MAITLAMO SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
(Registration number 146)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

Director for Co-operative Development
23 FEB 2017
Tel: 3102315
P O Box 86, Gaborone, Botswana

BAKER TILLY
GWATIDZO

General Information

Country of incorporation and domicile	Botswana	
Nature of business and principal activities	A co-operative society of the employees of the Botswana Power Corporation.The society is registered as a co-operative society in terms of the Co-operative Societies Act,2013. The society is a self-help entity for the welfare of its members.It receives savings deposits from its members and it also advances loans to its members.	
Directors	Mr. Tumelo Abednico	[Chairperson]
	Mr. Zwibodo William	[Deputy Chairperson]
	Mr.Tumelo Motlamma	[Secretary]
	Mr. Mpho Ramacha	[Deputy Secretary]
	Mr. Moremi Mogapi	[Treasurer]
	Mr. Philemon Maemo	
	Mr. Mosekaphofu Magosi	
	Mr. Mokwaledi Phalalo	
	Mr.Timothy Chaba	
	Ms. Pinkie Tom	[Ex officio -Manager]
Registered office	Motlakase House Gaborone Botswana	
Postal address	P.O. Box 81773 Molapo Crossing Gaborone, Botswana	
Bankers	Stanbic Bank of Botswana Limited Barclays Bank of Botswana Limited	
Auditors	Baker Tilly Gwatidzo Chartered Accountants	
Co-operative registration number	146	
Date of Registration	17 September 1986	

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The reports and statements set out below comprise the financial statements presented to the members:

Management Board's Responsibilities and Approval

The management board are required by the Co-operative Societies Act, 2013, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Co-operative Society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards. The external auditor's is engaged to express an independent opinion on the financial statements.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Co-operative Society and place considerable importance on maintaining a strong control environment. To enable the management to meet these responsibilities, the management 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 Co-operative Society and all employees are required to maintain the highest ethical standards in ensuring the Co-operative Society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Co-operative Society is on identifying, assessing, managing and monitoring all known forms of risk across the Co-operative Society. While operating risk cannot be fully eliminated, the Co-operative Society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The management board is satisfied that the Co-operative Society has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the Co-operative Society's financial statements. The financial statements have been examined by the Co-operative Society's external auditor's and their report is presented on page 4 - 5.

The financial statements set out on pages 6 to 22, which have been prepared on the going concern basis, were approved by the management board on 09 / 12 / 2016 and were signed on its behalf by:

Approval of financial statements

Chairperson

Treasurer

BAKER TILLY
GWATIDZO

Chartered Accountants (Botswana)
Unit 3B, RDC Tsuma,
Plot 50669, Fairgrounds,
Gaborone Botswana
Tel: +267 3916650, 3916659

www.bakertillygwatidzo.co.bw

Independent Auditor's Report

To the Members of Maitlamo Savings and Credit Co-operative Society Limited

Report on the Financial Statements

We have audited the financial statements of Maitlamo Savings and Credit Co-operative Society Limited, as set out on pages 7 to 22, which comprise the statement of financial position as at 30 April 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Members' Responsibility for the financial statements

The Co-operative Society's management board are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and requirements of the Co-operative Societies Act, 2013, and for such internal control as the management board determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Co-operative Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Director for Co-operative Development
23 FEB 2017
Tel: 3102315
P O Box 86, Gaborone, Botswana

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maitlamo Savings and Credit Co-operative Society Limited as at 30 April 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and the requirements of the Co-operative Societies Act, 2013.

Report on Other Legal and Regulatory Requirements

As required by the Co-operative Societies Act, 2013 we report to you, based on our audit, that:
-we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
-in our opinion proper books of account have been kept by the Co-operative Society, so far as appears from our examination of those books; and
-the Co-operative Society's statement of financial position and profit and loss account are in agreement with the books of account.

Other matter

The financial statements for Maitlamo Savings and Credit Co-operative Society Limited for the year ended 30 April 2015 were audited by another auditor.

Baker Tilly Gwatidzo
Chartered Accountants
Practicing Member: Samuel N. Njanji
Certified Auditor: 20140132

Unit 3B, Tholo Office Park
RDC Tsuma, Plot 50669
Fairgrounds
Gaborone, Botswana

Management Board's Report

The management board have pleasure in submitting their report on the financial statements of Maitlamo Savings and Credit Co-operative Society Limited for the year ended 30 April 2016.

1. Incorporation

The Savings and Credit Co-operative Society was incorporated on 17 September 1986 and obtained its certificate to commence business on the same day.

2. Nature of business

Savings and Credit Co-operative Society.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Co-operative Societies Act, 2013. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Events after the reporting period

The management board is not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

Baker Tilly Gwatidzo were appointed auditors in accordance with the requirements of the Co-operative Societies Act, 2013.

Statement of Financial Position as at 30 April 2016

	Note(s	2016 P	2015 P
Assets			
Non-Current Assets			
Property, plant and equipment	2	650 071	603 941
Current Assets			
Trade and other receivables	3	43 566 531	51 562 447
Other financial assets	4	651 230	3 387 885
Cash and cash equivalents	5	5 412 404	2 612 644
		49 630 165	**57 562 976**
Total Assets		**50 280 236**	**58 166 917**
Equity and Liabilities			
Equity			
Share capital	6	396 400	385 000
Reserves		3 568 240	3 041 930
Retained income		9 308 966	9 082 279
		13 273 606	**12 509 209**
Liabilities			
Non-Current Liabilities			
Gratuity provision		126 395	176 675
Current Liabilities			
Trade and other payables	7	7 517 695	14 806 763
Members' savings	13	29 362 540	30 674 270
		36 880 235	**45 481 033**
Total Liabilities		**37 006 630**	**45 657 708**
Total Equity and Liabilities		**50 280 236**	**58 166 917**

Statement of Comprehensive Income

	Note(s)	2016 P	2015 P
Revenue	8	**6 620 712**	**6 328 979**
Other income			
Joining fees		8 800	8 050
Merchandise sales		-	24 575
Rental income		23 000	13 350
Interest received	10	142 137	348 812
		173 937	**394 787**
Expenses (Refer to page 9)		**(4 592 965)**	**(3 532 242)**
Operating profit		**2 201 684**	**3 191 524**
Interest incurred on members' savings	11	(1 448 687)	(1 300 000)
Profit for the year		**752 997**	**1 891 524**
Other comprehensive income		-	-
Total comprehensive income for the year		**752 997**	**1 891 524**

Statement of Comprehensive Income

	Note(s)	2016 P	2015 P
Operating expenses			
Administration expenses		18 600	40 006
Advertising		-	82 845
Annual general meeting		290 061	368 539
Auditors remuneration	14	101 900	134 800
Bad debts		1 604 565	-
Bank charges		154 337	161 456
Committee expenses		753 591	1 202 661
Depreciation		59 282	41 061
Employee costs		1 197 185	1 152 486
Entertainment		30 000	26 564
Internship		13 197	20 240
International visits		116 518	36 702
Insurance		37 991	-
Legal expenses		-	63 526
Motor vehicle expenses		16 963	24 902
Printing and stationery		126 136	71 834
Repairs and maintenance		-	19 000
Security		22 397	9 915
Staff welfare		-	27 622
Telephone and fax		50 242	48 083
		4 592 965	**3 532 242**

Statement of Changes in Equity

	Share capital	Revaluation reserve	Statutory Reserve	Total reserves	Retained income	Total members' equity
	P	P	P	P	P	P
Balance at 01 May 2014	**372 000**	**-**	**2 498 803**	**2 498 803**	**7 663 632**	**10 534 435**
Profit for the year	-	-	-	-	1 891 524	1 891 524
Other comprehensive income	-	70 246	-	70 246	-	70 246
Total comprehensive income for the year	**-**	**70 246**	**-**	**70 246**	**1 891 524**	**1 961 770**
Appropriation to statutory reserve	-	-	472 881	472 881	(472 877)	4
Changes in ownership interests	13 000	-	-	-	-	13 000
Total contributions by and distributions recognised directly in equity	**13 000**	**-**	**472 881**	**472 881**	**(472 877)**	**13 004**
Balance at 01 May 2015	**385 000**	**70 246**	**2 971 684**	**3 041 930**	**9 082 279**	**12 509 209**
Profit for the year	-	-	-	-	752 997	752 997
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**752 997**	**752 997**
Appropriation to statutory reserve	-	-	526 310	526 310	(526 310)	-
Changes in ownership interests	11 400	-	-	-	-	11 400
Total contributions by and distributions recognised directly in equity	**11 400**	**-**	**526 310**	**526 310**	**(526 310)**	**11 400**
Balance at 30 April 2016	**396 400**	**70 246**	**3 497 994**	**3 568 240**	**9 308 966**	**13 273 606**
Note(s)	6					

Statement of Cash Flows

	Note(s)	2016 P	2015 P
Cash flows from operating activities			
Cash generated from (used in) operations	12	2 775 397	(3 752 556)
Interest income		142 137	348 812
Interest incurred on members' savings		(1 448 687)	(1 300 000)
Net cash from operating activities		**1 468 847**	**(4 703 744)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(105 412)	(89 526)
Sale of financial assets		2 736 655	(3 387 885)
Net cash from investing activities		**2 631 243**	**(3 477 411)**
Cash flows from financing activities			
Proceeds on share issue	6	11 400	13 000
Repayment of members' savings		(1 311 730)	4 073 207
Movement in long term staff gratuity		-	(131 833)
Net cash from financing activities		**(1 300 330)**	**3 954 374**
Total cash movement for the year		**2 799 760**	**(4 226 781)**
Cash at the beginning of the year		2 612 644	6 839 425
Total cash at end of the year	5	**5 412 404**	**2 612 644**

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards, and the Co-operative Societies Act, 2013. The financial statements have been prepared on the historical cost basis, except for measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Botswana Pula.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

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 is 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. Signficant judgments include:

Loans and receivables

The Society assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairement loss should be recorded in profit or loss, the Co-operative society makes judgment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairement for the loans and receivable is calculated on a portifolio 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 .These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairement Testing

The recoverable amounts of individual assets have been determined based on the higher of value in use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions.

The Co-operative society reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could change over time. They are signficantly affected by a number of factors including the growth in the loan and savings books of the Society, together with economic factors such as exchange rates and interest rates.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items which the Society holds for its own use or for rental to others which are expected to be used for more than one year.

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

Accounting Policies

1.2 Property, plant and equipment (continued)

Property,plant and equipment is initially measured at cost.Cost 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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services,additions to or replacements of parts of property ,plant and equipment are capitalised if it is probable that future economic benefits with the expenditure will flow to the Society and the cost can be measured reliably .Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Average useful life
Buildings	40 Years
Furniture and fixtures	5 Years
Motor vehicles	5 Years
Office equipment	5 Years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.Any gain or loss arising from the derecognition of an item of property,plant and equipment is included in profit or loss when the item is derecognised.Any 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

1.3 Financial instruments

Classification

The Co-operative society classifies financial assets and financial liabilities into the following categories:
- Loans and Receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained /incurred and takes place at initial recognition. Classification is re-assessed on an annual basis ,except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Society becomes a party to the contractual provisions of the instruments.

The Co-operative society classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for wich a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction cost are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amormotised cost, using the effective interest method, less accumulated imparment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Co-operative society establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Accounting Policies

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Co-operative society assesses all financial assets, other than those at fair value through profit or loss to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Co-operative society, signficant financial difficulties off the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairement.

In the case of equity securities classified as available-for-sale, a signficant or prolonged decline in the fair value of the security below its cost is considered an indicator of imapirment. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisation cost and current fair value, less any impairment loss on that financial asset previosly recognised in profit or loss -is removed from equity as a reclasssification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available for sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previosly written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Signficant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial eorganisation, and deault or delinquency in payments are considered indicators that the trade receivable is impaired.The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounting Policies

1.3 Financial instruments (continued)

Trade and other receivables (continued)

The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognised in profit or loss withing operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expense in profit or loss.

Trade and other receivables are classified as loans and receivables.

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 insignifcant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value,and are subequently measured at amortised cost using the effective interest rate method.Any difference between the proceeds(net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Co-operative society's accounting policy for borrowing costs.

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.Interest on loans to members is computed on a monthly basis and it is charged to the loan accounts at the end of each month.

1.6 Credit life fund

This is an insurance fund operated by the Society to cover losses on ordinary and emergency loans on the death of members. All loans advanced to members are disbursed net of credit life premiums which range between 1% and 1.2% of the loan account .These premiums are polled together and they are used to settle members'loan balances when they pass away.

The fund is accounted for as a liability and claims reduce the liability.

Accounting Policies

1.7 News Standards and interpretations

Standards and interpretations effective and adopted in the current year

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

IAS 24 Related party amendment
Amendment to include the definition of KPM- An entity which provides key personnel management services is also a related party and disclosures are required as such.

The effective date of the standard is for years beginning on or after 01 January 2015.

The impact of the standard is not material as the society has not engaged an entity which provided key management personnel services, which qualifies as related party transactions as required by the amendment.

IAS16 Property, plant and equipment and IAS 18 Intangible assets

Amendment to remove the inconsistencies in the accounting for accumulated depreciation or amortisation when using the revaluation method.

The effective date of the standard is for years beginning on or after 01 January 2015.

The impact of the standard is not material as the company does not account for these on a revaluation method, the amendment to this standard have not had any impact on these financial statements.

IFRS 13 Fair Value Measurement
Short-term receivables and payables need not be discounted if the effect of discounting is immaterial.

The effective date of the standard is for years beginning on or after 01 January 2015.

The Society has adopted the standard for the first time in the 2016 financial statements.

The impact of the standard is not material.

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2016 or later periods but are not relevant to its operations:

IFRS 9 Financial instruments
In July 2014, the IASB finalised the reform of Financial Instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and liabilities b) the impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments; Recognition and Measurement upon its effective date.

Accounting Policies

1.7 News Standards and interpretations (continued)

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

The Society expects to adopt the standard for the first time in the 2019 financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the financial statements.

IFRS 15 Revenue from contracts with customers

This IFRS deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amounts, timing and uncertainity of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The start replaces IAS 18 Revenue and related interpretations.

The effective date of the standard is for years beginning on or after 01 January 2017.

The society expects to adopt the standard for the first time in the 2018 financial statements.

The standard is expected to have no impact on the accounting treatment of revenue as the co-operative does not have contracts.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation.

The amendments to IAS 16 and IAS 38 prohibit entities from using a revenue-based depreciation method for items of property and equiment.

The effective date of the standard is for years beginning on or after 01 January 2016.

The co-operative accounts for its depreciation and amortization on a straight line basis and does not use revenue as a basis. Hence the amendment will not have any impact of the company's financial statements.

Disclosure initiative: Amendment to IAS 1: presentation of financial statements.

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to read to prevent the use of judgement.

The effective date of the standard is for years beginning on or after 01 January 2016.

The society expects to adopt the standard for the first time in the 2017 financial statements.

It is unlikely that the standard will have a material impact on the society's financial statements as the company had rarely such difficulties.

Notes to the Financial Statements

	2016	2015
	P	P

2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	513 000	(79 363)	433 637	513 000	(68 613)	444 387
Furniture and fixtures	62 136	(25 848)	36 288	67 112	(55 046)	12 066
Motor vehicles	70 246	(14 049)	56 197	212 436	(142 190)	70 246
Office equipment	114 026	(33 416)	80 610	242 471	(204 479)	37 992
Computer software	72 609	(29 270)	43 339	115 611	(76 361)	39 250
Total	**832 017**	**(181 946)**	**650 071**	**1 150 630**	**(546 689)**	**603 941**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Buildings	444 387	-	(10 750)	433 637
Furniture and fixtures	12 066	33 094	(8 872)	36 288
Motor vehicles	70 246	-	(14 049)	56 197
Office equipment	37 992	57 121	(14 503)	80 610
Computer software	39 250	15 197	(11 108)	43 339
	603 941	**105 412**	**(59 282)**	**650 071**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Revaluation	Depreciation	Total
Buildings	457 212	-	-	(12 825)	444 387
Furniture and fixtures	11 060	7 689	-	(6 683)	12 066
Motor vehicles	-	-	70 246	-	70 246
Office equipment	16 958	29 504	-	(8 470)	37 992
Computer software	-	52 333	-	(13 083)	39 250
	485 230	**89 526**	**70 246**	**(41 061)**	**603 941**

Notes to the Financial Statements

	2016 P	2015 P
3. Trade and other receivables		
Employee costs in advance	889 239	962 381
Accrued income	18 300	18 300
Emmergency loans to members	2 216 238	-
Main loans to members	40 034 096	49 221 204
Quick loans to members	360 170	541 010
Other receivable	48 488	819 552
	43 566 531	**51 562 447**
4. Other financial assets		
At fair value		
Unit trusts	651 230	3 387 885
Current assets		
At fair value	651 230	3 387 885
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	64 939	61 454
Bank balances	3 847 465	2 551 190
Short-term deposits	1 500 000	-
	5 412 404	**2 612 644**
6. Share capital		
Issued		
Ordinary	279 800	264 200
Bonus Share	116 600	120 800
	396 400	**385 000**

Notes to the Financial Statements

	2016	2015
	P	P
7. Trade and other payables		
Interest on members savings	1 299 996	1 300 000
Co-operative central fund	255 144	255 144
Sundry payables	-	71 347
Provision for audit fees	60 000	60 000
Medical aid subscription accrual	5 220	-
Accrued telephone bill	3 410	4 475
Life insurance	5 893 925	11 640 228
Unknown deposits received	-	1 475 569
	7 517 695	**14 806 763**
8. Interest earned on members' loan		
Interest on staff loans	91 744	95 163
Interest on loans	5 424 189	5 227 346
Interest on quick loans	285 167	-
Insurance income	819 612	1 006 470
	6 620 712	**6 328 979**
9. Employee costs		
Wages and salaries	1 058 060	982 843
Staff expenses	47 155	38 435
Medical aid	24 525	22 448
Leave pay	1 300	7 816
Staff gratuities	66 145	100 944
	1 197 185	**1 152 486**
10. Investment revenue		
Interest revenue		
Interest received	142 137	348 812
11. Interest incurred on members' savings		
Interest on savings	1 448 687	1 300 000

Notes to the Financial Statements

	2016 P	2015 P

12. Cash generated from (used in) operations

Profit before taxation	752 997	1 891 524
Adjustments for:		
Depreciation and amortisation	59 282	41 061
Interest received - investment	(142 137)	(348 812)
Interest on members' savings	1 448 687	1 300 000
Movements in retirement benefit assets and liabilities	(50 280)	79 348
Changes in working capital:		
Trade and other receivables	7 995 916	(7 746 391)
Trade and other payables	(7 289 068)	1 030 714
	2 775 397	**(3 752 556)**

13. Members' savings

Closing balance	29 362 540	30 674 270

These are members' monthly savings deposited by with the Co-operative Society. Interest is earned on these savings. A member may withdraw all his/her earnings when terminating membership and will receive all their savings less any amount owed to the society.

Current liabilities		
At fair value	29 362 540	30 674 270

14. Auditor's remuneration

Fees	101 900	134 800

15. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

16. Events after the reporting period

Management is not aware of any material events occuring between the year end and date of approval of the financial statements, which require disclosure.

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10th December, 2016

ANNEXTURE: 1/A2016

PROVIDING EXPLANATORY NOTES TO CERTAIN TREATMENT ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 30TH APRIL, 2016.

RE: Significant adjustment to Financial Statements for year 2015/2016

This makes reference to the financial year 2014/2015 audit report that highlighted anomalies in accounting procedures which resulted in qualified audit opinion. This was the third consecutive year with accounts reporting inconsistencies resulting in a qualified audit. In an endeavor to rectify the situation to normalcy an investigative analysis of pertinent financial matters was embarked on and on conclusion of such an exercise a number of adjustments were made in compliance with Accounting regulatory practice. Some of those noted are as follows;

1. 0 **Significant adjusting entries**

1.1. Members loans (main and short loans)

Across financial years 2012/2013 through 2014/15 these were reported with differences between books (Ledgers) and Control lists .
These were therefore corrected and amendments made.

1.2 Unknown deposits

These were reconciled and adjusted as necessary against Main loans.

1.3 Credit Life (Self Insurance/Inhouse Insurance)

This was also corrected in the same financial year period.

1.4 Member deposits

These had been overstated over the previous two financial years and a correction was required to the reported figures.

2.0 **Write off items**

The following items which were reported in the previous financial years were written off after careful consideration by the Board ;

2.1 Laptop owed by Former Board member (other receivables) amounting to P28290.00
The Laptops have been paid for according to verbal submissions and no up to date schedules are available which makes it impossible to reduce such amounts in the accounts over a financial period. According to relevant accounting framework an impairment should be made on assets when it is appropriate a reduction in value should have occurred , in our case , trade and other receivables are a constituent element and are therefore deemed relevant and applicable for such treatment.

Hence the above figure was written off in full.

2.2 Quick loans amounting to P266, 840.54, dating from 2006.

It was noted that no comprehensive analysis could be made of such amounts as there were no beneficiaries against them hence possibility of recovery was nil.
These were accordingly written off in the year 2015/2016 financial year.

2.3 Trade receivables (BPC) amounting to P783,166.74

These originated from cheques issued in favour of BPC as an intermediary but were not exhaustively analysed on loan disbursements to members and any balances unused on those cheques for purposes of loans were not immediately recouped with detailed reconciliations or analysis.

In 2010 BPC changed its Accounting system and it is highly likely these cheque amounts disappeared.
The Society does not have any records to prove its case making recovery of such amounts highly doubtful.
Continuous recording and carrying over financial years of the said receivables contravenes the Accounting regulatory framework and thus the Board decided to write off this amount too in the financial year 2015/2016.

2.4 Staff loan balances owed by former employees.

The Board also approved write off for debts owed by former employees amounting to BWP **121,882.05**

2.5 Property, Plant and Equipment
The Management Board made a decision to write off assets that have fully depreciated, i.e have reached the end of their useful economic lives thus having being fully depreciated still appeared in the Society's Assets register.

According to International Accounting Standard (IAS 16) Property plant and equipment, outlines the accounting treatment for most types of property plant and equipment. PPE it's normally measured at its cost. It is subsequently measured at its cost or alternatively through the revaluation model and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. As a result, we find it vital to write-off all fully depreciated assets as they can no longer be revalued.

All items considered here were dated between 1st May, 2006 and March, 2010 hence their eligibility for write off.
Total amount written off amounted to **P185,565.80**

2.6 Fixtures and Fittings amounting to P38,070.00

According to the Society's Accounting Policies they should take an average of 5years of their economic useful lives but were kept in the Asset Register from 1st May, 2006. This contradiction obviously increases chances of audit qualification.
The total amount written off was **P38070.00**

2.7 Computer Software amounting to P58,200.00
Ideally Software should be replaced or upgraded at most within the 5 year period of original purchase or acquisition.
The opening balance was a brought forward on 1st May, 2006 thus as at 30th April, 2016 it is 10years old. Its continued recording contradicts accounting principles hence justification for write off.
Total amount written off was **P58200.00**

Thus, in conclusion the above items were approved for write off by the Board and have been effected on the financial Statements and reports for year ended 30th April, 2016.

Hoping the above is in order and meets with your approval.

Faithfully yours

M. Mogapi

Treasurer