	162,669	25,635	246,755	15,815	450,874
Disposals	-	-	(6,978)	-	(6,978)
At 31 March 2012	401,631	82,115	737,318	46,952	1,268,016
Carrying amount at 31 March 2012	1,238,063	60,079	978,322	68,156	2,344,620

Assets with a cost of P99,637 were reclassified from Computer Equipment to Office Equipment, the fair value of the assets reclassified is P68,500.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Furniture and Fittings P	Motor Vehicle P	Computer Equipment P	Office Equipment P	Total P
COST					
11. PROPERTY, PLANT AND EQUIPMENT (continued)					
At 1 April 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 1 April 2011	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2012 P	March 2011 P
12. TRADE AND OTHER RECEIVABLES		
Trade receivables	3,673,174	27,345
Staff advances	735,241	133,484
Withholding tax receivable	20,556	-
Provision for bad debts	(192,833)	(74,068)
	4,236,138	86,761
Prepayments	-	68,835
	<u>4,236,138</u>	<u>155,596</u>

Other receivables are non-interest bearing and are generally on 30-90 days terms, and comprise outstanding Supervisory levies, rental deposits and tax credits resulting from withholding tax on interest earned on call account. Staff advances are receivable over three months and do not attract any interest.

Trade receivables relate to Supervisory levies outstanding from regulated entities. Receivables are measured at amortised cost using the effective interest method, less any impairment.

As at 31 March 2012, the ageing analysis of accounts receivable is as follows:

Impaired	(192,833)	(74,068)
Neither past due nor impaired	3,673,174	27,345
Past due but not impaired:		
Less than 30 days	735,241	133,484
Between 30 days and 60 days	-	-
Between 60 days and 90 days	-	-
More than 90 days	20,556	-
	<u>4,236,138</u>	<u>86,761</u>

As at 31 March 2012, accounts receivable at nominal value of P192,833 were impaired and fully provided for. Amounts that are neither past due nor impaired relate to rental deposit for the premises occupied. The receivables that are neither past due nor impaired are considered fully recoverable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2012 P	March 2011 P
13. CASH AND CASH EQUIVALENTS		
Call	6,606,637	3,032,940
Current	(363,681)	(50,220)
Cash on hand	329,429	-
Projects	2,547	2,633
	<u>6,574,932</u>	<u>2,985,353</u>

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 deposit rates.

14. TRADE AND OTHER PAYABLES

Accruals	1,314,389	113,887
Gratuity provision	662,547	328,859
Withholding tax payable	-	214,633
	<u>1,976,936</u>	<u>657,379</u>

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

15. PROVISIONS

Opening balance	403,295	319,585
Additional provision during the period	806,564	163,153
Provision used during the period	(613,676)	(79,443)
Closing balance	<u>596,183</u>	<u>403,295</u>

This provision relates to leave pay provision 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 2012.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2012 P	March 2011 P
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16. FINANCIAL INSTRUMENTS

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

	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
2012			
Trade and other receivables	4,236,138	-	4,236,138
Cash and cash equivalents	6,574,932	-	6,574,932
Trade and other payables	-	(1,976,936)	(1,976,936)
	<u>10,811,070</u>	<u>(1,976,936)</u>	<u>8,834,134</u>
2011			
Trade and other receivables	27,345	-	27,345
Cash and cash equivalents	2,985,353	-	2,985,353
Trade and other payables	-	(442,746)	(442,746)
	<u>3,012,698</u>	<u>(442,746)</u>	<u>2,569,952</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS (CONTINUED)

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.

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 by the Authority. Such loans are both secured (residential and motor) and unsecured (personal), 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 P3,694,517 (2011: P3,215,989).

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 and the regulated entities through Supervisory levies and License fees. The Regulations on the Supervisory levies and License fees were approved in February 2012, revenue has been recognised effective from the approval date. The Authority's credit risk is primarily attributable to its cash and cash equivalents, and levies receivable from regulated entities. All levies receivable were outstanding for not more than 30 days, as the Regulations were approved in February 2012. 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 has no significant concentration of credit risk as its exposure is spread over a number of counterparties.

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 P6,574,933 (2011: P2,985,353).

Foreign currency risk

The Authority is not exposed to foreign currency risk, as the Authority sources commodities from local suppliers. The Authority does not use foreign currency forward contracts or purchased currency options for trading purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 13). 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 2012 P	March 2011 P
Effect on surplus for the year		
Increase of 0.5% in interest rate	(2,890)	(1,264)
Decrease of 2% in interest rate	10,958	5,055

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 2012 based on contractual undiscounted payments:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
2012					
Trade and other payables	703,665	94,419	8,165	-	806,249
Financial guarantee contracts	3,694,517	-	-	-	3,694,517
	4,398,182	94,419	8,165	-	4,500,766
2011					
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

Fair values

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

	March 2012 P	March 2011 P
Movement in the allowance for doubtful debts		
Balance at beginning of the year	74,068	-
Impairment losses recognised on receivables	118,765	74,068
Amounts written off during the year as uncollectible	-	-
Balance at end of the year	192,833	74,068

In determining the recoverability of the receivable the Authority considers any change in the credit quality of the receivables from the effective date of the debt up to the end of the reporting period. The allowance for doubtful debts relate to the financial guarantees for the scheme loans guaranteed by the Authority for the staff. Movements in the provision is in relation to the outstanding loans from former employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS (CONTINUED)

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 2012, 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. It is planned that the Statutory Reserve be established in the subsequent financial period.

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 2012 P	March 2011 P
Grants received		
Government of the Republic of Botswana	21,150,520	19,150,520
Compensation paid to key management personnel of the Authority. The amounts presented comprise 5 executive staff members.		
Short term employment benefits	3,682,770	2,907,052
Long term employment benefits	111,644	-
Gratuity	532,090	488,152
Other Benefits	188,033	194,826
Total	4,514,537	3,590,030

Non executive directors' fees (board fees) are not included in compensation paid to key management above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS (CONTINUED)

	March 2012 P	March 2011 P
Transactions with other parastatals		
Motor Vehicle Accident Fund - operating lease rentals	1,420,015	1,311,971
Botswana Telecommunications Corporation - internet, telephone & fax	318,733	412,347
	<u>1,738,748</u>	<u>1,724,318</u>
Related party balances outstanding as at year-end		
Motor Vehicle Accident Fund- operating lease rentals and utility recoveries	75,240	17,916
Botswana Telecommunications Corporation-internet, telephone & fax	27,378	28,666
	<u>102,618</u>	<u>46,582</u>

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 2012, the Authority has not recorded any impairment of receivables relating to amounts owed to related parties P102,618 (2011: P46,582). 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 P64,470 (2011: P44,730).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS (CONTINUED)

17. COMMITMENTS AND CONTINGENCIES

17.1 Operating lease commitments

The Authority has entered into a commercial property lease with the Motor Vehicle Accident Fund for a period of two years to 31 December 2013, with no lease escalations over the two year period. There are no contingent rentals. The future aggregate minimum lease rentals under non-cancellable operating leases as at 31 March 2012 are as follows:

	March 2012 P	March 2011 P
Operating lease commitments		
Within one year	1,523,918	1,039,035
After one year but not more than five years	1,142,939	-
	<u>2,666,857</u>	<u>1,039,035</u>
Deferred operating lease liability		
Current	-	207,122
	<u>-</u>	<u>207,122</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS (CONTINUED)

17.2 Capital commitments and contingencies

At 31 March 2012, the Authority did not have any capital commitments as at the end of the year.

As at 31 March 2012, there were no pending lawsuits against the Authority. Judgement has been received on the matter concerning a former employee in favour of the Authority. The total amount expected is P74,068, excluding costs.

Guarantees

The Authority has provided guarantees of a certain portion of the employees' loans with Botswana Savings Bank. The liability incurred during the year amounted to P118,765 while P74,068 in 2011.

Guarantee invoked

The Authority guarantees 85% of the group scheme loans with Botswana Savings Bank. As at 31 March 2012, an amount of P508,141 payable to Botswana Savings Bank relating to a residential loan for a former employee. The mortgage bond has been registered in favour of Non-Bank Financial Institutions Regulatory Authority. An asset is realised at value equivalent to the value of the guarantee, which is less than the valuation of the residential property, which is held as collateral. The value of the residential property is estimated at P1,090,000. Management does not anticipate any loss on this transaction. There is no impact to the overall financial performance of the entity.

GOVERNMENT GRANTS (CONTINUED)

	March 2012 P	March 2011 P
18. GRANTS		
18.1 GOVERNMENT GRANTS		
Opening balance	2,676,923	2,849,674
Received during the year	140,976	275,160
Disposals during the year	(22,405)	-
Amortisation of government grants	(450,874)	(447,911)
Total amortisation for the year	(473,279)	(447,911)
Closing balance	2,344,620	2,676,923

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

GOVERNMENT GRANTS (CONTINUED)

	March 2012 P	March 2011 P
18.2 AFRICAN DEVELOPMENT BANK		
Opening balance	-	-
Received during the year	627,271	-
Disposals during the year	-	-
Amortisation of grants	-	-
Closing balance	627,271	-

African Development Bank is providing assistance to the Authority in developing a Risk Base Regulatory Model. As at 31 March 2012, the expenditure amounted to P627,271. The total project cost is estimated at P6,100,000, and is expected to be completed in June 2013. The Authority recognises the assistance received from the African Development Bank as a grant, and upon completion of the model, the grant will be capitalised and amortised over the estimated useful lives not exceeding three years.

18.3 WORLD BANK

The World Bank has provided assistance to the Authority by improving the legislative framework. Through the technical assistance provided by World Bank, the following were executed;

- Review of the Insurance Industry Act;
- Review of the Pensions and Provident Fund Act; and
- Drafting of the Insurance and Pension Prudential Rules.

WORLD BANK

- Reviewing the Collective Investment Undertaking (CIU) Act;
- Drafting Regulations for Capital Markets Participants;
- Reviewing the Regulatory Framework for Self Regulating Organisations (SRO's).

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).

EVENTS AFTER THE REPORTING PERIOD

There have been no events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these annual financial statements or the notes thereto.



APPENDIX A: LICENSED INSURERS AND RE-INSURERS

Company Names	Addresses	Tel/Fax	Contact Person
Life Insurers			
Absa Life Botswana (Pty) Ltd	P.O. Box 11 Gaborone	Tel: 362 5900 Fax: 390 9827	Bilkiss Moorad
Botswana Insurance Fund Management Ltd	Private Bag BR 185 Gaborone	Tel: 395 1564 Fax: 390 0358	Tiny Kgatlwane
Botswana Life Insurance Ltd	Private Bag 00296 Gaborone	Tel: 364 5100 Fax: 390 5884	Catherine Lesetedi - Letegele
Momentum Life Botswana (Pty) Ltd	Private Bag 003 Suite 361 Mogoditshane	Tel: 350 0462 Fax: 350 0533	Mavis Rakhudu
Liberty Botswana (Pty) Ltd T/A Liberty Life Botswana	Private Bag 00128 Gaborone	Tel: 391 0310 Tel: 391 0311	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: 318 8133 Fax: 318 8063	Ratanang Tsayang
General Insurers			
Botswana Insurance Company (Pty) Ltd	P.O. Box 715 Gaborone	Tel: 360 0500 Fax: 397 2867	Johann Claasen
Export Credit Ins. & Guarantee Company (Botswana) (Pty) Ltd	Private Bag BO 279 Gaborone	Tel: 318 8015 Fax: 318 8017	Pauline Sebina
Hollard Insurance Company of Botswana (Pty) Ltd	P.O. Box 45029 Gaborone	Tel: 395 8023 Fax: 395 8024	Paul Beka
BIHL Insurance Company Ltd	P.O. Box 381 Gaborone	Tel: 370 7444 Fax: 390 7353	William Mujuru
Maemo Cell Insurance Company (Pty) Ltd	Private Bag BO 324 Gaborone	Tel: 310 5994 Fax: 393 4375	Fagose Sedange
Mutual & Federal Insurance Company of Botswana (Pty) Ltd	Private Bag 00347 Gaborone	Tel: 390 3333 Fax: 390 3400	John Heldsinger
*Phoenix of Botswana Assurance Company (Pty) Ltd	P.O. Box 1874 Gaborone	None None	Abhijit Ghose
Prefsure (Botswana) (Pty) 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: 318 8153 Fax: 318 8063	Douglas Heldsinger
Sesiro Insurance Company (Pty) Ltd	P.O. Box 329 Gaborone	Tel: 361 4200 Fax: 395 6110	Paul Ramokgalo
Sunshine Insurance Company Botswana (Pty) Ltd	Private Bag BR 15 Gaborone	Tel: 310 5137 Fax: 310 5139	Richard Inambao
Zurich Insurance Co. Botswana (Pty) Ltd	P.O. Box 1221 Gaborone	Tel: 318 8888 Fax: 318 8911	Shiran Puvimanasinghe
General Reinsurers			
FMRE Property & Casualty (Pty) Ltd	P.O. Box 47202 Gaborone	Tel: 393 4287 Fax: 393 4310	Samuel Rimai
First Reinsurance Company (Pty) Ltd	P.O. Box 404271 Gaborone	Tel: 312 1041 Fax: 312 1043	Patience Marwiro

APPENDIX B: LICENSED INSURANCE BROKERS

Company Names	Addresses	Tel/Fax	Contact Person
Alexander Forbes Financial Services (Botswana) (Pty) Ltd	Private Bag 00410 Gaborone	Tel: 365 1948 Fax: 395 7552	Paul Masie
Alexander Forbes Risk Services (Pty) Ltd	Private Bag BO 292 Gaborone	Tel: 390 8562 Fax: 390 8563	Aiden Rose
Alto Assurance Company (Pty) Ltd	P.O. Box AD 30 ACG Gaborone	Tel: 393 3889	Frederick Ramatlaping
Afrisure (Pty) Ltd	P.O. Box 30403 Tlokweng	Tel: 397 1606/09 Fax: 397 1607	Lydia Moate
AON Botswana (Pty) Ltd	P.O. Box 624 Gaborone	Tel: 361 7300 Fax: 391 4608	Barnabas Mavuma
Atlantis Insurance Brokers (Pty) Ltd	P.O. Box 1515 Gaborone	Tel: 350 0821 Fax: 350 0818	Derrick Vermaak
BOC Consulting (Pty) Ltd	P.O. Box AB64 ABC Gaborone	Tel: 395 9505 Fax: 395 9507	Barry John O'Connell
Bombshell Investments (Pty) Ltd T/A Flexi-Link Insurance Brokers	P.O. Box AE 62 AEH Gaborone	Tel: 316 5262	Cosmas Nechiturike
Capricorn Business Solutions (Pty) Ltd T/A Capricorn Insurance Services	P.O. Box 502489 Gaborone	Tel: 319 1286 Fax: 392 3296	Absalom Ashihundu
CBAE (Pty) Ltd T/A Spectrum Insurance Brokers	Private Bag BR 351 Gaborone	Tel: 350 0266 Fax: 397 4892	Charles Tapiwa Kadenge
Coversure Insurance Brokers (Pty) Ltd	P.O. Box 11813 Francistown	Tel: 241 5986 Fax: 241 5827	Aaron Tembo
Dynamic Insurance Brokers (Pty) Ltd	P.O. Box 128 Gaborone	Tel: 390 6490 Fax: 395 7594	Alfred Tembo
Dokata Investments (Pty) Ltd t/a Coverlink Insurance Brokers	P.O. Box 26264 Gaborone	Tel: 318 2471 Fax: 318 2467	Abel Munhande
Ellwood Insurance Brokers T/A Penrich Insurance Brokers	P.O. Box 47144 Gaborone	Tel: 397 3692 Fax: 397 3021	Gaolebale Baalora
FDL Group (Pty) Ltd T/A Tilodi Brokers	P.O. Box 45229 Gaborone	Tel: 395 1159 Fax: 395 1164	Robert Holgate
First Sun Alliance (Pty) Ltd	P.O. Box 404349 Gaborone	Tel: 393 0024 Fax: 393 0025	Paul Chitate
Glenrand M.I.B (Botswana)(Pty) Ltd	Private Bag BR 284 Gaborone	Tel: 318 1870 Fax: 318 0316	Sean Rasebotsa
Himalaya Investment (Pty) Ltd T/A Falcon Insurance Brokers	P.O. Box 121 Gaborone	Tel: 395 2859 Fax: 319 0951	Nathan Mpundu
Hirsch Vic Insurance Brokers (Pty) Ltd	P.O. Box 201491 Gaborone	Tel: 395 1520 Fax: 395 1520	Victor Hirschfeldt
Huraya Holdings (Pty) Ltd T/A Huraya Insurance Broker	P.O. Box 1751 Gaborone	Tel: 310 2369 Fax: 310 2368	Muyamwa Muyamwa
Kalahari Insurance Brokers (Pty) Ltd	P.O. Box 24 Francistown	Tel: 241 3838 Fax: 241 3836	Rick Huppelschoten
Lebone Insurance Brokers (Pty) Ltd	P.O. Box 30549 Francistown	Tel: 241 0475 Fax: 241 0479	Sithabile Mpofu

APPENDIX B: LICENSED INSURANCE BROKERS

Company Names	Addresses	Tel/Fax	Contact Person
Letsema Insurance Brokers (Pty) Ltd	P.O. Box 80045 Gaborone	Tel: 318 1551 Fax: 318 1552	Gobona Tobedza
Marsh (Pty) Ltd	Private Bag 103 Gaborone	Tel: 318 8000 Fax: 318 8064	Fritzgerald Dube
Matrix Risk Management Services (PTY) Ltd T/A Matrix Insurance Brokers	P.O. Box 3447 Gaborone	Tel: 391 9586 Fax: 391 9584	Vincent Miyoba
Mercantile & General Insurance Services (Pty) Ltd T/A Mercantile Legal & General Insurance Brokers	P.O. Box 401297 Gaborone	Tel: 391 9429 Fax: 391 9423	Coram Mushuta
Medvest Brokers (Botswana) (Pty) Ltd	P.O. Box 403205 Gaborone	Tel: 318 4622 Fax: 318 4624	Pieter Erasmus
Mopani Insurance Brokers (Pty) Ltd	P.O. Box 26392 Gaborone	Tel: 392 4363 Fax: 318 0985	Fackson Ngulube
Peoboswa Insurance Brokers (Pty) Ltd	P.O. Box 20332 Gaborone	Tel: 393 0137 Fax: 315 8140	Sexton Kowa
Rayfact Investments (Pty) Ltd t/a Rayfact Insurance Services	Private Bag 00149 Gaborone	Tel: 318 8452 Fax: 318 8452	Peter Magaya
Roaland Insurance Brokers (Pty) Ltd T/A Roaland Insurance Brokers	Private Bag 003 Mogoditshane Suit 492 Molapo Mall	Tel: 392 5781/392 5782 Fax: 318 7667	C. Kopi
Saley's Agencies Botswana (Pty) Ltd T/A Saley's Insurance Brokers	P.O. Box 1317 Gaborone	Tel: 391 3804 Fax: 395 6172	Yunus Mayet
SATIB Africa Botswana (Pty) Ltd T/A Safari & Tourism Insurance Brokers Botswana	Private Bag 00346 Gaborone	Tel: 317 0574 Fax: 317 0576	Seamus O'Neill
Shangor Insurance Brokers (Pty) Ltd	P.O. Box 402716 Gaborone	Tel: 397 1244/318 5882 Fax: 391 2018	Humphrey Makununika
Strategic Wealth (Pty) Ltd	Private Bag 149 Gaborone	Tel: 395 2639 Fax: 395 2639	Grant Young
Streamline Investments (Pty) Ltd T/A Federated Insurance Brokers	P.O. Box 60979 Gaborone	Tel: 390 3982 Fax: 390 3908	Rodney Butau
Sureway (Pty) Ltd	P.O. Box 80033 Gaborone Gaborone	Tel: 390 9562/63 Fax: 390 9560	Kabelo Khupe
Trilogy Investments (Pty) Ltd	P.O. Box 47605 Gaborone	Tel: 316 1859 Fax: 390 3321	Stanley. J. Dalziel
Tropical Insurance Brokers (Pty) Ltd	P.O. Box 58 Gaborone	Tel: 393 2953 Fax: 393 2976	Isaac Mkandawire
U & Me Insurance Brokers (Pty) Ltd	Private Bag BR 165 Gaborone	Tel: 390 9546 Fax: 390 9544	Danwell Kapitolo
Versey & Associates (Pty) Ltd	P.O. Box 404179 Gaborone	Tel: 397 4786/393 7842 Fax: 393 7843	Faiz Versey
VFS (Botswana) (Pty) Ltd	P.O. Box 251 Maun	Tel: 686 0891 Fax: 686 0891	Noel Strugnell

APPENDIX C: LICENSED PENSION FUNDS

Name of Fund	Fiscal Year	Members as at 31 st Dec 2011	Members as at 31 st Dec 2010	Assets as at 31 st Dec 2011 (Million Pula)
Africa 53 Provident Fund	30 th Sept	101	207	115.254
Air Botswana Pension Fund	31 st Mar	275	281	131.836
Akani Botswana Retirement Fund	30 th June	0	0	0
Alexander Forbes Retirement Fund	30 th June	8,909	6,358	267.356
Alexander Forbes Individual Member Retirement Fund	30 th Sept	166	0	17.294
AON Botswana Staff Pension Fund	31 st Dec	170	168	34.254
AON Preservation PF	31 st Dec	383	294	34.001
Apostolic Faith Mission	31 st Mar	47	43	2.689
Apex Pension Fund	30 th June	38	38	18.982
Bank of Botswana Defined Contribution Fund	30 th Sept	661	666	323.249
Barclays Bank of Botswana Ltd. Staff Pension Fund	31 st Dec	1,895	1,976	496.486
Barloworld Botswana Retirement Fund	30 th Sept	660	646	65.968
BCL Staff Pension Fund	31 st Mar	3,752	0	35.802
BDO Spencer Staff Pension Fund	30 th June	62	0	4.500
BOCODOL Staff Pension Fund	31 st Mar	131	123	33.740
Boswe Construction Pension Fund	31 st Mar	3	3	0.058
Botswana Agricultural Marketing Board Pension Fund	31 st Mar	53	53	10.160
Botswana Ash Staff Pension Fund	31 st Mar	430	0	115.254
Botswana Building Society Defined Contribution Pension Fund	31 st Mar	198	192	42.708
Botswana Bureau of Standards Staff Pension Fund	31 st Mar	275	130	162.329
Botswana College of Agriculture Pension Fund	31 st Mar	270	251	157.940
Botswana Development Corporation Pension Fund	30 th June	49	49	46.008
Botswana Examinations Council Pension Fund	31 st Mar	142	0	10.425
Botswana Housing Corporation Pension Fund	31 st Mar	400	375	52.751
Botswana Insurance Company limited Pension Fund [St. Paul]	31 st Mar	71	80	14.412
Botswana Insurance Holding Ltd Pension Fund	31 st Dec	326	323	18.639
Botswana Meat Commission Pension Fund	30 th Sept	535	535	122.805
Botswana Medical Aid Society Pension Fund	31 st Dec	93	89	18.552
Botswana Postal Services Pension Fund	31 st Mar	853	518	46.317
Botswana Power Corporation Staff Pension Fund	31 st Mar	1,787	1,762	394.003
Botswana Public Officers Pension Fund	31 st Mar	107,170	105,410	32,731.857
Botswana Public Officers Welfare Provident Fund	31 st Mar	6,244	6,244	4.821
Botswana Railways Staff Pension Fund	31 st Mar	812	1,023	254.428
Botswana Savings Bank Pension Fund	31 st Mar	186	167	21.550
Botswana Technology Centre Pension Fund	31 st Mar	74	74	20.950
Botswana Telecommunication Authority Pension Fund	31 st Mar	60	64	21.382
Botswana Telecommunications Corporation Staff Pension Fund	31 st Mar	1,579	1,579	275.451

APPENDIX C: LICENSED PENSION FUNDS

Name of Fund	Fiscal Year	Members as at 31 st Dec 2011	Members as at 31 st Dec 2010	Assets as at 31 st Dec 2011 (Million Pula)
Botswana Unified Revenue Service Employees Pension Fund	31 st Mar	1,733	1,732	186.124
Botswana Vaccine Institute Pension Fund	31 st Mar	90	77	28.326
BP Botswana Pension Fund	31 st Dec	71	71	34.304
Breweries Pension Fund	30 th Sept	1,301	1,260	81.103
Builders Merchants Botswana Retirement Fund	30 th Sept	96	96	4.000
Caltex Botswana Pension Fund	31 st Dec	24	24	4.473
CCB Benefit Pension Fund	31 st Dec	17	9	2.000
CEDA Pension Fund	31 st Mar	173	173	17.445
Compass Botswana Pension Fund	31 st Mar	41	41	0.576
Coopers and Lybrand Pension	31 st Mar	4	10	1.561
Debswana Pension Fund	31 st Dec	9,424	9,554	3,547.735
Deferred Pensioners Pension Fund	31 st Mar	2,903	2,830	280.987
Deloitte and Touché Staff Pension Fund	31 st Dec	58	58	9.283
Engen Botswana Retirement Fund	30 th Oct	46	43	8.106
Ernst & Young Pension Fund	30 th June	44	44	3.068
Fincraft Retirement Fund	31 st Mar	22	0	0.233
Fedics Botswana Pension Fund	31 st Oct	17	19	0.401
First National Bank of Botswana Pension Fund	31 st Dec	1,364	1,242	150.558
Free Standing Additional Voluntary Contributions Retirement Fund	30 th June	78	78	18.953
FSN Retirement Plan	31 st Mar	130	103	15.777
G4S Staff Pension Fund	30 th June	1,507	9.741	9.074
Glenrand MIB Botswana Pension Fund	30 th June	25	23	1.946
Glenrand MIB Orphans Fund	30 th June	214	214	7.273
Hollard Insurance Botswana Pension Fund	30 th June	27	24	3.550
Institute of Development Management Pension Fund	30 th Sept	53	50	2.671
J. Haskins & Sons Pension Fund	30 th June	34	46	16.037
Local Enterprise Authority Pension Fund	31 st Dec	336	302	25.766
Macmillan (Botswana) Pension Fund	31 st Dec	18	18	5.300
Majwana Umbrella Fund	31 st Mar	402	263	3.881
Marsh Pension Fund	31 st Dec	16	38	2.531
Maru-a-pula School Staff Provident Fund	31 st Dec	68	66	2.631
Mascom Wireless Staff Pension Fund	31 st Aug	318	284	47.123
Metropolitan Staff Pension Fund	31 st Mar	180	56	25.000
Metropolitan Staff Provident Fund	31 st Mar	180	56	32.000
Millennium Retirement Fund	30 th Aug	2,946	2,247	140.217
NBL Botswana Staff Pension Fund	30 th June	125	125	7.923
Motor Vehicle Accident Pension Fund	31 st Aug	76	68	16.042

APPENDIX C: LICENSED PENSION FUNDS

Name of Fund	Fiscal Year	Members as at 31 st Dec 2011	Members as at 31 st Dec 2010	Assets as at 31 st Dec 2011 (Million Pula)
National Development Bank Staff Pension Fund	31 st Mar	223	227	51.374
National Food & Technology Research Centre	31 st Oct	56	59	11.903
Ntlo Pension Fund	31 st Mar	580	580	48.000
Orange Botswana Pension Fund	31 st Dec	276	237	120.970
Peermont Global Botswana Pension Fund	30 th June	756	724	30.188
Prefhold (Botswana) Pension Fund	31 st Dec	269	269	18.322
RIPCO Pension Fund	30 th June	193	205	56.757
Sentlthaga Pension Fund	30 th June	1,033	2,404	48.635
Sefalana Group Staff Pension Fund	30 th Sept	1,994	1,528	92.967
Shell Oil Botswana Pension Fund	31 st Dec	48	81	32.656
Stanbic Bank Botswana Pension Fund	30 th June	696	657	61.418
Standard Chartered Bank Botswana Pension Fund	31 st Dec	1,120	1,098	181.950
Tosas Botswana Staff Pension Fund	30 th June	12	10	0.8
Total Botswana Pension Fund	31 st Dec	13	13	3.011
Tyre Services Retirement Fund	31 st Dec	327	296	12.931
University of Botswana Staff Pension Fund	31 st Mar	308	370	295.238
University of Botswana Defined Contribution Staff Pension Fund	31 st Mar	1,866	1,258	805.939
Water Utilities Corporation Staff Pension Fund	31 st Mar	1,866	1,536	324.551
External Funds:				
Coronation Retirement Fund				
Sun International Provident Fund (External)				
Sun International Pension Fund (External)				
New Funds:				
Civil Aviation Authority Staff Pension Fund				
Scales and Associates Staff Pension Fund				

The external fund are funds licensed under the Pension and Provident Funds but have a head Office outside Botswana and have Botswana members and the bulk of the members are outside Botswana. The new Funds have not yet submitted the annual financial statements.

APPENDIX C: LICENSED PENSION FUNDS

Appendix C.2: Subfunds under Umbrella Funds	
Name of Participating Employer	Umbrella Fund
ABSA Life Botswana	Alexander Forbes Retirement Fund
Ackermans Botswana	Alexander Forbes Retirement Fund
Allan Gray	Alexander Forbes Retirement Fund
Alexander Forbes Financial Service Botswana	Alexander Forbes Retirement Fund
Alexander Forbes Risk Service Botswana	Alexander Forbes Retirement Fund
Bamalete Lutheran Church	Alexander Forbes Retirement Fund
BCSA	Alexander Forbes Retirement Fund
BEDIA	Alexander Forbes Retirement Fund
BOCCIM	Alexander Forbes Retirement Fund
Botswana Accountancy College	Alexander Forbes Retirement Fund
Botswana Examination Council	Alexander Forbes Retirement Fund
Botswana National Olympic Committee	Alexander Forbes Retirement Fund
Botswana Tourism Board	Alexander Forbes Retirement Fund
BPOPF Secretariat	Alexander Forbes Retirement Fund
Capricorn Investment Holdings	Alexander Forbes Retirement Fund
Cadbury	Alexander Forbes Retirement Fund
Cheshire Foundation	Alexander Forbes Retirement Fund
Choppies Distribution Stores	Alexander Forbes Retirement Fund
Clover Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
Collins Newman And Co	Alexander Forbes Retirement Fund
Deloitte And Touche Botswana	Alexander Forbes Retirement Fund
Distillers (prev SFW)	Alexander Forbes Retirement Fund
Dunns Store	Alexander Forbes Retirement Fund
Easigas	Alexander Forbes Retirement Fund
Edgars Consolidated Stores	Alexander Forbes Retirement Fund
Eqstra Botswana	Alexander Forbes Retirement Fund
Euro Star Holdings	Alexander Forbes Retirement Fund
Flemming Asset Management Botswana	Alexander Forbes Retirement Fund
Foschini Botswana	Alexander Forbes Retirement Fund
Gaborone Container Terminal (GABCON)	Alexander Forbes Retirement Fund
Gaborone Private Hospital	Alexander Forbes Retirement Fund
Gaborone Sun	Alexander Forbes Retirement Fund
Game Discount World	Alexander Forbes Retirement Fund
Garrick Operations	Alexander Forbes Retirement Fund
Global Holdings Botswana (Pty) Ltd	Alexander Forbes Retirement Fund
Golder and Associates	Alexander Forbes Retirement Fund

APPENDIX C: LICENSED PENSION FUNDS

Appendix C.2: Subfunds under Umbrella Funds

Name of Participating Employer	Umbrella Fund
I-Com (Pty) Ltd	Alexander Forbes Retirement Fund
Investec Asset Management Botswana	Alexander Forbes Retirement Fund
Italitswana Construction	Alexander Forbes Retirement Fund
JD Group	Alexander Forbes Retirement Fund
Kingdom Bank Africa	Alexander Forbes Retirement Fund
Komatsu	Alexander Forbes Retirement Fund
Leo Schachter Botswana	Alexander Forbes Retirement Fund
Liquid Beverages	Alexander Forbes Retirement Fund
Lobatse Tile	Alexander Forbes Retirement Fund
Macsteel Trading Botswana	Alexander Forbes Retirement Fund
Magnum Freight	Alexander Forbes Retirement Fund
Masa Casino	Alexander Forbes Retirement Fund
Massmart Holdings	Alexander Forbes Retirement Fund
Micro Provident	Alexander Forbes Retirement Fund
Mochudi Resources Centre	Alexander Forbes Retirement Fund
Modern Refrigeration	Alexander Forbes Retirement Fund
Mr. Price	Alexander Forbes Retirement Fund
Multi Choice Botswana	Alexander Forbes Retirement Fund
Multi Waste (Proprietary) Limited	Alexander Forbes Retirement Fund
Nampak Liquid	Alexander Forbes Retirement Fund
NTS Holdings t/s Pick n Pay	Alexander Forbes Retirement Fund
Orthosurge Botswana	Alexander Forbes Retirement Fund
PE Steel Engineering	Alexander Forbes Retirement Fund
PEP Botswana Holdings	Alexander Forbes Retirement Fund
PG Industries Botswana	Alexander Forbes Retirement Fund
Pracbuild Botswana	Alexander Forbes Retirement Fund
Primedia Outdoor Advertising	Alexander Forbes Retirement Fund
Project Concern International	Alexander Forbes Retirement Fund
Public Procurement And Asset Disposal Board	Alexander Forbes Retirement Fund
Retail Holdings	Alexander Forbes Retirement Fund
Rio Tinto And Exploration Ltd Botswana	Alexander Forbes Retirement Fund
SAFDICO Botswana	Alexander Forbes Retirement Fund
Sandvic Mining And Construction	Alexander Forbes Retirement Fund
Scania Botswana	Alexander Forbes Retirement Fund
Seabelo Express	Alexander Forbes Retirement Fund
Skip Hire	Alexander Forbes Retirement Fund

APPENDIX C: LICENSED PENSION FUNDS

Appendix C.2: Subfunds under Umbrella Funds

Name of Participating Employer	Umbrella Fund
SMC Brands	Alexander Forbes Retirement Fund
St Josephs College	Alexander Forbes Retirement Fund
Style Clothing	Alexander Forbes Retirement Fund
Tebelopele Voluntary Counselling Centre	Alexander Forbes Retirement Fund
Time Projects	Alexander Forbes Retirement Fund
Trident Holdings	Alexander Forbes Retirement Fund
Tswana Technical Consultancy Services (Pty) Ltd	Alexander Forbes Retirement Fund
Turnstar Holdings	Alexander Forbes Retirement Fund
UCCSA	Alexander Forbes Retirement Fund
Union Provident	Alexander Forbes Retirement Fund
Winkel (Pty) Ltd (T/A Incredible Connection)	Alexander Forbes Retirement Fund
Yarona FM	Alexander Forbes Retirement Fund
Embassy of the Republic of Zimbabwe	Africa 53 Provident Fund
Pluczenik Botswana	Majwana Umbrella Fund
Teemane Pension Fund	Majwana Umbrella Fund
Alrededor Enterprises	Millenium Umbrella Fund
Bank of Baroda	Millenium Umbrella Fund
Bayport Staff Pension Fund	Millenium Umbrella Fund
Ellerine Furnishers Botswana	Millenium Umbrella Fund
Grant Thornton	Millenium Umbrella Fund
Information Trust Company Pension Fund	Millenium Umbrella Fund
LSC Botswana	Millenium Umbrella Fund
Master Farmer Botswana	Millenium Umbrella Fund
Material Investigation Centre	Millenium Umbrella Fund
Prefhold Botswana	Millenium Umbrella Fund
Pricewaterhouse Coopers	Millenium Umbrella Fund
ABM University	Millennium Umbrella Fund
AEL Mining	Millennium Umbrella Fund
African Banking Corporation	Millennium Umbrella Fund
Antalis Botswana	Millennium Umbrella Fund
Apostolic Faith Mission Church/New Apostolic Church	Millennium Umbrella Fund
Blake And Associates	Millennium Umbrella Fund
BOCODOL Pension Fund	Millennium Umbrella Fund
Botho College	Millennium Umbrella Fund
Botsalo Books Pension Fund	Millennium Umbrella Fund
Botswana Clay Works	Millennium Umbrella Fund

APPENDIX C: LICENSED PENSION FUNDS

Appendix C.2: Subfunds under Umbrella Funds

Name of Participating Employer	Umbrella Fund
Botswana Couriers	Millennium Umbrella Fund
Botswana Institute Of Bankers	Millennium Umbrella Fund
Botswana National Productivity Centre	Millennium Umbrella Fund
Botswana National Sports Council	Millennium Umbrella Fund
Botswana Stock Exchange	Millennium Umbrella Fund
BOTUSAFE	Millennium Umbrella Fund
Cashbuild Botswana	Millennium Umbrella Fund
CCB	Millennium Umbrella Fund
Channel Technologies	Millennium Umbrella Fund
Construction Industry Trust Fund	Millennium Umbrella Fund
Cowburn Isherwood	Millennium Umbrella Fund
Cresta Marakanelo	Millennium Umbrella Fund
Dynamic Insurance Brokers	Millennium Umbrella Fund
Heinamann	Millennium Umbrella Fund
Hydrocomp	Millennium Umbrella Fund
Khumo Property	Millennium Umbrella Fund
Lobatse Clayworks	Millennium Umbrella Fund
Manica Botswana	Millennium Umbrella Fund
Murray And Roberts	Millennium Umbrella Fund
New Apostolic Church	Millennium Umbrella Fund
Otis Botswana	Millennium Umbrella Fund
SAARC	Millennium Umbrella Fund
Tswelelopele Brigades	Millennium Umbrella Fund
William Lee Associates	Millennium Umbrella Fund
Khupe Group	Millennium Umbrella Fund
Kanye Brigades	Ntlo Pension Fund
Momentum	Ntlo Pension Fund
Accenture Botswana (Pty) Ltd	Sentthaga Pension Fund
African Alliance Botswana (Pty) Ltd	Sentthaga Pension Fund
African Distribution Centers	Sentthaga Pension Fund
Arup Botswana (Pty) Ltd	Sentthaga Pension Fund
Bakgatla Ba Kgafela Royal	Sentthaga Pension Fund
Botswana Eagle Insurance Company (Pty) Ltd	Sentthaga Pension Fund
Botswana Railways Sacco	Sentthaga Pension Fund
Broadhurst Primary School	Sentthaga Pension Fund
Bulk Trans (Pty) Ltd	Sentthaga Pension Fund

APPENDIX C: LICENSED PENSION FUNDS

Appendix C.2: Subfunds under Umbrella Funds

Name of Participating Employer	Umbrella Fund
Capital Bank	Sentlhaga Pension Fund
Center for Development Enterprise	Sentlhaga Pension Fund
Chemspec Botswana (Pty) Ltd	Sentlhaga Pension Fund
Delta Diaries	Sentlhaga Pension Fund
Diamonex	Sentlhaga Pension Fund
Discovery Metals Limited Botswana and Subsidiaries	Sentlhaga Pension Fund
Draught Dispense Services (Pty) Ltd	Sentlhaga Pension Fund
Dulux Botswana	Sentlhaga Pension Fund
E-Africa (Pty) Ltd	Sentlhaga Pension Fund
Fairground Holdings (Pty) Ltd	Sentlhaga Pension Fund
Group 4 Securicor Botswana (Pty) Ltd	Sentlhaga Pension Fund
H & A Cutting Works	Sentlhaga Pension Fund
ICL Botswana (Pty) Ltd	Sentlhaga Pension Fund
Imperial Car Rentals (Pty) Ltd	Sentlhaga Pension Fund
Kwena Rocla (Pty) Ltd	Sentlhaga Pension Fund
Longman Botswana (Pty) Ltd	Sentlhaga Pension Fund
MedRescue International (Pty) Ltd	Sentlhaga Pension Fund
Mutual And Federal Insurance Botswana (Pty) Ltd	Sentlhaga Pension Fund
NBFIRA	Sentlhaga Pension Fund
PG Glass	Sentlhaga Pension Fund
Regent Insurance Botswana (Pty) Ltd	Sentlhaga Pension Fund
Securicor Botswana (Pty) Ltd	Sentlhaga Pension Fund
Stobech Facilities Management	Sentlhaga Pension Fund
Tak Investments (Pty) Ltd	Sentlhaga Pension Fund

APPENDIX D1: MANAGEMENT COMPANIES AND FUNDS LICENSED IN BOTSWANA

Management Companies and Funds Licensed in Botswana			
Company name	Fund name	Contact Person	Contact Details
African Alliance Botswana Management Company (Pty) Ltd	<ul style="list-style-type: none"> * 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 Gaborone Tel: 318 8958 Fax: 318 8956
"Pivot Administration Services Limited formerly known as African Alliance International (Pty) Ltd"	<ul style="list-style-type: none"> * Global Managed Fund * African Alliance Euro Fund * African Alliance Dollar Fund * Global Fixed Income Fund * Global Equity Fund 	Don Gaetsaloe	Plot 50361/A Fairgrounds Office Park P O Box 2770 Gaborone Tel: 318 8959 Fax: 318 8956
"Stanlib Investment Management Services (Pty) Ltd formerly known as Stanbic Investment Management Services (Pty) Ltd"	<ul style="list-style-type: none"> * Stanbic Money Market Fund * Stanbic Equity Fund * Stanbic Managed Prudential Fund * Stanbic Cash Plus 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 Gaborone
Coronation Fund Managers (Botswana) (Pty) Ltd	<ul style="list-style-type: none"> * 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
BIFM Unit Trusts (Pty) Ltd	<ul style="list-style-type: none"> * BIFM Balanced Prudential Fund * BIFM Global Balanced Fund * BIFM Global Growth Fund * BIFM Pula Money Market Fund * BIFM Pound Sterling Money Market Fund * BIFM US Dollar Money Market Fund 	Sharifa Noor: Manager-Unit Trusts	Plot 50676 Fairgrounds Office park Private Bag BR 185 Gaborone

APPENDIX D2: MANAGEMENT COMPANIES AND FUNDS LICENSED IN BOTSWANA

Externally Licensed Funds being Marketed in Botswana				
Company name	Fund name	Contact Person	Contact Details	Facilities Agent
Orbis Investment Management Limited (Bermuda)	<ul style="list-style-type: none"> * 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)	<ul style="list-style-type: none"> * 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 Millenium Office Park Private Bag 149 Suite 107 Gaborone Tel: 318 8944 Fax: 318 8924	Allan Gray Botswana (Pty) Ltd
Ashburton Replica Portfolio Limited	<ul style="list-style-type: none"> * 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
State Street Bank Luxembourg S.A	<ul style="list-style-type: none"> * Investec Global Strategy Fund * US Dollar Money Fund * Sterling Money Fund * Euro Money Fund * Managed Currency Fund * Managed Currency Fund (Sterling) * Global Bond Fund * Global Strategy 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 Strategy Managed Fund * Global Equity Fund * Global Strategy Equity Fund * Global Growth Fund * Global Dynamic Fund * AEFEE 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

APPENDIX D2 MANAGEMENT COMPANIES AND FUNDS LICENSED IN BOTSWANA

List of Licensed Trustees for Collective Investment Undertakings			
Company name	Fund name	Contact Person	Contact Details
Stanbic Bank Botswana Limited	* African Alliance Botswana (Pty) Ltd * Pivot Administration Services Limited * Investec Fund Managers Botswana (Pty) Ltd * Bifm Unit Trust (Pty) Ltd"	Head of Custody Mrs. Otlasala A. Khan	Plot 50672 Stanbic House Off Machel Drive Fairgrounds Private Bag 00168 Gaborone
First National Bank	No CIU Clients	Head of Custody Mr. Dintle Samboma	Plot 8843 Finance House Khama Crescent P O Box 1552 Gaborone
Standard Chartered Bank	* Stanlib Investment Management Services (Pty) Ltd * Coronation Fund Managers Botswana (Pty) Ltd	Head of Custody Mr. Keith Segolodi	49 Avenue JF Kennedy P O Box 275 L-1855 Luxembourg

APPENDIX E: BOTSWANA IFSC ACCREDITED COMPANIES

Botswana IFSC Accredited Companies			
Company name	Contact Person	Contact Details	Business Activity
1. Pivot Administration Services (Pty) Ltd former African Alliance International (Pty) Ltd	Don Gaetsaloe	Plot 50361/A Fairgrounds Office Park P O Box 2770 Gaborone Tel: 364 3900 Fax: 318 8956	Fund Management Company
2. ABC Holdings Limited	Elizabeth George	BancABC House Plot 62433 Fairground Office Park Private Bag 00300 Gaborone Tel: 390 5455 Fax: 39 02131	Holding Company -Banking
3. AON Risk Management (Pty) Ltd	Barnabas Mavuma	AON House Plot 50368 Gaborone P O Box 624 Gaborone Tel: 361 7300 Fax: 391 4608	Risk Management
4. Bergstan Investments (Pty) Ltd	Andrew Walker	Plot 67978 Mokolwane House Fairgrounds Office Park Private Bag 00234 Gaborone Tel: 390 1128 Fax: 390 1127	Asset Manager
5. Bourse Africa Limited	Christopher Goromonzi	Plot 50362 Fairgrounds Office Park P O Box 4966 Gaborone Tel: 316 0605 Fax: 316 0622	Commodities Exchange
6. EFFCO (Pty) Ltd	George Miseda	Plot 112 Pula Holdings 127 Second Floor Kgale Mews Kgale Court Unit 14 Gaborone Tel: 318 8542 Fax: 318 8602	Finance & Leasing
7. Emeritus International Reinsurance (Pty) Ltd	Leo Huvaya	1st Floor Block D Fairgrounds Office Park P O Box 404271 Broadhurst Gaborone Tel: 312 1041/2 Fax: 312 1043	Reinsurance
8. Genesis Global Finance (Pty) Ltd	Felix Kumirai	1st Floor Block D Fairgrounds Office Park P O Box 404271 Broadhurst Gaborone Tel: 312 1041 Fax: 312 1041	Holding Company - Financial Services

APPENDIX E: BOTSWANA IFSC ACCREDITED COMPANIES

Botswana IFSC Accredited Companies			
Company name	Contact Person	Contact Details	Business Activity
9. Imara Holdings Limited	David Stone	Unit 3 Block A Plot 117 Millenium Office Park Kgale Hill Private Bag 00186 Gaborone Tel: 318 8710 Fax: 319 1767	Holding Company - Financial Services
10. Letshego Holdings Limited	Dumisani Ndebele	1st Floor Letshego Place 22 Khama Crescent P O Box 381 Gaborone Tel: 364 3008 Fax: 395 7959	Holding Company - Financial Services
11. Norsad Finance Limited	Sari Nikka	P O Box 35577 10101 Lusaka Zambia Tel: +260 211 255 663/4 Fax: +260 966 866 030	Finance
12. Runway Asset Management (Pty) Ltd	Dale McLean	Plot 50664 Fairgrounds Office Park P O Box 40877 Gaborone Tel: +27 11 549 0900 Fax: +27 11 463 5845	Leasing
13. SDG Africa (Pty) Ltd	Caspar Sprokel	5 Kgale Mews P O Box 406 Gaborone Tel: +27 11 994 7081 Fax: +27 11 994 7099	Private Equity Fund
14. Seed Co International Limited	Olefile Ramaabya	Caramba Business Park Plot 43173 Unit 12B Phakalane P O Box 47143 Phakalane Gaborone	Holding Company
15. Summit Development Group (Pty) Ltd	Caspar Sprokel	5 Kgale Mews Gaborone P O Box 406 Gaborone Tel: +27 11 994 7080 Fax: +27 11 994 7099	Fund Management Company
16. Windward Capital (Pty) Ltd	Duncan Payne	Lot 22017 Kgomo Kasitwa Road Gaborone West Industrial Private Bag 149 Suite 297 Tel: 391 2379 Fax: 391 2327	Financial Advisory
17. AEV Services (Pty) Ltd	Alex letts	Kgale Court Plot 129 Unit D Gaborone Tel: +267 397 5846	Asset Manager

APPENDIX F: EXCHANGES AND STOCK-BROKERS

Exchanges and Brokers			
Company name	Contact Person	Contact Details	Business Activity
Bourse Africa Limited	Christopher Goromonzi	Plot 50362 Fairgrounds Office Park P O Box 4966 Gaborone Tel: 316 0605 Fax: 316 0622	Commodities Exchange
Botswana Stock Exchange	Hiran Mendis	Ground Floor Exchange House Plot 64511 Private Bag 00417 Gaborone Tel: 318 0201 Fax: 318 0175	Stock Exchange
African Alliance Botswana Securities Limited	Kabelo Mohohlo	Plot 50361 Fairgrounds Office Park P O Box 2770 Gaborone Tel: 364 3900 Fax: 391 0636	Stockbroking
Imara Capital Securities (Pty) Ltd	Gregory Matsake	Ground Floor Exchange House Block 6 Plot 64511 Fairgrounds Private bag 173 Gaborone T el: 318 8886 Fax: 318 8887	Stockbroking
Motswedi Securities (Pty) Ltd	Martin Makgatlhe	Plot 113 Unit 30 Kgale Mews Gaborone Private Bag 00223 Gaborone Tel: 318 8627 Fax: 318 8629	Stockbroking
Stockbrokers Botswana Limited	Kennedy Kgomanyane	Ground Floor United Nations Place Khama Crescent Private Bag 00113 Gaborone Tel: 395 7900 Fax: 395 7901	Stockbroking

NOTES

ENHANCING ACCOUNTABILITY IN THE NON-BANK FINANCIAL SECTOR

NOTES



NBFIRA

**NON-BANK FINANCIAL INSTITUTIONS
REGULATORY AUTHORITY**

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