ACHIEVING WATER SERVICE PROVISION THROUGH

STRATEGIC PARTNERSHIPS

We keep it flowing, *for you*

2018/2019 ANNUAL REPORT

WATER UTILITIES CORPORATION

OUR THEME

The theme is in line with our stakeholder management agenda which seeks to engender and engrain a culture of collaboration on water issues.

Water Utilities Corporation recognises that effective stakeholder engagement provides a platform for open discussion as well as appreciation and better understanding of the Corporation's mandate.

OUR VALUES

BATHO PELE
PEOPLE FIRST
We understand and exceed expectations by putting the customer first

KGETSI YA TSIE
TEAMWORK
We believe in working together to accomplish more

THERISANYO
CONSULTATION
We value open and free exchange of views and ideas

BOTSWERERE
QUALITY
We provide a high quality of products and service delivery to our customers

BOTHO
We display a strong work ethic and respect for people

VISION

To be a world-class water utility

MISSION

To provide sustainable water and wastewater management services in a cost effective and environmentally friendly manner to the economy.

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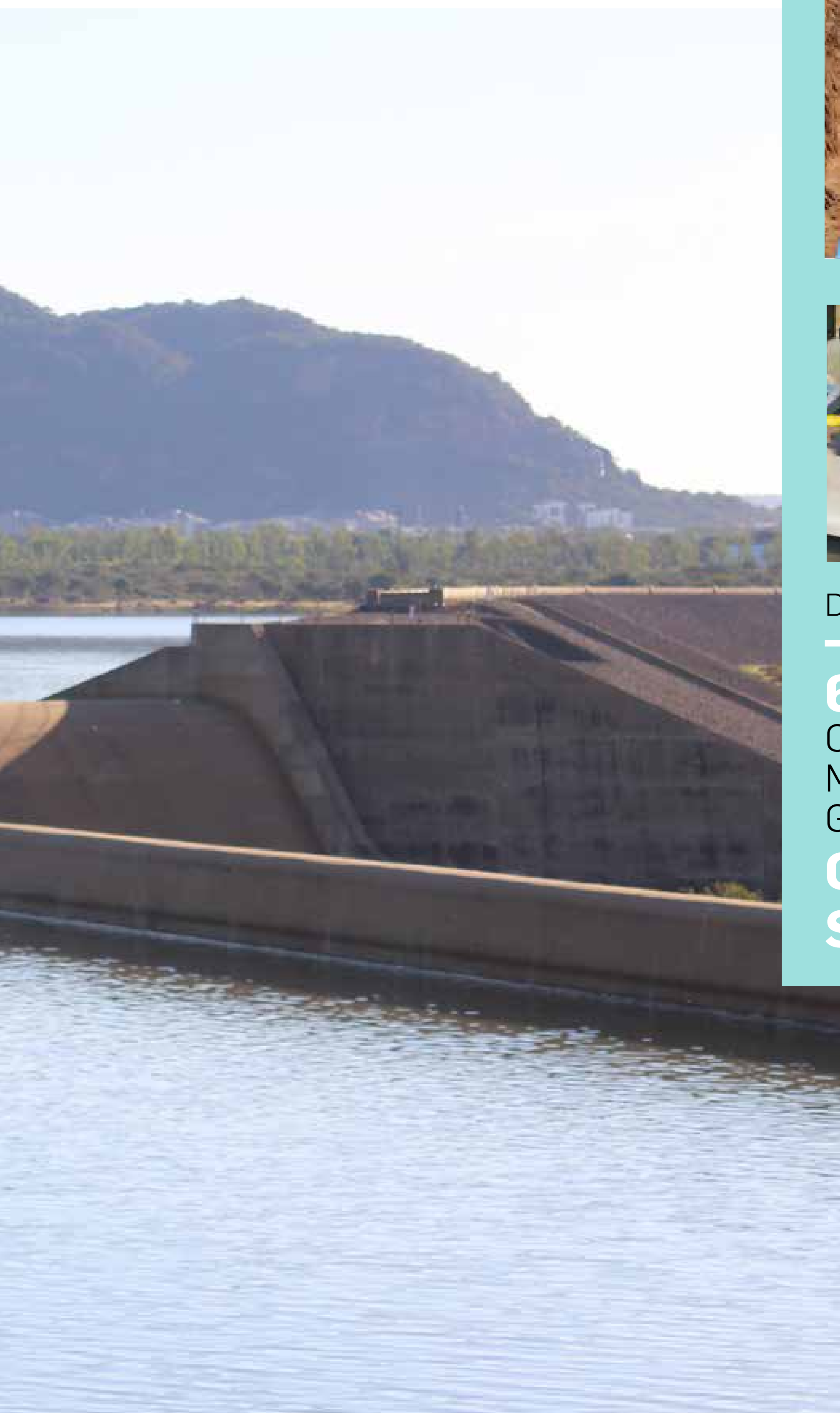
FINANCIAL STATEMENTS 38

INTRODUCTION



DID YOU KNOW?

60 PERCENT OF BOTSWANA'S MAJOR SETTLEMENTS GET WATER FROM **GROUNDWATER SOURCES.**

PERFORMANCE HIGHLIGHTS

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
	P'000	P'000	P'000	P'000	P'000	P'000
INCOME AND CASHFLOW STATEMENT						
Water Sales	**1,829,298**	1,821,753	1,405,775	1,276,595	975,801	914,994
Total revenue	**1,855,569**	1,845,899	1,423,345	1,307,272	1,006,744	948,061
Operating expenses	**1,413,528**	1,321,971	1,282,917	1,327,057	1,122,539	1,076,400
Depreciation and amortisation	**233,099**	256,131	236,808	241,178	219,867	224,276
Net finance charges	**21,796**	24,673	41,196	26,392	47,201	33,703
Net surplus/(loss)	**185,500**	513,464	(137,385)	121,629	(370,282)	(346,559)
Net increase/(decrease) in cash equivalent	**916,796**	677,950	(17,719)	129,045	(76,800)	(254,840)
BALANCE SHEET						
Operating assets	**6,861,562**	6,613,107	5,660,156	5,703,916	5,440,892	5,040,805
Development Expenditure	**657,604**	732,223	825,868	490,799	632,679	771,755
Government equity	**7,627,398**	6,484,024	6,158,301	5,565,562	5,340,282	4,975,050
Interest subsidy reserve	**16,998**	16,420	15,686	14,802	13,789	12,493
Reserves	**702,866**	510,552	58,915	197,184	76,568	448,146
Long term borrowings	**220,698**	230,885	400,000	400,000	400,874	480,494
FINANCIAL RATIOS%						
Return on equity	**3.30**	9.40	-2.00	2.00	-7.00	-7.00
Return on net operating assets	**0.03**	0.987	-2.00	2.00	-7.00	-7.00
Debt service cover (times)	**0.37**	1.20	-3.50	-3.50	-4.70	-4.90
Debt/Equity Ratio	**0.64**	0.07	0.08	0.08	0.08	0.10
STATISTICS						
Annual Inflation	**3.20%**	2.80%	3.50%	3.00	2.80	4.40
Prime lending rate	**6.25%**	6.50%	7%	7.50	7.50	9.00

WATER SALES

P1.8 BILLION

Y2017/18: P1.8 billion

RETURN ON NET OPERATING ASSETS

0.03

from 0.98 in 2017/18

OPERATING ASSETS

P6.9 BILLION

from P6.6 billion in 2017/18

OPERATING PROFIT

P208.9 MILLION

from P267.8 million in 2017/18

TOTAL OPERATING EXPENSES

P1.4 BILLION

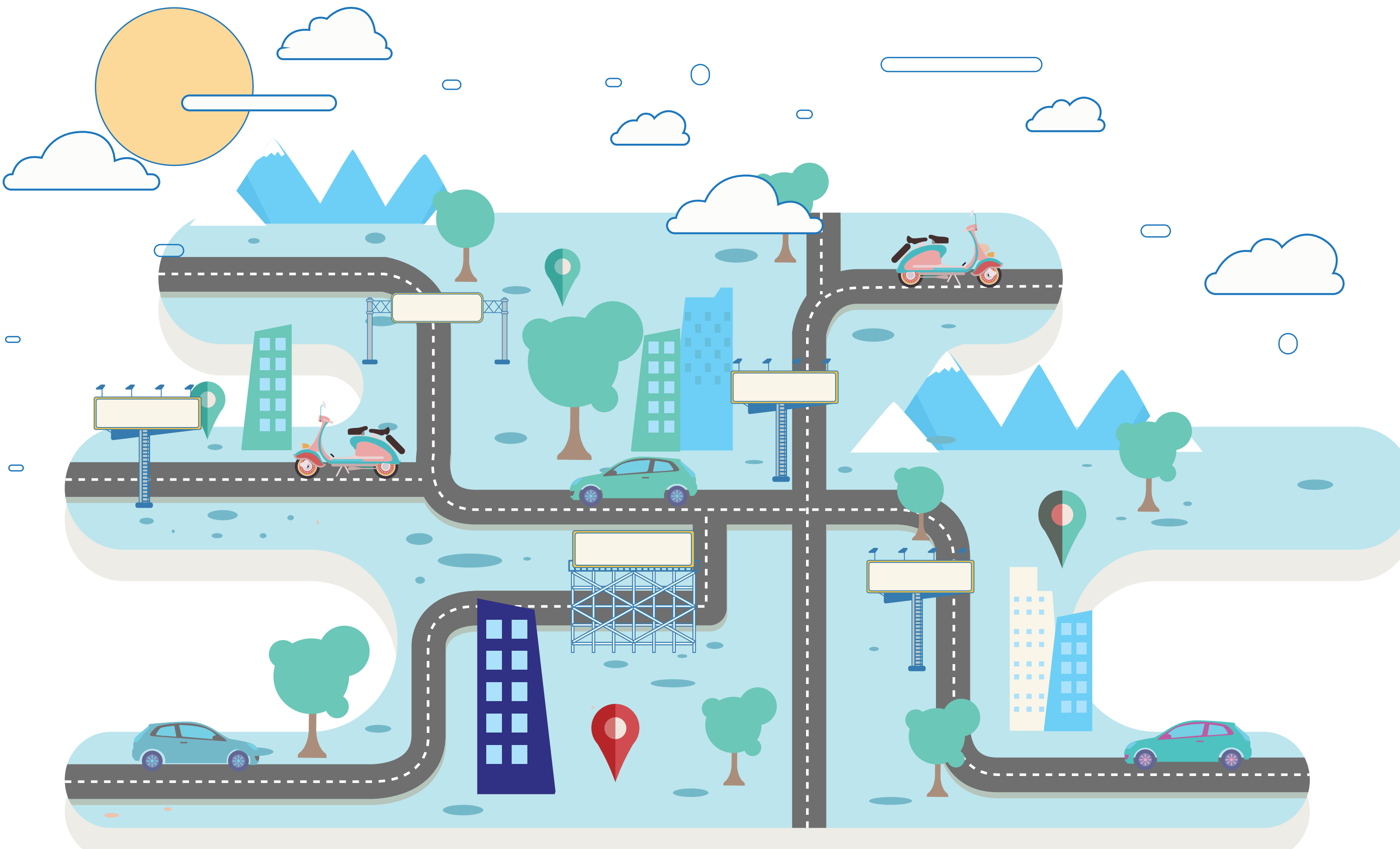
from P1.3 billion in 2017/18

DEBT/EQUITY RATIO

0.64

from 0.07 in 2017/18

CORPORATE PROFILE



Established in 1970 by an Act of Parliament (Laws of Botswana Cap 74:02), Water Utilities Corporation (WUC) is a parastatal organisation wholly owned by the Government of Botswana.

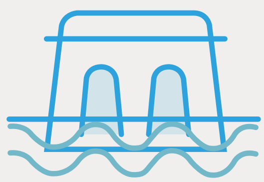
Upon establishment, it was mandated to manage a single project for the supply and distribution of water in what was then called the Shashe Development Area.

The mandate involved planning, constructing, operating, treating, maintaining and distributing water resources in the country's urban centres and other areas as mandated by the Government of Botswana. It also involved the supply of bulk water to the then Department of Water Affairs and various Local Authorities for onward distribution to villages and settlements in the country.

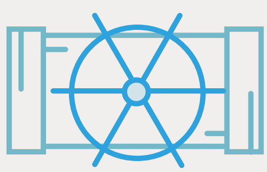
Between 2009 and 2013, the water sector was restructured. Resultantly, the Corporation was given a new mandate to supply potable water to all urban centres and villages in the country, as well as to manage wastewater and sanitation services.

ASSET BASE UP
P8BN
YEAR ON YEAR

9 DAMS
ACROSS THE COUNTRY



NSCI PIPELINE
360 KM



CUSTOMER BASE
350 000

The rationalisation programme, dubbed Water Sector Reforms (WSR), resulted from a study to rationalise the water sector in Botswana and ensure uniform service levels. The provision of uniform service levels as well as the upgrading of water infrastructure, however, remains a long-term assignment that the Corporation is pursuing.

As a result, the Corporation's customer base increased from 80,000 in 2009, when the programme began, to over 350,000 to date. This translates to an annual supply of 800 million cubic metres of potable water to the WUC customer base.

The Corporation has an asset base valued at over P8 billion which comprises nine dams: Gaborone, Nnywane, Bokaa, Shashe, Letsibogo, Ntimbale, Dikgatlhong, Thune and Lotsane. The Corporation also owns the North South Carrier Scheme I (NSCI), which includes a 360 km long pipeline, water treatment plants, associated pump stations and break pressure tanks. Other assets include wastewater treatment facilities.

WUC's vision is "To be a world-class water utility." Through its Strategic Objectives for the 2015-2019 period, the Corporation's business focus is on the following key areas:

KEY STRATEGIC OBJECTIVES

1. Financial Growth and Sustainability
- Reduce debt
- Increase revenue/turnover
- Reduce non-revenue water
- Reduce cost-to income ratio

2. Stakeholder Management, Service Delivery and Quality
- Improve customer satisfaction
- Improve water and wastewater quality
- Improve stakeholder satisfaction

3. Infrastructure and Operational Efficiency
- Stabilise and enhance infrastructure
- Manage water supply and demand
- Transform WUC business model
- Improve strategic use of ICT
- Institute corporate governance and risk management

4. Results Oriented, Talent, Leadership and Culture
- Attract, develop and retain a skilled and competent workforce
- Drive a high-performance culture
- Implement effective organisational structure

BOARD CHAIRMAN'S STATEMENT

Dear Valued Shareholder

On behalf of the Water Utilities Corporation Board of Directors, I am delighted to present the Integrated Annual Report for the financial year ended March 2019.

The Report provides insight into our operations and will help you, our stakeholder, better understand WUC and engage with us. The Report covers work and projects undertaken under a challenging environment in which the demand for water services grew amidst drying water sources.

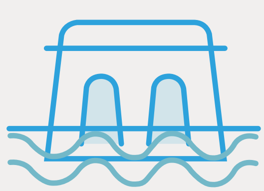
OPERATING COSTS

P1.6BN

COST TO INCOME RATIO

143%

Y2018:85%



TOTAL DEBTOR DAYS

181

Y2018:213

CORPORATE GOVERNANCE

Despite the challenging water environment, I have seen resilience and shared purpose to provide solutions by both WUC leadership and employees. Amid challenges ranging from dilapidated infrastructure, negative public perception of water service, and the restructuring of the organisation, there is an overall commitment and passion by our team to pave way for a good water industry in Botswana.

The theme for this report is "Achieving Water Service Provision Through Strategic Partnerships" and is in line with our stakeholder management agenda, which seeks to engender and engrain a culture of collaboration on water issues.

The Corporation recognises that effective stakeholder engagement provides a platform for open discussions as well as appreciation and better understanding of its mandate.

As a Board, we toured the country, and had an opportunity to meet management teams and appreciate some of the operational challenges they face. The operational areas we toured included Shashe, Letsibogo, Dikgatlhong Dams, Masama West/East wellfields, NSC 4.1, NSC 23 km GRP replacement project, Thune and Ntimbale Dams, Ramotswa Water Treatment Plant, drilling of additional boreholes in Malwelwe, Glen Valley Wastewater Plant as well as Pump Station 01, 1.1 and 2.1 refurbishment. We are happy about opportunities for increased interaction with both our internal and external stakeholders.

FINANCIAL SUSTAINABILITY

The Corporation's financial position continued to be stable. Total revenue for the period ended March 2019 remained the same at P1.8 billion, compared to the previous year. Operating costs reported a total of P1.6 billion for the period, with cost-to-income ratio rising from 85% in the previous year to 143%.

The Corporation continues to improve on debt management by implementing measures to reduce customer debt. Total debtor days reduced from 213 in the previous period to 181 at the end of the reporting period. Measures employed to reduce debt include disconnection of water supply for non-payment, account management for major customers and introduction of alternative payment methods.

There is potential for the Corporation to become financially stable in the next few years. To achieve this, the Corporation will continue to review tariffs regularly, contain costs, improve efficiencies and intensify revenue collection.

CORPORATE STRATEGY

The 2015-2018 Corporate Strategy was extended by a year to 2018/19 as a result of the ongoing restructuring exercise. Although we did not reach our target, our efforts to remain financially sound during the year under review were not in vain. Efforts to collect debt were enhanced, leading to an improved financial position. The new strategy that is to be developed will aim towards improving liquidity in the new financial year.

The restructuring exercise is another milestone of our Strategy and our hope is that following its completion, a revised, more customer-centric operating model will be realized to help propel the Corporation forward.

OUTLOOK

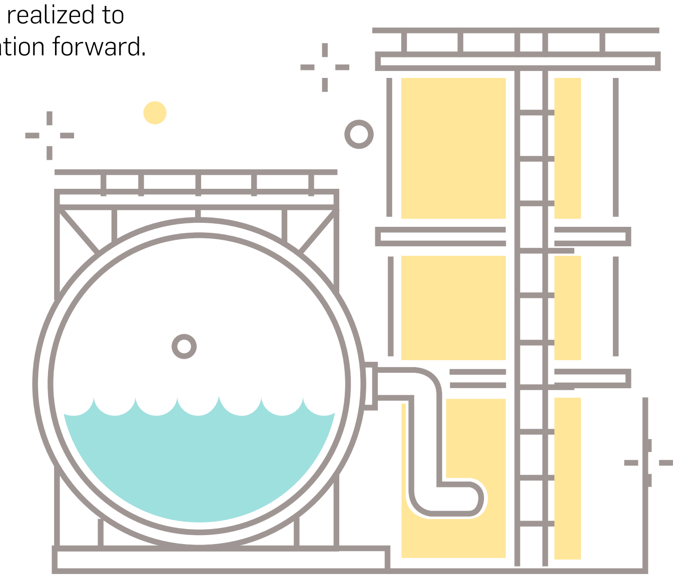
As we move into further into the future, I am proud of what WUC has accomplished and remain hopeful about our prospects. The Corporation shall in its efforts continue to provide sustainable water supply services to Botswana.

ACKNOWLEDGEMENTS

In conclusion, I would like to thank our Shareholder for the continued and unwavering support. I want to express my appreciation to the Board for its able stewardship of the Corporation during this financial period. Its leadership and support enabled the implementation of the Corporate Strategy. I thank WUC Management for its commitment to the delivery of the Corporation's objectives.

Finally, I want to thank the Corporation's Employees and Union for their continued effort to keep water flowing for our Nation.

Noble Katse
Acting Board Chairman
Water Utilities Corporation



GOVERNANCE


SPECTROSCOPIC
1000ml
SPECTROSCOPIC
SPECTROSCOPIC
18/02/19
GD

IF WE EACH
SAVE A LITTLE,
TOGETHER WE CAN
SAVE A LOT.
SOMARELA THOTHI

BOARD OF DIRECTORS

1

NOBLE KATSE

ACTING BOARD CHAIRMAN

2

DR. OBOLOKILE OBAKENG

VICE CHAIRMAN

3

MOKGADI NTETA

MEMBER

4

JOHN PHATSHWE

MEMBER

5

GALEITSEWE RAMOKAPANE

MEMBER

6

OTHUSITSE LEKOKO

MEMBER

7

GODFREY MOLEFE

MEMBER

8

JULIANA WHITE

MEMBER

NOBLE KATSE
ACTING BOARD CHAIRMAN

Tenure:2018-2022

Qualifications
MBA (University of Botswana), BA Statistics (University of Botswana)

DR. OBOLOKILE OBAKENG
VICE CHAIRMAN

Tenure: Entire duration of appointment as Deputy Permanent Secretary (Water), Ministry of Land Management, Water and Sanitation Services

Qualifications:
PhD Hydrology (University of Amsterdam, Netherlands), MSc Water Resources Hydro-Geology (International Institute Aerospace Survey and Earth Sciences, Netherlands) and BSc Geology (University of Botswana)

MOKGADI NTETA
MEMBER

Tenure: 2015-2019

Qualifications
MBA Human Resource Management (City University Business School, London, United Kingdom), Fellow of the Chartered Institute of Personnel and Development (United Kingdom) and BSc (Hons) Applied Psychology (University of Wales Institute of Science and Technology)

JOHN PHATSHWE
MEMBER

Tenure: 2018-2022

Qualifications:
Masters in Environmental Planning (University of Nottingham, United Kingdom), Master of Commerce in Project Management (Cranefield College, South Africa) and BA Environmental Science (University of Botswana)

GALEITSEWE RAMOKAPANE
MEMBER

Tenure: 2018-2022

Qualifications
BComm Human Resources Management and Industrial Relations (Zimbabwe Open University), Diploma in Agriculture (University of Botswana)

OTHUSITSE LEKOKO
MEMBER

Tenure: 2016-2021

Qualifications
MSc GeoInformation Science and Earth Observation (University of Twente, Netherlands), BSc Parks and Natural Resources Management (California State University, United States)

GODFREY MOLEFE
MEMBER

Tenure: 2016 - 2020

Qualifications:
MSc Fiscal Studies (University of Bath, United Kingdom), BComm Accounting (University of Botswana) and CIMA

JULIANA WHITE
MEMBER

Tenure: 2016-2021

Qualifications
LLM (University of London), LLB (University of Botswana)

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS
During the year under review, the following comprised the Board of the Water Utilities Corporation:

Acting Board Chairman
Noble Katse

Member and Chairman of the Operations and Technical Committee
Dr Obolokile Obakeng

Member and Chairman of the Finance, Risk and Audit Committee
Godfrey Molefe

Member and Chairman of the Human Resources Committee
John Phatshwe

Member and Chairman of the Board Tender Committee
Juliana White

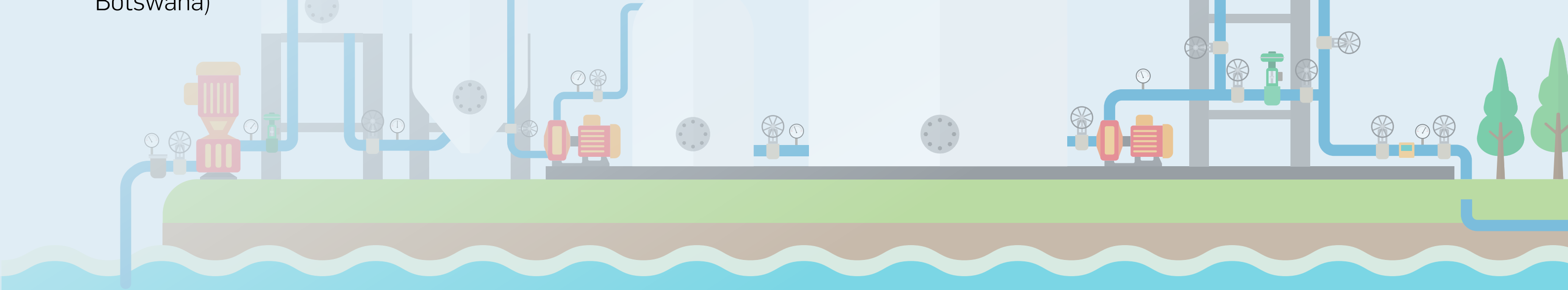
Member
Galeitsiwe Ramokapane

Member
Othusitse Lekoko

Member
Mokgadi Nteta

REGISTERED OFFICE
Water Utilities Corporation
Water Utilities Corporation
Head Office
Sedibeng House, Plot 17530, Luthuli Road
Old Lobatse Road Industrial Site
Gaborone

INDEPENDENT AUDITORS
PricewaterhouseCoopers



BOARD MEETINGS

The Board meets at least quarterly and follows a structured approach of delegation, reporting and accountability. In service of the foregoing, four Board Committees (Finance, Risk and Audit; Board Tender; Human Resources; as well as Operations and Technical) carry out delegated duties. During the year under review, the Board convened four (4) ordinary meetings and five (5) special meetings.

Members' Declaration of Interest

Members declare their interest on an annual basis and at every meeting in relation to matters presented before the Board or Committees for their decision.

Board Remuneration

Board remuneration rates are determined by the Government of Botswana. Fees for Members from Government Departments in the parent Ministry are paid directly to the Government. The applicable rates per sitting during this year were as follows:

Chairman	P2250
Vice Chairman	P1800
Member	P1800

Chairmen of Committees were also remunerated at the rate of P2250 for Committee meetings.

Committees are as follows:

HRC	Human Resources Committee
BTC	Board Tender Committee
FRAC	Finance Risk and Audit Committee
OPTECH	Operations and Technical Committee

Human Resources Committee (HRC)

The Human Resources Committee comprises three members of the Board: Mr. John Phatshwe, Mr. Noble Katse and Ms. Mokgadi Nteta. It deals with policies relating to the management of human resources, including organisational structure, terms and conditions of service, remuneration, appointment and dismissal of senior staff, pensions as well as any other matters delegated to it by the Board.

The Committee meets at least quarterly and during the year under review, satisfied this requirement. It also convened eleven (11) special meetings.

Board Tender Committee (BTC)

The Board Tender Committee comprises four members of the Board: Mr. John Phatshwe, Mr. Godfrey Molefe, Mr. Noble Katse and Ms. Juliana White. It is responsible for the implementation of policies laid down for the procurement of works, goods and services by the Corporation. In carrying out this mandate, the Committee is expected to ensure that principles of economy and efficiency prevail. It is also expected to encourage and support local businesses in line with the Government's Economic Diversification Drive and other citizen empowerment policies.

The Committee operates within the limits of the Corporation's Tender Regulations and Procurement Procedures which are revised from time to time to align them with best practice. The Committee is supposed to meet four times per year and satisfied this requirement.

Finance, Risk & Audit Committee (FRAC)

The FRAC comprises four members of the Board: Mr. Godfrey Molefe, Mr. Noble Katse, Ms. Mokgadi Nteta and Dr. Obolokile Obakeng. The Committee's activities are governed by the FRAC Charter which was approved by the Board. The Charter empowers the FRAC to provide its oversight responsibilities to the Board for:

- Financial reporting processes;
- Internal controls systems;
- Audit processes;
- Corporate and information technology governance; and
- Processes for monitoring compliance with laws and regulations.

The Committee also provides advice on corporate risk management and the budget. In order to meet its goals, WUC has an Internal Audit function that is charged with the responsibility of providing independent assurance to the FRAC on the existence and effectiveness of internal controls as well as the efficiency and effectiveness of governance processes and risk management.

The Committee is scheduled to meet at least four times annually. During the period under review, it satisfied this requirement as it held its four scheduled meetings and one special meeting.

Operations and Technical Committee (OPTECH)

The Committee consists of five members: Dr. Obolokile Obakeng, Messrs Noble Katse, Godfrey Molefe, Othusitse Lekoko and Galeitsiwe Ramokapane. The Committee assists the Board in monitoring and reviewing any matters of significance including:

- Abstraction, supply and distribution of water resources;
- Project management and systems acquisition;
- Asset operation and management;
- Health, safety, environment and quality management; and
- Strategic management of technological innovation.

Board Meetings Attendance

MEMBER	ORDINARY BOARD	SPECIAL BOARD	BTC	SPECIAL BTC	OPTECH	FRAC	SPECIAL FRAC	HR	SPECIAL HR
Mr. N. Katse	4	6	1	1	1	N/A	N/A	N/A	3
Dr. O. Obakeng	2	N/A	N/A	N/A	N/A	N/A	1	N/A	N/A
Mr. G. Ramokapane	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. G. Molefe	4	6	2	3	1	4	1	4	11
Mr. O. Lekoko	3	6	2	2	3	4	N/A	N/A	N/A
Ms. M. Nteta	2	4	N/A	N/A	N/A	3	1	4	11
Mr. Phatshwe	3	6	3	3	1	4	N/A	4	11
Ms. J. White	3	4	2	3	4	N/A	N/A	N/A	N/A

Reporting to the Botswana Government

The WUC Board reports regularly to the Minister of Land Management, Water and Sanitation Services on the outcome of its meetings and programme of work. There are continuous consultative meetings between the Board and the Minister whenever necessary. Additionally, Management sends quarterly progress reports to the Ministry.

Going Concern

The financial statements for the year ending 31 March 2019 have been prepared on a going concern basis. The Board is satisfied with the available financial resources, the future performance projections and the continued support from the Government of Botswana. The Corporation has good prospects of operating on sound financial basis into the foreseeable future.

Statutory Reporting Requirements

The Water Utilities Corporation Act requires that all Corporation business should be conducted along sound commercial lines and that a reasonable return be generated on the equity provided by the Government of Botswana.

The Act further requires that the Audited Financial Statements be presented to the Minister of Land Management, Water and Sanitation Services by 30 September each year. The Corporation's Chief Executive Officer is expected to appear before the Parliamentary Committee on Statutory Bodies on an annual basis. The Board is satisfied that the Corporation has complied with these and other statutory requirements for the year that ended on 31 March 2019.

A statement by Board Members on their responsibility for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information is detailed from Page 39 of this Report.

Executive Management

The management and daily running of the Corporation is the responsibility of the Chief Executive Officer who is assisted by the Corporate Management Team (CMT). The CMT implements the strategic direction and objectives as set out by the Board within the confines of the Corporation's Vision, Mission and Values statements.

CHIEF EXECUTIVE OFFICER'S REPORT

This 49th Integrated Annual Report for the Water Utilities Corporation covers the period April 2018 to March 2019 and follows the requirements of the WUC Act of 74:02 of 1970. Quarterly review, monitoring and evaluation were conducted to keep the Corporation focused on meeting set targets.

INFRASTRUCTURE AND OPERATIONAL EFFICIENCY

The Corporation supplies water through nine dams, approximately 900 boreholes and off-the river abstraction (Chobe and Okavango Rivers) for its surface water resources.

During the year under review, the country received below normal rainfall which led to a decline in water storage for all the dams as compared with the same period last year. As the year ended, the water under storage declined by 150MCM from March 2018. Despite this decline, all dams were above 50% capacity and can supply the Nation without any inflows for at least a year, with the exception being Bokaa Dam, whose supply can last only 10 months and Molatedi Dam, whose supply can last 53 months to supply Greater Gaborone.

The Corporation's boreholes are at varying performance stages due to several factors, age being one of them. Our statistical analysis indicates that 75% of the boreholes have surpassed their design life of ten years. However, through our comprehensive borehole rehabilitation programme, I am happy to report that we have been able to rehabilitate up to five boreholes in a month.

The Corporation continued to face operational challenges, amongst them drying of boreholes. As a mitigation measure, the Corporation supplied water through bowsing. Our increased investment in both new and old infrastructure demonstrates our commitment to easing water supply challenges. However, it is important to recognise that the demand for water service has grown, compelling us to share the limited supply our sources can yield.

The NSC Scheme operated satisfactorily with an availability level of over 80%. In order to improve pipeline reliability, the year under review saw some works at Pumps Station No 4.1 (PS4.1) as well as the 23km GRP Replacement Project.

I am happy that our Laboratory's accreditation was once again upheld by the Southern African National Accreditation Services following assurance in our testing processes. Regional and international recognition for our Mmamashia Laboratory serves as official confirmation of the fact that it meets requisite water safety standards.

WATER UNDER STORAGE DECLINED BY

150MCM

FROM MARCH 2018

ALL DAMS' CAPACITY WERE ABOVE

50%

A SUPPLY OF AT LEAST A YEAR WITHOUT ANY INFLOWS*

*Except Bokaa Dam and Molatedi Dam

FINANCIAL GROWTH AND SUSTAINABILITY

The Corporation had set itself an objective to achieve financial sustainability in the Strategic Plan ended March 2019. Several initiatives were identified as vehicles towards attaining the set targets, some of which are still under implementation.

The key measures for the objective were revenue generated, cost-to-income ratio and debt collection efficiency. The Corporation will maintain focus on developing and implementing strategies to achieve financial sustainability. This goal is key as its realisation will enable the Corporation to implement the necessary infrastructural developments, enhance service levels and achieve its mandate.

STAKEHOLDER MANAGEMENT, SERVICE DELIVERY AND QUALITY

The water sector is constantly evolving with emerging challenges and solutions that require strategic alliances and a culture of inclusiveness. As an entity, we also recognise that resolving water supply challenges calls for continued involvement of and consultation with service recipients.

In line with our strategic values of Kgetsi ya tsie (teamwork) and Batho Pele (people first), our engagement with customers generated solutions to localised challenges. Despite the challenges that we face, this constructive engagement enhanced the quality of the service we offer. During the period under review, we interacted with our customers through kgotla meetings, media conferences, workshops, exhibitions, customer days, project tours and corporate social investment projects.

During such interaction, we explained the water processes, accomplishments, challenges and shared educational materials.

We made strides in technological advances by bringing more of our customers onto our self-service platforms while also creating opportunities for visual online interactions. Technology empowers the water user to become an active participant in the water service and we encourage the use of these platforms to check bills. Likewise, we encourage customers to check for possible leaks when they get unusually high bills as well as to take necessary measures to prevent water loss, thus saving both water itself and lives. It makes us happy that water transactions can be made anywhere and anytime at the convenience of our customers, whom we value and exist for.

RESULTS ORIENTED TALENT, LEADERSHIP AND CULTURE

There is a maxim that people and structures can either make or break of any organisation. Project iTemogo, which denotes self-realisation of both the organisation and its constituents, is a high-level corporate restructuring project whose purpose is to review and design a fit-for-purpose structure that will facilitate the achievement of WUC's mandate.

Considering the loaded project scope and the targeted quality of the final product, the project substantially went beyond its original timeframe. It is expected that the new structure will help bridge the WUC value gap since the blueprint aligns jobs and requisite talent with the Corporation's value chain.

As at March 2019, the new structure had been designed. Both the structure and job assessment report have been approved by the Board and the entire project is expected to be completed by the end of 2019.

LOOKING AHEAD

As 2019 unfolds, there are opportunities for improvement as we embark on a new Corporate Strategy. We will not lose track of our promise of keeping it flowing, for you. We intend to harness various innovative practices to provide ease of doing business.

ACKNOWLEDGEMENTS

My gratitude goes to the WUC Board of Directors, Management, Staff as well as Customers whose support we could not do without. I also want to sincerely thank companies (such as Leo Schachter Diamonds which financed a water project in Malwelwe) that collaborated with us to help augment our limited water supply.

Furthermore, with less rains having been received thus far, my appeal to everyone is that they should save water so that we can make do with the little we have in our sources and share it equitably.

Thank you.

Mmetla Masire
Chief Executive Officer

CORPORATE MANAGEMENT TEAM

1

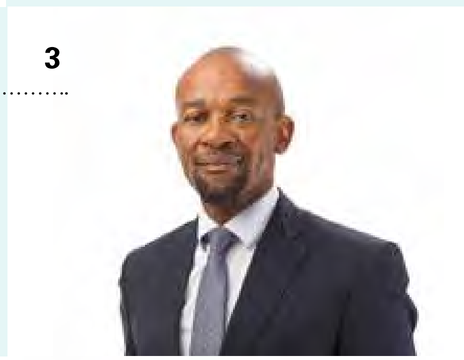
MMETLA MASIRE

CHIEF EXECUTIVE OFFICER

2

KELEBOGILE KOLAATANO

ACTING-HEAD OF INTERNAL AUDIT



3

GASELEMOGWE SENAI

SUSTAINABILITY AND WATER RESOURCES DIRECTOR

4

THAPELO KALAKE

SHARED SERVICES DIRECTOR

5

TABOKA MUKE

CHIEF FINANCIAL OFFICER

6

THAPELO LEINAENG

TECHNICAL SERVICES DIRECTOR

7

MACHENG MACHENG

HUMAN RESOURCE DIRECTOR

8

FELICITY ZIGA

CORPORATION SECRETARY

MMETLA MASIRE
CHIEF EXECUTIVE OFFICER

Qualifications
BEng in Electrical and Electronics Engineering (University of Wales, United Kingdom)

Responsibilities
Overall management of the Corporation, development and implementation of strategic plans and achievement of the organisational Mission, Vision, business objectives and goals established by the Board.

The CEO is also responsible for broad policy objectives of the Corporation and general advice to the Board that covers the following areas:
- Water supply;
- Wastewater services;
- Operations and maintenance;
- Customer billing and commercial services;
- Customer services and quality;
- Strategic partnerships and stakeholders;
- Management;
- Water loss reduction;
- Water resources management;
- Safety, health, environment; and quality.

KELEBOGILE KOLAATANO
ACTING - HEAD OF INTERNAL AUDIT

Qualifications
BSc in Engineering in Civil Engineering (University of Cape Town)

Responsibilities
- Assurance and consulting;
- Risk management evaluation;
- Controls evaluation;
- Corporate governance; and
- Appraisal of compliance with statutes, policies and procedures.

THAPELO LEINAENG
TECHNICAL SERVICES DIRECTOR

Qualifications
MEng Civil Engineering (South Bank University, London, United Kingdom), BEng (Hons) Civil Engineering (South Bank University, London, United Kingdom), MBIE and PrEn

Responsibilities
- Infrastructure and capacity planning;
- Design/engineering consultancy;
- Major projects implementation;
- Geographical Information Systems (GIS);
- Project engineering and construction management; and
- Infrastructure and asset management.

THAPELO KALAKE
SHARED SERVICES DIRECTOR

Qualifications
MBA (University of Botswana), BSc. Eng. Industrial Engineering (Western Michigan University, United States) and COP Long-term (Botswana Accountancy College)

Responsibilities
- Information Technology, including business systems
- Property and administration
- Fleet services
- Knowledge management
- Asset management
- Security services

TABOKA MUKE
CHIEF FINANCIAL OFFICER

Qualifications
BA Accounting (University of Botswana), FCCA – United Kingdom (Botswana Accountancy College)

Responsibilities
- Statutory financial reporting;
- Management accounting;
- Budgeting;
- Treasury management;
- Financial forecasting;
- Sourcing of funding for operations;
- Management of financial obligations and covenants;
- Financial policies and procedures formulation; and
- Payroll logistics and materials procurement.

GASELEMOGWE SENAI
SUSTAINABILITY AND WATER RESOURCES DIRECTOR

Qualifications
BSc Chemistry and Environmental Science (University of Botswana)

Responsibilities
- Sustainable water resources management;
- Dams management;
- Groundwater management;
- Bulk water transfers;
- Maintenance;
- Water quality;and
- Safety, Health, Environment and Quality.

MACHENG MACHENG
HUMAN RESOURCE DIRECTOR

Qualifications
MEnviron Education (University of Liverpool, United Kingdom), Diploma in Human Resource Management (University of Botswana) and Diploma in Secondary Education (University of Botswana)

Responsibilities
- Organisational development;
- Personnel and training;
- Staffing;
- Employee relations;
- Employee wellbeing; and
- Recruitment.

FELICITY ZIGA
CORPORATION SECRETARY

Qualification
LLB (University of Botswana)
Part Qualification, Chartered Institute if Secretarial and Administrators (CCIS)
Associate member-Chartered Institute of Business Management

Responsibilities
- Risk management;
- Legal services; and
- Board secretarial services.

OPERATIONAL HIGHLIGHTS

SAVE WATER,
SAVE LIVES

Surface Water Supply Situation

The Corporation operates nine (9) dams and about nine hundred (900) boreholes countrywide.

The performance of these resources is critical to ensuring that the Corporation continues to fulfill its mandate of providing water and wastewater services to the country at a reasonable cost without causing undue environmental degradation. The performance of the dams, boreholes, as well as the NSC pipeline during the past year, is described in the next three sections.

Surface Water Resources

The Corporation relies on nine dams, about 900 boreholes and off-the river abstraction (Chobe and Okavango Rivers) for its surface water resources.

During the period under review, the country received, on average, below normal rainfall, which led to a decline in water under storage for all the dams as compared to the same time during the previous reporting period. As at the end of the last quarter, the amount of water under storage stood at 761MCM as opposed to 911MCM during the same period last year.

This represents a decline of 150MCM. Despite this decline, all the dams, except for Bokaa and Molatedi, are above 50% capacity and can cater for their areas of supply without any inflows for at least a year. The low levels at Molatedi Dam are a cause for concern because as per the Revised TSWASA Agreement, Botswana's domestic allocation is subjected to 32% reduction when the level go below 33.8%. Bokaa Dam's 33.6% capacity can hardly last six months, which could put a strain on the available water supply options for Greater Gaborone.

The Corporation supplies water through nine dams and off-the river abstraction (Chobe and Okavango Rivers) for its surface water resources. During this year, the country received below normal to normal rainfall which led to decline in water storage for all the dams as compared with same time last year. The water under storage showed a decline of about 150MCM from 911MCM in 2018 to 761MCM in March 2019. Despite this decline, all dams are above 50% capacity and can supply without any inflows for at least a year, except Bokaa dam. (Table 1 Dam levels).

The decreasing levels of Bokaa and Molatedi dams puts a strain on the available water supply options for Greater Gaborone.

Greater Gaborone supply system has a daily peak demand of 145Ml/day and an average demand of 125Ml/day from a population of over 500 000.

According to the Revised TSWASA Agreement, Botswana domestic allocation is subjected to 32% reduction when the level of Molatedi Dam goes below 33.8%. Molatedi Dam, in the Republic of South Africa, supplies water to Gaborone and the River Villages (Mabalane, Sikwane, Mathubudukwane, Ramonaka, Malolwane and Dikwididi) which is distributed as follows:

- 18.8Ml/day is transferred to Gaborone Waterworks; and
- 1.2Ml/day is supplied to the treatment plant at Mabalane, which supplies the Kgatleng River Villages.

Similarly, poor rains have led to very low levels recorded in the two river systems of Chobe and Okavango. Flows at Mohembo for this year are at their lowest in recent times and have led to the temporary closure of the Borolong Treatment Plant in Maun and consequent acute water shortages in the village and surrounding areas. It is expected that the levels at Chobe River will lead to abstraction challenges soon due to loss of head.

As at the close of the 2018 financial year, the dam levels were at the levels shown in Table 1.

Table 1: Dams water level situation as at 29 March 2019

DAM	CAPACITY MCM	CURRENT LEVEL (%) 29/03/2019	SAME DATE LAST YEAR LEVEL (%) 29/03/2018	MONTHS OF SUPPLY WITH-OUT INFLOW	AREA SUPPLIED
Dikgatlhong	400	88.6	101	24	Greater Gaborone*
					Mahalapye
					Palapye
Molatedi (SA dam supplying WUC)	201	22.5	38.4	53	Greater Gaborone*
Gaborone	141.4	56.6	79.7	27	Greater Gaborone*
Letsibogo	100	86.3	96.6	20	S/Phikwe, BCL & Mmadinare
Thune	90	57	69.3	42	10 Villages in Bobonong Cluster
Shashe	85.0	97.7	101.9	20	Greater Francistown
Ntimbale	26.5	97.8	99.9	15	North East & Tutume Sub-District
Lotsane	42.35	63.9	72.2	26	22 villages of Tswapong North
Bokaa	18.5	33.6	70.3	10	Greater Gaborone*
Nnywane	2.3	84.4	97.4	12	Lobatse

*Greater Gaborone includes Mochudi, Gaborone, Lobatse, Tlokweng, Mogoditshane and their surrounding areas.
Without realisation of significant inflows into Molatedi Dam, restrictions will be put into effect during the year.

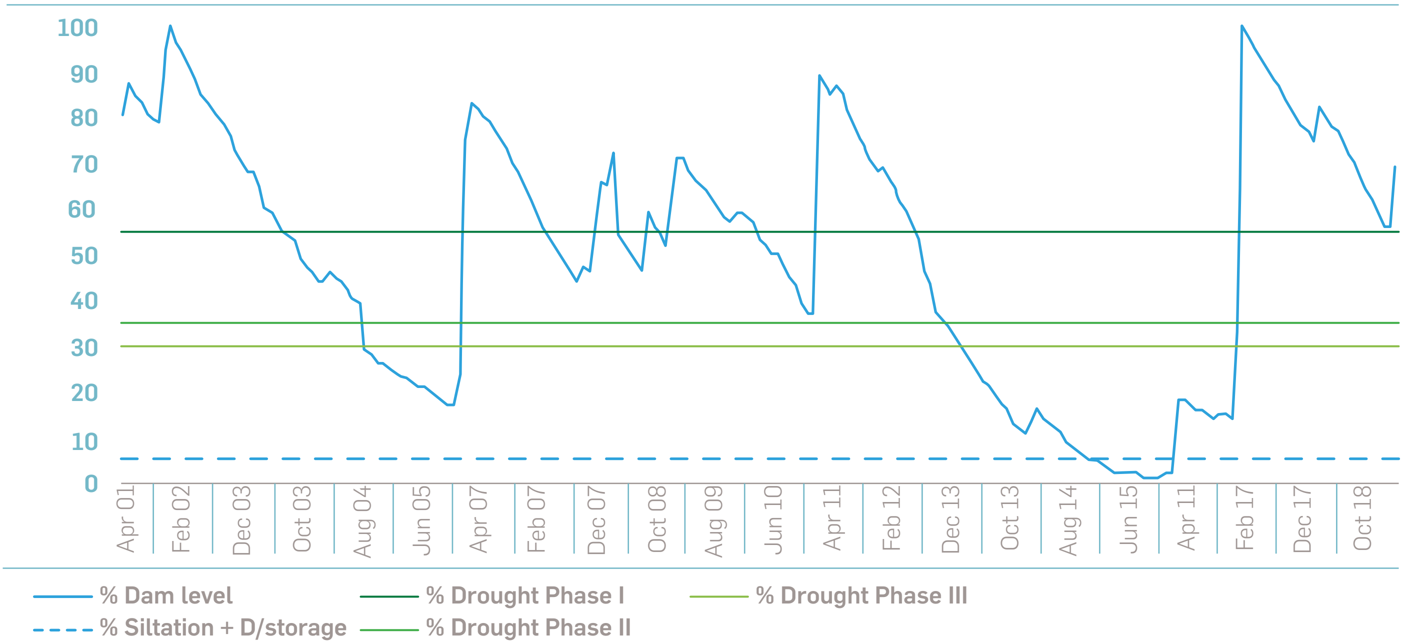
Operational Highlights (continued)

Water Sources Monitoring

As part of its water sources monitoring programme, the Corporation studies the performance of all dams across the country. Below is a demonstration of Gaborone Dam's historical performance.

Table 2: Showing Gaborone Dam Trend

Monthly percentage drop (Overall)



Water Conservation/ Somarela Thothi

Climatic changes result in less rainfall for an already drought prone Botswana, making water conservation everyone's responsibility.

The Corporation employs several strategies to manage water amidst drought. Chiefly, the Corporation is actively involved in Drought Monitoring which includes measuring water amounts in dams, monitoring groundwater, resource utilisation, conjunctive use of resources and providing updates on water levels.

LEVEL TWO WATER RESTRICTIONS REMAINED IN PLACE IN THE YEAR UNDER REVIEW AND CONTINUE AS FOLLOWS:

- Watering of all gardens and parks and sports fields using potable water is prohibited;
- Use of potable water for construction purposes is prohibited, except with the express written permission of the Corporation in cases where non-potable water has been proven to be detrimental to the quality of work;
- Washing of vehicles with potable water using hosepipes is prohibited;
- Automatic urinals are prohibited, and should all be terminated or retrofitted within two months of the effective date of these restrictions;
- The filling of all swimming pools with potable water is prohibited;
- The spraying or washing of pavements, sidewalks and streets with potable water is prohibited; and
- All defective plumbing and pipe fittings which result in water wastage must be repaired within 24 hours of notice.

Groundwater Resources

The Corporation has about of nine hundred (900) boreholes countrywide in operation.

These boreholes are at different stages of performance brought about by factors such as age, water level and water quality.

A recent analysis of the Corporation's water supply boreholes statistics shows that 75% of these have surpassed their design life of ten years. To address the problems associated with these old boreholes, the Corporation has embarked on a comprehensive borehole rehabilitation programme which has since February 2016, seen a total of three to five boreholes being rehabilitated every month. Coupled with the borehole rehabilitation programme, is drilling of replacement boreholes for those that could not be rehabilitated.

Running parallel with the borehole rehabilitation programme was the successful drilling, construction and test pumping of a replacement borehole at Ramotlabaki that was completed with a recommended output rate of 120m^3/hr. Plans are underway to drill at Malwelwe, Mahotshwane and Topisi in the upcoming financial year.

North South Carrier

The NSC scheme operated satisfactorily during the period under review, supplying water to Palapye, Mahalapye, Serowe, Shoshong and Greater Gaborone areas.

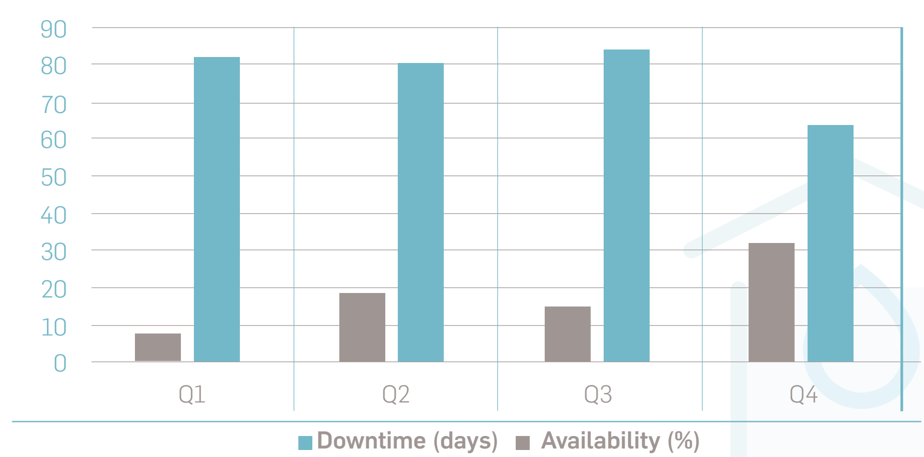
The scheme performed well during the year with an average of over 80% availability.

The scheme registered a low performance during the fourth quarter when it registered **64% availability owing to the ongoing works** at Pumps Station No 4.1 (PS4.1) as well the 23km GRP replacement project.

The scheme performance is demonstrated in Table 3 below.

Table 3: NSC 2018-2019 Performance

2018-2019 NSC Perfomance



The table shows varying performance levels of the North South Carrier during the 2018/2019 financial year.

SPECIAL PROJECTS

MALWELWE WATER SCHEME

The Leo Schachter Diamond Company financed a water project that provided relief to the Malwelwe village water shortage.

Following the implementation of Malwelwe-Molepolole water supply transfer scheme in 2014, the Corporation investigated the feasibility of Malwelwe village being supplied with water from the scheme. The project could not be implemented due to lack of funding. In 2017, Leo Schachter, through their Social Corporate Investment programme, funded the water supply project.

The project consists of a booster station which includes a pipeline connecting Malwelwe village tank at a cost of P300, 000.00. This project did not only improve reliability of water supply to both Malwelwe and Ngware villages, but also extended the lifespan of Borehole 6380, as WUC is now able to operate it in line with set operating rules made during borehole exploration and drilling.

REVERSE OSMOSIS PLANT COMMISSIONED

The year also saw the commissioning of a Reverse Osmosis Plant for the communities of Ngwatle and Zutshwa in the Kgalagadi district.

The Ngwatle scheme was constructed in 2010 and commissioned in 2013. The scheme supplied reliable quality water until May 2016, when the borehole water quality deteriorated beyond the treating capacity of the plant. The salt concentration was too high and not compliant with required water quality standards, hence the decommissioning of both the plant and the borehole. Test results showed that the water required a Reverse Osmosis Treatment plant, a process required to treat high salinity water comparable to sea water. The overall scheme was constructed at the value of P9,911,753.60Million.

THE OVERALL SCHEME WAS CONSTRUCTED AT THE VALUE OF OVER **P9 MILLION.**

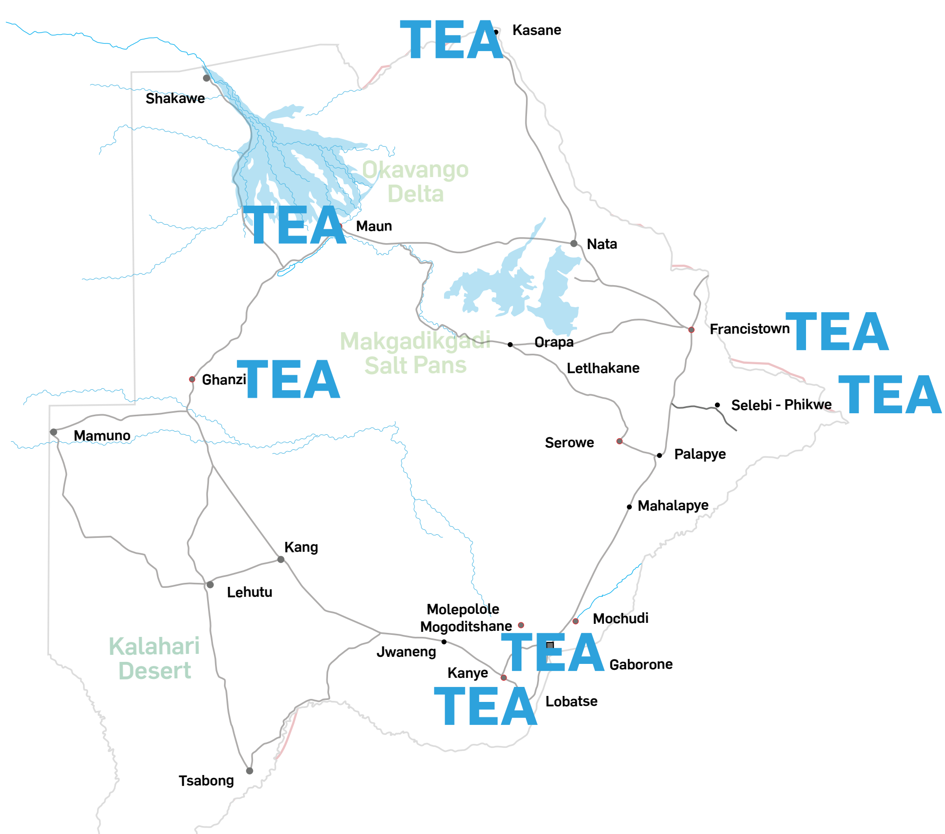
SAFETY HEALTH ENVIRONMENT AND QUALITY

Delivering water with the highest safety standards is at the core of the Corporation's activities. Water Utilities Corporation subscribes to National Occupation Safety Association (NOSA) Five Star Integrated System, which is a Health Safety and Environment (BOS 32). Through this system, the Corporation strives to implement occupational health, safety and environment programmes to ensure that, as far as reasonably practicable, the workplace, machinery, equipment, the chemical, physical and biological substances, agents and processes are safe and without risk to the health and safety of the employees.

TRADE EFFLUENT IMPLEMENTATION

The Trade Effluent Agreements (TEA) Policy and associated documents were approved in the year under review, while 244TEA were also signed by industries. Industrial inspections were carried out in Francistown, Gaborone, Selebi Phikwe, Lobatse, Ghanzi, Maun and Kasane.

In some instances, non-compliance was noted and corrective action taken. Awareness workshops on the importance of TEA adherence were conducted amongst internal commercial service stakeholders across the country. This education was also taken to external publics in Ghanzi, Maun, Letlhakane, Kasane, Francistown, Selebi Phikwe, Palapye, Mahalapye, and Lobatse, as shown in the map here.



COLLABORATION IN TEA

The Corporation has a collaborative agreement with the Botswana Institution of Technology Research and Innovation (BITRI) and the year saw BITRI facilitating a workshop in which local government bye-laws were incorporated into the TEA document.

QUALITY MANAGEMENT SYSTEM IMPLEMENTATION

The Corporation completed the development of the Quality Management System (QMS) documentation. The documentation, which consists of two hundred and thirty-five (235) documents, is now accessible to all WUC employees. QMS Executive Committee and QMS Steering Committees were established at Management Centres while training for all Committee members and implementers was also carried out. The system implementation continues in pursuit of ISO 9001.

WATER QUALITY

WUC must ensure that the potable water it supplies to the public complies with the limits stated in the Botswana Drinking Water Standard (BOS 32). Therefore, the Corporation monitors and maintains a monitoring programme that is informed by this Standard.

Wastewater treatment is critical for safeguarding the environment from pollution and human health against toxic or pathogenic waste. This is achieved when wastewater treatment is effectively carried out to ensure that pollutants are reduced significantly, if not completely eliminated.

The WUC wastewater laboratories monitor wastewater treatment ponds and plants around the country in order to check for compliance against Wastewater Standard (BOS 93:2012). Analysis is carried out at different intervals for the different facilities at the laboratories to monitor the efficiencies of the Corporation's daily operations of the treatment plant and ponds. All trading industries are regularly monitored to ensure their compliance with TEA requirements.

A comprehensive sampling and analysis programme intended to continuously monitor the quality of both water and wastewater is implemented and results reported daily, weekly, monthly, quarterly and annually. Compliance is always maintained and timeous response to any quality deviations that might affect public health is made. Samples are collected and tested from all water sources (dams, rivers and boreholes) to determine source water quality. The same process is carried out in storage reservoirs to determine compliance to the BOS 32 limits. The frequency of sampling is dictated by the size and nature of the network, parametre variability as well as incidence pattern of consumer complaints. Sampling points in the network must include reservoirs, major delivery points, dead-ends, high occupancy buildings, hospitals and schools. Owing to water quality dynamics, scheduled sampling and testing alone cannot ensure continuous compliance. Therefore, the Corporation strives to respond timeously to water quality queries from the public and other stakeholders to ensure sustained compliance to relevant standards.

MMAMASHIA LABORATORY RE-ACCREDITED

The Southern African Development Community Accreditation Service (SADCAS) announced the re-accreditation of the Corporation's Mmamashia Laboratory. Through this re-accreditation, the Laboratory has been re-granted the unique accreditation numbers TEST-1 0004 and TEST-5 0009 indicating that it is accredited in the scopes of "Microbiological Analysis – Determination of coliform bacteria, E coli, fecal coliforms and heterotrophic plate counts" and "Chemical Analysis – Determination of trace elements, heavy metals and anions in water." The certificate, which was re-issued on 18 December 2018, is valid for five years until 17 December 2023. (SADCAS website: www.sadcas.org)

CUSTOMER SERVICES

As the Corporation embarks on a journey of customer-centricity, it made efforts towards paving way for good customer service. The first project was to carry out a customer satisfaction survey in 2018 to get feedback from customers regarding their level of satisfaction with the quality of service they received.

The main finding demonstrates low levels of satisfaction with the Corporation's services, with a 33% overall customer satisfaction index. Some 62.5% of management areas had satisfaction indices above the Corporation level (33%), and these ranged from 34% to 53%. Geographical areas that had low satisfaction indices were those known to have long-standing water supply problems, namely Maun, Letlhakane and Molepolole.

In response to feedback from the survey, the Corporation's key areas of focus will, amongst others, be the handling of customer complaints, billing-related issues and reception of customers.

More customers were happy with the quality of the water supplied by the organization, which is an encouragement considering the high salinity levels in groundwater sources especially where water levels have dropped.

The Corporation recognises that both the product and quality of service matter in equal measure, hence its continuous effort in leveraging technology to meet efficiency targets for both factors. As part of this initiative, the Corporation enhanced social media engagement through new channels.

CUSTOMER SERVICE CHANNELS

The Corporation widened its channels of customer engagement online and saw growth in the number of followers. Facebook and Twitter channels provided an interactive platform that enabled customers to register complaints, ask questions and provide feedback on products and services. There is evidence of a growing appetite for social media with more customers using this platform. Dam Levels are some of the WUC's tweets. Twitter growth levels for the year under review are recorded in Table 4.

Many customers engage WUC remotely to inquire about self-service platforms. They are also taken through meter reading processes, to provide more in-depth on what they get from radio programs and workshops. Table 5 below demonstrates user numbers on self-service platforms or Unstructured Supplementary Service Data (USSD).

THERE IS EVIDENCE OF A GROWING APPETITE FOR **SOCIAL MEDIA,** WITH **MORE CUSTOMERS** USING THIS **PLATFORM**

Table 4 Demonstrating a growing number of Twitter Followers

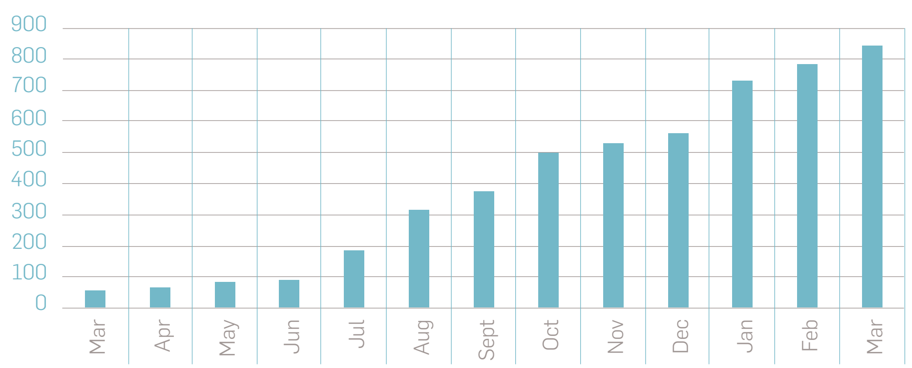


Table 5: Total usage Web/USSD

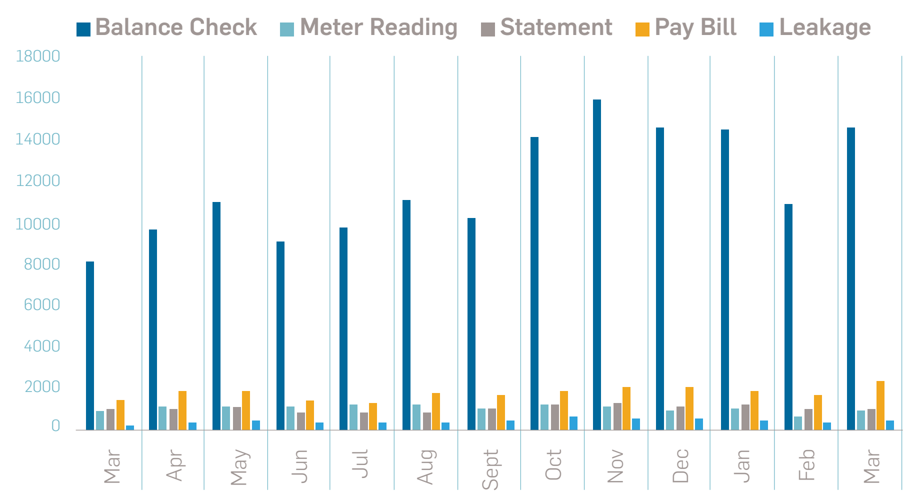


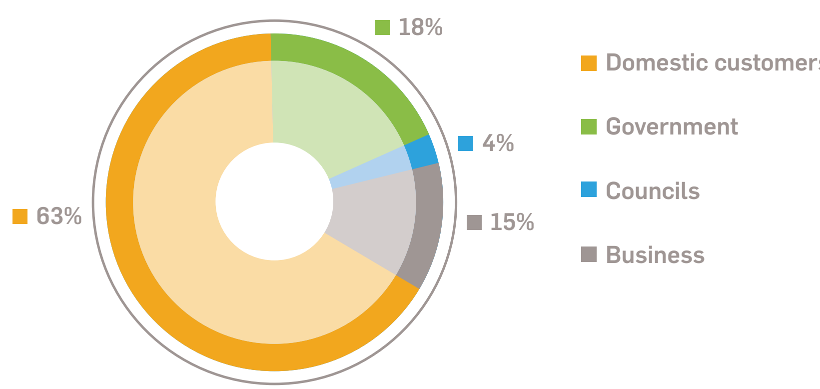
Table 5: Demonstrating increase of USSD. The table shows that more people still use the platforms to check balances and report leakages. Education on other alternative payment methods such as electronic transfers, mobile phone payments and the use of post offices for bill payment, continues.

DEBT

Through a robust debt collection strategy in the past financial year, the Corporation was successful in collecting some of the debt, some of which was done through self-serve platforms especially the *186#. Debt collection is key to enable service delivery.

Chart 1 demonstrates the Corporation's debt status from different categories.

Chart 1: Corporation's debt status 2018/19



WATER UTILITIES CORPORATION TARIFFS
EFFECTIVE 1 APRIL 2017

DOMESTIC, COMMERCIAL & INDUSTRIAL POTABLE WATER TARIFFS

Tariff Block Category	EXCL. VAT Revised Tariff 1st April 2017 (Pula)	INCL. VAT Revised Tariff 1st April 2017 (Pula)
Minimum Charge	0	0
0-5 KL **	3.50	3.92
>5-15 KL	10.40	11.65
>15-25 KL	18.20	20.38
>25-40 KL	28.00	31.36
>40 KL	35.00	39.20

DOMESTIC, COMMERCIAL & INDUSTRIAL WASTEWATER TARIFFS

Tariff Block Category	EXCL. VAT Revised Tariff 1st April 2017 (Pula)	INCL. VAT Revised Tariff 1st April 2017 (Pula)
Minimum Charge	0	0
0-5 KL	0.65	0.73
>5-15 KL	2.60	2.91
>15-25 KL	3.90	4.37
>25-40 KL	5.20	5.82
>40 KL	6.50	7.28

**** DOMESTIC CONSUMERS ONLY - First 5KL exempt from VAT**

CONSULTATIVE OPPORTUNITIES

Enhancing our relationship with strategic partners was at the top of the Corporation's agenda. The Corporation therefore maintained a high level of community engagement during the year, informing and educating water users on water issues.

We held several interactions with various stakeholders, amongst them Diplomats and Botswana Council of Non-Governmental Organisations (BOCONGO) and Dikgosi where we deliberated on our existence to serve our customers. These events created a platform to share ideas, lobby for support and address water challenges in villages and towns.

A collaboration was established with Botswana Post to hold tea sessions to honour the elders and pensioners, while providing an opportunity to provide water related education.

Workshops that targeted area leadership were held in Charles Hill, Tlokweng, Old Naledi Mochudi, Serowe, Letlhakane, Mahalapye, Shoshong, Sefhare, Selebi Phikwe, Bobonong Tonota, Francistown, Palapye, and Maunatlala.

The business community was also taken on board, as the Corporation hosted a seminar to celebrate the maturity of the WUC bond.

The Corporation, led by its Board Member Mr. Godfrey Molefe, positioned WUC as working towards financial recovery and further encouraged interest in the water industry by financial industry players.

The top 150 water users were also brought together to official launch the Corporation's self-service platforms. The events was attended by stakeholders who are key in closely managing these accounts across different industries.

The Corporation's social media interactions also improved in the year under review with continuous growth in Facebook

and Twitter followers. Through these platforms, questions and queries are raised, and subsequently tracked by the Corporation for closure.

Through all these platforms, the Corporation communicated water supply developments. The Corporate Social Responsibility (CSR) programme which emphasises community development, environment, staff welfare and involvement, allowed both WUC and the community to interact for sustained relationships.

Other areas of collaboration included the continuous signing of Trade Effluence Agreements to cushion operational effects in the environment.

The Corporation further opened doors to the media fraternity too, recognising their role of checks and balances. During the year, Media activities included press releases, responses to media enquiries, arranging and conducting electronic interviews. The main aim was to provide assurance on water products and service as well as transparency in water issues.

CORPORATE SOCIAL RESPONSIBILITY AND STAKEHOLDER RELATIONSHIP MANAGEMENT

The Corporation recognises the strategic value of embarking on Corporate Social Responsibility (CSR). The lives of several community members were uplifted following robust CSR activities that included provision of Shelter and Support for education.

The Corporation Management Centres are empowered to engage local authorities in identifying needs in their respective areas. The centres were allocated funding to execute projects that are geared towards ploughing back to the communities within which they operate. The CSR projects helps build viable relationships that impact positively on service provision to the locals. It is during such interaction that the Corporation worked closely with residents and educate them about products and services while also providing collaboration opportunities for the water user.

The Corporation recognises and remains humbled by its employees, who sacrificed their time and resources to augment what the Corporation's funds, to ensure the success of these projects. The voluntary spirit from employees is an invaluable gift which the Corporation appreciates.

Amongst the projects that were completed during the year are litter picking and leak repairs at Charles Hill and Serowe schools. Football games between WUC and the village leaders were some of the highlights of the Corporation and local leadership interactions.

WELFARE AND POVERTY ALLEVIATION

The Corporation also donated two bus shelters in Serowe, and further renovated a house in Tshimoyapula Village, where Tshimoyapula School pupils were also beneficiaries of school shoes.

Similar houses were also donated at Botlhapatlou in Kweneng District and Ntlhantlhe village in Southern District while a standpipe was donated to a less privileged member in Tlokweng.

CONTRIBUTION TOWARDS EDUCATION

The Corporation sponsored best performers at Ncaang Primary School in Hukuntsi, Iphutheng Junior in Lobatse, Gakuto Primary, Ikongwe Primary School.Sanitary Towels were also donated to six boarding schools in the Bobirwa District, Matshekge and Mmadinare Senior schools while Information Technology equipment were donated to Nicodimus Memorial School, Etsile Primary, Mahudiri and Rakops Junior Secondary School in Letlhakane area. The younger generation in these areas now have an opportunity to be a part of a global community and a world of research opportunities. Further to its commitment towards supporting education and research for all, the Corporation sponsored the University of Botswana SADC International Conference on Postgraduates for Sustainable Development.

CORPORATE ACTIVITIES

WUC supported corporate events such as that of the Kalahari Conservation Society, UB Foundation Dinner, Red Ribbon Botswana, BICA, and Happy Hearts Botswana. The Corporation further participated at the 2018 World Telecommunications Day and made impressive presentations at the Ministry of Lands Management, Water and Sanitation Services and Consumer Department.

OUR EMPLOYEES

The working environments, like that of water, are forever changing, requiring skills that help the organisation to stand the pressures of new business trends.

THE CORPORATION'S HEAD COUNT STANDS AT

3100

OUT OF AN ESTABLISHMENT OF 3743.

Employers on the other hand, are also faced with challenge of keeping abreast with these changes.

The Corporation recognises this and constantly encourages its employees to take advantage of available programmes to improve their education and skills level.

The Corporation has further organised workshops during the year under review, to impart some of the critical skills.

The Corporation restructuring project, dubbed Itemogo, has been designed to facilitate decentralisation of service to business centres underscoring WUC undivided focus on customer centricity.

The new structure is expected to help WUC maintain the requisite levels of staff with appropriate skills, competencies, and drive for a new and transformed WUC. The envisaged implementation of the restructuring exercise is expected to align WUC with best practices and help it effectively deliver on its mandate.

The Human Resources department ensures the readiness of WUC's human capital to tackle challenges by constantly investigating and reviewing policies for relevance and enhanced productivity.

The WUC leadership values the contribution by its employees in the accomplishment of the mandate. As the drivers of processes behind WUC products and services, WUC employees are the livelihood of the Corporation.

The Corporation therefore keeps them abreast of strategic information through newsletters, intranet, memorandums, and emails, amongst others, to enable their participation in the core business.

The Corporation also implemented employee value proposition projects which include but not limited to salary review project with a high-level purpose of designing a competitive but affordable pay structure. As the year ended March 2019, the Corporation's head count stands at 3,100 out of an establishment of 3743.

EMPLOYEE RELATIONS

Investing in the health and wellbeing of employees is key towards addressing healthcare costs and reduced productivity. The Corporation therefore encourages physical fitness through provision of gym subsidy and participation in sporting activities such as athletics, soccer, netball, pool, and aerobics, amongst others. In the year under review the Corporation hosted the BOLESWABLOEM Water Regional Games and emerged number 1.

The Corporation also insures the lives of employees through the Group Life Assurance Policy and Medical Insurance. In line with the WUC policy, the Corporation further conducted its annual on the job and exit medical screening. All these initiatives are elements of the Corporation's Comprehensive Total Wellness Strategy.

GOVERNMENT INTERNSHIP PROGRAMME

The Corporation also accommodates graduates on internship programmes, some of which end up being absorbed as employees on a long and short basis.

The Corporation finds it imperatives to support Government programmes such as these to build skills and professionals within the Botswana industry.


ENVIRONMENT

FINANCIAL STATEMENTS

WATER UTILITIES CORPORATION

(Incorporated in Botswana in terms of the Water Utilities Corporation Act of 1970 - Laws of Botswana Chapter 74:02)

Business
The mandate of the Corporation is to provide potable water supply and wastewater services in the whole country.

Members of the Board
Matome T. Malema (Resigned 31 April 2018)
Obolokile T. Obakeng
Godfrey B. Molefe
Mokgadi K. Nteta
John P.D. Phatshwe
Galeitsiwe Ramokopane
Noble Katse
Juliana White
Othusitse Lekoko

Corporate Management Team

Mmetla Masire	Chief Executive Officer
Taboka Muke	Chief Financial Officer
Thapelo Kalake	Shared Services Director
Macheng Macheng	Human Resources Director
Tsholofelo Bogosi	Head of Internal Audit (Resigned 15 May 2018)
Gaselemogwe Senai	Sustainability and Water Resources Director
Thapelo Leinaeng	Technical Services Director
Felicity Ziga	Corporation Secretary

Registered Office
Water Utilities Corporation Head Office
Sedibeng House
Plot 17530, Luthuli Road
Industrial Site
Gaborone

Independent Auditors
PricewaterhouseCoopers

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

For the year ended 31 March 2019

The Members of the Board are responsible for the preparation and fair presentation of the financial statements of Water Utilities Corporation ("the Corporation"), comprising the statement of financial position as at 31 March 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Water Utilities Corporation Act (Chapter 74:02).

The Members of the Board are required by the Water Utilities Corporation Act (Chapter 74:02), to maintain adequate accounting records and are responsible for the content and integrity of 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 Corporation at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS.

The Members of the Board are responsible for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It is also responbilitiy of the Board for detection of fraud.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The responsibilities of the members of the Board also include maintaining adequate accounting records and an effective system of risk management.

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

The Members of the 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 external auditors are responsible for independently reporting on the Corporation's financial statements and their report is presented on pages 42 to 45.

Going Concern

The Members of the Board have made an assessment of the Corporation's ability to continue as a going concern and believe that continued financial support from the Government of the Republic of Botswana and the revision of tariffs will ensure that the Corporation continues as a going concern in the future.

Members of the Board's approval of the financial statements

Against this background, the Members of the Board accept responsibility for the financial statements on pages 47 to 84 which were approved on 05 September 2019 and signed on its behalf by:

Director	Director

Independent auditor's report

TO THE MINISTER OF LAND MANAGEMENT, WATER AND SANITATION SERVICES

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Water Utilities Corporation (the "Corporation") as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Water Utilities Corporation's financial statements set out on pages 47 to 84 comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 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 Corporation 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.

Our audit approach

Overview

Materiality	*Overall materiality: P 7,200,000, which represents 5% of average profit before tax of the past 3-5 year*
Key Audit Matters	• *Impairment of trade receivables*

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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud . We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Corporation, the accounting processes and controls, and the industry in which the Corporation operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	*P 7,200,000*
How we determined it	*5% of average profit before tax of the past 3-5 years*
Rationale for the materiality benchmark applied	*We chose average profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Corporation can be measured by users, and is a generally accepted benchmark. Average profit before tax was chosen because of the volatility in the Corporation's operations and results in the past years and therefore determined it was more appropriate to use 3-5 years average. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of financial statements of the current period in the table below.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of trade receivables At 1 April 2018 and 31 March 2019, the Corporation recognised trade receivables of BWP 811 million and BWP 802 million respectively after deducting expected credit losses (ECL) of BWP 384 million and BWP 400 million respectively. The Corporation adopted IFRS 9 *Financial Instruments* ("IFRS 9") to measure the ECL for the first time in the 2019 reporting period. The Corporation applies the simplified approach and recognises lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and days past due. The Corporation uses a provision matrix based on the group's historical loss rates adjusted for country gross domestic product(GDP) growth rate. We considered the determination of ECL to be a matter of most significance to the current year audit due to the following: • the assumptions and judgements applied by management which included the historical loss rate; and • the magnitude of the ECL and the impact on the financial statements. Disclosures with respect to the application of IFRS 9 in determining ECL are disclosed in: • Note (a) "Changes in accounting policy" • Note 9 "Trade and other receivables| Exposure to credit risk" • Note 31 "Financial risk management"	Our audit procedures included, amongst others, the following: • We obtained an understanding of, and evaluated, the design, implementation and operating effectiveness of the Corporation's relevant internal controls relating to credit origination, credit control and debt collection. • We assessed management's ECL impairment model against the requirements of IFRS 9 and found the model to be consistent with these requirements. • We tested the mathematical accuracy of management's ECL impairment model and no material differences were noted. • 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. • We agreed the GDP growth rate applied by management to market available information. No material differences were noted. In assessing the reasonableness of management's approach to adjust historical loss rates with GDP growth rate we considered the nature of the service being provided and accordingly debtors recoverability are significantly influenced by the strength of the economy. Further, we considered historical information and we concurred with management's conclusion that there is a relationship between default rates and economic performance. • We agreed the data utilised in management's ECL impairment model at 1 April 2018 and 31 March 2019 to supporting documents and no material differences were noted. • 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 directors are responsible for the other information. The other information comprises the information included in the document titled "Water Utilities Corporation Financial Statements 31 March 2019", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Water Utilities Corporation 2018/19 Annual Report", which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 that 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.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation 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 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 financial statements.

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 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.

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- 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

In accordance with Section 25 (3) of the Act, we are also required to report to the Minister of Land Management, Water and Sanitation Services as to whether or not;

- we have received all the information and explanations which, to the best of our knowledge and belief were necessary for the performance of our duties as auditors;
- the accounts and related records of the Corporation have been properly kept;
- the Corporation has complied with all financial provisions of the Act with which it is the duty of the Corporation to comply; and
- the financial statements prepared by the Corporation were prepared on the basis consistent with that of the preceding year and represents a true and fair view of the transactions and financial affairs of the Corporation.

PricewaterhouseCoopers

Individual practicing member: Butler Phirie
Membership Number: 19900312

Gaborone
10 September 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 P'000	2018 P'000
Revenue from contracts with customers	7	1,829,298	1,821,753
Other income	8	26,272	24,146
Operating expenses			
Water treatment and distribution expenses	2	(954,091)	(872,621)
Administration and other expenses	2	(375,179)	(435,591)
Depreciation and amortisation		(233,099)	(256,131)
Net impairment loss on trade receivables	2	(19,939)	(13,759)
Impairment loss on property, plant and equipment	6	(64,319)	-
Total operating expenses		**(1,646,627)**	**(1,578,102)**
Operating profit before tariff subsidy	1.	**208,943**	**267,797**
Revenue grant	16	-	360,000
Operating profit after tariff subsidy		208,943	627,797
Finance income	3	52,432	19,935
Finance costs	3	(30,636)	(44,608)
Profit for the year before taxation		**230,739**	**603,124**
Taxation	5	(39,826)	(89,972)
Profit for the year		**190,913**	**513,152**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement recognised on the defined benefit plan	25	(5,413)	312
Total comprehensive income for the year		**185,500**	**513,464**

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	31 March 2019 P'000	31 March 2018 P'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,856,642	6,605,480
Intangible assets	10	4,920	7,627
		6,861,562	6,613,107
Current assets			
Inventories	12	44,951	40,844
Trade and other receivables	9	410,218	480,720
Income tax refundable		66,603	-
Cash and cash equivalents	13	1,802,847	886,051
		2,324,619	1,407,615
Total assets		**9,186,181**	**8,020,722**
EQUITY AND LIABILITIES			
Capital and reserves			
Irredeemable capital	14	752,738	752,738
Government contribution - Water Sector Reforms	15	4,104,627	4,104,627
Interest reserve - EIB	27	16,998	16,420
Retained earnings		732,417	571,645
		5,606,780	5,445,430
Non-current liabilities			
Government grants	17	2,770,033	1,626,659
Borrowings	18	220,698	230,885
Consumer deposits		43,570	41,150
Retirement benefit obligation	25	-	-
Deferred taxation	19	47,191	21,815
		3,081,492	**1,920,509**
Current liabilities			
Borrowings	18	13,442	212,985
Trade and other payables	20	476,829	373,641
Tax payable	5	7,638	68,157
		497,909	654,783
Total liabilities		3,579,401	2,575,292
Total equity and liabilities		**9,186,181**	**8,020,722**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Notes	Irredeemable capital	Government contribution	Interest subsidy reserve	Retained earnings	Total
		P'000	P'000	P'000	P'000	P'000
Balance at 1 April 2017		**752,738**	**4,104,627**	**15,686**	**58,915**	**4,931,966**
Profit for the year		-	-	-	513,152	**513,152**
Other Comprehensive Income		-	-	-	312	**312**
Transfer to interest subsidy reserve	27	-	-	734	(734)	**-**
Balance at 31 March 2018		**752,738**	**4,104,627**	**16,420**	**571,645**	**5,445,430**
IFRS 9 day 1 adoption adjustment		-	-	-	(24,150)	**(24,150)**
Profit for the year		-	-	-	190,913	**190,913**
Other Comprehensive Income		-	-	-	(5,413)	**(5,413)**
Transfer to interest subsidy reserve	27	-	-	578	(578)	**-**
Balance at 31 March 2019		**752,738**	**4,104,627**	**16,998**	**732,417**	**5,606,780**

STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 P'000	2018 P'000
Cash flows from/(to) operating activities	22	**508,604**	**771,080**
Cash flows used in investing activities			
Development expenditure incurred	6	(570,504)	(354,534)
Proceeds on sale of property, plant and equipment		1,156	13,695
Purchase of property, plant and equipment	6	(24,458)	(72,585)
Interest received	3	52,432	19,935
Net cash used in investing activities		**(541,374)**	**(393,489)**
Cash flows from financing activities			
Interest paid	3	(30,636)	(44,608)
Repayment of long-term borrowings	18	(209,730)	(3,939)
Cash grants received from Government - Capital grant	17	987,223	348,906
Deferred cash revenue grants received	16	202,710	-
Net cash from financing activities		**949,567**	**300,359**
Net increase/(decrease) in cash and cash equivalents	11	**916,796**	**677,950**
Cash and cash equivalents at beginning of the year		886,051	208,101
Cash and cash equivalents at end of the year	13	**1,802,847**	**886,051**
Reconciled to:			
Cash and cash equivalents recognised as current assets		1,802,847	886,051

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES

PRESENTATION OF FINANCIAL STATEMENTS

The Corporation has been established under the Water Utilities Corporation Act (CAP 74:02). The Corporation provides potable water supply and wastewater services throughout Botswana.

The financial statements have been prepared on the historical cost basis except where otherwise stated and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year except where otherwise stated. The financial statements are presented and rounded to the nearest Pula which is the functional currency. These financial statements were approved by the board of directors on xx August 2019.

BASIS OF PREPARATION

The financial statements of the Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Water Utilities Corporation Act (CAP 74:02). The financial statements have been prepared under the historical cost convention and are presented in Pula (P). Historical cost is generally based on the fair value of the consideration received or paid for the assets and liabilities.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board (''IASB'), interpretations issued by the International Financial Reporting Standard Interpretations Committee and in the manner required by the Companies Act of Botswana (CAP 42:01).

CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards adopted by the Corporation

IFRS 9 Financial Instruments

Adoption of IFRS 9: Financial instruments

The Corporation has adopted IFRS 9 as issued by the IASB in July 2014 with a transition date of 1 April 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Corporation did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of the standard, the Corporation elected not to restate comparative figures. The comparative period notes disclosures repeat those of disclosures made in the prior period. Any adjustments to the carrying amounts of financial assets at the date of transition were recognised in the opening Retained Earnings account. The Corporation does not hedge its financial risks and therefore hedge accounting is not relevant. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. Set out below are disclosures relating to the impact of adoption of IFRS 9 on the Corporation.

a) Classification and measurement of financial assets

There were no changes to the classification and measurement of financial liabilities. The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1 April 2018 are compared as follows:

	IAS 39		IFRS 9	
Financial assets	Measurement category	Carrying amount (P000)	Measurement category	Carrying amount (P000)
Cash and cash equivalents	Amortised cost	886,051	Amortised cost	886,051
Trade and other receivables	Amortised cost	458,029	Amortised cost	427,067
		1,344,080		**1,313,118**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

(b) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

Impairment loss	Amount (P'000)
Opening balance in accordance with IAS 39	**353,375**
Amounts restated through opening retained earnings – Transitional IFRS 9 Adjustment (Note 9)	**30,962**
Opening loss allowance as at 1 April 2018 – calculated under IFRS 9	**384,337**

(c) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Corporation performed an analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 April 2018:

Financial asset	IAS 39 Carrying amount 31 March 2018 (P000)	Reclassification (P000)	Remeasurement (P000)	IFRS 9 Amount 01 April 2018 (P000)
Cash & cash equivalents Opening balance under IAS 39 and closing balance under IFRS 9	886,051	-	-	886,051
Trade Receivables	458,029	-	30,962	427,067
Total	**1,344,080**	**-**	**30,962**	**1,313,118**

IFRS 15 – Revenue from contracts with customers IFRS 15

Transition approach

IFRS 15 'Revenue from Contracts with Customers' addresses the recognition of revenue and replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related standards or interpretations. The corporation has adopted IFRS 15 as at 1 April 2018 and applied the new rules with no retrospective adjustments deemed necessary, given the assessment detailed below.

The standard requires the identification of performance obligations in contracts with customers and allocation of the total contractual value to each of the performance obligations identified. Revenue is recognised as each performance obligation is satisfied either at a point in time or over time.

Revenue recognition

The core principle of IFRS 15 "Revenue from Contracts with Customers" requires an entity to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for transferring those goods or services to the customer.

Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded within contract liabilities (deferred income). When services are provided to some counterparties, is is not probable that the consideration that the corporation is entitled to will be collected. This is based on an assessment of the counterparty's ability and intention to pay. For these transaction, consideration is included in revenue only once received.

The following services are recorded within "Revenue" in the Income Statement since they relate to the corporation's obligation as a water and wastewater services provider to provide these services to customers:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

CHANGES IN ACCOUNTING POLICIES (CONTINUED)
IFRS 15 – Revenue from contracts with customers IFRS 15 (continued)

Potable water and wastewater services
As a potable water and wastewater services provider, the Corporation has an ongoing obligation to provide potable water and wastewater services to customers which are analysed to domestic, commercial and Government and councils categories. The Corporation is obligated to provide a continuous supply of services across the entire network, and so customers simultaneously receive and consume the benefits in line with the Corporation performing its obligation.

The Corporation recognises revenue for potable water and wastewater services at an amount which it has a right to receive, since this amount is considered by management to correspond directly with the value to the customer of the corporation performance to date.

The amount of consideration which the corporation has the right to receive is determined by actual usage, derived from meter readings. There are instances when the Corporation does not gain access to customer premises to allow for meter readings, management then estimates the potable water and waste water bill by reference to recent consumption in line with actual historical meter readings. Instances of estimations are common for domestic customers as such the actual revenue may vary from estimate.

IFRS 15 requires the revenue amount to reflect the amount that is less likely to be reversed in the future and therefore, reporting the consideration that the corporation is entitled to. Management has conducted a historical review of revenue reversals due to significant estimation variations from actual meter readings and other factors including spillage that is outside the responsibility of customers.

The Corporation has, in the past, guided by IAS 18, effected such adjustments in efforts to report the fair value of revenue; consequently, IFRS 15 prescriptions are consistent with the corporation best practice.

Revenue also includes an estimate of the amount of mains potable water and wastewater charges unbilled to metered customers at the period end, which are recorded within trade receivables.

IFRS 15 requires the disclosure of the aggregate amount of revenue which is expected to be derived from performance obligations which are unsatisfied as at the end of the reporting period. This relates, for instance, to periods of no water supply to customers during the financial reporting period. Management considers that such an amount cannot be reliably estimated, primarily because the Corporation's obligation to supply customers with portable water and wastewater services will continue in perpetuity. The corporation has applied the practical expedient, given in paragraph 121(b) of IFRS 15, not to disclose this amount in relation to potable water and wastewater charges.

There is no impact on the recognition of potable water and wastewater services as a result of the adoption of IFRS 15.

Connection fees
A connection fee includes the provision of a connection service to an existing water main or sewer, laying a pipe to the boundary of a customer's property and connecting to their supply pipe. Management consider that the combination of these activities comprise of a distinct performance obligation to the customer. Service connection income is recognised in revenue at the point in time that the connection is completed.

There is no impact on the recognition of income from connection services as a result of the adoption of IFRS 15.

Standards issued but not effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Standards issued but not effective (continued)

Standard/ Interpretation	Effective date: Years beginning on or after	Expected Impact
> Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between investor and its associate or joint venture	1 Jan 2019	Low
>Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 Jan 2019	Low
> Prepayment Features with Negative Compensation - Amendment to IFRS 9	1 Jan 2019	Low
>Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	1 Jan 2019	Low
>Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	1 Jan 2019	Low
>Uncertainty over Income Tax Treatments	1 Jan 2019	Low
>IFRS 16 Leases	1 Jan 2019	Detailed below

IFRS 16 “Leases”

IFRS 16 Leases was issued in January 2016 to replace IAS 17 Leases and its accompanying standards SIC -15 Operating Leases - incentives, SIC-27 Evaluating substance of transactions involving legal form of a lease and IFRIC 4 Determining whether an arrangement contains a lease.

The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Company on 1 April 2019.

IFRS 16 will primarily change lease accounting for instances where the Corporation is a lessee; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a lease obligation for future lease payables. Lease costs in the statememt of comprehensive income will be recognized in the form of depreciation of the right to use asset and interest on the lease liability.

Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases as read with IFRIC 4 and SIC -27 but will be substantively different to existing accounting for operating leases where rental charges are currently recognized on a straight-line basis and no lease asset or related lease creditor is recognized.

Practical expedients are applicable to leases or arrangements of low value and a term equal to or below 12 month periods.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the Company.

The Company has several contractual arrangements and immovable property leases with a lease period beyond 12 months and extension options, which, in the past have been exercised. The infrasture leases are less likely to be deemed to be arrangements of low value.

These arrangements are likely to be impacted by IFRS 16 and material judgments are required in identifying and accounting for leases.

The most significant judgments for the Corporation is expected to be determination of the following;

- the lease term; under IFRS 16 the lease term includes extension periods where there is reasonably expectation that lease extension option will be exercised or that a lease termination option will not be exercised.
- the discount rate for determination of the present value of the contractual payments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

CHANGES IN ACCOUNTING POLICIES (CONTINUED)
IFRS 16 "Leases" (continued)

The Corporation is continuing to assess the impact of the accounting changes that will arise under IFRS 16 and cannot yet reasonably quantify the impact on the financial statememts after the Corporation's adoption on 1 April 2019. The corporation will maximise the use of practical expedients applicable to the modified retrospective transitional guidelines.

Property, plant and equipment
Property, plant and equipment comprises mainly land, dams and buildings, distribution systems, plant and machinery, vehicles and equipment. These are items that are tangible and held for use in the supply of goods and services and expected to be used for more than one year.All property, plant and equipment purchased by the Corporation is stated at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Corporation; and the cost of the item can be measured reliably

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where major components of an item of property, plant or equipment have different useful lives, they are accounted for as separate items of property, plant or equipment and depreciated separately over their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Spare parts, standby and servicing equipment held by the Corporation, that meets the definition of property, plant and equipment are classified as such. Spare parts and standby equipment considered to be critical spares and can only be used in connection with a specific item of property, plant and equipment are also accounted for as property, plant and equipment. All other spare parts are accounted for as inventory.

Subsequent expenditure on property, plant and equipment is capitalised only when the expenditure enhances the value or output of the asset beyond original expectations and it can be measured reliably. Costs incurred on repairing and maintaining assets are recognised in the statement of financial performance in the period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets to their residual values over their useful lives,using the straight-line method. Depreciation commences when the asset is available for its intended use, which could be an earlier date than when the asset is actually put into economic use by management. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Land and assets under construction are not depreciated. All other property, plant and equipment are depreciated on a straight line basis over their estimated useful lives to their estimated residual value. Major repairs are depreciated over the remaining useful life of the related asset or to the date of the next major repair, whichever is shorter. The estimated useful lives are as follows:

Leasehold land, dams and buildings	25-99
Distribution systems, plant and machinery	5-40
Vehicles and equipment	5-15

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Property, plant and equipment (continued)

Development Expenditure
Development expenditure relates capital work-in-progress (plant and equipment in the course of construction) comprises costs incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they have been put into use or are commissioned, whichever is the earlier date. At that time they are transferred to the appropriate class of property, plant and equipment. Further details are given in Note 6.

Computer software costs
Costs that are directly associated with the purchase of identifiable software products controlled by the Corporation, that will probably generate economic benefits beyond one year that can be measured reliably, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Computer software is capitalised at cost when its probable that the expected future economic benefits attributable will flow to the Corporation and the costs can be reliably measured. These costs are amortised over their estimated useful lives (five years), effectively, the computer software costs are measured at cost less accumulated amortisation and impairment charges. An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the asset is derecognised.

Amortisation and impairment charges are recognised in statement of comprehensive income.

Goverment grants
Grants are recognised when there is reasonable expectation that the grant will be received and all attached conditions will be complied with. The Corporation may receive grants relating to capital projects in form of cash or physical assets and towards income expenditure. Grant income related to capital projects or in physical assets is initially recognised as deferred income in the statement of financial position with a corresponding asset recognised in property, plant and equipment or development expenditure, whichever is relevant. Subsequently, the deferred income is amortised to the statement of comprehensive income in a manner consistent with depreciation of the related asset. Grant income related to income expenditure is initially recognised as deferred income in the statement of financial position and subsequently amortised to the statement of profit or loss when the intended expenditure is incurred by the Corporation.

Irredeemable capital
Irredeemable capital comprises contributions received from the Government in respect of its obligations as the owner of the Corporation in terms of the Water Utilities Corporation Act (74:02).

Inventory
Inventories comprise maintenance spares and stores, water treatment chemicals and consumables and are measured at the lower of cost, determined on a weighted average basis, and net realisable value. These are not major spare parts and are not used over 12 months.

Maintenance spares and consumable stores are expensed to the statement of comprehensive income as they are utilised unless they satisfy the recognition criteria as critical spares, which are capitalised as property,plant and equipment.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and variable selling expenses. Write-downs to net realisable value and inventory losses are expensed in the statement of financial performance in the period in which the write-downs or losses occur.

Inventories comprise finished products, work-in progress, maintenance spares and stores, raw material and merchandise, and are measured at the lower of cost, determined on a weighted average basis, and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting
The Corporation's Chief Executive Officer has been identified as the chief operating decision maker (CODM), who is responsible for assessing the performance and allocation of resources of the Corporation. The Corporation reports a single segment – Water Utilities Corporation performance within the Botswana economic environment. The business is widely distributed with no reliance on any major clients. In addition, no client accounts for more than 10% of revenue. The CODM regularly review the operating results of the Corporation for which discrete financial information is made available on a quarterly (tailor as appropriate) basis and against which performance is measured and resources are allocated across the segment. Within the segment are a number of services that the Corporation derives its revenue from. These include:
- Water sales and Connection fees services of which P1,829,000,000 (2018:P1,822,000,000) fee income is disclosed on the face of the income statement

Finance income and expenses
Interest income or interest expense is recognised for all interest-bearing financial instruments on an accrual basis, using the effective interest rate method. Interest income or interest expense is recognised in profit or loss except for interest expense capitalised as part of the construction of a qualifying asset. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Consumer deposit
Consumer deposits are initially recognised at the fair value of the consideration received from consumers. They are refundable to consumers when their accounts are closed and there are no balances owing to the Corporation.

Impairment of non financial assets
Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets other than goodwill that suffered impairment loss in prior periods are assessed at the end of the reporting period for any indication that the loss no longer exists or may have decreased.

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

Leases
Leases of property, plant and equipment where the Corporation has substantially all risks and rewards of ownership are classified as finance leases. Finance lease are capitalised at the inception of the lease at the lower of the fair value of the asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables.

The interest element of the finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporation as lessor
Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as revenue in the period in which they are earned.

Corporation as a lessee
Operating leases do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments

Dividends
Dividend distribution to the Corporation's shareholders is recognised as a liability in the Corporation's financial statements in the period in which dividends are approved by the Corporation's shareholders.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less provision for impairment.

Classification
Trade and other receivables (note 9) are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these receivables give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the company's business model is to collect the contractual cash flows on these receivables. The company does not charge interest on its receivables.

Impairment policy applicable in prior year under IAS 39
A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Impairment policy adopted by the Corporation in current year under IFRS 9
The Corporation adopted IFRS 9 Financial Instruments ("IFRS 9") to measure the Expected Credit loss "ECL" for the first time in the 2019 reporting period. The Corporation measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Write off policy
Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Botswana Pula, which is the Corporation's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions and Balances
Foreign currency transactions are translated into the functional 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 at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non monetary items in foreign currency measured at historical cost will be translated using the exchange rate at the date of the transaction. While monetary items held at fair value with translated using the exchange rate at the date fair value was measured.

Employee benefits
Payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement recognised in OCI

The Corporation presents the first two components of defined benefit costs in profit or loss in the line item administration and other expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognises any related restructuring costs.

Borrowings
Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Borrowings obtained from the Debt Participation Capital Funding Limited (DPCFL) and Government borrowings at rates below the ruling market rates are originally recorded at fair value, determined based on the effective yield method. Under this method, the fair value of the borrowing is measured as the present value of anticipated future cash flows discounted at an applicable interest rate.

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

Interest costs on borrowings obtained to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the property for its intended use. Other borrowing costs are expensed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Property, plant and equipment (continued)

Provisions
Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments: IAS 39

Initial recognition
The Corporation 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 assets and financial liabilities are recognised on the Corporation's balance sheet when the Corporation becomes a party to the contractual provisions of the instrument.

(a) Financial assets

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
'Loans and receivables' are assessed for indicator of impairment at each statement of financial date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For 'Loans and receivables' objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the consumer will enter bankruptcy or financial re-organisation.

(b) Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial Instruments (continued)

Cash contribution received from the Government of Botswana are recorded at the proceeds received and assets transferred in terms of the Water Sector Reforms are recorded at fair value at transfer date.

Financial liabilities

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities
The Corporation de-recognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled, or they expire.

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

Financial assets
The date of initial application (i.e. the date on which the Corporation has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Corporation has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL)
Under the old IAS 39 Financial Assets were classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial instruments: IFRS 9 (continued)

At fair value through profit or loss (FVTPL)
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transactions costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transfered and the Corporation has transferred substantially all risks and rewards of ownership. Gains and losses arising from the changes in the fair value of the FVTPL are presented in the income statement in the period in which they arise.

Cash and cash quivalents
The Corporation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. These largely includes fixed deposits with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity are classified as investment at amortised cost. These investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Financial assets at amortised cost
Trade receivables, and other receivables are classified as Financial Assets at Amortised Cost. They are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Provision for expected credit losses of trade receivables
The corporation uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by Invoice aged category).

The provision matrix is initially based on the corporation's historical observed default rates. The corporation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The corporation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the corporation's trade receivables in Note 9.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial instruments: IFRS 9 (continued)

Financial liabilities and equity instruments issued by the Corporation

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the fair value received, net of direct issue costs. In the Corporation's case, there is no equity issued, however the Government of Botswana, which is the owner through the Water Utilities Corporation Act of 1970 - (Laws of Botswana Chapter 74:02) as a residual interests in the assets of the entity after deducting all of its liabilities.

Financial liabilities
Under IFRS 9, the treatment of Financial liabilities has not changed and is the same as IAS 39.

Financial liabilities at amortised cost
Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

Taxation
Income tax expense represents the sum of the current tax payable and the movement in deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items that are non-taxable and non deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting period end.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Taxation (continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current assets and current liabilities on a net basis.

Current tax and deferred tax for the year
Current tax and deferred tax for the period are recognised as an expense or income in profit or loss, except when they relate to items debited or credited directly to equity in which case the tax is also recognised directly in equity.

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

Related party transactions
Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, the party:
-controls, is controlled by, or is under common control with, the entity;
-has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity or its parent including close members of the family.

Government grants
Government grants are not recognised until there is reasonable assurance that the Corporation will comply with conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Corporation recognises relates costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognised in profit or loss in the period in which they become receivable.

Impairment of financial assets
The Corporation adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure the allowance for impairment of trade receivables for the first time in the 2019 reporting period. The introduction of the impairment requirements of IFRS 9 require impairment allowances to be considered on an expected credit loss basis as opposed to the incurred credit basis previously adopted by the Corporation. This change in accounting policy required the Corporation to develop an impairment model to calculate Expected Credit Losses ("ECLs") and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9, the Corporation recognises a loss allowance for expected credit losses on: Financial assets measured subsequently at amortised cost ; and Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and assumptions
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Corporation's financial statements are disclosed.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of events that are believed to be reasonable under the circumstances. The following are what management considers to be critical accounting estimates and assumptions.

a) Determination of useful lives and residual values of property, plant and equipment
The Corporation tests annually whether, the useful lives and residual value estimates are appropriate and in accordance with its accounting policy.

b) Impairment loss on trade receivables
The Corporation uses provision matrix as a determination of expected credit losses on Trade receivable.
Expected Credit Loss ("ECL") has been assessed by grouping customers with shared credit risk characteristics and days past due. The matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current and forecast direction of conditions at the reporting date. Expected loss rates are determined based on historical losses adjusted to reflect current and forward looking macroeconomic factors, where relevant, affecting the customer's ability to settle the outstanding amount. Refer note 9 for details.

c) Retirement benefit asset
The amounts recognised in the statement of financial position based on a valuation performed at 31 March 2019 by independent actuaries using the projected unit credit method. The assumptions and methodology used are consistent with IAS 19 - Employee Benefits. The pension costs and statement of financial position items are dependent on the assumptions made for future experience. IAS 19 sets out how these assumptions should be set. These assumptions are shown in note 25 to the financial statements.

d) Impairment loss for Property plant and equipment
At each reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019	2018
	P'000	P'000
1. Operating profit/(loss) before tariff subsidy		
The following items have been included in arriving at the operating loss before tariff subsidy:		
Auditor's remuneration - current year	2,017	1,075
Depreciation of property, plant and equipment (note 6)	287,602	290,835
Amortisation of capital grant (note 17)	(57,343)	(37,041)
Amortisation of intangible assets (note 10)	2,840	2,337
Increase/(decrease) in accounts receivable impairment provision (note 9)	19,939	(13,759)
Board members' fees (note 26)	860	506
Operating lease rentals - property	11,170	8,807
Remuneration - executive management (note 26)	9,373	5,976
Foreign exchange losses	635	684

2 Expenses by nature

Expenses to be apportioned		
Total salaries and wages expenses	683,115	657,595
Spare and consumables	139,952	121,961

	2019	2018
	P'000	P'000
Administration and other expenses		
Security	37,596	94,619
Travelling	28,549	33,372
Professional, Consultancy & Legal fees	32,576	38,328
IT Expenses	21,787	32,503
Telephone, postage, printing & Stationery	27,058	33,013
Repairs and maintenance	11,699	10,185
Staff expenses	9,459	7,810
PR & Advertising	8,073	6,546
Insurance	7,520	16,834
Bank Charges	7,096	6,564
Office Rental, Electricity & water	15,043	19,420
Provision for bad debts expense	19,939	(13,759)
Other expenses	4,110	8,004
	230,505	**293,439**
Apportioned: Indirect salaries and wages	136,623	131,519
Apportioned: Spare and consumables	27,990	24,392
Total administration and other expenses	**395,118**	**449,350**
Water treatment and distribution expenses		
Building maintenance	1,396	1,114
Pumping power, repairs & chemicals	294,241	247,862
Apportioned: Direct salaries and wages	546,492	526,076
Apportioned: Spare and consumables	111,962	97,569
Total Water treatment and distribution expenses	**954,091**	**872,621**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

Basis of apportionment

Apportionment is on an 80:20 basis between water treatment and distribution expenses and administration and other expenses respectively. Apportionment is based on allocation of resources between the expenses

	2019 P'000	2018 P'000
3 Finance income/costs		
Finance income		
Interest on deposits and short term investments	**52,432**	**19,935**
Finance costs		
- European Investment Bank Loan	4,643	2,110
- DMTN Bond	25,993	42,498
	30,636	**44,608**
4 Staff Costs		
Salaries and wages	517,802	514,066
Pension costs - defined benefit scheme (note 25)	-	-
- defined contribution scheme	46,463	42,292
Leave pay and gratuity	50,220	38,942
Medical aid	45,491	42,216
Other staff costs	23,139	20,079
	683,115	**657,595**
5 Taxation		
Current tax:		
Basic tax at 22 % (2018: 22%)	7,638	68,157
Deferred income tax expense (note 19)	32,188	21,815
Income tax expense	**39,826**	**89,972**

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

	2019 P'000	2018 P'000
Profit before income tax	**230,739**	**603,124**
Tax calculated at applicable tax rates of 22% (2018: 22%)	50,763	132,687
Tax effects of:		
- Expenses not deductible for tax purposes	7,649	2,200
- Income not subject to income tax	(12,616)	(8,149)
- Tax effects of tax loss not recognised in the previous year	(5,970)	(36,766)
Current tax expense	**39,826**	**89,972**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

6 Property, plant and equipment

	Land, dams and buildings	Development expenditure	Distribution systems, plant and machinery	Vehicles and equipment	Total
COST	P'000	P'000	P'000	P'000	P'000
Balance as at 1 April 2017	2,917,028	825,868	4,321,928	490,051	8,554,875
Additions	3,585	-	12,190	56,810	72,585
Additions to development expenditure	-	354,534	-	-	354,534
Impairment adjustment	-	(10,000)	-	-	-10,000
Assets received from Projects	-	-	-	13,858	13,858
Transfer from development expenditure	2,943	(438,179)	435,236	-	-
Disposals	-	-	(2,913)	(34,298)	(37,211)
Balance as at 31 March 2018	**2,923,556**	**732,223**	**4,766,441**	**526,421**	**8,948,641**
Additions	1,259	-	8,567	14,632	24,458
Additions to development expenditure		570,504			570,504
Assets received from Projects				10,784	10,784
Transfer from development expenditure	-	(645,123)	645,123	-	-
Disposals	(1)	-	(3,082)	(5,404)	(8,487)
Assets write off	-	-	(85,421)	-	(85,421)
Balance at 31 March 2019	**2,924,814**	**657,604**	**5,331,628**	**546,433**	**9,460,479**
ACCUMULATED DEPRECIATION					
Balance at 1 April 2017	647,207	-	1,187,163	244,445	2,078,815
Depreciation charge	112,745	-	139,715	38,375	290,835
Disposals	-	-	(1,354)	(25,135)	(26,489)
Balance at 31 March 2018	**759,952**	**-**	**1,325,524**	**257,685**	**2,343,161**
Depreciation charge	114,401	-	132,821	40,380	287,602
Disposals	-	-	(1,604)	(4,220)	(5,824)
Assets write off	-	-	(21,102)	-	(21,102)
Balance at 31 March 2019	**874,353**	**-**	**1,435,639**	**293,845**	**2,603,837**
Carrying amount at 31 March 2018	**2,163,604**	**732,223**	**3,440,917**	**268,736**	**6,605,480**
Carrying amount at 31 March 2019	**2,050,461**	**657,604**	**3,895,989**	**252,588**	**6,856,642**

The Corporation does not have any property, plant and equipment pledged as security for borrowings. The asset write off relate to Selibe Phikwe water pipes and distribution system which went to the BCL mine. The assets were written off because the BCL mine has been closed and going through on going liquidation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2019 P'000	2018 P'000
7	**Revenue from contracts with customers**		
	Potable water	1,636,524	1,643,866
	Waste water	154,114	139,137
	Connection fees	38,660	38,750
		1,829,298	1,821,753

Disaggregation of revenue

The company derives revenue from the transfer of good and services over time and at a point in time in the following major product and service lines. In the following table, revenue is disaggregated by major products / service lines and timing of revenue recognition. The prior year comparatives have been presented consistently with the presentation in last year's Annual Report under IAS 18.

2019

Revenue	Service transferred overtime	Service transferred at point in time	Total
Portable water	1,636,524	-	1,636,524
Waste water	154,114	-	154,114
Connection fees	-	38,660	38,660

2018

Revenue	Service transferred overtime	Service transferred at point in time	Total
Portable water	1,643,866	-	1,643,866
Waste water	139,137	-	139,137
Connection fees	-	38,750	38,750

		2019 P'000	2018 P'000
8	**Other Income**		
	Foreign exchange gain	2,954	847
	Water bowsing income	5,015	4,680
	Sewage cleaning income	8,707	8,963
	Vacuum tanker sale	5,939	5,387
	Disposal of Property, plant and equipment	1,291	1,324
	Sundry income	2,366	2,945
		26,272	**24,146**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P'000	2018 P'000
9 Trade and other receivables		
Trade receivables	801,546	811,404
Less provision for impairment	(400,254)	(353,375)
	401,292	458,029
Prepayments	8,926	22,691
	410,218	**480,720**
Trade receivables comprise of:		
Business	132,685	106,319
Government department and Council	202,215	336,987
Domestic debtors	466,646	402,439
	801,546	**845,745**

	2019 P'000	2018 P'000
Opening balances	**353,375**	**367,134**
IFRS 9 provisional adjustment	30,962	-
Written-off as uncollectable	(4,022)	-
Increase/(decrease) in debtors provision	19,939	(13,759)
Total (Note 31)	**400,254**	**353,375**

Loss allowance reconciliation for financial assets under IFRS 9

	Trade receivables			
	Government and Councils	Business	Domestic	Total
Closing loss allowance as at 31/03/2018 (Calculated under IAS 39)	15,617	56,542	281,216	**353,375**
** Amount restated through retained earning and deferred tax	-	6,109	24,853	**30,962**
Opening loss allowance as at 01/04/2018(Under IFRS 9)	15,617	62,651	306,069	**384,337**
Written off as uncollectable	-	(683)	(3,339)	**(4,022)**
(Decrease)/Increase in allowance recognised in profit or loss	(5,166)	67	25,038	**19,939**
TOTAL	**10,451**	**62,035**	**327,768**	**400,254**

**	24,150
Amount taken to statement of changes in equity	
Taken to deferred tax (Note 19)	6,812
Total	**30,962**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P'000	2018 P'000
10 Intangible assets		
Computer software costs		
COST		
Balance at beginning of the year	38,671	38,671
Additions	133	-
Balance at end of the year	**38,804**	**38,671**
AMORTISATION		
Balance at beginning of the year	31,044	28,707
Amortisation	2,840	2,337
Balance at end of the year	**33,884**	**31,044**
Carrying amount	**4,920**	**7,627**

Intangible assets consists of computer software which is a purchased asset and also that there were no individual asset that is material to the annual financial statement of the Authority as a whole. Amortisation is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives. As at year end the remaining amortization period for these assets is 2 years.

Computer software 5 years

	2019 P'000	2018 P'000
11 Net debt reconciliation		
Cash and cash equivalents	1,802,847	886,051
Borrowing - repayable in one year	(13,442)	(212,985)
Borrowings - repayable after one year	(220,698)	(230,885)
Net debt	**1,568,707**	**442,181**
Cash and cash equivalents	1,802,847	886,051
Gross debt - fixed interest rates	(23,666)	(32,363)
Gross debt - variable interest rates	(210,474)	(411,507)
Net Debt	**1,568,707**	**442,181**

	Cash at bank	Borrow. due within 1 year	Borrow. due after 1 year	Total
Net debt 1 April 2018	886,051	(212,985)	(230,885)	442,181
Cash flows	916,796	199,543	10,187	1,126,526
Net debt 31 March 2019	**1,802,847**	**(13,442)**	**(220,698)**	**1,568,707**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P'000	2018 P'000
12 Inventories		
Chemicals	449	678
Spares and consumables	45,673	42,582
Provision for obsolete inventories	(1,171)	(2,416)
	44,951	**40,844**
Provision for obsolete inventories		
Opening balance	(2,416)	-
Charge to profit or loss	1,245	(2,416)
Closing balance	**(1,171)**	**(2,416)**
13 Cash and cash equivalents		
Cash and cash equivalents comprise:		
Current and call accounts	248,462	138,666
Short-term investments	1,554,385	747,385
	1,802,847	**886,051**

Short term investments consists of the following deposits held at the following banks:

	2019 P'000	2018 P'000
Stanlib	124,474	30,793
African Alliance	126,677	91,508
BIFM	125,604	71,071
Capital Bank	255,060	-
Botswana Savings Bank	237,970	135,457
Botswana Building Society	355,466	226,046
BANC ABC	329,134	142,397
First National Bank	-	50,113

The Corporation holds highly liquid investments with an original maturity period of three months or less when purchased to be cash equivalent that are readily convertible bonds and subject to insignificant change in value.

	2019 P'000	2018 P'000
14 Irredeemable capital		
Balance at beginning and end of the year	**752,738**	**752,738**

These are contributions made to the corporation several years back for its operations to commence and they are irredeemable.

	2019 P'000	2018 P'000
15 Government contribution - Water Sector Reforms		
Balance at beginning of the year	4,104,627	4,104,627
Balance at end of the year	**4,104,627**	**4,104,627**

Government contribution - This relates to net assets contributed by government of Botswana acting in capacity as shareholders.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

	2019 P'000	2018 P'000
16 Revenue Grant		
Cash grant received during the year	202,710	360,000
Recognised in income statement	-	(360,000)
Deferred balance at end of the year	**202,710**	**-**

Revenue grant relates to funds received from the Government of Botswana towards supplementing expenditure by the Corporation on non-capital projects or not for acquisition of income generating assets.

The funding received during the current reporting period is dedicated towards settlement of restructuring costs in form of terminal benefits, staff relocation and other activities to enable the effective execution of restructuring plans. As of the reporting date, none of the expenditure has been incurred, as such the revenue grant is deferred as a current liability towards expenditure to be incurred in the subsequent reporting period.

	2019 P'000	2018 P'000
17 Capital grants		
Balance at the beginning of the year	1,626,659	1,300,936
Received during the year	987,223	348,906
Vehicles received from Government	10,784	13,858
Amortisation of grant	(57,343)	(37,041)
Balance at the end of year	**2,567,323**	**1,626,659**

Capital grant - Emergency/drought projects is made up of funds received from the Government of the Republic of Botswana to fund emergency or drought related projects aimed at improving water supply in the country. The grants are amortised over the useful lives of the respective assets acquired to match with the depreciation costs for the constructed assets.

	2019 P'000	2018 P'000
Total Government grants	**2,770,033**	**1,626,659**
18 Borrowings		
Current borrowings		
Foreign borrowings	7,968	6,478
DMTN Bond	5,474	206,507
	13,442	212,985
Non current borrowings		
Foreign borrowings	15,698	25,885
DMTN Bond	205,000	205,000
	220,698	230,885
Total Borrowings	**234,140**	**443,870**

The Domestic Medium Term Note (DMTN) Bond is unsecured.
The foreign borrowings of P23,666, 000 which are unsecured and obtained from the European Investment Bank (EIB).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P'000	2018 P'000
18 Borrowings (continued)		
Maturity of borrowings		
Current	13,442	212,985
Between 1 and 2 years	4,274	8,749
Between 2 and 5 years	11,424	17,136
Over 5 years	205,000	205,000
	234,140	**443,870**

Below is the EIB loan denominated in ZAR

Foreign borrowings

	Denomination	2019 P'000	2018 P'000
Loan 45 EIB	ZAR	**31,874**	**39,842**

Loan Number	% rates of interest p.a.	Period of repayment	Balance at 1 April 2018 P'000	Repaid during Balance at the year P'000	31 March 2019 P'000
Foreign Loans direct to the Corporation					
45-EIB	8-12	2008-2023	32,363	(8,697)	23,666
DMTN Bond					
WUC001	10.65	2008-2018	206,507	(206,507)	-
WUC002	10.6	2008-2026	205,000	5,474	210,474
			411,507	(201,033)	210,474
TOTAL LOANS			**443,870**	**(209,730)**	**234,140**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P'000	2018 P'000

19 Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 22% (2018: 22%).

	2019	2018
Balance at beginning of the year	21,815	-
IFRS 9 deferred tax adjustment	(6,812)	-
Income statement expense (note 5)	32,188	21,815
Balance at end of the year	**47,191**	**21,815**
Broken down as:		
Differences in tax and accounting depreciation	106,189	65,666
Accruals and provision	(58,998)	(43,851)
	47,191	**21,815**

20 Trade and other payables

	2019	2018
Trade creditors	145,448	118,805
Value added tax	1,473	1,116
Payroll accruals	43,406	71,832
Other creditors	118,854	51,156
Contract retention	89,522	84,348
Contract liability	59,684	35,497
Other accruals	18,441	10,887
	476,828	**373,641**

As per IFRS 15, if the payments exceed the services rendered, a contract liability is recognised. The contract liability above relates to customers who prepaid their water bills, of which the Corporation will offset against their future water bills.

21 Dividend payable

No dividend has been declared or paid during the year.

22 Cash flows from operating activities

	2019	2018
Total comprehensive income/(loss) for the year	185,500	513,464
Adjustment for		
Depreciation and amortisation expense	290,442	293,172
WIP Impairment adjustment (note 6)	-	10,000
PPE Impairment adjustment (note 6)	64,319	-
Amortisation of grant (note 17)	(57,343)	(37,041)
Finance income (note 3)	(52,432)	(19,935)
Finance costs (note 3)	30,636	44,608
Foreign exchange gain/loss	(2,319)	(163)
Loss / (profit) on sale of assets	(1,291)	(1,324)
Income tax paid	90,305	88,487
	547,817	**891,268**

	2019	2018

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

	P'000	P'000
22 Cash flows from operating activities (continued)		
Adjusted for working capital movements		
Movement in inventories	(4,107)	2,625
Movement in trade and other receivables	70,502	(70,814)
Movement in consumer deposits	(2,420)	10,139
Movement in trade and other payables	(103,188)	(62,138)
	(39,213)	(120,188)
Cash to operating activities	**508,604**	**771,080**

23 Commitments

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

Due within one year	9,950	8,131
Due after one year	22,181	15,680
	32,131	**23,811**

Operating leases relate to leases of properties with lease terms between 2 and 5 years with an average yearly rental escalation of 10%. The Corporation does not have an option to purchase the properties at the expiry of the lease periods.

Capital commitments

Capital expenditure approved at the statement of financial position date but not recognised in the financial statements is as follows:

Approved and contracted for	539,405	1,266,810
Approved but not yet contracted for	1,505,880	1,149,290

The commitments are expected to be financed from internally generated funds, external borrowings and funding from the Government of the Republic of Botswana under the Emergency/ Drought projects.

24 Contingent liabilities

a)The Corporation has guaranteed the obligations of its employees under the residential property and personal loans scheme up to a total of P10 million (2018: P10 million). The schemes are operated through Barclays Bank of Botswana Limited. The amount disclosed represents the Corporation's exposure on the loan scheme. The extent to which an outflow of funds will be required is dependent on future rate of default by the employees. Therefore this is not a financial guarantee under IFRS 9 because the outflow of funds is not specific and it is unknown as it is dependent on future rate of default by the employees.

b)The Corporation has no material obligations (2018: PNil) in respect of litigation matters, which existed at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

25 Retirement benefit liability

The Corporation operates a hybrid pension fund with both defined benefit and defined contribution members. The defined contribution and defined benefit plans are administered by a separate fund that is legally separated from the Corporation. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

Defined Contribution Plan

The Corporation is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Corporation with respect to the retirement benefit plan is to make the specified contributions. The total expense recognised in profit or loss of P46 463 0000 (2018: P42 292 000) represents contributions made to these plans by the Corporation at rates specified in the rules of the plan.

Defined Benefit Plan

In accordance with statutory requirements, independent actuaries value the Fund at the end of each financial year. Such valuations are based on the projected unit credit funding method. Under this method, the present value of benefits, which have accrued as a result of service prior to the valuation date, are compared with the value of the plan's assets. Allowance is made in the valuation of the accrued benefit for estimates of future salary increases, withdrawals and deaths benefits payable.

The defined benefit plan exposes the Corporation to actuarial risks, such as longevity risk, interest rate risk and market(investment) risk.

The most recent actuarial valuation of the defined benefit plan was performed at 31 March 2019 by AON Hewitt. The results of the valuation are as follows:

Amounts recognised in the Statement of Financial Position are determined as follows:

	2019	2018
	P'000	P'000
Present value of defined benefit obligation	(24,349)	(35,983)
Fair value of plan assets	32,561	41,009
Paragraph 64 limit	(8,212)	(5,026)
Net liability arising from defined benefit obligation	**-**	**-**

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	2019	2018
Current service cost	522	783
Gain on settlement	(5,563)	-
Interest on obligation	1,709	2,005
Interest income on plan assets	(1,953)	(2,248)
Interest on asset ceiling	261	276
	(5,024)	**816**
Amounts recognised in other comprehensive income in respect of the defined benefit plan are as follows:	**5,413**	**(312)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

	2019 P'000	2018 P'000

25 Retirement benefit assets (continued)

Movements in the present value of the defined benefit obligations in the current period were as follows:

	2019 P'000	2018 P'000
Opening defined benefit obligation	35,982	35,903
Current service cost	522	738
Interest cost	1,709	2,005
Benefits paid	(7,742)	(556)
Actuarial losses	(5,563)	898
Actuarial losses due to experience	(560)	(3,006)
Closing defined benefit obligation	24,348	35,982

Movement in the present value of the plan assets in the current period was as follows:

	2019 P'000	2018 P'000
Fair value of plan assets		
Opening fair value of plan assets	41,009	40,916
Expected return on assets	1,953	2,248
Contributions	389	459
Benefits paid	(7,743)	(556)
Actuarial gains	(3,047)	(2,058)
Closing fair value of plan assets	32,561	41,009
Asset	8,212	5,026
Asset not recognised	(8,212)	(5,026)
Net Asset/ obligation in the statement of financial position	**-**	**-**

	2019	2018
The principal actuarial assumptions used are as follows:		
Discount rate	5.1%	5.2%
Expected return on plan assets	5.1%	5.2%
Future salary increases	-	5.2%
Future pension increases	-	3.3%

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and pension increase rate. However in the current year future salary and future pension increase has not been taken into consideration by the actuary given than all pension payments have been outsourced and the 6 defined benefit active members will eventually join the defined contribution scheme with the conversion value already earmarked. The sensitivity analyses below have been determined based on reasonably possible changes of respective assumptions occurring at end of period, while holding other assumptions constant. If the pension increase rate is 0.5% higher (lower), the defined benefit obligation would decrease by P1 201 000,(increase by P 1 337 000), 2018 decrease by P1 850 000 (increase by P1 327 000).

The plan ensures that investment positions are managed within an asset-liability matching framework that has been developed to achieve long term investments that are in line with obligations under the pension plans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

26 Related party transactions

The Corporation is 100% owned by the Government of Botswana. Related parties comprise the Government of the Republic of Botswana, Key Management and Board members. Transactions and account balances with the Government of Botswana and government related entities are disclosed in Note 1, Note 9, Note 14, Note 15, Note 16 and Note 17. Refer to note 21 for dividend matters.

A list of members of the Board is disclosed on the front page of the report. Key entity personnel compries executive management disclosed on the front page of the report.

The total remuneration of Directors and other members of key management personnel during the year was as follows:

	2019	2018
	P'000	P'000
Remuneration of key entity personnel:		
Salaries and other short term employee benefits	9,373	5,976
Terminal benefits	2,043	3,650
Board fees	860	506
	12,276	**10,132**

Key entity personnel comprises of executive management as disclosed on General Information of the financial statements.

27 Interest reserve - EIB

Balance at the 1 April 2018	16,420	15,686
Interest subsidy income - transfer	578	734
Balance at the 31 March 2019	**16,998**	**16,420**

The interest subsidy reserve relates to a subsidy on the EIB loan 45 (Note 18). In accordance with the agreement with the EIB, the Corporation shall pay net interest on the daily balance of the loan balance at the interest rate applicable reduced by an interest rate subsidy of 1.82%, provided that the interest payable shall at no time fall below 3%. If the Corporation wishes make withdrawal from this account it has to send details of schemes to be financed and their projected financing plans. Only after approval from EIB will funds be withdrawn from this account. Residual balance in this account at the end of the final repayment of the loan shall be used by the Corporation for subsequent financing of Water Sector Building.

28 Taxation

The Corporation was previously a "Specified Corporation" which was exempt from income tax because it was wholly owned by the Government of the Republic of Botswana.

In terms of the Income Tax Amendment Act 2015 (Act 14 of 2015) and Statutory Instrument number 41 of 2016 Income Tax (Bodies Corporate Exempt from Tax) Regulations 2016 that came into operation on 1 July 2016, the Corporation became a taxable entity.

The Botswana Unified Revenue Services ("BURS") has not issued any guidelines as to any transitional arrangements which would apply in the first tax period for the Corporation. Accordingly, the Corporation has calculated income tax and deferred tax for the current year based on management's interpretation of the Income Tax Act as it may apply to the Corporation. These interpretations may differ to those of BURS. Any changes as a result of different interpretations made by BURS will be accounted for when agreed to by the Corporation. In the current year BURS has not yet issued guidelines regarding the transitional arrangements and as such the guideline has not been substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

29 Compliance with the Water Utilities Corporation Act (Chapter - 74:02)

The Corporation has complied with the requirements of Section 19 of the Water Utilities Corporation Act (Chapter 74:02) which requires the Corporation to conduct its affairs on sound commercial lines and to produce a net operating income by which a reasonable return can be measured. An operating profit of P208 942 000 (2018: P267 797 000 loss) before taking into account the tariff subsidy grant received from the Government of the Republic of Botswana of Pnil (2018: P360 000 000).

30 Events after reporting date

There have been no material events between the reporting date and the date of approval of these financial statements that may require adjustment or disclosure in the financial statements.

31 Financial risk management

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. Risk management is carried out under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

(i) Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand (ZAR). Foreign exchange risk arises from borrowings and other commercial transactions. Management has set up a policy to require the Corporation to manage its foreign exchange risk against functional currency. To manage foreign exchange risk arising from those transactions, the Corporation ensures that it maintains adequate funds in foreign currency in its bank accounts and negotiates terms and conditions in the loan agreements with the lenders. Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 March 2019, the Corporation's foreign exchange exposure was to ZAR borrowings of R31 874 000 (2018: R39 842 000). If the Botswana Pula (BWP) had strengthened by 1% against foreign currencies, the effect would have resulted in an impact of P320,425 (2018: P245,000) on the Corporation's profit and equity. A 1% weakening of the ZAR would have equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

31 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk
The Corporation's interest rate risk arises from long-term borrowings and short-term deposit investments. Borrowings and short-term deposit investments at variable rates expose the Corporation to cash flow interest rate risk. Borrowings and short-term deposit investments issued at fixed rates expose the Corporation to fair value interest rate risk. The Corporation maintains its borrowings at both variable and fixed rates while short-term deposit investments are maintained at fixed interest rates as agreed with the counterparties. During the 2018/2019 financial year, the Corporation's borrowings at variable rates were denominated in Rand (ZAR) while borrowings and short-term deposit investments at fixed rates were denominated in Pula (BWP). The risk is managed by the Corporation by spreading the short term investment portfolio across various financial institutions to maximise returns.

A 1% increase in interest rate in borrowings would decrease the Corporation's profit and equity by P2, 291, 000 (2018: P4,323, 000) while short-term deposit investments would increase the Corporation's profit and equity by P15, 494,000 (2018: P7 494 000). A decrease in interest rates by a similar margin would result in equal and opposite effect on the profit for the year.

iii) Price risk
The Corporation does not deal in commodities and therefore there is no exposure to price risk

(b) Liquidity risk
Liquidity risk refers to the risk that the Corporation will not be able to generate sufficient cash flows to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Corporation's liquidity reserves (comprises cash and cash equivalents - note 13) on the basis of expected cash flow. This is generally carried out by management in accordance with practice and limits set by the Board.

The table below analyses the Corporation'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:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	P'000	P'000	P'000	P'000
At 31 March 2019				
Borrowings	14,255	4,802	12,546	325,800
Consumer deposits	-	-	-	43,570
Accounts payable	264,302	-	-	-
At 31 March 2018				
Borrowings	225,859	9,830	20,400	399,610
Consumer deposits	-	-	-	41,150
Accounts payable	169,961	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

31 Financial risk management (continued)
(c) Capital risk

The Corporation is a parastatal established by an Act of Parliament. The Corporation is supported by its shareholder, Government of the Republic of Botswana. The Corporation's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Corporation monitors capital on the basis of the debt to equity ratio. This ratio is calculated as long term debt divided by total equity.

	2019 P'000	2018 P'000
Total long - term debt (note 18)	234,140	443,870
Total capital and reserves	5,606,780	5,445,430
Debt : equity ratio	0.04	0.08

The Corporation considers a debt equity ratio of less than 1 to be acceptable. This is reviewed annually after considering market conditions and the growth goals of the Corporation.

The ratio of interest bearing debt to the net book value of property, plant and equipment is calculated as:

Total interest bearing borrowings (note 18)	234,140	443,870
Property, plant and equipment (note 6)	6,856,642	6,605,480
Ratio of interest bearing debt to property, plant & equip.	0.03	0.07

(d) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to consumers, including accounts receivable.

Deposits are payable by consumers before water is connected and overdue accounts are disconnected. Accounts receivable are settled in cash, cheques or electronic transfer. Accounts receivable outstanding were reviewed and considered for impairment provision in accordance with IFRS 9- Financial Instruments. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, customers are disconnected until they settle.

In accordance with the simplified approach adopted, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses for debtors excluding Government debtors are estimated using a provision matrix, which is presented below. The provision matrix is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances. It also incorporates forward looking information relating to country gross domestic product as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 Financial risk management (continued)

(d) Credit risk (continued)

	Domestic debtors			Business debtors			
	Loss rate	Loss allowance (P000)	Balance as at 31/03/2019 (P000)	Loss rate	Loss allowance (P000)	Balance as at 31/03/2019 (P000)	Total loss allowance (P000)
0 - 30 days	36.00%	26,335	79,357	23.00%	9,879	46,809	36,214
31 - 60 days	64.00%	33,814	75,956	56.00%	10,018	20,944	43,832
61 - 90 days	85.00%	19,002	26,003	95.00%	5,691	7,263	24,693
Over 90 days	95.00%	248,617	285,330	95.00%	36,447	57,669	285,064
		327,768	**466,646**		**62,035**	**132,685**	**389,803**
		Government and Councils debtors**					**10,451**
		Total Loss allowance/Expected credit loss			**Note 9**		**400,254**

Government debtors**

The determination of lifetime expected credit losses constitutes of both historical default trends and forward looking factors. Historical review indicates that the Government of Botswana has fulfilled its cash flow obligation to the Corporation. There are common instances of delays in settlement and these have been factored on to time value of money factor of 3.61% , reflective of the most imminent maturity government bond, BW008, which matures on 08 September 2020. The Government of Botswana is rated A2 on Moody's credit scale and A- by S & P Global this results in a 0.57% default rate. The Corporation, therefore summed the risk factor and the default factor to arrive at the 4.18% allowance .The default rate incorporates the forward looking information.

	Loss rate per annum	Loss allowance (P000)	Balance as at 31/03/2019 (P000)
Government departments and Councils	4.18%	10,451	202,215

Credit risk disclosures for comparatives under IAS 39

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 Financial risk management (continued)

(d) Credit risk (continued)

Credit risk exposure in relation to trade receivables is analysed below:

	Goverment Departments and Councils P'000	Business P'000	Domestic P'000	Total P'000
At 31 March 2018				
Neither past due nor impaired	130,255	39,036	60, 833	230, 124
Past due but not impaired	206,732	8,089	36,559	251, 380
Individually impaired	-	59, 176	305,047	364, 223
	336,987	**106, 301**	**402,439**	**845,727**
Less: Provision for impairment	(15,167)	(59,176)	(312,905)	(387,698)
	321,370	**47,125**	**89,534**	**458,029**

Sensitivity analysis of Gross Domestic Product (GDP) on ECL

The table below shows the sensitivity analysis on expected credit loss as a result of forward looking information (Gross Domestic Product) variation.

2019	Amount (P000)	Value result from change in Gross domestic Product	
		1%	-1%
Loss allowance	400,254	(4,245)	4,245