

Non-Bank Financial Institutions Regulatory Authority
Annual Financial Statements
for the year ended 31 March 2019

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

General Information

Country of domicile	Botswana
Nature of operations and principal activities	Safeguard the fairness, stability and efficiency of the non-bank financial sector.
Directors	Ms. Mollalepula V. Kabomo (Chairperson) Ms. Ludo T. Tema Ms. Agnes T. Khunwana Ms. Patrinah Masalela Dr. Lesedi S. Senatla Mr. Keletsositse Olebile Ms. Ivy M. Ramalohlanye Ms. Hilda D. Hlanti
Chief Executive Officer	Mr. O.M. Ramasedi
Registered office	3rd Floor Exponential Building Plot 54351 Central Business District Off P G Matante Gaborone
Business address	Plot 54351 Central Business District Off PG Matante Gaborone Botswana
Bankers	Stanbic Bank of Botswana Limited
Auditors	Grant Thornton Chartered Accountants A Botswana Member of Grant Thornton International Ltd
Functional currency	Botswana Pula "BWP"

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

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Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Board Responsibilities and Approval of the Annual Financial Statements

The directors are required in terms of the Non-Bank Financial Institutions Regulatory Authority Act, 2016 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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


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

The directors have reviewed the Authority's cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate resources to continue in operational existence for the foreseeable future.

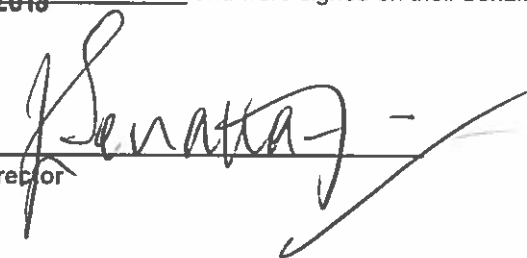
The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 4 to 7.

The annual financial statements set out on pages 8 to 40, which have been prepared on the going concern basis, were approved by the board of directors on 21 AUG 2019 and were signed on their behalf by:

Approval of financial statements



Director



Director

Gaborone

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
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Gaborone, Botswana

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Independent Auditor's Report

To the members of Non-Bank Financial Institutions Regulatory Authority

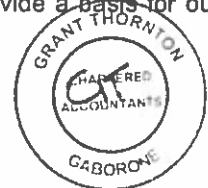
Opinion

We have audited the accompanying annual financial statements of Non-Bank Financial Institutions Regulatory Authority set out on pages 8 to 38, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the financial position of Non-Bank Financial Institutions Regulatory Authority as at 31 March 2019, and its financial performance and 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, 2016.

Basis for opinion

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



Partners

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

Independent Auditor's Report

Key audit matters

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

Key audit matter	How the matter was addressed in our audit
<p>Recognition of revenue</p> <p>The Authority relies on Supervisory levies and Government grants to sustain its activities. The activities include those that are recurrent in nature for administrative purpose and for the remuneration of its employees.</p>	<ul style="list-style-type: none"> • We have performed walkthroughs on the revenue cycle to gain an understanding of when the revenue is recognised. • We obtained the invoice listing from the operating system and determined that income has been appropriately recorded in the general ledger. We selected a sample of invoices raised from each category to verify that the levy has been appropriately recognised in the system and compare the details of the invoice to the information in the Authority's system. • We have reviewed the Authority's credit policy on receivables and assessed that appropriate provision is made on overdue accounts where the recoverability of the balances was doubtful, in line with requirements of IFRS 9, which was adopted by the Authority.
<p>Valuation of the intangible asset</p> <p>The Authority has invested significant amount in the development and implementation of its systems namely the Risk Based Supervisory System (RBSS) and Enterprise Resource Planning (ERP). The total amount of intangible assets of the Authority is stated at P 8 545 617 as at the year-end.</p>	<ul style="list-style-type: none"> • Our audit procedure included considering the appropriateness of the assumptions used in the valuation of the intangible assets by management. • We have evaluated the assumptions used by the management to assess the useful lives of the intangible assets. • We noted that the assumptions used by management were reasonable, consistent with prior year and the accounting policies of the Authority.

Other information

The directors are responsible for the other information. The other information comprises the general information and Statement of Director Responsibility, which we obtained prior to the date of this auditor's report, and other sections of the annual report, which are expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

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

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

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

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

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

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

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

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





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Independent Auditor's Report

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

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

Reporting on Other Legal and Regulatory Requirements

As required by the Non-Bank Financial Institutions Regulatory Authority Act, 2016. we report to you, based on our audit, that:

- all the information and explanation which, to the best of the auditor's knowledge and belief, were necessary for the performance of the auditor's duties;
- The accounts and related records of the Regulatory Authority have been properly kept
- The Regulatory Authority has complied with all the financial provisions of this Act with which it is its duty to comply with: and
- The statement of accounts prepared by the Authority was prepared on a basis consistent with that of the preceding year and represents a true and fair view of the transactions and financial affairs of the Regulatory Authority.

GRANT THORNTON
Chartered Accountants

Certified Auditor: Sunny Mulakulam (Memb No:20050097)

Certified Auditor of Public Interest Entity

Certificate Number: CAP 0034 2019

21 AUG 2019
Gaborone

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note	2019	2018
Government grants	4	18 468 572	16 360 914
Amortisation of government grants	5	6 588 644	6 498 304
Other operating income	6	2 834 409	2 264 305
Supervisory levies	7	50 845 452	45 039 485
Total revenue		78 737 077	70 163 008
Staff costs	8	(49 574 012)	(46 421 316)
Consultancy costs	9	(616 085)	(2 190 072)
Administrative expenses	10	(14 713 390)	(16 068 781)
Other operating expenses	11	(12 483 090)	(12 198 404)
Total operating expenses		(77 386 577)	(76 878 573)
Operating surplus/(deficit)		1 350 500	(6 715 565)
Finance income	12	716 484	175 395
Surplus/(deficit) before taxation		2 066 984	(6 540 170)
Taxation	22	-	-
Total operating (deficit)/surplus		2 066 984	(6 540 170)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		442 795	-
Other comprehensive income for the year net of taxation		442 795	-
Total comprehensive income (loss) for the year		2 509 779	(6 540 170)

Non-Bank Financial Institutions Regulatory Authority

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Statement of Financial Position as at 31 March 2019

Figures in Pula	Note	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	13	4 131 511	4 528 568
Intangible assets	14	8 545 617	13 964 776
		<u>12 677 128</u>	<u>18 493 344</u>
Current Assets			
Trade and other receivables	15	372 583	631 727
Cash and cash equivalents	16	14 175 001	11 617 945
		<u>14 547 584</u>	<u>12 249 672</u>
Total Assets		<u>27 224 712</u>	<u>30 743 016</u>
Funds and Liabilities			
Funds			
Revaluation reserve		442 795	-
Statutory reserves		2 830 793	3 390 792
Accumulated loss		126 743	(2 500 241)
		<u>3 400 331</u>	<u>890 551</u>
Liabilities			
Non-Current Liabilities			
Government grants	17	15 096 072	19 755 669
African Development Bank Grant	18	1 788 159	3 320 867
		<u>16 884 231</u>	<u>23 076 536</u>
Current Liabilities			
Trade and other payables	19	2 002 501	3 458 794
Short term employee benefits	20	4 797 308	3 303 156
Operating lease liability	21	140 341	13 979
		<u>6 940 150</u>	<u>6 775 929</u>
Total Liabilities		<u>23 824 381</u>	<u>29 852 465</u>
Total Funds and Liabilities		<u>27 224 712</u>	<u>30 743 016</u>

Non-Bank Financial Institutions Regulatory Authority

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Statement of Changes in Funds

Figures in Pula	Revaluation reserve	Statutory Reserve	Accumulated funds	Accumulated loss	Total Funds
Balance at 01 April 2017	-	5 765 793	5 765 793	1 664 928	7 430 721
Deficit for the year	-	-	-	(6 540 170)	(6 540 170)
Other comprehensive income	-	-	-	-	-
Deficit for the year	-	-	-	(6 540 170)	(6 540 170)
Transfer between reserves	-	(2 375 001)	(2 375 001)	2 375 001	-
Total changes recognised directly in Statement of Funds	-	(2 375 001)	(2 375 001)	2 375 001	-
Balance at 01 April 2018	-	3 390 792	3 390 792	(2 500 241)	890 551
Surplus for the year	-	-	-	2 066 984	2 066 984
Other comprehensive income	442 795	-	442 795	-	442 795
Surplus for the year	442 795	-	442 795	2 066 984	2 509 779
Transfer between reserves	-	(560 000)	(560 000)	560 000	-
Total changes recognised directly in Statement of Funds	-	(560 000)	(560 000)	560 000	-
Balance at 31 March 2019	442 795	2 830 793	3 273 588	126 743	3 400 331

Statutory Reserve

Section 23 (2) of the Non-Bank Financial Institutions Regulatory Act, 2016, requires that an annual estimate not exceeding 10 per cent (10%) of the total expenditure provided for in the estimates, be provided for as a reserve. The Statutory Reserve provided is adequate for the level of expenditure incurred. The purpose of the reserve is to be utilised for unforeseen regulatory expenditure. During the current year, the Authority transferred an amount of P 560 000 (2018: P 2 375 001) from its statutory reserve to the accumulated funds account for the purpose of regulatory expenses.

The Regulatory Authority believes that based on the current budget, the statutory reserve is adequate and in compliance with section 23(2) of the Non-Bank Financial Institutions Regulatory Act, 2016.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

Figures in Pula	Note	2019	2018
Cash flows from operating activities			
Cash generated / (utilised) in operations	23	1 840 481	(4 816 768)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(396 335)	(446 995)
Sale of property, plant and equipment	13	88	-
Finance Income		716 484	175 395
Net cash from investing activities		320 237	(271 600)
Cash flows from financing activities			
Government grants		396 338	475 170
Total cash and cash equivalents movement for the year		2 557 056	(4 613 198)
Cash and cash equivalents at the beginning of the year		11 617 945	16 231 143
Total cash and cash equivalents at end of the year	16	14 175 001	11 617 945

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1. Significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments measured at fair value, and incorporate the principal accounting policies set out below. They are presented in Pula.

These accounting policies are consistent with the previous period except for the new standards and interpretations effective and adopted in the current year as set out in note 3.

1.1 Significant accounting judgements and estimates

The preparation of financial statements in conformity with the 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 amounts of assets and liabilities within the next year.

Key Areas of estimation and judgement

The key assumption concerning the future and other key sources of estimation uncertainty and judgements at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year as this involves 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 depreciation methods reflects the pattern in which economic benefits attributable to the assets flow to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to the 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 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 Authority 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 residential values.

Supervisory Levies

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply and demand, together with economic factors such as exchange rates, inflation and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available.

1.2 Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Non-Bank Financial Institutions Regulatory Authority Act 2016.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Risk Based Supervisory System (RBSS)	5 years
Enterprise Resource Planning (ERP)	5 years

1.4 Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. All plant and equipment are measured at historical cost less depreciation and impairment losses. Historical costs 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.

Motor vehicles is subsequently measured at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

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. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Leasehold property	Lease term	Lease term
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 - 7 years
Computer equipment	Straight line	3 - 7 years

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

1.5 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 indications exist, 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 section to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating section) 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-section) 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 the prior years. A reversal of an impairment loss is recognised in the surplus or deficit.

1.6 Revenue

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:

The supervisory levies

The supervisory levies and licence fees were promulgated into law through Statutory Instrument No.52 of 2017 of the Republic of Botswana, which was published in the Government Gazette of the 19 May 2018. 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 2016. Supervisory levies are recognised at point in time. The Regulatory Authority may, on application, waive payment of some or all of a supervisory levy, penalty levy or a fee. The levies are fixed in nature and there are no separate performance obligations identified.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Revenue (continued)

License fees

License fees are recognised on licensing of the relevant supervised entities and are recognised at the point in time. 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 those regulated entities that have defaulted in meeting the necessary regulatory guidelines.

Finance income

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

Government Grant

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 installments.

1.7 Translation of foreign currencies

Foreign currency transactions

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 or on translating monetary items at rates different from those used when translating at initial recognition during the period or in the financial statements are taken to the statement of comprehensive income in the period they arise.

1.8 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 Regulatory Authority had no eligible assets or borrowing costs for the period reported.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.9 Employee benefits

Pension

The Regulatory 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 Regulatory 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.

Leave pay provision

The Regulatory 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.

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

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

Grants relating to the acquisition of property, plant and equipment are credited to the income statement on a straight line basis over the expected useful lives of the related assets. The related costs are shown at cost less accumulated depreciation. When an asset financed through grants is disposed of, the total unamortised portion of the grant relating to the asset is recognised in profit and loss in the year of disposal.

1.11 Financial instruments

Financial instruments held by the Authority are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Authority, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost

Financial liabilities:

- Amortised cost; or

Note 26 Financial instruments and risk management presents the financial instruments held by the Authority based on their specific classifications.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Financial Instruments (continued)

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

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

Non-Bank Financial Institutions Regulatory Authority

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Accounting Policies

Financial Instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 15).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

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

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 15.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 10).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 15) and the financial instruments and risk management note (note 26).

Derecognition

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

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Financial Instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Derecognition

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash, cash deposits on call and short-term fixed deposit accounts in banks. 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.

The Authority's financial assets include cash and cash equivalents and trade and other receivables.

Derecognition

Financial assets

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

Financial liabilities

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

1.12 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.

1.13 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.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Authority has adopted the standard for the first time in the 2019 annual financial statements.

The impact of the standard is set out in note 3 Changes in Accounting Policy.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

Non-Bank Financial Institutions Regulatory Authority

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Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company has adopted the standard for the first time in the 2019 annual financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations not yet effective

The Authority has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2019 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Authority are as follows:

Authority as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Authority as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2020 annual financial statements.

The impact of this standard is currently being assessed.

3. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the company's financial statements are described below.

The company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

3. Changes in accounting policy (continued)

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 April 2018. Accordingly, the company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 April 2018. Comparatives in relation to instruments that have not been derecognised as at 01 April 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2018, if required.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Trade receivables that are subsequently measured at amortised cost are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Authority's financial liabilities.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

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3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS9

The following table presents a summary of the financial assets as at 01 April 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

	Previous measurement category: IFRS 9	New measurement category: IFRS 9	Change attributable to:
IAS 39	Amortised cost		
	631 727	631 727	No change
	11 617 945	11 617 945	No change
	12 249 672	12 249 672	

Previously Loans and receivables:

Trade and other receivables
Cash and cash equivalents

Non-Bank Financial Institutions Regulatory Authority

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Notes to the Annual Financial Statements

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3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and remeasurements of financial liabilities as a result of adopting IFRS9

The following table presents a summary of the financial liabilities as at 01 April 2018. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss".

	Previous measurement category:	New measurement category: IFRS 9	Change attributable to:
	IAS 39	Amortised cost	
Previously Amortised cost:	3 458 795	3 458 795	No change
Trade and other payables			

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Pula	2019	2018
4. Government Grants		
Revenue grants	18 468 572	16 360 914
The total grant received from the government are as follows:		
Revenue grants	18 468 572	16 360 914
Capital grants	396 338	446 996
	18 864 910	16 807 910
5. Amortisation of governments grants		
Amotisation of property, plant and equipment	1 169 486	1 079 146
Amortisation of intangible assets	5 419 158	5 419 158
	6 588 644	6 498 304
6. Other operating income		
Bad debts recovered	17 569	236 333
Gain on disposal	13 88	-
Interest and penalties, registration and renewals	14 1 793 776	1 919 521
Other income	1 022 976	68 647
	2 834 409	2 224 501
Foreign exchange gains (losses)		
Net foreign exchange gains	-	39 804
Total other operating gains (losses)	2 834 409	2 264 305
7. Supervisory levies		
Supervisory levies - Capital Markets	166 750	190 560
Supervisory levies - Lending	21 518 019	17 960 500
Supervisory levies - Finance and leasing companies	106 878	517 050
Supervisory levies - Insurance	10 493 767	9 555 036
Supervisory levies - Retirement fund and investment institutions	16 320 031	14 486 838
Supervisory levies - Medical Aid	2 240 007	2 329 501
	50 845 452	45 039 485
8. Staff costs		
Employee costs		
Basic salaries	27 521 134	25 769 982
Allowances	16 108 330	14 894 742
Defined contribution plan expense	5 944 548	5 756 592
	49 574 012	46 421 316
9. Consultancy costs		
Other consultancy costs	616 085	2 190 072

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Pula	2019	2018
10. Administrative expenses		
Advertising	54 187	67 175
Audit fees	119 750	254 809
Bad debts	593 009	1 244 458
Bank charges	54 210	65 780
Depreciation	1 145 963	1 168 463
Amortisation of RBSS and ERP	5 419 159	5 419 158
Insurance	393 450	533 048
Motor vehicle expenses	27 584	23 469
Office expenses	30 592	54 966
Operating lease expenses	3 227 026	3 129 227
Printing and stationery	419 824	509 100
Recruitment	195 127	234 527
Telephone and fax	627 176	599 624
Travel	1 356 954	1 800 278
Uniform	515 331	537 847
Utilities	534 048	426 852
	14 713 390	16 068 781
11. Other Expenses		
Board costs	249 758	790 946
Branding and communications	946 877	799 751
Cleaning	193 879	180 819
Computer expenses	627 648	613 536
Legal fees	4 020 833	3 539 071
Repairs and maintenance	218 251	27 487
License fees	3 124 411	3 406 592
Security	264 830	255 655
Subscriptions	701 174	977 818
Net book value retired - Loss	90 224	-
Strategy expenses	327 491	91 464
Training	1 717 714	1 515 265
	12 483 090	12 198 404
12. Finance income		
Interest income		
Investments in financial assets:		
Bank	716 484	175 395

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Pula

2019 2018

13. Property, plant and equipment

	2019		2018			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	125 714	(125 714)	-	125 714	(125 714)	-
Furniture and fixtures	4 458 204	(2 257 077)	2 201 127	5 202 343	(2 554 209)	2 648 134
Motor vehicles	522 783	(102 136)	420 647	827 468	(687 485)	139 983
Office equipment	250 836	(245 507)	5 329	563 430	(556 493)	6 937
IT equipment	3 878 630	(2 374 222)	1 504 408	3 726 458	(1 992 944)	1 733 514
Total	9 236 167	(5 104 656)	4 131 511	10 445 413	(5 916 845)	4 528 568

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Revaluations	Depreciation	Impairment loss	Total
Furniture and fixtures	2 648 134	-	-	(447 007)	-	2 201 127
Motor vehicles	139 983	-	442 795	(162 131)	-	420 647
Office equipment	6 937	-	-	(1 608)	-	5 329
IT equipment	1 733 514	396 335	-	(535 217)	(90 224)	1 504 408
Total	4 528 568	396 335	442 795	(1 145 963)	(90 224)	4 131 511

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers	Depreciation	Total
Leasehold improvements	4	-	-	(4)	-
Furniture and fixtures	3 175 855	-	(2 769)	(524 952)	2 648 134
Motor vehicles	217 868	-	-	(77 885)	139 983
Office equipment	76 507	-	-	(69 570)	6 937
IT equipment	1 779 802	446 995	2 769	(496 052)	1 733 514
Total	5 250 036	446 995	-	(1 168 463)	4 528 568

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

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13. Property, plant and equipment (continued)

Revaluations

The Authority's motor vehicles are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the asset differs materially from their fair value.

The revaluations of the motor vehicles were performed on 31 December 2018 by independent valuers who have appropriate knowledge and experience in the market values of the vehicles.

The carrying value of the revalued assets under the cost model would have been:

Motor vehicles	1	79 992
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Other information

Fully depreciated property, plant and equipment still in use	984 670	865 072
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14. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Enterprise Resource Planning (ERP)	13 339 605	(8 003 764)	5 335 841	13 339 605	(5 335 842)	8 003 763
Risk Based Supervisory System (RBSS)	13 756 184	(10 546 408)	3 209 776	13 756 184	(7 795 171)	5 961 013
Total	27 095 789	(18 550 172)	8 545 617	27 095 789	(13 131 013)	13 964 776

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Enterprise Resource Planning (ERP)	8 003 763	(2 667 922)	5 335 841
Risk Based Supervisory System (RBSS)	5 961 013	(2 751 237)	3 209 776
	13 964 776	(5 419 159)	8 545 617

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Enterprise Resource Planning (ERP)	10 671 684	(2 667 921)	8 003 763
Risk Based Supervisory System (RBSS)	8 712 250	(2 751 237)	5 961 013
	19 383 934	(5 419 158)	13 964 776

Non-Bank Financial Institutions Regulatory Authority

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Figures in Pula	2019	2018
15. Trade and other receivables		
Financial instruments:		
Supervisory levies receivables	2 023 339	2 165 900
Loss allowance	(1 926 444)	(1 785 298)
Supervisory levies receivable	96 895	380 602
Deposits	224 209	224 209
Other receivable	51 479	26 916
Total trade and other receivables	372 583	631 727
Split between non-current and current portions		
Current assets	372 583	631 727

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	372 583	631 727
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Exposure to credit risk

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

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

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

Trade receivables arise from supervisory levies. The customer base is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

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

The Authority measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Authority's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Non-Bank Financial Institutions Regulatory Authority

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Figures in Pula 2019 2018

15. Trade and other receivables (continued)

	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due	30	-	-	-
61 - 90 days past due	850 504	753 639	-	-
More than 120 days past due	1 172 805	1 172 805	-	-
Total	2 023 339	1 926 444	-	-

Reconciliation of loss allowances

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

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(1 785 299)	-
Opening balance in accordance with IFRS 9	(1 785 298)	-
Amounts recovered	17 569	-
Provision raised on new trade receivables	(593 009)	-
Amounts written off	434 294	-
Closing balance	(1 926 444)	-

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

3 months past due	7 601
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Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of P 1 785 299 were impaired and provided for.

The ageing of these loans is as follows:

Over 6 months	1 785 299
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Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 190 565
Provision for impairment	1 244 459
Amounts written off as uncollectable	(413 391)
Unused amounts reversed	(236 334)
	1 785 299

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The Authority does not hold any collateral as security.

Fair value of trade and other receivables

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

Non-Bank Financial Institutions Regulatory Authority

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Figures in Pula	2019	2018
16. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	510	742
Bank balances	14 174 491	5 496 929
Short-term deposits	-	6 120 274
	14 175 001	11 617 945

The cash and cash equivalents are earning interest at the floating rate based on a daily bank deposit rates. The Regulatory Authority has maintained separate gratuity account to ring-fence the post employment benefits relating to gratuity. Furthermore a separate Supervisory Levies Account is maintained from that of the Government Subvention Account.

The short term deposits investments comprise of highly liquid investments with maturity periods from three months or less.

The Regulatory Authority has maintained a short term deposit of P Nil (2018: P 6 120 274), which constitutes P Nil (2018: P 6 111 734) and accrued interest, where a portion of the term deposit is towards statutory reserve and not used for general operations of the Authority.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Commercial Banks in Botswana are not rated, however, these financial institutions are subsidiaries of rated bank in South Africa.

17. Government grants

Opening balance	19 755 669	24 274 269
Received during the year	396 338	447 064
Amortisation of government grants	(5 055 936)	(4 965 664)
	15 096 071	19 755 669

18. African Development Bank Grant

Opening balance	3 320 867	4 853 578
Amortisation of African Development Bank Grants	(1 532 711)	(1 532 711)
	1 788 156	3 320 867

African Development Bank has provided assistance to the Authority in developing the Risk Based Regulatory System (RBSS)

The Regulatory Authority recognises the assistance received from the African Development Bank as a grant, and upon completion of the model, the grant was capitalised as intangible asset and amortised over the useful lives of the asset.

19. Trade and other payables

Financial instruments:		
Trade payables	1 285 107	3 073 548
Other payables	187 060	385 246
Non-financial instruments:		
Amounts received in advance	530 334	-
	2 002 501	3 458 794

Fair value of trade and other payables

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

Non-Bank Financial Institutions Regulatory Authority

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Figures in Pula 2019 2018

20. Short term employee benefits

Reconciliation of short term employee benefits - 2019

	Opening balance	Additions	Utilised during the year	Total
Gratuity accruals	808 028	1 054 617	-	1 862 645
Leave accruals	2 495 128	670 320	(230 785)	2 934 663
	3 303 156	1 724 937	(230 785)	4 797 308

Reconciliation of short term employee benefits - 2018

	Opening balance	Additions	Utilised during the year	Total
Gratuity accruals	333 615	784 283	(309 870)	808 028
Leave accruals	1 994 130	585 226	(84 230)	2 495 126
	2 327 745	1 369 509	(394 100)	3 303 154

21. Operating lease liability

Current liabilities	140 341	13 979
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22. Taxation

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

23. Cash generated from/(used in) operations

Surplus/(deficit) before taxation	2 066 984	(6 540 170)
Adjustments for:		
Depreciation and amortisation	6 565 122	6 587 621
Loss on disposals	(88)	-
Amortisation of government grants	(6 588 643)	(6 526 477)
Finance income	(716 484)	(175 395)
Net impairments and movements in credit loss allowances	90 224	-
Deferred operating lease	126 362	(432 825)
Movements in short term employee benefits	1 494 152	975 409
Changes in working capital:		
Trade and other receivables	259 144	883 185
Trade and other payables	(1 456 292)	411 884
	1 840 481	(4 816 768)

24. Commitments

Operating lease commitments

The Regulatory Authority has entered into a commercial property lease with Exponential Building for a period of three (3) years to February 2021, with an escalation of 6% annually. The future aggregate minimum lease rentals as at 31 March 2019 are as follows:

Minimum lease payments due		
- within one year	2 934 557	2 754 745
- in second to fifth year inclusive	2 566 527	5 743 210
	5 501 084	8 497 955

Non-Bank Financial Institutions Regulatory Authority

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Notes to the Annual Financial Statements

Figures in Pula	2019	2018
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25. Related parties

Relationships

The Regulatory Authority was set up by the Non-Bank Financial Institutions Regulatory Authority Act, 2016 and is therefore related to the Government of the Republic of Botswana. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties

Members of key management

Mr Ramasedi
Mr Segage
Mr Gade
Ms Seromelo
Ms Modisa
Ms Masike
Ms Makepe
Mr Dumedisang
Mr Ncaagae
Mr Rampha
Ms Modongo
Ms White
Ms Raphaka
Ms Soko
Ms Mongati
Mr Chombah
Mr Bungile

Related party transactions

Grants received

Government of the Republic of Botswana	18 864 910	16 807 910
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Transactions with other parastatals

Botswana Telecommunications Corporation - Internet, telephone & fax	-	245 622
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Compensation to directors and other key management

Salary	13 224 166	12 014 789
Gratuity and pension	2 292 770	1 986 055
Other benefits	1 315 560	1 575 943
	16 832 496	15 576 787

Compensation paid to key personnel of the Authority. The amounts presented comprise 18 executive staff members (2018: 17 executive staff members). Two of the members were on acting appointments.

Non-Bank Financial Institutions Regulatory Authority

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Figures in Pula

2019

2018

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note	Amortised cost	Total	Fair value
Trade and other receivables	15	372 583	372 583	372 583
Cash and cash equivalents	16	14 175 001	14 175 001	14 175 001
		14 547 584	14 547 584	14 547 584

2018

	Note	Amortised cost	Total	Fair value
Trade and other receivables	15	631 727	631 727	631 727
Cash and cash equivalents	16	11 617 945	11 617 945	11 617 945
		12 249 672	12 249 672	12 249 672

Categories of financial liabilities

2019

	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	1 472 168	-	1 472 168	1 152 993
Operating lease accrual	21	-	140 341	140 341	140 341
		1 472 168	140 341	1 612 509	1 293 334

2018

	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	3 458 794	-	3 458 794	3 458 794
Operating lease accrual	21	-	13 979	13 979	13 979
		3 458 794	13 979	3 472 773	3 472 773

Non-Bank Financial Institutions Regulatory Authority

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Notes to the Annual Financial Statements

Figures in Pula

2019

2018

26. Financial instruments and risk management (continued)

Risk management

Capital includes all funds and reserves as per the face of the statement of financial position. The Authority's objective when managing funds 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 objective are being met. During 2019, the Authority did not have borrowings. The Regulatory Authority is supported by the licensed Non-Bank Financial Institutions and the Government of the Republic of Botswana, currently the necessary support is provided to sustain the operations of the Regulatory 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.

Based on the regulatory Authority Act the current statutory reserve is adequate and in line with the provisions of the Act.

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Pula	2019	2018
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26. Financial instruments and risk management (continued)

Financial risk management

Credit risk

The Regulatory 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 Non-Bank Financial Institutions Regulatory Authority Act. The Authority uses reputable financial institutions for investing purposes.

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

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.

Concentration of credit

The Regulatory Authority is currently funded by the Government of Botswana and the regulated entities through Supervisory Levies and License Fees. The Regulatory Authority's credit risk is primarily attributable to its cash and cash equivalents, and receivable from regulated entities. Financial assets that potentially subject the Board to concentration of credit risk consists primarily of cash and cash equivalent as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal trading course. Expenditure and controls have been put in place to manage credit risk. The Regulatory Authority has no significant concentration of credit risk as its exposure is spread over a number of counterparties.

The Regulatory 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 P 14 175 001 (2018: P 11 617 945)

		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	15	2 299 027	(1 926 444)	372 583	2 417 025	(1 785 298)	631 727
Cash and cash equivalents	16	14 175 001	-	14 175 001	11 617 945	-	11 617 945
		16 474 028	(1 926 444)	14 547 584	14 034 970	(1 785 298)	12 249 672

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 Regulatory Authority's reputation. The ultimate responsibility for liquidity risk management procedures for the management of the Regulatory Authority's funding and liquidity management requirements.

The Regulatory Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecasts 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 Regulatory Authority's financial liabilities as at 31 March 2019 based on contractual undiscounted payments:

2019

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	1 152 993	1 152 993	1 472 168

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Pula		2019	2018
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26. Financial instruments and risk management (continued)

2018

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	19	3 458 794	3 458 794	3 458 794

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer to note 16). 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 Regulatory Authority's (deficit)/surplus for the year (through the impact on floating rate financial instruments), funds and reserves at reporting date. The reasonable possible change is based on past trends of interest and expected future changes. The impact was calculated by applying the reasonable changes to the exposures at reporting date, and with reference to the next 12 months. There is no other direct impact on the Regulatory Authority's funds and reserves.

Figures in Pula

Increase of 0.5% in interest rate		69 995	58 086
Decrease of 2% in interest		(279 981)	(232 344)
		<u>(209 986)</u>	<u>(174 258)</u>

Non-Bank Financial Institutions Regulatory Authority

Annual Financial Statements for the year ended 31 March 2019

Detailed Income Statement

Figures in Pula	Note	2019	2018
Revenue			
Government grants		18 468 572	16 360 914
Supervisory levies			
		50 845 452	45 039 485
Total revenue		69 314 024	61 400 399
Other operating income			
Fees earned		1 169 486	1 079 146
Amortisation of Capital Grants		5 419 158	5 419 158
	5	6 588 644	6 498 304
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		2 834 409	2 224 501
Foreign exchange gains		-	39 804
	6	2 834 409	2 264 305
Expenses (Refer to page 40)		(77 386 577)	(76 878 573)
Operating profit (loss)		1 350 500	(6 715 565)
Finance income	12	716 484	175 395
Surplus/(Deficit) for the year		2 066 984	(6 540 170)

Non-Bank Financial Institutions Regulatory Authority

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Detailed Income Statement

Figures in Pula	Note(s)	2019	2018
Other operating expenses			
Advertising		(54 187)	(67 175)
Amortisation		(5 419 159)	(5 419 158)
Auditors remuneration		(119 750)	(254 809)
Bad debts		(593 009)	(1 244 458)
Bank charges		(54 210)	(65 780)
Board fees		(249 758)	(790 946)
Branding and communications		(946 877)	(799 751)
Cleaning		(193 879)	(180 819)
Computer expenses		(627 648)	(613 536)
Consulting and professional fees		(616 085)	(2 190 072)
Consulting and professional fees - legal fees		(4 020 833)	(3 539 071)
Depreciation		(1 145 963)	(1 168 463)
Employee costs		(49 574 012)	(46 421 316)
Impairment		(90 224)	-
Insurance		(393 450)	(533 048)
Lease rentals on operating lease		(3 227 026)	(3 129 227)
License fees		(3 124 411)	(3 406 592)
Motor vehicle expenses		(27 584)	(23 469)
Office expenses		(30 592)	(54 966)
Printing and stationery		(419 824)	(509 100)
Recruitment		(195 127)	(234 527)
Repairs and maintenance		(218 251)	(27 487)
Security		(264 830)	(255 655)
Strategy expenses		(327 491)	(91 464)
Subscriptions		(701 174)	(977 818)
Telephone and fax		(627 176)	(599 624)
Training		(1 717 714)	(1 515 265)
Travel		(1 356 954)	(1 800 278)
Uniform		(515 331)	(537 847)
Utilities		(534 048)	(426 852)
		(77 386 577)	(76 878 573)