Annual Report 2019 | BOCRA

GROWING A CONNECTED AND DIGITALLY DRIVEN SOCIETY

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The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

ABOUT THIS REPORT

REPORT APPROACH

To truly demonstrate how BOCRA has performed in the period under review, we know we need to assess ourselves across a number of key spheres; these being: against our Strategic Plan and Policy, Commercial, Legal, Financial, Market and Technology. We cannot and must not work in silos without appreciation of our surrounding ecosystem, for these stand to shape who we are and what we do, as well as how strongly we deliver. This Report is therefore holistic in looking at an integrated reporting style.

PRINTED SECTION

PG

This printed Integrated Annual Report strives to provide a holistic overview of the performance of BOCRA and its efforts throughout the period under review, designed with clear sections and themes for the ease of the reader.

ONLINE SECTION

An online version of this Integrated Annual Report can be found at **www.bocra.org.bw**

WE HELP TELECOMMUNICATIONS GROW

INTRODUCTION

TELECOMMUNICATIONS

01

SUMMARY OF PERFORMANCE

FINANCIAL

	AUTHORITY	GROUP
Revenue	**P118.28 million** ↓ 10.49% F2018: P132.14 million	**P161.58 million** ↓ 10.75% F2018: P181.05 million
Cash and Cash Equivalents	**P182.77 million** ↑ 8.79% F2018: P168.01 million	**P392 million** ↑ 9.92% F2018: P356.61 million
Surplus after Tax	**P5.07 million** ↓ 75.11% F2018: P20.37 million	**P11.08 million** ↓ 68.90% F2018: P35.63 million
Net Assets	**P322.23 million** ↑ 6% F2018: P303.99 million	**P539.45 million** ↑ 1.96% F2018: P529.08 million

Deliver on our promises

When we give our word to our community and our stakeholders, we commit to delivering to expectation or beyond, and nothing less.

Create a progressive, future oriented organisation

To be a business that is wholly sustainable and the embodiment of business continuity, we need to future-proof all that we are and all that we do, so that our efforts benefit stakeholders for decades to come.

Separate and adapt for the future

Being agile and evolving or adapting as and when needed is what sets us apart. Focused, defined and clear goals that we work towards with a perpetual desire for doing better for and by our consumers well into the future.

HUMAN CAPITAL

Staff Complement

84

49% Female

51% Male

as at 31 March 2019

Ratio of Women at Executive Management Level*

38%

F2018: 38%

Qualifications

74% Graduate and above

1st Prize

Regulatory Category

Botswana International Trade Fair 2018

CHAIRMAN'S STATEMENT

Major Gen. Bakwena Oitsile (Rtd)

The 2018/19 reporting period marked the conclusion of the BOCRA Strategic Plan for the period 2014-2019, and ushered in the new Strategic Plan for the period 2019-2024.

The just ended 2014-2019 Strategic Plan focused on issues such as affordability of communications services, growth of the broadcasting sector, improvement of quality of services, the universality of communications services, and the improvement of regulatory processes. These areas of focus were intended to drive access to communications services and usage of those communications services. The majority of the objectives of the Strategic Plan were achieved.

Botswana continues to rank 5th in Sub-Saharan Africa in terms of the International Telecommunication Union (ITU) ICT Development Index that ranks countries according to their level of ICT Access and Usage. Although affordability of ICT services continues to be of concern, efforts to bring down tariffs continue. Suffice to mention that during the year under review, interconnection rate settled at 13 thebe per minute and off-net premium was removed for mobile voice tariffs. Similarly, the broadcast market has been enhanced with the issuance of several licences, taking advantage of the Digital Terrestrial Broadcasting platform. Also worthy of mention is the conclusion of the broadband access projects carried out through the facilitation of the Universal Access and Service Fund (UASF).

These projects benefitted the most expansive and least populated areas that were assessed to have the least access to ICTs, facilitating the achievement of Sustainable Development Goals (SDGs).

Having noted these positives, the reporting period recorded cases of unsatisfactory quality of service. This is an area that the Board continues to dedicate its time and attention to.

As earlier states, the Board has developed a new Strategic Plan for the period 2019-2024. The visionary, adaptive and responsive Strategy is inspired primarily by the aspirations of the National Broadband Strategy of 2018 and aims at facilitating Botswana's transition to a digital economy. The Strategy is underpinned by six strategic pillars of Competition, Consumer Protection, Resource Optimisation, Stakeholder Engagement, Universal Access and Service, and Talent Management.

The main goal of the new Strategic Plan is to facilitate the provision of universally accessible and affordable broadband services in line with the United Nations Broadband Commission for Sustainable Development, and the SADC Broadband Targets to be achieved by 2025.

Major General Bakwena Oitsile (Rtd)
Chairman

BOARD OF DIRECTORS

Major General Bakwena Oitsile (Rtd)
Chairman

- Diploma for Basic Officers Engineer, Fort-Belvios, Virginia, USA

Professor Joseph Monamati Chuma
Vice Chairman

- PhD in Electronic Engineering Systems, University of Essex, UK
- MSc. in Telecommunications and Information Systems Engineering, University of Essex, UK
- MBA, University of Botswana
- BEng. In Electrical and Electronic Engineering, University of Nottingham, UK

Onkagetse Doctor Pusoentsi
Board Member

- Bachelor of Laws Degree, University of Botswana

Wilhelmina T. Makwinja
Board Member

- Post Graduate in Energy, Oil and Gas, Liverpool University, UK
- BA (Honours) Sociology and Social Policy, University of Essex, UK

Gape Kaboyakgosi
Board Member

- PhD in Public Policy, Australia National University
- MPA Syracuse University, USA
- BA, University of Botswana

Galeboe Mmelesi
Board Member

- BSc, University of Botswana

Batlang Comma Serema
Board Member

- PhD (Library and Information Studies) University College, London, UK
- MSc. (Information Analysis) Robert Gordon University, Scotland, UK
- BA (History and Environmental Science) University of Botswana

Martin Mokgware
Chief Executive & Ex-officio Member

- MA Transport Economics, University of Leeds, UK,
- Post Graduate Diploma Telecommunications Regulation, University of Westminster, UK.
- BA Economics, University of Botswana

CHIEF EXECUTIVE'S STATEMENT

I am privileged to present my second report as Chief Executive of the Botswana Communications Regulatory Authority (BOCRA). The period under review brought to a close the 2014-2019 Strategic Plan.

It therefore, presents an ideal reference point for reviewing the performance of BOCRA in relation to the roadmap it set itself five years ago.

Early in the year under review, a review of the organisational structure was carried out to optimise the use of available human and financial resources to achieve more with less. Worthy of mention, is the consolidation of licensing activities under one department to create a one-stop centre for licensing requests, which facilitates access to market entry. Also critical, was the creation of the Technology Department to deal with all technology related activities including Information Technology Management, Domain Name Registration, Information and Network Security Management and Electronic Authentication. The Internal Audit function was outsourced to free in-house Internal audit personnel to concentrate on compliance and monitoring of licensees. The resulting re-organisation also strengthened the Research function to ensure that Botswana has quality, reliable ICT data to support the development and usage of broadband infrastructure and services.

To drive its mandate, BOCRA has adopted an inclusive multi-stakeholder approach, cross-sectoral collaboration and digital cooperation with key stakeholders. To this end, BOCRA entered into a Memorandum of Agreement with the Civil Aviation Authority of Botswana (CAAB), in terms of which the two entities agreed to collaborate and work cooperatively to promote efficient and safe utilisation of the radio frequency spectrum. BOCRA also entered into a Memorandum of Agreement with the Communications Regulatory Authority of Namibia on issues of cross boarder frequency coordination. BOCRA also continued to work with Bank of Botswana on mobile money services, and the Financial Intelligence Agency on matters of financial crime and money laundering, albeit on a less formalised arrangement.

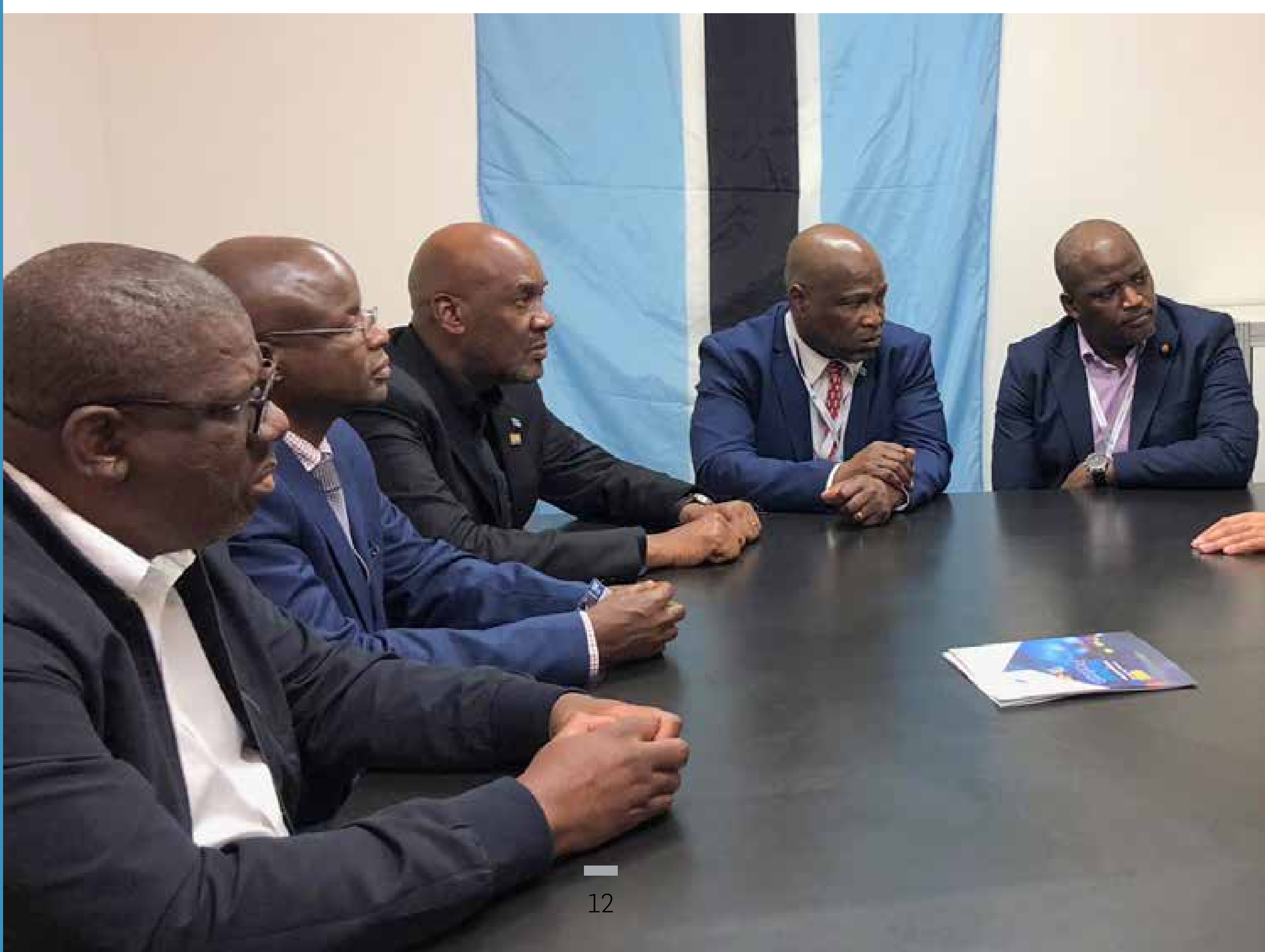
Martin Mokgware

> "To drive its mandate, BOCRA has adopted an inclusive multi-stakeholder approach, cross-sectoral collaboration and digital cooperation with key stakeholders."

As we strive towards transitioning Botswana to a digital economy, BOCRA and the Ministry of Transport and Communications in consultation with industry stakeholders finalised the National Broadband Strategy that was approved by Cabinet in June 2018. This is a significant milestone towards ensuring that Batswana have access to high-speed broadband internet at the appropriate quality of service and affordable prices, as well as achieve the United Nations Sustainable Development Goals (SDGs). Universal broadband is expected to unlock unprecedented opportunities that would digitally transform various sectors of the economy.

In a bid to fast track the rollout of broadband infrastructure and services to unserved and underserved communities, Government decided to allow sharing of its infrastructure with the private sector. Consequently, a process ensued during the period under review to transfer to Botswana Fibre Networks (BoFiNet) all government broadcast infrastructure, power utilities infrastructure and water utilities infrastructure, and security services infrastructure. Taking advantage of the infrastructure sharing arrangement, BOCRA through the Universal Access and Service Fund facilitated the provision of commercial private radio broadcast signal to Hukuntsi, Lehututu, Lokgwabe and Tshane.

The year under review saw the provision of broadband services to a total of 68 villages in the areas of Mabutsane, Kgalagadi and Ghanzi. The project that was sponsored by the Universal Service and Access Fund, entailed an upgrade of mobile communications infrastructure. 77 schools (68 primary schools and 9 secondary schools) were



provided with broadband internet, ICT equipment and employment of 68 ICT officers to facilitate the use of the equipment in primary schools. This project was a significant milestone in BOCRA's delivery of its universal service mandate.

BOCRA continued with regulatory interventions to make communications services affordable. To this end, the reporting period saw the elimination of off-net premiums from mobile voice calls, to compel operators to charge their customers the same rate for on-net and off-net calls. The year also marked the end of glide path for reduction of mobile termination rates to bring them down from 20 thebe per minute in June 2017 to 13 thebe per minute in June 2018.

On the licensing front, BOCRA issued several licences to leverage on the Digital Terrestrial Broadcasting platforms, to increase competition in the commercial broadcasting market. During the year under review, BOCRA issued licences and authorisations for Online radio, Internet Protocol Television (IPTV), Subscription Management Services (SMS) and Digital Terrestrial Television (DTT), and Content Service Provider (CSP) categories. Likewise, the commercial postal licensees continued to increase.

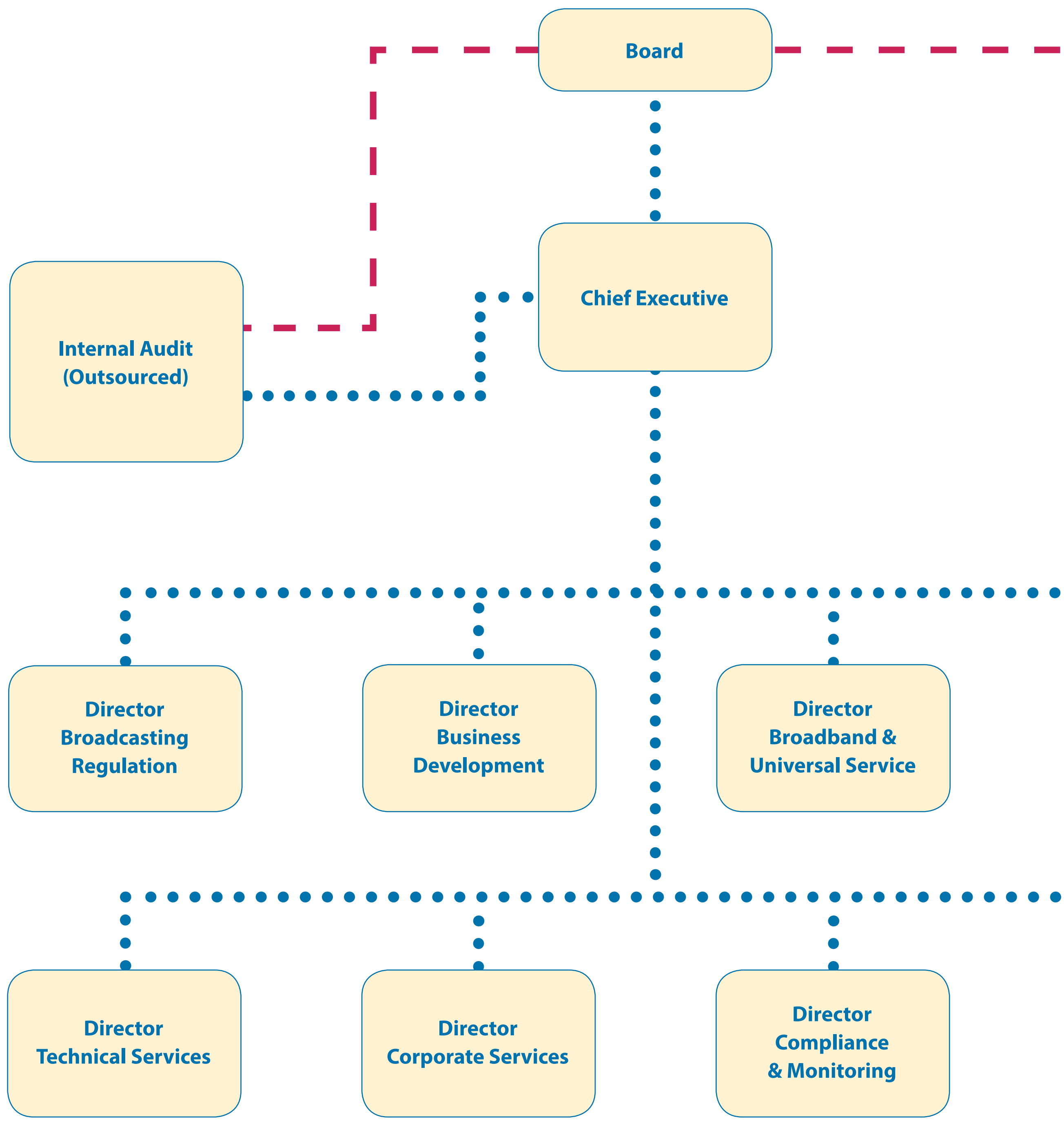
BOCRA continued to play its role of representing Botswana in the international regulatory and other fora concerning the regulated sectors. BOCRA coordinated other ICT stakeholders and organised a Botswana Pavilion during the ITU Telecom World held in Durban, South Africa. The Botswana pavilion was led by Hon. Onkokame Kitso Mokaila, then Minister of Transport and Communications who was a panellist in the Ministerial Roundtable discussions under the topic: "Government enabling smarter digital development". The pavilion featured a cross-section of ICT stakeholders and Small Medium Enterprises from Botswana.

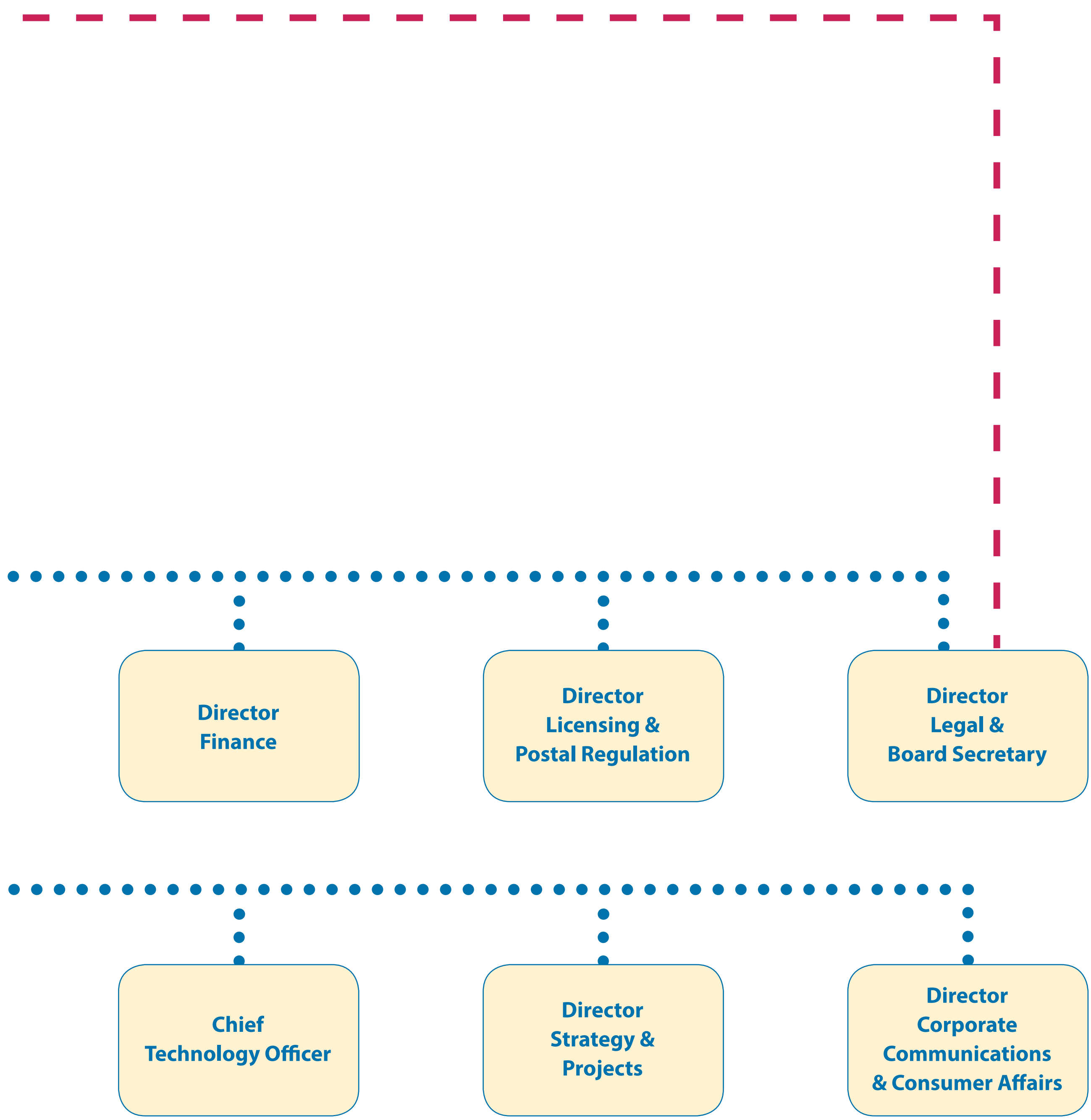
During the reporting period, BOCRA set in motion critical projects aimed at inspiring consumer trust and confidence in the use of ICTs. BOCRA in collaboration with the International Telecommunication Union commenced the setting of a Computer Incidence Response Team (CIRT) for the communications sector, to assist in the monitoring of cyber-attacks. In line with its mandate under the Electronic Communications and Transactions Act, 2014 and the Electronic Records (Evidence) Act 2014, BOCRA appointed an entity to register providers of electronic signatures.

As the ICT market continued to grow in size and complexity sparred by rapid changes in technological advancements, the period under review was marked by litigation by two licensees against regulatory decisions. The court process came to pass, but most importantly served to highlight the independence and transparency of the regulatory environment in that regulatory decisions are open to scrutiny and, where necessary review by the courts of law.

Martin Mokgware
Chief Executive

MANAGEMENT


Board
Chief Executive
Internal Audit (Outsourced)
Director Broadcasting Regulation
Director Business Development
Director Broadband & Universal Service
Director Technical Services
Director Corporate Services
Director Compliance & Monitoring


Director
Finance
Director
Licensing &
Postal Regulation
Director
Legal &
Board Secretary
Chief
Technology Officer
Director
Strategy &
Projects
Director
Corporate
Communications
& Consumer Affairs

EXECUTIVE MANAGEMENT

Martin Mokgware
Chief Executive

Bonny Mine
Director Finance

Bathopi Luke
Director Broadcasting Regulation

Tebogo Mmoshe
Director Compliance & Monitoring

Peter Tladinyane
Director Corporate Services

Cynthia Phiase
Director Technical Services

Murphy Setshwane
Director Licensing & Postal Regulation

Joyce Wema Isa-Molwane
Director Legal & Board Secretary

Tshoganetso Kepaletswe
Chief Technology Officer

Maitseo Ratladi
Director Broadband & Universal Service

Noble Katse
Director Business Development

Thapelo M. Mogopa
Director Strategy & Projects

Aaron Nyelesi
Director Corporate Communications & Consumer Affairs

WE ENABLE BROADCASTING SECTOR GROWTH

GOVERNANCE

02

CORPORATE GOVERNANCE

Role of the Board

The Botswana Communications Regulatory Authority is steered by a team of seven (7) distinguished individuals that comprise the Board of Directors. These Board of Directors are appointed by the Minister of Transport and Communications (MTC), in accordance with Section 4(1) of the Communications Regulatory Authority (CRA) Act of 2012.

In executing its mandate, the Board is guided by the Communications Regulatory Authority (CRA) Act, the Board Charter and the Shareholder Compact Agreement entered into between BOCRA and the Ministry of Transport and Communications. The best interests of all the BOCRA's stakeholders form the cornerstone of the Board's values, responsibilities and obligations. Decisions and directives of the Board are based on sound principles, guided by their duty to act fairly, transparently and in the utmost good faith for the benefit of the citizenry and residents of Botswana.

ICT, Postal, Telecommunications, Broadcasting and Internet sectors in Botswana are regulated by the Board, in who are mandated to ensure the adherence to the provisions of the CRA Act, applicable laws of Botswana and accepted standards of good corporate governance.

The efficient operation, strategic direction and business ethos of BOCRA are driven by the Board. They are also responsible for, inter alia, strategic and business planning, budget approval, policy development, and appointment of senior officers on the recommendation of the Chief Executive. The overall performance review of the organisation and the Chief Executive also falls within the purview of the Board.

Composition of the Board

The 7 Non-Executive members of the Board are:

- Major General Bakwena Oitsile (Rtd) (Board Chairperson) (retired 31 July 2019);
- Prof. Joseph Monamati Chuma (Board Vice-Chairperson);
- Mrs. Nnaniki Wilhemina T. Makwinja (retired 20 May 2019);
- Mr. Onkagetse Pusoentsi;
- Dr. Gape Kaboyakgosi;
- Mr. Galeboe Mmelesi; and
- Dr. Batlang Comma Serema (retired 31 August 2019)

The BOCRA Chief Executive, Mr. Martin Mokgware, is an Ex-officio Member of the Board in accordance with Section 21(5) of the Act.

Board Committees

There are four (4) Committees of the Board tasked with different responsibilities and entrusted with diverse powers in accordance with their respective Terms of Reference. The Committees are:

Regulatory Committee: Finance and Audit Committee: The Committee ensures that Management creates and maintains effective internal audit and financial controls to manage all associated business and technological risks that BOCRA may be exposed to.

Chairman: Dr. Gape Kaboyakgosi
Members: Mrs. Wilhemina Makwinja;
Mr. Martin Mokgware; and
Mrs. Ontlametse Sebonego (Independent Member).

Board Tender Committee: The Committee is charged with the responsibility of adjudicating and approving the procurement of goods and services valued between P2 million and P5 million.

Chairman: Mr. Galeboe Mmelesi
Members: Professor Joseph Munamati Chuma;
Mr. Onkagetse Pusoentsi; and
Mr. Martin Mokgware.

Human Resources Committee: The Committee ensures adherence to good labour and corporate practice with respect to employer-employee relationship from a strategic perspective.

Chairman: Mrs. Wilhelmina Makwinja
Members: Mr. Onkagetse Pusoentsi;
Dr. Gape Kaboyakgosi; and
Mr. Martin Mokgware.

Regulatory Committee: The Regulatory Committee advises the Board on issues and policies that are regulatory in nature and in fulfilment of BOCRA's mandate as encapsulated in the CRA Act.

Chairman: Professor Joseph Munamati Chuma
Members: Mr. Onkagetse Pusoentsi;
Mr. Galeboe Mmelesi; and
Mr. Martin Mokgware.

Table 1: Board Meetings Attendance & Sitting Allowances April 2018 to March 2019

Member	Ordinary Board Meeting	Special & Consultative Board Meeting	Finance & Audit Comm.	Board Tender Comm.	Regulatory Comm.	Human Resources Comm.	Sitting Allowance
Maj. Gen. Bakwena Oitsile	4/4	4/4	-	-	-	-	18,000
Prof. J. M. Chuma	3/4	2/4	-	3/3	2/3	-	18,000
Mrs. W. Makwinja	2/4	3/4	3/5	-	-	3/4	19,800
Mr. O. Pusoentsi	3/4	2/4	-	-	3/3	4/4	21,600
Dr. G. Kaboyakgosi	2/4	1/2	5/5	-	-	3/4	19,800
Mr. G. Mmelesi	3/4	2/4	-	3/3	3/3	-	19,800
Dr. B. C. Serema	3/4	2/4	-	2/3	-	-	12,600
Mrs. O. Sebonego	-	-	3/5	-	-	-	5,400
Mr. M. Mokgware	4/4	4/4	5/5	3/3	3/3	4/4	nil

BOARD PARTICIPATION

Board Training

As a regulator of a fast-moving industry where innovation and technologies are ever-evolving, it is necessary for the Board to be kept abreast of trends through formal training and exposure to various platforms through attendance at different fora.

Resources permitting, BOCRA exposes the Board to the various regulatory forums. For the reporting period, these included AfricaCom 2018, ITU World Telecom, Global Symposium for Regulators, and GSMA World Mobile Congress 2019. These dealt with communications regulation in order to benchmark, engage in international discussions about the sector and build capacity, knowledge and skills of the Board.

POLICY AND LEGAL REVIEW

Table 2: Cases brought before the Courts of Law as at 31 March 2019

OPERATOR/ COMPLAINANT	CASE	UPDATE
Mascom Wireless Botswana	Dispute over Directive of 2017 and 2 year glide path for tariff reduction challenging its lawfulness.	Judgment passed with costs in favour of BOCRA on the 22nd of May 2018. In essence, the Court held that the Directive of 2017 to Mobile Operators to reduce the cost of service over 2 years was lawful.
John Bogatsu Gaetsewe.	Complaint with respect to services rendered by Botswana Post.	Arguments made before the Court on the 11th of April 2018 and 23rd of May 2018. Judgment passed in favour of BOCRA on the 6th of August 2018 with costs, the crux of the matter being that the Applicant was not properly before the Court. The Complainant has since lodged an Appeal at the Court of Appeal.
MultiChoice Botswana	Dispute over the inclusion of a Clause on Regulation of Tariffs in the License	Arguments made before court on the 10th April 2018 and judgment passed in favour of BOCRA discharging the interdict made on the 20th October 2017 which prohibited BOCRA from applying Clause 13 of the License issued to MultiChoice Botswana (MCB) which clause deals with tariff regulation. This judgment was appealed and on the 8th February 2019 the Court of Appeal overturned the decision of the High Court in favour of MCB. The consequence of the case is that although MCB is a regulated entity of BOCRA such regulation does not extend to the tariffs chargeable to consumers by MCB.

Appointment of certified auditors/assessors under the Electronic Evidence Act

BOCRA, under the Electronics Records (Evidence) Act, is appointed as the Certification Authority of the Electronic Record Systems. As part of the process for certification, the electronic records system(s) are to be assessed/audited for compliance with the Electronics Records (Evidence) Regulations. Such audit is to be undertaken periodically.

BOCRA in fulfilment of its mandate, has appointed PricewaterhouseCoopers as an Independent Auditors/Auditing Firm with technical skills to carry out assessments/audits in accordance with the compliance criteria established in the Electronics Records (Evidence) Regulations.

INTERNAL AUDIT

BOCRA maintains an independent and objective Internal Audit function and has, during the year ,outsourced the function to an external audit firm. Internal Audit findings are reported to the Finance and Audit Committee of the Board, and administratively to the Chief Executive. A risk-based internal audit approach is used in the evaluation of all auditable areas as per the approved Internal Audit Plan. Quarterly reports are issued to the Board Audit Committee, covering all the audits carried out for the reporting period and also giving status on the following:

- Division-wise status of implementation of recommendations vis-à-vis agreed implementation dates;
- Progress against approved Internal Audit plan; and
- Effectiveness of Corporate Governance and Risk Management.

Risk Management

BOCRA maintains a Risk register and assesses the Risk profile to prioritise mitigation factors. During the year 2018/19 the Authority conducted a risk assessment workshop to identify significant and emerging risks that may prevent BOCRA from achieving its strategic goals. There were forty (40) risks identified across six (6) categories, viz. Strategic, Reputational, Operational, Financial, Technological and Legal & Compliance, along with corresponding inherent and residual risk ratings. Amongst those profiled and rated, there are seven (7) with high risks, twenty-four (24) medium risks, and nine (9) low risks.

The forty (40) risks are illustrated in Figure 1.1 of the risk heat map, according to the impact that the risk would have on delivery of BOCRA's strategic objectives and the likelihood of the risk occurring.

Overall the heat map shows that BOCRA is generally a low to medium risk organisation.

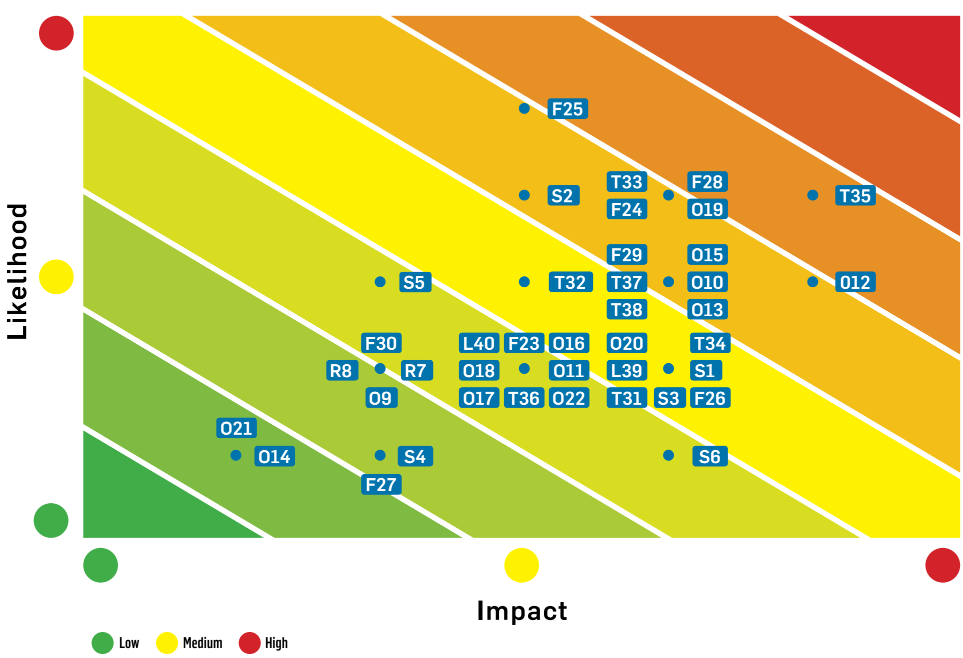


Fig. 1.1 Risk Heat Map

Data Labels	Description	No. of risks
S1 – S6	Strategic Risks	6
R7 – R8	Reputational Risks	2
09 – 022	Operational Risks	14
F23 – F30	Financial Risks	8
T31 – T38	Technological Risks	8
L39 – L40	Legal & Compliance Risks	2

The Risk-Based Internal Audit Plan for the financial year was prepared based on the risk assessment carried out. Through the quarterly reports submitted by Internal Audit, any change in residual risk ratings on review of adequacy and effectiveness of controls are also reported along with recommendations.

Business Continuity Plans and Disaster Recovery

Business Continuity remains a critical facet of BOCRA's business processes. BOCRA engages in continuous efforts to empower staff, raise awareness on Business Continuity Management (BCM), and endeavour to improve the organisation's systems to ensure their readiness for the recovery of the organisation's processes, in the event of a disaster. In doing so, BOCRA concerns itself with continuity of its internal process as well as continuity of the entire sector.

During the 2018/19 financial year, BOCRA embarked on an exercise to review and update the existing business continuity and disaster recovery plans. This exercise was imperative as the Authority had undergone a re-structuring/ re-organisation process during the year under review. As such, it became apparent that the Plans needed a review to incorporate new changes as the last review was done in 2008.

NATIONAL BROADBAND STRATEGY

In June 2018, Cabinet approved the National Broadband Strategy (NBS) for Botswana, which was developed by the Ministry of Transport and Communications and BOCRA in consultation with various stakeholders. The NBS provides a holistic and coordinated approach to the implementation of the ICT ecosystem in the country to achieve universal broadband by 2023. The overall vision of the NBS is to connect every citizen, business and community to a high-speed broadband infrastructure at the appropriate quality of service and affordable prices. The NBS also sought to achieve attainment of the 2030 United Nations Sustainable Development Goals (SDGs).

The NBS is anchored on broader National and international policies including ICT Policy of 2007 (Maitlamo), the country's Vision 2036, National Development Plan 11 (NDP 11), 2025 SADC Broadband Targets, the 2025 ITU Broadband Commission Targets and the 2030 UN Sustainable Development Goals (SDGs). These National and international policies advocate access to high-speed ICT infrastructure, provision of online services and applications, and promoting a digital society.

The Strategy provides a basis through which the National policy objectives outlined in various Government policies, initiatives and interventions can be achieved to transition Botswana to a digital economy.

BOCRA STRATEGY (2019-2024)

BOCRA is compelled by the Communications Regulatory Authority (CRA) Act, 2012 to develop five-year strategic plans. The year under review marked the end of the BOCRA 2014-2019 Strategic Plan, which had six key strategic objectives: Affordable ICT Services; Universal Access and Services; Sector Growth (Broadcasting); Improvement of Quality of Service; Improvement of Regulatory Processes; Implementation of Electronic Communications & Transactions Regulations as well as Electronic Records (Evidence) Regulations.

Implementation of the 2014-2019 Strategic Plan achieved reduction of mobile termination rates, an increase in the number of commercial television and online radio broadcasters, roll-out of broadband infrastructure and services to Mabutsane, Ghanzi and Kgalagadi areas, as well as implementation of legislations to facilitate electronic commerce.

Maturity of the 2014-2019 Strategic Plan necessitated the development of a new Strategic Plan for the period 2019-2014. The new Strategic Plan was developed in-house, inspired primarily by the National Broadband Strategy of 2018. The 2019-2024 Strategic Plan is visionary and adaptive to the changing needs of the communications sector. The main goal of the 2019-2024 Strategic Plan is to have universally accessible and affordable broadband services.

This five-year Strategy aims to make broadband services affordable at less than 2% of Gross National Income (GNI) per capita based on the minimum speed of the broadband service. This measure is aligned to the United Nations Broadband Commission for Sustainable Development targets to be achieved by 2030 and SADC 2025 Broadband Targets. The Strategy is underpinned by six (6) Strategic Pillars: Competition, Consumer Protection, Resource Optimisation, Universal Access and Service, Stakeholder Engagement and Talent Management.

The Strategy has eleven objectives, which when achieved, will enable BOCRA to realise its vision of having a connected and digitally driven society.

PROJECT MANAGEMENT

BOCRA setup a Project Management Office (PMO) to define and maintain standards for project management within the organisation. The PMO provides guidance and introduces economies of repetitions in the execution of projects. It has the governance role which includes audits, peer reviews, developing project structures and ensuring accountability at all levels. Furthermore, the PMO is mandated to ensure transparency in projects to avail relevant and accurate project data that supports effective decision making. It also facilitates sharing of knowledge thus stopping the reinvention of the wheel by mandating Project Managers to document lessons learnt. The PMO helps to ensure the traceability of project documentation and reusability of knowledge.

BOCRA adopted the Projects in a Controlled Environment (PRINCE2) methodology to help manage its projects. The methodology emphasises the need to focus on business justification when undertaking projects thus ensuring alignment of projects to business strategy. The methodology further highlights the need to have proper project structures that will guide project planning and execution. Some aspects of the methodology have been infused into projects that were running during the year under review. However, PRINCE2 will be fully implemented in the new Financial Year 2019/2020. The use of the methodology is expected to improve project success and eliminate reoccurrence of similar short comings in projects.

Project Managers have been inducted in the use of the methodology and its associated templates. They were also trained on PRINCE2 Foundation and Project Management Essentials. Change management and infusion of the methodology will continue into the next financial year.

PERFORMANCE MANAGEMENT

The Authority conducts two performance reviews in a given financial year, the first being the Midterm Review in September and the second being the final assessment in March. The Midterm Review provides assurance on the management of the organisation's performance relative to the Operational Plan and the Strategic Plan. It further facilitates readjustments of initiatives based on the availability of resources and the relevance of the initiative at the time of the review. The final assessment gauges progress with regards to the attainment of strategic objectives and indicates how BOCRA has fared in the financial year.

The performance of BOCRA is detailed in the succeeding sections of this Annual Report.

UASF STRATEGY 2019-2024

The CRA Act mandates BOCRA to promote and ensure universal access with respect to provision of communications services, and to impose a universal access and services levy on identified operators for the purpose of funding universal access in the communications sector. To deliver on this mandate, the Universal Access and Service Fund (UASF) was established in April 2014. The Fund is run by a separate Board of Trustees who report to the BOCRA Board. BOCRA also serves as the Secretariat of the UASF.

The mandate of the UASF is to ensure the availability of quality and affordable communications services with a primary focus on the unserved and underserved areas. The Fund periodically develops strategies that outlines priority projects aimed at addressing identified communications gaps. The Fund's inaugural Strategy of 2015-2018 came to an end in December 2018.

The 2015-2018 Strategic Plan focused on four broad objectives of Broadband Connectivity and ICT Development: Mobile Broadband Network Expansion; Expansion of Commercial Radio Broadcasting Coverage and Promotion of Local Content Production and Usage. Implementation of the Strategy resulted in Internet connectivity and supply of ICTs to a total of 68 primary schools and additional computers to nine (9) secondary schools. In addition, mobile networks in Mabutsane Sub-District, Ghanzi and Kgalagadi Districts were upgraded to broadband capacity of 3G or 4G. It also resulted in deployment of WiFi hotspots in strategic public areas including hospitals, shopping malls and bus/taxi ranks/stations. Implementation of the Strategy also created employment for 68 ICT graduates who facilitate the use of supplied ICTs.

Following the end of the 2015-2018 Strategic Plan, the Fund developed a new Strategic Plan for the period 2019-2024, which is in alignment with that of BOCRA. The Strategic Plan will consider both supply and demand side initiatives primarily derived from the National Broadband Strategy of 2018, to increase access and usage of communications services. The flagship projects in this Strategy will continue to be schools' connectivity and mobile broadband network expansion. Other projects that the Fund will undertake in the 2019-2024 Strategic Plan include increasing coverage by broadcasting services, local content development, postal services and digital literacy. With four (4) strategic pillars and nine (9) strategic objectives, the Fund believes that the Strategy will achieve the Fund's vision of communication services for all.

WE ENHANCE PROVISION OF POSTAL SERVICES FOR BATSWANA

REVIEWS

03

03

POSTAL INTERNET

MARKET PERFORMANCE REVIEW

ICT MARKET

Telecommunications Market Structure

The Botswana telecommunications market is fully liberalised with three (3) operators having access to the radio frequency spectrum that allows for provision of public mobile services. These are Botswana Telecommunications Corporation Limited (BTC), Mascom Wireless Botswana (Pty) Ltd (Mascom) and Orange Botswana (Pty) Ltd (Orange). The three offer a variety of services including fixed and mobile telephony, Internet service, and data. While all the three players can provide both fixed and mobile telephony in accordance with their license terms and conditions, only BTCL, being the incumbent operator, is providing fixed telephony with 100% of the market share. The market also includes the Botswana Fibre Networks (BoFiNet) which provides wholesale services to other licensees.

In addition, there are Internet Service Providers that offer Internet connectivity and value-added services like Web Hosting, e-mail Hosting and Clouds Services. There are also Private Telecommunications Network Licenses (PTNL) issued to entities to provide connectivity for internal use on a non- commercial basis.

Mobile Telephony Market Segment

Botswana has experienced remarkable growth in mobile telephony subscriptions. This is because telecommunications networks, particularly mobile networks, have become a necessity in people's lives as they can keep in touch from all over the world, run businesses efficiently and enhance the delivery of services in all sectors of the economy. Consumers continue to own multiple SIM cards from different service providers with reasons ranging from taking advantage of offers available across networks, and access to mobile services in any part of the country. All the three operators have different competitive advantages to leverage and offer choice to customers.

Mobile telephony increased from 3,181,591 subscriptions in March 2018 to 3,353,337 subscriptions as at March 2019, representing a growth of 5%. Mobile teledensity stood at 165% during the period under review compared to 157% recorded during the previous year. It is expected that change in uptake of mobile subscriptions will continue, albeit at a decreasing rate since exceptionally high penetration rates have been attained. It must be noted that Botswana has experienced an exceptional form of competition where consumers chose to have multiple SIM cards in order to enjoy different packages offered by operators.

As in previous years, Mascom Wireless continued to be the market leader at 51% of subscribers followed by Orange at 34% and BTC Mobile at 15%. Though Mascom remains dominant in comparison to other operators, its market share decreased from 53% in the previous year to 51%. Orange market share increased from 31 % to 34%, while BTC Mobile share declined from 16% to 15%. Market share of the three operators for March 2018 and March 2019 are represented in Figures 1 and 2.

Fig 1 - Market share as at March 2018 Source: BOCRA

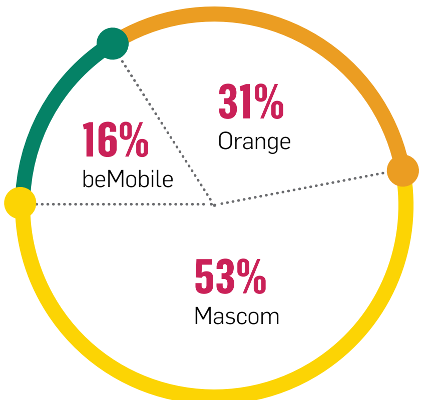


Fig 2 - Market share as at March 2019 Source: BOCRA

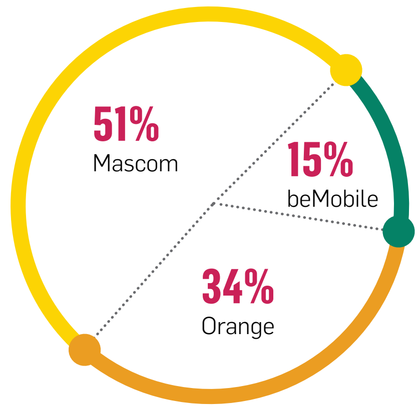


Figure 3 illustrates the ten-year trend of mobile telephony subscriptions:

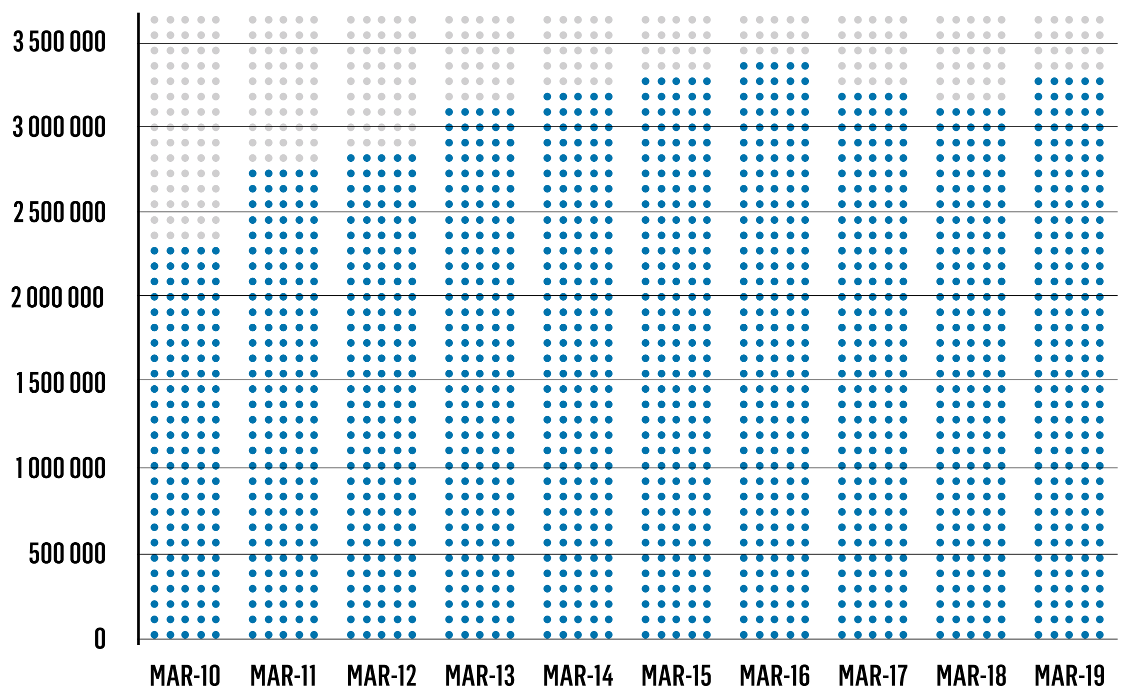


Fig 3: Mobile Telephony Subscriptions for the Past 10 Years
Source: BOCRA

A ten year analysis shows that uptake of mobile telephone subscriptions grew from 2,363,411 in March 2010 to 3,462,347 in March 2016 representing a growth of 46%. However, a decline was experienced in 2017 and 2018. The decline was attributable to churn and lower uptake of new SIM cards as mobile operators reduced the roll out of competitions. The following year ending March 2019 realised an increase of 5% from the previous year 2018 as new service packages were introduced in the market. It must be noted that future uptake of subscriptions is not expected to take place at the same rate as the period 2010 to 2016 because of high penetration levels.

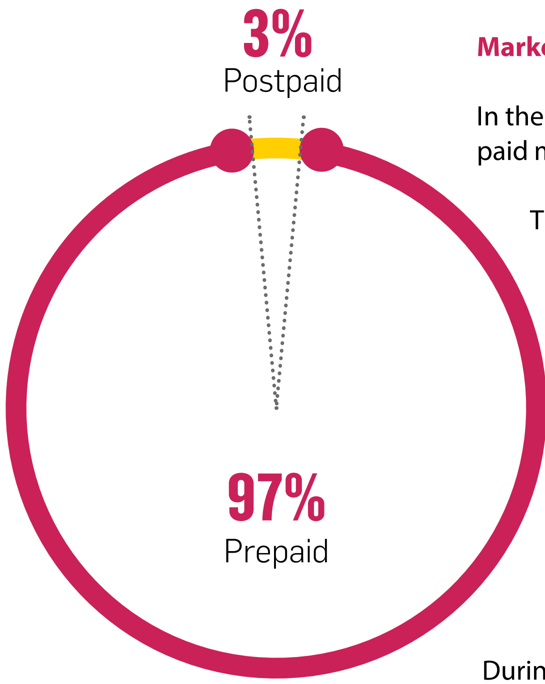


Fig 4 - Market Share between Prepaid and Post-paid Mobile subscriptions as at March 2019 Source: BOCRA

Market Share between Prepaid and Post-paid Services

In the period ending March 2019, the share between prepaid and post-paid mobile telephony subscriptions stood at 97% and 3% respectively.

This is a new shift as the market share was at 98% and 2% for the previous years. The marginal growth in post-paid subscriptions can be attributed to attractive packages offered by operators. Post-paid services are generally cheaper than prepaid services, but consumers prefer prepaid services as a way of tracking their consumption and to avoid any contractual commitments and onerous requirements by operators such as monthly income and bank balances as preconditions for entering into a contract. Refer to Figure 4 for comparison of prepaid and post-paid market shares.

Fixed Market Segment

During the year under review, the fixed telephony subscriptions decreased from 141,835 subscribers in March 2018 to 140,202 subscribers as at March 2019, representing a decline of 1% compared to 0.7% the previous year. Fixed tele-density has, however, remained at 7%.

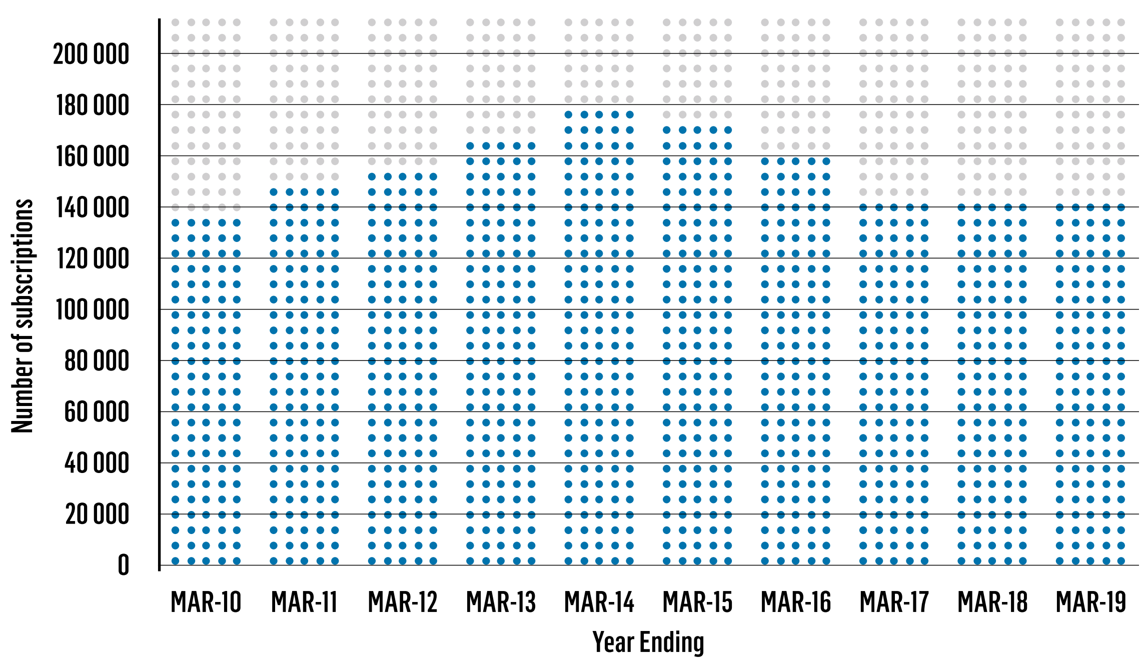


Fig 5 - Fixed Telephony Subscriptions for the Past 10 Years Source: BOCRA

The market trend indicates that the demand for fixed telephony continues to decline as consumers favour mobile technology for various reasons including cost, flexibility, convenience, demand for new services and technological trends.

INTERNET UPTAKE

Fixed Broadband Internet

Access to fixed broadband has proven to be essential for reliable and high speed and capacity Internet. In addition, fixed Internet is less costly in comparison to mobile Internet. In this regard, market trends indicate that access and usage of fixed broadband will increase over time. Asymmetric Digital Subscriber Line (ADSL) subscriptions decreased by 26% between March 2018 and March 2019 from 40,164 subscriptions to 29,532 subscriptions. This significant decline was due to validation of information on number of subscriptions when a new reporting system was adopted. Fixed Wireless broadband subscriptions recorded an increase in subscriptions from 10,350 in March 2018 to 10,943 in March 2019.

Konnecta, a fixed wireless broadband service offered by Orange, recorded an increase in subscriptions from 10,350 in March 2018 to 10,943 in March 2019. This represents an increase of 6% which is significantly lower than in the previous year at 15%. The subscriptions are expected to increase slightly in the following years.

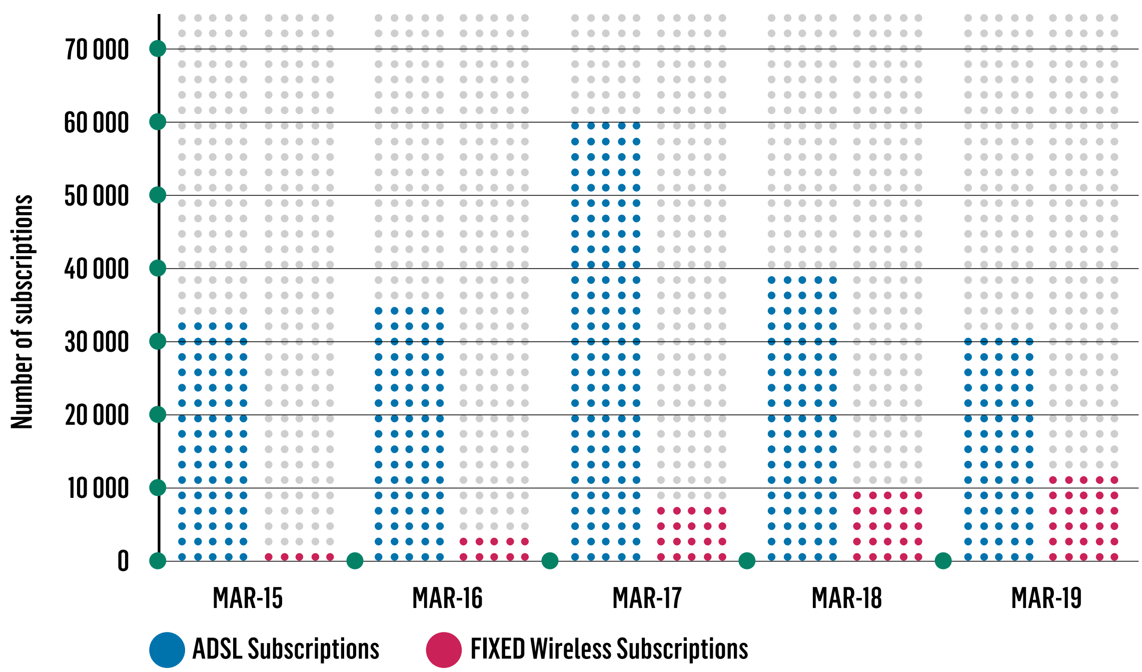


Fig 6 - Fixed Broadband subscriptions for the past 5 years
Source: BOCRA

Figure 6 shows the uptake of fixed broadband in the last five (5) years.

Mobile Broadband Internet

As PTOs continue to increase coverage of mobile broadband services, a significant percentage of the population has access to and use mobile broadband. Moreover, PTOs offer consumer-driven packages, including smartphones from both own and other brands contributing to the increased access and usage. During the period under review, mobile broadband penetration increased from 1,523,545 in March 2018 to 1,752,547 In March 2019. This implies a 15% increase. Though mobile broadband is more expensive than fixed broadband, the penetration will always be higher in comparison to fixed broadband due to its convenience. Subscriptions are expected to grow as consumers take advantage of packages offered by Service Providers.

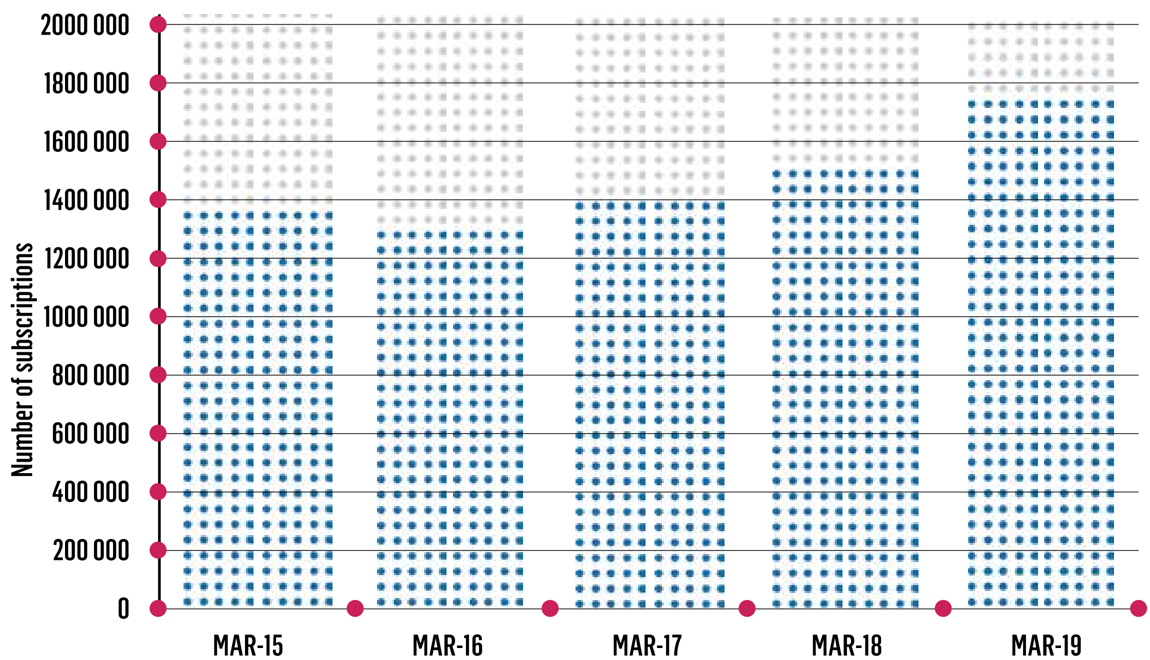


Fig 7 - Mobile Broadband Subscriptions for the past 5 years
Source: BOCRA

Public Wi-Fi Hotspots

There has been significant growth in usage of Wi-Fi by consumers across the 34 strategic public areas from 2015 to 2019. The number of Wi-Fi users increased from 23,000 in 2015 to 256,011 in March 2019. A growth of 31% in Wi-Fi usage was recorded between 2018 to 2019. Some of the initiatives driving uptake of the hotspots include strategic partnerships, Wi-Fi e-marketing/e-advertising in exchange for free Wi-Fi, data analytics to derive insights on Wi-Fi needs, provision of Wi-Fi during events and residential Wi-Fi at customer in collaboration with Internet Service Providers (ISPs).

Widely branded as Botswana Hotspots, the project entails provision of high- speed, secure and affordable Wi-Fi to consumers in strategic public areas such as hospitals, shopping malls, bus ranks and airports. The Universal Access and Service Fund subsidized Botswana Fibre Networks to roll out the wholesale Wi-Fi infrastructure, which is availed to any licensed ISP on non-discriminatory open access basis. Currently, there are ten (10) participating ISPs providing retail Wi-Fi to consumers through Botswana Hotspots platform.

The hotspots can be accessed through two models, namely free access for ten (10) minutes and paid voucher. To ensure affordability of the service, ISPs

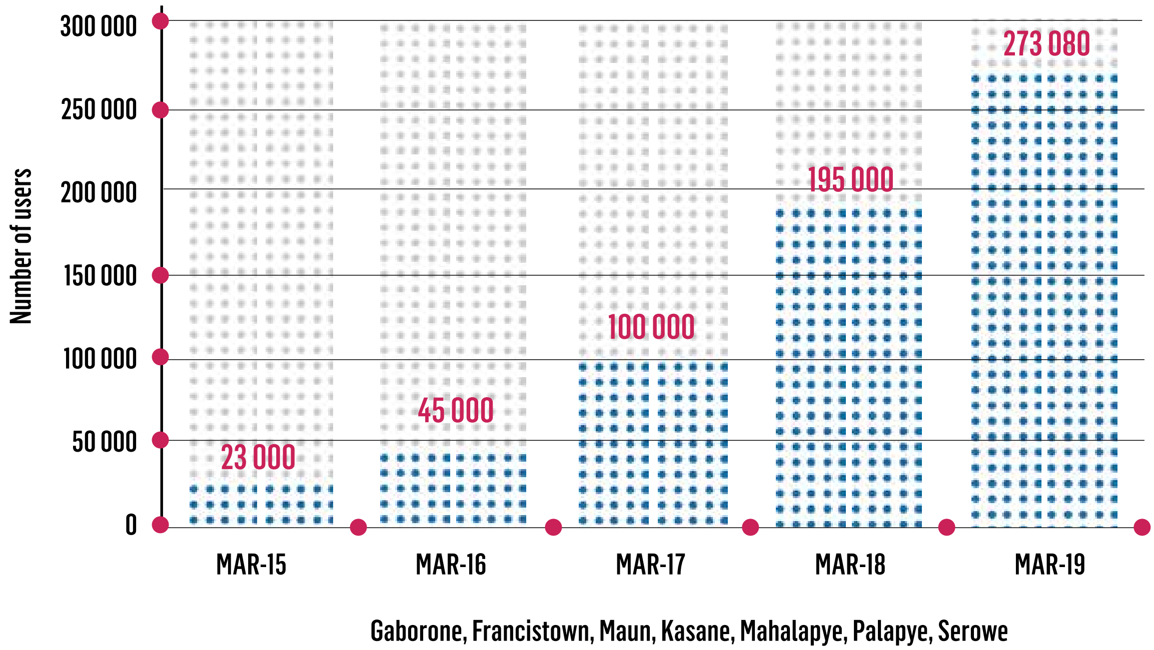


Fig 8 - Uptake of Botswana Hotspots
Source: BoFiNet, 2019

have to file prices with BOCRA for approval. More than 14 ISPs have filed prices with the regulator to provide retail Wi-Fi through the wholesale Wi-Fi infrastructure from 2015 to 2019. Despite the regulatory measures put in place to ensure affordable Wi-Fi in the 34 strategic public areas, the ten minutes of free access has proved to be the most preferred method of Wi-Fi utilisation.

MOBILE MONEY SERVICES

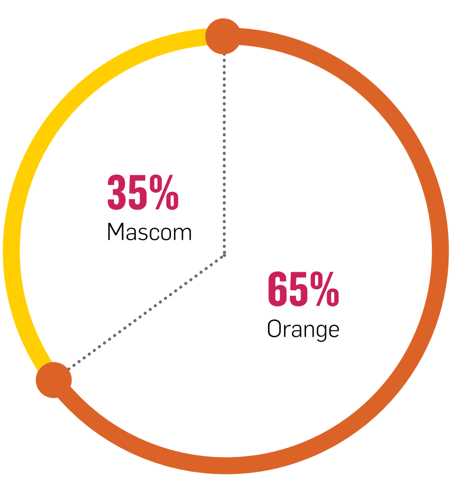


Fig 9 - Market Share of Mobile Money Subscriptions
Source: BOCRA

The three mobile operators are all players in the Mobile Money market which is currently led by Orange at 65% of the market share. Mascom follows at 35%. BTC had for the past year put on hold the mobile money service but plans to re-launch the service in the next financial year. The BTC mobile money market share stands at 0% but is expected to grow following the re-launch. In the previous year, Orange's market share was 72%, followed by Mascom with 27% and lastly BTC Mobile with 1%.

Mobile money subscriptions are expected to grow as operators add new features to the service. Recently, the mobile money service is able to interact with traditional banking systems, which brings about more convenience to users. The subscriptions grew from 851,719 in March 2018 to 1,149,673 in March 2019.

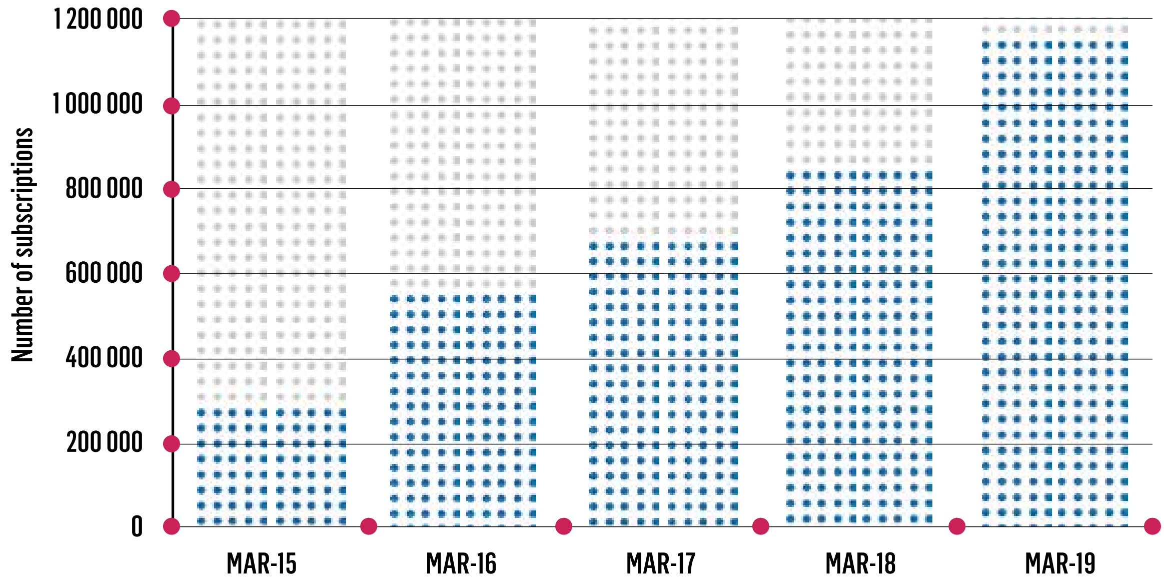


Fig 10 - Mobile money subscriptions for the past 5 years Source: BOCRA

TELECOMUNICATIONS/ ICT SECTOR FINANCIAL PEFORMANCE

This section covers financial performance on aggregated revenues, assets, investment and profits for the year under review. Operating revenues for all the operators reached P 4,419,354,920 for the year 2018, achieving a growth of 0.8% from a total of P4,383,950,501 in the previous fiscal year. The operators also maintain a solid position in terms of their asset base. Total assets for all operators stood at P7,321,946,787 in comparison to the P7,097,200,279 recorded in 2017, being a 3% increase. Actual annual investment increased by about 6% between 2017 and 2018 from P4,601,589,439 to P4,891,592,172.

The total profits for all the operators decreased by 4% from P857,288,203 in 2017 to P826,739,976 in 2018. The decline in total profits resulted from among other reasons, implementation of the 2017 Regulatory Directive issued by BOCRA. The directive ordered all operators to eliminate on-net and off-net premiums leading to reduced termination rates, as well as reduction of voice call prices. It is expected that the decline in profits is in the short term, as the demand for services is anticipated to increase due to more competitive tariffs and associated innovative solutions. Table 3 shows how the industry has fared financially for the past two years, with the exclusion of internet service providers.

Table 3: Financial Indicators for all Operators

Financial Indicator	2017	2018
Total revenues	4,383,950,501	4,419,354,920
Total Assets	7,097,200,279	7,321,946,787
Total Investments	4,601,589,439	4,891,592,172
Total Profits	857,288,203	826,739,976

POSTAL REGULATION

Postal Market Structure

BOCRA has, during the year under review, licensed one Commercial Postal Operator, Logistixware (Pty) Ltd and cancelled one Commercial Postal Operator's licence for Botswana Courier and Logistics. The cancellation followed the decision by Government to amalgamate Botswana Postal Services and Botswana Couriers and Logistics. The postal sector therefore did not register any growth in the number of licensees as it closed the year with a total of twenty-two (22) licensed Commercial Postal Operators. Twelve (12) operators offer both Domestic and International Cross Border services, six (6) operators offer International Cross Border services only and three (3) operators offer Domestic services only.

Table 4: Licensed Commercial Postal Operators and their market focus

Domestic and International Courier, Express and Parcels Services	International Courier, Express and Parcels Services Only	Domestic Courier, Express and Parcels Services Only
Aramex Botswana	Tri-Optimum Logistics	First Connections Couriers
Botswana Postal Services	Enlink Freight Services	NorthGuys Messaging & Couriers
Courier Solutions	Pinnacle Express	Montel View T/A Drop It
DHL International Botswana	S Couriers	
FedEx Express Botswana	Triton Express	
KTU Express	Logistixware Botswana	
Ram Transport Botswana		
Skynet Worldwide Express		
Sprint Couriers		
TMS Logistics		
Zebra Hub of Excellence		
Fast and Furious International		

Commercial Postal Operators' Market Share

Figure 11 depicts the market share of commercial postal operators for the year ending March 2019. Sprint Couriers is the market leader at 42.52%. BotswanaPost has the second largest market share accounting for 25.46% of the commercial postal market, followed by DHL International Botswana at 10.26%. At the bottom of the pyramid, Drop It and First Connections Couriers registered the least market share, each of them accounting for less than 0.01% of the market.

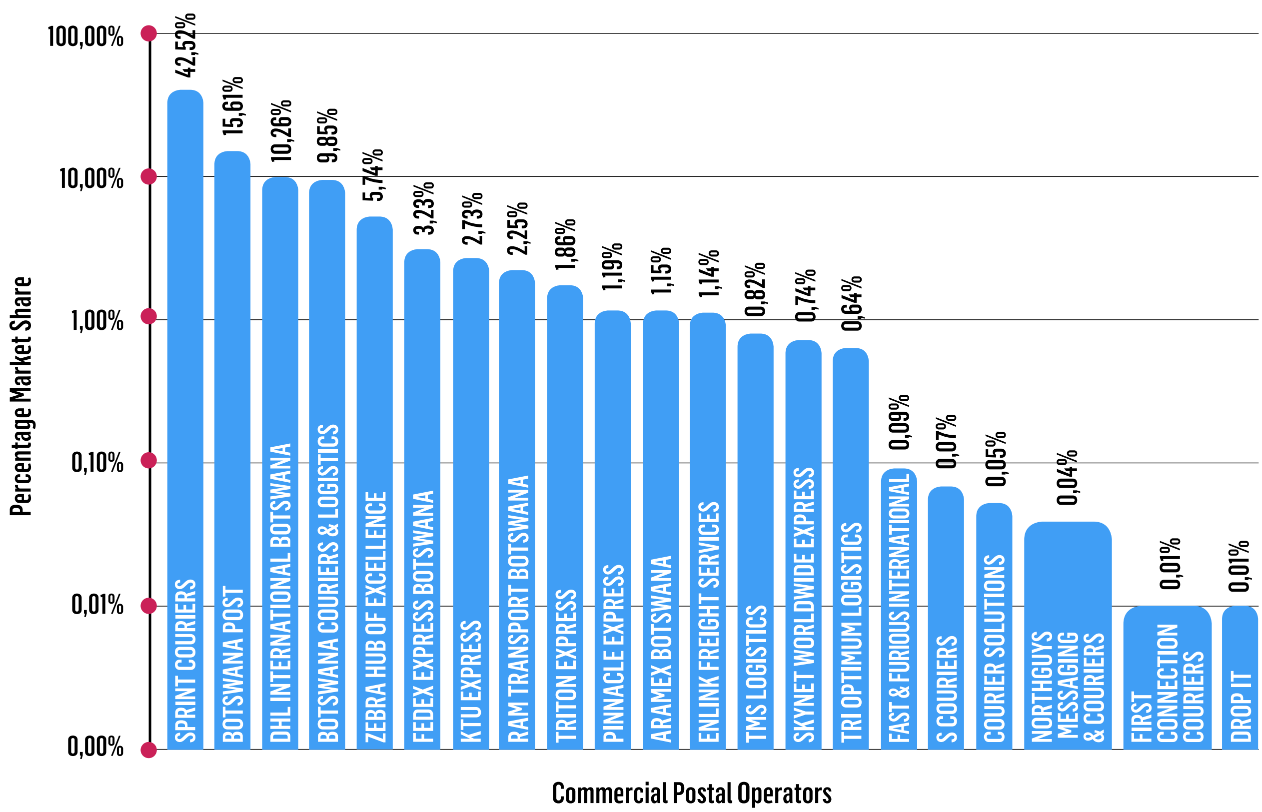


Fig 11 - Commercial Postal Operators' Market Share as at March 2019

Total Mail Volume for the Postal Sector

During the year ending March 2019, the postal market recorded a total of 16,452,005 mail items which included both the Designated Postal Operator (Botswana Post) and Commercial Postal Operators. This reflected a decline of 21,608 mail items from a total of 16,473,613 mail items recorded for the year ending March 2018. Letter Post Mail accounted for 95% (15,563,039 mail items) of the total mail volume while Domestic Parcel Mail constituted 4% (683,883 mail items), whereas, International Parcel Mail accounted for only 1% (205,083 mail items) of the total mail volume.

The sector recorded a decline of 35,694 of Letter Post Mail items from a total of 15,598,733 registered during the year ending March 2018. Domestic Parcel Mail volume increased by 31,521 mail items, while International Parcel Mail volume declined by 17,435 mail items.

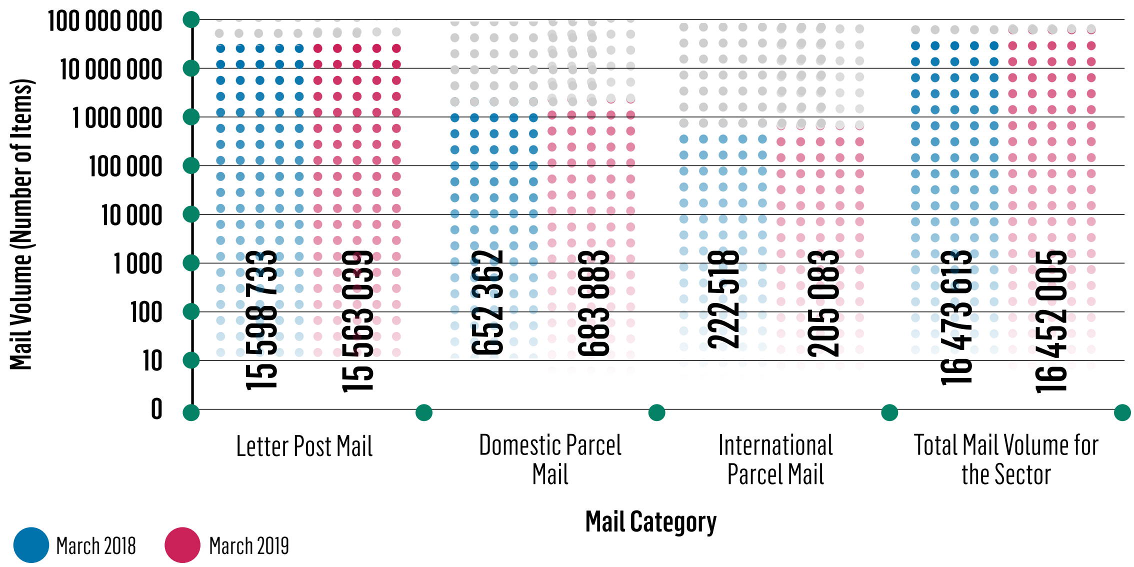


Fig 12 - Total Mail Volume as at March 2019

LICENSING

ICT Licensing Framework

BOCRA has, since September 2015, implemented a converged ICT licensing framework which created a more conducive environment for ICT development. The framework has two major categories: Network Facilities Provider (NFP) Licence and the Services and Applications Provider (SAP) Licence. It was motivated by the need to meet the demand for real-time high quality and affordable services, and to accommodate emerging players for increased competitiveness in the telecommunications market. The process of migrating PTOs was finalised in August 2018. In summary, the Telecommunications and ICT market operates entirely under the converged ICT licensing framework. Table 5 shows the number of licensees in the market and their respective licence categories.

Table 5 - Number of ICT Licences as at March 2019

LICENCES UNDER THE NEW FRAMEWORK	
SAP	68
NFP (general)	33
NFP (tower management)	4

Broadcasting Licensing

In its continuous efforts to grow the Broadcasting sector, BOCRA licensed two Digital Terrestrial Content Service Providers being Access TV and Khuduga TV. BOCRA also authorised six applicants to offer Online Broadcasting services. Table 6 reflects licensed and authorised entities that provided Broadcasting Services as at 31 March 2019.

Table 6 - Number of Licensed and Authorised Entities as at March 2019

Name	Broadcasting Category			
	Online radio (Authorizations)	IPTV (Authorizations)	SMS	DTT-CSP
Sports network propriety	1			
P.I.N.C STREET SERVICES	1			
NASH CAPITAL	1			
UB	1			
ACCESS TV				1
UNO TECH		1		
THREE CARDS GROUP	1	1		
RERA	1			
KHUDUGA TV				1
TOTAL	6	2	0	2

Spectrum Licensing

During the year under review, BOCRA issued 542 new radio licences compared to 288 issued in the previous year, recording an increase of 254 licences. The licences included Two Way radios, Aircraft radios, Amateur, Fixed and VSAT licences, as per Figure 13.

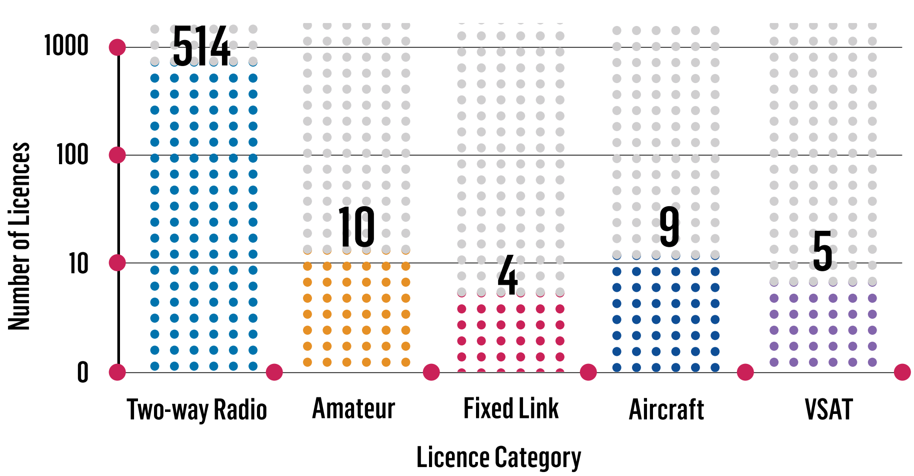


Fig 13 - Number of Radio Communication Licences Issued as at March 2019

UNIVERSAL ACCESS AND SERVICE MANDATE

During the year under review, BOCRA, through the Universal Access and Service Fund (UASF) embarked on projects to facilitate provision of communications services to unserved and underserved areas as follows:

Computerisation and broadband connectivity

In March 2019, the project to provide broadband connectivity and ICTs to 77 schools in Mabutsane Sub-District, Kgalagadi and Ghanzi Districts was at 94% completion pending computerisation of five (5) outstanding schools in the Ghanzi district as shown in the chart below.

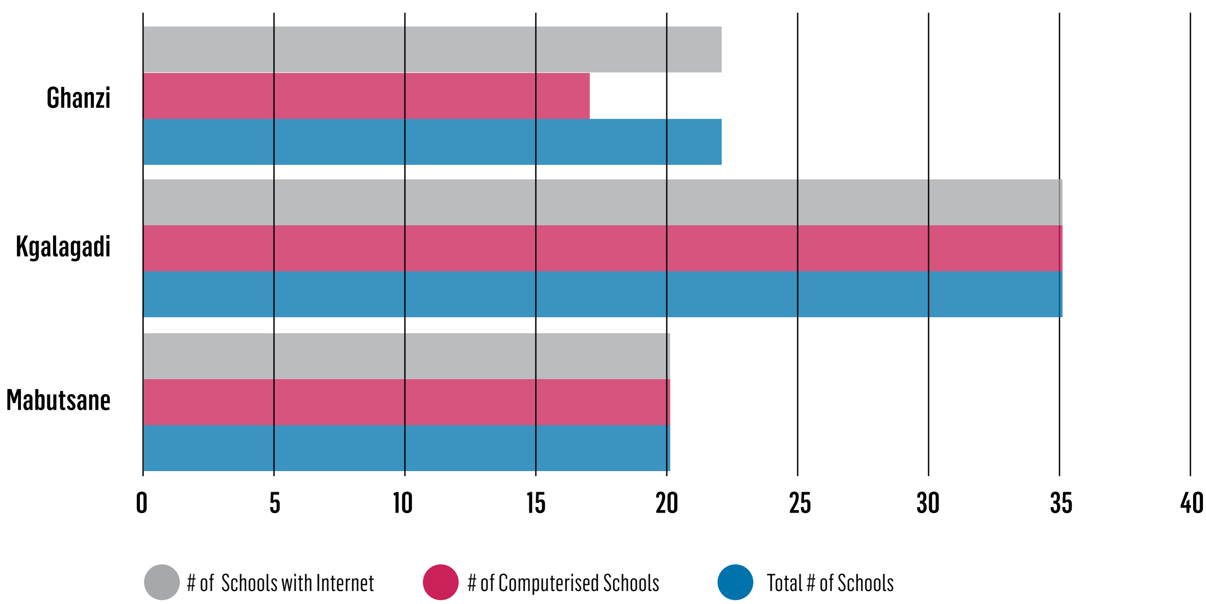


Fig 14 - Status of schools connectivity and computerisation project as at 31 March 2019

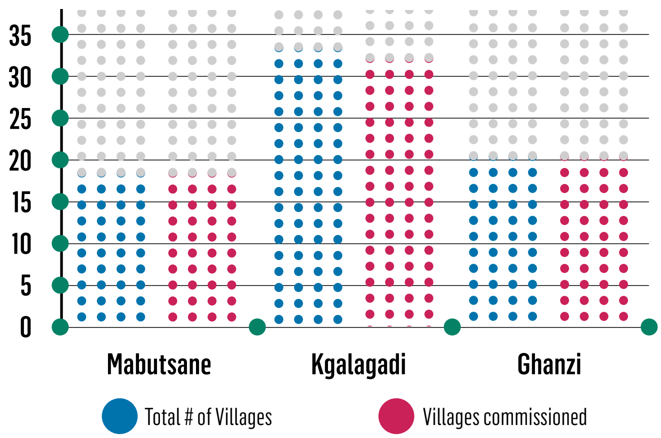


Fig 15 - Number of villages with upgraded mobile network to 3G or 4G

Upgrading of base stations to 3G and 4G

67 out of 68 villages in the areas of Mabutsane Sub-District, Kgalagadi and Ghanzi districts were upgraded to 3G technology or better during the reporting period. Of the 67 villages, 21 sites were upgraded to 4G while 46 were on 3G. As at the end of March 2019 the project stood at 99% completion with only one site awaiting upgrade to 3G.

Provision of Broadband Infrastructure

Lobu Small Livestock Research Farm situated near Khuis Village in the Kgalagadi District was identified to benefit from the broadband network upgrade initiative. The network in the vicinity of the farm was upgraded to 3G and the farm was connected with 20Mbps Internet bandwidth to support research activities in the farm.

Closing Telecommunication Network Gaps

The project to close the network gaps along the Trans-Kalahari Highway (TKH) commenced in 2018/19. It is expected to be completed in 2019/20. The TKH extends from the Pioneer Border Post (Lobatse) to Mamuno Border Post, and is one of Southern Africa's major economic routes, connecting Namibia, Botswana, South Africa and Mozambique. The highway is therefore key to the economy of Botswana, particularly within the areas of international transport trade and tourism.

Provision of Commercial Radio coverage

The UASF subsidised the expansion of commercial radio signal to cover four (4) villages in the Kgalagadi district. The villages of Hukuntsi, Tshane, Lokgwabe, Lehututu now have coverage from Gabz FM, Duma FM and Yarona FM.

BROADCASTING REGULATION

FM Market Review

BOCRA completed a market study to review the status of FM Broadcasting in Botswana. The objective of the review was to explore ways in which FM broadcasting could be grown for the benefit of the country. The study identified opportunities for expansion of FM services. However, non-availability of frequencies continued to be a challenge, particularly in major commercial centres such as Gaborone and other major cities. As at March 2019, BOCRA was still engaging with neighbouring countries with a view to coordinating for more frequencies.

MONITORING OF BROADCASTING SERVICES

Broadcasters are mandated by their licence terms and conditions to comply with service standards and obligations, including compliance to Coverage (Roll out Obligations and Population Coverage), Local Content Quota, Service Availability Rate (SAR), Transmission Signal Quality Standards, and Content Standards.

Coverage

Roll out obligations

Transmitter Locations for the three FM Broadcasters were as depicted at Figure 16. As at March 31, Duma FM had coverage in 22 Villages, Gabz FM in 13 Villages and Yarona FM in 10 Villages.

The coverage map translates into population coverage as depicted in Table 7. During their licensing, the radio stations had committed to a roll out plan which is shown as "expected coverage". Duma FM increased its coverage from 66% to 77.4% following installation of transmitters in Kasane, Tutume, Serule, Sefhare and Bobonong. Gabz FM and Yarona FM marginally increased their coverage from 60.2% to 60.6% and 60.6% to 61% population coverage respectively. Duma FM was closest to meeting its expected coverage of 78% by a margin of 0.4%, while the other two were far from meeting their expected coverage by more than 15%. Acquisition of new sites has been a challenge and it is expected that Government's decision to open up to sharing of broadcast transmission infrastructure with commercial operators will assist them to achieve the expected coverage.

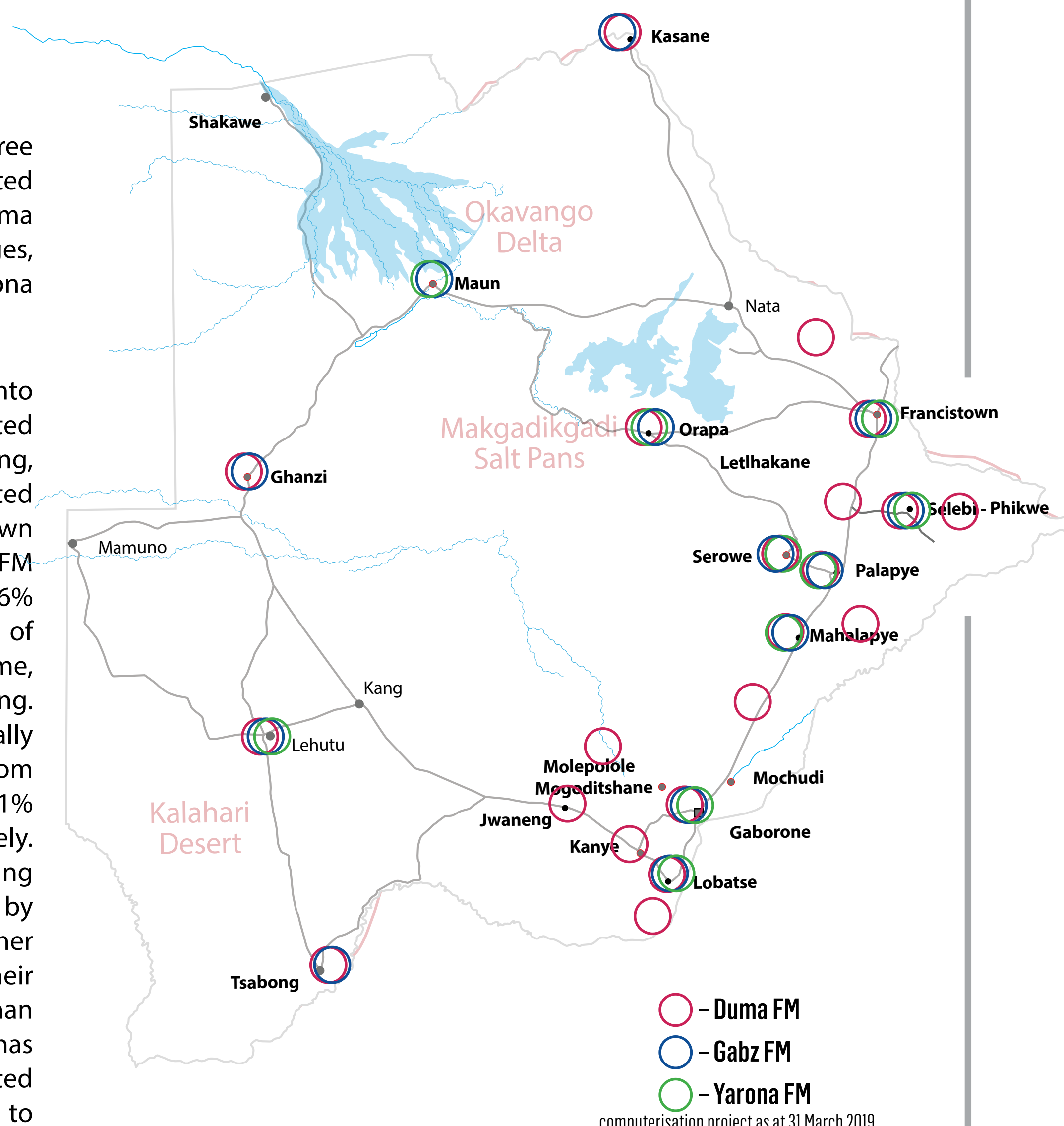


Fig 16 - Transmitter locations for the three FM broadcasters
Source: Google

Table 7 - FM Population Coverage

	April - June 2018	July - September 2018	October - November 2018	January - March 2019	Expected Coverage (2018)
Duma FM	66.0%	76.0%	77.0%	77.4%	78.0%
Gabz FM	60.2%	60.2%	60.2%	60.6%	76%
Yarona FM	60.6%	60.6%	60.6%	61%	78.0%

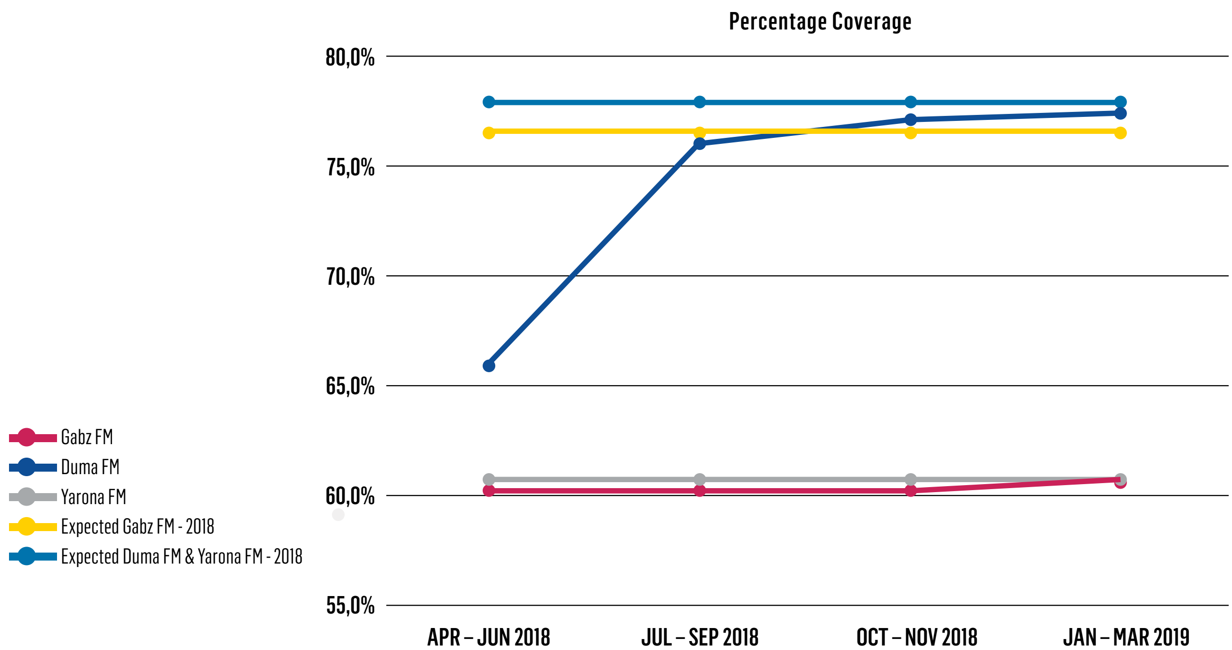


Fig. 17 - Percentage Population Coverage

Consumer Experience

Broadcast Signal coverage depends on a number of factors, including the power of the transmitted signal, the height of the antenna above sea level, the frequency of transmission and the terrain profile (flat, hilly, sandy etc). Prior to installation of any transmitter, simulations are done to predict the coverage area. However, simulations do not always reflect the actual coverage, therefore, the need to do measurements to appreciate the actual coverage always arises.

BOCRA investigated the actual coverage of the broadcasting networks in selected areas of Kweneng Gaborone – Lobatse, Mahalapye – Palapye, Selebi Phikwe, Francistown, Orapa, Maun, Ghanzi, Kang and Jwaneng.

The exercises were intended to assess the quality of coverage from consumers' point of view. A standard consumer equipment was used so as to appreciate the quality of service experienced by consumers when using their standard domestic receivers at their respective locations. The exercises were further used to ascertain whether or not broadcasters were using the correct frequencies allocated to them for use in respective locations.

Table 8 shows the summary of results from the Consumer Coverage Evaluation exercise. Green denotes areas which have coverage of acceptable quality while Red denotes areas with very poor or no coverage.

Table 8 - Evaluation of consumer experience of radio signal coverage

Area	Location	Duma FM	Gabz FM	Yarona FM
Kweneng area	Thebephatswa	Red	Red	Red
	Mantshwabisi	Red	Red	Red
	Malwelwe	Red	Red	Red
	Letlhakeng	Green	Green	Green
	Kudumulapye	Red	Red	Red
	Serilatholo	Red	Red	Red
	Salajwe	Red	Red	Red
	Kaudwane	Red	Red	Red
	Takatokwane	Red	Red	Red
	Maboane	Red	Red	Red
	Mogonono	Green	Red	Red
	Hatlalatsadi	Green	Green	Green
	Botlhopatlou	Red	Red	Red
	Boatlaname	Green	Red	Red
	Sojwe	Red	Red	Red
	Shadi- Shadi	Red	Red	Red
	Lephepe	Green	Red	Red
	Mahetlwe	Red	Red	Red
	Lentsweletau	Green	Green	Green
	Medie	Green	Red	Red
	Kopong	Green	Red	Green
	Gakgatla	Green	Green	Green
	Thamaga	Green	Green	Green
	Ramaphatle	Green	Green	Green
	Mankgodi	Green	Green	Green
	Kumakwane	Green	Green	Green
	Gabane	Green	Green	Green
	Mogoditshane Block 9	Green	Green	Green
	Mmopane	Green	Green	Green
	Metsimotlhabe	Green	Green	Green
	Gamodubu	Green	Green	Green
	Mmanoko	Green	Green	Green
	Molepolole (Magobotswana Area)	Green	Green	Green
	Molepolole (Phuthadikobo Clinic Area)	Green	Green	Green
	Molepolole (Sedumedi Junior Area)	Green	Green	Green
	Molepolole (Lekgwapheng Area)	Green	Green	Green
Gaborone - Lobatse	Lobatse	Green	Red	Green
	Molapowabojang	Green	Red	Green
	Kgomokasitwa	Green	Red	Green
	Metsimaswaane	Green	Green	Green
	Mogonye	Green	Green	Green
	Boatle	Green	Green	Green
	Taung	Green	Green	Green
	Ramotswa	Green	Green	Green
	Mogobane	Green	Green	Green
	Otse	Green	Red	Red

Area	Location	Duma FM	Gabz FM	Yarona FM
Mahalapye area	Mahalapye	🟢	🔴	🟢
	Tewane	🟢	🔴	🟢
	Makoro	🟢	🔴	🔴
	Palapye	🟢	🟢	🟢
	Tamasane	🟢	🔴	🟢
	Kgagodi	🔴	🔴	🔴
	Mogapi	🔴	🔴	🔴
Selebi Phikwe area	Sefhophe	🔴	🔴	🔴
	Selibe - Phikwe	🟢	🟢	🟢
	Mmadinare	🟢	🔴	🟢
Francistown area	Serule	🔴	🔴	🔴
	Moreomabele	🔴	🔴	🔴
	Topisi	🟢	🔴	🔴
	Maope	🔴	🔴	🔴
	Lechana	🟢	🟢	🟢
	Damuchujenaa	🔴	🔴	🔴
	Foley East & West	🔴	🔴	🔴
	Makomoto	🔴	🔴	🔴
	Tonota	🟢	🔴	🟢
	Shashe	🔴	🔴	🔴
	Tati-Siding	🟢	🔴	🟢
	Francistown	🟢	🔴	🟢
	Shashe Mooke	🟢	🔴	🟢
	Matshelagabedi	🟢	🔴	🟢
	Borolong	🟢	🔴	🟢
	Jamataka	🟢	🔴	🟢
Orapa area	Mokubilo	🔴	🔴	🔴
	Letlhakane	🟢	🔴	🟢
	Orapa	🟢	🔴	🟢
	Mopipi	🔴	🔴	🔴
	Mmadikola	🔴	🔴	🔴
	Rakops	🔴	🔴	🔴
	Motopi	🔴	🔴	🔴
	Xhana	🔴	🔴	🔴
Maun area	Chanoga	🟢	🔴	🔴
	Maun	🟢	🟢	🟢
	Sexaxa	🟢	🟢	🟢
	Komana	🔴	🔴	🔴
	Toteng	🔴	🔴	🔴
	Sehithwa	🔴	🔴	🔴
Ghanzi Area	Kuke	🔴	🔴	🔴
	Ghanzi	🟢	🟢	🔴
Kang area	Kang	🔴	🔴	🔴
	Morwamosu	🔴	🔴	🔴
	Mabutsane	🔴	🔴	🔴
	Sekoma	🔴	🔴	🔴
	Jwaneng	🟢	🟢	🟢

The exercise revealed that, in areas where the radio stations were available, there was good quality signal with no interference. The stations were also received from correct allocated frequencies. Most places between Gaborone and Lobatse were receiving signals from transmitters in both locations, giving them an advantage in a case where one of the transmitters was down. Most places within Gaborone and Lobatse surroundings received signals from transmitters located in both places.

As reflected in Table 8, Gabz FM and Yarona FM had no signal presence in villages in Tswapong region that are within Mahapalye area cluster. This notwithstanding, some areas in Mahalapye, Lobatse, Orapa and Francistown had coverage of the two broadcasters, but had transmission faults during the monitoring exercises.

There were still many gaps to be covered by the FM signal as indicated by the red dots on Table 8. BOCRA continued to work with the broadcasters to address these underserved areas through the UASF.

Local Content Quota

BOCRA continued to monitor broadcasters for compliance to local content quota requirements in line with their licence conditions. Local Content Quota for radio broadcasting is calculated as a percentage of local music played out of the overall music played over a performance period. Single channel television service local content is calculated as a percentage of locally produced programmes over the overall programming excluding news. Table 9 shows performance of broadcasters on local content quota.

Table 9 - Broadcasters Local Content Performance

Stations	April - June 2018 (%)	July - September 2018 (%)	October - November 2018 (%)	January - March 2019 (%)	Average
Gabz FM	51.6	41.0	41.3	41.5	43.9
Duma FM	42.0	42.0	54.0	42.0	45.0
Yarona FM	40.0	40.0	40.0	40.0	40.0
eBotswana	4.0	4.0	4.0	4.1	4.0
Maru TV	50.0	15.0	15.0	75.0	38.8
Radio Target	40.0	40.0	40.0	40.0	40.0
TV Target	20.0	20.0	20.0	20.0	20.0

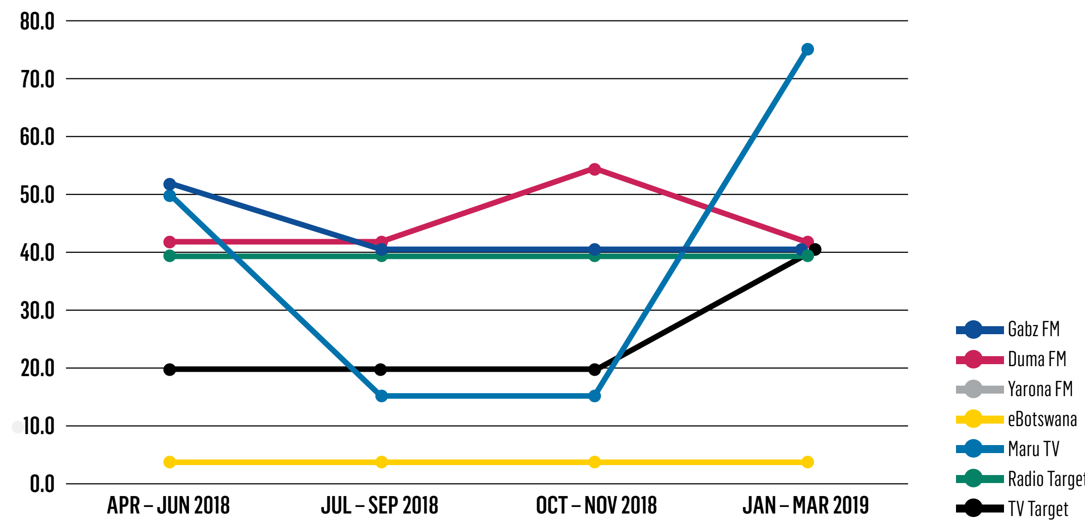


Fig. 18 - Percentage Local Content Quota

All commercial radio stations continued to achieve the set 40% local content quota threshold. Gabz FM performance declined from the 51.6% recorded during the first quarter to 41.5% reported during the last quarter. Yarona FM remained constant with 40% performance throughout the four quarters. Duma FM recorded a 54% local content quota performance on the third quarter of the reporting period and attributed the marked increase to playing more local music during the festive season.

eBotswana did not meet the set 20% minimum quota, attributing the poor performance to lack of sponsors for local content. As at the end of the reporting period, the station was exploring new ways to achieve compliance.

Maru TV recorded improved performance during the year under review. Maru Tv was licensed as a general channel consisting of news, educational content, entertainment, sports etc, not a music channel. The station performed well reaching 75% local music content production during the last quarter of the financial year.

Service Availability Rate

BOCRA monitors operations of the licensed Broadcasters for compliance based on the Service Availability Rate (SAR), defined as a percentage of time when the broadcasting service is available for access by consumers. Broadcasters are required to reach a minimum SAR of 99%. Table 10 depicts SAR for the period under review.

Table 10 - Broadcasters Service Availability Rate

Stations	April – June 2018 (%)	July – September 2018 (%)	October – December 2018 (%)	January - March 2019 (%)	Average (%)	Short fall (Target – Average) (%)
Duma FM	93.0	97.3	99.0	93.0	95.6	3.4
Gabz FM	82.5	65.3	72.3	81.4	75.4	23.6
Yarona FM	97.3	99.0	99.6	99.5	95.2	3.8
eBotswana	99.9	99.9	99.9	99.9	99.9	-0.9
Maru TV	99.9	99.9	99.9	99.9	99.9	-0.9
Kwese TV	98.9	99.9	99.8	99.2	99.5	-0.5

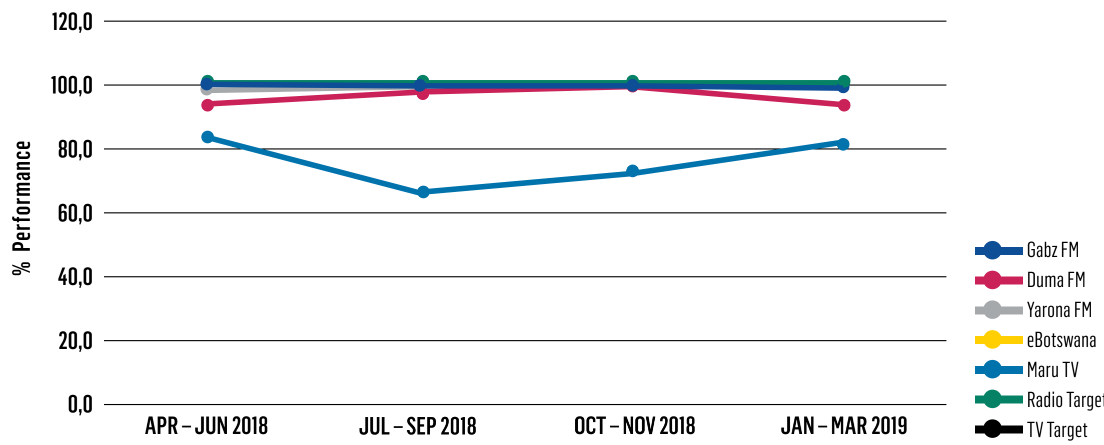


Fig. 19 - Percentage Service Availability Rate

SAR for the Broadcasters improved over the reporting year. Duma FM experienced a decline during the last quarter largely attributed to power cuts at their Letlhakane and Jwaneng sites. Gabz FM was non-compliant to the set 99% SAR during the reporting period, with performance ranging from between 82.5% reported on the first quarter and 81.4% reported during the last quarter. The underperformance was attributed to the Lobatse and Orapa sites that were off-air due to site relocations.

The commercial television broadcasters achieved the set 99% SAR.

Content Monitoring

BOCRA carried out selective content monitoring through tuning in and viewing of all the available services at selected times to ensure adherence to the Broadcasting Code. BOCRA also relied on complaints reports from the public concerning the material that possibly breached the Code. There were no reported breaches of the Code during this reporting period.

BOCRA also commenced installation of broadcasting content monitoring system to be used in monitoring the performance of all the licensed broadcasters for Service Availability, Local Content performance and Advertising performance, in line with BOCRA mandate of consumer protection and ensuring quality of service. The system will monitor the broadcasting services by recording and archiving broadcast content, analysing and reporting. It will enable BOCRA to have a real time view of all the licensed services, and allow instant retrieval of broadcast material, should there be any complaint related to that material.

Other Monitoring Initiative

BOCRA procured a portable FM monitoring tool to augment the existing spectrum monitoring system. The tool uses an internet link, and can be used to remotely monitor off air FM transmissions by placing it in any location with internet connectivity. BOCRA placed the tool in Hukuntsi area to monitor performance of the FM transmitters that were funded through the UASF. It monitors basic parameters like Signal Availability, Carrier Availability and Signal quality. Figure 20 shows an FM bandscan for the FM Broadcasting services available in Hukuntsi. The radio stations are available as per the frequencies; Duma FM @ 99.4 MHz, Yarona FM @ 92.6 MHz and Gabz FM @ 106.5 MHz. As shown in the picture, the commercial radio stations are transmitting at less power compared to the state broadcaster (RB1 and RB2) resulting in a smaller coverage area compared to state broadcaster.

Analysis of the first results of the monitoring tool will be available in the next reporting period.

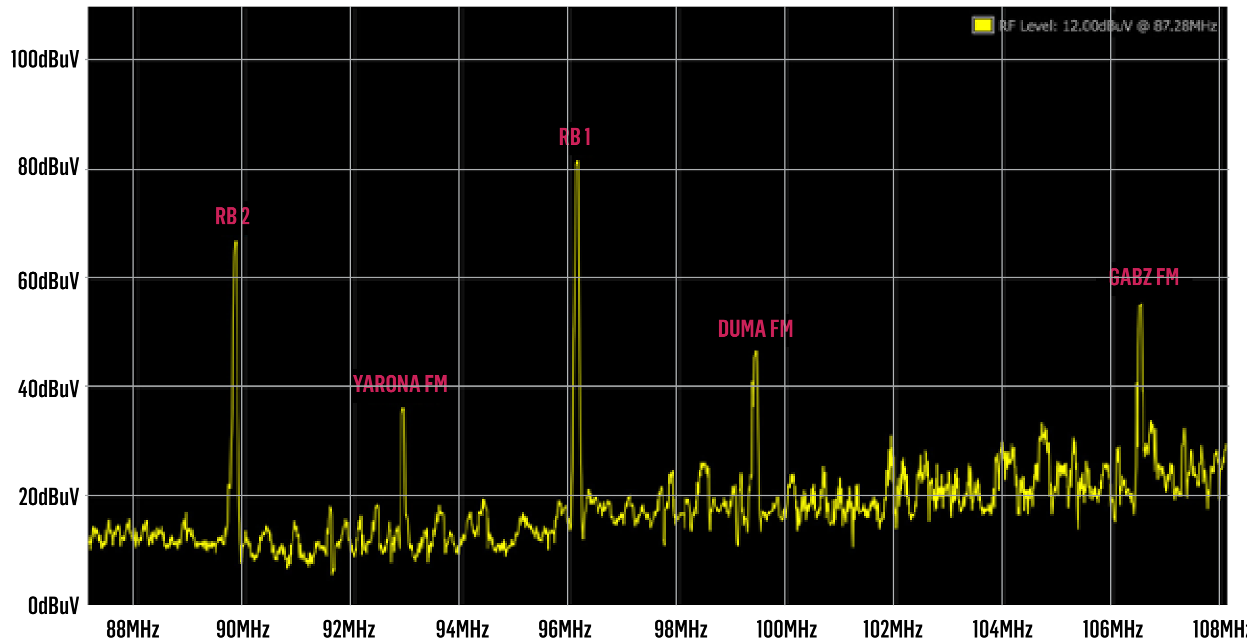


Fig. 20 - Bandscan for Hukuntsi FM

CODE OF CONDUCT FOR BROADCASTERS DURING ELECTIONS

BOCRA reviewed the Code of Conduct for Broadcasters during elections. The code sets out parameters for monitoring and supervising broadcasters during the election period. It further provides for education to the public, political parties and all stakeholders on what to expect from the licensed broadcasters. The revised code will:

- Provide clear guidance to all forms of licensed broadcast media;
- Improve Political Party/Candidates visibility through introduction of Party-Political Advertising;
- Boost the commercial viability of licensed broadcasters; and
- Create certainty on expectations for both the political entities and the public at large.

The Code is intended to be implemented during the next Election Period, the period immediately following the issuance of a Writ of Election instrument in terms of Section 34 of the Electoral Act until the declaration of the results in accordance with Section 77 of the Electoral Act.

ICT REGULATION

NUMBERING POLICY

BOCRA reviewed the Numbering Policy in line with Section 38 CRA Act to accommodate new services, new technologies and reserve numbers for future allocation to the mobile operators.

The review looked at the existing Numbering Policy document, Numbering International trends and best practices, as well as input from operators. The following were the outcome of the review:

- The numbering blocks 81 XXX XXX- 85 XXX XXX were reserved for extension of the mobile telephone services to allow for new entrants and services;
- The numbering blocks 86 XXXX XXXX- 89 XXXX XXXX, will be allocated for Machine to Machine (M2M) and the Internet of Things (IOT). This reservation is purely for M2M communications and IoT services. The existing M2M numbers in the mobile numbering range will be migrated to the new numbering ranges;
- The Child Helpline Number 116, was Harmonised with Communications Regulators Association of Southern Africa (CRASA) Guidelines;
- Premium Rate Services (PRS) numbering range was reserved in level 9 for future Utilisation; and
- The codes 18500 – 18599 were reserved for future Mobile Number Portability

EQUIPMENT APPROVALS

BOCRA continued to receive type approval applications for communication equipment, especially mobile phones. Type approved equipment increased from 496 recorded in the financial year 2017/18 to 596 in the financial year 2018/19. The increase was attributed to the new equipment entering the Botswana Market, particularly, new models of mobile phones.

Regular monitoring carried out revealed occasional cases of the equipment that entered the market without Type Approval. BOCRA continued to raise public awareness regarding the risks of use of non-type approved electronic communication devices such as:

a) Contravention of the law;
b) Dangers of using devices which include hazard to human health and safety;
c) Possible Interference to licensed operators due to devices using frequencies already allocated to other users;
d) Possible compromise of national security or use of equipment for criminal activities such as terrorism attacks, money laundering; and
e) Equipment may not be interoperable with existing networks.

COMMUNICATIONS COMPUTER INCIDENCE RESPONSE TEAM (COMM-CIRT)

BOCRA started the process of establishing a Computer Incidence Response Team (CIRT) for the communications sector (Comm-CIRT). CIRT serves as a single point of contact for dealing with cyber security incidents, by detecting and handling cyber security breaches, conducting analyses, responding and producing reports on cyber incidents. Comm-CIRT will work closely with regulated operators and other stakeholders, to ensure public confidence and security of cyber space in Botswana.

BOCRA recruited and trained two officers as part of the establishment of CIRT. The Implementation of CIRT is done with the assistance of the International Telecommunications Union (ITU). The Authority will follow international best practice with regard to the establishment of the Comm-CIRT and utilize guidelines developed by international institutions such as FIRST and ENISA.

Cyber Resilience For Development (Cyber 4D)

BOCRA is working with the European Union (EU) under the Cyber Resilience for Development (Cyber4D) programme to assist with the implementation of the Comm-CIRT. The project assisted BOCRA in setting up and training of the Comm-CIRT team. In addition, the Cyber4D project facilitated collaboration and information sharing with other EU member states such as Estonia and France.

CRITICAL NETWORK INFORMATION INFRASTRUCTURE CYBERSECURITY ASSESSMENT

The Authority assisted by the Foreign Commonwealth Office (UK) through a company called APMG carried out a cyber risk assessment on Botswana's national critical Information infrastructure, using the Cyber Defence Capability Assessment Tool (CDCAT) software tool model. The exercise involved training and certification of some staff members from the following organisations: BoFiNet, BOCRA, Orange, BTC, Civil Aviation, Bank of Botswana, Water Utilities Corporation, and Ministry of Transport and Communications on the use of the CDCAT tool. Following the training, the tool was used to carryout cybersecurity assessments of the respective organisations.

COUNTRY CODE TOP LEVEL DOMAIN (ccTLD)

BOCRA is responsible for managing and administrating the Botswana Country code Top Level Domain (.bw ccTLD) Registry. The registry maximises the utilisation of the domain names and IP addresses to meet consumer demands, to promote and maintain competition in the communications market in accordance with the ICANN Policies and Procedures.

During the year under review, the Botswana country code registry (.bw ccTLD) had a total of 8206 registered domains comprising co.bw, net.bw. org.bw, and .bw domain names. Co.bw accounted for the majority of the registered domains. A total of 1706 domains were registered this year compared to 1079 registered last year, representing an increase of 627 registered domain names. A total of 1018 domain names were deregistered due to non-renewal (expiry), compared to 3627 domains that were deleted in the previous period, representing a decline of 2609 deleted domains. Table 11 depicts the number of domain names registered during 2018/2019.

	Registered					Total
	co.bw	net.bw	org.bw	ac.bw	.bw	
Apr-18	115	2	3	2	0	122
May-18	118	1	5	0	1	125
Jun-18	124	4	7	4	0	139
Jul-18	121	3	7	3	0	134
Aug-18	146	1	7	0	0	154
Sep-18	124	0	2	2	2	130
Oct-18	141	0	6	1	0	148
Nov-18	163	5	10	5	1	184
Dec-18	96	3	1	0	1	101
Jan-19	115	1	7	1	0	124
Feb-19	142	2	6	5	1	156
Mar-19	175	1	8	5	0	189
TOTAL	**1580**	**23**	**69**	**28**	**6**	**1706**

Table 11: Number of domain names during 2018/19 Financial Year

.Bw Registry Attacks

Like any other resource on the Internet, the .bw registry has attracted some malicious actors who use the name space as a platform to launch cyber-attacks on unsuspecting victims. BOCRA continued monitoring the registered .bw domain names for such attacks. Once an attack was detected the owner of the website and the hosting company were alerted so that they could take the service down before unsuspecting users were attacked. Most common attacks were web shell and phishing attacks. A total of five phishing attacks within the .bw name space were detected and resolved.

QUALITY OF SERVICE FOR MNOs

BOCRA monitors performance of Mobile Network Operators (MNOs) through quarterly network performance reports to ensure compliance with licence conditions and guidelines. In cases where MNOs breach the established QoS targets, BOCRA requires the service providers to advance compelling reasons for the failures and the mitigating measures to be taken to rectify and improve the performance. Often, the mitigating measures include timelines within which rectification would be completed. MNOs reported challenges such as increased traffic, limited radio capacity, hardware faults and power outages as main contributors to their failures in meeting QoS targets.

MNOs' performance is measured in accordance with the following key performance indicators:

Dropped Call Rate (DCR) – (Target 2 % maximum): refers to a percentage of the calls that were cut before the speaking parties finished their conversation;

Call set-up Success Rate (CSSR) – target 98% minimum): refers to the percentage of originating calls that were successfully established by the customer;

Congestion Rate (CR) – (Target 2% maximum): refers to the percentage of failure to access a traffic channel during call set up;

Network Availability (NA) – (Target 99% minimum): refers to the network equipment and software availability.

Handover success rate (HSR) – (Target 95% minimum): refers to the percentage of transferred on-going calls from one channel to another.

Tables 12-16 depict the average network performance of all MNOs for the year under review. The average was calculated by adding performance of all the base stations and dividing by the total.

Performance of the three PTOs

Congestion Rate (<2%)

Table 12: Mobile Operators Congestion Rate (%) 2018/19

	Mascom	Orange	BTCL	Target
Apr-18	0,11	0,49	0,02	<2
May-18	0,16	0,56	0,07	<2
Jun-18	0,29	0,44	0,09	<2
Jul-18	0,22	0,55	0,07	<2
Aug-18	0,17	0,73	0,09	<2
Sep-18	0,26	0,99	0,15	<2
Oct-18	0,15	1,10	0,13	<2
Nov-18	0,25	1.00	0,14	<2
Dec-18	0,30	2,11	0,24	<2
Jan-19	0,13	1,84	0,18	<2
Feb-19	0,45	1,33	0,21	<2
Mar-19	0,10	1,52	0,12	<2

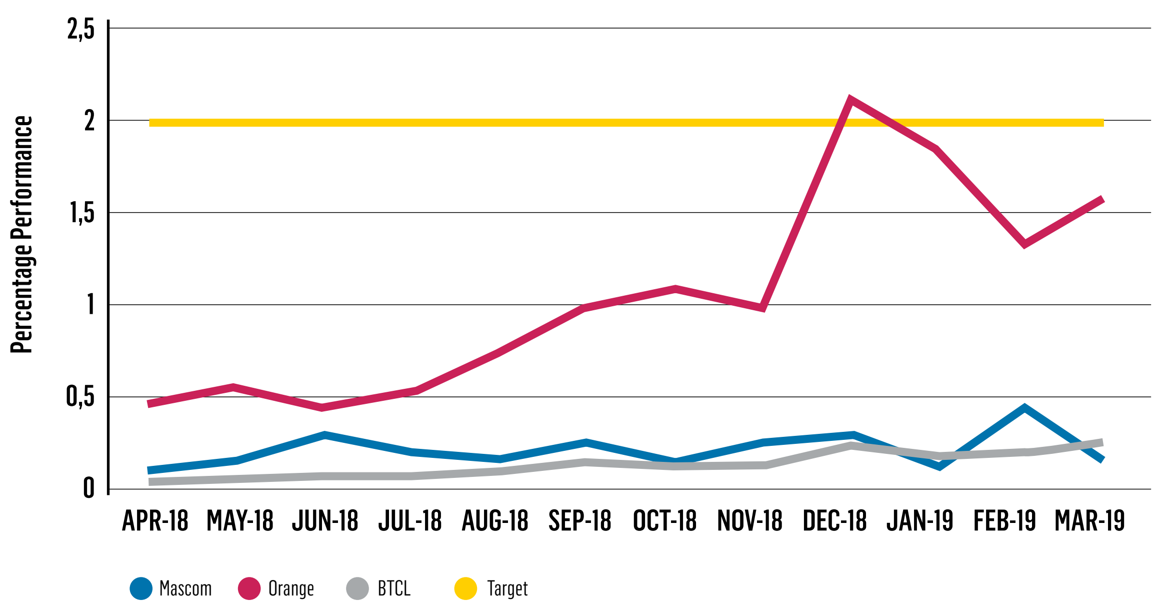


Fig. 21 - Congestion Rate for the three operators

Congestion Rate Analysis (<2%)

All the MNOs performed within the set target of less than 2% except Orange that had a Congestion Rate of 2.11% in December 2018 which was slightly higher than the set target owing to hardware faults and increased traffic during the festive season.

Dropped Call Rate (<2%)

Table 13 - Mobile Operators Drop Call Rate (DCR) (%) 2018/19

	Mascom	Orange	BTCL	Target
Apr-18	1.04	0,43	1,65	<2
May-18	1.00	0,65	1,55	<2
Jun-18	1,25	0,59	1,57	<2
Jul-18	0,96	0,55	1,59	<2
Aug-18	0,96	0,55	1,5	<2
Sep-18	1,18	0,99	1,52	<2
Oct-18	1,02	1.00	1,53	<2
Nov-18	1,18	1,05	1,58	<2
Dec-18	1,11	1,27	1,76	<2
Jan-19	0,57	0,76	1,93	<2
Feb-19	1,30	1,21	1,67	<2
Mar-19	1,05	1,46	1,64	<2

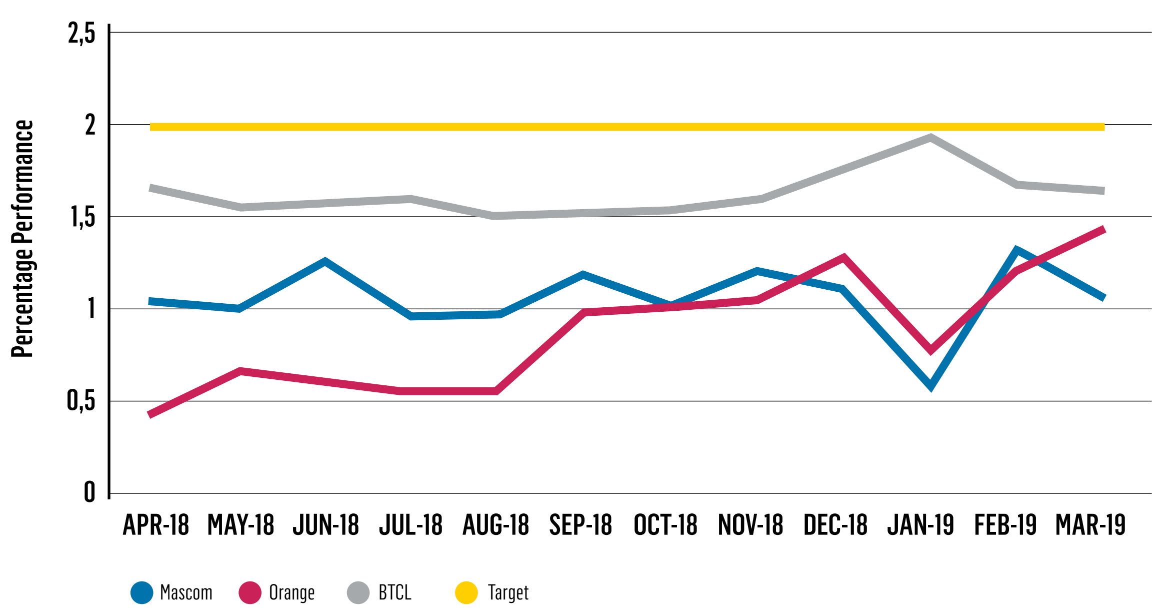


Fig. 22 - Dropped Call Rate for the three operators

Drop Call Rate Analysis (<2%)

All the operators performed within the set target for the period under review.

Call Set-up Success Rate (CSSR) (>98%)

Table 14 - Mobile Operators Call Setup Success Rate (CSSR) (%) 2018/19

	Mascom	Orange	BTCL	Target
Apr-18	98,76	98,19	98,94	>98
May-18	98,99	97,99	98,99	>98
Jun-18	98,76	98,02	98,94	>98
Jul-18	98,94	98,23	98,94	>98
Aug-18	98,94	98,47	99,23	>98
Sep-18	98,82	98,16	98,88	>98
Oct-18	99,08	98,33	98,66	>98
Nov-18	98,97	98,06	98,86	>98
Dec-18	98,71	95,89	98,44	>98
Jan-19	99,06	96,33	98,55	>98
Feb-19	98,95	97,31	98,54	>98
Mar-19	98,81	97,10	98,78	>98

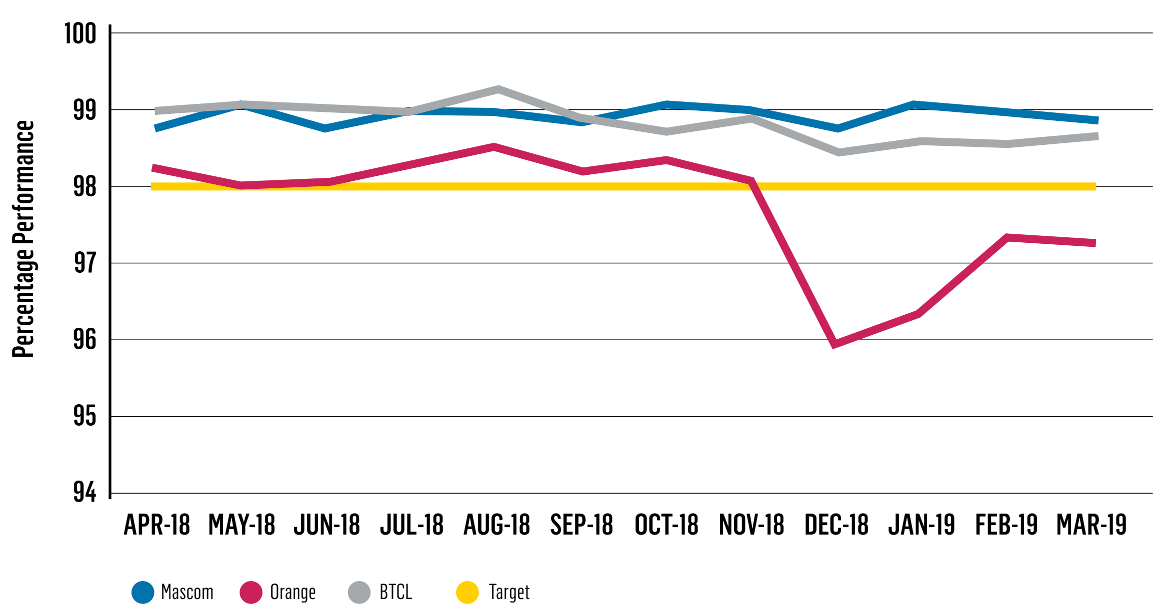


Fig. 23 - Call Setup Success Rate (CSSR) for the three operators

CSSR Analysis (>98%)

Mascom and BTC Mobile performed within set target for the period under review. Orange failed to perform within 98% target during the months of May 2018, December 2018, January 2019 and February 2019, citing high traffic during the festive season and power outages as the reasons for the low performance.

Network Availability (NA) Rate (>99%)

Table 15: Mobile Operators Network Availability (NA) (%) 2018/19

	Mascom	Orange	BTCL	Target
Apr-18	99,52	99,17	97,49	99
May-18	99,44	99,34	97,80	99
Jun-18	99,69	99,29	98,28	99
Jul-18	99,65	99,15	98,36	99
Aug-18	99,37	99,24	98,05	99
Sep-18	99,35	99,16	98,02	99
Oct-18	99,23	99,11	98,06	99
Nov-18	98,95	98,67	97,01	99
Dec-18	98,88	96,63	94,43	99
Jan-19	98,52	97,17	94,71	99
Feb-19	98,77	98,05	96,15	99
Mar-19	99,25	98,24	97,06	99

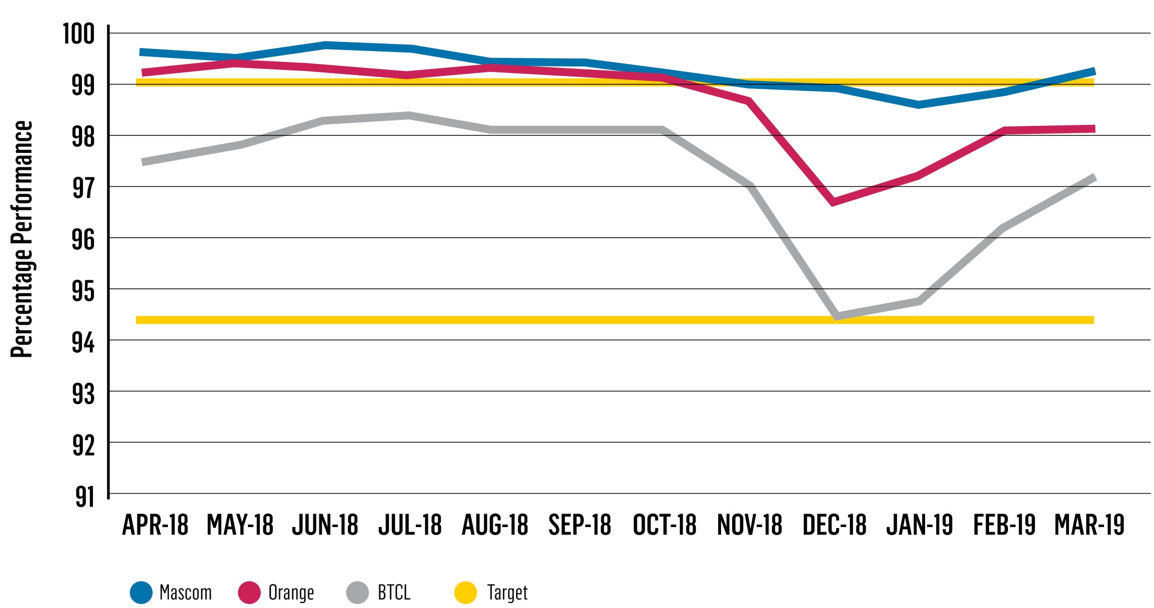


Fig. 24 - Network Availability for the three operators

Network Availability Analysis

From November 2018 to February 2019, all MNOs performed below target of 99% Network Availability. BTCL under-performed for the whole year. To address the underperformance, BTCL carried out network upgrades and attended to network faults during the course of the year.

Power outages were also reported to have contributed to low NA for the three MNOs in January 2019. The issue was resolved.

Handover Success Rate (HSR) (>95%)

Table 16 - Mobile Operators Handover Success Rate (HSR) (%) 2018/19

	Mascom	Orange	BTCL	Target
Apr-18	96,57	99,08	98,20	>95
May-18	96,94	99,14	98,38	>95
Jun-18	96,52	99,29	98,48	>95
Jul-18	96,93	99,30	98,48	>95
Aug-18	96,62	99,26	98,44	>95
Sep-18	96,57	99,22	98,45	>95
Oct-18	97,03	99,37	98,86	>95
Nov-18	96,96	99,43	98,50	>95
Dec-18	96,79	99,03	98,41	>95
Jan-19	98,26	98,83	98,18	>95
Feb-19	97,41	98,84	97,96	>95
Mar-19	96,46	99,19	98,12	>95

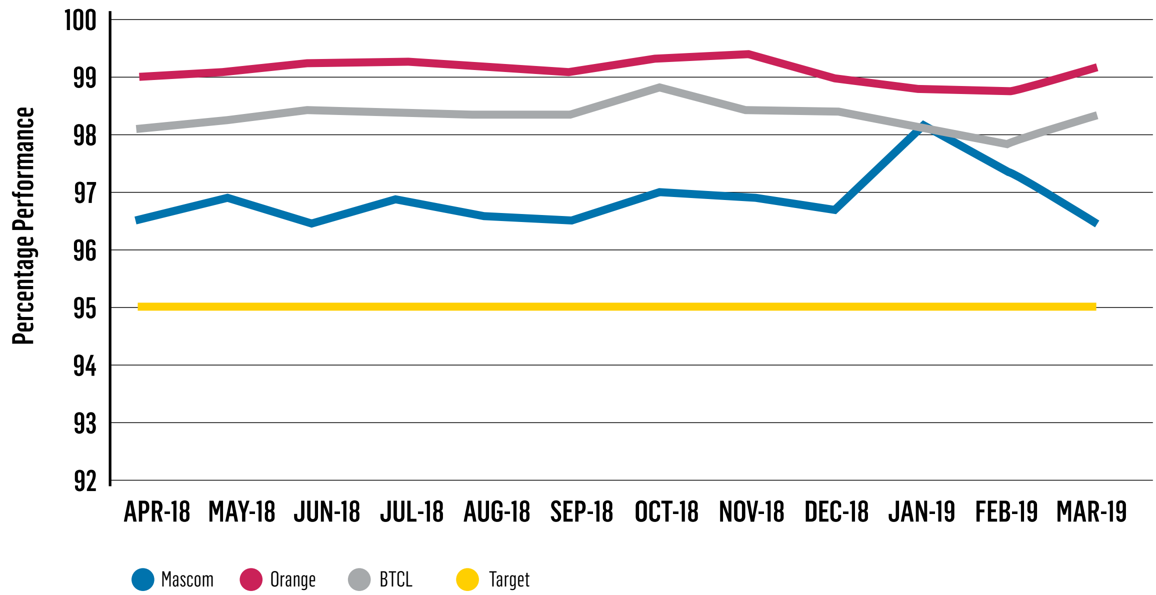


Fig. 25 - Handover Success Rate for the three operators

Handover Success Rate Analysis (>95%)

All the three PTOs performed within the set target of 95% for HSR.

Summary of QoS Performance

Overall, PTOs registered relatively satisfactory performance on HSR, DCR and Congestion for period under review. However, the networks recorded poor performances on NA and CSSR for some months during the year.

Some areas affected by poor performance and outages were as follows: Tubu; Mokhumma; Pandamatenga; Didibakwe; Beetsha; Dagwi; Moroka; Mosetse; Kareng; Ntlhantlhe; Chanoga; Dutlwe; Kazungula; Mogobane; Mogoditshane Central; Mochudi; Gakuto; Oodi; Nswazwi; Jwaneng; Mogobane; Gaborone Block 3 Industrial; Matebele; Molepolole; Kanye; Ncojane; Middlepits; Bobonong; Kopong; Kaudwane; and Xere.

Hardware faults, power failures and outages and increased traffic were reported as the main factors contributing to poor performance particularly during the festive seasons.

Development of Quality of Service and Quality of Experience Guidelines

In a bid to address quality of service, BOCRA in consultation with stakeholders, reviewed the 2013 QoS Guidelines which were only focusing on monitoring and reporting QoS in the 2G networks to cover data, 3G services and include an aspect of Quality of Experience. The Guidelines will enable reporting of all quality of services issues by all service providers, and it is expected that reporting will be harmonised across the service providers. The Guidelines were formulated in line with international best practice and harmonised within the SADC region. All stakeholders had been consulted and the document will be finalised for implementation in 2019/20. The reviewed QoS Guidelines and developed QoE Guidelines are intended to create conditions for customer satisfaction, by making it known that the quality of service which the service provider is required to provide and the user expecting to receive; measure quality of service provided by the service provider from time to time, and to compare them with best international practice so as to assess the level of performance and protect the interests of consumers of ICT services.

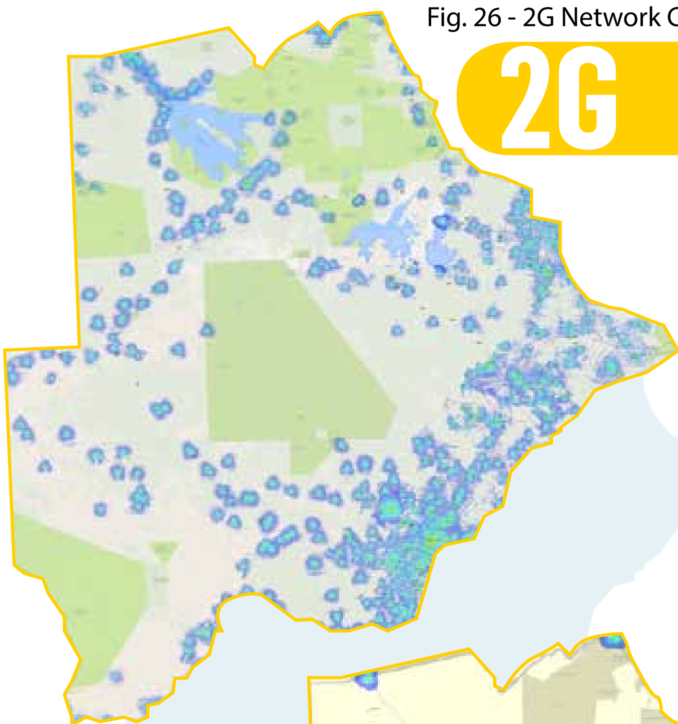
TELECOMMUNICATIONS NETWORK COVERAGE

In a bid to improve quality of service as well as to ensure ubiquitous access to communications by every Motswana, BOCRA through Universal Access and Service Fund (UASF) facilitated the rollout of services by operators to areas considered not economically viable.

Figures 26-28 depict network coverage for 2G, 3G and Long-Term Evolution (LTE) services offered by all operators throughout the country. As at end of March 2019, over 90% of the population had 2G coverage. The year under review also recorded significant growth in LTE services driven by consumer demands for data services.

Fig. 26 - 2G Network Coverage

2G



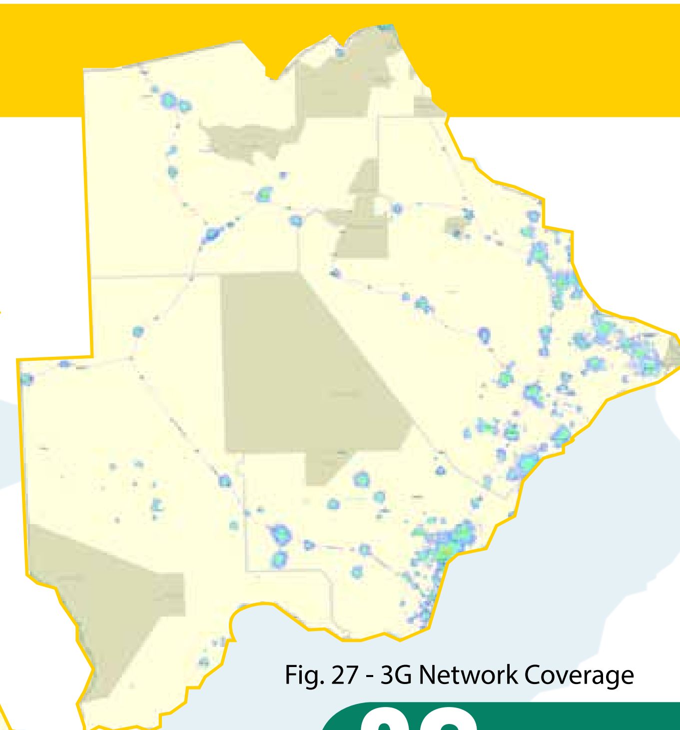


Fig. 27 - 3G Network Coverage

3G

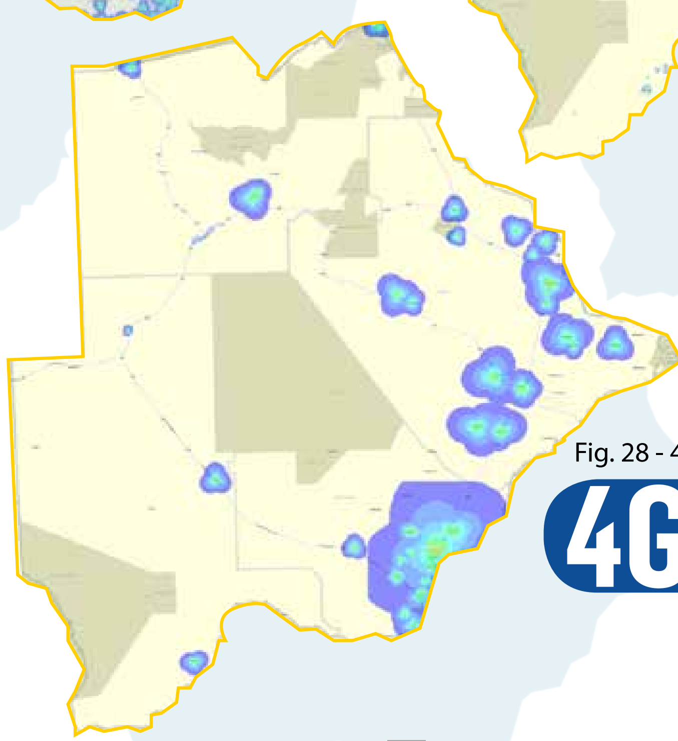


Fig. 28 - 4G Network Coverage

4G

CONSUMER PROTECTION

BOCRA recognises consumers of communications services as key stakeholders and puts in place interventions to ensure that their rights are protected. Section 6 sub-section 2 (a) of the CRA Act 2012 promulgates such protection through the hearing and resolving of complaints and disputes from consumers, regulated entities and other stakeholders. Hence BOCRA undertakes advocacy and public awareness programmes on a continuous basis.

Complaints Resolution

During the year under review, BOCRA received and addressed a total of 42 consumer complaints escalated following unsatisfactory resolution at operator level. Of the 42 complaints received, BOCRA facilitated resolution of 88.1% while 11.9% were still being addressed as at the end of the 2018/19 financial year. Overall there was a significant decline of 28.5% in the number of complaints received and addressed compared to the 2017/18 financial year.

BOCRA carried out a Consumer Satisfaction Survey, the results of which revealed that overall consumer satisfaction was improving as evidenced by increase in the Consumer Satisfaction Index from 72% recorded in 2015 to 76% recorded in 2018. The survey results corroborated the decline in the number of escalated complaints received by BOCRA. The survey revealed that consumers were more knowledgeable of the services they received from operators and aware of their rights and responsibilities. BOCRA continued to engage consumers and other stakeholders in the sector through consumer education campaigns to ensure that all parties understood their rights and responsibilities.

Table 17 depicts the total number of complaints received over a five (5) year period commencing with the 2014/15 financial year.

TABLE 17 - Total Number of Complaints Received Per Year

YEAR (MARCH – APRIL)	NO. OF NEW COMPLAINTS
2014/2015	35
2015/2016	35
2016/2017	50
2017/2018	54
2018/2019	42

Figure 29 illustrates the distribution of escalated complaints among some of the regulated service providers. Complaints received but not related to BOCRA mandate were referred to the relevant entities.

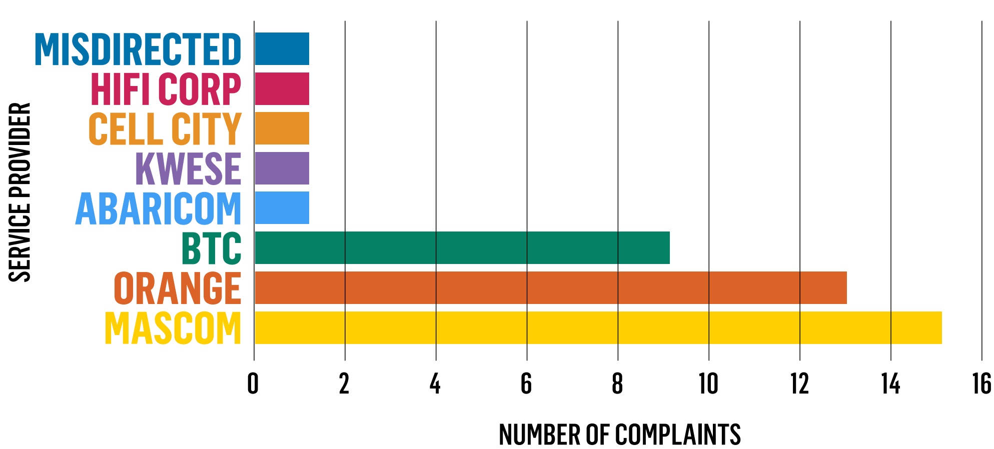


Fig. 29 - Summary of Complaints Received in the 2018/2019

As per Figure 29, most of the complaints received were from the Telecommunications and ICT sectors. Mascom Wireless, with the largest subscriber base, recorded the highest number of complaints with 15 cases registered. Orange Botswana had the second highest number of 13 complaints escalated to BOCRA, while BTC had the least number, with 9 complaints registered. Some complaints take some time to be resolved, however, BOCRA is continually making strides to ensure that all complaints registered with it are given the highest priority and are resolved in accordance with the Complaints Handling Procedure.

Profile of Complaints

The type of complaints received remained the same as those received over the previous years. They included but were not limited to Billing, Airtime, Internet, Data and Mobile Money Services. Billing complaints generally concerned accuracy of bills for services. Airtime and Data complaints related to perceived disappearance of airtime and misinterpretation of airtime validity period. Internet queries were to do with the perceived high cost and slow speed of internet services. Most of the Mobile Money services complaints were to do with the lengthy process it took for consumers to be refunded in cases where they used the service, and, for one reason or the other, the money could not be delivered to the intended recipient. Figure 30 depicts analysis of the type of complaints received by the Authority in the year under review.

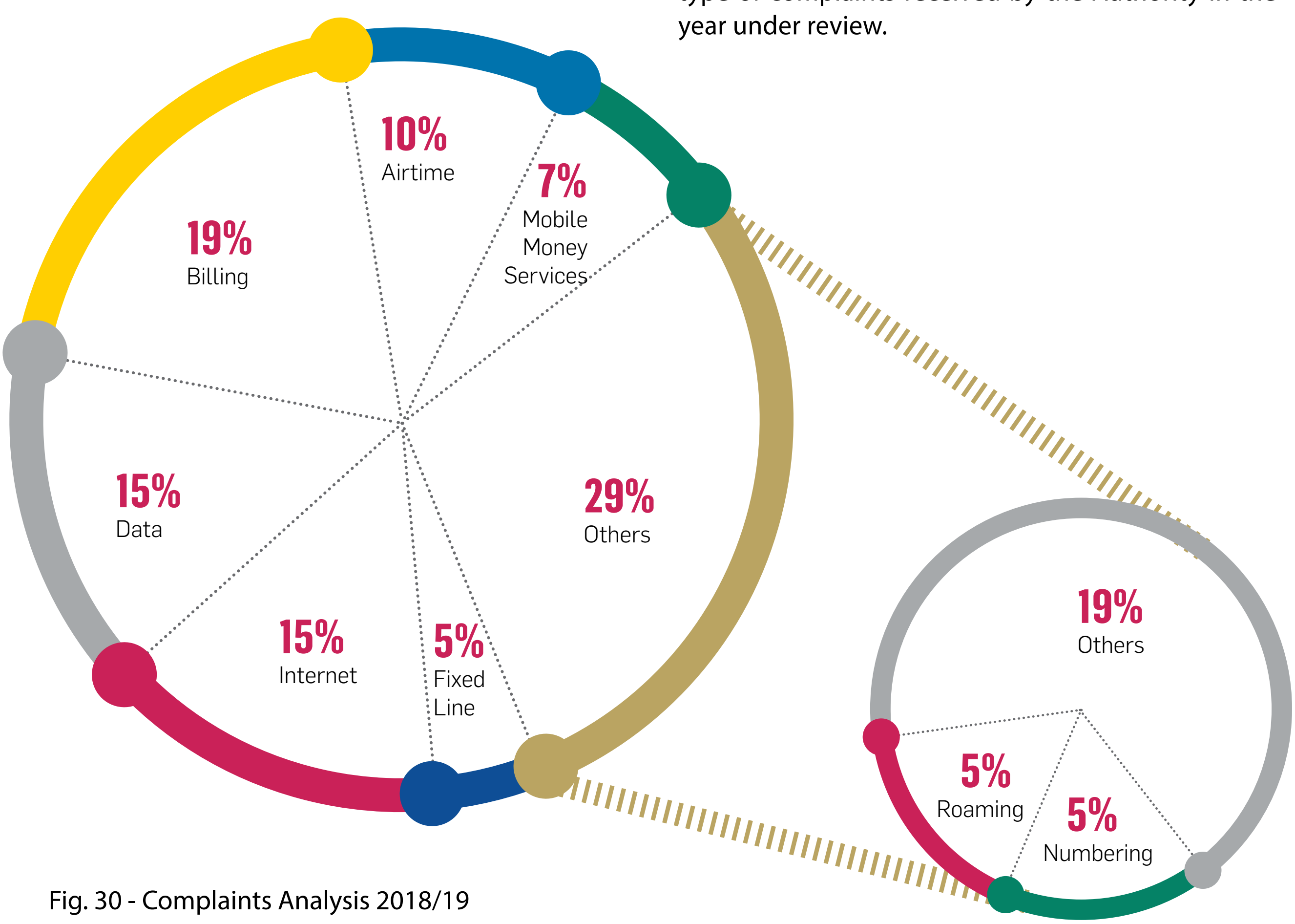


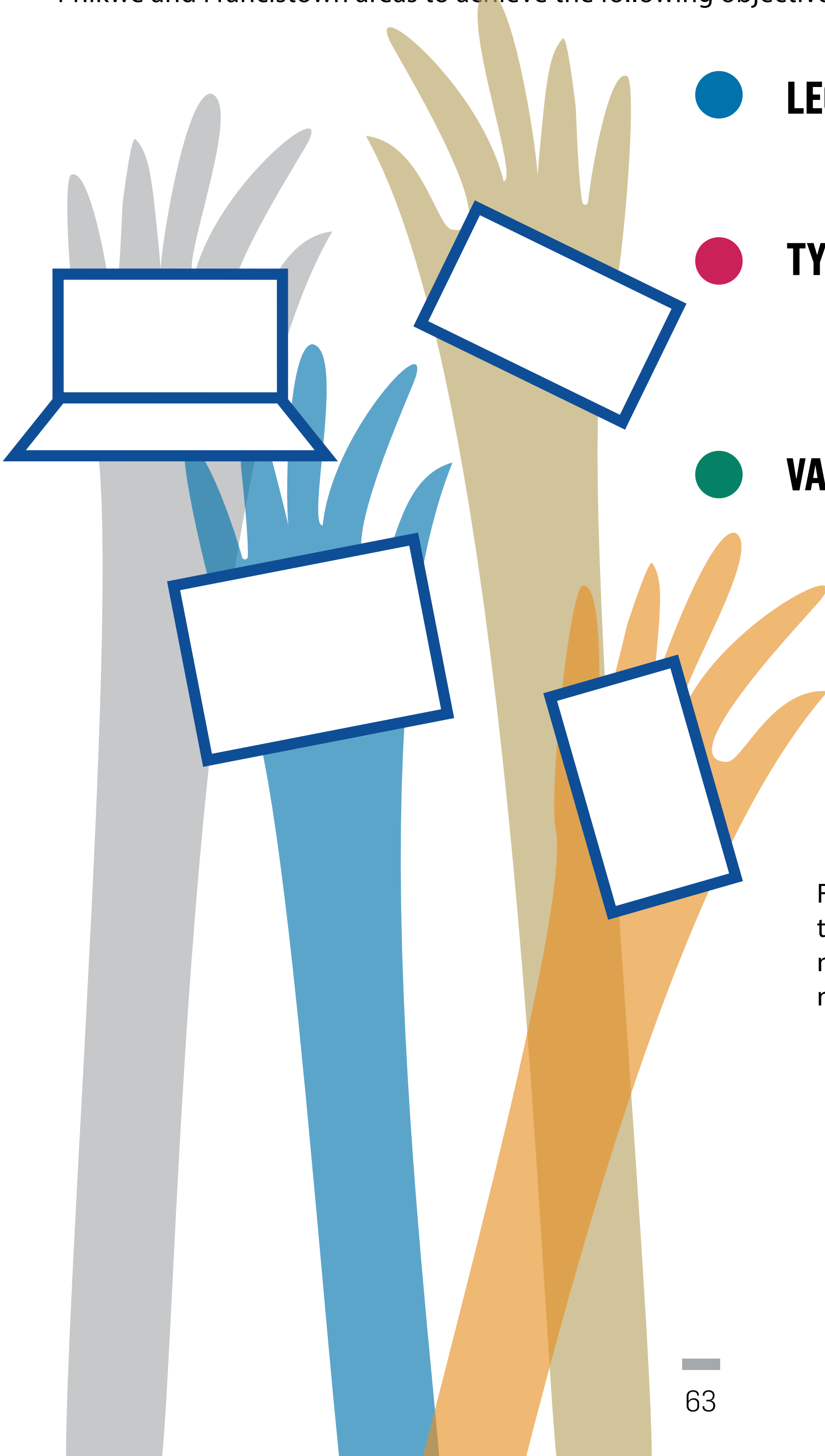
Fig. 30 - Complaints Analysis 2018/19

BOCRA continued to implore service providers to be transparent with their customers regarding tariffs, billing and the terms & conditions of products/ services offered to enable consumers to make informed choices.

COMPLIANCE

Investigations

BOCRA conducts investigations within the communications sector to ensure compliance with the CRA Act and other applicable regulatory frameworks. In pursuit of this mandate, investigations and inspections were carried out in a total of 65 shops/entities selling communication equipment (retailers) in the Selebi-Phikwe and Francistown areas to achieve the following objectives.



LEGAL & LICENSING

Detect & stop illegal operations

TYPE APPROVAL

Check compliance to type approval requirements

VALIDATION

Authenticate the validity of type approval certificates

Figure 31 depicts the composite results of the investigations carried out in terms of the number of retailers charged, sensitised for non-compliance and the outstanding cases.

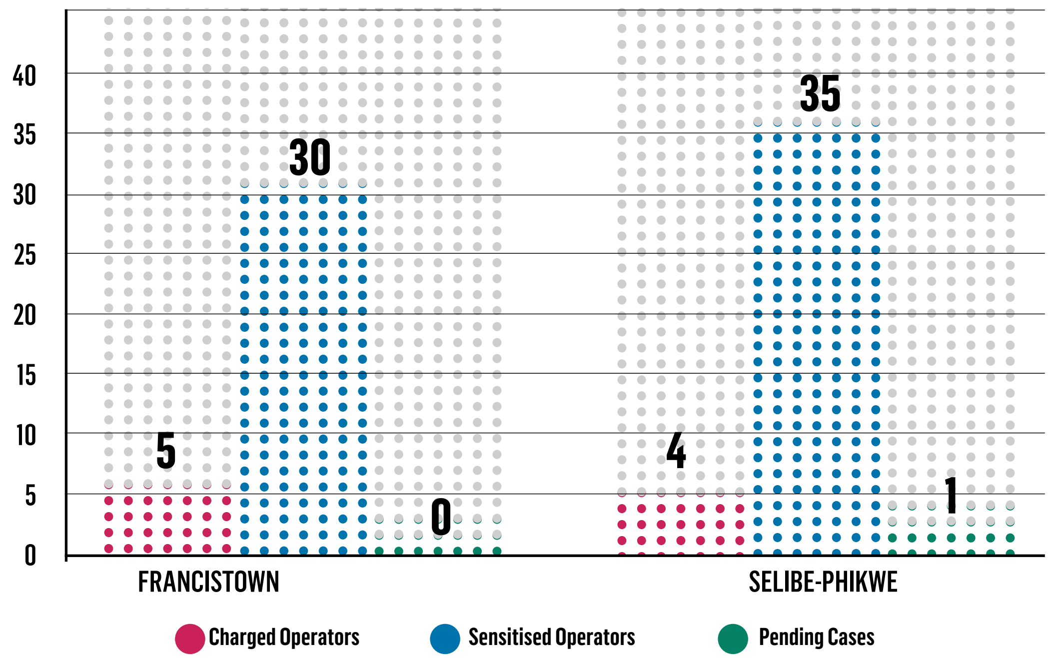


Fig. 31 - Composite Investigation Results for 2018/19

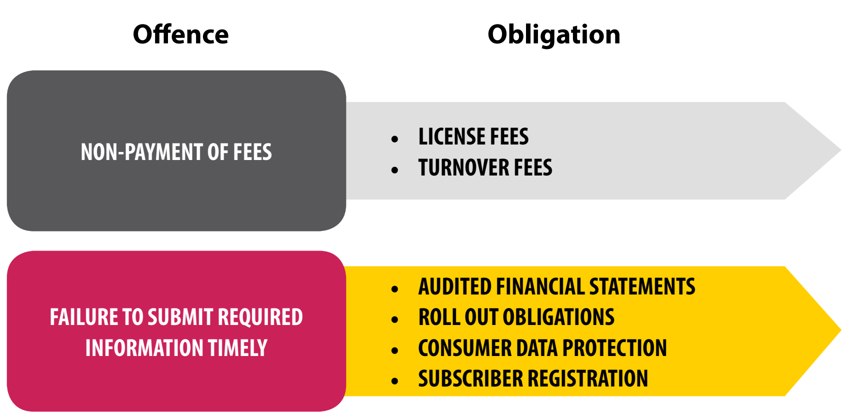
As Figure 31 depicts, of the sixty-five (65) shops investigated, a total of nine (9) retailers were charged for non-compliance with type approval requirements. Subsequently, eight (8) of the retailers that contravened the law normalised their operations while one case remained outstanding. During the investigations, retailers were reminded of their obligations under the CRA Act 2012.

BOCRA confiscated all non-compliant equipment with a view to prosecuting the offending retailers under Section 84 of the CRA Act. The affected retailers were given a period of fourteen (14) days to normalise their operations, failing which their cases were escalated to the Botswana Police Services for further investigation and prosecution.

Spot Audits/ Checks

BOCRA conducted a total of nine (9) spot audit reviews of different service providers in the ICT, Postal and Broadcasting sectors to check their compliance to the applicable laws, regulations and policies. The findings of the exercise revealed significant levels of non-conformity to the regulatory frameworks. The exercise also revealed that licensees were generally ignorant of their obligations under the CRA Act.

The illustration below provides an overview of the general findings of the review exercises:



BOCRA also assessed ten (10) radio transmitter companies for compliance out of a population of forty-four (44). As a key finding, it was noted that radio transmitter licensees were not familiar with their licence conditions, and their obligations under the CRA Act 2012. BOCRA engaged the non-compliant licensees to remind them of their obligations and further requested them to normalise their operations. A total of P734,638.80 was recovered as a result of the exercise.

CONSUMER EDUCATION

BOCRA participated in trade shows across the country to raise consumer awareness on issues such as Complaints Handling Procedures; Internet services; Broadcasting services; Social Media; Universal Access and Services. Trade shows also offered BOCRA the opportunity to address common consumer enquiries and complaints on such issues as inadequate commercial radio signal coverage, quality of service issues across all communications, billing and others.

BOCRA also leveraged the Schools Connectivity and Computerisation Project launches held in Ghanzi, Kgalagadi and Mabutsane to sensitise various members of Steering committees and other Local Organising Committees about its mandate.

Worthy of special mention was the briefing of the Mabutsane Sub-District full Council Meeting, where the BOCRA team, led by the Chief Executive, took the opportunity to address Honourable Councillors about BOCRA and specifically about the launch of the Schools Connectivity and Computerisation Project for their area.

Table 18 - Consumer Education Outreach

Exercise	Date	Event/Description	Venue
	May 2018	Business Botswana Northern Fair	Francistown
	May 2018	Hospitality and Tourism Association of Botswana	Kasane
	June 2018	Oodi College of Arts and Applied Sciences	Oodi
Public Engagement	July 2018	Agricultural show	Selebi-Phikwe
	August 2018	Agriculture Show	Serowe
	27 Aug - 02 Sept 2018	Botswana Consumer Fair	Gaborone
	Sept 2018	In collaboration with Consumer Protection Dept	Kasane Mall
Public Address	Sept 2018	Kasane Brigade	Kasane
	Sept 2018	Kasane Council Chambers	Kasane

CONSUMER AND SERVICE PROVIDER SATISFACTION SURVEY

BOCRA commissioned the Botswana Institute for Development Policy Analysis (BIDPA) to carry out the second Consumer Satisfaction Survey. The main objective of the study was to determine the level of customer satisfaction and their perception of the services regulated by BOCRA as well as the service providers' perceptions and satisfaction on how BOCRA operates and regulates the communication sector.

The specific objectives of the study were to: probe consumer perceptions of the services provided by the service providers i.e. quality of service, range of services, and efficiency of service; probe operator's perception of the regulator in areas of fairness, promptness, neutrality and effectiveness; compare the consumer awareness of the sectors and the level of service provision as identified in the 2015 survey with the present comprehension, and to determine the trend; assess the service providers participation in regulation and policy development; identify negative experiences during the survey, and identify pointers for future developments to address negative perceptions.

While the majority of the service providers perceived their relationship with BOCRA as being cordial, others viewed it as being minimal and characterised by one sided communication. It was, therefore, recommended that BOCRA should improve its communication with the service providers and engage them more in the process of policy development as well as decision making affecting the operation of each communication sector.

Regarding licensing of equipment, service providers decried that the process of licensing equipment took long and at times BOCRA followed what they consider to be a tedious process of licensing equipment even though it had licensed similar equipment, the only difference being the brand names. However, type approval was only required if similar equipment differed in technical aspects. It was recommended that BOCRA undertake an operator engagement on the approval process as they appear not to be fully informed about it.

While there has been improvement in the overall level of satisfaction with BOCRA regulated services, there had been a decline in some subsectors and attributes. Therefore, the survey recommended that BOCRA engaged with the same providers with the view of improving their services and hence overall consumer satisfaction.

STAKEHOLDER ENGAGEMENT

BOCRA regularly reaches out to its stakeholders with the objective of building a mutually beneficial relationship and gaining better understanding of the needs of its stakeholders to enable it to better deliver on its mandate of facilitating the rollout of communications services throughout Botswana. During the 2018/19 reporting period, BOCRA engaged its stakeholders through the following forums:

LOCAL ENGAGEMENTS

UASF Projects Launches

Following completion of the Universal Access and Service Fund (UASF) sponsored Schools Connectivity and Computerisation as well as Network Upgrades projects, BOCRA held launches during the period under review. The projects were launched in the three beneficiary areas as follows:

- Mabutsane Sub-District - Mabutsane Primary School;
- Ghanzi District - Karakubis Primary School; and
- Kgalagadi District – Lokgwabe Primary School.

All the launches were held in partnership with Public Telecommunications Operators (PTOs) which were responsible for project implementation in terms of network upgrades and provision of Internet connectivity to schools.

World Telecommunication and Information Society Day

The Ministry of Transport and Communications, BOCRA and other ICT stakeholders, commemorated the World Telecommunications and Information Society Day (WTISD) in Mohembo Village in the North-West district on the 17th of May 2018. Held under the theme 'Enabling the positive use of Artificial Intelligence for All', the commemoration had the objective to encourage the global ICT stakeholders to leverage on the concept of artificial intelligence in quest to bridge the digital gap.

ICT Stakeholders engaged in a number of initiatives intended to leave a legacy for the people of Mohembo Village and surroundings. Initiatives included crush courses on ICTs for teachers and youths of Mohembo and the surrounding areas, ICT donations comprising personal computers, tablets, laptops, printers, data projectors, networking and Internet connectivity to some public institutions. BOCRA donated a total of P272,133.96 towards the noble cause.

STAKEHOLDER ENGAGEMENTS

Commemoration of World Radio Day 2019

BOCRA, in collaboration with stakeholders such as United Nations Education, Scientific and Cultural Organisation (UNESCO), Commercial & State Radio Broadcasters and Hukuntsi Local Authorities, commemorated the 2019 World Radio Day in Hukuntsi. The aim of the annual commemoration was to raise awareness among the public and the media on the importance of radio, and to encourage access to information through radio broadcasting. The event that attracted people from various areas of the Kgalagadi District and Gaborone was held under the theme, "Dialogue, Tolerance and Peace". The theme encouraged broadcasters to provide a platform for dialogue and democratic debate over issues, such as violence against women and children. As part of commemoration, BOCRA, the Department of Broadcasting Services, and private commercial broadcasters, collaborated to install a transmitter in Hukuntsi to provide commercial radio broadcast signal to Hukuntsi and villages within a radius of 50 kilometres.

National Broadcasting Conference

BOCRA hosted a National Broadcasting Conference (NBC) in October 2018. The conference was part of BOCRA's consultative process intended to offer industry stakeholders the opportunity to reflect and contribute on key issues affecting the Broadcasting industry in Botswana. The platform was further used to consult the stakeholders on the Code of Conduct for Broadcasters During Elections.

The NBC attracted participants from across the country and other countries in Southern Africa. The conference was attended by approximately four hundred people and it was characterised by robust debates on the regulatory issues affecting Broadcasting. Some of the topics that were discussed included:

- Botswana Broadcasting Aspirations - Broadcasting Industry in Botswana in the next 10 years
- Broadcasting industry in the convergence age - Convergence of Broadcasting, ICT and telecommunications
- Content Rights – New Types of Piracy
- Botswana Digital Terrestrial Broadcasting – The story so far
- Regulation of Over the Top Services - Broadcasting Platforms

In addition to the above topics, the conference featured a panel discussion that featured experts in content production and commissioning such as content makers, academia, broadcasters, advertising agencies and the Copyrights and Intellectual Property Authority. The panel discussion deliberated on the topic, Content Development, Production and Commissioning: Challenges and Opportunities in the Era of Digital Broadcasting.

The Conference culminated in the following key recommendations from the industry:

- A call for the licensing of community radio stations;
- A call for licensing more broadcasting operators;
- Introduction of party-political advertising;
- Review of the standard used on digital terrestrial broadcasting;
- A call for use of all local languages in broadcasting;
- Introduction of taxation of OTTS like Netflix; and
- Common regulatory body for broadcasters and content producers

BOCRA took note of the recommendations and committed to implementing them progressively. One such recommendation called for the introduction of Party – Political Advertising (PPA). Subsequently, BOCRA reviewed the Code of Conduct for Broadcasters During Elections to permit for Party Political Advertising. The recommendation will be implemented in the next reporting period after further consultation with all relevant stakeholders.

REGIONAL ENGAGEMENTS

CRASA Annual General meeting

BOCRA took part in the Annual General Meeting for the Communications Regulators Association of Southern Africa (CRASA) that was held in Dar Es Salaam, Tanzania. The Annual General Meeting is the highest decision-making body of the Association that sits to pass resolutions that guide the Executive Committee and the Secretariat in implementing the mandate of the Association that revolves around harmonisation of regulatory policies and frameworks. BOCRA sits on the Executive Committee as the Treasurer and therefore played a pivotal role in presenting the status of the finance of CRASA to the membership.

BOCRA also presented the report of the Consumer Committee, one of the seven specialised committees of CRASA charged with the responsibility to ensure that there is harmonization of regulations regarding consumer protection in the Southern African Development Community (SADC) region. The Committee also provides a platform for debates on policy and regulatory issues concerning consumer protection for the electronic and postal communication sectors.

The CRASA AGM was preceded by a workshop on Smart Societies in Southern Africa. The workshop created a platform for Regulators Policy Makers and Industry Players to deliberate on the existing and future smart city trends and kick started a discussion around the expected roles of each stakeholder in enabling the roll out and implementation of the concept of smart societies at country level.

ITU Telecom World

BOCRA organised and took part under the Botswana Pavilion at the ITU Telecom World 2018 that was held in Durban, South Africa, from 10-13 September 2018.

Botswana's participation was led by Hon Onkokame Kitso Mokaila M.P., Minister of Transport and Communications, accompanied by Mr. Kabelo Ebineng, Permanent Secretary in the Ministry, three BOCRA Board Members, three Botswana Fibre Networks (BoFiNet) Board Members, the Chief Executive Officer of BoFiNet, and several officials from participating organisations comprising the Ministry of Transport and Communications, BOCRA, BoFiNet, Botswana Innovation Hub (BIH), Botswana Investment Trade Centre (BITC) and two Small & Medium Enterprises (SMEs) being Intellegere Holdings and Brastorne.

ITU Telecom World is a premier global telecommunications/ICT exhibition that brings together equipment vendors, operators, governments, and other ICT stakeholders to showcase latest technologies, debate topical ICT issues, exchange ideas and collectively prepare for how new technologies affect and positively enhance human life.

ITU Telecom World 2018, focused on the theme "Innovation for Smarter Digital Development". The event structure featured an exhibition of digital solutions, a forum for sharing knowledge, an Awards progamme recognising innovative ICT initiatives with social impact, and a networking hub for organisations, countries and individuals.

The Forum featured high level discussions by industry experts and policy makers including Government Ministers from various countries. Hon. Mokaila was a panellist in the Ministerial Roundtable titled Government Enabling Smarter Digital Development, where he highlighted Botswana's unique circumstances occasioned by a large territory and low population density leading to high costs of providing communications services. He placed emphasis on the need for the ITU to facilitate development of a framework aimed at reducing transit costs.

INTERNATIONAL ENGAGEMENTS

Global Symposium for Regulators (GSR-2018)

BOCRA attended the Global Symposium for Regulators (GSR-18) held in July 2018 in Geneva, Switzerland represented by 2 Board Members and 2 Directors. GSR is a global forum that brings together heads of national telecom/ICT regulatory authorities to share their views and exchange experiences on the most pressing regulatory issues affecting ICTs. The forum culminates with the adoption of a set of regulatory best practice guidelines by Regulators.

The 2018 GSR focused on the role of education in building human capacity, taking into consideration the forecast that $582 Billion will be required to build 5G market that, in turn, is estimated to result in 50 billion connected devices by 2020 generating five times data traffic by 2021. The GSR concluded that agile policies will be required to address the 5G market.

Emerging technologies such as Artificial Intelligence (AI) were seen as game changers, but also a factor to strengthening the effectiveness of cyber-attacks. The GSR considered that with the IoT becoming a reality, more emphasis needed to be placed on the security component.

The Symposium concluded that there was an urgent need for strategy for 5G implementation and warned that regulators should avoid micro-management of new technologies as that could only lead to delays in the introduction of new services. The Symposium called for technology neutral regulatory approaches to facilitate technology growth and promote competition. Furthermore, the Symposium noted that both licensed and license-exempt/unlicensed bands would be needed to support the various 5G applications. It also placed emphasis on the critical need for collaborative regulatory approaches in areas such as green technology and security.

International Institute of Communications (IIC)

BOCRA attended the 49th Annual Conference of the International Institute of Communications (IIC) that was held together with the International Regulators' Forum in Mexico City in October 2018. The Conference and the Forum attracted delegates from across the globe to discuss big picture themes affecting the communications community. Some of key themes discussed by the Conference included; Ensuring Access & Inclusion; Delivering Connectivity and Creating Robust Data Economies.

The International Regulator's Forum focused on "Regulation of Over The Top services (OTTs) and Applications (Apps): the need for a global solution?". The Forum sought to find a solution to the global debate on whether there is need to address the regulation misbalance between traditional broadcasting and OTT content. BOCRA's contribution as a panelist at the Forum, maintained that there was a case for the OTTs to continue contributing to the development of content in respective countries where they are present, and that methods for handling other regulatory considerations such as taxation, local presence and local content quotas could be considered.

International Broadcasting Convention (IBC)

The 2018 IBC Conference was held in Amsterdam, Holland, in September 2018 under the theme Shaping the Future Together. BOCRA took part in the Conference which is a global destination where Industry leaders, media disruptors, media technology and entertainment come together to discuss and create the future of media.

The conference also provided exhibition stage for different broadcast practitioners ranging from Equipment suppliers, Content Creators, Technology Integrators, Broadcasting Consultants, Broadcasting Monitoring, Broadcasters etc. It highlighted the importance of participation of all stakeholders in growing the broadcasting sector. The Conference noted that while big companies known as the FAANG (Facebook, Apple, Amazon, Netflix and Google) may be ploughing a lot of money into content development, there was a need for the industry to accommodate small companies that bring innovation and distinctiveness. In line with this global calling, BOCRA continued to engage with the Broadcasting industry, creative industry, Government and other stakeholders to find ways of facilitating small innovators to break into the content creation and the broadcasting space. To this end, several players were licensed under the Digital Television Broadcast and the IPTV platforms.

ITU Plenipotentiary Conference (PP-18)

Botswana took part in the International Telecommunication Union (ITU) Plenipotentiary Conference (PP-18) held in Dubai, United Arab Emirates (UAE), from 29 October to 16 November 2018.

Plenipotentiary Conference is the highest decision-making body of the ITU that convenes every four years to determine the strategic direction of the Union for the ensuing four-year period. The Conference considers several policy and strategic issues including:

- Approval of four-year Strategic Plan and Budget;
- Approval of resolutions made up of proposals from Member States
- Approval of Study Group questions; and
- Election of officials to the positions Secretary General, Deputy Secretary General, Directors of Bureaus, Members of Radio Regulations Board (RRB) and Members States of Council.

The Conference received Policy Statements from Heads of Delegation of member states in attendance. The Permanent Secretary, Mr Ebineng delivered the Botswana Policy statement. He highlighted Botswana's commitment to playing its part in the affairs of the ITU and development of ICTs across the globe. The Permanent Secretary raised issues for consideration by the conference which centred around challenges facing landlocked countries. In this regard, he pleaded with the ITU membership to collaborate with a view to finding mutually beneficial solutions to the issues of Transit Costs; Cyber-security; Internet Policy-Related issues; and International Telecommunication Regulations (ITRs), to enable the world, as a collective, to achieve the objectives of Sustainable Development Goals.

PP-18 approved the Strategic Plan and Budget for the Union for the period 2020-2023. The Strategic Plan is geared at enabling the Union to deliver on its mandate of facilitating progress towards the implementation of the World Summit on the Information Society (WSIS) Action Lines and the 2030 Agenda for Sustainable Development.

STAKEHOLDER ENGAGEMENTS

GSMA Mobile World Congress

BOCRA was part of the Botswana team lead by Honourable Dorcas Kobela Makgato M.P., Minister of Transport and Communications that took part in the GSMA Mobile World Congress held in Barcelona, Spain in February 2019. The GSMA World Mobile Congress is the largest annual event of the global mobile communications sector that show cases the latest innovations and leading technologies alongside discussions featuring the most eminent and influential industry experts.

The 2019 event featured debates around topical issues including 4th Industrial Revolution, Maintaining Consumer Trust in a Digital Economy, Transforming Society Through Internet of Things (IoT), Capturing the New Value in the 5G Future, Artificial Intelligence and others.

The Mobile World Congress was of great benefit to BOCRA in that it highlighted upcoming innovations and technologies such as 5G and Artificial Intelligence that would require advance policy and regulatory planning as Botswana aspires to transform into a digital economy.

CORPORATE SOCIAL INVESTMENT

In line with social investment initiative, BOCRA supported various courses as shown in Figure 32.

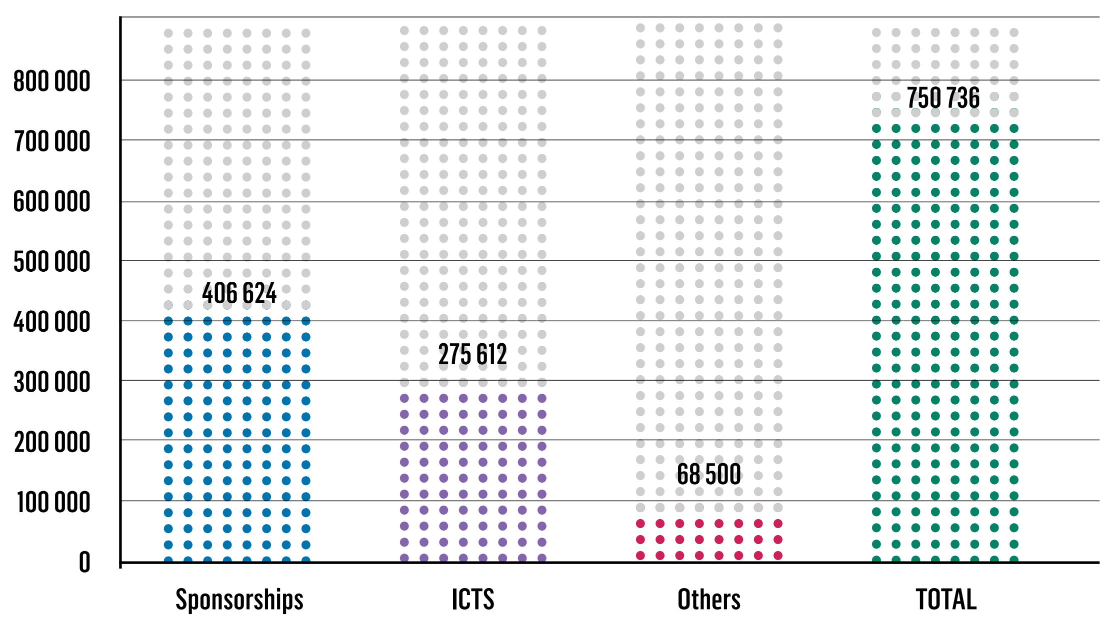


Fig. 32 - Social Investment Outreach Programme

HUMAN CAPITAL MANAGEMENT

The human resources possess the most strategic assets in the form of knowledge, ability and talent. It is important, therefore, that they are supported by ensuring that there are adequate resources and systems in place to enable them to execute their duties. In order to attain its strategic goals, BOCRA has created a conducive environment to attract and retain the high performing and engaged human resources.

It is through the Human Capital Strategy that talent is sourced, developed, promoted and retained to optimise the organisation's ability to realise positive business outcomes in the face of shifting competitive landscapes and workforce requirements.

Talent Management at BOCRA is implemented to build organizational capability in order to deliver a specific mandate and strategic goals. Employee engagement initiatives are also placed to promote organisational culture. During the year under review, BOCRA under took the following Human Capital Management initiatives.

ICT Regulation – Policy and Practice Capacity Building Programme

BOCRA entered into a Memorandum of Understanding with the Swedish Program for ICT in Developing Regions (Spider) in terms of which BOCRA benefitted from the "ICT Regulation – Policy and Practice Capacity Building Programme" arranged by Spider jointly with the Swedish Post and Telecom Authority (PTS).

Among other objectives, the programme aimed at supporting ICT regulatory development activity in Sub-Saharan Africa, by providing tools and discussions on how policy making and regulatory practice could meet an ever-changing ICT future, to create a level playing field for operators and other business actors, and to safeguard the interests and good service of end-consumers and authorities.

BOCRA participated in the programme with a view to developing policy regulatory and technical frameworks, to address Quality of Service as well as Business Continuity & Disaster Recovery for our licensees. As at the end of March 2019, the process for development of the frameworks was ongoing. BOCRA had finished the draft frameworks and was at various stages of stakeholder consultation.

Law Enforcement Capacity Building Workshop

BOCRA in conjunction with the Internet Corporation for Assigned Names and Numbers (ICANN) organised a two-day workshop in May 2018 in Gaborone. The ICANN is the global organisation that coordinates the Internet's unique identifier systems (Internet Addresses, DNS, Autonomous System Numbers) for worldwide public benefit, enabling a single, global interoperable Internet.

The objectives of the workshop were to train Botswana Law enforcement agencies on Domain Name System (DNS), security awareness, public safety and names, content and Domain takedown addressing, and routing fundamentals for investigators and Cybersecurity in general.

Other topics included Domain Name investigations, Tools for DNS investigations, content blocking, Domain name investigations (OSINT platforms and identifier systems), Tools for investigators, use cases, social media, search engines, DNS investigations gone mobile and many more. The workshop featured panel discussions from industry representatives such as Google, Facebook, GSMA and others, with case studies from Botswana, South Africa and Kenya.

ISO 27001 Training

The Authority conducted a training course for technology, technical and compliance mandate staff on ISO/IEC ISO 27001:2013 Information Security Management System (ISMS) Standard (Lead Implementer and Lead Auditor) and Certification in February 2018. The ISO 27001 Standard sets the framework of policies and procedures that include all legal, physical and technical controls involved in an organisation's information security risk management processes.

The objective was to train staff in preparation for adopting the Standard to manage information security with recognised best governance and management processes. In turn, the learning would facilitate rolling out the ISO 27001 to regulated service providers, to secure their sensitive information and improve their overall performance and effectiveness. In addition, the training was intended to equip staff with the skills to master audit techniques and become competent in Information system audit program, communication with customers, as well as information security risk assessment and treatment according to business and security priorities.

Training and Development

The quality and commitment of our people are central to our ability to fulfil our duties. During the 2018/19 financial year, there were a number of organisation-wide training programmes, which included soft skills training, project management training, as well as sessions covering the specific industry sectors. Several employees graduated with Diploma in Telecommunications Management Studies conducted by Commonwealth Telecommunications Organisation (CTO).

In order to keep abreast of technology, the organisation embarked on automation of some processes. During 2018/19 online Performance Management System was rolled out. Training and Development policy and the Graduate Development Programme were also implemented.

Graduate Development Program

Eight (8) graduate trainees with Telecommunications, Engineering, ICT, Law, and Economics backgrounds were recruited under the Graduate Development Program.The programme has the objective to create talent pool for both BOCRA and the market.

ORGANISATIONAL CAPITAL

Long Service Awards

The year under review marked the second time that deserving employees were celebrated and given awards since the adoption of Long Service Awards Scheme. A total of 16 employees received the awards, five (5) employees received 20 years award and five (5) employees received 15 years' service award, one received ten (10) years award and five (5) received five-years award

Staff Complement

As at end of March 2019, staff establishment stood at 84 with 41 females and 43 male employees representing 49% and 51% respectively.

Table 19 - Staff Complement

Staff Compliment	Number
Staff in Post as at April 2018	83
Staff Recruited	4
Staff Leaving	3
Total as at March 2019	**84**

Staff Distribution

Table 20 - Staff Distribution

Gender	Qualification	TOTAL		
	Post Graduate	Graduate	Other	
Female	13	17	11	41
Male	18	14	11	43
Total	**31**	**31**	**22**	**84**

The Authority has an almost equal distribution of gender.

Table 21 - Staff Categories by Gender and Position

Staff Category				
Gender	Executive	Middle Management	Snr/Professionals	General Staff
Female	5	8	8	20
Male	8	10	6	19
Total	**13**	**18**	**14**	**39**

HUMAN CAPITAL MANAGEMENT

Staff Progression

Table 22 - Staff Movements

Name	Promoted from	Promoted to
Seepelo Malefho	Senior IT Officer	Manager- Information Technology
Christopher Teemane	Accountant	Manager - Finance
Moakofi Kamanga	Senior Officer ccTLD	Manager - ccTLD

Graduate Trainees

Table 23 - Graduates Trainees

Name	Qualifications
Kitso Alicia Kusane	BSc. Hons. Telecommunications Engineering, 2014, Saint Petersburg State University of Telecommunications, Russia.
Nonofo Oratwa Ramotsababa	BEng Electrical & Electronic Engineering, 2017, University of Botswana
Edwin Kefentse Kooletile	BEng Telecommunications Engineering, 2018, Botswana International University of Science & Technology, Botswana.
Boikanyo Bogatsu	BA Economics, 2014, University of Botswana, Botswana
Katlego Ncaagae	MA Archives & Records Management, 2018, University of Botswana; BA (Hons) Information Technology in Data Communications & Networking, 2010, Multimedia University, Malaysia
Neelo Michelle Oppedal	Bachelor of Laws (LLB), 2016, University of Botswana
Kago Caine-Mogorosi	BEng Telecommunications Engineering, 2017, Botswana International University of Science and Technology, Botswana.
Thokozani John Mladzi	MEng. Electronics, Internet & Telecommunications Engineering, 2015, University of Bradford

Employee Loyalty Awards

Table 24 - BOCRA Employee Loyalty Awards recipients

Name	Years of Service
Gloria Maseko	20
Ludo Tafa	20
Samuel Mpaesele	20
Katlego Maswabi nee Ramputswa	20
Boipuso Tshwenyagae	20
Noble Katse	15
Bathopi Luke	15
Cynthia Phiase	15

Name	Years of Service
Lizzy Tsheko	15
Maitseo Ratladi	15
Emmanuel Ramaphoi	5
Mogogi Matubako	5
Ernest Molose	5
Phemelo Rannoba	5
Osupile Kgabi	5

WE FACILITATE NATIONAL BROADBAND INTERNET CONNECTIVITY

FINANCIALS

The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

04

GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	The Authority is a body corporate, established under the Communications Regulatory Act, 2012 for the regulation of communications sector in Botswana comprising telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters.
Members of the Board	Major General Bakwena Oitsile (Chairperson) - retired 31st July 2019 Prof. Joseph Chuma (Vice Chairperson) Mr. Onkagetse Pusoentsi Mrs. Wilhemina T. Makwinja (retired 20th May 2019) Mr. Galeboe Mmelesi Dr. Gape Kaboyakgosi Dr Comma Serema (retired 31st August 2019) Mr. Martin Mokgware - Chief Executive (ex-officio)
Registered office	Lot 50671 Independence Avenue Extension 5 Gaborone Botswana
Postal address	Private Bag 00495 Gaborone Botswana
Bankers	First National Bank of Botswana Limited Barclays Bank of Botswana Limited Standard Chartered Bank Botswana Limited Bank of Baroda (Botswana) Limited Stanbic Bank of Botswana Limited
Auditors	PricewaterhouseCoopers
Secretary	Ms. Joyce W. Isa-Molwane
Chief Executive	Mr. Martin Mokgware
Functional Currency	Botswana Pula ('P') and is rounded to the nearest Pula

BOARD MEMBERS' REPORT

The Members of the Board have pleasure in submitting their report.

1. Review of activities

The Authority is a body corporate, established under the Communications Regulatory Authority Act, 2012 for the regulation of communications sector in Botswana comprising telecommunication, internet and information and communications technologies, radio communications, postal services and related matters.

The operating results and state of affairs of the Group and Authority are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net surplus of the Group was P11,082,936 (2018: P35,633,844) and was P5,065,019 (2018: P20,374,296) for the Authority.

2. Accounting policies

The accounting policies of the Group and Authority are consistent with the previous year except for the adoption of new standards or interpretations or amendments in the International Financial Reporting Standards.

3. Members interest in contracts

None of the Members or Officers of the Authority had any interest in any contract during the financial year.

4. Members

The Board members of the Authority during the year and to the date of this report are as follows:

Major General Bakwena Oitsile - retired 31st July 2019
Prof. Joseph Chuma
Mr. Onkagetse Pusoentsi
Mrs. Wilhemina T. Makwinja - retired 20th May 2019
Mr. Galeboe Mmelesi
Dr. Gape Kaboyakgosi
Dr Comma Serema- retired 31st August 2019
Mr. Martin Mokgware - Chief Executive (ex-officio)

5. Secretary

Ms. Joyce W. Isa-Molwane

BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The members are required in terms of the Communications Regulatory Authority Act, 2012 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 show a true and fair view of the state of affairs of the Group and Authority as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the 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 judgments and estimates.

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

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

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

The annual financial statements set out on pages 88 to 127 and the supplementary information disclosed on pages 128 and 129 which have been prepared on the going concern basis, were approved by the Board on 23 September 2019 and were signed on its behalf by:

Chairperson

Chief Executive

Gaborone

Independent auditor's report

To the Minister of Transport and Communications

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Communications Regulatory Authority (the "Authority") and its subsidiaries (together the "Group") as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and requirements of the Communications Regulatory Authority Act, 2012.

What we have audited

Botswana Communications Regulatory Authority's consolidated and separate financial statements set out on pages 88 to 127 comprise:

- the consolidated and separate statements of financial position as at 31 March 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the accounting policies; and
- the notes to the consolidated and separate financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. The matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of trade receivables *This key audit matter relates to the consolidated and separate financial statements* At 31 March 2019, the Group and Authority recognised trade receivables of BWP 42.6 million and BWP 29.9 million respectively, after deducting expected credit losses (ECL) of BWP 4 million and BWP 3.3 million, respectively. The Group and the Authority adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure expected credit losses of trade receivables, for the first time in the 2019 reporting period. The Group and Authority applied the simplified approach to measuring expected credit losses, which uses a lifetime expected provision for all trade receivables. Management applied a provision matrix in determining the ECL, and applied judgement in measuring the expected credit losses associated with trade receivables. Significant assumptions used by management in determination of ECL are: • risk of default • expected loss rates The ECL on trade receivables was considered to be a matter of most significance to the current year audit due to the following: • first time adoption of IFRS 9; • significant judgement and estimates applied by management in determining ECL; and • the magnitude of the ECL and the impact on the consolidated and separate financial statements.	Our audit procedures included the following: • We obtained an understanding of and evaluated the design, implementation and operating effectiveness of the Group's relevant controls relating to credit origination, credit control and debt collection. • We assessed management's ECL impairment model and found the model to be consistent with the requirements of IFRS 9. • We tested the mathematical accuracy of the ECL impairment model and no material differences were noted. • We agreed a sample of the data utilised in management's ECL impairment model at 1 April 2018 and 31 March 2019 to supporting documents, calculations and other audited information and no material differences were noted. • We challenged assumptions and judgements made by management through discussion, comparison to actual data and our knowledge of the operations as gained through our audit in determining future expected loss rates and found these to be reasonable. • We challenged management's assessment of significant increase in credit risk from initial recognition which was based on the debtors aging and historical loss rates that were applied on the balances. • We assessed the reasonability of the historical loss rates used by management by comparing these to past experience and agreeing the inputs used to prior year working papers and financial statements.

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Key audit matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
Disclosures with respect to the application of IFRS 9 in determining the ECL are disclosed in: • Note 1.1, Significant judgements and sources of estimation uncertainty-Impairment of financial assets • Note 2, Changes in accounting policy • Note 6, Trade and other receivables	We evaluated the financial statement disclosures of the trade receivables against the requirements of IFRS 9. In doing so, we considered the following: • judgements and assumptions applied by management; • the classification of trade and other receivables on the date of initial application of IFRS 9; and • the impact of the transition to IFRS 9 on the opening balances relating to trade receivables and retained earnings.

Other information

The Board members are responsible for the other information. The other information comprises the information included in the document titled "Botswana Communications Regulatory Authority group annual financial statements for the year ended 31 March 2019", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Botswana Communications Regulatory Authority Annual Report 2019", which is expected to be made available to us after the date. The other information does not include the consolidated or separate financial statements and auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we obtained prior to the date of this auditor's report, 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.

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Responsibilities of the Board members for the consolidated and separate financial statements

The Board members are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Communications Regulatory Act, 2012, and for such internal control as the Board members determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board members are responsible for assessing the Group and 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 Board members either intend to liquidate the Group and Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs 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 consolidated and separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.

- Conclude on the appropriateness of the Board members' 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 Group and 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 consolidated and separate 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 Group and Authority to cease to continue as a going concern.

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Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with the Board members 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.

From the matter communicated to the Board members, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and therefore are the key audit matters. We describe these matters in our auditor's report unless the 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 by the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with section 26 (3) of the Communications Regulatory Authority Act, 2012 we confirm that:

- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the performance of our duties as auditors;
- In our opinion the accounts and related records of the Authority have been properly maintained;
- The Authority has complied with the financial provisions of the Communications Regulatory Act, 2012; and
- The financial statements prepared by the Authority were prepared consistent with that of the previous year.

PricewaterhouseCoopers

Individual Practicing Member: Sheyan Edirisinghe
Registration number: 20030048

Gaborone
27 September 2019

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

	Notes	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Assets					
Non-Current Assets					
Investment property	3	9 900 000	9 700 000	9 900 000	9 700 000
Property, plant and equipment	4	109 624 906	116 511 041	109 287 782	115 940 592
		119 524 906	**126 211 041**	**119 187 782**	**125 640 592**
Current Assets					
Tax receivable		2 879 617	2 443 590	2 879 617	2 443 590
Trade and other receivables	6	56 438 216	68 878 237	43 690 875	52 744 599
Cash and cash equivalents	7	392 009 649	356 608 474	182 774 396	168 013 475
		451 327 482	**427 930 301**	**229 344 888**	**223 201 664**
Total Assets		**570 852 388**	**554 141 342**	**348 532 670**	**348 842 256**
Equity and Liabilities					
Equity					
Accumulated surplus		534 387 997	508 709 526	322 228 026	303 986 027
Universal Access and Service Fund	9	5 065 019	20 374 296	-	-
		539 453 016	**529 083 822**	**322 228 026**	**303 986 027**
Liabilities					
Non-current Liabilities					
Deferred tax liability	8	1 068 582	579 972	1 068 582	579 972
Current Liabilities					
Trade and other payables	10	30 330 790	24 477 548	20 171 043	23 901 961
Universal Access and Service Fund Trust	9	-	-	5 065 019	20 374 296
		30 330 790	**24 477 548**	**25 236 062**	**44 276 257**
Total Equity and Liabilities		**570 852 388**	**554 141 342**	**348 532 670**	**348 842 256**

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Revenue	12	161 579 746	181 045 445	118 283 881	132 144 698
Other income		2 362 735	1 196 080	2 362 735	1 193 840
Operating expenses	13	(163 254 519)	(149 913 162)	(120 171 970)	(112 095 524)
Surplus for the year before finance income	14	**687 962**	**32 328 363**	**474 646**	**21 243 014**
Finance income	15	12 027 733	9 253 880	6 223 132	5 079 681
Fair value adjustments	3	200 000	210 000	200 000	210 000
Surplus for the year before tax		**12 915 695**	**41 792 243**	**6 897 778**	**26 532 695**
Taxation	16	(1 832 759)	(6 158 399)	(1 832 759)	(6 158 399)
Surplus for the year		**11 082 936**	**35 633 844**	**5 065 019**	**20 374 296**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**11 082 936**	**35 633 844**	**5 065 019**	**20 374 296**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	Notes	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Cash flows from operating activities					
Cash generated from operations	18	32 381 241	16 423 438	19 300 754	13 555 356
Tax paid		(1 780 173)	(8 199 215)	(1 780 173)	(8 199 215)
Net cash generated from operating activities		**30 601 068**	**8 224 223**	**17 520 581**	**5 356 141**
Cash flows from investing activities					
Finance income	15	12 027 733	9 253 880	6 223 132	5 079 681
Purchase of property, plant and equipment	4	(7 307 749)	(6 628 317)	(7 188 619)	(6 534 939)
Sale of property, plant and equipment		80 123	203 482	80 123	203 482
Net cash generated from/(used in) investing activities		**4 800 107**	**2 829 045**	**(885 364)**	**(1 251 776)**
Cash flows from financing activities					
Amount paid to Universal Access and Service Fund Trust		-	-	(1 874 296)	(12 368 021)
Net cash used in financing activities		**-**	**-**	**(1 874 296)**	**(12 368 021)**
Total cash and cash equivalents movement for the year		**35 401 175**	**11 053 268**	**14 760 921**	**(8 263 656)**
Cash and cash equivalents at beginning of the year		**356 608 474**	**345 555 206**	**168 013 475**	**176 277 131**
Total cash and cash equivalents at end of year	7	**392 009 649**	**356 608 474**	**182 774 396**	**168 013 475**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Accumulated Surplus Pula	Total Equity Pula
Authority		
Balance at 01 April 2017	**303 986 027**	**303 986 027**
Surplus for the year	20 374 296	20 374 296
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**20 374 296**	**20 374 296**
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(20 374 296)	(20 374 296)
Total transactions with owners	**(20 374 296)**	**(20 374 296)**
Balance as at 31 March 2018	**303 986 027**	**303 986 027**
Authority		
Balance at 01 April 2018	**303 986 027**	**303 986 027**
Adjustment from adoption of IFRS 9 net of deferred tax	(258 001)	(258 001)
Balance at 01 April 2018 restated	**303 728 026**	**303 728 026**
Surplus for the year	5 065 019	5 065 019
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**5 065 019**	**5 065 019**
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	(5 065 019)	(5 065 019)
Transferred to accumulated surplus for utilisation in operating activities as approved by the Minister under section 29 (4)	18 500 000	18 500 000
Total transactions with owners	**13 434 981**	**13 434 981**
Balance as at 31 March 2019	**322 228 026**	**322 228 026**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Surplus allocated towards Universal Access and Service Fund Pula	Total Reserves Pula	Accumulated Surplus Pula	Total Equity Pula
Group				
Balance at 01 April 2017	**12 368 021**	**12 368 021**	**481 081 957**	**493 449 978**
Surplus for the year	-	-	35 633 844	**35 633 844**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**12 368 021**	**12 368 021**	**35 633 844**	**35 633 844**
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(12 368 021)	(12 368 021)	12 368 021	-
Transferred from accumulated surplus	20 374 296	20 374 296	(20 374 296)	-
Total transactions with owners	**8 006 275**	**8 006 275**	**(8 006 275)**	**-**
Balance as at 31 March 2018	**20 374 296**	**20 374 296**	**508 709 526**	**529 083 822**
Note(s)	9			
Group				
Balance at 01 April 2018	**20 374 296**	**20 374 296**	**508 709 526**	**529 083 822**
Adjustment from adoption of IFRS 9 net of deferred tax	-	-	(713 742)	(713 742)
Balance at 01 April 2018 restated	**20 374 296**	**20 374 296**	**507 995 784**	**528 370 080**
Surplus for the year	-	-	11 082 936	**11 082 936**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**20 374 296**	**20 374 296**	**11 082 936**	**11 082 936**
Excess of income over expenditure paid to the Universal Access and Service Fund Trust	(1 874 296)	(1 874 296)	1 874 296	-
Transferred to accumulated surplus for utilisation in operating activities as approved by the Minister under section 29 (4)	(18 500 000)	(18 500 000)	18 500 000	-
Transfer from accumulated surplus	5 065 019	5 065 019	(5 065 019)	-
Total transactions with owners	**(15 309 277)**	**(15 309 277)**	**15 309 277**	**-**
Balance as at 31 March 2019	**5 065 019**	**5 065 019**	**534 387 997**	**539 453 016**
Note(s)	9			

ACCOUNTING POLICIES

General information

The Authority is a body corporate, established under the Communications Regulatory Authority Act, 2012. The address of the Authority's registered office is at Lot 50671, Independence Avenue, Extension 5, Gaborone, Botswana. The main activities of the Authority is to regulate the communications sector in Botswana comprising telecommunications, internet and information and communications technologies, radio communications, broadcasting, postal services and related matters.

The Consolidated and Separate annual financial statements set out on pages 88 to 127 have been approved by the Board on 23 September 2019.

1. Presentation of Annual Financial Statements

The Group and Authority 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 the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. They are presented in Botswana Pula.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Consolidation of Universal Access and Service Fund Trust

In terms of the section 29 of the Communications Regulatory Authority Act, 2012 the Authority established and registered the Universal Access and Service Fund Trust on 4 April 2014.

The Trust is established with the aim of implementation of universal access and service provision and for the administration of the Universal Access Service Fund (the "Fund") of the Authority.

The following factors were considered for consolidating the Trust in terms of IFRS 10:

- The Board of Trustees of the Trust are appointed by the Board of the Authority, in consultation with the Minister;
- The Authority issues general or specific policy directions, directives and guidelines relating to the management of the Fund;
- The Authority imposes and collects levies on behalf of the Trust; and
- The Authority administers the Trust for the functions and management of the Fund.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical loss experiences, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

ACCOUNTING POLICIES (...continued)

1.1 Significant judgements and sources of estimation uncertainty (...continued)

Impairment of financial assets (...continued)

The impairment for trade receivables and other receivables except major operators which are assessed individually, is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

The key assumptions used in estimating the expected credit loss are as follows:

- The probability of default calculated based on historical loss pattern will continue to be appropriate for future periods;
- That all receivables included in the portfolio assessment that are more than 90 days past due are not recoverable; and
- That the movement in the forecast in GDP has a direct impact on the collectability of trade receivables.

In determining the probability of default a 24 months emergence period has been considered, meaning that the payment, loss and recovery patterns of receivables over the past 24 months have been considered.

Management believes that changes in GDP has a direct impact on the collectability of receivables, even though sufficiently detailed data is not available to fully substantiate a strong correlation. In the absence of such detailed data, Management has used the percentage change in forecast GDP as a factot to adjust the estimated impairment as this is the most reliable information available. This is a significant management judgement which may have material impact on the estimated provision for impairment.

Note 6 to the financial statements discloses information on loss allowances estimated on lifetime expected credit loss model.

Management considered a 1% change in the GDP factor (with all other variables being equal) and found the impact thereof to be immaterial.

Significant assumptions used in the estimation of loss allowances of individually assessed receivables are as follows:

- Where the counter-party is another Government entity, it is assumed that the loss given default is 0% irrespective of the period over-due. This is based on the Government's international credit rating standing which presently stands at A2 (Moody's definition: Judged to be upper medium grade and are subject to low credit risk).

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Fair values of investment properties are determined by a professional external valuer based on the data on recently transacted properties duly adjusted to reflect the subject assets uniqueness.

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 by management may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

ACCOUNTING POLICIES (...continued)

1.1 Significant judgements and sources of estimation uncertainty (...continued)

Impairment testing (...continued)

The Group 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates, inflation and interest.

Taxation

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

1.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities such as the Universal Access and Service Fund Trust) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Transactions eliminated on consolidation

Inter-Group transactions, balances and unrealised gains on transactions between group entities are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The accounting policies for subsidiaries are consistent with the policies adopted by the Group.

ACCOUNTING POLICIES (...continued)

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Land	Not depreciated
Buildings	50 years
Furniture and fixtures	6-7 years
Motor vehicles	4 years
Office equipment	4 years
IT equipment	2 years
Technical equipment	2-25 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the statement of comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

ACCOUNTING POLICIES (...continued)

1.5 Financial instruments

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

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

Financial assets which are debt instruments:
- Amortised cost
- Fair value through other comprehensive income

Financial liabilities
- Amortised cost

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 6).

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 the group'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 group 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 Group 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 Group applies the simplified approach and 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 Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision 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 that possess shared credit risk characteristics except for large Operators. The Group individually assess exposure to credit risk of each of these entities. Details of the provision matrix is presented in note 6.

ACCOUNTING POLICIES (...continued)

1.5 Financial instruments (...continued)

Measurement and recognition of expected credit losses (...continued

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 impairement loss is included in other operating expenses in profit and loss as a movement in credit loss allowance (note 13).

Write-off policy

The Authority 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.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.6 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period,

ACCOUNTING POLICIES (...continued)

1.6 Tax (...continued)

Tax expenses (...continued)

except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and contractual receipts is recognised as an operating lease asset.

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

Income for leases is disclosed under other income in the statement of comprehensive income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.8 Impairment of assets

Management assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income.

Management assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

ACCOUNTING POLICIES (...continued)

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The Group operates a defined contribution pension fund for its permanent citizen employees. The fund is registered under the Pension and Provident Fund Act (Cap 27:03). Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.11 Revenue from contracts with customers

The Authority's revenues are earned mainly from the following sources:
– Turnover related fees;
– System and Services License Fees;
– Radio License fees;

Turnover fees

The Authority principally generates revenue from turnover-based fees that charges the telecommunications, broadcasting and postal service operators of Botswana as agreed in the contract.

The turnover fees are charged at a fixed percentage on monthly statistical information provided by the operator. The operators certify the information provided and subsequently provide turnover certificates from their auditors on an annual basis.

For certain months where monthly information is not received, Management recognises revenue based on the average of the turnover provided for the immediate preceding 2 months. This is subsequently adjusted with the certified information provided by the auditors of operators for the year.

System and Services License Fees

System and service license fees are fees earned from licence issued to the operators based on the terms of the contract and within the provision of the CRA Act. These licenses are functional in nature and right of use licence; hence, revenue is recognised at the point in time. The Authority recognises revenue when the control of the license is transferred to the user as per the terms of the contract. The fees are fixed as per the contract and there are no separate performance obligations identified.

ACCOUNTING POLICIES (...continued)

1.11 Revenue from contracts with customers
(...continued)

Radio License Fees

These are fees charged to users of radio who are assigned certain frequencies that they can use within the appropriate allocations so that the spectrum is used efficiently and without interference between users. These licenses are functional in nature and right of use licence, where revenue is recognised at the point in time. The Authority recognises revenue based on the license issued for the number of radios used by the users and spectrum issued and they are normally for a period of one year. The fees are fixed as per the contract and there are no separate performance obligations identified.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

1.12 Related party transactions

Related parties comprise the Government of Botswana, joint ventures, Government departments, members of the Executive Management Committee and members of the Board. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether or not a price is charged.

1.13 Translation of foreign currencies

Foreign currency transactions

Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The financial statements are presented in Botswana Pula, which is the measurement currency of the entity.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such monetary assets and liabilities are translated at the exchange rates prevailing at the year end.

2. Changes in accounting policy

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

Application of IFRS 9-Financial Instruments

In the current year, the Authority has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment losses on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impact of these new requirements on the Authority's financial statements are described below.

Classification and measurement of financial assets

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 April 1, 2018. Accordingly, the Authority has applied the requirements of IFRS 9 to instruments that have not been derecognised as at April 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at April 1, 2018. Comparatives in relation to instruments that have not been derecognised as at April 1, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at April 1, 2018.

ACCOUNTING POLICIES (...continued)

2. Changes in accounting policy (...continued)

Classification and measurement of financial assets (...continued)

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 held within a business model whose objective is to collect the contractual cash flows, are subsequently measured at amortised cost.

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.

The Management reviewed and assessed the Group's existing financial assets as at April 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Authority's financial assets as regards to their classification and measurement.

GROUP

Financial Instruments	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Gross Transitional adjustment	Net Transitional adjustment to opening retained earning
Trade and other receivable	Loans and receivable	Amortised cost	67,352,025	66,565,514	786,512	713,742
Cash and cash equivalents	Loans and receivable	Amortised cost	356,608,474	356,608,474	-	-
Total			**232,360,783**	**231,905,042**	**786,512**	**713,742**

AUTHORITY

Financial Instruments	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Gross Transitional adjustment	Net Transitional adjustment to opening retained earning
Trade and other receivable	Loans and receivable	Amortised cost	51,218,387	50,887,617	330,770	258,001
Cash and cash equivalents	Loans and receivable	Amortised cost	168,013,475	168,013,475	-	-
Total			**232,360,783**	**231,905,042**	**330,770**	**258,001**

ACCOUNTING POLICIES (...continued)

2. Changes in accounting policy (...continued)

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 the Group to develop an impairment model 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 of the financial assets.

As at April 1, 2018, the Management reviewed and assessed the Group's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at April 1, 2018.The result of the assessment is as follows:

Items existing on 1 April 2018 that are subject to the impairment provisions of IFRS 9	Note	Credit risk attributes at, April 1, 2018	Cumulative additional loss allowance recognised on April 1, 2018 (P)
Trade and other receivables	6	The Group applies the simplified approach and recognises lifetime expected credit losses for these assets	Authority - 330,770 Group - 786,512

Application of IFRS 15-Revenue from Contracts with Customers

In the current year, the Authority has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, 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.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Authority financial statements are described below. Refer to the revenue accounting policy for additional details.

The Authority has applied IFRS 15 with an initial date of application of April 1, 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at April 1, 2018. The comparative information has therefore not been restated.

3. New standards and interpretations

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018:

IFRS 9 - Financial Instruments

This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The impact of the standard is set out on page 102.

IFRS 15 – Revenue from contracts with customers

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations,

ACCOUNTING POLICIES (...continued)

3. New standards and interpretations (...continued)

(a) New standards, amendments and interpretations adopted by the Group (...continued)

IFRS 15 – Revenue from contracts with customers (...continued)

accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The adoption of this standard has not had a material impact on the results of the Authority, but has resulted in more disclosure than would have previously been provided in the financial statements.

(b) New standards, amendments and interpretations effective for 31 March 2019 and relevant to the Group and Authority

IFRIC 22, 'Foreign currency transactions and advance consideration'

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

c) Standards, amendments and interpretations effective for 31 March 2019 year end and not relevant to the Group and Authority

Amendments to IFRS 2 – 'Share-based payments'

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

Amendment to IFRS 4, 'Insurance contracts'

These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.

Amendment to IFRS 9 -'Financial instruments', on general hedge accounting

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed.

Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

ACCOUNTING POLICIES (...continued)

3. New standards and interpretations (...continued)

d) Standards, amendments and interpretations relevant to the Group and Authority but not effective for 31 March 2019 year end.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.

These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss.

The impact of the amendments is to confirm that these effects are not offset.

IFRS 16 – Leases

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

Management has made an assessment of the possible impact of adopting this new standard in the new financial year and concluded that there is unlikely to be any material impact.

IFRIC 23, 'Uncertainty over income tax treatments'

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the

ACCOUNTING POLICIES (...continued)

3. New standards and interpretations (...continued)

IFRIC 23, 'Uncertainty over income tax treatments'
(...continued)

accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

e) Standards, amendments and interpretations not relevant to the Group and Authority and not effective for 31 March 2019 year end.

IFRS 17, 'Insurance contracts'

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.

The narrow-scope amendment covers two issues:

- The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

Amendment to IFRS 3, 'Business combinations'

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.

To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. Investment property

	Group		Authority	
Investment property	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Valuation	9 900 000	9 700 000	9 900 000	9 700 000
Carrying value	9 900 000	9 700 000	9 900 000	9 700 000
Investment property				
Opening balance	9 700 000	9 490 000	9 700 000	9 490 000
Fair value adjustment	200 000	210 000	200 000	210 000
Closing balance	**9 900 000**	**9 700 000**	**9 900 000**	**9 700 000**

Group and Authority
Details of valuation

A valuation of the investment properties was performed by an independent professional valuer, Mr. Lloyd Mulambya Bsc. (Real Estate) MR EIB,MREAC, of Stocker Fleetwood Bird. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis.

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Amounts recognised in surplus or deficit for the year				
Rental income from investment property	461 667	437 687	461 667	437 687
Repairs and maintenance of the investment property	(73 919)	(75 657)	(73 919)	(75 657)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. Property, Plant and Equipment

Group	2019 Cost Pula	2019 Accumulated Depreciation and Impairment Pula	2019 Carrying Value Pula	2018 Cost Pula	2018 Accumulated Depreciation and Impairment Pula	2018 Carrying Value Pula
Buildings	50 300 036	(10 688 020)	39 612 016	50 300 036	(9 763 843)	40 536 193
Furniture and fixtures	13 436 632	(9 855 224)	3 581 408	12 553 049	(8 599 971)	3 953 078
IT equipment	12 841 739	(11 283 042)	1 558 697	12 366 782	(11 307 798)	1 058 984
Land	2 135 700	-	2 135 700	2 135 700	-	2 135 700
Motor vehicles	4 943 471	(3 966 057)	977 414	4 454 276	(3 173 051)	1 281 225
Office equipment	13 415 751	(12 509 450)	906 301	13 342 479	(10 787 613)	2 554 866
Technical equipment (ASMS)	140 831 693	(88 434 827)	52 396 866	139 882 651	(79 878 853)	60 003 798
Capital work-in-progress	8 456 504	-	8 456 504	4 987 197	-	4 987 197
Total	**246 361 526**	**(136 736 620)**	**109 624 906**	**240 022 170**	**(123 511 129)**	**116 511 041**

Reconciliation of property, plant and equipment - 2019

Group	Opening Balance Pula	Additions Pula	Transferss Pula	Disposals / Write-off Pula	Depreciation Pula	Total Pula
Buildings	40 536 193	-	-	-	(924 178)	39 612 016
Furniture and fixtures	3 953 078	920 450	-	(32 144)	(1 259 975)	3 581 408
IT equipment	1 058 984	1 389 354	-	(1 760)	(887 881)	1 558 697
Land	2 135 700	-	-	-	-	2 135 700
Motor vehicles	1 281 225	489 196	-	-	(793 006)	977 414
Office equipment	2 554 866	90 399	-	(21 849)	(1 717 114)	906 301
Technical equipment (ASMS)	60 003 798	949 043	-	-	(8 555 975)	52 396 866
Capital work-in-progress	4 987 197	3 469 307	-	-	-	8 456 504
Total	**116 511 041**	**7 307 749**	**-**	**(55 753)**	**(14 138 129)**	**109 624 906**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

4. Property, Plant and Equipment (...continued)

Reconciliation of property, plant and equipment - 2018

Group	Opening Balance Pula	Additions Pula	Transferss Pula	Disposals / Write-off Pula	Depreciation Pula	Total Pula
Buildings	41 740 971	-	-	-	(1 204 778)	40 536 193
Furniture and fixtures	5 204 466	60 955	-	-	(1 312 343)	3 953 078
IT equipment	659 619	1 070 630	-	(3 223)	(668 042)	1 058 984
Land	2 135 700	-	-	-	-	2 135 700
Motor vehicles	1 591 163	463 333	-	-	(773 271)	1 281 225
Office equipment	4 446 053	48 272	-	-	(1 939 459)	2 554 866
Technical equipment (ASMS)	68 825 317	-	-	-	(8 821 519)	60 003 798
Capital work-in-progress	2 070	4 985 127	-	-	-	4 987 197
Total	**124 605 359**	**6 628 317**	**-**	**(3 223)**	**(14 719 412)**	**116 511 041**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

4. Property, Plant and Equipment (...continued)

Authority	2019			2018		
	Cost Pula	Accumulated Depreciation and Impairment Pula	Carrying Value Pula	Cost Pula	Accumulated Depreciation and Impairment Pula	Carrying Value Pula
Buildings	50 300 036	(10 688 020)	39 612 016	50 300 036	(9 763 842)	40 536 194
Furniture and fixtures	13 436 632	(9 855 224)	3 581 408	12 553 049	(8 599 972)	3 953 077
IT equipment	12 585 367	(11 140 668)	1 444 699	12 229 541	(11 251 611)	977 930
Land	2 135 700	-	2 135 700	2 135 700	-	2 135 700
Motor vehicles	3 878 394	(3 124 106)	754 288	3 389 199	(2 597 369)	791 830
Office equipment	13 415 751	(12 509 450)	906 301	13 342 479	(10 787 613)	2 554 866
Technical equipment (ASMS)	140 831 693	(88 434 827)	52 396 866	139 882 651	(79 878 853)	60 003 798
Capital work-in-progress	8 456 504	-	8 456 504	4 987 197	-	4 987 197
Total	**245 040 077**	**(135 752 295)**	**109 287 782**	**238 819 852**	**(122 879 260)**	**115 940 592**

Reconciliation of property, plant and equipment - 2019

Authority	Opening Balance Pula	Additions Pula	Transferss Pula	Disposals / Write-off Pula	Depreciation Pula	Total Pula
Buildings	40 536 193	-	-	-	(924 178)	39 612 016
Furniture and fixtures	3 953 078	920 450	-	(32 144)	(1 259 975)	3 581 408
IT equipment	977 930	1 270 224	-	(1 760)	(801 694)	1 444 699
Land	2 135 700	-	-	-	-	2 135 700
Motor vehicles	791 830	489 196	-	-	(526 737)	754 288
Office equipment	2 554 866	90 399	-	(21 849)	(1 717 114)	906 302
Technical equipment (ASMS)	60 003 798	949 043	-	-	(8 555 975)	52 396 866
Capital work-in-progress	4 987 197	3 469 307	-	-	-	8 456 504
Total	**115 940 592**	**7 188 619**	**-**	**(55 753)**	**(13 785 673)**	**109 287 782**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

4. Property, Plant and Equipment (...continued)

Reconciliation of property, plant and equipment - 2018

Authority	Opening Balance Pula	Additions Pula	Transferss Pula	Disposals / Write-off Pula	Depreciation Pula	Total Pula
Buildings	41 740 971	-	-	-	(1 204 778)	40 536 193
Furniture and fixtures	5 204 466	60 955	-	-	(1 312 343)	3 953 078
IT equipment	658 857	977 252	-	(3 223)	(654 957)	977 930
Land	2 135 700	-	-	-	-	2 135 700
Motor vehicles	834 813	463 333	-	-	(506 316)	791 830
Office equipment	4 446 053	48 272	-	-	(1 939 459)	2 554 866
Technical equipment (ASMS)	68 825 317	-	-	-	(8 821 519)	60 003 798
Capital work-in-progress	2 070	4 985 127	-	-	-	4 987 197
Total	**123 848 247**	**6 534 939**	**-**	**(3 223)**	**(14 439 372)**	**115 940 592**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

5. Financial assets by category

	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Financial assets at amortised cost				
Trade and other receivables	54 549 720	67 352 025	41 829 306	51 218 387
Cash and cash equivalents	392 009 649	356 608 474	182 774 396	168 013 475
	446 559 369	**423 960 499**	**224 603 702**	**219 231 862**

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

There are no credit ratings available in Botswana. The above banks have reported sound financial results and continued compliance with minimum capital adequacy requirements set by the regulator. None of the financial assets that are fully performing have been renegotiated during the year.

	Ratings	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Trade receivables	Group 1	-	-	-	-
	Group 2	36 164 566	35 997 313	25 516 261	27 834 815
Receivable from CRASA	Not rated	1 473 406	1 879 408	1 473 406	1 879 408
Staff debtors	Not rated	208 400	465 102	208 400	465 102
Cash at bank and Short-term deposits	Not rated	392 007 649	356 606 474	182 772 396	168 011 475
Deposits	Not rated	54 007	54 007	54 007	54 007
Other Receivables	Not rated	10 229 274	12 033 350	10 229 274	12 033 350

Key:

Group 1 = new customers (less than 6 months).

Group 2 = existing customers (more than 6 months) with no default in the past.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

6. Trade and other receivables

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Trade receivables	46 612 601	55 093 250	33 210 729	38 959 612
Less: Impairment	(4 027 967)	(2 173 092)	(3 346 510)	(2 173 092)
Trade receivables (net)	42 584 634	52 920 158	29 864 219	36 786 520
Other receivables	10 229 274	12 033 350	10 229 274	12 033 350
Deposits	54 007	54 007	54 007	54 007
Staff debtors	208 400	465 102	208 400	465 102
Receivable from CRASA	1 473 406	1 879 408	1 473 406	1 879 408
Prepayments	1 888 495	1 526 212	1 861 569	1 526 212
	56 438 216	**68 878 237**	**43 690 875**	**52 744 599**
Trade debtors are unsecured and do not attract interest.				
Trade receivables which are fully performing	36 164 566	35 997 313	25 516 261	27 834 815

Exposure to credit risk

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

Management evaluates the credit risk relating to customers on an on-going basis especially on major customers by obtaining their latest financial statements, budgets, etc, and where appropriate, makes adequate provisions for bad and doubtful debts.

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

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

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.

Trade receivables also include large operators comprising Public Telecommunications Operators (PTOs). The Authority individually assess the exposure to credit risk of each of these entities and measures the loss allowance on these entities based on balances that are outstanding more than 90 days.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

6. Trade and other receivables (...continued)

Exposure to credit risk (...continued)

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 loss is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	Estimated gross carrying amount at default 2019 Pula	Loss allowance (Lifetime expected credit loss) 2019 Pula	Estimated gross carrying amount at default 2018 Pula	Loss allowance 2018 Pula
Current	34 309 422	10 799	31 417 536	-
1-30 days	1 855 144	23 868	4 579 777	-
Fully performing	**36 164 566**	**34 667**	**35 997 313**	**-**
31-60 days	345 141	23 443	4 463 400	-
61-90 days	1 877 248	76 478	8 983 600	-
Past due but not impaired	**2 222 389**	**99 921**	**13 447 000**	**-**
Over 90 days- impaired	8 225 646	3 893 379	5 648 937	2 173 092
Total	**46 612 601**	**4 027 967**	**55 093 250**	**2 173 092**

Authority	Estimated gross carrying amount at default 2019 Pula	Loss allowance (Lifetime expected credit loss) 2019 Pula	Estimated gross carrying amount at default 2018 Pula	Loss allowance 2018 Pula
Current	23 661 117	9 619	27 067 199	-
1-30 days	1 855 144	23 867	767 616	-
Fully performing	**25 516 261**	**33 486**	**27 834 815**	**-**
31-60 days	114 380	23 443	31 532	-
61-90 days	1 800 838	46 172	6 290 025	-
Past due but not impaired	**1 915 218**	**69 615**	**6 321 557**	**-**
Over 90 days- impaired	5 779 250	3 243 408	4 803 240	2 173 092
Total	**33 210 729**	**3 346 509**	**38 959 612**	**2 173 092**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

6. Trade and other receivables (...continued)

Movement in the loss allowance for receivables

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Opening balance calculated under IAS 39	**2 173 092**	**1 833 803**	**2 173 092**	**1 833 803**
Amount restated through retained earnings-Transitional IFRS 9 adjustment	786 512	-	330 770	-
Opening impairment allowance as at 1 April 2018-Calculated under IFRS 9	**2 959 604**	**1 833 803**	**2 503 862**	**1 833 803**
Provision for the year	1 068 363	470 413	842 647	470 413
Reversals		(131 124)		(131 124)
Closing balance	**4 027 967**	**2 173 092**	**3 346 509**	**2 173 092**

7. Cash and cash equivalents

Cash on hand	2 000	2 000	2 000	2 000
Bank balances	96 057 949	61 848 943	29 725 612	10 646 083
Short-term deposits	295 949 700	294 757 531	153 046 784	157 365 392
	392 009 649	**356 608 474**	**182 774 396**	**168 013 475**

For the purpose of the cash flow statement the year-end cash and cash equivalents comprise of following;

Cash on hand	2 000	2 000	2 000	2 000
Bank balances	96 057 949	61 848 943	29 725 612	10 646 083
Short-term deposits	295 949 700	294 757 531	153 046 784	157 365 392
	392 009 649	**356 608 474**	**182 774 396**	**168 013 475**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

8. Deferred tax

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Deferred tax assets	258 152	-	258 152	-
Deferred tax liabilities	(1 326 734)	(579 972)	(1 326 734)	(579 972)
	(1 068 582)	**(579 972)**	**(1 068 582)**	**(579 972)**
Movement in deferred taxation				
Deferred taxation at beginning of year	(579 972)	-	(579 972)	-
Charges to the statements of changes in equity	72 769	-	72 769	-
Charged to the statements of comprehensive income	(561 379)	(561 379)	(561 379)	(579 972)
Deferred taxation at end of year	**(1 068 582)**	**(561 379)**	**(1 068 582)**	**(579 972)**
Broken down as:				
Provision for loss allowances	258 152	-	258 152	-
Differences in tax and accounting depreciation	(1 326 734)	(561 379)	(1 326 734)	(579 972)
	(1 068 582)	**(561 379)**	**(1 068 582)**	**(579 972)**

9. Universal Access and Service Fund

Opening balance	20 374 296	12 368 021	20 374 296	12 368 021
Transferred to accumulated surplus for utilisation in operatiing activities as approved by the Minister under section 29 (4)	(18 500 000)	-	(18 500 000)	-
Transfer from accumulated surplus	5 065 019	20 374 296	-	-
Amount paid during the year to Universal Access and Service Fund Trust	(1 874 296)	(12 368 021)	(1 874 296)	(12 368 021)
Excess of income over expenditure allocated to the Universal Access and Service Fund Trust	-	-	5 065 019	20 374 296
Closing balance	**5 065 019**	**20 374 296**	**5 065 019**	**20 374 296**

The Trust was maintained in accordance with the requirements of Section 29(3) of the Communications Regulatory Act, 2012. This Trust is not distributable and cannot be utilised except for funds approved by Minister under section 29 (4).

Universal Access and Service Fund Trust came in to existence in April 2014 and consolidated for Group reporting purposes. Therefore the surplus has been classified as a liability in the Authority and classified as a reserve at the Group level.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

10. Trade and other payables

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Trade payables	-	412 679	-	-
VAT payable	121 148	767 273	121 148	767 273
Employee cost accruals	8 318 105	7 404 959	8 318 105	7 404 959
Other accrued expenses	8 720 199	12 026 713	8 720 199	12 026 713
Deposits received	82 244	73 985	82 244	73 985
Other payables	13 089 094	3 791 939	2 929 347	3 629 031
	30 330 790	**24 477 548**	**20 171 043**	**23 901 961**

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:

Financial liabilities at amortised cost				
Universal Access and Service Fund Trust	-	-	5 065 019	20 374 296
Trade and other payables	21 891 537	16 305 316	11 731 790	15 729 729
	21 891 537	**16 305 316**	**16 796 809**	**36 104 025**

12. Revenue

Turnover fees - Telecommunications	90 228 477	100 059 107	90 228 477	100 059 107
Turnover fees - Postal	1 109 995	1 263 643	1 109 995	1 263 643
Turnover fees -Broadcasting	910 510	498 631	910 510	498 631
Radio license fees	15 180 337	20 785 745	15 180 337	20 785 745
System license fees	7 437 768	6 531 127	7 437 768	6 531 127
Service license fees	2 170 296	1 730 092	2 170 296	1 730 092
UASF Levy	43 295 865	48 900 747	-	-
Others	1 246 498	1 276 353	1 246 498	1 276 353
	161 579 746	**181 045 445**	**118 283 881**	**132 144 698**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

13. Operating expenses

Major categories of operating expenses:	Notes	Group 2019 Pula	Group 2018 Pula	Authority 2019 Pula	Authority 2018 Pula
Employee costs	14(a)	52 479 243	49 909 796	52 479 243	49 909 796
Depreciation	4	14 138 129	14 719 412	13 785 673	14 439 372
Impairments on receivables		1 068 363	470 413	842 647	470 413
Consulting and professional fees		10 047 301	1 530 817	10 018 851	1 530 817
Project expenses		40 166 674	35 168 788	-	-
Conference expenses		7 649 550	4 246 393	7 479 972	4 210 207
Travel expenses		4 044 049	3 707 031	4 044 049	3 707 031
Repairs and maintenance		5 195 673	3 904 603	5 179 453	3 899 284
Security charges		1 955 390	1 529 757	1 955 390	1 529 757
Training		4 954 153	3 088 471	4 954 153	2 959 202
Internet charges		1 348 326	2 215 749	1 348 326	2 215 749
Advertising		3 004 230	3 415 919	2 302 419	2 296 007
Donations		678 536	1 030 117	678 536	1 030 117
Board expenses		1 944 691	2 975 519	1 202 215	2 358 936
Legal expenses		478 230	9 020 634	478 230	9 020 634
Other expenses		14 101 982	12 979 743	13 422 813	12 518 202
		163 254 519	**149 913 162**	**120 171 970**	**112 095 524**

14. Surplus for the year before finance income for the year is stated after accounting for the following:

Profit on sale of property, plant and equipment	24 370	200 260	24 370	200 260
Depreciation on property, plant and equipment	14 138 129	14 719 412	13 785 672	14 439 372
Project expenses	40 166 674	35 168 788	-	-
Consulting fees	10 047 301	1 530 817	10 018 851	1 530 817
Employee costs (refer note (a) below)	52 479 243	49 909 796	52 479 243	49 909 796
(a) Employee costs:				
Salaries and wages	38 260 231	36 563 183	38 260 231	36 563 183
Pension - defined contribution plan	5 259 170	5 062 666	5 259 170	5 062 666
Other employee benefits	8 959 842	8 283 947	8 959 842	8 283 947
	52 479 243	**49 909 796**	**52 479 243**	**49 909 796**
Average number of employees	84	84	84	84

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

15. Finance income

	Group		Authority	
	2019	2018	2019	2018
	Pula	Pula	Pula	Pula
Bank	335 957	269 398	42 133	39 194
Income from short-term investments	11 691 776	8 984 482	6 180 999	5 040 487
	12 027 733	**9 253 880**	**6 223 132**	**5 079 681**

16. Taxation

Income tax expense				
Current tax:				
Basic tax at 22% (2018: 22%)	1 271 380	5 578 427	1 271 380	5 578 427
Deferred income tax:				
Temporary differences	561 379	579 972	561 379	579 972
Income tax expense	**1 832 759**	**6 158 399**	**1 832 759**	**6 158 399**

The tax on Group and Authority's profit before tax differs from theoretical amount that would arise using the basic tax rate as follows:

Surplus before income tax	**12 915 695**	**41 792 243**	**6 897 778**	**26 532 695**
Tax calculated at applicable tax rates of 22%	2 841 453	9 194 293	1 517 511	5 837 193
Tax effects of:				
- Expenses not deductible for tax purposes	193 278	226 626	193 278	226 626
Timing differences not recognised in the previous year	121 970	-	121 970	94 580
Income not chargeble for tax purposes	(1 323 942)	(3 262 520)	-	-
Income tax expense	**1 832 759**	**6 158 399**	**1 832 759**	**6 158 399**

17. Auditors' remuneration

Fees	217 883	186 780	163 308	128 568

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

18. Cash generated from operations

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Surplus for the year before tax	12 915 695	41 792 243	6 897 778	26 532 695
Adjustments for:				
Depreciation	14 138 129	14 719 412	13 785 673	14 439 372
Profit on sale of assets	(24 370)	(200 260)	(24 370)	(200 260)
Interest received	(12 027 733)	(9 253 880)	(6 223 132)	(5 079 681)
Fair value adjustments	(200 000)	(210 000)	(200 000)	(210 000)
Movement in provisions	(713 742)	-	(258 001)	-
Changes in working capital:				
Trade and other receivables	12 440 021	(37 577 947)	9 053 724	(28 505 052)
Trade and other payables	5 853 241	7 153 870	(3 730 918)	6 578 282
	32 381 241	**16 423 438**	**19 300 754**	**13 555 356**

19. Commitments

Operating leases – as lessor (income) lease payments due				
- within one year	461 667	437 687	461 667	437 687

Lease agreements are cancellable and have the terms 1 to 2 years. The rentals are renegotiated at the anniversary of the lease agreements to align with the open market rates. There are no contingent rents receivable.

20. Contingencies

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' housing loan, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P Nil (2018: P 17,478,358).

Guarantee issued by the Authority in favour of First National Bank of Botswana Limited towards the employees' personal loan, wherein Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P Nil (2018: P 5,657,945).

Guarantee issued by the Authority in favour of Bank of Baroda (Botswana) Limited towards the employees' personal loans, wherein the Authority has guaranteed up to 100% of the outstanding balance. The balance outstanding at the reporting date under this guarantee amounts to P1,137,490 (2018: P 1,266,252).

Guarantee issued by the Authority in favour of WesBank (a division of First National Bank of Botswana Limited) towards guarantee for employees' car loan, with a maximum facility of P 5,000,000, wherein the Authority has guaranteed up to 50% of the outstanding balance. The balance outstanding at the balance sheet date under this guarantee amounts to P Nil (2018: P4,812,662).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

21. Related parties

Related parties

The Authority is wholly owned by the Government of Botswana. It therefore has a significant number of related parties including other stated owned entities. Government departments and all other entities, within the national sphere of Government.

The revenue from the related parties has been quantified based on the information available.

Members of the Board - Refer to Page 80

Members of key management

M. Mokgware (Chief Executive)
T. Kepaletswe
B. Mine
B. Luke
N. Katse
M. Setshwane
T. Mmoshe
P. Tladinyane
C. Phiase
J. Isa - Molwane
A. Nyelesi
T. Mogopa

Related party balances

	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Amounts included in Trade and other receivables/ (Trade and other payables) regarding related parties as;				
Botswana Telecommunications Corporation Limited	10 561 710	14 501 808	7 430 533	10 319 156
Botswana Post	3 775 603	1 707 745	1 509 434	500 961
Botswana Fibre Network	2 818 611	2 808 480	2 157 689	2 020 704
Communications Regulators' Association of Southern Africa	1 473 406	1 879 408	1 473 406	1 879 408
Other balances owing to related parties at year-end were:				
Universal Access and Service Fund Trust (subsidiary)	-	-	(5 065 019)	(20 374 296)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

21. Related parties (...continued)

	Group		Authority	
	2019	2018	2019	2018
	Pula	Pula	Pula	Pula
Related party transactions				
i) Board expenses				
Sitting allowances	218 331	443 073	172 431	354 561
Travelling allowances	1 091 895	1 706 652	698 078	1 352 030
Cell phone allowances	213 406	74 214	194 056	34 650
Conferences expenses	421 059	751 580	137 650	617 695
	1 944 691	**2 975 519**	**1 202 215**	**2 358 936**
ii) Sale of services rendered				
Botswana Telecommunications Corporation Limited	47 380 629	54 313 485	32 722 329	41 918 733
Botswana Post	1 823 586	1 887 667	756 167	746 056
Botswana Fibre Network	9 557 547	6 873 640	6 657 642	4 295 022
iii) Project costs (subsidies) paid to related parties				
Botswana Fibre Network	-	3 492 305	-	-
iv) Compensation to key management				
Remuneration paid	16 247 279	9 841 983	16 247 279	9 841 983
Other long-term employee benefits	2 091 705	1 485 794	2 091 705	1 485 794
	18 338 984	**11 327 777**	**18 338 984**	**11 327 777**

22. Risk management

Capital risk management

The Group's objectives when managing funds are to safeguard the Group's ability to continue as a going concern in order to provide effective oversight on the telecommunication, broadcasting and postal services operators and create sufficient funds for development of world class facilities to monitor its activities.

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 7, and accumulated surplus as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

22. Risk management (...continued)

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

Risk management is carried out by the key management of the Authority and under policies approved by the board. The Board provides written principles for overall risk management.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Less than 1 year Pula	Between 1 and 2 years Pula
As at 31 March 2019		
Trade and other payables	21 891 537	-
As at 31 March 2018		
Trade and other payables	16 305 316	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

22. Risk management (...continued)

Liquidity risk (...continued)

Authority	Less than 1 year Pula	Between 1 and 2 years Pula
As at 31 March 2019		
Trade and other payables	21 891 537	-
Universal Access and Service Fund Trust	5 065 019	-
	26 956 556	**-**
As at 31 March 2018		
Trade and other payables	15 729 729	-
Universal Access and Service Fund Trust	20 374 296	-
	36 104 025	**-**

Interest rate risk

The Group is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments.

The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The Group places its funds both in fixed interest earning deposits (fixed deposits) and fluctuating interest earning deposits which are adjusted on a short-term basis based on changes in the prevailing market related interest rates.

Further, these deposits are due on demand. The fixed deposits for the Group amounts to P 293 million (2018: P 294 million) and for Authority amounts to P 152.5 million (2018: P 156.9 million). These deposits are exposed to cash flow interest rate risk.

However, considering the short-term maturity between 14 and 91 days for these deposits, these risks are minimised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

22. Risk management (...continued)

Cash flow interest rate risk - 2019

Authority	Current Interest Rate	Group Due in less than one year Pula	Authority Due in less than one year Pula
3 months fixed deposits	4,50%	38 277 239	38 277 239
3 months fixed deposits	4,00%	46 320 431	46 320 431
3 months fixed deposits	4,25%	10 400 183	10 400 183
3 months fixed deposits	4,00%	52 369 201	52 369 201
3 months fixed deposits	4,25%	43 029 710	-
Stanlib money market fund	4,15%	97 836 111	-
Stanlib money market fund	4,15%	5 124 922	5 124 922
		293 357 797	**152 491 976**

Credit risk

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

Year-end trade receivables comprise mainly of three major operators from the telecommunication sector, amounting to P35.73 million for Group (2018: P49.79 million) and P26.43 million (2018: P 32.96 million) for the Authority.

Management evaluates the credit risk relating to customers on an on-going basis especially on major customers by obtaining their latest financial statements, budgets, etc, and where appropriate, makes adequate provisions for bad and doubtful debts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

22. Risk management (...continued)

Credit risk (...continued)

Financial assets exposed to credit risk at year end were as follows:

	Group		Authority	
	2019	2018	2019	2018
	Pula	Pula	Pula	Pula
Trade and other receivables	54 549 720	67 352 025	41 829 306	51 164 380
Barclays Bank Botswana Limited	5 803 255	20 282 583	5 803 255	7 914 562
Stanbic Bank Botswana Limited	63 827 729	36 329 598	-	-
Bank of Baroda Botswana Limited	52 381 761	50 425 939	52 381 761	50 425 939
First National Bank of Botswana Limited	20 828 145	35 230	20 828 145	35 230
Standard Chartered Bank of Botswana Limited	145 651 548	140 563 397	98 080 135	94 865 029
Investment in Stanlib Money Market Fund	102 961 033	108 971 727	5 124 922	14 772 715
	446 003 191	**423 960 499**	**224 047 524**	**219 177 855**

Foreign exchange risk

There are no foreign currency exposures outstanding at the year end. The Group does not hedge foreign exchange fluctuations.

23. Fair value measurement

Investment property
Level 3: Inputs for the asset or liability that are not based on observable market data.

Plot 4965, Extension 15, Village, Gaborone	9 900 000	9 700 000	9 900 000	9 700 000

The amounts shown above represents the level within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2019.

The freehold property fair value information disclosed above is based on the independent valuers report.

The independent valuation was carried out on 24 June 2019. Refer to details under note 3.

The investment property comprises of Plot 4965, Gaborone. The fair value of this property determined by independent valuers is P 9 900 000.

The fair value of this property is estimated based on the data on recently transacted properties duly adjusted to reflect the subject assets uniqueness.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (...continued)

For the year ended 31 March 2019

23. Fair value measurement (...continued)

Investment property (...continued)

The reconciliation of the carrying amounts of non financial assets classified within Level 3 is as follows:

Investment property	Group		Authority	
	2019 Pula	2018 Pula	2019 Pula	2018 Pula
Opening balance	9 700 000	9 490 000	9 700 000	9 490 000
- increase in fair value of investment property	200 000	210 000	200 000	210 000
Balance at 31 March	**9 900 000**	**9 700 000**	**9 900 000**	**9 700 000**

24. Events after the reporting date

There have been no subsequent events identified by management which require disclosure or adjustment in these financial statements.

DETAILED INCOME STATEMENT

For the year ended 31 March 2019

	Group		Authority	
	2019	2018	2019	2018
	Pula	Pula	Pula	Pula
Revenue				
Turnover fees - Telecommunications	90 228 477	100 059 107	90 228 477	100 059 107
Turnover fees - Postal	1 109 995	1 263 643	1 109 995	1 263 643
Turnover fees - Broadcasting	910 510	498 631	910 510	498 631
Radio license fees	15 180 337	20 785 745	15 180 337	20 785 745
System licence fees	7 437 768	6 531 127	7 437 768	6 531 127
Service license fees	2 170 296	1 730 092	2 170 296	1 730 092
UASF Levy	43 295 865	48 900 747	-	-
Others	1 246 498	1 276 353	1 246 498	1 276 353
	161 579 746	**181 045 445**	**118 283 881**	**132 144 698**
Other income				
Gains on disposal of assets	24 370	200 260	24 370	200 260
Other income	1 876 698	427 009	1 876 698	424 769
Bad debts recovered	-	131 124	-	131 124
Rental income	461 667	437 687	461 667	437 687
	2 362 735	**1 196 080**	**2 362 735**	**1 193 840**
Interest received	12 027 733	9 253 880	6 223 132	5 079 681
Fair value adjustments	200 000	210 000	200 000	210 000
	12 227 733	**9 463 880**	**6 423 132**	**5 289 681**
Total income	**176 170 214**	**191 705 405**	**127 069 748**	**138 628 219**
Expenses (refer to page 129)	(163 254 519)	(149 913 162)	(120 171 970)	(112 095 524)
Surplus for the year before tax	**12 915 695**	**41 792 243**	**6 897 778**	**26 532 695**

The detailed income statement does not form part of the audit opinion expressed on page numbers 83 to 87.

DETAILED INCOME STATEMENT (...continued)

For the year ended 31 March 2019

	Group		Authority	
	2019	2018	2019	2018
Operating expenses	Pula	Pula	Pula	Pula
Advertising	(3 004 230)	(3 415 919)	(2 302 419)	(2 296 007)
Assessment rates and municipal charges	(163 223)	(33 329)	(163 223)	(33 329)
Auditors remuneration	(217 883)	(186 780)	(163 308)	(128 568)
Impairments on receivables	(1 068 363)	(470 413)	(842 647)	(470 413)
Bank charges	(134 216)	(114 228)	(125 357)	(109 769)
Board expenses	(1 944 691)	(2 975 519)	(1 202 215)	(2 358 936)
Cleaning	(481 438)	(304 527)	(481 438)	(304 527)
Computer expenses	(1 987 380)	(1 884 775)	(1 987 380)	(1 884 775)
Conference expenses	(7 649 550)	(4 246 393)	(7 479 972)	(4 210 207)
Consulting and professional fees	(10 047 301)	(1 530 817)	(10 018 851)	(1 530 817)
Consumables	(38 214)	(34 617)	(38 214)	(34 617)
Depreciation, amortisation and impairments	(14 138 129)	(14 719 412)	(13 785 673)	(14 439 372)
Donations	(678 536)	(1 030 117)	(678 536)	(1 030 117)
Employee costs	(52 479 243)	(49 909 796)	(52 479 243)	(49 909 796)
Entertainment	(10 712)	(89 803)	(10 712)	(35 270)
Functions hosted by Authority	(3 089 753)	(1 095 209)	(3 078 550)	(1 042 132)
Insurance	(637 935)	(522 898)	(602 032)	(484 206)
Internet expenses	(1 348 326)	(2 215 749)	(1 348 326)	(2 215 749)
Legal expenses	(478 230)	(9 020 634)	(478 230)	(9 020 634)
Magazines, books and periodicals	(110 370)	(243 776)	(110 370)	(243 776)
Motor vehicle expenses	(221 799)	(241 523)	(172 189)	(216 654)
Postage	(26 720)	(42 719)	(26 720)	(42 719)
Printing and stationery	(996 575)	(1 052 229)	(991 696)	(824 530)
Project expenses	(40 166 674)	(35 168 788)	-	-
Protective clothing	(8 469)	(1 670)	(8 469)	(1 670)
QoS Monitoring Costs	(1 344 686)	(2 611 929)	(1 344 686)	(2 611 929)
Repairs and maintenance	(5 195 673)	(3 904 603)	(5 179 453)	(3 899 284)
Secretariat Costs	(514 138)	-	-	-
Security	(1 955 390)	(1 529 757)	(1 955 390)	(1 529 757)
Staff Recruitment expenses	(190 217)	(586 593)	(190 217)	(586 593)
Staff welfare	(1 670 340)	(1 545 456)	(1 670 340)	(1 545 456)
Subscriptions	(907 218)	(972 641)	(907 218)	(972 641)
Telephone and fax	(635 139)	(454 649)	(635 139)	(454 649)
Training	(4 954 153)	(3 088 471)	(4 954 153)	(2 959 202)
Training levy	104 766	(59 379)	104 766	(59 379)
Travel	(4 044 049)	(3 707 031)	(4 044 049)	(3 707 031)
Utilities	(820 323)	(901 013)	(820 323)	(901 013)
	(163 254 519)	**(149 913 162)**	**(120 171 970)**	**(112 095 524)**

The detailed income statement does not form part of the audit opinion expressed on page numbers 83 to 87.

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