

Botswana Development Corporation Limited

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).



AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

50years of Building Botswana

Abridged statements of comprehensive income

	GROUP		COMPANY	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
		Restated		
Continuing operations				
Income from trade	230,497	151,397	225,916	215,554
Gross profit	195,875	108,065	225,916	215,554
Rental income	96,579	167,620	-	-
Finance and other income	65,980	47,377	115,815	61,167
Share of profits of equity accounted investees	17,686	18,107	-	-
Fair value gain of investment properties	124,773	42,883	-	-
Other Expenses	(160,051)	(208,767)	(104,582)	(64)
Operating profit	340,842	175,285	237,149	276,657
Finance Cost	(98,257)	(75,167)	(99,840)	(69,542)
Derecognition losses on financial assets at amortised cost	(91,244)	-	-	-
Change in fair value of equity instrument	-	-	93,787	-
Profit before tax	151,341	100,118	231,096	207,115
Income tax expense	(15,283)	(21,484)	(8,552)	(8,382)
Profit from continuing operations	136,058	78,634	222,544	198,733
Discontinued Operations				
Loss for the year from discontinued operations	-	(24,178)	-	-
Profit for the year	136,058	54,456	222,544	198,733
Other comprehensive income				
Loss on revaluation of land and buildings	1,506	(4,666)	-	-
Deferred taxation on revaluation loss	883	1,822	-	-
Share of other comprehensive income of equity accounted investees	28,145	20	-	-
(Losses) Gains on valuation of investments in equity instruments	(38,971)	30,107	(38,971)	30,107
Total items that will not be reclassified to profit or loss	(8,437)	27,243	(38,971)	30,107
Other comprehensive income for the year net of taxation	(8,437)	27,243	(38,971)	30,107
Total comprehensive income for the year	127,621	81,699	183,573	228,840
Profit attributable to:				
Owners of the Company	131,237	33,310	222,544	198,733
Owners of the Company	4,821	21,155	-	-
Non-controlling interests	136,058	54,465	222,544	198,733
Total other comprehensive income attributable to:				
Owners of the Company	(8,437)	27,243	(38,971)	30,107
Non-controlling interests	(2,416)	-	-	-
	(10,853)	27,243	(38,971)	30,107

Abridged statements of changes in equity

GROUP	Stated Capital P'000	Fair Value Reserve P'000	Other Reserves P'000	Claims Equalisation Reserve P'000	Retained earnings/(Accumulated losses) P'000	Total Attributable to Members P'000	Non-controlling Interests P'000	Total equity P'000
Opening balance at 1 July 2018 as previously reported	888,269	447,030	293,285	4,207	905,721	2,538,512	366,260	2,904,772
Adjustment on initial application of IFRS 9	-	-	-	-	(3,311)	(3,311)	-	(3,311)
Other movements	-	-	-	-	(5,496)	(5,496)	-	(5,496)
Prior period adjustment	-	-	157,245	-	(134,391)	22,854	-	22,854
Balance at 1 July 2018 as restated	888,269	447,030	450,530	4,207	762,523	2,552,559	366,260	2,918,819
Profit for the year - Restated	-	-	-	-	33,310	33,310	21,155	54,465
Other comprehensive income	-	30,107	(2,864)	-	27,243	27,243	-	27,243
Total comprehensive income for the year	-	30,107	(2,864)	-	33,310	60,553	21,155	81,708
Transfers between reserves	-	-	(3,246)	(3,000)	6,246	-	-	-
Other Movements	-	-	(7,038)	-	7,038	-	-	-
Debt interest declared during the year	-	-	-	-	-	-	(19,392)	(19,392)
Dividend paid	-	-	-	-	(25,000)	(25,000)	(1,362)	(26,362)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(10,284)	(3,000)	(11,716)	(25,000)	(20,754)	(45,754)
1 July 2019 as restated	888,269	477,137	437,382	1,207	784,117	2,588,112	366,661	2,954,773
Profit for the year	-	-	-	-	131,237	131,237	4,821	136,058
Other comprehensive Income	-	(38,971)	28,117	-	(10,854)	(10,854)	(2,416)	(13,270)
Total comprehensive income/(loss) for the year	-	(38,971)	28,117	-	131,237	120,383	2,405	122,788
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(119,331)	-	-	119,331	-	-	-
Disposal of NCI on Loss of Control	-	-	-	-	-	-	(259,698)	(259,698)
Dividend paid	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Total contributions by and distributions to owners of company recognised directly in equity	-	(119,331)	-	-	99,331	(20,000)	(259,698)	(279,698)
Balance at 30 June 2020	888,269	318,835	465,499	1,207	1,014,685	2,688,495	109,368	2,797,863
Company								
Year ended 30 June 2020								
Balance at 1 July 2018 as restated	888,269	447,030	101,238	-	448,290	1,884,827	-	1,884,827
Profit for the year	-	-	-	-	198,733	198,733	-	198,733
Other comprehensive income	-	30,107	-	-	30,107	30,107	-	30,107
Total comprehensive income for the year	-	30,107	-	-	198,733	228,840	-	228,840
Transfers between reserves	-	-	33,931	-	(33,931)	-	-	-
Dividend paid	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Opening balance as previously reported	888,269	477,137	135,169	-	588,092	2,088,667	-	2,088,667
Balance at 1 July 2019	888,269	477,137	135,169	-	588,092	2,088,667	-	2,088,667
Profit for the year	-	-	-	-	222,544	222,544	-	222,544
Comprehensive income for the year	-	(38,971)	-	-	(38,971)	(38,971)	-	(38,971)
Total comprehensive income/(loss) for the year	-	(38,971)	-	-	222,544	183,573	-	183,573
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(119,331)	(394)	-	119,725	-	-	-
Dividend paid	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Total transactions with the owner of the company	-	(119,331)	(394)	-	99,725	(20,000)	-	(20,000)
Balance at 30 June 2020	888,269	318,835	134,775	-	910,361	2,252,240	-	2,252,240

Abridged statements of financial position

	GROUP			COMPANY	
	2020 P'000	2019 P'000	2018 P'000	2020 P'000	2019 P'000
		Restated	Restated		
Non-current assets	4,187,719	4,279,581	3,556,245	3,748,757	3,305,737
Current assets	752,793	567,195	560,645	739,970	253,847
Non-current assets classified as held for sale	187,284	11,750	42,250	-	-
Total assets	5,127,796	4,858,526	4,159,140	4,488,727	3,559,584
Equity and Liabilities					
Equity attributable to owners of the company	2,688,495	2,588,111	2,561,366	2,252,240	2,088,667
Non-controlling interests	109,368	365,841	366,260	-	-
Non-current liabilities	1,593,367	1,451,269	1,064,245	1,543,634	1,135,599
Current liabilities	736,566	453,305	167,269	692,853	335,318
Total equity and liabilities	5,127,796	4,858,526	4,159,140	4,488,727	3,559,584

Abridged statements of cash flow

	GROUP		COMPANY	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Opening cash balance	280,876	355,001	(48,804)	283,534
Net cash from/ (used in) operating activities	72,110	116,326	85,313	(94,365)
Net cash used in investing activities	(535,589)	(594,164)	(246,949)	(643,430)
Net cash from financing activities	503,755	403,713	492,731	405,457
Closing cash balance	321,152	280,876	282,291	(48,804)

BASIS OF PREPARATION

The Group and company financial statements of the Botswana Development Corporation Limited (the "Corporation") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). They have been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the prior year financial statements. The Group and company financial statements of the Corporation have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The complete set of financial statements from which these abridged results were extracted from, are available on the Company's website.

INDEPENDENT AUDITORS REPORT

The Group and company financial statements of the Corporation have been audited by external auditors and they have issued an unmodified audit opinion.

FINANCIAL PERFORMANCE COMMENTARY

BDC Company

The Company's revenue amounted to P342 million against prior year P277 million. This 23% increase is growth driven by a higher interest income reflecting a positive shift in asset structure from equity-based assets to more debt-based assets over the period. The corporation pushed for higher cost efficiencies resulting in administrative expenses reducing by 9% whilst overall costs reduced to P46 million against the prior year P93 million supported by unrealised foreign exchange gains from an overall positive net dollar asset position held by the Company.

Finance costs grew by 44% to P100 million which were a necessary cost in line with new funding that was taken on board to facilitate the pipeline conversion as well as facilitate the second regional transaction that was made into a Pan African focused real estate income group. Liquidity and capital ratios remain robust and supportive of the business drive to deliver on the strategic goals.

The Company's asset base stood at P4.5 billion recording an overall 26% growth compared to prior year driven by a growth in investments assets which are primarily local and regional debt assets. The growth in debt assets also meant an 8% year-on-year growth on the Company's net worth to P2.3 billion.

BDC Group

Group revenue closed the year at P536 million, 25% higher than prior year P427 million mainly driven by significant growth in interest income by the Company coupled with increase in commercial value of properties. Interest on loans was the main contributor to the overall positive performance aligned to overall strategic intent to have debt assets as the main source of income at company level. Group operating profit closed the year at P341 million against prior year P175 million, the 94% growth is attributable to efficiencies attained on cost of services from one of the group subsidiaries. Despite the impact of COVID-19 the group remained resolute and maintained lower administrative expenditure amounting to P130 million, 33% lower than prior year due to overall cost containment as well as planned restructuring of some investment assets that resulted in loss of control. The Group total assets showed a 6% year-on-year growth at P5.1 billion mainly due to growth in value of investment assets.

GOVERNANCE

The Board of Directors continues to ensure a business conduct characterised by integrity and in accordance with generally accepted governance practices and endorses the internationally accepted principles of corporate governance and public responsibility.

LOOKING AHEAD

BDC is at a stage where it is ready to implement on a new strategic direction dubbed "Beyond 2019" which is premised on maximising and creating long-term value for the shareholder and create wealth for future generations by deeply integrating Botswana into the global economy through investments and partnerships. The current operating environment which has been affected by COVID-19 has allowed the Corporation to identify opportunities to undertake as part of the new 'Beyond 2019' strategic plan, as a result, BDC will invest in projects that will accelerate the country's economic recovery process whilst ensuring that the economy is better prepared to withstand similar shocks in future. Despite operating against a background of a turbulent COVID-19 environment, which has negatively affected the global economic outlook, the Corporation has remained resilient and continues to look forward to executing its transformative strategy.

GROUP INCOME FROM TRADE

52% 2020 P 230MIL ↑
2019 P 151MIL

GROUP REVENUE

25% 2020 P 536MIL ↑
2019 P 427MIL

GROUP OPERATING PROFIT

94% 2020 P 341MIL ↑
2019 P 175MIL

COMPANY ASSET BASE

26% 2020 P 4.5BIL ↑
2019 P 3.6BIL

COMPANY INTEREST INCOME

89% 2020 P 153MIL ↑
2019 P 81MIL

COMPANY NET WORTH

8% 2020 P 2.3BIL ↑
2019 P 2.1BIL

GROUP ASSET BASE

6% 2020 P 5.1BIL ↑
2019 P 4.9BIL

Ms. N. Bogatsu
Chairperson of the Board

Mr. C. Kgosidile
Managing Director