



Our Sacred Treasure

2020/21 Annual Report



ABOUT THIS REPORT

Water is Botswana's most precious resource, the life blood of the land, the people and the industries they depend on. Water was and will always be at the centre of the livelihood of every society. WUC is the proud caretaker of this precious resource.

This annual report is a celebration of the prosperity our country and countrymen have enjoyed due to the efforts of WUC, more so in the wake of the pandemic. The theme recognises the work undertaken by WUC to make water accessible to all amidst COVID-19 and more importantly the obstacles conquered.





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Printed Section

The printed version of the Annual Report aims to provide concise, relevant and reliable information addressing the Corporation's objectives and activities



Online Section

The online version is made available to provide convenience of accessibility and cater for readership preference to Water Utilities Corporation stakeholders. The Annual Report aims to provide concise, relevant and reliable information addressing the Corporation's objectives and activities
<https://www.wuc.bw/wuc-publications-list/id/3/annual-reports/>

CORPORATE PROFILE

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



At the time of its establishment, WUC was mandated to manage a single project: the supply and distribution of water in what was then called the Shashe Development Area. The Government of Botswana expanded this mandate to include planning, construction, operation, treatment, maintenance, and distribution of water resources in the country's urban centres and other areas. 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.

Between 2009 and 2013, the water sector was restructured. The Corporation was given a new mandate to supply potable water to all urban centres and villages across the country and manage wastewater and sanitation services. These Water Sector Reforms (WSR) resulted from a study to rationalise the water sector in

Botswana, ensuring uniform service levels. However, the delivery of uniform service levels and the upgrading of water infrastructure remain long-term objectives that the Corporation continues to pursue.

The WSR increased the Corporation's customer base from 80,000 in 2009, when the programme began, to 510,000 to date.

The Corporation has an asset base that is valued at over P12 billion, including nine dams: Gaborone, Nnywane, Bokaa, Shashe, Letsibogo, Ntimbale, Dikgatlhong, Thune and Lotsane; the North-South Carrier Scheme I (NSCI), which includes a 360 km long pipeline, water treatment plants, associated pump stations and break-pressure tanks; and wastewater treatment facilities across the entire country.

WUC's New Values Indicating the Acceptable Behaviours of Employees to Support the Achievement of Our New Strategy



RELIABILITY

We do what we promise in our relationships with our colleagues, stakeholders and customers, and we are consistent in the delivery of our services and work.



TEAMWORK

We have a collaborative approach to work that always strives to provide the best solutions to the customers.



INNOVATIVE

We apply practical and contemporary solutions to our service delivery, while remaining grounded in our markets and customer needs.



CUSTOMER-FIRST

Our customers are our first priority, driving the decision-making and the way in which we carry out our duties.



INTEGRITY

We will conduct our business in a trustworthy, honest, and ethical manner.



1993
Bokaa Dam constructed

1984
Raising of Gaborone dam wall ends

1983
Raising of Gaborone Dam wall starts

1970
WUC was established

Nnywane Dam constructed

Shashe Dam constructed

1966
Gaborone Dam overflows

1965
Gaborone Dam construction completed

1964
Onion Tower constructed

1963
Construction of Gaborone Dam starts

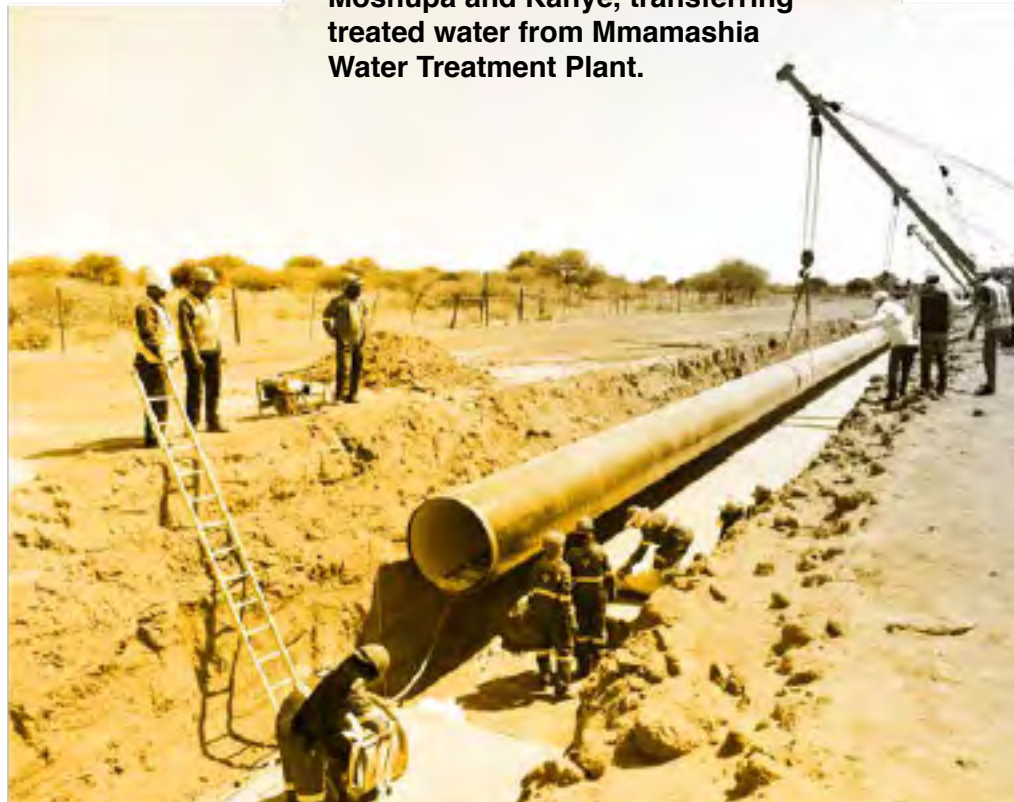
DID YOU KNOW?

The North South Carrier (NSC) scheme is the first raw water transfer scheme developed by the Botswana Government.

The scheme transfers raw water from Dikgatlong and Letsibogo dams in the north to the southern part of Botswana and began in 1995 with the construction of Letsibogo Dam. The Dam was constructed earlier than other components of the scheme, so that water could be impounded during rainy seasons. The Dam was commissioned in 1997 and the entire scheme in 2000.

The scheme starts at the two dams and transfers water to Mmamashia with off takes at Mahalapye and Palapye.

The scheme extends to Thamaga, Moshupa and Kanye, transferring treated water from Mmamashia Water Treatment Plant.





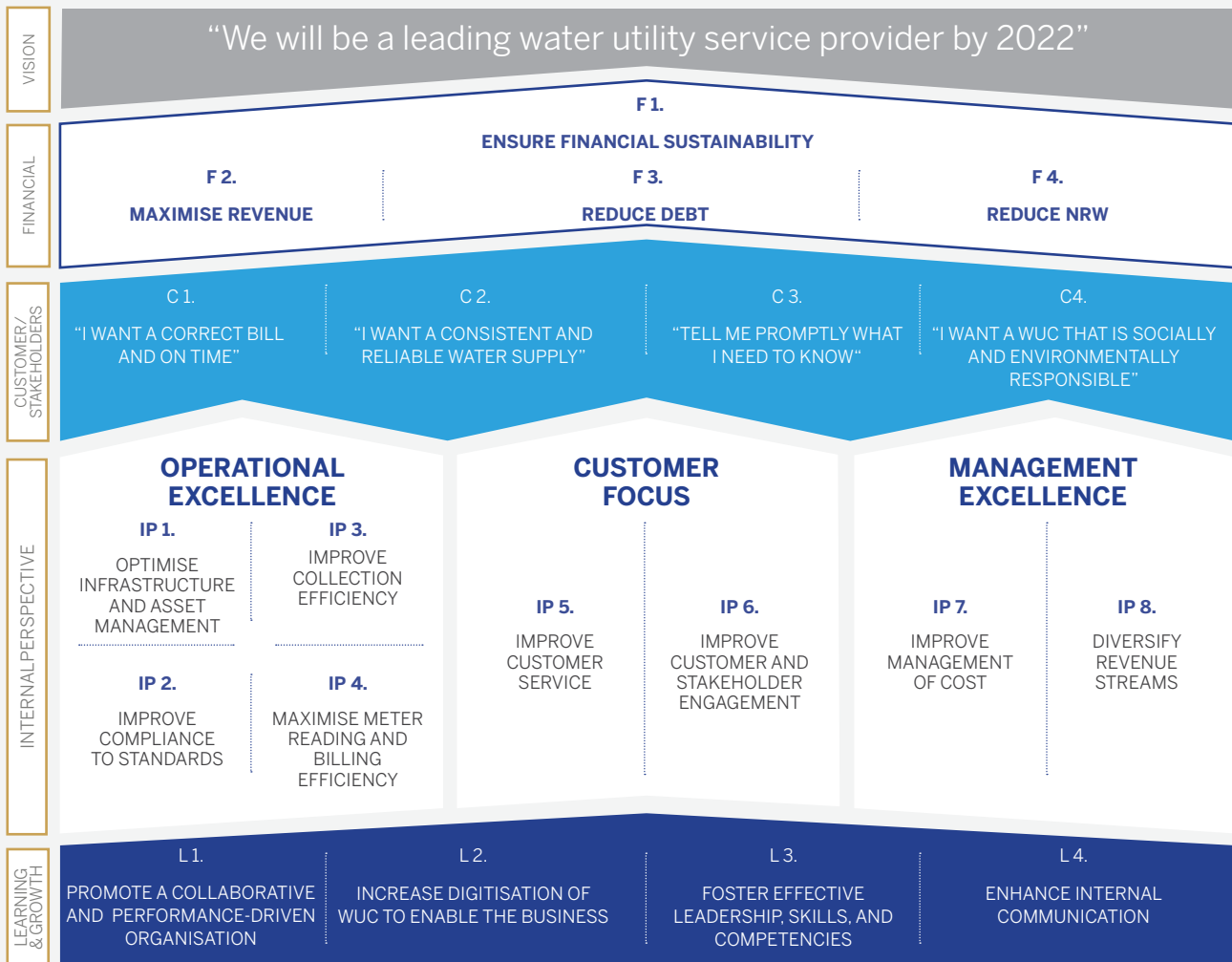
OUR STRATEGY

Vision

WE WILL BE A LEADING WATER UTILITY SERVICE PROVIDER BY 2022.

Mission

We are a service provider that strives to **guarantee an efficient and responsible supply of high-quality potable water and wastewater management services**, which support the social and economic development of Botswana.





2008-2012

Dikgatlhong Dam constructed

2011

WUC publishes a comic booklet- *Koloti*

2009

Water Sector Reforms Begins

Lotsane Dam gets constructed

2006

Ntimbale Dam gets constructed

Gaborone Dam reaches lowest level of 17%

2005

Gaborone Dam fails

2000

Gaborone Dam overflows

1998

NSC started

WUC introduces SAP as enterprise management system

1997

Letsibogo Dam constructed

DID YOU KNOW?

Dikgatlhong Dam is Botswana's largest Dam, located at the confluence of the Shashe and Tati Rivers.

Rivers which WUC gets water from are Thamalakane in Maun and Chobe in Kasane.

WUC has 9 dams, namely:

1. **Gaborone**
2. **Nywaane**
3. **Bokaa**
4. **Thune**
5. **Letsibogo**
6. **Dikgatlhong**
7. **Shashe**
8. **Ntimbale**
9. **Lotsane**

60% of Botswana gets water supply from groundwater.





SUMMARY OF PERFORMANCE

We identify opportunities to work with local economic development programmes

Return on Equity
-3 percent

Operating
9 dams

Asset Base

P11
billion

(2019/2020:
P9.7 billion)

Cash and Cash Equivalents

Down 7.6% to
P1.5
billion

(2019/2020:
P 1.660 billion)

Revenue

Down 0.8% to
P1.8
billion

(2019/2020:
P1.825 billion)

Reliability of water supply

21.2hrs/day

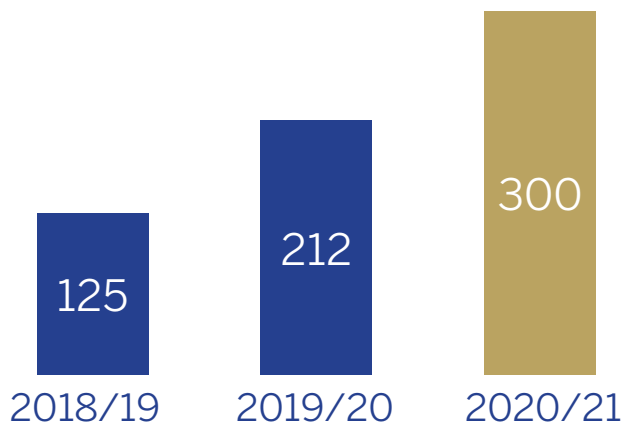
We aim to be the leading water utility service provider by 2022

CUSTOMER BASE

up from **80,000** in 2009 to
510,000

100 percent
Localisation
of Staff Complement

Customer service USSD channels growth





2016

WUC restructured
Gaborone Dam fails



2013

Thune dam constructed

WUC introduces plastic meters to reduce theft on brass meters

Bokaa Dam dries up

Gaborone Dam fails

2012

Bokaa Dam dries up

Level 2 water restrictions kick in

2020

WUC reaches its Golden Jubilee

2015

Gaborone Dam fails

Bokaa Dam dries up

2014

Gaborone Dam Dries up

DID YOU KNOW?

Drought in Botswana recurs once in every five to every seven years. To reduce disruption of water supply due to drought, the Corporation has storage facilities such as dams.

Water is drawn from the dams to Treatment Plants. From treatment facilities, the water is pumped to elevated tanks/towers. Towers or elevated tanks build pressure for water distribution so that water can reach even the furthest point in the network.



Tower 1: Onion Tower



GOVERNANCE

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BOARD CHAIRMAN'S STATEMENT



I am honoured to present the 50th Annual Report for the Water Utilities Corporation. The financial year ending March 2021 did not just mark WUC's golden jubilee but came at a very unprecedented time in the history marred by the COVID-19. The 50th Annual Report, takes you through a journey of WUC whose mandate grew from very few connections in June 1970 to a national assignment in 2009 at the dawn of the Water Sector Reforms.

The 50th Annual Report presents the WUC's journey, whose mandate grew from very few connections in June 1970 to a national assignment in 2009 at the dawn of the Water Sector Reforms. As we take the water and sanitation business through uncharted waters, we reflect on the rich history that laid the foundation of our operations and our ability to bring service to you in all four corners of Botswana. We remain indebted to sustainability practices and global reporting initiatives to help readers appreciate our strategic journey as presented in this Annual Report covering the period 1 April 2020 to 31 March 2021. The Annual Report is produced following the requirements of the WUC Act, Cap 74:02 of 1970.

Corporate Strategy

Two years have passed since the commencement of our Strategy, where we envisioned being a leading water utility service provider by 2022. Many adjustments had to be made to ensure water supply sustainability in the face of the COVID-19 pandemic that endangered and continues to threaten humanity. Our objective of consistent and reliable water supply took precedence to avail water for the primary purpose of washing hands, an essential preventative measure against COVID-19. We also completed the corporate restructuring project named iTemogo, which resulted in a new decentralised business model. Hence, WUC is now fully resourced and on track to improve operational efficiency.

Reliability of water supply and access to water during the period under review was consistently satisfactory, at a national average of twenty-one (21) hours per day against a targeted twenty-two (22) hours. This result can be attributed to decisive investments in water supply infrastructure and operational measures to improve water distribution, even to ungazetted areas through bowsing. Unfortunately, access to sanitation services is lower than target and requires heavy investment in infrastructural projects. Towards the end



of the year, a new Performance Management System (PMS) model was developed. It will be supported by a Talent Management Strategy and a robust training and development programme in due course. Technology adoption also improved, setting WUC on track towards digital transformation. Smart metering is a critical project within this transformation agenda, aiming to enhance consumer water consumption efficiency.

Governance

The Board is the overall custodian for risk management, business assurance and the Corporation's governance framework, all of which are maintained according to international standards. During the year under review, our Board went through a transition. We bid farewell to some Board Members, and we are forever indebted to their devoted service during their tenure. We also welcomed a cadre of new members, including the appointment of substantive Chairman of the Board. As constituted and appointed by the Minister of Land Management, Water and Sanitation Services in 2020, the current Board has settled into its accounting and oversight role. In exerting its strategic direction, the Board immediately appointed a substantive Chief Executive Officer, Mr. Gaselemogwe Senai, from June 2020, following his acting appointment in 2019. The Board continues to facilitate the delivery of the WUC business mandate in line with shareholder expectations.

Financial Sustainability

While we have consistently reached our meter reading target at an efficiency of over 90 percent, this has not positively affected revenue due to billing-related challenges. The Corporation continues to face collection challenges, with debtor days exceeding 190 days non-payment of bills by customers. We have since devised new plans to enhance our collection strategies, including extensive engagement with water users. This initiative recognises the challenge that, if left unattended, threatens the operational and financial sustainability of WUC, including obligations to expand services and rehabilitate existing infrastructure essential for ongoing water supply. Our decentralised business management model remains key to unlocking unique strategies for debt management.

Outlook and prospects

We will review the Strategic Plan 2019-2022 to identify enhancements to enable the Corporation to be a leading water utility service provider, a vision we still aim to reach. The strategy will also seek ways of doing business efficiently in the wake of the ongoing COVID-19 pandemic, where absenteeism due to infections affected all our customer-facing functions. We continue to draw lessons learned from



50 YEARS OF KEEPING IT FLOWING FOR YOU

the international arena to improve operations during crises such as the pandemic. We further plan on improving water security through the accelerated implementation of the NDP11, World Bank funded projects and emergency projects such as Masama-Mmamashia 100km pipeline project and its dependent water transfer schemes. We will continue studies on Chobe Zambezi, Namibia Water Desalination, Lesotho to Botswana water supply initiatives for long-term national water security.

Acknowledgement

Let me take this opportunity to sincerely express my heartfelt appreciation and gratitude to our Shareholder and the Board for their support. I am also eternally grateful to WUC Management and employees for their commitment and loyalty to keep the water flowing. I further wish to recognise and appreciate our customers and stakeholders for supporting the delivery of our mandate.

I look forward to another year, where we will bring you more updates on our strategic journey in our quest to hydrate the nation.



Noble Katse

Board Chairman - Water Utilities Corporation

THE BOARD AND CORPORATE GOVERNANCE



The Board of the Corporation is appointed by the Minister of Land Management Water and Sanitation Services. In appointing the Board Members, the Honourable Minister takes into consideration their experience and ability to make meaningful contributions to the business of the Corporation. The composition of the Board does not exceed nine Members, including the Chairman, at any one time.

The Board meets quarterly and follows a structured approach towards delegation, reporting and accountability. As part of this, four Board Committees (Finance, Risk and Audit Committee (FRAC); Board Tender (BTC); Human Resources Committee (HRC); and Operations and Technical Committee (OPTEC) carry out delegated duties.

The Board's role is to determine corporate policy and provide strategic direction. In carrying out this mandate, the Board is expected to adhere to the highest standards of ethical conduct and good governance, in line with both statutes and generally accepted practices. The Corporation's Risk and Audit frameworks played pivotal roles in ensuring integration into our business operations and strong adherence to statutory reporting requirements.

Composition of the Board

During the year under review, the Board of Water Utilities Corporation consisted of the following Members:

Mr. Noble Katse

Chairman

Tenure: 2018-2022



Qualifications: MBA (University of Botswana), BA Statistics (University of Botswana) Diploma in Telecommunication Management

Ms. Linah K. Mohohlo

Vice Chairman

Tenure: 2020-2022



Qualifications: MA Finance and Investments (University of Exeter), BA Economics (The George Washington University)



**Mr. Maclean
Letshwiti**

Member

Tenure: 2020-2023

Qualifications: Bachelor of Arts Degree in Administration (University of Botswana and Lesotho), Graduate School of Business (University of Cape Town)



**Mr. Moatlhodi
Kefentse
Lekaukau**

Member

Tenure: 2020-2023

Qualifications: FCPA, CA (SA), B.Com (University of Cape Town), PGDip.Acc (University of Cape Town),



**Ms. Wandipa
Kelobang**

Member

Tenure: 2020-2024

Qualifications: LL.M (Yale Law School), LL.B (University of Botswana)



**Dr. Obolokile
Obakeng**

Member

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

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



**Mr. Galeitsewe
Ramokapane**

Member

Tenure: 2018-2022

Qualifications: B.Com Human Resources Management and Industrial Relations (Zimbabwe Open University), Diploma in Agriculture (University of Botswana)



**Mr. Godfrey
Molefe**

Member

Tenure: 2016-2020

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

The Board and Corporate Governance (continued)



WUC Board Chairman, Mr. Noble Katse; Honourable Minister for Land Management, Water and Sanitation Services, Mr. Kefentse Mzwinila; and WUC CEO, Mr. Gaselemogwe Senai, during the groundbreaking of the Masama 100km pipeline.

Registered Office

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

Independent Auditors

PricewaterhouseCoopers

Board Engagements

The Board convened four (4) ordinary meetings and six (6) special meetings during the period under review.

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

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

Committees are as follows:

1. **HRC:** Human Resources Committee
2. **BTC:** Board Tender Committee
3. **FRAC:** Finance, Risk and Audit Committee
4. **OPTEC:** Operations and Technical Committee



Refer to page 77 to 107 for responsibility for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information



Human Resources Committee (HRC)

The Human Resources Committee comprised Mr Godfrey Molefe, Mr Galeitsiwe Ramokapane and Ms. Wandipa Kelobang. Ms. Kelobang chairs the Committee. It deals with policies relating to the management of Human Resources, including organisational structure, terms and conditions of service, remuneration, appointment and dismissal of non-Board-appointed senior staff and pensions amongst 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 one special meeting



Board Tender Committee (BTC)

The Board Tender Committee comprised Mr. Godfrey Molefe, Dr Obolokile Obakeng, Ms. Wandipa Kelobang and Ms. Linah Mohohlo. The Committee was chaired by Ms. Mohohlo.

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 met four (4) times and held six (6) special meetings during the year under review.



Finance, Risk and Audit Committee (FRAC)

The FRAC comprised Mr. Godfrey Molefe, Dr. Obolokile Obakeng, Ms. Linah Mohohlo and Mr. Moatlhodi Lekaukau. The Committee is chaired by Mr Moatlhodi Lekaukau.

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. Four Ordinary meetings and two Special meetings were held during the financial year:

The Board and Corporate Governance *(continued)*

4.

Operations and Technical Committee (OPTECH)

Chaired by Mr. Maclean Letshwiti, the Committee comprised Mr Galeitsiwe Ramokapane, Ms. Linah Mohohlo, Mr. Maclean Letshwiti, Mr Moatlhodi Lekaukau and Dr Obolokile Obakeng. It met twice during the year under review. 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
- Strategic management of technological innovation.

Table 1: Board Meetings Attendance

Member	Ordinary Board	Special Board	Special			Special			Special HR Meetings
			BTC	BTC	OPTECH	FRAC	FRAC	HR	
Mr. Noble Katse	4/4	6	2	3	N/A	N/A	N/A	N/A	N/A
Ms. Linah Mohohlo	4/4	6	3	6	2	4	2	N/A	N/A
Mr. Maclean Letshwiti	3/4	5	N/A	N/A	2	N/A	N/A	N/A	N/A
Mr. Galeitsewe Ramokapane	4/4	5	N/A	N/A	2	N/A	N/A	2	2
Mr. Moatlhodi K. Lekaukau	3/4	5	N/A	N/A	1	4	2	N/A	N/A
Ms. Wandipa Kelobang	4/4	6	4	6	1	N/A	N/A	4	1
Dr Obolokile Obakeng	2/4	3	3	6	2	4	2	N/A	N/A
Ms. Godfrey Molefe	4/4	5	4	3	N/A	4	2	4	1



THE NORTH SOUTH CARRIER (NSC) IS A MAJOR PIPELINE CONVEYING WATER FROM DIKGATLHONG AND LETSIBOGO DAMS TO CENTRAL AND SOUTHERN BOTSWANA.



Reporting to the Botswana Government

The 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. The Board Chairman also updates the Minister on strategic operations on a regular basis. Additionally, Management updates the Ministry on Operations and Project Implementation progress on monthly basis.

Going Concern

The financial statements for the year ending 31 March 2021 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 into the foreseeable future.

Statutory Reporting Requirements

The Water Utilities Corporation Act requires that the 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 the 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 ended 31 March 2021.

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 63 of this Report.



Refer to page 63 to 111

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). Heads of Business Centres, General Managers and Section Heads support the CMT in providing strategic direction as set out by the Board within the confines of the Corporation's Vision, Mission and Values statements.



CHIEF EXECUTIVE OFFICER'S REPORT

My role as WUC Chief Executive Officer began in June 2020, coinciding with the Corporation's 50th anniversary as a water service provider.

Our records demonstrate that as the month of June ended in 1970, the Corporation commenced its operations to prepare for the management of a large water scheme which was to be a dominant part of the then Shashe project, serving the new mines and Selibe-Phikwe Township. From the provision of water in the Shashe Development Area, WUC's mandate grew to urban centres and subsequently the whole country during the 2009 Water Sector Reforms. Throughout this time, WUC ensured sustainable and equitable water supply amidst challenges, amongst them recurring drought, which resulted in the depletion of Gaborone and Bokaas Dams in 2015.

Our Golden Jubilee was indeed a moment of reckoning, taking place during COVID-19. We were compelled to join our nation and the global community to save humanity from a pandemic. As a water service provider, we were confronted with ensuring optimum service delivery and the safety of employees, hence our constant review and implementation of health and safety protocols. We had to respond fast. But 2020 remained our year of celebration, a year we cherished as we remember the significant accomplishments we made in the past years, serving our communities.

Operations

The Corporation operates nine (9) dams and about eight hundred and forty (840) boreholes countrywide. The performance of these resources is critical to ensuring that the Corporation fulfills its mandate of providing water and wastewater services to all Batswana at a reasonable cost while preventing undue environmental degradation. Further to this, are critical infrastructure assets and programs such as the NSC and the management of Non-Revenue Water (NRW).

I am happy to report that as we celebrated our jubilee, all our dams except Gaborone overspilled following the plentiful rains that fell during the months of January and February 2021 countrywide. At the close of the reporting period, the dam levels translated to an average of 87% capacity under storage while at the same time last year cumulative dams storage was 65% of capacity giving us a general optimism that the current levels will sustain service provision until the next rainy season. Molatedi dam's 58.8% capacity



Revenue

Down by **0.8%** to

P 1,811
billion

(2019/2020: P 1,825 billion)

Comprehensive Income

Down by **432%** to

(P166)
million

(2019/2020: P49.923 million)

Dam Levels

87% *
Capacity

* At the close of reporting the reporting period

Localization of Staff
Complement

100%



is a welcome development as Botswana Domestic allocation will not be restricted as in line with TSWASA Agreement.

The TSWASA agreement between Botswana and South Africa on water utilisation from Molatedi Dam located in the North West Province of South Africa, provides that Botswana can access a total allocation of 13.85MI/day of raw water when the dam level is above 33.8% and half allocation below this point. As Molatedi Dam is currently at 58.8% capacity, the Botswana Domestic allocation is presently not restricted.

On wastewater, the Corporation undertook major works at Glen Valley, refurbishing the treatment plant and addressing infrastructural challenges that cause unpleasant odours in neighbouring suburbs.

Monitoring reports on groundwater resources for Molepolole, Kanye and Mochudi Management Centres were submitted to the Water Apportionment Board. The reports summarise the groundwater resources situation at the following wellfields: Gaotlhobogwe, Malwelwe, Suping, Sasakwe, Ramaphatle, Kgwakgwane, Ramonnedi, Letlhakane East Selokolela, Masama East, Masama West, Makhujwane and Malotwane. Furthermore, a new drilling Rig was commissioned during the period under review, enabling successful drilling of two boreholes to augment water supply for the Draihhoek-Makopong Cluster.

Customer and Stakeholder

We put our customers first by implementing innovative service solutions that empower them to actively participate in water accounts management. The *186#, WUC App and website are some of these solutions. Ensuring that our valued customers have continuous access to water is our core focus. During the COVID-19 pandemic, the Corporation was compelled to double its efforts to ensure that adequate water reached customers. Essential stakeholders, such as Government and the private sector, provided resources and enhanced our efforts to supply water. Bearing in mind our social and economic environment while upholding stakeholder relations, we met with stakeholders amongst them Ntlo ya Dikgosi, to keep them abreast of water developments. We also reviewed and revised customer strategies and communication policies, all of which shall be launched in the next financial year. Our plans include embarking on customer experience initiatives, Know Your Customer Project and enhanced channel management in our Call Centre.

Financial Growth and Sustainability

The year under review was characterised by a sharp increase in debt due to decreased customer payments for water. While we made strides on meter reading, reaching the target of 90%, there was a significant change in our debtor days. The Corporation held an



Chief Executive Officer's Report (*continued*)

online campaign to promote self-service during the first lockdown period and continued promoting the use of digital platforms to avoid customers congesting revenue offices to make payments.

Results Oriented Talent, Leadership and Culture

The closure of the Corporate Restructuring Project was the highlight of the financial year. All employees were given an opportunity to apply for exit packages, and those that applied and were eligible did so and amicably left the employ of the Corporation. All remaining employees transitioned into new roles. The hope for a transformed WUC now lies in the new structure and its people.

I am also happy to welcome our new Director of Strategy and Corporate Affairs. This new portfolio is anticipated to position Strategy, Risk and Communications for the Corporation and reposition WUC's performance in these critical areas. A new Director also joined us to head Internal Audit. The two appointments completed the recruitment exercise for the Executive Team.

The Corporation developed a new Performance Management System (PMS), providing a framework to achieve our strategy and improve performance. We also continued our Digital Transformational drive through our Smart Meter Internet of Things (IoT) initiative, performing a successful limited deployment in Gaborone. Our next steps include implementing recommendations from device management and engaging an advisory consultant on financial models and device rollout strategies countrywide. These actions pave the way to digital infrastructure and operational processes.

Looking Ahead

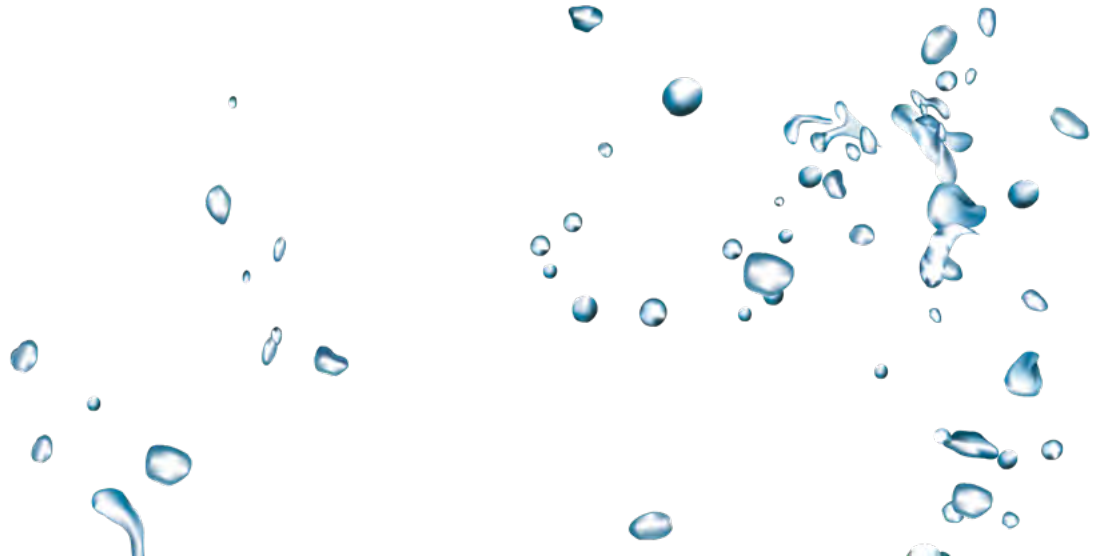
As we recognise our 50 years of service, we remain stronger and more resilient than ever before. Our commitment to providing potable water and wastewater services remain key. We are open to collaborations for continuous improvement in our services to the nation. My team and I are committed to providing a conducive environment for delivering our mandate for increased efficiency and a greater sense of purpose in water supply. We made this commitment especially in recognition of water at the heart of public hygiene and COVID-19 prevention, a calamity that threatened and continues to threaten our very existence.

Appreciation

I extend my sincere gratitude to the Board of Directors for their invaluable guidance and my colleagues and fellow employees responsible for our achievements this year. Delivering a water supply service in a country under threat from COVID-19 was and remains a challenge, but we managed; our commitment to serve was unquestionable. I take this opportunity to honour and recognise the relentless effort of our employees in helping WUC achieve its mandate during the trying COVID-19 period. We are also indebted to our shareholder, strategic partners, Government Ministries and departments, and private. They joined hands with us to keep it flowing amidst the pandemic, and I recognise that without their enormous support, we simply could not have fully delivered to the expectations of our nation.

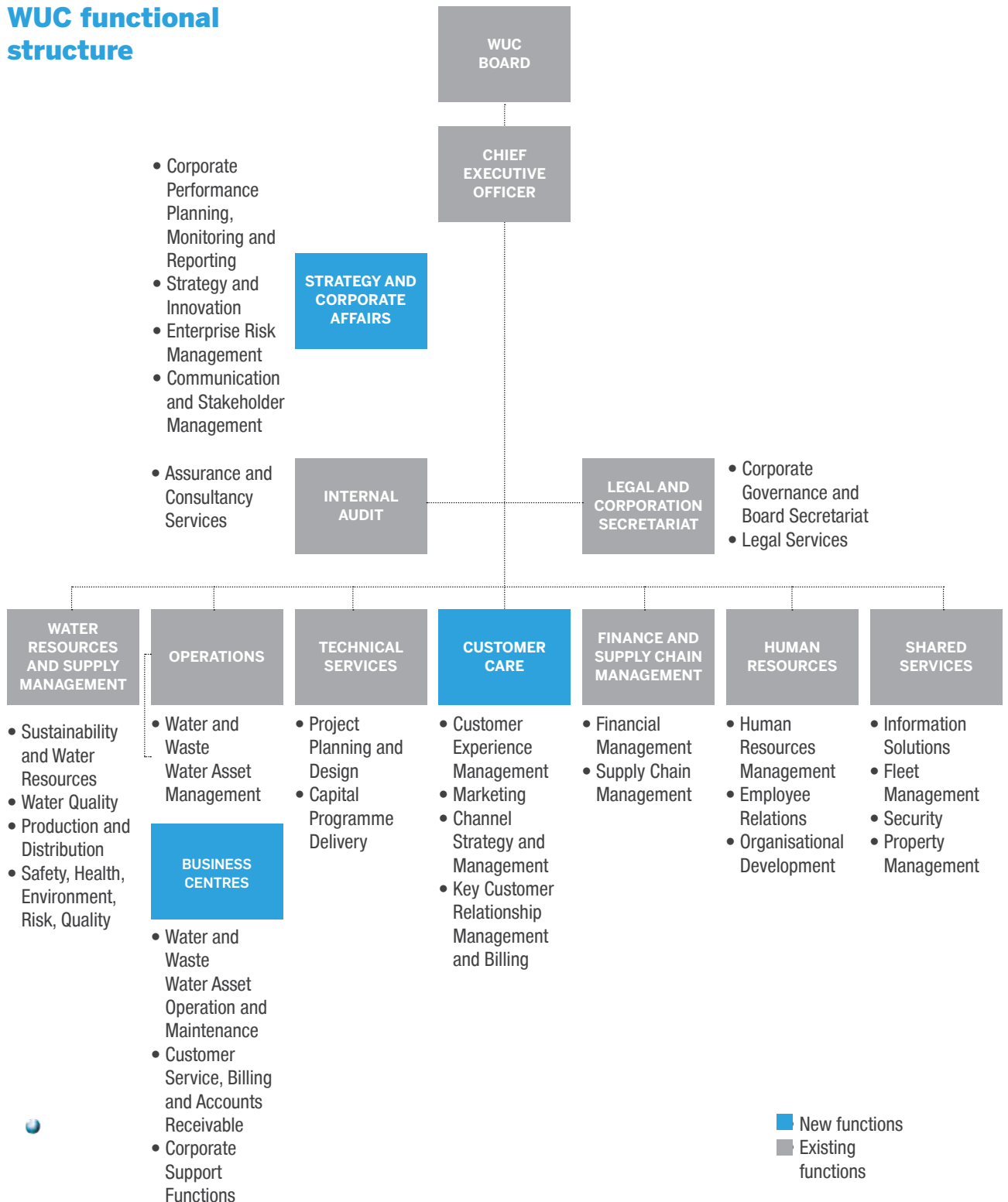
I thank you.

Gaselemogwe Senai
Chief Executive Officer



THE HIGH LEVEL ORGANISATIONAL STRUCTURE

WUC functional structure





THE CORPORATE MANAGEMENT TEAM



**Gaselemogwe
Senai**
Chief Executive
Officer

Qualification

BSc Chemistry and Environmental Science
(University of Botswana)

Responsibilities

Overall management of the Corporation, development and implementation of strategic plans and achievement of the organizational 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



**Mathews
Sebina**
Chief Operations
Officer

Qualifications

MSc in Water Resource Management (Birmingham University, UK), BSc Civil Engineering (University of Botswana), Diploma in water Engineering (Botswana Polytechnic)

Responsibilities

- Water supply management and services
- Wastewater management and services
- Water quality management
- Asset Management
- Operations and maintenance
- Customer billing and commercial services
- Customer services and quality
- Effective revenue generation
- Stakeholder Management



Felicity Ziga

Corporation
Secretary

Qualification

LLB (University of Botswana)

Responsibilities

- Legal services
- Board secretarial services



Taboka Gulubane

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
- Payroll logistics and materials procurement



Teddy Ditsabatho

Water Resources
Director

Qualifications

BSc (Chemistry & Environmental Science), University of Botswana, MSc (Analytical Chemistry and Instrumentation) University of Technology (UK)

Responsibilities

- Sustainable water resources management
- Dams management
- Groundwater management
- Bulk water transfers
- Maintenance
- Water quality
- Safety, health, environment and quality





Corporate Management Team *(continued)*



**Ntshambiwa
Moathodi**

Technical Services
Director

Qualification

Bachelor of Engineering
(University of Botswana)

Responsibilities

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



**Thapelo
Kalake**

Shared Services
Director

Qualifications

MBA (University of Botswana)
BSc. Engineering Industrial
Engineering (Western Michigan
University, United States)

Responsibilities

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



**Goitseone
Tshiamiso**

Customer Care
Director

Qualifications

Bachelor of Information Systems
(University of Botswana)

Responsibilities

- Customer Experience & Service Management
- Marketing Management
- Corporate Accounts Management
- Channel Management (Digital)
- Contact Centre





Evelyn Disele

Human Resource
Director

Qualifications

MSc in Human Resource Management (University of Salford, UK), Bachelor of Arts in Social Sciences with majors in Public Administration and Accounting (University of Botswana)

Responsibilities

- Organisational development
- Personnel and training
- Staffing
- Employee relations
- Employee wellbeing
- Recruitment



Peter Lebone Sedingwe

Strategy and
Corporate Affairs
Director

Qualifications

MSc in Strategic Management (The Derbyshire Business School-University of Derby, UK), Degree of Bachelor of Arts-Humanities (University of Botswana) Postgraduate Diploma in Education (University of Botswana) Postgraduate Certificate in Enterprise Risk Management (Botswana accountancy College), Postgraduate Certificate in Public Sector Project Management (BAC)

Responsibilities

- Corporate Strategy
- Corporate Risk Management
- Corporate Affairs



Agnes Barulaganye Motlhanka

Internal Audit
Director

Qualifications

MSc Internal Auditing & Management, (City University London, UK)
Bachelor of Commerce (University of Botswana)

Responsibilities

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





100TH ANNIVERSARY
Download the WUC App



WUC50

LEGACY OF LEADERS

The success of Water Utilities Corporation is a result of the forerunners who tirelessly ensured that WUC is what it is today, an organisation that envisions being a water utility leader by 2022. We reflect on these leaders whose footprints we see at 50 years.

Portrait	Tenure Period	Name
	2020 TO DATE	G. Senai
	2015-2019	M. Masire
	2014-2015	L. Nxumalo
	2010-2014	G. Mudanga
	2001-2010	F. Maunge
	1993-2001	B. Mpho
	1991-1992	P.A.H Griffith
	1987-1990	T. Waters
	1983-1986	C. Sayles
	1981-1983	J.R. Boyle
	1970-1981	C.R. Lang



SUSTAINABILITY

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SUSTAINABILITY

AT WUC



Introduction

As underpinned by our Mission, Water Utilities Corporation strives to guarantee an efficient and responsible water supply characterised by high-quality potable water and wastewater management services that support Botswana's social and economic development.

Total water under storage
for all the dams

962.4 million
cubic metres
(MCM)

Capacity under storage

87 percent

All our strategies ranging from Water Resource Operations, Customer Care to Information Technologies are critical drivers of our journey towards sustainability. In this Report, we continue to look at our technological achievements and how they enabled vital processes in the advent of COVID-19.

We also look at our Operational Highlights, Health, Safety and Quality to reflect on our performance in these parameters. Community involvement at WUC is also essential, and our robust strategies take careful consideration of community needs. We also invest in infrastructural developments for sustainable water supply.

SUSTAINABLE BUSINESS PRACTICES

Information and Communication

The Corporation's digitalisation drive continued with projects such as Internet of Things (IoT) and initiatives to support smart infrastructure, Human Resources (HR) processes digitalisation and data analytics. Various projects continue to be rolled out to drive operational efficiencies, customer services, and financial sustainability.

To address challenges faced during the COVID-19 pandemic, the Corporation rolled out projects to enhance operational efficiencies, financial sustainability, and overall service provision to internal and external customers and stakeholders. Virtual collaboration platforms like Microsoft Teams were primary interactive channels. The program is anticipated to sustain WUC business engagements, beyond the pandemic.

The increased use of virtual platforms and digital solutions during the COVID-19 pandemic enhanced productivity, particularly in multi-disciplinary projects, which resulted in successful completion, despite challenges faced. Essentially, virtual interaction helped reduce physical trips and gatherings, significantly reducing adverse health outcomes.

This year also saw the upgrade of the Customer Relations Management and Business Process Exception Management functions, further enhancing customer service processes and handling customer metering, billing, and invoicing exceptions. The self-service online tender purchase application on the WUC website was launched, allowing bidders to pay with credit cards and improved efficiency throughout the tender process.

The introduction of a data analytics platform which started with basic operational reports was also completed and is being rolled out in an agile operating environment.



THE INCREASED USE OF VIRTUAL PLATFORMS AND DIGITAL SOLUTIONS DURING THE COVID-19 PANDEMIC ENHANCED PRODUCTIVITY, PARTICULARLY IN MULTI-DISCIPLINARY PROJECTS, WHICH RESULTED IN SUCCESSFUL COMPLETION, DESPITE THE CHALLENGES FACED.

Operational Highlights

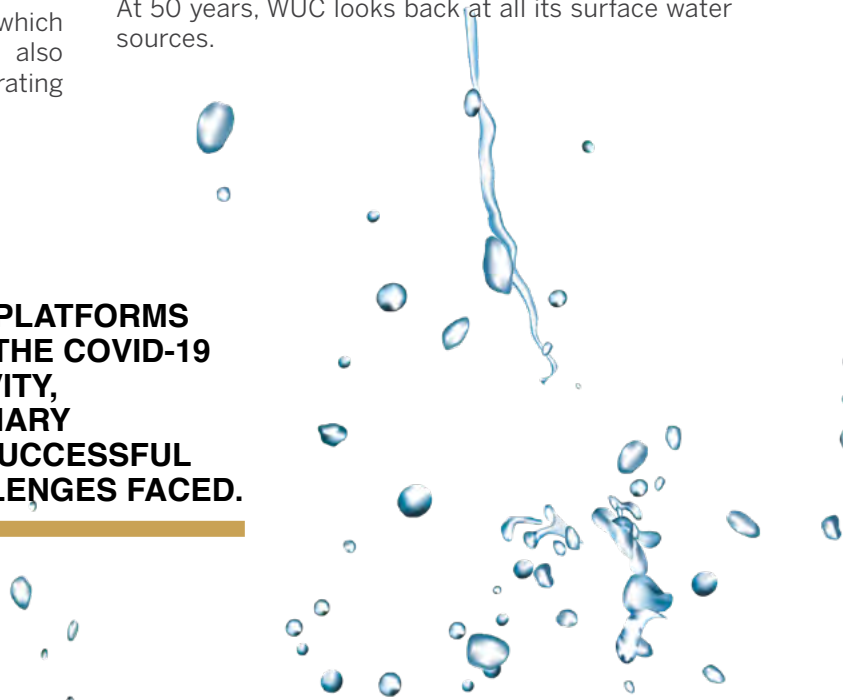
The Corporation operates nine (9) water storage dams and nine hundred (900) boreholes countrywide. The performance of these resources is critical to ensuring that the Corporation fulfils its mandate of providing water and wastewater services to all. WUC is also responsible for operating critical infrastructure such as the NSC and managing Non-Revenue Water (NRW).

Surface Water Sources Monitoring

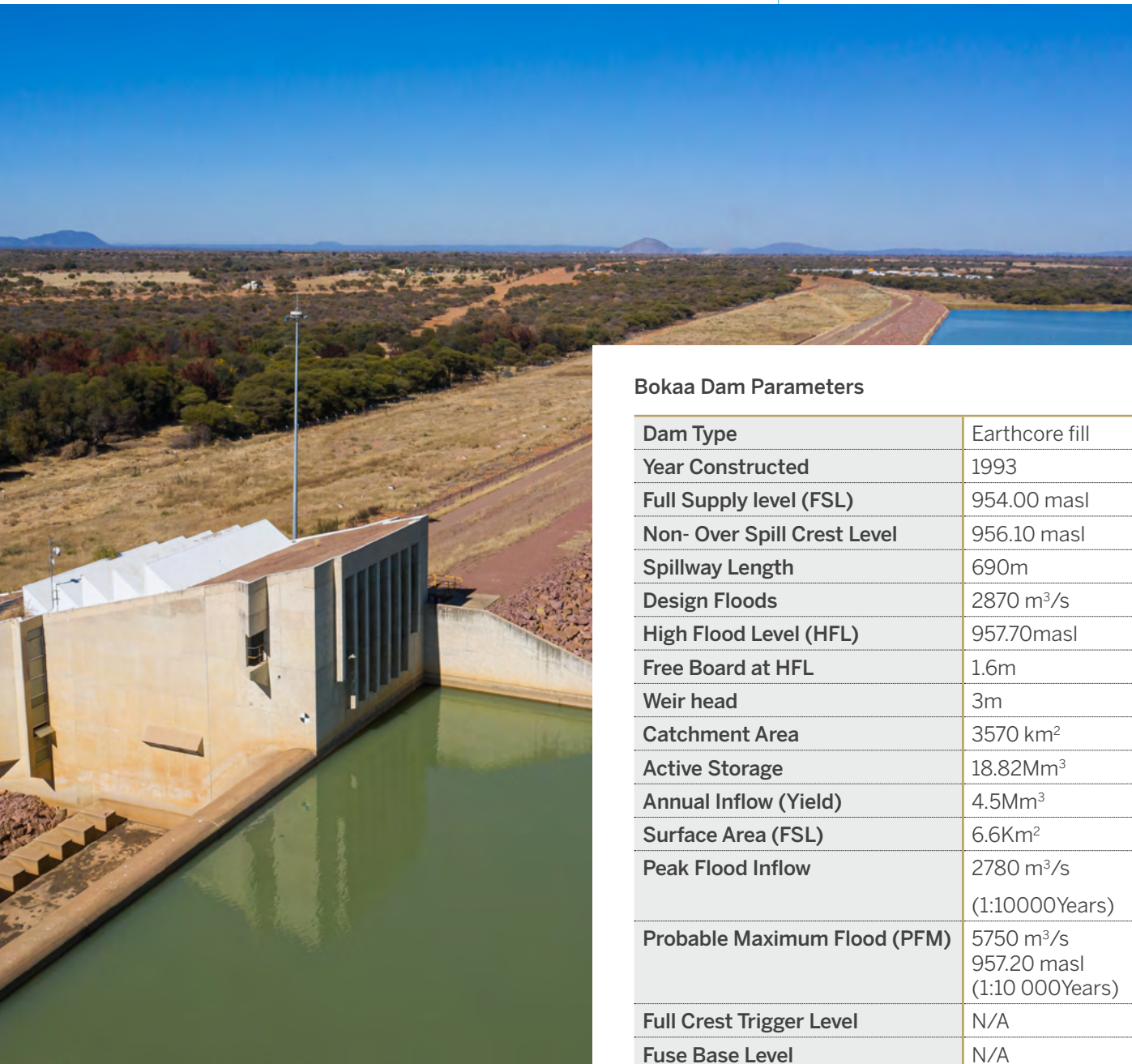
As at 31 March 2021, only Gaborone and Molatedi Dams were below 65% capacity - 63.1% and 58.8%, respectively. The total water under storage for all the dams stands at 962.4 Million Cubic Metres (MCM) compared with 718.5 MCM at the same time last year. The current dam levels translate to an average of 87% capacity under storage, while at the same time last year, it was 65% of capacity. All dams except Gaborone and Molatedi experienced overflows during the reporting period, i.e., 100% capacity. The increase in the water levels is attributed to good rains that fell during January and February 2021 nationwide.

The rainfall season ended in March 2021, giving us general optimism that the current levels will sustain the water supply until the next rainy season. As discussed in the CEO's statement, the 58.8% capacity of Molatedi Dam is above the 38% restriction threshold, meaning there will be no restriction on raw water drawn from the dam under the TSWASA Agreement signed between Botswana and South Africa.

At 50 years, WUC looks back at all its surface water sources.



DAMS AT WUC



Bokaa Dam Parameters

Dam Type	Earthcore fill
Year Constructed	1993
Full Supply level (FSL)	954.00 masl
Non- Over Spill Crest Level	956.10 masl
Spillway Length	690m
Design Floods	2870 m ³ /s
High Flood Level (HFL)	957.70masl
Free Board at HFL	1.6m
Weir head	3m
Catchment Area	3570 km ²
Active Storage	18.82Mm ³
Annual Inflow (Yield)	4.5Mm ³
Surface Area (FSL)	6.6Km ²
Peak Flood Inflow	2780 m ³ /s (1:10000Years)
Probable Maximum Flood (PFM)	5750 m ³ /s 957.20 masl (1:10 000Years)
Full Crest Trigger Level	N/A
Fuse Base Level	N/A
Fuse Length	520m
Crest Level Height	14m
Emergency Culvert Capacity	23m ³ /s
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Dead Storage	0.25 MCM

Bokaa Dam

The Dam is located 40km north of Gaborone and was constructed to act as a transfer scheme to augment the Gaborone Dam, which has a better storage capacity. It is fairly small, shallow and has a high evaporation rate. The Dam was completed in 1993.

Nnywane Dam

The Dam is located 20km north of Lobatse and was constructed to supply Lobatse Township. The dam was built in the early 1970s with a very simple design feature lacking all modern monitoring devices to assist in dam inspection.

Nnywane Dam Parameters

Dam Type	Earthcore fill
Year Constructed	1970
Full Supply level (FSL)	N/A
Non- Over Spill Crest Level	N/A
Spillway Length	N/A
Design Floods	N/A
High Flood Level (HFL)	N/A
Free Board at HFL	N/A
Weir head	N/A
Catchment Area	238 km ²
Active Storage	2.3Mm ³
Annual Inflow (Yield)	1.93Mm ³ /year
Surface Area (FSL)	1.65Km ²
Peak Flood Inflow	7 m ³ /s
Probable Maximum Flood (PFM)	N/A
Full Crest Trigger Level	N/A
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	N/A
Emergency Culvert Capacity	N/A
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Dead Storage	N/A



Dams Report (*continued*)

Gaborone Dam

The Dam supplies water to Greater Gaborone. The strategic importance of the Dam, which was built in 1965 and raised in 1984 to Greater Gaborone water supply, cannot be over emphasized hence the increase in surveillance on the condition of the dam through frequent, comprehensive, and detailed safety and maintenance inspections.

Gaborone Dam Parameters

Dam Type	Earthcore fill
Year Constructed	Raised 1963-1965
Full Supply level (FSL)	998.00 masl
Non- Over Spill Crest Level	1000.00 masl
Spillway Length	272m
Design Floods	1707m ³ /s
High Flood Level (HFL)	1001.55 masl
Free Board at HFL	0.55m
Weir head	3m
Catchment Area	4300km ²
Active Storage	144 MCM
Annual Inflow (Yield)	27Mm ³
Surface Area (FSL)	15Km ²
Peak Flood Inflow	1707m ³ /s (1:500 years)
Probable Maximum Flood (PFM)	7 000m ³ /s 1001.55 masl (1:500 years)
Full Crest Trigger Level	1001.0 masl
Fuse Base Level	1000.00 masl
Fuse Length	100 m
Crest Level Height	25m
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Emergency Culvert Capacity	N/A
Total Flow Fuse Plug (critical)	2800m ³ /s
Total Flow Spillway+Fuse	7000m ³ /s
Dead Storage	3.71 MCM



Thune Dam

Thune Dam is located on the Thune River approximately halfway between the villages of Mathathane and Molalatau in the eastern part of Botswana. It is an earthfill dam with a maximum height of 34m and approximately 1,600m long with a 28.5m high mass concrete spillway weir 115m in length. Thune Dam supplies domestic water requirements of several villages in the area as well as for an irrigation scheme to be situated near the village of Mathathane. The Dam was completed in April 2013.

Thune Dam Parameters

Dam Type	Earthcore fill
Year Constructed	2010-2013
Full Supply level (FSL)	628.50masl
Non- Over Spill Crest Level	635.50 masl
Spillway Length	115m
Design Floods	4965m ³ /s
High Flood Level (HFL)	631.40 masl
Free Board at HFL	2.9m
Weir head	7m
Catchment Area	3,214km ²
Active Storage	90MCM
Annual Inflow (Yield)	65 Mm ³
Surface Area (FSL)	1322ha
Peak Flood Inflow	1,2633/s
Probable Maximum Flood (PFM)	4,965m ³ /s
Full Crest Trigger Level	none
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	34.5m
Emergency Culvert Capacity	Not Available
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Dead Storage	1 MCM

Dams Report (continued)



Shashe Dam

The Dam was originally constructed in 1970 to supply the Selebi-Phikwe township and BCL Mine with raw water through a transfer pipeline. It is located 25 km south of Francistown and serves as the primary source of water for the Greater Francistown area.

Shashe Dam Parameters

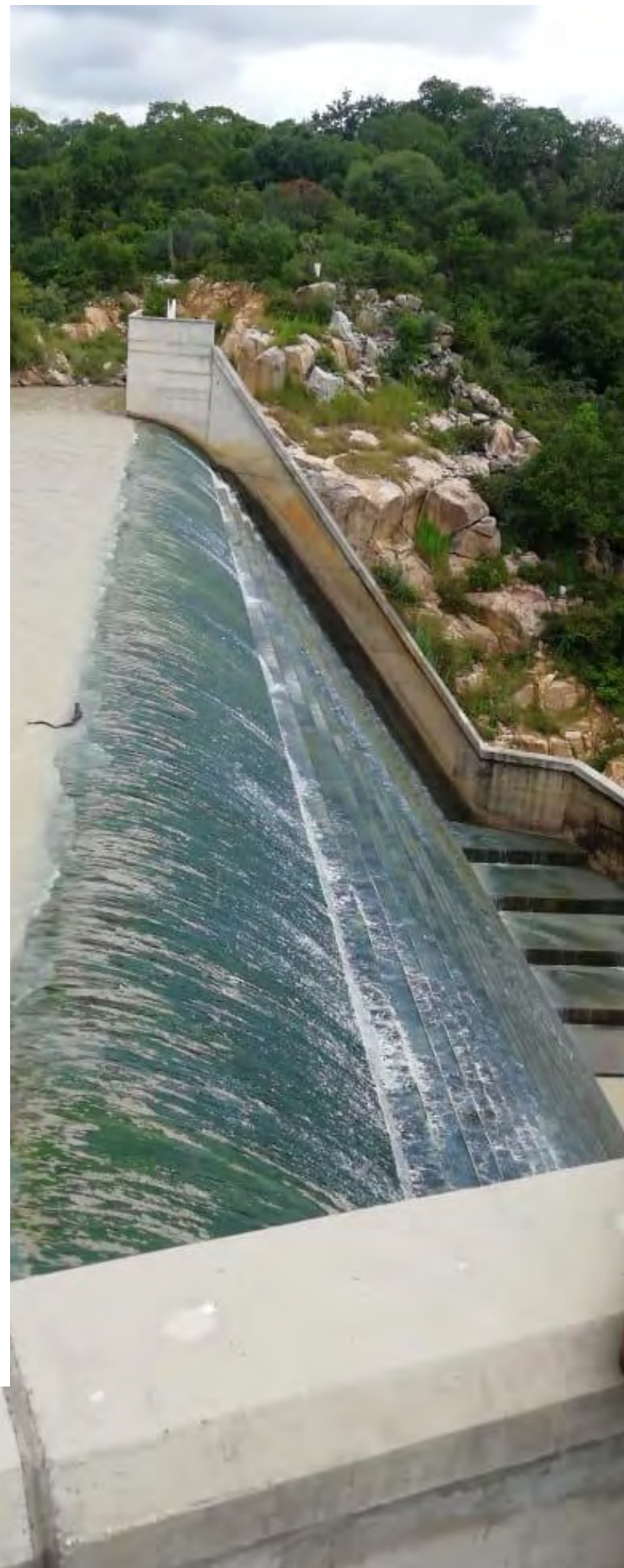
Dam Type	Earthcore fill
Year Constructed	1970
Full Supply level (FSL)	971.50masl
Non- Over Spill Crest Level	976.50 masl
Spillway Length	304.8m
Design Floods	3400 m ³ /s
High Flood Level (HFL)	974.732 masl
Free Board at HFL	1.768m
Weir head	3.231m
Catchment Area	1700 hectares
Active Storage	88.10MCM
Annual Inflow (Yield)	25.3Mm ³
Surface Area (FSL)	15.6Km ²
Peak Flood Inflow	3400m ³ /s (1:200 year)
Probable Maximum Flood (PFM)	7640m ³ /s 1002.00 masl (1:200 year)
Full Crest Trigger Level	975.50 masl
Fuse Base Level	969.0 masl
Fuse Length	178.9 m
Crest Level Height	22 m
Emergency Culvert Capacity	N/A
Total Flow Fuse Plug (critical)	4990m ³ /s
Total Flow Spillway+Fuse	7640m ³ /s
Dead Storage	N/A

Ntimbale Dam

The Dam comprising two major walls and three minor off embankments, is situated on the Tati River in the Ntimbale Hills about 38 km North of Francistown. It forms part of the scheme that augments water supplies to parts of North East and Central Districts of Botswana and was completed March 2006.

Ntimbale Dam Parameters

Dam Type	Roller Compacted Concrete (RCC) and Clay Core Rockfill (CCR)
Year Constructed	2006
Full Supply level (FSL)	1103.50masl
Non- Over Spill Crest Level	1108.00 masl + 1.200m Parapet Wall (RCC)
Spillway Length	1111.00 masl (CCR)
Design Floods	80m (RCC)
High Flood Level (HFL)	1350m ³ /s
Free Board at HFL	1109.00 masl
Weir head	1m
Catchment Area	3.8m
Active Storage	26.4MCM
Annual Inflow (Yield)	26.4Mm ³
Surface Area (FSL)	3.4Km ²
Peak Flood Inflow	1100m ³ /s (1:100 year)
Probable Maximum Flood (PFM)	3800m ³ /s 1002.00 masl (1:200 year)
Full Crest Trigger Level	1107.30 masl
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	33 m (RCC) 19 m
Emergency Culvert Capacity	N/A
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	6352m ³ /s
Dead Storage	0.75 MCM



Dams Report (continued)

Dikgathong Dam

The 400MCM capacity Dikgathong Dam is the largest dam in the country and located on the Shashe River downstream of its confluence with Tati River. The dam is part of the NSC which transfers water to the Greater Gaborone area and intermediate villages. The 40m high earth fill embankment with clay core dam is situated 450km north of the capital Gaborone, about 80km south east of the City of Francistown via Matsiloje and 60km North East of Selebi Phikwe through Mmadinare. The dam forms part of the NSC West Water Scheme-Phase 2, which transfers water from the north-east to central and southern Botswana.

Dikgathong Dam Parameters

Dam Type	Zoned Earthfill Clay Core
Year Constructed	2008-2012
Full Supply level (FSL)	875.00 masl
Non- Over Spill Crest Level	883.00 masl
Spillway Length	200 m
Design Floods	12380 m ³ /s
High Flood Level (HFL)	881.50 masl
Free Board at HFL	1.5 m
Weir head	6.5 m
Catchment Area	7,810 km ²
Active Storage	385 MCM
Annual Inflow (Yield)	62 Mm ³ /year
Surface Area (FSL)	4500 ha
Probable Maximum Flood (PFM)	15,400 m ³ /s
Full Crest Trigger Level	N/A
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	40 m
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Dead Storage	15 MCM

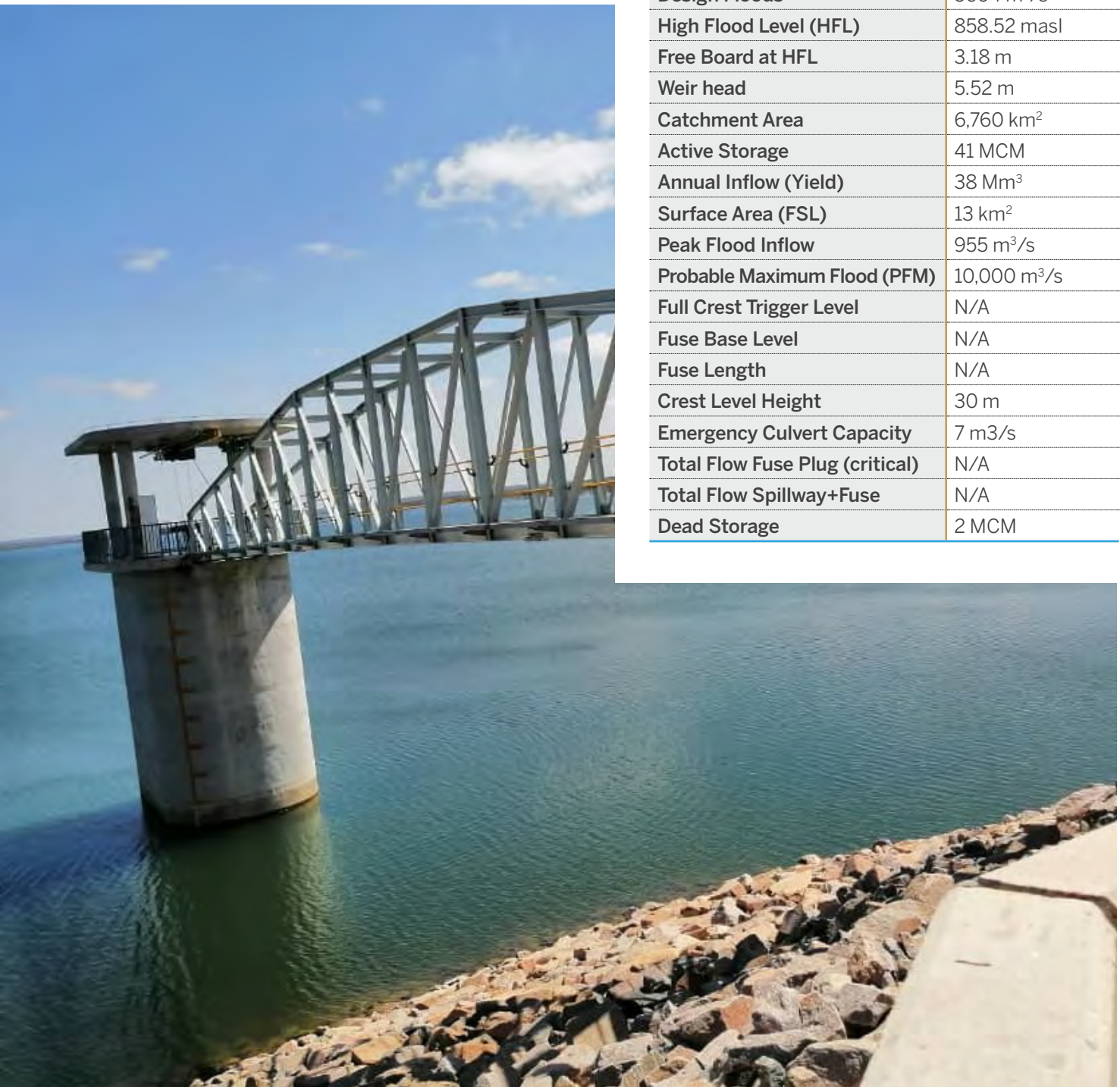


Lotsane Dam

The Dam is located on the Lotsane River in the Central District of Botswana, in the village of Maunatlala, about 360km by road north of the capital Gaborone, and approximately 90km. The 40MCM capacity dam, a 1,400m long and 30m high earth-fill dam, was completed in 2011. Its primary purpose is to augment domestic water requirements in the Tswapong Region and an irrigation scheme situated near the village of Maunatlala.

Lotsane Dam Parameters

Dam Type	Zoned Earthfill Clay Core
Year Constructed	2009-2011
Full Supply level (FSL)	853.00 masl
Non- Over Spill Crest Level	861.70 masl
Spillway Length	180 m
Design Floods	5604 m ³ /s
High Flood Level (HFL)	858.52 masl
Free Board at HFL	3.18 m
Weir head	5.52 m
Catchment Area	6,760 km ²
Active Storage	41 MCM
Annual Inflow (Yield)	38 Mm ³
Surface Area (FSL)	13 km ²
Peak Flood Inflow	955 m ³ /s
Probable Maximum Flood (PFM)	10,000 m ³ /s
Full Crest Trigger Level	N/A
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	30 m
Emergency Culvert Capacity	7 m ³ /s
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	N/A
Dead Storage	2 MCM



Dams Report (continued)

Letsibogo Dam

Located 25km west of Selebi-Phikwe and completed in 1997, the Dam forms part of the NSC Water Scheme which transfers water from north-east Botswana to Greater Gaborone and intermittent villages through a 540 km pipeline that goes up to Kanye.

Letsibogo Dam Parameters

Dam Type	Earthcore fill
Year Constructed	1997
Full Supply level (FSL)	848.80 masl
Non- Over Spill Crest Level	850.00 masl
Spillway Length	300m
Design Floods	1530 m ³ /s
High Flood Level (HFL)	853.6 masl
Free Board at HFL	N/A
Weir head	5m
Catchment Area	5693km ²
Active Storage	102MCM
Annual Inflow (Yield)	57.44 Mm ³
Surface Area (FSL)	18Km ²
Peak Flood Inflow	1350m ³ /s (1:100 year)
Probable Maximum Flood (PFM)	7500m ³ /s 853.60 masl (1:100 year)
Full Crest Trigger Level	850.40 masl
Fuse Base Level	N/A
Fuse Length	N/A
Crest Level Height	32 m
Emergency Culvert Capacity	17.8m ³ /s
Total Flow Fuse Plug (critical)	N/A
Total Flow Spillway+Fuse	7000m ³ /s
Dead Storage	3.71 MCM



2020 performance of Surface Water Resources

Table 2 below presents a comparison of the dam levels as at March 2021 with the previous year.

Table 2: Dam Levels as March 2021

Water Source	Capacity (MCM)	Current Level (%) 31/03/2020	Same Date Last Year Level (%) 31/03/2020	Last Quarter Level (%) 30/12/2020	Months of supply without inflow	Area supplied
Dikgatlhong	400	99.2	72.7	100	24	Greater Gaborone, Palapye, Serowe, Mahalapye, Shoshong, Thamaga, Moshupa, Kanye
Molatedi	201	58.8	16.7	13.9	27	Greater Gaborone
Gaborone	141.4	63.1	64.6	52.6	22	Greater Gaborone
Letsibogo	100	98	94.6	100	22	S/Phikwe, & Mmadinare Greater Gaborone, Palapye, Serowe, Mahalapye, Shoshong, Thamaga, Moshupa, Kanye
Thune	90	99.4	57.1	70.5	39	Bobonong cluster
Shashe	85.0	98.1	97.3	100	23	Greater Francistown
Ntimbale	26.5	100.4	98.2	100	42	North East & Tutume Sub-District
Lotsane	42.35	96.4	68	56.8	24	22 villages of Tswapong North
Bokaa	18.5	95.2	92.6	69.4	13	Greater Gaborone
Nnywane	2.3	99	93	99.4	12	Lobatse

NORTH SOUTH CARRIER SCHEME FROM CRADLE TO MATURITY



The North-South Carrier (NSC) 1 is the first raw water transfer scheme developed by the Government of Botswana. The scheme, which began in 1995 with the construction of the Letsibogo Dam, transfers raw water from the North to Central and Southern Botswana. The dam was constructed earlier than other components of the scheme to impound water during rainy seasons. The Dam and the entire scheme were commissioned in 1997 and 2000, respectively.



NSC1 starts at Letsibogo Dam near Mmadinare, comprising a 361 km pipeline, three pump stations, three break-pressure tanks and three water treatment plants. The raw water scheme has supply nodes at Palapye, Mahalapye and terminates at Mmamashia Treatment Works, 20 km North of Gaborone. The pipeline comprises 220 km Glass Reinforced Polyester pipeline, with diameters ranging from 1000 to 1400 mm, and 140 km of steel.

The original NSC1 had a supply capacity of 16 MLD into Palapye Water Treatment Plant (WTP), 14 MLD into Mahalapye WTP, and 63 MLD into Mmamashia WTP, through gravity feed.

To augment water supply to Greater Gaborone, Masama East and West wellfields were developed and commissioned in 2015 and 2019, with the two schemes contributing groundwater directly into the NSC1 Pipeline. The two wellfields are operated interchangeably, increasing supply capacity from 63 MLD to 76 MLD at Mmamashia Water Treatment Plant (MWTP).

To boost supply to Mmamashia, Pump Station (PS) 4.1 was constructed upstream of Masama wellfield, further increasing supply to MWTP from 90 MLD to 104 MLD.

The NSC2 is a duplicate of NSC1 starting at Dikgathlong Dam and terminates into a 30 million litre reservoir at Palapye. When complete, the scheme will also end at MWTP.

In 2019 Mmamashia/Kanye scheme was commissioned and transfers treated water from Mmamashia WTP to Thamaga, Moshupa and Kanye. The Molepolole leg of the scheme is currently underway and will supply water to Gamononyane, Gamodubu, Lentsweletau, Molepolole, Kopong, Mmanoko and Thebephatshwa Airbase.

The NSC scheme operated satisfactorily during the financial year under review, supplying water to Palapye, Serowe, Mahalapye and satellite villages, and the Greater Gaborone area. Table 3 shows the downtime per quarter in the period under review and the reason for the said down time.

Table 3: NSC Availability

Quarter	Down time (Hours)					Total (hours)
	Power Failure	Pipe Burst	Equipment Failure	Communication failure	Maintenance works	
1	22.5	0	13	0	34	69.5
2	74	0	24	23	5	126
3	115	0	3	4	7	129
4	25	0	29	8	0	62
Total	236.5	0	69	35	46	386.5

Total downtime = 386.5 hours that translates into 16 days.

This translates to $(365-16) = 351/365 = 96.2\%$ availability of the scheme. The scheme operated better than the previous year which had availability of 83.5%.

Masama wellfields was also constructed in the year under review to augment NSC water supply by an additional 64ML from Masama boreholes. There is currently a planned implementation of NSC 2.2 project from Palapye to Gaborone and the ongoing expansion of Palapye, Mahalapye and Mmamashia Water Treatments Plants. The objective is to build bigger, improved, and reliable Water Treatment Plants to augment water supply. The project to construct Masama-Mmamashia 100km pipeline to augment NSC water supply to Greater Gaborone area was also under construction.



NATIONAL WATER SUPPLY



The advent of COVID-19 saw an additional 9% increase in water abstracted for supply. The water abstracted increased from 9621 150

ML/Day per day in March 2020 to 10 330 431 ML in March 2021 and is attributed to the availability of the NSC corridor into Kanye, Moshupa and Kanye.

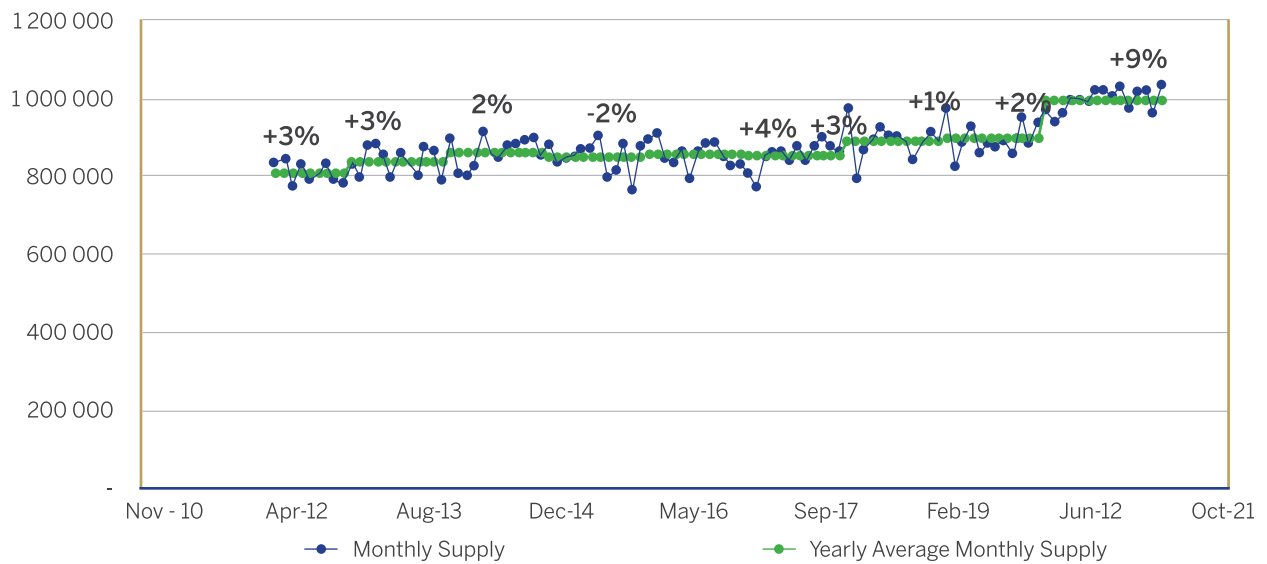
The Corporation ended the year with over 500,000 connections compared with 440,000 in the previous year. In line with universal access to water, the Corporation continues to have standpipes and tanks in strategic areas within villages where private connections could not be undertaken.

When COVID-19 infection numbers went up, the need for cleanliness was heightened through washing or sanitization of hands. Water was declared as an essential service compelling the Corporation to do everything in its power, to avail water. Fortunately, the Corporation received support from government and private sectors on water supply which enabled it to supply water, even to some of the most water stressed areas with few water sources against increasing water demand. Table 5 shows resources that the Corporation was offered to supply water during the pandemic.

Table 4: Showing Companies that helped improve water

Stakeholder	Resource	Beneficiary areas
Scania Botswana	25 m ³ potable water tanker	Molepolole
Kgalagadi Breweries Limited	42 m ³ potable water tanker	Molepolole
EH Construction	Six (6) 18 m ³ potable water tanker Van for use	Goodhope: Kgoro, Gathwane, Pitsane, Mokakato and Pitshane
Debswana	20 m ³ bowser	Boteti area
	18 m ³ bowser	Sese, Betesankwe and Mahotshwane
Central Transport Organisation	Potable water tankers and trucks	Tutume, Masunga, Maun, Ghanzi, Tsabong, and Tswapong
Ministry of Local Government	Potable water tankers Trucks Horse and Trailer flat deck	Sub council across all WUC Business Centre
Ministry of Land Management, Water and Sanitation Services	10,000 litres bowser truck	Mahotshwane community,

Graph 1: National Water Supply



GROUNDWATER MONITORING



The groundwater monitoring reports for various areas such as Molepolole, Kanye and Mochudi Management Centres have been submitted to the Water Apportionment Board.



The Commissioning of a new drilling rig by the Minister of Land Management, Water and Sanitation Services, Honourable Kefentse Mzwini.

The reports summarise the groundwater resources situation at Gaotlhobogwe, Malwelwe, Suping, Sasakwe, Ramaphatle, Kgwakgwe, Ramonnedi, Letlhakane East, Selokolela, Masama East, Masama West, Makhujwane and Malotwane Wellfields. The monitoring reports for Ghanzi, Karakubis and Ncojane Wellfield and Ramotswa, Pitsenyane and Sedibeng wellfields are in progress.

Borehole Rehabilitation and drilling

The Corporation carried out rehabilitation of boreholes to improve water supply for villages with acute water supply challenges countrywide. The Corporation targets four (4) boreholes to drill per month. Ten boreholes were successfully drilled in Ghanzi and

Lobatse Management Centres. Of these, two were drilled in the Ghanzi Management Centre while the rest were in Lobatse Management Centre where one borehole per village was rehabilitated at Borobadilepe, Rakhuna, Tlhareselele and Tswaagare and three boreholes done at Metlojane.

Drilling activities started in Makopong with the plan to drill five (5) boreholes to augment supply for the Draihhoek-Makopong Cluster. The Corporation also plans on the exploration of Werda wellfields and its planned development to augment water supply to Werda, Draihhoek, Makopong and Hereford.

Major Infrastructural Projects

The Corporation undertook further projects to improve water supply, funded by WUC, National Development Plan (NDP) 11 budget allocation and a Botswana Emergency Water Security and Efficiency Project (BEWSEP) loan. Measures were put in place to enhance citizen empowerment, participation, and skills development in project implementation.

Table 5 below highlights Projects during the year and their associated benefits.

Table 5: Water Projects during 2020 Financial Year

Project	Description	Impact to Communities
Ramotswa Reverse Osmosis (RO) Water Treatment plant	Design and construction of 8 Ml/day RO Water Treatment Plant to supply Ramotswa, Taung, Boatile, Lobatse	Augment water supply to Greater Lobatse, to ensure that water reaches the Greater Lobatse consumers.
NSC PS1.1 (Letsibogo) Refurbishment	Assess, Design, Refurbish NSC Pump Station and its accessories to improve water supply to Palapye, Serowe, Mahalapye and Greater Gaborone.	Augment water supply to ensure that water reaches the areas' consumers.
NSC PS2.1 (Moralane) Refurbishment	Assess, Design, and Refurbish NSC Pump Station and its accessories to improve water supply to Greater Gaborone corridors.	Augment water supply to ensure that water reaches Greater Gaborone consumers.
Chadibe, Borolong and Shashe Mooke Primary Water Supply	Construction of 28km of water pipelines of between 110 and 250 mm diameter uPVC pipes, Pump station and 4 x 500m ³ GS tanks on 15m stands, and installation and interface to existing SCADA at Shashe Waterworks.	Ensures supply of sufficient quantity of potable water to Chadibe, Borolong and Shashe Mooke villages. The project entailed construction of the primary infrastructure that connects the three villages directly to the Francistown water network to meet the water demands in the three villages.
Karakubis, Tsootsha and Xanagas Boreholes Interconnection Scheme	Assessment of existing scheme and carry out designs to interlink the four boreholes into one scheme.	Improved water supply to Karakubis, Tsootsha, and Xanagas villages.
Mogapi and Lesenepole Tanks	A 100m ³ Galvanised Steel (GS) tank was constructed on a 6 m stand at Lesenepole and a 150m ³ GS tank on dwarf walls at Mogapi.	Improved water supply to Mogapi and Lesenepole villages. Lesenepole village currently has 100m ³ and 100m ³ GS tanks on 6 m stands which provide inadequate storage. Mogapi was supplied through a 90m ³ GS tank on dwarf walls on a rooftop with insufficient storage.
Infrastructure Audit Project Phase 3	Spatial infrastructure audit of water network systems in Tonota, Seleka, Mandunyane, Borolong, Lecheng, Mathangwane, Chadibe, Shoshong, Shashe Mooke, Ramokgonami, Sefhare, Borotsi, Kudumatse, Tumasera, Mosolotshane, Chadibe/ Machaneng, Kalamare, Piliwe, Mahalapye, Lerala, Maunatlala, Ratholo, Mogapi, Radisele, Matolwane/ Lesenepole, Kgagodi, Mogapinyana, Palapye.	To locate and map water network features, collect the attributes and conditions of network features, map plot connections, and create a geo-database for the datasets collected.

Groundwater Monitoring (*continued*)

Project	Description	Impact to Communities
Cornsfield tank replacement	Construction of a 500m ³ GS tank on dwarf walls at Cornsfield.	Improved water supply to the villages of Bonwapitse Kalamare and Shoshong. The existing tank leaks and cannot fill to capacity, which limits supply to cluster villages. The proposed tank will be supplied by the pipeline from Morale Reservoir, which also supplies the existing tank.
Mosolotshane and Kodibeleng tanks	Construction of 2x100m ³ GS tanks at Mosolotshane and Kodibeleng.	Improved water supply to Mosolotshane and Kodibeleng villages. Currently, Mosolotshane village uses a school tank as the village tank is dilapidated. Kodibeleng needs increased storage and installation of palisade fence.
Interconnection pipeline from Bluetown to Monarch Bridge	Design and Construction of 315 mm UPVC 3 km water supply pipeline to link the two Francistown pressure zones, with its associated appurtenances up to completion.	Continuous, adequate and reliable quality water supply to all areas in the City of Francistown.
Mogorosi Tank and Stand-by Generator sets at Serowe Hotel and Moriri Pump stations	Construction works of 300m ³ GS tanks on a 15m stand at both Mogorosi and Mabeleapodi, 200m ³ GS tank on a 15m stand at Dimajwe and Installation of two 100 KVA Back-up Generator Sets for Serowe Hotel and Moriri Pump-stations.	Improved water supply to Mabeleapodi, Mogorosi, Dimajwe and Serowe villages by increasing water storage and enhancing pressure.
Sesoma Water Supply Project – WUC 037 (2019)	Design and construct a 200m ³ GS tank on dwarf walls and 1 km long gravity Pipeline, and build a palisade fencing and telemetry. <ul style="list-style-type: none"> GS Tank on Dwarf Walls at Sesoma Ward in Serowe. Construction of about 1 km long uPVC pipe (200 mm dia.) with all associated appurtenances to connect the new Sesoma tank to Khudulabopedi tank/ Seretse gravity pipeline. Erection of the Sesoma tank site with palisade fence as per WUC specification. 	Improved water supply to Sesoma ward in Serowe, which will ensure that water reaches all consumers in the ward.
Construction of 50m³ water tank at Shaikarawe	Construction of a 50m ³ GS storage tank at Shaikarawe.	Shaikarawe village gets water from Shakawe Water Treatment Plant. The water from Mohembo West Tank is pumped via a 63 mm tank into a 10m ³ tank on a 1.5 m high raised concrete pad. The 10m ³ tank was insufficient in terms of supply capacity (volume) and hydraulic radius. The elevated 50m ³ tank on a 9m stand aims to improve water security and reach most village parts.
Mmokolodi Tank	Design, supply, installation and commissioning of 300m ³ GS) tank on 15m stand in Mmokolodi.	Improved bulk storage water supply to Mmokolodi village.
Construction of Gumare & Etsha-6 Tanks	Construction of 500m ³ GS Storage Tank on a 12m Stand at Gumare and a 300m ³ GS Storage Tank on a 12m Stand at Etsha-6.	Improved water storage capacity for the villages of Gumare and Etsha-6 by replacing the dilapidated existing tanks. Both tanks are dilapidated and need replacement.

Project	Description	Impact to Communities
Construction of Northern Supply Main-Bokaa pipeline	Construction of a pipeline, Booster station, two tanks (500m ³ and 1500 m ³) and telemetry for Bokaa Village.	This existing pipeline supplying Bokaa has insufficient capacity and has in some areas, very small diameters, ranging from 75mm to 160mm at small segments. This renders it inadequate to transfer sufficient water to meet Bokaa water demand due to numerous take offs, main ones being at Morwa and Pilane villages, before it reaches the existing tanks.
Letoreng and Gasetse Tanks	Construction of a 100m ³ GS and a 50m ³ GS tank on a 6 m stand at Gasetse and Letoreng villages.	Improved water supply to Letoreng and Gasetse villages. Letoreng village is currently being supplied by BH6226 in Matlhako, which pumps into a 10m ³ tank, which does not meet the village's growing demand. Gasetse village is supplied by bowing into 10m ³ tanks.
Masama-Mmamashia 100km pipeline	Design, Supply, Install and Construct a 100km long pipeline from Masama Wellfield to Mmamashia Water Treatment Plant	To mitigate the 30ML/day water deficit to Greater Gaborone.

Project Ground Breaking and Commissioning

As Government of Botswana continues its alignment with global sustainable water supply practices, major projects remain in place to improve water supply in Botswana.

In the year under review, the Minister of Land Management Water and Sanitation Services, Honourable Kefentse Mzwinila, performed groundbreaking of the North East & Tutume Sub-District Water Supply Scheme, Construction of CBS Primary Water Supply Infrastructure and Commissioned Masama wellfields to Mmamashia Treatment Plant in October 2020.

CONSTRUCTION OF NORTH EAST & TUTUME SUB-DISTRICT WATER SUPPLY SCHEME- UPGRADE AND REMEDIAL WORKS

PROJECT OVERVIEW:
To address water supply demand on 52 villages spanning across the North East and Tutume Sub-District.



GROUND BREAKING-DESIGN, SUPPLY, INSTALL AND CONSTRUCT A 100KM LONG PIPELINE FROM MASAMA WELLFIELD TO MMAMASHIA WATER TREATMENT PLANT

PROJECT OVERVIEW:
To improve water supply in Gaborone, Mogoditsane Sub-District villages, Mochudi cluster of villages, Oodi, Matebeleng, Tlokwen, Villages in the South East District, Kweneng East cluster of villages, Thamaga, Moshupa, Kanye and Good hope Sub-District.

INVESTMENT IN SAFETY, HEALTH, ENVIRONMENT & QUALITY

A positive outcome has been achieved in terms of compliance with SHEQ standards. This is in recognition of the core responsibility to deliver water within required safety and quality standards. The Corporation's water quality programme helps monitor compliance with water & wastewater standards BOS 32 and BOS 93.



The Corporation strives to implement occupational health, safety, and environment programmes through a subscription to National Occupational Safety Association (NOSA) Five Star Integrated System, a Health Safety and Environment standard. These programmes ensure that, as far as reasonably practicable, the workplace, equipment and processes are safe and present no risk to the health and safety of employees. The Corporation is fast-tracking transition from NOSA to ISO 45001 Occupational Health Safety Management System.

The Corporation is implementing ISO 14001 standard to ensure Environmental Management and Pollution Control, and a Trade Effluent Agreement program is in place to monitor industrial effluent deposited in the WUC wastewater network. The Corporation also capacitates industries with guidelines to pre-treat their waste in line with BOS 93. In the year under review, the Corporation continued to collaborate with stakeholders such as United Nations Development Program (UNDP) and councils to ensure adherence to Trade Effluent Agreements.

Safety Environment (HSE) Incidents

The Corporation subscribes to ISO and has adopted ISO 45001 as an OHS standard. A total of eighty-six (86) incidents were recorded as at March 2021. Nineteen (19) incidents were related to vehicle accidents, thirteen (13) safety injury while the rest were environmental incidents, property damage, dog and insect bites, off-the-job incidents and near misses. The Corporation recorded no fatal incidents during the reporting period.





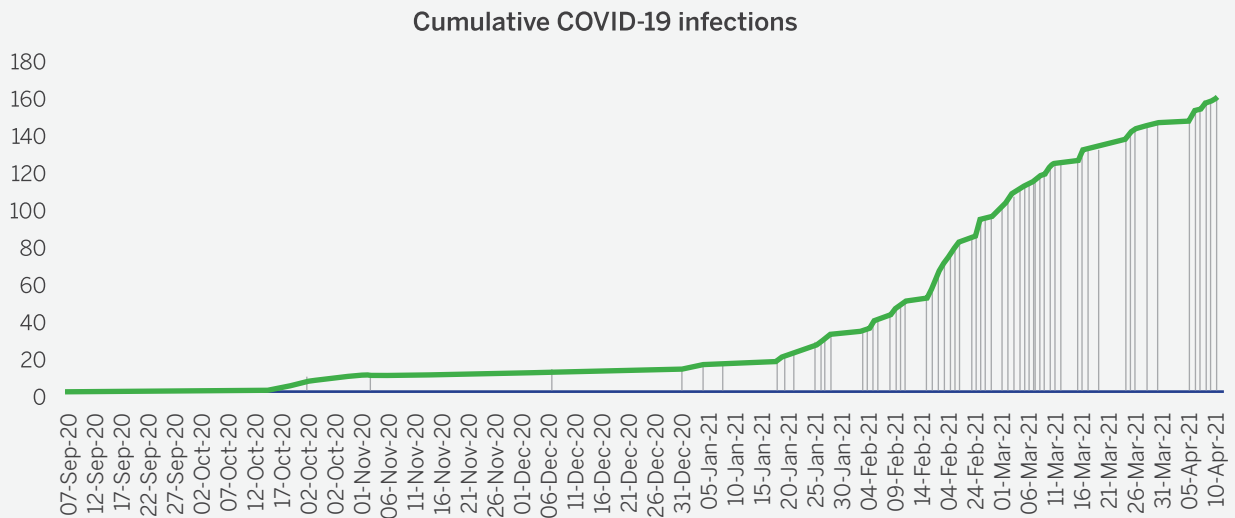
Quality Management System (QMS)

The Corporation implements the ISO 9001 Quality Management System along the NSC corridor in Selebi Phikwe, Palapye, Mahalapye and Mmamashia. The system Scope includes all functions that impact the water treatment process to promote water quality compliance to BOS 32, the Drinking Water Standard, and all customer service processes to enhance service delivery and meet customer requirements. Post-restructuring, the Corporation reviewed its management system to align with the new structure, developed and employed a performance monitoring programme, and created an online document management system, preparing to subscribe to the ISO 9001 certification.

COVID-19- Our response

The Corporation continues to monitor and ensure compliance to COVID-19 and to assess the disease burden on staff members. Despite all these measures, the Corporation registered 147 confirmed COVID-19 cases and lost three employees due to the virus. The recovery rate of the Corporation between January 2021 and March 2021 was 75% while some awaited Certificates of Clearance. A Business Continuity Plan had also been developed and was in place to ensure that the Corporation’s operations and customer service were undisturbed. The Corporation further developed COVID-19 prevention protocols that guided employees on practical ways to manage the virus.

Graph 2: Some of WUC’s water projects during the 2020 Financial Year.



The first COVID-19 case was confirmed on 7 September 2020. The number of cases remained up to two (2) per week until mid-January 2021 when they increased to around six (6) per week. From the end of January into February 2021, up to twenty (20) cases were recorded per week; this then dropped to below eleven (11) cases per week until the end of the quarter. The high increases were attributed to outbreaks experienced in Kasane, Ghanzi and Maun offices and later contained by adherence to the established COVID-19 protocols that includes working from home, wearing on masks, washing hands frequently, sanitising, frequently disinfecting high touch surfaces, and introduction of shift work to decongest the offices.



WATER QUALITY

Potable Water Quality

The Corporation is committed to effective management of its drinking water supplies for the provision of a safe, high quality product that consistently meets the Botswana Standard for Drinking Water Quality Specification (BOS 32:2000) and World Health Organisation Drinking Water Quality Guidelines. A variety of parameters are tested in the WUC accredited laboratory at Mmamashia, with samples also sent to strategic laboratories in the region for further testing.

To ensure that quality standards are maintained, the lab participates in proficiency testing schemes and is accredited by the Southern African Development Community Accreditation Service in accordance with ISO/IEC 17025: General requirements for the competence of testing and calibration laboratories. A comprehensive water quality database is maintained on a Laboratory Information Management System (LIMS).

Wastewater Quality

The Corporation subscribes to Wastewater Quality Standard (BOS 93) and proactively maintains a robust monitoring program. All trading industries are required

to comply with the requirements of the Trade Effluent Agreements to discharge into the WUC sewer system, to ensure safe disposal of waste into the environment.

Water Quality Sampling

The quality of water is tested at various points in the distribution network, from storage reservoirs to the consumer's tap to maintain the set quality standards and safeguard consumer health. Sampling points in the network include reservoirs, major delivery points, dead-ends, high occupancy buildings, hospitals, and schools. The sampling frequency is guided by the size and nature of the network, parameter variability as well as incidence pattern of consumer complaints. The Corporation therefore samples all water sources (dams, rivers, and boreholes) and storage reservoirs at a minimum frequency of daily for most treatment plants, and microbiological monitoring monthly for other areas.

Treatment plants are sampled monthly for chemistry monitoring while other areas are done quarterly. The results are reported regularly to maintain compliance and timeous response to any quality deviations that may affect public health.





The Corporation monitors and provides updates on the status of potable water treatment plants and wastewater facilities and remedial actions for treatment efficiency and optimisation. To improve the performance of treatment plants, several projects are planned under the Botswana Emergency Water Supply and Efficiency Project.





WUC AND COMMUNITIES

Growing the Education Centre

The Corporation continued its investment in education, donating printers and photocopying machines, school shoes and masks for needy students.

Corporate Social Responsibility

The Corporation remains true to its Corporate Social Responsibility (CSR) initiative. Through CSR the Corporation identified opportunities to work with local communities on upliftment projects. In funding CSR projects strong focus was on community development, hence the Corporation undertook projects to develop community and needy individuals. The Corporation works with local community structures to identify areas of investments. Some projects like the Ghanzi turn-off solar powered streetlights and bus stops were completed in the 2020 financial year and handed over in the year under review.

For the year 2020/21, the Corporation embarked on a wide range of CSR projects. The Corporation also joined the community to undertake the following activities, as indicated in Table 6.

Table 6: Showing CSR Projects

Community Activity	Project Cost BWP	Place of Benefit
Donation of a 2 1/2 bed house	103,707.16	Vukwi
Donation of blankets and groceries to Captain Modume's family	4,600.00	Tonota
Donations of recycled steel pipes to Digawana VDC		Digawana
Donation of school shoes and socks to two Primary Schools' needy pupils (each school got 75 shoes)	11,150.38	Jamataka and Matobo
Ghanzi turn- off solar powered streetlights and bus stop		Ghanzi
Donation of computer laboratory chairs for Mannathoko Junior School	47,704.00	Serowe
Handing over the photocopy machine to Bikwe Primary School	32,000.00	Bikwe
Donation of 400 branded masks to Ipeleng Junior School, Itireleng Junior School, Letsopa Junior School and Pitikwe Junior School in Lobatse Township. Each school got 100 masks	1,000.00	Lobatse
Donation of outdoor gym	76,435.00	Palapye
Construction and donation of Waste Disposal Bay Palapye CSR	11,285.00	Radisele
Donation of printer for Kokong Primary School	28,513.80	Kokong
Donation of school 100 tables and shade net to Mothers' Union Orphan Care Centre	15,032.64	Mahalapye
Total Donations for the year 2021	331,427.98	

The CSR spirit is inculcated amongst the WUC employees. Some of them, like Mechanical Technician, Ms. Mpho-Gareanna Piletso, went beyond Corporate and donated thirty (30) school shoes to a Shashe Primary School to mark her birthday in September 2020.



➤ WUC CEO AND STAKEHOLDERS during the handover of bus shelters and solar street lights in Ghanzi



➤ MS. PILETSO GAREANNA donating school shoes to mark her birthday.

Consultative Opportunities

Owing to the limited physical meetings due to COVID-19, the Corporation managed to meet with and briefed different stakeholders, amongst them Ntlo ya Dikgosi. As a result of the surge in COVID-19 cases in January-March 2021, the Corporation postponed planned stakeholder engagements. Table 7 summarises 2020 engagements.

Table 7: Stakeholder Engagement

Month	Stakeholder Engagement
June 2020	<ul style="list-style-type: none"> WUC end of the year press conference Project initiation and stakeholder engagement at Gumare Tour of Chadibe and Borolong Water supply project by the Minister of Basic Education
July 2020	<ul style="list-style-type: none"> Minister of Land Management Water and Sanitation Services leads Leadership tour of Boatle Treatment Plant Presentation to Ntlo ya Dikgosi Palapye and Tswapong Stakeholder Engagements
August 2020	<ul style="list-style-type: none"> Stakeholder Tours of Palapye and Serowe Treatment Plant and Wastewater Ponds Ground-breaking of the North East & Tutume Sub-District Water Supply Scheme – Upgrade and Remedial works
October 2020	<ul style="list-style-type: none"> Project stakeholder meeting at Palapye WUC Board Members and Management hand over the March 2020 financials statement to Hon. Minister Kefentse Mzwinila Rehabilitation of Draihhoek/ Makopo boreholes The Operation and Technical Board Committee visits WUC Facilities
November 2020	<ul style="list-style-type: none"> Stakeholder engagement seminar at Ghanzi Stakeholder engagement and Customer Day in Selibe Phikwe Community outreach at Vaalhoek
December 2020	<ul style="list-style-type: none"> Commissioning of Sesoma Water Tank

WUC and Communities *(continued)*

Media Management

The media remains an essential partner in water supply and demand management through its role in information dissemination. Over and above the annual session for the press, the Corporation collaborated with the media covering issues of public interest such as Dam Levels and water supply interruptions that enable the Corporation to proactively participate in water resource management. The Corporation also embarked on customer “How To” education initiatives covering subjects such as calculating bills, reading water metres, and using the WUC website and WUC mobile app.

Given COVID-19, the Corporation made strategic engagements on water supply with stakeholders. As part of this strategy, the Corporation participated in a series of national COVID-19 briefings, highlighting readiness to supply water during the pandemic. The Corporation continues to explore sustainability strategies and identify issues critical to stakeholders.



Shared Services Director Mr Thapelo Kalake and Human Resources Director Ms Evelyn Disele during the 2020 Annual Press Conference

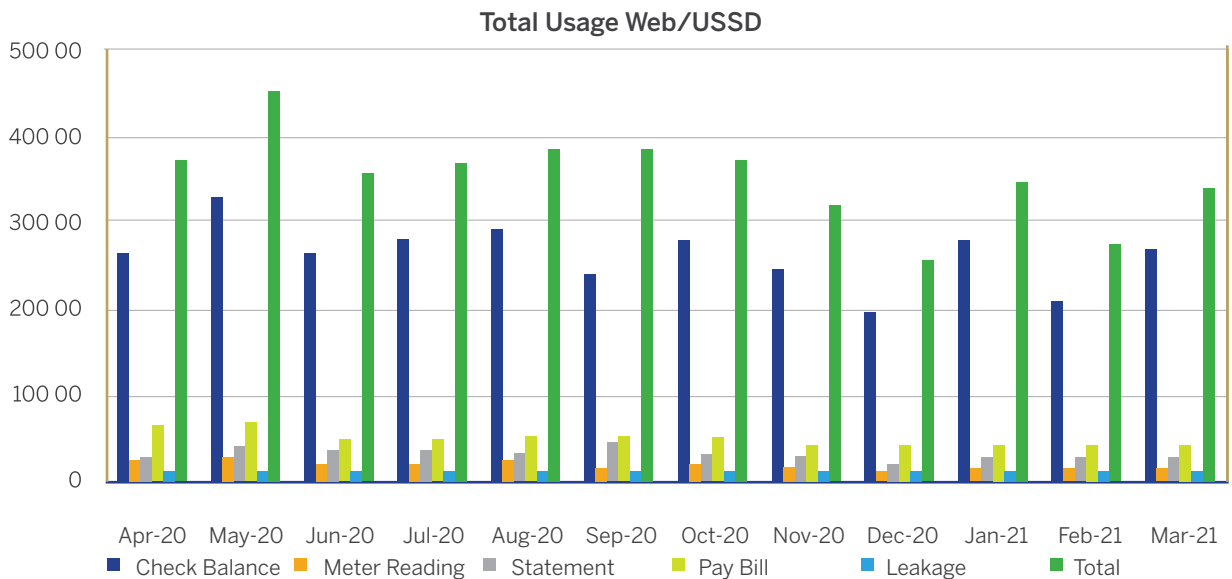
CUSTOMER SERVICE



Customer Service Channels

The Corporation continues to improve its remote access by customers and appreciates public use of its self-service platforms. The 2020/2021 WEB USSD STATS show a marginal increase by over three hundred (300) users, a positive uptake of the platforms, which is desirable in view of COVID-19 and subsequent lockdowns. More water users use the platforms to check accounts balances and report leakages.

Graph 3: USSD use for the 2020/2021 Financial year



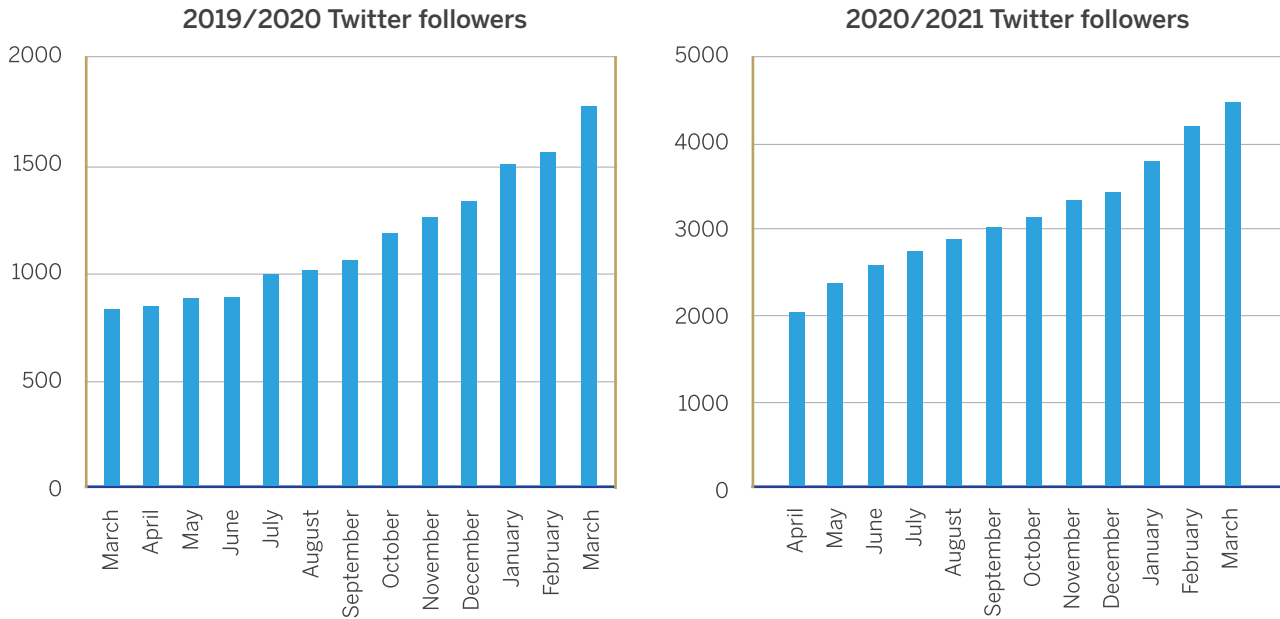


Customer Service *(continued)*

Online Presence

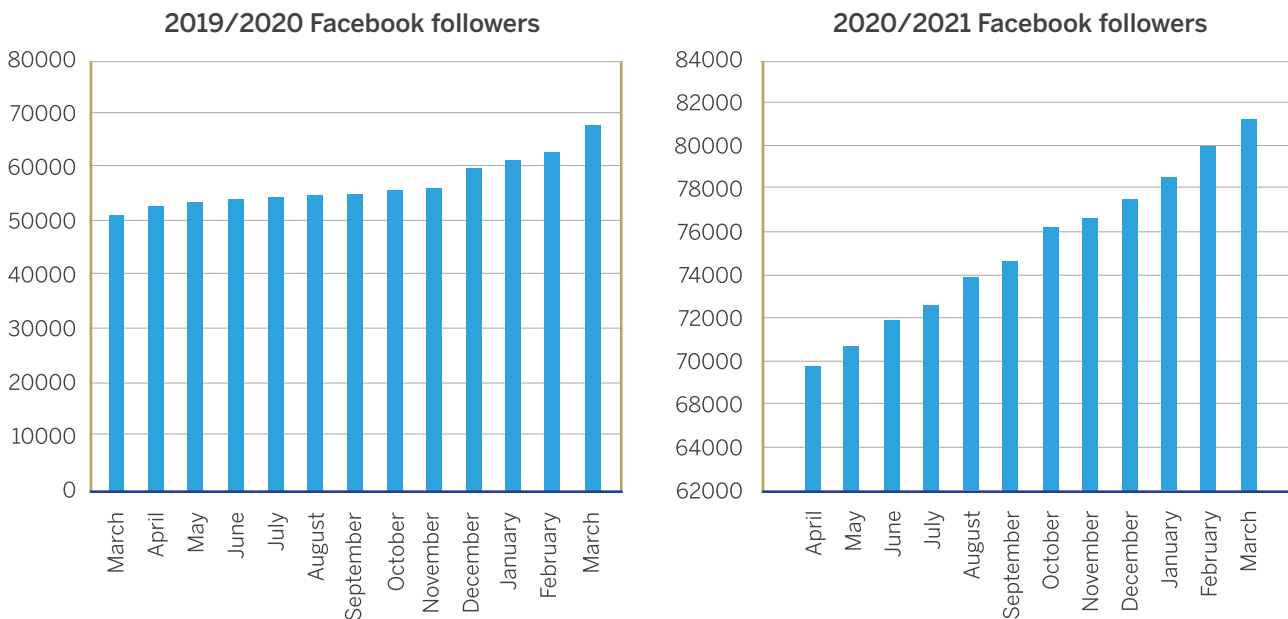
Our social media presence continues to grow at a satisfactory rate. Twitter growth levels for the year under review are recorded in Graph 4.

Graph 4: Demonstrating growth in Twitter followers



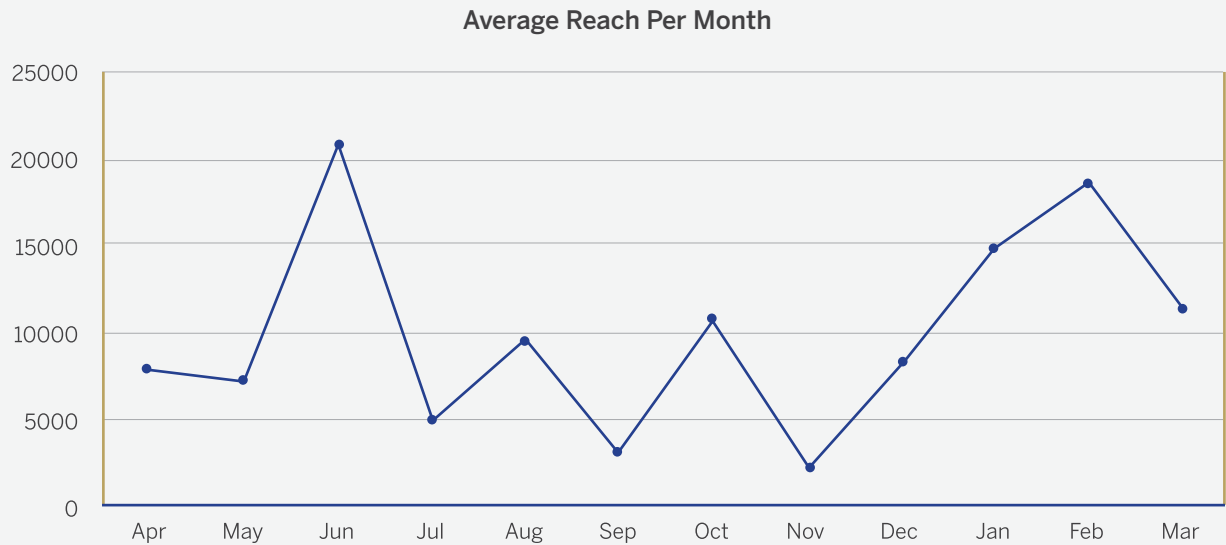
A notable increase has also been found in Twitter from 1769 followers in March 2020 to four thousand, four hundred and ninety-seven (4497) in March 2021. Followers on Facebook rose just over eighty thousand (80 000) from sixty-seven thousand five hundred and seventy-seven (67577) in the year ending March 2020.

Graph 5: Demonstrating growth in Facebook followers



The year monthly social media performance is demonstrated in graph 7.

Graph 6: Demonstrating growth of Facebook followers on a monthly basis

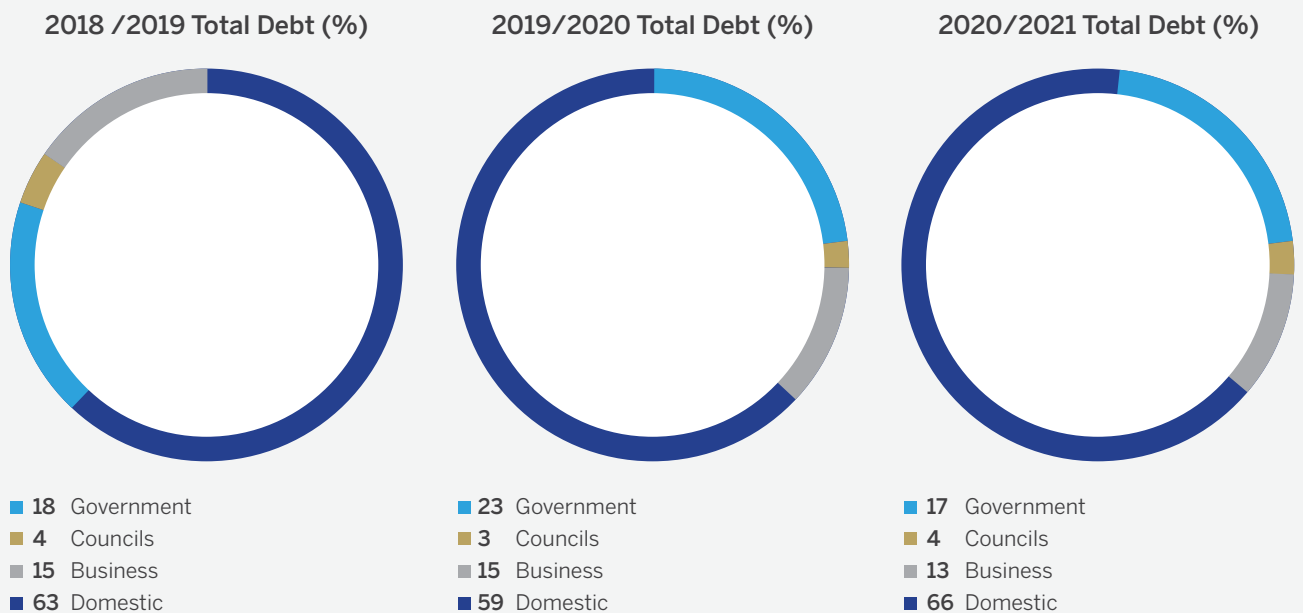


Graph 6 shows a sharp increase in social media followers for May 2020, a month after the first lockdown, thus demonstrating online platforms as important communication channels for water users. The rise resulted from self-service platforms animations sponsored promotions. The February graph growth was due to news of flooding dams.

Debt

The Corporation debt level increased in many folds in the year under review with most of the debt coming from home water use. The following pie charts demonstrate the Corporation’s debt status in different categories.

Figure 1: Showing the first and last quarter debt performance



Customers are encouraged to build closer relationships with their meters, monitor consumption and avoid accumulation of debt.

OUR EMPLOYEES



WUC Medical Board: Mr. K. Ditshane, Dr. K. Benjamin, Ms. O.P. Mogotsi and Dr. K. Maribe

One of the largest
parastatal employers

3072 employees

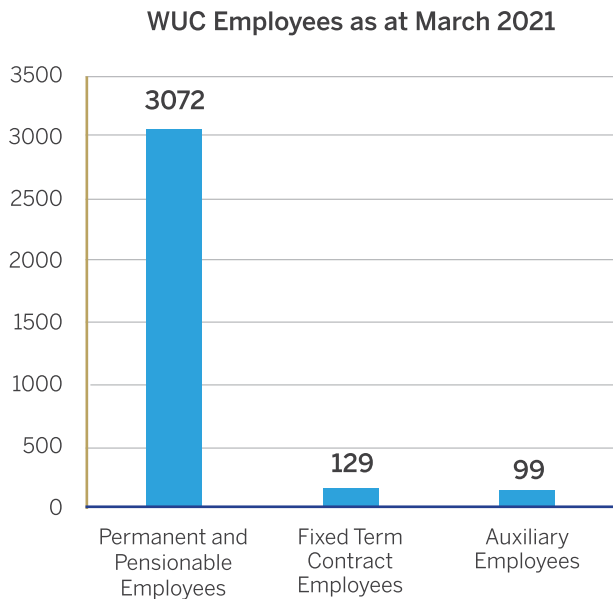
Auxillary employment

99 graduate voluntary
scheme

WUC is one of the largest parastatal employers in Botswana with a head count of 3072 as at March 2021. The Corporation had 129 employees on fixed term contract and 99 on auxiliary employment. The auxiliary staff comprised Graduate Voluntary Scheme (GVS), Graduate Internship and Tirelo Sechaba. More than 90% of the auxiliary employees who were present during the restructuring project were absorbed in the new structure. These employees remain a very important human capital, and priority assets who have significant time investments in the Corporation and play a defining role in its strategy and operations.

At 50 years, the Corporation celebrated these champions of processes and validated their place by sharing the results of their hard work, while motivating them to come to work each day with a strong self-worth. The workplace allows for special connections which results in renowned professionals each with a footprint on national development.

Graph 7: WUC employees as at 31 March 2020



Employee Wellness

Employee wellness is key to our sustainability. A new Medical Review Board was appointed during the year under review to continuously provide strategic guidance on employees' wellbeing. The Board which meets quarterly looks at exceptional employee ill-health cases which are referred to them by the human resources office.

As part of an overall employee health and wellness strategy, the Corporation conducts annual medical examination with a purpose of identifying emerging health risk issues. The medical examinations are largely based on two conceptual frameworks being occupational health framework and illness-wellness continuum. As the year ended, the annual medical examinations presented a positive outlook with few occupational health related conditions identified. However, lifestyle conditions remained a concern, a reason the Corporation has embarked on several initiatives such as gym subsidies which are aimed at averting the Corporation diseases morbidity. The Corporation has a sports and recreation programme where employees participates in, something which was thwarted by the ongoing COVID-19 pandemic. As we build on the year 50 and beyond, the Corporation is re-energized to build on a healthy workforce that can live its transformation agenda as champions of its processes.

Training and Development

Capacity building continued with attention given to the area of health and safety in view of the COVID-19 pandemic and the general safety of employees. The Corporation provided a full training on ISO standards and further held workshops on ISO45001: Occupational Health and Safety, ISO14001: Environmental Management and ISO 9001:Quality Management. The various training sessions were aimed at enabling SHEQ officers to effectively deliver on their roles. The Corporation further held COVID-19 case management workshops for officers to monitor and contain the virus in the organisation.

All employees were also taken through the new Performance Management System (PMS) training as part of the performance improvement within the Corporation. The PMS roll-out marked an important milestone following the completion of the restructuring project, preparing all employees to align with implementing the Corporation strategy.

WUC employees at the Centre of the Golden Jubilee

COVID-19 posed challenges to fully celebrate WUC50. The employees however were at the centre of the WUC50 celebrations. Employees participated in the internal quizzes as part of the WUC50 celebrations and got away with goodies making them look forward to each week.

Employee Insurance Schemes

Through the Group Life Assurance Policy and a medical insurance scheme, the Corporation ensures the lives and health of employees and further conducts annual on the job and exit medical screening in line with the Corporation's Comprehensive Total Wellness Strategy. The wellness section provides regular reports to demonstrate adherence to a commitment on sustainability. Occupational Health and Safety is a priority area within WUC, demonstrating our commitment to create a positive and safe working environment for our employees.

Government Internship Programme

The Corporation had ninety-seven (97) employees on Tirelo Sechaba, Government Internship Programme and Graduate Voluntary Scheme during 2020. As the restructuring program closed, most of the employees were employed by Corporation as they formed part of the available skill base. The Corporation will continue to support skills development by Government by providing opportunities for various professional attachments and avail its resources for research by students.



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GENERAL INFORMATION

(Incorporated and domiciled 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

Noble Katse (Board Chairperson)	
Obolokile T. Obakeng	
Galeitsiwe Ramokopane	
Linah Mohohlo	Appointed 30 April 2020
Maclean Letshwiti	Appointed 30 April 2020
Moatlhodi K. Lekaukau	Appointed 30 April 2020
Wandipa Kelobang	Appointed 30 April 2020
Bogadi T. Mathangwane	Appointed 01 March 2021
Gaetshwane Matsiara	Appointed 01 March 2021
Godfrey B. Molefe	Retired 31 July 2020
Mokgadi K. Nteta	Retired 30 April 2020
Juliana White	Retired 30 April 2020
John P.D. Phatshwe	Retired 30 April 2020

Corporate Management Team

Gaselemogwe Senai	Chief Executive Officer
Mathews Sebina	Chief Operations Officer
Taboka Gulubane	Chief Financial Officer
Felicity R. Ziga	Corporation Secretary
Thapelo R. Kalake	Shared Services Director
Evelyn Disele	Human Resources Director
Ntshambiwa Moathodi	Technical Services Director
Goitseone Tshiamiso	Customer Care Director
Agnes B. Motlhanka	Internal Audit Director
Teddy B. Ditsabatho	Water Resources Director
Peter L. Sedingwe	Corporate Strategy Director

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

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 2021, 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 the responsibility of the Board to detect fraud.

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 66 to 72.

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 strategic partners 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 73 to 111 which were approved and authorised for issue on 29 October 2021 and signed on its behalf by:



Director



Director



Independent auditor's report

To the Honourable Minister of Land Management, Water and Sanitation Services

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 2021, and of its financial performance and 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 73 to 111 comprise:

- the statement of financial position as at 31 March 2021;
- 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.


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



Our audit approach

Overview

	<p>Overall materiality</p> <ul style="list-style-type: none"> Overall materiality: P 9 625 804, which represents 4.5% of the four-year average profit/loss before tax and tariff subsidy income. <p>Key Audit Matters</p> <ul style="list-style-type: none"> Impairment of trade receivables.
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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.

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.



<i>Overall materiality</i>	<i>P 9 625 804</i>
<i>How we determined it</i>	<i>4.5% of the four-year average profit/ loss before tax and tariff subsidy income.</i>
<i>Rationale for the materiality benchmark applied</i>	<p><i>We chose the four-year average profit/loss before tax and tariff subsidy income as the benchmark because, in our view, it is the benchmark against which the performance of the Corporation is most commonly measured by users of the financial statements. An average of profit before tax and tariff subsidy income for the past 4 years was used and determined to be more appropriate because of the volatility in the Corporation's operating profits before tax and tariff subsidy.</i></p> <p><i>We chose 4.5% based on professional judgement and after consideration of the range of quantitative materiality thresholds that would typically apply when using the four-year average profit/loss before tax to compute materiality. The considerations include taking cognisance of the intended users of the financial statements, audits of similar entities, and the Corporation's level of external debt.</i></p>

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Impairment loss of trade receivables (All amounts in Pula '000)</i></p> <p>At 31 March 2021 the Corporation recognised trade receivables of P 320 372 (2020: P 339 426) after deducting expected credit losses ("ECL") of P 697 606 (2020: P 461 747).</p> <p>The Corporation applies the simplified approach allowed by International Financial Reporting Standards 9 <i>Financial Instruments</i> ("IFRS 9") and recognises lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics within customer type.</p>	<p>We performed the following audit procedures on the ECL provision for impairment on trade and other receivables:</p> <ul style="list-style-type: none"> • We obtained an understanding of relevant internal controls by: <ul style="list-style-type: none"> ○ enquiring from management as to whether any significant changes have been made to the internal control system; ○ reading through their process manuals; ○ and evaluated the design, implementation and operating effectiveness through inspection of a sample of new connection application forms for the



The Corporation uses a provision matrix to determine the ECL on Trade receivables. The assumptions and judgements applied includes:

- the determination of the probability of default (PD); and
- the determination of Loss Given Default (LGD).

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 in determining the ECL; 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:

- Significant accounting policies - Financial Instruments: IFRS 9
- Critical accounting estimates and assumptions: Impairment loss on trade receivables;
- Note 11 “Trade and other receivables”; and
- Note 26 “Financial risk management”.

Corporation’s relevant internal controls relating to customer registration and creation;

- We assessed the application of the accounting policies used and management’s ECL impairment model against the requirements of IFRS 9 and noted no material inconsistencies;
- We agreed the amount of the ECL as per the output of management’s ECL impairment model to the provision for impairment as per the general ledger. No material differences were noted;
- We reconciled the receivable balances used in the model to the relevant accounting records, as well as reviewed the segments of receivables as per the receivable name for appropriate segmentation. No material differences were noted;
- Utilising our actuarial, risk and quants expertise, the following procedures were performed in order to assess the reasonability of the ECL and to analyse the COVID 19 impact as determined by management as at 31 March 2021:
 - Independently calculated the ECL by using the simplified approach method and compared the result to management’s ECL calculated by their model. No material differences were noted;
 - For trade receivables related to business and domestic groups, PD and LGD assumptions made in management’s calculations were stressed to arrive at an impairment range. We noted that the Corporation’s calculated ECL was within a reasonable range of our independent expected range of ECL calculated;
 - For Government trade receivables, a benchmark probability of default (“PD”) and Loss Given Default



(“LGD”) was used to independently assess the impairment to be held for the government segment. Given the short-term nature of the trade receivables, a 12 month PD was used. A range of benchmarked LGDs was used to calculate a possible range for the impairment. We noted that the Corporation’s ECL provisions were within a reasonable range of our independent expectations;

- Independently assessed the COVID 19 impact on the ECL by building an independent model using historic benchmark data and determining a link between Gross Domestic Product (GDP) and the relative increase in the loss rates for various base loss rates. In this regard, we used a forecasted GDP figure for Botswana to infer an increase in counterparty risk arising due to COVID 19. We noted that the Corporation’s ECL provisions were within a reasonable range of our independent expectations.

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 2021”, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “Water Utilities Corporation 2020/21 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 identified above 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 of the financial statements that give a true and fair view 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.
- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 Water Utilities Corporation Act (Chapter 74:01) (the "Act"), we report that:

- 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 the financial provisions of the Act with which it is the duty of the Corporation to comply except for:
 - i. the submission of the auditors' report and the audited accounts within six months after the end of its financial year as provided for in section 26(1);
 - ii. Section 19 of the Water Utilities Corporation Act 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. As the Corporation has made a loss, the Corporation has failed to comply with this section of the Act; and
- The financial statements prepared by the Corporation were prepared on a basis consistent with that of the preceding year, except as explained in the Summary of Significant Accounting Policies (Standards and Interpretations effective in the current year).

PricewaterhouseCoopers

Individual Practicing Member: Sheyan Edirisinghe
Registration Number: 20030048

Gaborone
29 October 2021

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Notes	2021	2020
		P'000	(Restated)* P'000
Revenue from contracts with customers	1	1,811,031	1,825,430
Other income	2	30,300	23,976
Operating expenses			
Water treatment and distribution expenses	4,24	(1,185,000)	(1,209,723)
Administration and other expenses	4,24	(607,572)	(446,279)
Net Depreciation and amortisation	7, 8, 9, 16	(278,586)	(232,579)
Net impairment loss on trade receivables	11	(236,097)	(61,493)
Impairment loss on development expenditure	7	-	(38,213)
Total operating expenses		(2,307,255)	(1,988,287)
Operating (loss)/profit before tariff subsidies and grants		(465,924)	(138,881)
Revenue grant	16	167,290	147,420
Operating (loss)/profit after tariff subsidies and grants		(298,634)	8,539
Finance income	5	81,321	89,438
Finance costs	5	(25,570)	(26,672)
(Loss)/profit for the year before income tax		(242,883)	71,305
Income tax	6	76,840	(21,382)
(Loss)/profit for the year		(166,043)	49,923
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(166,043)	49,923

*See note 24 for details regarding the restatement as a result of errors



STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

		31 March 2021	31 March 2020 (Restated)*	1 April 2019
	Notes	P'000	P'000	P'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,24	8,649,964	7,155,805	6,856,642
Right of use assets	8	37,738	47,547	-
Intangible assets	9	1,763	2,466	4,920
Deferred tax asset	20	8,267	-	-
		8,697,732	7,205,818	6,861,562
Current assets				
Inventories	10	54,711	50,390	44,951
Trade and other receivables	11	743,286	412,955	403,406
Tax refundable	20	22,922	22,922	43,962
Investments carried at amortised cost	13, 25	34,328	390,945	376,755
Cash and cash equivalents	12, 25	1,534,154	1,660,412	1,426,092
		2,389,401	2,537,624	2,295,166
Total assets		11,087,133	9,743,442	9,156,728
EQUITY AND LIABILITIES				
Capital and reserves				
Irredeemable capital	14	752,738	752,738	752,738
Government contribution - Water sector reforms	15	4,104,627	4,104,627	4,104,627
Interest reserve - EIB	17	17,796	17,466	16,998
Retained earnings		615,499	781,872	732,417
		5,490,660	5,656,703	5,606,780
Non-current liabilities				
Government grants	16	4,282,380	3,185,589	2,770,033
Borrowings	17	210,889	212,944	220,698
Consumer deposits	18	55,146	50,436	43,570
Lease liabilities	8	29,937	41,690	-
Deferred tax liabilities	20,24	-	68,573	47,191
		4,578,352	3,559,232	3,081,492
Current liabilities				
Borrowings	17	11,363	13,442	13,442
Lease Liabilities	8	13,079	9,277	-
Trade and other payables	19	993,679	504,788	455,014
		1,018,121	527,507	468,456
Total liabilities		5,596,473	4,086,739	3,549,948
Total equity and liabilities		11,087,133	9,743,442	9,156,728

*See note 24 for details regarding the restatement as a result of errors and note 25 for details regarding the reclassification of cash and cash equivalents'

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Irredeemable Capital	Government Contribution	Interest Subsidy Reserve	Retained Earning	Total
	P'000	P'000	P'000	P'000	P'000
Balance at 31 March 2019	752,738	4,104,627	16,998	732,417	5,606,780
Total comprehensive income for the year before restatement	-	-	-	75,598	75,598
Transfers within components of equity	-	-	468	(468)	-
Balance at 31 March 2020 (as originally presented)	752,738	4,104,627	17,466	807,547	5,682,378
Correction of error (net of tax) (note 24)	-	-	-	(25,675)	(25,675)
Restated equity balances at 31 March 2020	752,738	4,104,627	17,466	781,872	5,656,703
Balance at 1 April 2020 (restated)*	752,738	4,104,627	17,466	781,872	5,656,703
Total comprehensive loss for the year	-	-	-	(166,043)	(166,043)
Transfers within components of equity	-	-	330	(330)	-
Balance at 31 March 2021	752,738	4,104,627	17,796	615,499	5,490,660

*See note 24 for details regarding the restatement as a result of errors



STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Notes	2021 P'000	2020 P'000 (Restated)*
Cash flows from/(to) operating activities	21	(28,526)	164,382
Cash generated from/(used in) investing activities			
Development expenditure incurred	7,24	(1,694,196)	(542,885)
Proceeds on sale of property, plant and equipment	2,7	797	6,610
Purchase of property, plant and equipment	7	(155,079)	(60,109)
Interest received	5	81,321	89,438
Net disposals/(purchases) of investments at amortised cost	13, 25	356,617	(14,190)
Net cash used in investing activities		(1,410,540)	(521,136)
Cash generated from/(used in) financing activities			
Interest paid	5	(22,273)	(22,901)
Repayment of long-term borrowings	17	(4,134)	(7,754)
Cash and capital grants received from Government	16	1,351,903	632,291
Payments towards lease liabilities	8	(12,688)	(10,562)
Net cash from financing activities		1,312,808	591,074
Net (decrease)/increase in cash and cash equivalents		(126,258)	234,320
Cash and cash equivalents at beginning of the year		1,660,412	1,426,092
Cash and cash equivalents at end of the year		1,534,154	1,660,412
Reconciled to:			
Cash and cash equivalents recognised as current assets		1,534,154	1,660,412

*See note 24 for details regarding the restatement as a result of errors and note 25 for details regarding the reclassification of cash and cash equivalents

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES

Presentation of Financial Statements

The Corporation has been established under the Water Utilities Corporation Act (CAP 74:02). The Corporation is registered and domiciled in Botswana with the primary objective to provide 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 one thousand Pula which is the functional currency. These financial statements were approved and authorised for issue by the Members of the Board on 29 October 2021.

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 precision of thousands of Pula (P'000'). Historical cost is generally the fair value of the asset or liability at the date of initial recognition. The financial statements are prepared under the assumption that the Corporation is a going concern.

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 Water Utilities Corporation Act (Chapter 74:02).

Changes in accounting policies

(a) New and amended standards adopted by the Corporation

The Corporation has not adopted new standards or amendments to existing standards in the current reporting date. The comparative prior year financial statements include the adoption of IFRS 16 Leases, to which, the policy statements are included under significant accounting policies applicable for the comparative financial statements. The table below is summary of standards and amendments that are effective for the current reporting period but have been assessed to have no impact on the Corporation's financial statements.

Standard/Interpretation	Confirmed or Proposed Effective date: Years beginning on or after	Summary of changes and Management's Rationale for Impact
Amendment to IAS 1, 'Presentation of financial statements'	1 Jan 2020	The IASB clarified the definition of materiality and additional guidance in regard to obstructive disclosures that could divert the users' attention on material information contained in the financial statements. Management has always considered materiality as fundamental to the preparation and presentation of financial statements with no excessive and repetitive disclosures that could potentially obstruct users from identifying key information for economic decision making based on the financial statements.
Amendment to IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	1 Jan 2020	



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of Financial Statements (*continued*)

Standard/Interpretation	Confirmed or Proposed Effective date: Years beginning on or after	Summary of changes and Management's Rationale for Impact
Definition of a Business – Amendments to IFRS 3	1 Jan 2020	The IASB issued guidance on definition of a business as a fundamental factor to determine accounting for transactions that entail acquisition of a group of assets that can be deemed to be constitute a business. The clarification relates to inputs, processes and outputs. The Corporation has not undertaken acquisitions of businesses or group of assets that can be deemed to require special considerations in the judgment to classify as a business combination or an asset acquisition.
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	1 Jan 2020	The IASB has issued extensive guidance on accounting for hedging activities undertaken as part of risk management strategies. The Corporation does not undertake hedging activities as part of its risk management strategies.
Revised Conceptual Framework for Financial Reporting	1 Jan 2020	The IASB has issued a revised conceptual framework that provided definitions for income, expenses, assets, liabilities and equity. The revised definitions may require entities that make reference to the conceptual framework when determining the recognition and measurement of elements of financial statements where there is no specific IFRS applicable to their circumstances. The Corporation's assets, liabilities, income, expenses and equity reserves are clearly guided by existing IFRS and therefore, there are no policies and basis of measurements made directly by reference to the Conceptual Framework. The new definitions of the elements of financial statements in the Revised Conceptual Framework for Financial Reporting is consistent with the applicable specific standards.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

(b) Standards issued but not effective

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for the current reporting period. Management will continue to assess the impact of these standards for forthcoming periods and the table below indicates the preliminary impact assessments and rationale.

Standard/Interpretation	Confirmed or Proposed Effective date: Years beginning on or after	Summary of changes and Management's Rationale for Impact
IFRS 17 Insurance Contracts	1 Jan 2023	The IASB guidance on the standard requires a current measurement model where estimates are re-measured in each reporting period. Corporation is not an insurance entity nor engages in activities similar to insurance contracts other than taking cover for its assets.
COVID-19-related Rent Concessions – Amendments to IFRS 16	1 Jan 2020	The IASB has provided guidance on accounting for rental concessions in regard to the valuation of lease liabilities and right-of-use assets where such concessions can be payment holidays and deferral of lease payments. The Corporation has not benefited from or awarded sub lease Rent Concessions in the form of payment holidays or rental deferrals during the Covid 19 era. Consequently no adjustments to its lease accounting under IFRS 16
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 Jan 2023	The IASB provided guidance in regard to judgments for classification of financial liabilities as current or non-current when there are covenants that have been breached or there are indicators of potential breaches. The guidance extends to entities that have provided guarantees to related entities. The Corporation has fulfilled debt covenants in the past and continues to monitor and reflect on the potential impact of deviations from the debt covenants. Outstanding debt is expected to be settled in the short term, consequently, the extent of judgment in classification as current or non-current is reduced.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (*continued*)

(b) Standards issued but not effective (*continued*)

Standard/Interpretation	Confirmed or Proposed Effective date: Years beginning on or after	Summary of changes and Management's Rationale for Impact
> Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 Jan 2022	The IASB has issued guidance in regard to accounting for proceeds generated from assets at testing stage or prior to being ready for intended use. The guidance entails that such proceeds must not be adjusted against the carrying amount of the asset but recognised in profit or loss. The Corporation does not bill or recover fees for from customers for testing portable or wastewater infrastructure assets.
Reference to the Conceptual Framework – Amendments to IFRS 3	1 Jan 2022	The Standards require that conceptual framework for financial reporting add an exception for recognition of liabilities and contingent liabilities and that contingent assets should not be recognised at the acquisition date. No Business combination activities are currently undertaken by the Corporation nor within the strategic scope for the forthcoming reporting periods.
Annual Improvements to IFRS Standards 2018 - 2020	1 Jan 2022	Improvements relating to IFRS 9 - clarifies fees to be included in the 10% test for derecognition of financial liabilities, IFRS 16 - remove illustration of payments from lessor relating to leasehold improvements and IAS 41 - removal of requirement for entities to exclude cashflows for taxation when measuring fair value. These improvements are not applicable to the Corporation.
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 Jan 2022	The amendment to the Standard provides that direct costs of fulfilling a contract include both the incremental costs directly related to fulfilling contracts. The Corporation may suffer potential losses due to contractual commitments to supply portable and wastewater to customers in exchange for a lower or no consideration due Government instruction to continue to supply of the services/product as measures for economic recovery from the Covid -19 pandemic.

Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The core principles of IFRS 15 “Revenue from Contracts with Customers” requires an entity to recognise revenue when, or as, the performance obligations with regards to the supply of good or services under a customer contract have been satisfied through the transfer of such promised goods or services to the customer and it is probable that the Corporation will collect the consideration that it is entitled to. Such transfer occurs when the customer obtains control over the said goods or services.

Control is transferred as when the customer consumes the potable water and receives wastewater services. Revenue is measured at an amount that reflects the consideration that the Corporation expects to be entitled to in exchange for transferring those goods or services to the customer. The consideration expected by the Corporation is based on the volume of potable water consumed by the customer or the wastewater services received and the approved tariff rates applicable.

During the year, the Government issued a directive to reconnect previously disconnected meters of customers in default. These customers did not meet the probability of collecting the consideration threshold set by the Corporation and therefore, revenue from these customers have been recognised when cash is received.

The following services are recorded within “Revenue” in the Statement of Comprehensive Income since they relate to the Corporation’s obligation as a water and wastewater services provider.

Potable water and wastewater services

The Corporation has an ongoing obligation to provide potable water and wastewater services to customers which are segmented as 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’s performance obligation.

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.

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 comprises 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.

Property, plant and equipment

Recognition

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. 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. Assets in physical form that are under the control of the Corporation through non-short term leases and within the scope of IFRS 16 are recognised separately as Right of Use Assets and not subsumed to PPE balances.

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.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Initial and Subsequent Measurement

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.

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:

Useful Life

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

Depreciation is recognised in the statement of comprehensive income.

Development Expenditure

The Property, Plant and Equipment balances include Development Expenditure, which constitutes of self-constructed assets and assets transferred to the Corporation by the Government of Botswana through Water Sector Reform initiatives for production and supply purposes are carried at cost, less any recognised impairment loss. The cost includes the cost of materials, direct labour, borrowing costs for qualifying assets and professional fees, the initial estimate, where relevant, of costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of production overheads. Such costs are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of Development Expenditure assets commences when the assets are ready for their intended use and charged on a similar basis as prescribed for completed assets above. Management performs an annual assessment of long overdue development projects, including an evaluation of whether such projects are impaired. Any impaired development expenditure is written off statement of comprehensive income.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. When major inspections are done, any remaining carrying amount relating to the previous inspection is de-recognised. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised. Development expenditure (i.e. capital work in progress) is depreciated from the date the asset is ready for intended use.

Intangible assets

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 programs are recognised as an expense as incurred.

Intangible assets are capitalised at cost when it's 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. Impairment assessments are performed at each reporting date for intangibles that are not amortised due the assessment of useful life as being indefinite whilst an assessment for those with a useful life is performed when there are indicators of impairment. The impairment evaluations are performed in a manner consistent with narrative outlined under Property, Plant and Equipment. Amortisation and impairment charges are recognised in statement of comprehensive income.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets(continued)

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.

Leases under IFRS 16

The Corporation assesses whether a contract is, or contains a lease, at the date of transition to IFRS 16, inception of contract after transition date and date of legal or deemed renewal of contract, whichever is applicable. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Corporation is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. The Corporation classifies contracts with less than undiscounted P50,000 total rental fees over the life of the contract as low value leases. For these leases, the Corporation recognises the lease payments as an operating expense (note 8) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Corporation has elected not to separate the non-lease components for leases of land and buildings. Details of leasing arrangements where the Corporation is a lessee are presented in note 8 Leases (Corporation as lessee).

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the Right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability as outlined under the lease liability section below;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases under IFRS 16 (*continued*)

Right-of-use assets are depreciated over the shorter period of lease term and useful life (2-5 years) of the underlying asset on a straight line basis. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation charge is included in the statement of profit or loss unless it is included in the carrying amount of another asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Right of use assets are annually assessed for impairment indicators, including whether the underlying lease contracts or arrangements have become onerous. Potential impairments are evaluated in a manner consistent with accounting for impairments as detailed under the accounting policy for property, plant and equipment. Onerous contracts over Right of use assets result in a provision being created at the lower of the amounts payable to exit the contract and the present value of the unavoidable net cash outflows from continued use of the asset.

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

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

Right-of-use assets are derecognised when the contract is terminated, expires or the Corporation ceases to be party of the arrangement that qualifies as a lease under IFRS 16 as outlined above. Gains or losses arising on derecognition of the Right-of-use asset are recognised in profit or loss.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs reflect lease payments made. Interest charged on the lease liability is included in finance costs (note). The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liability (*continued*)

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Corporation will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Inventory

Inventories comprise maintenance spares and stores, water treatment chemicals and consumables. 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.

Inventories are measured at the lower of cost, determined on a weighted average cost basis and net realisable value. The weighted average cost includes costs attributable to purchase price including non-refundable taxes, transportation and duties required to avail the inventory to usable and saleable condition. The 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 within cost of sales in the statement of profit or loss in the period in which the write-downs or losses occur.

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 amortised cost. All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Expected Credit Losses (ECLs). Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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.

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 within the risk classifications as Domestic, Business and Government Customers).

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.

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.

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 transferred 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.

Derecognition of financial assets

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 transferred 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.

Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (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) has a residual interest in the assets of the entity after deducting all of its liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade payables and 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.

Cash and cash equivalents

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.

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.

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.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 basis and against which performance is measured and resources are assigned to the single segment.

Changes in accounting policies, prior period errors and changes in accounting estimates

Changes in accounting policies are adopted either due to new IFRS or amendments of existing standards or voluntarily. Voluntary changes in accounting policies relate to instances when management consider that a change in accounting policy will better inform the users of the financial statements in regard to new circumstances and the underlying impact of such changes on the relevance and reliability of the financial statements. Where the change in accounting policy is triggered by new IFRS or amendments of existing standards, the Corporation adopts transitional guidance issued by IFRS. The Corporation applies retrospective accounting by adjusting comparative financial statements to the extent applicable and practicable when the changes in accounting policies are voluntary. Prior period errors that are identified during the reporting period relate to deviations from IFRS, omissions or misstatements in financial information reported in prior periods. Prior period errors are retrospectively adjusted on comparative periods to which the error occurred. The cumulative net effect, including tax consequences of changes in accounting policies and prior period errors that impact financial reporting periods earlier than the recent comparatives are adjusted on opening retained earnings for the earliest comparative financial statements with corresponding adjustments to the respective assets, liabilities or other components of equity. Changes in accounting estimates are prospectively accounted on the financial statements during the year of the change in estimate and subsequent reporting periods.

Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

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

On an annual basis, the Corporation obtains technical assistance from user functions, for example, Engineers to assess if the useful lives and residual value estimates are appropriate and consistent with theoretical lives and residual values per the financial records. Changes in useful lives and residual values are adjusted in profit or loss prospectively.

b) Impairment losses for non - financial assets (property, plant and equipment, intangible assets and right-of-use assets)

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 Corporation's assets. Forecast cash flows, expected life, growth patterns beyond the 5 year planning horizon and the cost of capital used for discounting future cash flows are assessed through sensitivity analysis and scenarios to reduce the risk of estimation errors.

c) 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 assumptions and judgements applied includes the determination of probability of default (PD) using historical default rates and the determination of Loss Given Default (LGD). The determination of PD is considered a critical accounting estimate because the assessment of the correlation between historical observed default rates and forecast economic conditions is judgmental and based on future events that can change. The determination of LGD is based on historical credit loss experience which may not be representative of customer's actual default in the future. 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.

d) Estimation of Incremental Borrowing Rate (IBR) and lease term used on measurement of lease liabilities and right of use assets

The Corporation applies judgement in determination of the interest rate implicit in the lease liability and right of use asset measurement. The IBR is used as a proxy interest rate implicit in the lease and this rate reflects the Corporation's cost of borrowing for financing similar assets in the market. There are instances when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The adjustments may take into account the nature of the asset, its location, the lease contract tenure and size of lease rentals. Practical expedients are applied where necessary and a similar IBR is used for assets within the same category, such as buildings or equipment.

The Corporation also applies judgement in determination of the lease term by considering all facts and circumstances that create an economic incentive to exercise the option to renew or exercise the option to terminate and whether it is reasonably likely that the option will be exercised. The factors considered include past history of terminating leases and strategic plans in regard to asset acquisitions. Extension options are included in the lease term if the lease is reasonably certain to be extended.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

	2021 P'000	2020 P'000
1. Revenue from contracts with customers		
Portable water	1,632,589	1,634,631
Wastewater	143,678	146,995
Connection fees	34,764	43,804
	1,811,031	1,825,430

The Government declared a State of Public Emergency and issued a directive in April 2020 for the Corporation to reconnect defaulting customers. The Corporation could not recognise the related revenue since the probability of collection was low given the background of defaulting. In line with IFRS 15, the Corporation reassessed contracts with the customers because of the change in these circumstances as it didn't meet the criteria for revenue recognition. Such revenue from these customers was recognised on a cash basis. Water consumed during the year by defaulting customers for whom reconnections were made in accordance with the Government directive, for which no revenue has been recognised amounted to P32.5m.

Disaggregation of revenue

The corporation derives revenue from the transfer of goods 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.

2021

Revenue	Service transferred overtime	Service transferred at point in time	Total
Potable water	1,632,589	-	1,632,589
Wastewater	143,678	-	143,678
Connection fees	-	34,764	34,764

2020

Revenue	Service transferred overtime	Service transferred at point in time	Total
Potable water	1,634,631	-	1,634,631
Wastewater	146,995	-	146,995
Connection fees	-	43,804	43,804

	2021 P'000	2020 P'000
2. Other Income		
Foreign exchange gain	2,253	2,662
Water bowing	3,020	2,097
Sewage cleaning	15,975	10,308
Vacuum tanker services	4,724	4,036
Profit on disposal of property, plant and equipment	470	4,873
Sundry income	3,858	-
	30,300	23,976

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	2021	2020
	P'000	P'000
3 Operating Profit/(loss) before Tariff subsidy		
The operating profit/(loss) before tariff subsidy includes the following items:		
Depreciation of Property, Plant and equipment (note 7)	352,636	297,912
Depreciation - Right of use (note 8)	11,249	10,210
Amortisation of grants (note 16)	(255,445)	(77,997)
Amortisation of intangible assets (note 9)	2,856	2,454
Increase/(decrease) in accounts receivable impairment provision (note 11)	236,097	61,493
Board Member's fees (note 23)	233	538
Operating Lease Rentals & rates - property	1,466	1,277
Remuneration - Executive Management (note 23)	17,290	11,035
Foreign Exchange gains (losses) (note 2)	2,253	2,662
4 Expenses by nature		
Expenses to be apportioned		
Total salaries and wages expenses	898,476	906,181
Spare and consumables	143,830	157,040
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.		
Water treatment and distribution expenses		
Building maintenance	343	1,554
Pumping power, repairs and chemicals	350,812	357,592
Apportioned: Direct salaries and wages	718,781	724,945
Apportioned: Spare and consumables	115,064	125,632
Total Water treatment and distribution expenses	1,185,000	1,209,723



Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	2021	2020
	P'000	P'000
4 Expenses by nature (continued)		
Administration and other expenses		
Security	74,065	64,288
Travelling	20,907	30,037
Professional and Consultancy	32,136	59,720
Legal fees	3,860	2,055
Settlement fees	112,000	-
Auditor's remuneration	2,500	1,641
IT Expenses	41,894	41,885
Telephone, postage, printing and Stationery	25,849	20,047
Repairs and maintenance	9,098	4,648
Staff expenses	13,392	11,659
Public Relations & Advertising	6,116	6,226
Insurance	12,618	13,815
Bank Charges	6,125	7,383
Office Rental, Electricity and water	8,664	10,085
Foreign exchange loss	2,586	-
State of emergency reconnections	27,301	-
Apportioned: Direct salaries and wages	179,695	141,382
Apportioned: Spare and consumables	28,766	31,408
	607,572	446,279
5 Finance income/costs		
Finance income		
Interest on deposits and short term investments	81,321	89,438
Finance costs		
- European Investment Bank Loan	484	1,171
- Domestic Medium Term Note Bond (DMTN)	21,789	21,730
- Unwinding of interest - IFRS 16	3,297	3,771
	25,570	26,672
6 Taxation		
Current tax:		
Basic tax at 22 % (2020: 22%)	-	-
Over statement of prior year tax (note 20)	(5,126)	-
Current year estimate (note 20)	(71,714)	21,382
Income tax expense	(76,840)	21,382
The tax on the Corporation's profit before tax differs from theoretical amount that would arise using the basic tax rate as follows:		
Profit before income tax	(242,883)	71,305
Tax calculated at applicable tax rates of 22% (2020: 22%)	(53,434)	15,687
Tax effects of:		
- Expenses not deductible for tax purposes	1,127	10,149
- Income not subject to income tax	(19,407)	(4,454)
- Prior year overstatement	(5,126)	-
Income tax expense	(76,840)	21,382
Effective tax rate	32%	30%

*See note 24 for details regarding restatement as a result of errors

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	Land, dams and buildings	Distribution systems, plant and machinery	Development expenditure (Restated)*	Vehicles and equipment	Total
	P'000	P'000	P'000	P'000	P'000
7 Property, plant and equipment					
COST					
Balance at 31 March 2019	2,924,814	657,604	5,331,628	546,433	9,460,479
Additions	1,476	-	8,778	49,855	60,109
Additions to development expenditure	-	575,802	-	-	575,802
Disposal	-	-	-	(18,603)	(18,603)
Transfer from development expenditure	484,123	(450,730)	4,893	-	38,286
Impairment of development expenditure	-	(38,213)	-	-	(38,213)
Re-classification of chemical consumption	-	(1,168)	-	-	(1,168)
WIP Non Qualifying Costs transferred to IS	-	(32,917)	-	-	(32,917)
Balance at 31 March 2020 (Restated, note 24)	3,410,413	710,378	5,345,299	577,685	10,043,775
Additions	1,097	-	64,693	89,289	155,079
Additions to development expenditure	-	1,694,196	-	-	1,694,196
Disposal	-	-	-	(1,010)	(1,010)
Transfer from development expenditure to PPE	69,442	(228,124)	158,682	-	-
Transfer from development expenditure to Intangible assets (note 9)	-	(2,153)	-	-	(2,153)
Balance at 31 March 2021	3,480,952	2,174,297	5,568,674	665,964	11,889,887
ACCUMULATED DEPRECIATION					
Balance at 31 March 2019	874,353	-	1,435,639	293,845	2,603,837
Depreciation charge	120,497	-	136,021	41,394	297,912
Disposals	-	-	-	(13,779)	(13,779)
Balance at 31 March 2020	994,850	-	1,571,660	321,460	2,887,970
Depreciation charge	118,939	-	189,140	44,557	352,636
Disposals	-	-	-	(683)	(683)
Balance at 31 March 2021	1,113,789	-	1,760,800	365,334	3,239,923
Carrying amount at 31 March 2020 (restated, note 24)	2,415,563	710,378	3,773,639	256,225	7,155,805
Carrying amount at 31 March 2021	2,367,163	2,174,297	3,807,874	300,630	8,649,964

*See note 24 for details the regarding restatement as a result of errors.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

7 Property, plant and equipment (*continued*)

Covid-19 impact assessment on recoverability of assets

The Corporation assesses the recoverability of its non-current assets as a single cash generating unit. Covid-19 has been identified as an impairment indicator as the economic downturn has triggered decline in revenue, lower utilisation of assets and consequential operating losses. The recoverable amount for the cash generating unit has been determined as the value in use which is deemed to be higher than the piecemeal fair value less costs to sell of the components making up the cash generating unit. The recoverable amount was determined using multiple variables including projected free cash flows, terminal value growth rates and discount rates. These variables were considered under different economic circumstances and an expected average resulted in a recoverable amount for the single cash generating unit has been estimated at P12.7 billion (2020: 10.9 billion), the increase being attributed to the incremental present value of cash flows that will be generated by capital projects that were commissioned during the year. The head room of P6.2 Billion (2020:P1.2 billion). The head room reflects the value at which the recoverable amount has to decline before an impairment loss is recognised. At the reporting date, the head room is at 48% (2020:11%). Based on this assessment, there is no impairment recognised in the comparative financial periods.

Principal assumptions used	Best Case	Worst Case	Base Case
Discount rate (DR)	14.13%	14.13%	12.13%
Growth rate (GR)	7.50%	0.00%	3.90%
Headroom/(Loss) - Impairment - P'000	4,066,834	(1,500,914)	2,384,283
Headroom/(Loss)-Impairment (% Change -1% DR & GR) - P'000	4,497,218	(883,342)	2,759,582
Headroom/(Loss) - Impairment (% Change +1% DR) - P'000	2,331,016	(2,033,613)	1,115,075
Headroom/(Loss) - Impairment (% Change -1% DR) - P'000	6,427,721	(883,342)	4,011,466

8 Leases (Corporation as lessee)

The Corporation leases several assets which includes property. The lease terms range between 2 and 5 years (2020: 2 - 5 years).

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2021 P'000	2020 P'000
Right of use assets		
Opening Balance	47,547	57,757
New Right-of Use assets	2,112	-
Terminated leases	(672)	-
Depreciation for the year charged in profit or loss	(11,249)	(10,210)
Closing balance	37,738	47,547
Reconciliation of cost and accumulated depreciation		
Cost/valuation	59,197	57,757
Accumulated depreciation	(21,459)	(10,210)
Carrying amount at reporting date	37,738	47,547

Depreciation recognised on each class of right-of-use assets, is presented above. It includes depreciation which has been expensed in the total depreciation charge in profit or loss as well as depreciation which has been capitalised to the cost of other assets.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

8 Leases (Corporation as lessee) (continued)

Lease liabilities

Lease liabilities have been included in the non-current and current liabilities on the statement of financial position.

	2021	2020
	P'000	P'000
Current portion	13,079	9,277
Non-current portion	29,937	41,690
Total Liability	43,016	50,967
The maturity analysis of lease liabilities contractual undiscounted cash flows is as follows:		
Within one year	13,045	11,322
Two to five years	36,059	49,346
More than five years	22	-
Total undiscounted liabilities at reporting date	49,126	60,668
less future finance charges component	(6,110)	(9,701)
Lease liability at reporting date	43,016	50,967
Reconciliation of movement in lease liabilities		
Opening balance	50,967	-
Additions to lease liabilities	2,112	57,757
Finance costs charged in profit or loss	3,297	3,772
Lease repayments recognised in statement of cash flows	(12,208)	(10,562)
Accrued rentals included in other payables	(480)	-
Terminated leases	(672)	-
Closing balance	43,016	50,967

The Corporation has applied the practical expedient in regard to the incremental borrowing rate by using a rate of 7% to its lease portfolio as the leases have similar characteristics. The Corporation makes use of hindsight to determine lease term on application of extension option. The exposure to interest rate risk is evaluated in note 29.

Low value and short term leases

During the period, the Corporation expensed P2,313,882 (2020: P1,629,451) for short-term leases. This relates to the lease of photocopiers for the Corporation in all its Business Centres in Botswana.



Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	2021 P'000	2020 P'000		
9 Intangible assets				
Computer software costs				
Cost				
Balance at beginning of the year	38,804	38,804		
Additions & Transfers from development expenditure (note 7)	2,153	-		
Balance at end of the year	40,957	38,804		
Amortisation				
Balance at beginning of the year	36,338	33,884		
Charged during the year	2,856	2,454		
Balance at end of the year	39,194	36,338		
Carrying amount	1,763	2,466		
10 Inventories				
Chemicals	896	1,167		
Spares and consumables	55,875	50,394		
Provision for obsolete inventories	(2,060)	(1,171)		
	54,711	50,390		
Provision for obsolete inventories				
Opening balance	(1,171)	(1,171)		
Charge to profit or loss	(889)	-		
Closing balance	(2,060)	(1,171)		
11 Trade and other receivables				
Trade receivables	1,017,978	801,173		
Less provision for impairment	(697,606)	(461,747)		
	320,372	339,426		
VAT receivable	103,170	-		
Prepayments	319,744	73,529		
	743,286	412,955		
Trade receivables comprise of:				
Business	133,035	108,066		
Government department and Council	239,947	233,264		
Domestic debtors	644,996	459,843		
	1,017,978	801,173		
Loss allowance reconciliation for financial assets under IFRS 9				
	Trade receivables			
	Business	Government and Council	Domestic	Total
Balance at 31 March 2020	70,597	239	390,911	461,747
Bad debts written off	-	-	(238)	(238)
(Decrease)/Increase in allowance recognised in profit or loss	36,633	(239)	199,703	236,097
Balance at 31 March 2021	107,230	-	590,376	697,606
Effective ECL % 31 March 2020	65%	0.1%	85%	58%
Effective ECL % 31 March 2021	81%	0%	92%	69%

Due to the short term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value. Refer to note 29(d) for detailed information about the impairment of trade receivables and the Corporation's exposure to credit risk.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	2021 P'000	2020 P'000
12 Cash and cash equivalents		
Cash and cash equivalents comprise:		
Current and call accounts	286,783	322,099
Petty cash	125	125
Short-term investments	1,247,246	1,338,188
	1,534,154	1,660,412
Short term investments consist of the following deposits held at the following banks:		
Capital Bank	115,538	162,730
Botswana Savings Bank	283,775	252,869
Botswana Building Society	345,271	589,775
BANC ABC	354,697	332,814
Bank Gaborone	62,323	-
Standard Chartered Bank	85,642	-
TOTAL	1,247,246	1,338,188

The Corporation holds highly liquid investments which can be redeemed on-demand and considered to have an insignificant exposure to interest and credit risk. The investments are classified as cash and cash equivalents.

13 Investments carried at amortised cost

Vunani (Previously named Stanlib)	15,933	129,054
African Alliance	18,395	131,725
BIFM	-	130,166
	34,328	390,945

The Corporation holds highly liquid investments which can be redeemed on-demand and considered to have a insignificant exposure to interest and credit risk. The investments are classified as investments carried at amortised cost.

14 Irredeemable capital

Balance at beginning and end of the year	752,738	752,738
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These are contributions made to the corporation several years back for its operations to commence and they are irredeemable.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

	2021 P'000	2020 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 owners of the Corporation. The balances are capital reserves and not recycled to profit or loss.

16 Government grants

Revenue Grants

Opening balance	55,290	202,710
Cash grant received during the year	112,000	-
Recognised in income statement	(167,290)	(147,420)
Closing balance at end of the year	-	55,290

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 current year receipt relates to out-of-court settlement with a supplier whose contractual terms were on void.

Capital Grants

Balance at the beginning of the year	3,130,299	2,567,323
Received during the year	1,239,903	632,291
Vehicles received from Government	333	8,682
Amortisation of grant	(88,155)	(77,997)
Balance at the end of year	4,282,380	3,130,299

Capital grants relate to funds and assets issued by the Government towards the infrastructure and other capital projects. These are amortised to profit or loss in a manner consistent with depreciation of the respective infrastructure or non-current assets. The amortisation reduces depreciation charges in profit or loss.

Non-cash grants recognised in profit or loss (note 3)	(255,445)	(77,997)
Total Contributions by the Government through water sector reform, capital and revenue grants	8,387,007	7,290,216

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

	2021 P'000	2020 P'000
17 Borrowings and Interest reserve		
Current borrowings		
Foreign borrowings	5,889	7,968
Domestic Medium Term Note Bond	5,474	5,474
	11,363	13,442
Non-current borrowings		
Foreign borrowings	5,889	7,944
Domestic Medium Term Note Bond	205,000	205,000
	210,889	212,944
Total Borrowings	222,252	226,386

Below is the European Investment Bank (EIB) loan denominated in ZAR

Foreign borrowings		
Loan 45 EIB (ZAR'000)	15,937	23,905
Interest reserve - EIB		
Opening Balance	17,466	16,998
Interest subsidy income - transfer	330	468
Closing Balance	17,796	17,466

The interest subsidy reserve relates to a subsidy on the EIB loan 45. 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 to 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 approved plans.

Section 6.12 of the EIB agreement stipulates a debt service coverage (DSC) ratio of 1.5:1. The Corporation did not comply with the covenant as debt coverage ratio for 31 March 2021 is -10.1:1 (2020 4:1) as a result of the loss made in the current financial year.

	2021 P'000	2020 P'000
Maturity of borrowings		
Current	11,363	13,442
Between 1 and 2 years	5,889	7,944
Between 2 and 5 years	205,000	-
Over 5 years	-	205,000
	222,252	226,386

The Domestic Medium Term Note (DMTN) Bond is unsecured. It carries an interest rate of 10.65% per annum and is repayable in full in 2026.

The foreign borrowings of ZAR 15,937,000 are unsecured and obtained from the European Investment Bank (EIB) and is repayable in 2023 at an interest rate between 8 to 12% per annum.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

	2021 P'000	2020 P'000
18 Consumer deposits	55,146	50,436

As per IFRS 15, the corporation does not recognise proceeds from customers in relation to deposits that are charged for initial connections as revenue. These are accounted for as a contract liability to match against future refunds upon disconnection.

	2021 P'000	2020 P'000
19 Trade and other payables		
Trade creditors	601,592	114,681
Value added tax	-	8,578
Payroll accruals	47,625	152,700
Contract retention	228,381	143,689
Other accruals	113,581	83,499
Audit fee accrual	2,500	1,641
	993,679	504,788

Trade and other payables are unsecured and usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values.

	2021 P'000	2020 P'000
Gratuity provision		
Opening balance	10,015	21,908
Charge for the current year	22,347	9,876
Payments made during the year	(16,461)	(21,769)
Closing balance	15,901	10,015
Leave provision		
Opening balance	14,067	21,471
Charge for the current year	43,786	25,439
Payments made during the year	(26,129)	(32,843)
Closing balance	31,724	14,067
Restructuring provision		
Opening balance	128,618	-
Charge for the current year	-	128,618
Payments made during the year	(128,618)	-
Closing balance	-	128,618
Total provisions	47,625	152,700

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Payroll provisions include gratuity and leave pay. There were no restructuring provisions in the current year.

	2021	2020
	P'000	(Restated)* P'000
20 Taxation Balances		
Deferred Taxation		
Liability at beginning of the year	68,573	47,191
Prior year overstatement	(5,126)	-
Current year estimate	(71,714)	21,382
Taxation recognised in profit or loss	(76,840)	21,382
Balance at end of the year (asset)	(8,267)	68,573
Analysed as follows:		
Differences in tax and accounting depreciation	234,559	174,414
Accruals and provision for credit losses	(125,480)	(66,592)
Tax loss	(116,185)	(39,249)
IFRS 16 Leases	(1,161)	-
Liability (asset) at end of the year	(8,267)	68,573

Deferred tax liabilities (assets) are calculated based on the liability method using a principal tax rate of 22% (2020: 22%). The deferred tax asset has been recognised in full as management anticipate that the Corporation will return to profitability within the future period allowable for roll forward of tax losses. The future taxable profits and anticipated increases in taxable differences will be sufficient to recover the deferred tax assets.

	2021	2020
	P'000	P'000
Tax (payable)/refund		
Balance at beginning of the year	22,922	43,962
Income tax liability	-	-
(Refund)/Payments made during the year	-	(15,916)
Other tax refund adjusted	-	(5,124)
Closing balance	22,922	22,922

*See note 24 for details regarding restatement as a result of errors



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

	2021	2020
	P'000	(Restated)* P'000
21 Cash flows from operating activities		
Operating income after interest and tax	(166,043)	49,923
Adjustment for		
Depreciation and amortisation expense (notes 7, 8, 9)	366,741	310,576
WIP Impairment adjustment	-	38,213
Amortisation of revenue and capital grants (note 16)	(255,445)	(77,997)
Finance income (note 5)	(81,321)	(89,438)
Finance costs (note 5)	25,570	26,672
Foreign exchange gain/loss (note 2, 4)	333	2,662
Loss / (profit) on sale of assets	(470)	(4,873)
Tax refund received	-	15,916
Income tax charged in profit or loss	(76,840)	21,382
	(187,475)	293,036
Adjusted for working capital movements		
Movement in inventories	(4,321)	(5,439)
Movement in trade and other receivables	(330,331)	(9,548)
Movement in consumer deposits	4,710	6,866
Movement in trade and other payables	488,891	(120,533)
	158,949	(128,654)
Cash (to)/from operating activities	(28,526)	164,382
22 Commitments and contingent liabilities		
Operating lease commitments		
Operating lease commitments have been disclosed in note 8.		
Capital commitments		
Capital expenditure approved at the reporting date but not recognised in the financial statements are as follows:		
Approved and contracted for	8,077,056	2,200,357
Approved but not yet contracted for	4,210,001	1,330,557
	12,287,057	3,530,914

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.

*See note 24 for details regarding the restatement as a result of errors and note 25 for details regarding the reclassification of cash and cash equivalents.

Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

23 Related party transactions

The Corporation is 100% owned by the Government of Botswana. Related parties comprise the Government of Botswana, Key Management and Board members. Transactions and account balances with the Government of Botswana and government related entities are identifiable within disclosures relating to receivables and government grants.

A list of members of the Board is disclosed on the front page of the report. Key entity personnel comprise of 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:

	2021	2020
	P'000	P'000
Remuneration of key entity personnel:		
Salaries and other short term employee benefits	17,290	11,035
Terminal benefits	-	1,069
Board fees	233	538
	17,523	12,642

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

24 Correction of material error in recognition of project costs

During the current reporting period, Management carried out its annual assessment of project viability which includes reviewing the recoverability of project related costs recognised as work in progress. This process in turn led to identification of a material error relating to capitalisation of project-related costs incurred during the period ended 31 March 2020 which resulted in a restatement of the prior year financial statements.

Costs incurred related mainly to professional work on identification of areas of asset repairs and restoration rather than development of new infrastructure or increasing the original capacity of the existing infrastructure. This meant that the costs were not directly part of the larger projects where assets were constructed, or the end product was an item of property, plant and equipment, and therefore purely administrative and expense in nature. Consequently, these costs did not meet the asset recognition criteria under IAS 16 and therefore, should not have been capitalised and classified as work in progress reported within property, plant and equipment but rather expensed in the period incurred.

Consistent with the applicable reporting framework and the Corporation's accounting policies regarding prior period errors, the error has been corrected in the comparative financial statements. Management also assessed that there was no further impact of this error on the opening balances for the restated period.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

24 Correction of material error in recognition of project costs (*continued*)

Statement of Financial Position (extract)	31 March 2020 P'000	Increase/ (Decrease) P'000	31 March 2020 (Restated) P'000
Property, plant and equipment (Dev. Expenditure)	7,188,722	(32,917)	7,155,805
Deferred Tax Liability	(75,815)	7,242	(68,573)
Net assets	6,582,378	(25,675)	6,556,703
Retained Earnings	(807,547)	25,675	(781,872)
Total equity	(5,682,378)	25,675	(5,656,703)
Statement of Comprehensive Income (extract)			
Water treatment and distribution costs	(1,193,495)	(16,228)	(1,209,723)
Administration and other expenses	(429,590)	(16,689)	(446,279)
Profit before income tax	104,222	(32,917)	71,305
Income tax	(28,624)	7,242	(21,382)
Profit for the year	75,598	(25,675)	49,923
Other comprehensive income for the period	-	-	-
Total comprehensive income	75,598	(25,675)	49,923
Statement of Cashflows (extract)			
Property, plant and equipment (Dev. Expenditure)	575,802	(32,917)	542,885
Cash flows from/(to) operating activities	(197,299)	32,917	(164,382)
Cash and cash equivalents	1,660,412	-	1,660,412

25 Reclassification of cash and cash equivalents

International Accounting Standards 7, Statement of cash flows requires the presentation of the inflows and outflows of cash and cash equivalents during the reporting period and to present a reconciliation of the cash and cash equivalents at the beginning of the reporting period to the cash and cash equivalents at the end of the period. Cash equivalents are investments that have a short-term maturity period of less than 3 months, can be converted into known amounts of cash and have an insignificant risk of change in value.

The Corporation previously classified its investments in money market funds as part of its cash equivalents for the purposes of the statement of financial position and the statement of cash flows. The Corporation assesses its investments in money markets funds by "looking to" the units of the fund and its nature, in order to determine whether the cash equivalents definition has been met. Such an assessment was performed at 31 March 2021 and it was concluded that investments in money market funds did not meet the cash equivalents definition. Such investments are material to the financial statements and has been reclassified from cash and cash equivalents to investments at amortised cost.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

25 Reclassification of cash and cash equivalents (continued)

The impact of the change in classification has had the following changes to presentation:

	As at 31 March 2020 P'000	As at 31 March 2019 P'000
Cash and cash equivalents as previously stated	2,051,357	1,802,847
Reclassification of investments in money market funds	(390,945)	(376,755)
Cash and cash equivalents (reclassified)	1,660,412	1,426,092
Investments held at amortised cost (reclassified)	390,945	376,755
Impact on the Statement of cash flows		2020 P'000
Cash flows from investing activities:		
Net cash used in investing activities (previously presented)		(506,946)
Net purchases of investments at amortised cost		(14,190)
Net cash used in investing activities		(521,136)

The change in classification does not impact on the reported (loss)/profit.

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

The Corporation has to comply 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. During the year, the Corporation has reported an operating loss of P242.9 million (2020: Profit P71.3 million). Management considers the loss as a consequence of significant increase in expected credit losses from trade receivables and decline in revenue consumption particularly from the business customer base due to Covid 19 pandemic. The shortcoming on meeting the statutory requirement has been duly communicated with the regulator and progressive strategic initiatives are under consideration and management anticipate to progress towards compliance as Covid 19 eases.

27 Going Concern Considerations

Management has considered that Covid-19 pandemic has led to an economic downturn with a multiply impact decline on recoverability of receivables, lower than expected revenue growth and a fall value in use of non-financial assets. The Government issued a directive at the beginning of the pandemic that there will be no disconnection of water supply to all customers, and further directed that all customers that had been disconnected due to non-payment be reconnected to ensure availability of water. This resulted in an increase in consumer receivables and subsequently an increase in impairment compared to the previous year.

Despite these material uncertainties, the strategic importance, occupational and environmental health considerations that are inherent in the mandate of the Corporation allow management to conclude that the Corporation will continue in operational existence for the foreseeable future. The Corporation has noted that the economy is generally recovering following the rollout of the vaccinations countrywide. The Corporation has sufficient liquid assets to settle obligations as they fall due and the Government of Botswana, through the Ministry of Land Management, Water and Sanitation Services has indicated that they will continue to support the Corporation towards financing infrastructure and operational budget requirements to enable achievement of its mandate. Such support has been realised in the current year and after the reporting date.



Notes to the Financial Statements (*continued*)

for the year ended 31 March 2021

28 Events after the reporting date

On 8 October 2021, a cautionary statement was issued by the Botswana Stock Exchange indicating that the Bond may be delisted for failure by the Corporation to file the audited financial statements by 30 September 2021. The BSE regulations provides for a grace period of up to 31 October 2021 for the Corporation to submit the financial statements. The Corporation has taken all necessary steps to ensure that the financial statements are submitted without further delay.

29 Financial risk management

The Corporation's activities expose it to a variety of financial risks, market risks, 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 the market prices. Market risks reflect interest rate 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 2021, the Corporation's foreign exchange exposure was to ZAR borrowings of R15,936,871 (2020: R23,905,307). If the Botswana Pula (BWP) had strengthened by 1% against foreign currencies, the effect would have resulted in an impact of P105,188 (2020: P157,782) on the Corporation's profit and equity. A 1% weakening of the ZAR would have equal but opposite effect.

(ii) Interest rate risk and cash flow 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 2020/2021 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 P1,733,566 (2020: P1,765,811), short-term deposit investments would increase the Corporation's profit and equity by P9,996,277 (2020: P13,487,237) while an increase in investments carried at amortised cost would increase the Corporation's profit and equity by P267,758 (2020: P3,049,371). A decrease in interest rates by a similar margin would result in equal and opposite effect on the profit for the year.

(iii) Interest rate risk and cash flow risk - IFRS 16

A 1% increase in Incremental Borrowing Rate (IBR) used in the model assuming the lease term remain static, would decrease the Corporation's profit and equity by P335,525 (2020: P397, 543). A decrease in interest rates by a similar margin would result in equal and opposite effect on the profit for the year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

29 Financial risk management (continued)

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. Liquidity risk arises on borrowings, consumer deposits, trade payables and lease liability. 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 12) 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 P'000	Between 1 and 2 years P'000	Between 2 and 5 years P'000	Over 5 years P'000
At 31 March 2021				
Borrowings	11,363	5,889	205,000	-
Consumer deposits	-	55,146	-	-
Lease liabilities	13,079	-	29,937	-
Accounts payable	829,973	-	-	-
	854,415	61,035	234,937	-
At 31 March 2020				
Borrowings	13,442	7,944	-	205,000
Consumer deposits	-	50,436	-	-
Lease liabilities	9,277	-	41,690	-
Accounts payable	258,370	-	-	-
	281,089	58,380	41,690	205,000

c) Capital risk

The Corporation is a parastatal established by an Act of Parliament. The Corporation is supported by its shareholder, Government 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 as shown in the statement of financial position.

	2021 P'000	2020 (Restated)* P'000
Total long - term debt (note 17)	222,252	226,386
Total capital and reserves	5,490,660	5,656,704
Debt : equity ratio	4%	4%

The Corporation considers a debt equity ratio of less than 10% to be acceptable. This is reviewed annually after considering market conditions and the growth goals of the Corporation. The Corporation regularly monitors and reports on debt covenants to financial institutions.



Notes to the Financial Statements (continued)

for the year ended 31 March 2021

29 Financial risk management (continued)

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

	2021	2020 (Restated)*
	P'000	P'000
Total interest bearing borrowings (note 17)	222,252	226,386
Property, plant and equipment (note 7)	8,649,964	7,155,805
Ratio of interest bearing debt to property, plant & equip.	2.57%	3.16%

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, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to consumers, including accounts receivable. Credit risk is limited to carrying value of financial assets as at 31 March 2021.

Maximum Exposure	2021	2020 (Restated)*
	P'000	P'000
Cash and Cash Equivalents	1,534,154	1,660,412
Investments carried at amortised cost	34,328	390,945
Trade Receivables	1,017,978	801,173
Total	2,586,460	2,852,530

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 and other macroeconomic factors affecting the customers' ability to settle the outstanding amount as at the reporting date. Customers are considered to have defaulted when their outstanding balances extend beyond the 30 days credit period.

*See note 24 for details the regarding restatement as a result of errors.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

29 Financial risk management (continued)

Key assumptions used in determination of expected credit losses

The Corporation applies a provision matrix to determine Expected Credit Loss (ECL) on Trade receivables. The receivables are analysed on past due basis within customer type, that is, Domestic, Business and Government classifications. This grouping is under the assumption that customers within the classification have similar credit risk characteristics. The assumptions and judgements applied includes the determination of probability of default (PD) and the determination of Loss Given Default (LGD).

The determination of Probability of Default (PD) is based on historical defaults as estimated by flow rates indicating receivables that migrate from the earliest past due category to the subsequent and ultimately the post 90 days grouping. The historical flow rates are adjusted to reflect trends in debtor collection in the subsequent period prior to finalisation of financial statements in addition to forward looking factor of forecast GDP. The Loss Given Default (LGD) is the amount of final loss of receivable that has displayed significant increase in credit risk taking into consideration any recoveries received once a receivable goes into default expressed as a percentage of total exposure at default.

Management performs regular reviews of gross receivables for unusual balances (non-genuine debtors) that could be indicative of excess estimation and receivables attributable to reconnections in line with the Government of Botswana's directive for connecting defaulting customers as part of the nation-wide efforts to curb occupational health crisis during the Covid-19 pandemic. Such exceptions are excluded from the gross receivables that are subjected to the ECL computations. Receivables with credit balances are also isolated from the ECL computations and reclassified to trade and other payables.

The schedules below summaries the credit risk as represented by the Expected Credit Loss (ECL) from the provision matrix.

2021

	Domestic debtors			Business debtors			Total loss allowance	
	Loss rate	Loss allowance	Balance as at	Loss rate	Loss allowance	Balance as at		
		(P000)	31/03/2021 (P000)		(P000)	(P000)		31/03/2021 (P000)
Performing								
0 - 30 days	53.19%	22,797	51,224	35.17%	5,869	18,203	28,666	
Non-Performing								
31 - 60 days	78.37%	35,605	53,610	66.85%	9,924	22,908	45,529	
61 - 90 days	95.30%	29,667	37,595	89.09%	6,662	10,122	36,329	
Credit impaired								
Over 90 days	100.00%	502,307	502,567	100.00%	84,775	81,802	587,082	
		590,376	644,996		107,230	133,035	697,606	
		Government and Councils debtors**						-
		Total Loss allowance/Expected credit loss						697,606



Notes to the Financial Statements (continued)

for the year ended 31 March 2021

29 Financial risk management (continued)

d) Credit risk (continued)

Key assumptions used in determination of expected credit losses and write-off policy (continued)

2020

	Domestic debtors			Business debtors			Total loss allowance
	Loss rate	Loss allowance (P000)	Balance as at 31/03/2021 (P000)	Loss rate	Loss allowance (P000)	Balance as at 31/03/2021 (P000)	
Performing							
0 - 30 days	47.82%	22,695	47,463	26.57%	10,066	37,889	32,761
Non-Performing							
31 - 60 days	66.43%	27,128	40,842	58.69%	6,975	11,885	34,103
61 - 90 days	96.06%	19,212	20,000	91.55%	5,938	6,487	25,150
Credit impaired							
Over 90 days	100.00%	298,287	298,287	100.00%	38,330	38,330	336,617
		367,322	406,592		61,309	94,591	428,631
							102
							33,014
							461,747

2021

Government and Councils debtors**

In regard to Government debtors, management has assessed the default risk to be zero because the credit risk of Government of Botswana was evaluated based on its historical default rate with no instance of default on bills relating to the Corporation.

	PD	LGD	Coverage ratio	Impairment	Balance as at 31/03/2021 (P000)
Government and Councils	0.00%	0.00%	0.00%	-	239,947

2020

Government and Councils debtors**

An alternative methodology is used for the government and council ("government") segment since the Government of Botswana has fulfilled historical obligations with WUC. As such, a provisioning matrix method would not be appropriate as it would reflect no impairment since no debt has been written-off. Instead, a method to estimate the probability of default is used in management's calculation.

A benchmarked Probability of Default (PD) x Loss Given Default (LGD) approach has been used to determine the impairment to be held for the government segment. Given the short-term nature of the trade receivables, a 12 month PD has been used. A range of benchmarked LGDs have been used to determine a possible range for the impairment and the mid point was considered more appropriate.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

29 Financial risk management (continued)

	PD	LGD	Coverage ratio	Impairment	Balance as at 31/03/2020 (P000)
Government and Councils	0.10%	49.29%	0.050%	101,662	206,252

(ii) Impairment of Other Financial Assets

Cash and cash equivalents are placed with highly reputable financial institutions only, these include domestic subsidiaries to international institutions. The Corporation regularly monitors the outcome of the regulatory inspections and reports with respect to these counterparties. The Corporation is not aware of any facts or circumstances which would indicate that the institutions where cash and cash equivalents were held at year-end exposed the Corporation to levels of credit risk beyond those normally associated with such relationships.

	2021 P'000	2020 P'000
Financial instruments by category		
<i>Financial assets at amortised cost</i>		
Trade and other receivables	1,017,978	801,173
Investments carried at amortised cost	34,328	390,945
Cash and cash equivalents	1,534,154	1,660,412
	2,586,460	2,852,530
<i>Financial liabilities at amortised cost</i>		
Borrowings	222,252	226,386
Consumer deposits	55,146	50,436
Lease liabilities	43,016	50,967
Trade and other payables	829,973	258,370
	1,150,387	586,159

