



FACILITATING NATIONAL DEVELOPMENT  
THROUGH CONSISTENT & EFFICIENT  
REVENUE COLLECTION





## Mission

To enable the fair payment of taxes, facilitate trade and manage borders for the development and security of the people of Botswana.

## Vision

Leading the way in revenue mobilisation and border management.

## Values

### Botho:

We subscribe to the national aspirations of Botho embracing trust and respect for one another

### Integrity:

We uphold strong moral principles in all our dealings

### Accountability:

We take responsibility for all our actions.

### Innovation:

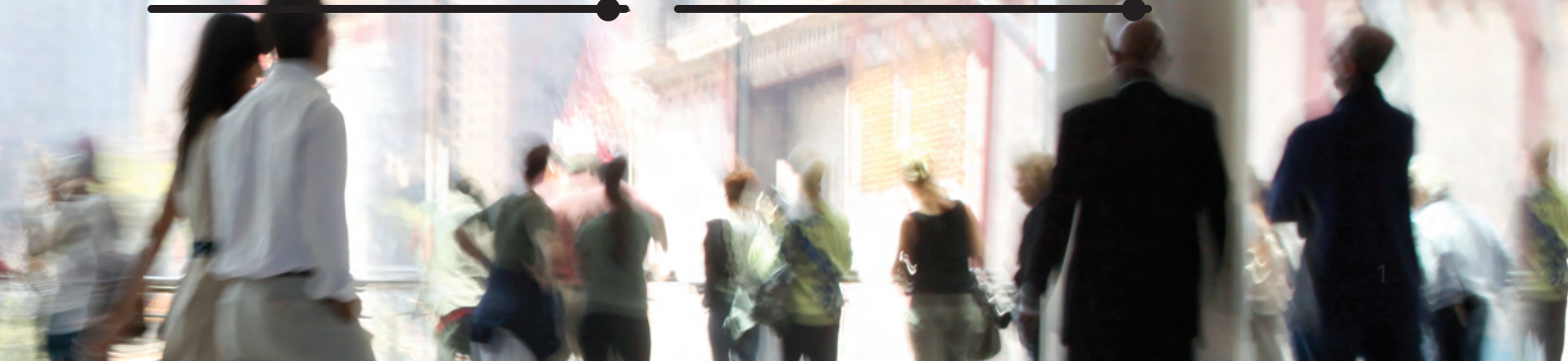
We strive to improve our work – always seeking to introduce new ideas, methods and ways to improving our levels of service to our customers



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# Corporate Governance



Botswana Unified Revenue Service (BURS) is responsible for the assessment and collection of taxes in Botswana on behalf of the Government.



It is charged with the responsibility for the assessment and collection of the Income Tax, the Value Added Tax, the Fuel Levy and the Capital Transfer Tax, and the administration of statutory controls at various border posts and other points of entry.

In addition, BURS is charged with the responsibility of collecting Customs and Excise duties on behalf of the Southern African Customs Union (SACU). Other responsibilities include accounting for the revenue collected on behalf of the Government.

BURS is made up of seven Divisions: Customs & Excise Division (CED), Finance & Administration Division (FAD), Human Resources Division (HRD), Information Technology Division (ITD), Internal Audit Division (IAD), Internal Revenue Division (IRD), Legal Services Division (LSD) and the Office of the Commissioner General (OCG).

## Office of the Commissioner General

The Office of the Commissioner General provides the strategic and operational leadership needed to ensure that the organisation fulfils its mission, meets its revenue targets, and enhances the ability of Government to broaden the tax base and thereby increase revenues from domestic tax sources. The Office of the Commissioner General houses the Communication, Strategy Management, Research and Planning, Integrity and Transformation functions.



### Customs and Excise Division

The Customs and Excise Division has multiple roles that include collection of Government revenue (customs and excise duties, import VAT and other levies), facilitation of legitimate imports and exports, protection of the Botswana society against cross-border crime and combating unfair and harmful trade practices.

### Internal Revenue Division

The Internal Revenue Division is charged with responsibility for the administration of Income Tax, VAT and Capital Transfer Tax.

### Internal Audit Division

The Internal Audit Division is an independent appraisal function established to examine, check, review, appraise and monitor the activities of BURS to ensure effectiveness and compliance with internal control systems and procedures.

### Legal Services Division

The Legal Services Division plays a dual role in the administration of the BURS Act and the Revenue Laws. The Secretary of the Board is responsible for the legal affairs of the Revenue Service and heads

the Division. The Legal Services Division is responsible for advising and assisting the Commissioner General on legal matters which arise under the BURS Act, the Revenue Laws and other legislation impacting on BURS's activities.

### Finance and Administration Division

The Finance and Administration Division is responsible for accounting for the revenue collected by BURS according to the various revenue and non-tax statutes and accounting for subventions received from the Government and related expenditure transactions. The Division is also responsible for managing and delivering cost effective administrative support services for BURS which include property acquisition; maintenance and repair; fleet management; procurement and supplies management; and documentation and secretarial services.

### Human Resources Division

The Human Resources Division leads the process of creating the policies and procedures to support leadership to ensure that BURS has the best human resources to perform all functions within the organisation's structure.

The Division is charged with the responsibilities to create the standards and processes to attract, recruit, manage, develop effective and motivated employees and oversee employee performance and welfare.

### Information Technology Division

The Information Technology Division is responsible for providing information technology services to enhance BURS service delivery. This role encompasses technology planning, establishment of standards and procedures and technology acquisition service in a support and oversight role for the quality of the IT component of all business systems.

## Board of Directors



**Dr T Nyamadzabo**  
Board Chairman

The Board of Directors comprises a non-executive Chairman, other members appointed from the public, parastatal, and private sectors, and the Commissioner General. They are appointed by the Minister of Finance and Development Planning in accordance with provisions of Section 6 of the BURS Act, Cap 53.03 of the Laws of Botswana.)



**Mr. A. T. Yalala**  
Deputy Chairperson



**Mr. K. R. Morris**  
Commissioner General



**Mrs. L. Khimbele**  
Board Secretary



**Mr. S. A. Matale**  
Board Member



**Mr. W. B. Wankie**  
Board Member



**Ms. O. B. Ward**  
Board Member



**Mr. G. Lebele**  
Board Member

NAME	POSITION	18/06/14	10/09/14	03/12/14	05/03/15	26/03/15	SITTING ALLOWANCE (P)
Dr. T. Nyamadzabo	Chairperson	√√	√√	√√	√	√	3,150.00*
Mr. A. T. Yalala	Vice Chairperson	√√	√√	√√	√√	√√	4,200.00
Mr. W. B. Wankie	Member	√√	√√	√√	√√	√√	4,200.00
Mr. S. A. Matale	Member	√	√√	√	√√	√	1,680.00
Ms. O. B. Ward	Member	X	√	√	√	√	-
Mr. G. Lebele	Member	√√	√√	√√	√√	√√	4,200.00
Mr. K. R. Morris	Commissioner General	√√	√√	√√	√√	√√	-
Mrs. L. Khimbele	Board Secretary	√	√	√√	√√	√√	-
Ms. B. Tumiso	Manager, Legal Services	√√	√√	√	√√	√√	-

\* paid to Government

√√ Attended

√ Apology

X Pre-/post-term

## Board Committees

Section 15 (1) of the BURS Act empowers the Board to appoint Committees. The Committees may be of a general or special nature, consisting of such number of members, with such qualifications, as the Board may determine. Further, the Board may delegate any of its powers, functions or duties under the Act to the appointed Committees.

The Board has appointed the following committees: Board Audit and Finance committee (BAFC); Board Human Resources Committee (BHRC); Board Tender Committee (BTC).

The following table sets out the composition of the Board Committees and their mandates. In terms of Section 16 of the BURS Act, the Board may appoint co-opted members to serve as Committee Members. Members marked with an asterisk are co-opted members of the Committees:

Committee	Members	Duties
<b>Board Audit and Finance Committee</b>	Mr. S. A. Matala (Chairperson), Mr. G. Lebele, Mr. M. Lesokola, Ms. R. Modikana	The Board Audit and Finance Committee is charged with the oversight responsibility of giving directions in the assessment of the effectiveness of BURS systems of Risk Management, Internal Controls, Governance and Compliance. The Committee also oversees the review of financial performance in line with corporate strategy and budgets, as well as the review of audited financial statements with the external auditors prior to the approval by the Board.  The Committee is also functionally responsible for the Internal Audit function.
<b>Board Tender Committee</b>	Mr. W. B. Wankie (Chairperson), Ms. O. B. Ward, Mr. A. T. Yalala, Ms. E. Mosesane*	The Committee is responsible for adjudication of tenders in respect of the procurement of goods and services valued at above P5,000,000.00 (P5 million), as well as all matters incidental to procurement.
<b>Board Human Resources Committee</b>	Mr. A. T. Yalala (Chairperson), Mr. B. Wankie, Ms. O. B. Ward, and Mr. S. Meti*	The Committee deals with the recruitment of senior members of staff and remuneration policy for all BURS staff, and advises the Board on all staff welfare and human resources related matters.

### Meetings attended by Board Committee Members: 2014/15

#### Board Tender Committee meetings

NAME	11/06/14	07/07/14	28/07/14 (SP)	09/10/14	24/11/14 (SP)	26/11/14	11/03/15	SITTING ALLOWANCE (P)
Mr. W. B. Wankie	√√√	√√√	√√√	√√√	√√√	√√√	√√√	5,880.00
Mr. A. T. Yalala	√√√	√√√	√√√	√√√	√√√	√√√	√√√	5,880.00
Ms. O. B. Ward	X	X	X	√	√	√	√	-
Ms. E. Mosesane	√√√	√√√	√√√	√√√	√√√	√√√	√√√	5,880.00
Mr. K. R. Morris	√√√	√√√	√√√	√√√	√√√	√√√	√√√	-
Ms. L. Khimbele	√	√	√	√	√√√	√	√√√	-
Ms. B. Tumiso	√√√	√√√	√	√√√	√	√	√	-
Ms. S. Tlouetsile (Secretary)	√√√	√√√	√√√	√√√	√√√	√√√	√√√	-



Meetings attended by Board Committee Members: 2014/15 [continued]

Board Human Resources Committee meetings

NAME	14/05/14	14/08/14	17/09/14 (SP)	10/11/14	08/12/14 (SP)	17/02/15	SITTING ALLOWANCE (P)
Mr. A. T. Yalala	√√√	√√√	√√√	√√√	√√√	√√√	5,040.00
Mr. W. B. Wankie	√√√	√√√	√√√	√√√	√√√	√√√	5,040.00
Mr. S. A. Matale	√	√	√√√	√√√	√√√	√	3,360.00
Ms. O. B. Ward	x	x	√	√	√	√	-
Mr. S. T. Meti	√√√	√√√	√	√√√	√√√	√√√	4,200.00
Mr. K. R. Morris	√√√	√√√	√√√	√√√	√√√	√√√	-
Ms. L. Khimbele	√√√	√√√	√	√	√√√	√√√	-
Mrs V. Maphanyane (Secretary)	√√√	√√√	√√√	√√√	√√√	√√√	-

Board Audit and Finance Committee meetings

NAME	27/05/14	07/08/14	25/11/14	02/02/15 (SP)	SITTING ALLOWANCE (P)
Mr. S. A. Matale	√	√√√	√√√	√√√	2,520.00
Mr. G. Lebele	√√√	√√√	√√√	√√√	3,360.00
Mr. M. Lesokola	√√√	√√√	√√√	√√√	3,360.00
Ms. R. Modikana	√	√√√	√√√	√√√	2,520.00
Mr. K. R. Morris	√√√	√√√	√√√	√√√	-
Ms. L. Khimbele	√√√	√	√√√	√√√	-
Ms. M. Gaseitsiwe (Secretary)	√√√	√√√	√√√	√√√	-

√√√ Attended  
√ Apology  
X Pre-/post-term  
SP Special Board/Committee meeting

# Executive Management



**Mr Ken R Moris**  
Commissioner General



**Mr. Segolo Lekau**  
Commissioner Internal Revenue



**Mr. Phodiso P. Valashia**  
Commissioner Customs and Excise



**Mr. Kingsley Kgosidintsi**  
Commissioner Finance & Administration



**Ms. Mukani Pelaelo**  
Director Human Resources



**Ms. Lebesani C. Mosweu**  
Director Information Technology

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**Mrs. Agnes B. Motlhanka**  
Chief Internal Auditor

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**Mrs. Lorato Khimbele**  
Director Legal Services

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**Mr. Gaitsiwe M. Motsewabagale**  
General Manager Corporate Planning  
& Communications

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**Mr. Raheem Hosseini**  
General Manager Transformation

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## Board Chairperson's Statement



The report focuses on revenue performance, operations and major strategies of the Revenue Service aimed at improving the performance of BURS.

### Economic Conditions

The domestic macroeconomic environment remained stable during the year under review with a positive outlook for next year (Budget Speech 2015).

The nominal Gross Domestic Product (GDP) grew by 12.8% from 2013 to 2014 or by 4.4% at constant prices for the same years (Statistics Botswana). The proportion of tax revenue to Gross Domestic Product (GDP) improved slightly from 24.9% to 25.1%.

### Introduction

It is a pleasure for me to present the Botswana Unified Revenue Service (BURS) Annual Report for the financial year 2014/15.

### Performance Highlights for the year

The tax revenue performance for the 2014/15 financial year showed a significant improvement from the 2013/14 financial year collections. During the year under review, BURS collected tax revenue amounting to P37.489 billion compared to P32.015 billion collected in 2013/14. This reflects a growth rate of 17.1%. The significant increase was mainly attributed to the exceptional performance of the mining sector. The revenue collected exceeded the tax revenue target set by the government of P35.782 billion by P1.707 billion or 4.77%.

**4.77%**

Revenue collected exceeded the tax revenue target.



## Board Chairperson's Statement [Continued]

On tax legislation, several amendments were made to the Value Added Tax (VAT) Act. Some of the changes include the broadening of the list of basic foodstuffs that are exempt from VAT. The amendment was intended to make these commodities affordable to the low income earners. On the other hand, changes were also made to the VAT legislation to exempt agricultural tractors used by subsistence farmers from VAT. The revenue implications of the changes will be felt during the 2015/16 financial year. Discussions on the amendments to the Income Tax legislation also commenced in 2014 and will be concluded during the 2015/16 financial year.

The 2014/15 financial year also marked the commencement of the third BURS third Strategic Plan covering the five year period from 2014 to 2019. During the year, BURS also launched its transformation agenda which required some adjustments to the Strategic Plan to sharpen the focus on staff and customer needs and execution effectiveness. The strategic plan "tilt" and the Transformation Agenda puts emphasis on human systems in relation to staff wellbeing, development and culture, process standards, customer needs, measurement and accountability, problem solving and project management and finally communication and visibility.

As part of the implementation of the Strategic Plan, BURS initiated several projects to refurbish and build new staff housing and to upgrade infrastructure at frontline operations in various parts of the country. Many of the projects were expected to be completed during the next financial year.

The most notable project which commenced during the year was the construction of the new BURS Head Office in the Gaborone Central Business District, which began in July 2014. The project, which will address the acute shortage of office space in Gaborone, is on schedule to be completed in August 2016.

An e-services contract was awarded during the report period, with the objective to extend the current ability to file VAT returns online, to all other tax types during the next financial year.

BURS further started work on the preparatory process to acquire modern Customs and Tax Information Technology Systems during the year under review. The new systems will replace the old outdated systems currently used.

To complement the infrastructural and IT system developments, BURS embarked on a review of its Organisational and Pay Structures. Two similar exercises were previously conducted in 2006 and 2009, respectively. By the end of the 2014/15 financial year, the

phase of the project to develop the organisation structure was near completion, with benchmarking having been completed in South Africa and Rwanda.

August, 2014 marked the tenth year of the existence of BURS. During the said month BURS embarked on a series of commemorative events that included, among others, an anniversary national road show and the production of a commemorative newsletter. These events went a long way in sensitising the public about the BURS mandate.

Botswana hosted the 35th Commonwealth Association of Tax Administrators (CATA) Technical Conference in Gaborone. This annual event was held under the theme "*Casting the tax net further*", whilst the selected discussion topics were '*Harnessing tax revenue potential of the Extractive Sector*' and '*Transparency and Exchange of Information in Large Businesses*' were particularly relevant for Botswana as the country has experience in taxation of its mineral deposits. The event was also symbolic in that notwithstanding the fact that Botswana is a founding member of CATA since its inauguration in 1978, the country was hosting the technical conference for the very first time.

## Board Chairperson's Statement [Continued]

“As a result of improved funding, BURS also continued to embark in a number of projects many of which span multiple years in order to achieve the 2014-19 Strategic Plan objectives.”

During the year under review, the Board welcomed Ms. Ontlametse Ward as the representative of the Ministry of Trade and Industry on the Board. Ms. Ward replaced Ms. Ruth B. Seipone whose tenure ended in the 2013/14 financial year.

### Future Outlook

The 2014/15 financial year was a notably good year for BURS on many fronts, especially the revenue collection as the target was not only met but surpassed. As a result of improved funding, BURS also continued to embark in a number of projects many of which span multiple years in order to achieve the 2014-19 Strategic Plan objectives. These projects include: The Procurement of the Customs and Tax IT Systems, the E-Services Project, the National Single Window Project, a Review of Customs Legislation, a

Review of the Organisation and Pay Structures and the Transformation Agenda. These will all result in successive rounds of marked improvement in the delivery of service by BURS over the remaining years of the Strategic Plan.

BURS intends to sustain its good performance in the ensuing years. With regard to revenue mobilisation, greater effort will be devoted to maximising non-mineral income tax collections as well as tackling the burgeoning tax arrears. Furthermore, greater effort will be focused on capacity development of BURS officials to tackle the ever changing and complex tax and customs environment. In this regard, collaboration with other revenue administrations and international organisations such as SARS, OECD, WTO and WCO will continue.

### Acknowledgements

On behalf of the BURS Board, I would like to take this opportunity to thank the Management and the entire staff of BURS for their dedication and commitment to their work which if continued and sustained will enable the fair payment of taxes and effective management of borders for the development and security of the people of Botswana.

I also thank the Government of Botswana, particularly the Minister of Finance and Development Planning, for continuing to provide policy guidance and support to BURS. In the same vein, I would like to extend my appreciation to the US Trade Hub, the Swedish Tax Agency, the Japanese on the One Stop Border Post project and other international organisations that continue to provide support to BURS.

Last, but not least, I wish to express sincere gratitude to the BURS customers, stakeholders and the general public for their support and to the cooperating partners and other revenue services for providing the BURS with the needed technical and material support during the year.



**Dr. T. Nyamadzabo**  
Board Chairperson



## Commissioner General's Review



### Introduction

It is my pleasure to submit the report on the operations and financial performance of the Botswana Unified Revenue Service covering the financial year ended 31st March, 2015.

**17.1%**

↑  
growth in tax revenues  
from P32.015 billion in  
2013/14 to P37.489 billion  
in 2014/15



### Revenue Collection

During the 2014/15 financial year, tax revenues grew by P5.474 billion, or 17.1%, rising to P37.489 billion from the P32.015 billion recorded during the 2013/14 financial year.

### Cost of Collection

For the financial year 2014/15, BURS spent P469.48 million to collect P37.489 billion, which translates into a cost to collection ratio of P1.00/ P79.85. Therefore, for every P1.00 that BURS spent, the benefit to the Government in return was P79.85. This has shown a slight reduction when compared to the previous year's cost to collection ratio which was P1/P80.33

### Strategic Plan Review

During the report period BURS reviewed its 2014-19 Strategic Plan. While maintaining the need for investment in technology systems, the revision increased primary focus on the people issues necessary to execute and deliver results. The review increases focus on staff engagement and customer service delivery, and improves alignment of goals in accordance with balanced scorecard principles. Subtle but important adjustments to the Mission Statement were made to fully enshrine this people- and service-orientation into BURS' core purpose statement. A shift has been made from any perception of a cold, maybe sometimes feared tax collector, to a service provider that fulfils a unique role in helping manage the relationship between every resident of Botswana and



## Commissioner General's Review [Continued]

the opportunity to participate and to contribute their fair share to the development and security of the people of Botswana.

Key among the adjustments made is the revised Mission Statement which was recast to read as follows: *"We enable the fair payment of taxes, facilitate trade and manage borders for the development and security of the people of Botswana."*

### The Transformation Agenda

In order to operationalize the principles of the revised Strategic Plan, a comprehensive cross cutting transformation agenda has been defined to standardise how BURS does business in all functional units and at all levels. The transformation agenda is made up of a set of six interrelated action areas: Our People and Culture, Standards, Customer Focus, Measurement and Accountability, Project Management/Execution and Communication/Visibility.

### Organisational and Pay Structure Review

During the 2014/15 financial year BURS engaged a consultancy to review the BURS Organisational and Pay structures, which were adopted by the BURS Board with effect from 1st October, 2006. The project, which was originally earmarked to be completed during the same year experienced delays emanating from the need for thorough consultation with BURS stakeholders as well

as benchmarking with other Tax Authorities in Rwanda and South Africa. Due to this mammoth task, this project continued into the financial year 2015/16 and it is expected that the new structures will be implemented in the financial year 2016/17.

### Technical Assistance Programmes

In an effort to ensure that BURS matches modern comparator revenue agencies across the globe, the Revenue Service benefited from technical assistance from international development partners and other best performing tax administrations. During the period under review, BURS received technical assistance from the International Monetary Fund Regional Technical Assistance Centre (AFRITAC South) in respect of acquisition of a more robust Integrated Tax Management System.

In addition, BURS partnered with the US Trade Hub to undertake critical projects on the Customs and Excise front, namely the review of the Customs Act to align it with other Southern African Customs Union partners' similar legislation, the proposed introduction of the National Single Window (NSW) and the Coordinated Border Management (CBM) programmes. Concurrently, the Revenue Service's long standing technical cooperation programme with the Japan International Cooperation Agency

(JICA) continued with respect to the implementation of a One Stop Border Post (OSBP) facility between Botswana and Namibia. BURS also renewed a multi-year partnership with the Swedish Tax Agency involving cooperation in a range of technical areas.

As part of our long standing collaboration exchange programmes with other revenue agencies, BURS hosted a delegation from the Tanzania Revenue Authority (TRA) where extensive information and insights were exchanged in the area of taxation of international hotels. This is a critical area in the field of tax administration as it is commonly prone to transfer pricing; a subject that has become very topical globally because of its tax evasion connotations.

### Staff Capacity Building

BURS continues to relentlessly put its employees through a variety of capacity building initiatives to specifically ensure achievement of the performance objectives as espoused in the 2014-19 Strategic Plan. A total of seventy courses inclusive of short and long term programmes were attended by 548 employees during the 2014/15 financial year.

## Commissioner General's Review [Continued]



“This training is to be complemented by close coaching on the more challenging aspects of the PMS during the process of implementation.”

Among the short courses were Supply Chain Management, Legislative Drafting, Advanced Public Procurement, Employee Benefits, Negotiation and Conflict Management, Customer Care, Supervisory skills and a Management Development Programme offered by the University of Stellenbosch Business School which was successfully

completed by 36 managers. An initial cadre of officers also commenced training in Change Management, and Balanced Scorecard Principles.

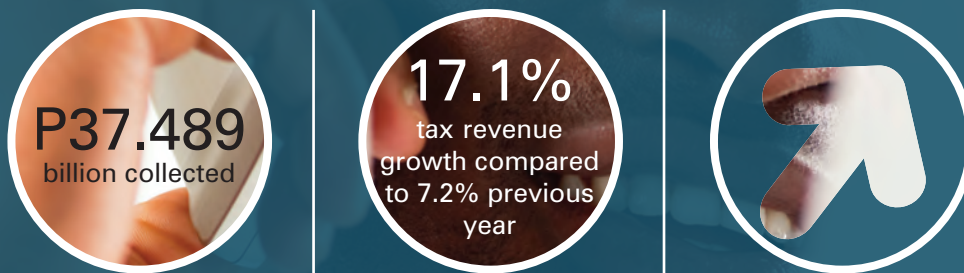
Several employees graduated from long term academic and in service courses. In this regard, four officers graduated from the University of Dar es Salaam with Masters' degrees in Revenue Laws and Administration, forty-nine graduated from a one year in-house Graduate Trainee Programme aimed at bringing newly recruited employees up to speed in their areas of responsibility, while twelve successfully completed the seven months Advanced Taxation course offered by the Botswana Accountancy College.

### Performance Management System

In April 2013 BURS engaged a consultant to conduct a diagnostic study on the Implementation of the Performance Management System (PMS). The objective of the consultancy was to establish the adequacy and effectiveness of PMS implementation.

During the 2014/15 financial year, BURS embarked on extensive countrywide training to embed the new PMS at all employee levels so as to ensure consistent implementation across BURS. Of an establishment of 1,395 employees, a total of 1,341 were trained. This training is to be complemented by close coaching on the more challenging aspects of the PMS during the process of implementation. The new PMS will be implemented during the 2015/16 financial year.

## Commissioner General's Review [Continued]



### Tax Revenue Collections

The 2014/15 financial year showed positive growth. BURS collected P37.489 billion as shown in Figure 1 compared with P32.015 billion collected during the 2013/14 financial year. This reflects an increase of P5.474 billion or 17.1% in collections compared to the 7.2% increase recorded during the 2013/14 financial year. This growth is a result of a positive growth across all tax types, with increases of 15%, 17% and 19% for income tax, VAT and SACU receipts respectively.

## Commissioner General's Review [Continued]

Figure 1: Yearly Total Revenue Collections

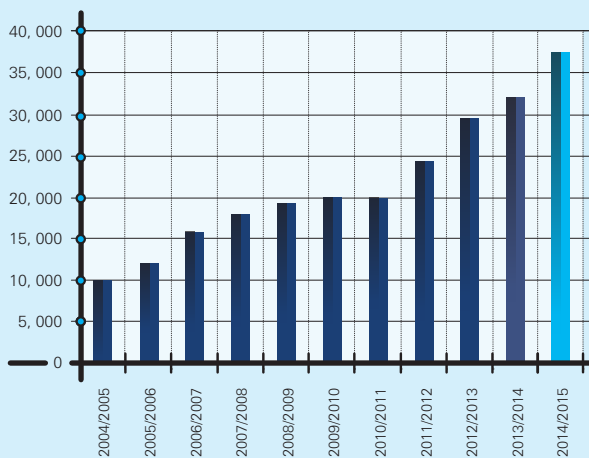
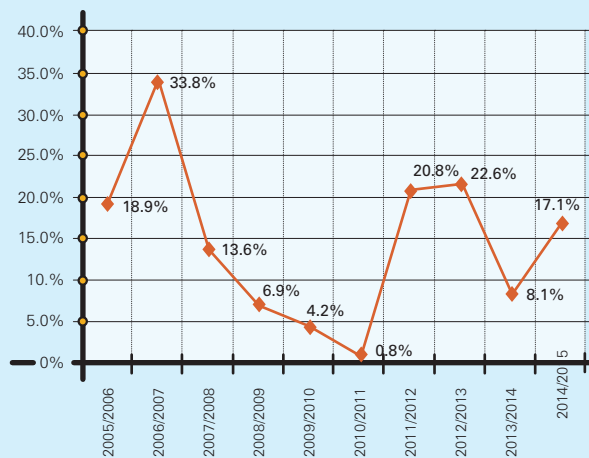
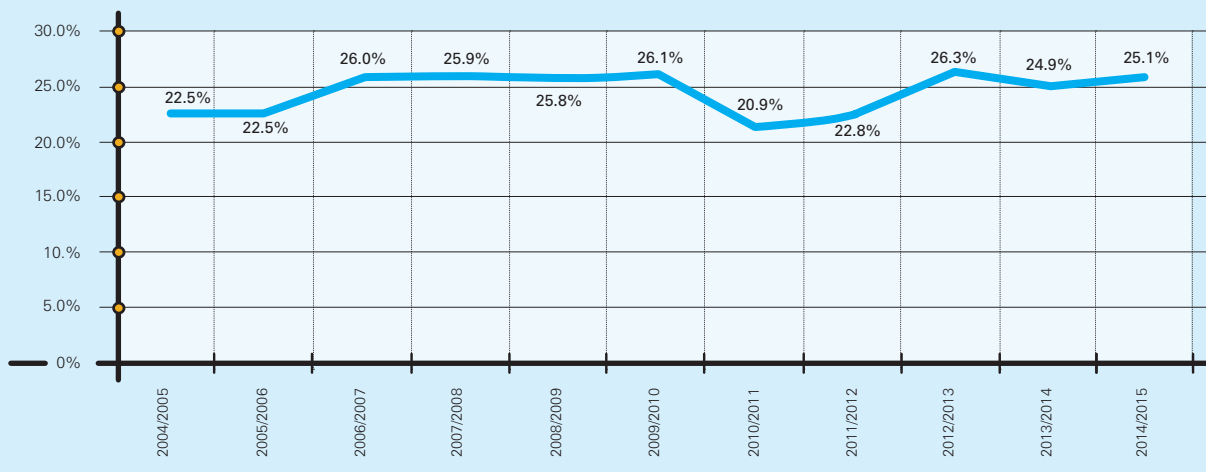


Figure 2: Yearly Revenue Growth Rates



As a percentage of GDP, tax revenue collections showed upward and consistent growth from 20.9% in 2010/11 to 25.1% in 2014/15. As shown in Figure 3 below, over the period since the inception of BURS, tax revenues as a percentage of GDP have consistently hovered around 25%, generally indicating that collections roughly follow GDP growth.

Figure 3: Tax Revenue as a Percentage of Nominal GDP



## Commissioner General's Review [Continued]

### Tax Revenue Collection Growth

The growth in revenue collection occurred across all tax types during the year under review. Income tax grew by 15.1% from P13.802 billion to P15.883 billion and VAT by 17.2% from P5.041 billion to P5.907 billion. SACU receipts grew at a comparatively higher rate: by 19.1% from P13.170 billion to P15.690 billion as depicted in Figure 4.

A comparison between actual collections and targets, depicted in Figure 5, shows an overall excess, largely due to higher than expected growth in income tax of P2.124 billion or 15.4%; while VAT and SACU receipts fell short of target by 2.4% and 1.8% respectively.

Figure 4: Tax Revenue Growth

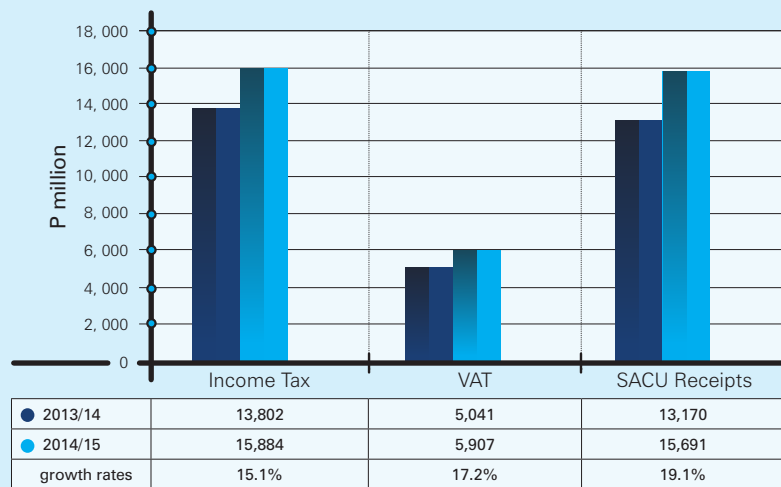
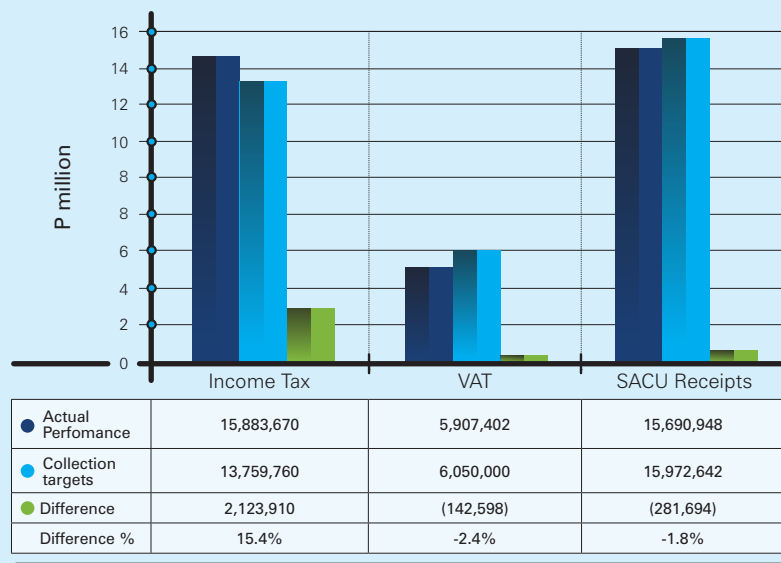


Figure 5: Tax Revenue Collections by Tax Type and Targets



## Commissioner General's Review [Continued]

### Income Tax Revenue Collection

Income tax revenue collection for the year is derived from different sources as illustrated in Table 1 below. The major source of income tax collection was from assessed tax which contributed 59.9% of total collections, down from 60.38% in 2013/14; followed by deducted tax which contributed 26.96%, representing a slight increase from 26.95% the previous year.

Table 1: Income Tax Collections by Source

	2013/14 Actual Collections	2014/15 Actual Collections	% growth
Withholding Tax	1,644,518	1,971,477	19.9%
Deducted Tax	3,719,533	4,281,893	15.1%
Assessed Tax	8,334,149	9,520,644	14.2%
Penalty Interest	102,092	109,047	6.8%
Capital Transfer Tax	2,031	609	-70.0%
<b>Total Income tax collected</b>	<b>13,802,323</b>	<b>15,883,670</b>	<b>15.1%</b>

### Value Added Tax Revenue collection

Gross VAT collection for the reporting period was P8.470 billion, while total VAT refunds paid to taxpayers amounted to P2.562 billion. This means that the net VAT collection was P5.907 billion. The highest contributory source was import VAT at 49.91% of collections, down from 50.95% recorded in the previous financial year; while the percentage contribution of internal VAT increased from 44.99% to 47.74% during the same period. The remaining contributions to total VAT Collections came from Interest and Penalties, and the Fuel Levy. Refunds declined noticeably during the period under review, falling by 12.6% as a result of interventions that are continuously being introduced to reduce refunds.

Table 2: Value Added Tax Collections by Source

	2013/14 Actual Collections	2014/15 Actual Collections	% growth
VAT Imports	4,061,476	4,227,513	4.1%
VAT Internal	3,666,295	4,043,426	10.3%
VAT Interests & Penalties	67,232	46,557	-30.8%
Fuel Levy	176,600	152,383	-13.7%
<b>Gross Receipts</b>	<b>7,971,603</b>	<b>8,469,879</b>	<b>6.3%</b>
Less Refunds	-2,930,743	-2,562,477	-12.6%
<b>Net VAT Collection</b>	<b>5,040,860</b>	<b>5,907,402</b>	<b>17.2%</b>

## Commissioner General’s Review [Continued]

### SACU Revenue Shares

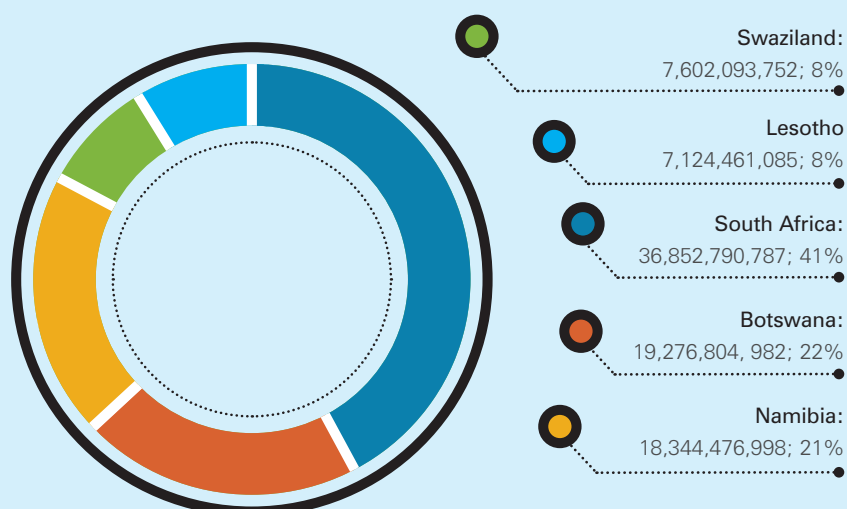
Overall, the SACU revenue pool has increased considerably by R12.245 billion or 13.7%, from R76.955 billion in 2013/14 to R89.200 billion in 2014/15. As a result, the proportionate shares across the member countries increased by 4.1% for South Africa, 1.4% for Swaziland, less than 1% for Lesotho and 5.1% for Botswana. This has resulted in a slight shift in shares across the member states. The South African share declined from 43.8% to 41.3%, while the shares for Botswana and Namibia improved by 1.7% and 1.5 % respectively and those of Lesotho and Swaziland improved by less than 1% each.

Table 3: SACU Revenue Pool Shares by country (Rands)

	2013/14 Actual Collections	2014/15 Actual Collections	Percentage of Total
South Africa	33,685,049,189	36,852,790,787	41.3%
Botswana	15,334,869,016	19,276,804,982	21.6%
Namibia	14,726,563,325	18,344,476,998	20.6%
Swaziland	7,154,135,111	7,602,093,752	8.5%
Lesotho	6,054,550,669	7,124,461,085	8.0%
<b>Total</b>	<b>76,955,167,310</b>	<b>89,200,627,604</b>	<b>100.0%</b>

The SACU receipts continue to be an important source of revenue for the government of Botswana. As shown in Table 3, during the year under review Botswana’s share from the Pool stood at R19.277 billion (or P15.691billion) compared to P15.334 billion received the previous year, representing an increase of 5.1% over the 2013/14 period.

Figure 6: SACU Revenue Shares



## Commissioner General's Review [Continued]

### Customs and Excise Duty Collections

Like other SACU members, Botswana is expected to pay all collections of customs, excise and additional duties into a Common Revenue Pool (CRP). During the year under review, Botswana paid a total amount of P330.5 million into the CRP, compared to P411.6 million collected the previous financial year. This represents a decrease of P81 million which is mainly due to the fact that the collections paid into the CRP in 2013/14 included a payment of P73 million which was for duties collected in the last quarter of 2012/13.

Table 4: Botswana's Customs and Excise Duty Collections paid to the CRP

Type of duty	2013/14 (P)	2014/15 (P)	VARIANCE (P)
Customs Duty	178,519,184.02	183,906,077.74	5,386,893.72
Ad valorem Duty	11,419,477.63	74,916,052.48	63,496,574.85
Excise duty	145,528,250.70	69,380,785.06	-76,147,465.64
Additional Customs Duty	3,061,710.00	2,298,419.61	-763,290.39
<b>Sub Total</b>	<b>338,528,622.35</b>	<b>330,501,334.80</b>	<b>-8,027,287.55</b>
Add: Duties collected in 2012/13 but paid in 2013/14	73,079,570.11	-	-
<b>TOTAL</b>	<b>411,608,192.46</b>	<b>330,501,334.89</b>	<b>-81,106,857.57</b>

### Collections on Behalf of Government Departments

During the period under review, BURS collected P475.4 million in levies and other charges on behalf of Government departments and agencies as shown in Table 5 below. Most of the collections were realised from the Alcohol Levy which contributed 62.8%, followed by Road Transport Permit Fees at 22.4% while other levies each contributed less than 10% of total collections.

Table 5: Collections on behalf of Government Departments

Type of Levy	Gross Collections	
	2013/14 (P,000)	2014/15 (P,000)
Copyrights	7,910	11,915
Tobacco Levy	-	44,674
Road Safety Tokens	9,290	10,113
Transport Permits	103,016	106,428
Flour Levy	6,482	3,519
Alcohol Levy	245,691	298,731
<b>Total</b>	<b>372,389</b>	<b>475,380</b>



## Commissioner General's Review [Continued]

### Arrears Collected (current year and old arrears)

The opening balance of arrears as at 1st April 2014 was P1,376,841,259 which comprised of P734,650,694 and P642,190,565 being VAT and Assessed Income Tax respectively. Collections of old arrears for the 2014/2015 financial year came to P220,658,840 whilst discharges, remissions and waivers amounted to P169,617,585. Uncollected arrears that accrued in 2014/2015 financial year stood at P908,753,101 as at 31st March 2015 being VAT of P432,688,839 and Assessed Income Tax of P476,064,262. The total outstanding arrears as at 31st March 2015 stood at P1,895,317,935 comprising VAT of P1,023,756,510 and Assessed Income Tax of P871,561,425.

There was a reduction of 28% on the old arrears. The outstanding balance shows that the interest and penalties account for 65% of the arrears whilst the principal tax outstanding is 35%. The bulk of the arrears are charges for late payment of tax and late filing of the returns.

### SCHEDULE OF ARREARS OF REVENUE 31 MARCH 2015

	Balance at beginning of the year	Collection of previous years' arrears	Abandonment, discharges, remissions/waivers & adjustments (see note below)	Balance of prior years' arrears outstanding	Arrears in respect of current year	Balance at end of the year
	Pula	Pula	Pula	Pula	Pula	Pula
VAT internal	366,247,219	(50,254,058)	(21,537,453)	294,455,708	164,369,117	458,824,825
VAT interest and penalties	368,403,475	(46,664,483)	(25,127,029)	296,611,963	268,319,722	564,931,685
Assessed tax	187,189,265	(87,109,559)	(63,247,497)	36,832,209	164,735,685	201,567,894
Assessed tax and interest	455,001,300	(36,630,740)	(59,705,605)	358,664,955	311,328,577	669,993,532
<b>TOTAL</b>	<b>1,376,841,259</b>	<b>(220,658,840)</b>	<b>(169,617,584)</b>	<b>986,564,835</b>	<b>908,753,101</b>	<b>1,895,317,936</b>

### 31 MARCH 2014

VAT internal	313,572,478	(65,443,477)	(16,388,587)	231,740,414	134,506,805	366,247,219
VAT interest and penalties	327,395,761	(4,047,811)	(25,898,755)	297,449,195	70,954,280	368,403,475
Assessed tax	311,418,027	(114,449,837)	(93,691,361)	103,276,829	83,912,436	187,189,265
Assessed tax and interest	357,014,433	(38,370,505)	(43,145,927)	275,498,001	179,503,299	455,001,300
<b>TOTAL</b>	<b>1,309,400,699</b>	<b>(222,311,630)</b>	<b>(179,124,630)</b>	<b>907,964,439</b>	<b>468,876,820</b>	<b>1,376,841,259</b>

## Commissioner General's Review [Continued]

### TAXPAYER COMPLIANCE

#### Taxpayer Education

BURS has initiated various means to promote compliance. These include taxpayer education workshops and public awareness campaigns. During the year under review BURS conducted a total of 165 taxpayer education workshops of which 74 were initiated by BURS while 91 were conducted in response to requests made by various stakeholders on areas of need. The workshops initiated by BURS were mainly on e-services and training new registrants on their rights and obligations. BURS also participated in a number of initiatives such as the Business Botswana Northern Trade Fair, the Consumer Fair, the Global Expo, the CEDA Open Day and the Debswana-Orapa show. Public awareness campaigns were conducted on various tax issues, including reminders for the return filing season and information on e-services using radio stations such as GABZ FM and Yarona FM.

#### Customs Controls and Seizures

During the year under review, 587 detentions and 551 seizures were made. Goods detained were mainly assorted clothing materials, anointing water, radios, cigarettes and tobacco leaves, agricultural products, books, vehicles, electrical appliances, fishing nets, ropes, blankets, various food items and kitchenware products.

Goods seized during the year were mainly cigarettes, vehicles, assorted clothing material, foodstuffs, agricultural products and household products. The main reasons for seizing goods were because of non-declaration, failure to produce proper clearance documents, failure to produce original goods invoices, abandoned goods and ex-detentions.

#### Objections and Appeals

During the year under review BURS finalised and implemented the Objections and Appeals Guidelines. The purpose of the Guidelines is to ensure uniformity in dealing with objections and appeals in respect of income tax and VAT legislation. During the year, 49 objections were received while 22 were finalised.

### TRADE DEVELOPMENTS

#### Customs Declarations

For the 2014/15 period, the total number of registered declarations stood at 817,760, of which 815,218 were assessed and 25,831 customs declarations were found to be incorrect. The percentage of correct declarations for the period under review therefore stood at 96.83% showing a major improvement from the targeted 87%.

#### Review of Tax legislation

During the year under review proposals were made to amend the income tax and value added tax legislation. After a thorough consultative process, Parliament passed the VAT Amendment Act, which became effective in January 2015. The main thrust of the amendment was to increase the list of basic foodstuffs which are exempted from VAT. The exempted products include bread flour, brown bread, rice and milk. Additional amendments were made to exempt tractors used for subsistence farming purposes from VAT. The expanded list of commodities exempt from VAT will no doubt have revenue implications; however the full impact will only be realised during the 2015/16 financial year. This may necessitate a review of the VAT revenue target for the year.

The proposed amendments to the Income Tax Act have been deferred to the 2015/16 financial year to allow for more consultation with stakeholders. Broadly, the proposed changes include a provision which will allow for income tax refunds to be paid from collections made by the Revenue Service instead of the current practice where such refunds are paid out of the consolidated fund. The current practice has created implementation challenges leading to delays in paying taxpayers their refunds and as a result, some taxpayers have demanded payment of interest for the late payments.

*[Continues on page 26]*



BURS employees serving clients at the CEDA Open Day in Lobatse

# service

## Commissioner General's Review [Continued]

Other envisaged amendments include the exemption of BMC from payment of tax, taxation of some parastatals and expansion of the provisions on tax relief to persons who donate in kind to needy causes.

During the year under review BURS also engaged the US Trade Hub to assist in the drafting of new customs legislation to replace the 1970 Customs and Excise Duty Act. The envisaged legislation will be compatible with the customs legislation of other members of SACU and will contain some of the modern customs control and trade facilitation provisions espoused by international bodies such as the World Customs Organisation. It is planned to submit the draft legislation to the government for consideration during the 2015/16 financial year.

### Introduction of Preferred Trader Programme

In June 2014, BURS started the implementation of an Authorised Economic Operator or Preferred Trader (AEO/PT) Programme which grants reliable cross-border traders simplified Customs procedures and facilitation benefits.

The objectives of this Programme include promotion and reward for compliance, promotion of seamless borders through reduced time spent at our borders, and fostering good working relations between BURS and traders. Under the Programme, cross-border traders who comply with the AEO/PT requirements with respect to financial and customs

reliability will be registered. These requirements include proven financial solvency, an appropriate record of compliance with customs requirements, satisfactory systems of managing commercial and, where appropriate, transport records, which allow appropriate customs controls. After a rigorous auditing process, three companies were enrolled in the Programme during the year under review.

### TAX AND CUSTOMS COOPERATION

#### Organisation for Economic Cooperation and Development (OECD)

Botswana has benefited from OECD initiatives such as reliance on the OECD Model Convention for the Avoidance of Double Taxation. Botswana became a member of the OECD Global Forum on Transparency and Exchange of Information in 2009 which requires members to be peer reviewed on their regulatory and implementation environment. BURS has participated in these reviews since 2010. The next review will take place during 2016.

#### Commonwealth Association of Tax Administrators (CATA)

Botswana, represented by BURS, continued its membership in good standing at CATA through 2014/2015. Following on from the commitment that Botswana made in 2012 to host the CATA Annual Technical Conference, BURS successfully hosted the Conference from the 10th to the

14th November 2014 in Gaborone. Under the theme "*Casting the Tax Net further*", the two major topics under discussion at the Conference were "*Transparency and Exchange of Information in Large Businesses*" and "*Harnessing Tax Revenue Potential of the Extractive Sector*". BURS was proud to host 105 delegates from 26 Commonwealth countries and from regional and multilateral tax organisations such as the African Tax Administration Forum (ATAF), International Bureau of Fiscal Documentation (IBFD) and the OECD

#### African Tax Administration Forum (ATAF)

During the year Botswana continued to participate in ATAF events and activities. The Commissioner General was an active member of the ATAF Governing Council until Botswana's tenure in the Council came to an end at the 3rd ATAF General Assembly held in Dar es Salaam from the 15th to 19th September 2014.

BURS has also actively participated in various training programmes hosted by ATAF. These included training on double tax avoidance agreements and exchange of tax information. BURS also participated in the Cross Border Taxation (CBT) Committee of ATAF. The Committee's initial mandate was to explore the issues surrounding the OECD/G20 initiative on Base Erosion and Profit Shifting (BEPS) and to provide relevant input. The mandate was subsequently widened to include

## Commissioner General's Review [Continued]

any issues involving cross border taxation, ensuring that the work of the Committee extends well beyond the life of the BEPS initiative. To this end, BURS made a presentation at an ATAF CBT Conference in Johannesburg, South Africa in March 2015.

In April 2015 Botswana acceded to the ATAF Agreement by depositing her Instrument Accession with the ATAF Secretariat in Pretoria. This makes Botswana a member in good standing and the nation will continue to benefit from continuous collaboration with other African tax administrations.

### Southern African Development Community (SADC)

BURS continues to participate in the SADC Tax Subcommittee and the activities of the three technical working groups, namely the Tax Incentives Working Group, the Tax Agreements Working Group and the Indirect Tax Working Group. A major achievement of the Tax Agreements Working Group was the facilitation of the round robin negotiations on double tax avoidance agreements discussed below.

### Double Taxation Avoidance Agreements (DTAAs)

During the year, three DTAAs were negotiated with Lesotho, Malawi and Singapore. BURS continues to participate in negotiations of this kind by providing technical and operational advice to the negotiating team that is headed by the Tax Policy Unit of the Ministry of Finance and Development Planning. It is important to highlight

that the negotiations with Lesotho and Malawi were facilitated by the SADC Tax Subcommittee through an experimental round-robin system typically used in the negotiation of Tax Information Exchange Agreements. These agreements had been negotiated previously but had not been concluded. This effort was geared at finalising the agreements.

### COMPLIANCE WITH STATUTORY REQUIREMENTS

In terms of paragraph 28(2) of the BURS Act, BURS should submit to the Minister, a comprehensive report on the operations of the Revenue Service during the financial year within six months of the end of that year. Although BURS has not complied with this requirement, this year has seen a significant improvement as the

financial statements were approved in November of the same year compared to the previous year, where they were approved in March of the following year.

### DEVELOPMENT PROJECTS

As a result of improved funding BURS has embarked on several projects to upgrade facilities and provide better quality accommodation for staff. Some of the key projects are highlighted below:

#### Construction of the BURS Head Office building

The construction of the new BURS Head Office building on Plot 54379 in the Gaborone CBD, commenced in July 2014. The planned completion date of the project is 1st August 2016. Project progress as at 31st March 2015 was estimated at 10%.



## Commissioner General's Review [Continued]

### Construction of Residential Flats at Ramatlabama and Tlokweng Borders

Tenders for the construction of 72 additional staff houses at Ramatlabama and Tlokweng were awarded to two companies in March 2015 and the work is expected to be completed in March 2016. After handover, the new houses are expected to relieve the acute shortage of accommodation at these two strategic border posts. Currently some of the staff working at these stations have to commute a considerable distance to the border posts daily, and this affects their productivity.

### Other infrastructural projects

During the year under review new staff houses were completed at the Bray and Phitshane Molopo border posts, while the project to connect the sewerage system at the Tlokweng border post to the Gaborone sewerage system was also successfully completed and commissioned.

### IMPLEMENTATION OF THE RECORDS MANAGEMENT STRATEGY PROJECT:

In 2009 BURS engaged a Records Management Consultant to study record keeping challenges and make recommendations for improvement. The consultancy identified gaps in the following areas: lack of awareness on the importance of records; inappropriate storage facilities; inadequate staffing levels; lack




of a clearly defined classification system; absence of a retention schedule and other records procedure inadequacies in filing and mail management. These identified areas provided a strategic direction for improvement in records management practices at BURS. When the recommendations were implemented, the main focus was on the clearing of backlogs of records accumulated from the legacy systems of Taxes, Customs

and Excise, improving staffing levels and approving the revised policies and procedures; all of which have been achieved.


During the 2014/15 financial year, the main focus was on the procurement of an Electronic Document and Records Management System for improving efficiency in the timely retrieval of records and information for decision making. The business case for the procurement of the

## Commissioner General's Review [Continued]



system has been approved and the tender will be floated during the 2015/16 financial year. The system, which is estimated to cost P13.5 million, will be installed in phases during the 2015/16 and 2016/17 financial years.

### CHALLENGES



BURS still faces some constraints to collect the optimum tax and customs revenues that can potentially be collected. Constraints include inadequate capacity to undertake more enforcement activities to cover all areas of the country; low levels of understanding of the importance of tax among the public which translates into low compliance levels; and the lack of an Enterprise Risk Management function for increased efficiency in collection. Efforts continue to address these constraints, to increase efficiencies and to achieve more with the limited resources available.

During the year under review BURS introduced e-filing for VAT as a way of improving service and reducing the burden on taxpayers. However, there has been a slow uptake of the use of e-services as most taxpayers continue to file manually. A marketing campaign to encourage more taxpayers to utilise the e-services will be embarked on as part of the coming year's e-services projects which will also see other tax types being included.

BURS still experiences a lack of proper office space, accommodation, and infrastructure

at some of the service centres, regional offices and border posts, which has a negative impact on employees' motivation and productivity. There are also administrative and logistical problems relating to issues of maintenance of the border post facilities. Aggressive initiatives for development of infrastructure and planned outsourcing of maintenance will address these issues over the remaining years of the Strategic Plan.

### CONCLUSION

The performance of BURS during the financial year 2014/15 has generally been satisfactory as the organisation continued to fulfil its core mandate of revenue mobilisation. In spite of all the constraints affecting its operations, the Revenue Service once again not only met but surpassed the revenue target set by the Government.

The success achieved during the year would not have been possible without the contribution of all BURS employees and cooperation from taxpayers and other BURS stakeholders. I therefore would like to take this opportunity to thank the BURS staff for their commitment to their work and for helping BURS provide diligent service to all its customers.

BURS remains committed to its quest of continuously improving customer service standards. With 2014/15 being the first financial year in which the new BURS funding arrangement was implemented,

a number of major projects were commenced which are expected to enhance the ability of the organisation to better execute its mandate. These include major nationwide infrastructure projects at frontline service points, the commencement of construction of the BURS Head Office Building, the preparatory process to acquire modern Customs and Tax IT Systems, and of course, the Transformation Agenda with People at its core. Once completed, these projects are expected to have a significant positive impact in the way that BURS does its business and to greatly reduce the hassle that taxpayers go through in meeting their obligations.

On behalf of the BURS Management, I would like to thank the Honourable Minister of Finance and Development Planning, the Board of Directors and Board Committees for their guidance and continued support to BURS, as well as our cooperating partners and other tax and customs administrations for their ongoing assistance. Finally, I wish to convey the Revenue Service's sincere gratitude to all taxpayers and stakeholders for their continued support and cooperation during the year.



**Ken R. Morris**  
Commissioner General

## BOTSWANA UNIFIED REVENUE SERVICE FINANCIAL STATEMENTS

31 March 2015 [OWN ACCOUNTS]

### General Information

#### BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson <i>Ex officio</i>
Alexander T. Yalala	:	Vice Chairperson
Keneilwe R. Morris	:	Commissioner General
Wankie B. Wankie	:	Non - executive Director
Sholo A. Matala	:	Non - executive Director
Gaamangwe Lebele	:	Non - executive Director
Ontlametse B. Ward	:	Non - executive Director (Appointed 1 October 2014)

#### BOARD SECRETARY

Lorato Khimbele

#### NATURE OF BUSINESS

The Botswana Unified Revenue Service (BURS) was established by the Botswana Unified Revenue Service Act, 2003. BURS is responsible for the assessment and collection of tax on behalf of the Government of Botswana.

#### ADDRESS

Plot 53976  
Kudumatse Drive  
Gaborone

Private Bag 0013  
Gaborone

#### AUDITOR

Deloitte & Touche

#### BANKERS

Bank of Botswana  
Barclays Bank of Botswana Limited  
First National Bank of Botswana Limited  
Standard Chartered Bank Botswana Limited  
Stanbic Bank Botswana Limited





# BOTSWANA UNIFIED REVENUE SERVICE FINANCIAL STATEMENTS

31 March 2015

[OWN ACCOUNTS]

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Independent Auditor's Report	34
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Statement of Financial Position	37
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Statement of Cash Flows	39
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## Directors' statement of responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service: Own Accounts, comprising the statement of financial position as at 31 March 2015, the statements of comprehensive income, changes in reserves, 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).

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 34 to 35.

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

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS 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 BURS and all employees are required to maintain the highest ethical standards in ensuring BURS's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in BURS is on identifying, assessing, managing and monitoring all known forms of risk across BURS. While operating risk cannot be fully eliminated, BURS endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2015, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- [Paragraph 28 \(2\)](#) which requires the Revenue Service to submit its book of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- [Paragraph 29 \(1\)](#) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

## Directors' statement of responsibility [Continued]

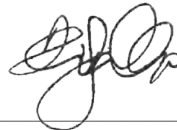
The Directors' have made an assessment of BURS's ability to continue as a going concern and there is no reason to believe the entity will not be a going concern in the year ahead.

The Directors 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 reviewing and reporting on BURS's financial statements. The financial statements have been audited by BURS's external auditors and their audit report is presented on pages 34 and 35.

### DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 36 to 62, which have been prepared on the going concern basis, were approved by the Board on 27 November 2015 and were signed on its behalf by:



Board Chairperson



Commissioner General

# Independent Auditor's Report

## TO THE MINISTER OF FINANCE AND DEVELOPMENT PLANNING

### Report on the Financial Statements

We have audited the financial statements of Botswana Unified Revenue Service: Own Accounts which comprise the statement of financial position as at 31 March 2015, the statements of comprehensive income, changes in reserves and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 62.

### Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service: Own Accounts as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to note 24 of the financial statements, which states that BURS is in a dispute with third parties regarding the ownership of Plot 8913 (Gaborone), Zanzibar and Plaatjan. As these third parties hold the legal title BURS may need to purchase the land from the third parties.

## Independent Auditor's Report [Continued]

TO THE MINISTER OF FINANCE AND DEVELOPMENT PLANNING

### Report on Legal and Regulatory Requirements

For the year ended 31 March 2015, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

*Deloitte & Touche*

**Deloitte & Touche**  
Certified Auditors  
Practising Member: C V Ramatlapeng (20020075)

Gaborone  
18 December 2015

[Own Accounts]

# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 15

	Notes	2015 P'000	2014 P'000
<b>Income</b>			
Government funding for recurrent expenditure	6	413 235	398 527
Other income	7	68 261	70 672
<b>Total income</b>		<b>481 496</b>	<b>469 199</b>
Other gains and losses	8	(6 420)	(2 850)
<b>Expenses</b>			
Administrative expenses	9	(143 567)	(119 208)
Staff costs	10	(325 913)	(282 335)
<b>Total expenses</b>		<b>(469 480)</b>	<b>(401 543)</b>
<b>Surplus for the year</b>		<b>5 596</b>	<b>64 806</b>
<b>Total comprehensive income for the year</b>		<b>5 596</b>	<b>64 806</b>

# Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH 15

	Notes	2015 P'000	2014 P'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	504,774	426,038
Investment property	12	22,280	28,700
Intangible assets	13	13,541	11,896
		540,595	466,634
<b>Current assets</b>			
Inventories	14	3,336	2,420
Trade and other receivables	15	43,438	33,531
Cash and cash equivalents	16	155,457	100,470
		202,231	136,421
Assets classified as held for sale	17	-	213
		202,231	136,634
<b>Total assets</b>		<b>742,826</b>	<b>603,268</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Capital reserve	18	513,858	416,786
Properties revaluation reserve	19	52,566	52,566
Accumulated surplus		85,578	70,436
		652,002	539,788
<b>Current liabilities</b>			
Trade and other payables	20	90,824	63,480
<b>Total reserves and liabilities</b>		<b>742,826</b>	<b>603,268</b>

[Own Accounts]

## Statement of Changes in Reserves

FOR THE YEAR ENDED 31 MARCH 15

	Notes	Capital Reserve	Properties revaluation reserve	Accumulated surplus	Total
<b>Balance at 1 April 2013</b>		<b>311,707</b>	<b>52,566</b>	<b>17,503</b>	<b>381,776</b>
Total comprehensive income for the year		-	-	64,806	64,806
Transfer from recurrent fund to finance capital expenditure	18	25,000	-	(25,000)	-
Government funding for capital expenditure	18	93,206	-	-	93,206
Transfer to accumulated surplus	21	(13,127)	-	13,127	-
<b>Balance at 31 March 2014</b>		<b>416,786</b>	<b>52,566</b>	<b>70,436</b>	<b>539,788</b>
Total comprehensive income for the year		-	-	5,596	5,596
Transfer from recurrent fund to finance capital expenditure	18	13,900	-	(13,900)	-
Government funding for capital expenditure	18	106,618	-	-	106,618
Transfer to accumulated surplus	21	(23,446)	-	23,446	-
<b>Balance at 31 March 2015</b>		<b>513,858</b>	<b>52,566</b>	<b>85,578</b>	<b>652,002</b>



# Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 15

	Notes	2015 P'000	2014 P'000
<b>Cash flows from operating activities</b>			
Surplus for the year		5,596	64,806
Less: interest income		(3,767)	(2,383)
Adjustment for non-cash items	23	29,591	16,362
<b>Operating surplus before working capital changes</b>		<b>31,420</b>	<b>78,785</b>
<b>Changes in working capital</b>			
Increase in trade and other receivables		(9,907)	(12,729)
(Increase)/decrease in inventories		(916)	574
Increase in trade and other payables		27,344	16,300
<b>Net cash generated from operating activities</b>		<b>47,941</b>	<b>82,930</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(100,229)	(89,361)
Purchase of intangible assets		(3,848)	(10,748)
Proceeds on disposal of assets classified as held for sale		738	-
Interest received		3,767	2,383
<b>Net cash used in investing activities</b>		<b>(99,572)</b>	<b>(97,726)</b>
<b>Cash flows from financing activities</b>			
Net development funding received from the Government of Botswana		106,618	93,206
<b>Increase in cash and cash equivalents</b>		<b>54,987</b>	<b>78,410</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>100,470</b>	<b>22,060</b>
<b>Cash and cash equivalents at end of year</b>	16	<b>155,457</b>	<b>100,470</b>

[Own Accounts]

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

## 1. GENERAL INFORMATION AND INTRODUCTION

Botswana Unified Revenue Service (BURS) is a semi-autonomous body corporate established by an Act of Parliament (Botswana Unified Revenue Service Act, 2003) as part of the Government of Botswana's reform strategy for revenue administration. BURS is charged with the mandate of

- a) assessing and collecting tax on behalf of the Government; and
- b) administering and enforcing the revenue laws, which include the Customs and Excise Act, Income Tax Act, the Capital Transfer Act and the Value Added Tax Act, respectively.

For financial reporting purposes, the financial statements of BURS are reported as: ADMINISTERED GOVERNMENT REVENUE ACCOUNTS, and OWN ACCOUNTS. The financial statements – ADMINISTERED GOVERNMENT REVENUE ACCOUNTS cover transactions relating to the revenue collected on behalf of the Government. The financial statements – OWN ACCOUNTS cover those operational transactions, such as funding received from Government, which are managed by BURS and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate. The financial statements are reported in Botswana Pula and in thousands (P'000).

## 2. ADOPTION OF NEW AND REVISED STANDARDS

### 2.1 Standards and Interpretations effective in the current period

In the current period, the entity has adopted all the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee

(IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2014. The adoption of these standards has not resulted in any significant changes to the entity's accounting policies and has not affected either the amounts or the presentation and disclosure of amounts reported in these financial statements

The following Standards and Interpretation were adopted in the current year and have not affected the amounts reported in these financial statements.

New/Revised International Financial Reporting Standards	Effective Date
IFRS 10 (amended) - Consolidated Financial Statements	1 January 2014
IFRS 12 (amended) - Disclosure of Interests in Other Entities	1 January 2014
IAS 27 (amended) - Separate Financial Statements: Investment Entities	1 January 2014
IAS 32 (amended) - Financial instruments	1 January 2014
IAS 36 (amended) - Recoverable amount disclosures for non-financial assets	1 January 2014
IAS 39 (amended) - Financial Instruments: Recognition and Measurement	1 January 2014
IFRIC Interpretation	
IFRIC 21 (new) - Levies (recognition of liability for levies imposed by a Government in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2014

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

New/Revised International Financial Reporting Standards	Effective Date
IFRS 7 (amended) - Financial Instruments: Disclosures	1 January 2015
IFRS 9 (amended) - Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	1 February 2015
IFRS 9 (amended) - Financial Instruments: Classification and Measurement	1 January 2017
IFRS 9 (amended) - Financial Instruments	1 January 2018
IFRS 10 (amended) - Consolidated Financial Statements	1 January 2016
IFRS 11 (amended) - Joint Arrangements	1 January 2016
IFRS 12 (amended) - Disclosure of Interests in Other Entities	1 January 2016
IFRS 14 (new) - Regulatory Deferral Accounts	1 January 2016
IFRS 15 (new) - Revenue from Contracts with Customers	1 January 2018
IAS 1 (amended) - Presentation of Financial Statements	1 January 2016

New/Revised International Financial Reporting Standards	Effective Date
IAS 16 (amended) - Property, Plant and Equipment	1 January 2016
IAS 19 (amended) - Employee Benefits	1 January 2016
IAS 27 (amended) - Separate Financial Statements: Reinstatement of equity method	1 January 2016
IAS 28 (amended) - Investments in Associates and Joint Ventures	1 January 2016
IAS 34 (amended) - Interim Financial Reporting	1 January 2016
IAS 38 (amended) - Intangible Assets	1 January 2016
Annual Improvements 2010 - 2012 Cycle - Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, and IAS 16, IAS 24 and IAS 38	1 July 2014
Annual Improvements 2011 - 2013 Cycle - Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	1 July 2014
Annual Improvements 2012 - 2014 Cycle - Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

The Directors will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods.

[Own Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 2.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual estimates can differ from these estimates.

#### Key sources of estimation uncertainty

The most significant estimates and assumptions made in the preparation of these financial statements are discussed below:

- the determination of useful lives and residual values of items of property, plant and equipment;
- the assessment of impairments and the calculation of the recoverable amount of assets;
- the calculation of bad debts provision;
- the calculation of guarantees and bonuses; and
- the calculation of any provision for claims, litigation and other legal matters.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

#### 3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain assets. The principal accounting policies underlying the preparation of these financial statements are set out below.

#### 3.3 Revenue recognition

##### (i) Interest income

Interest income includes interest on bank deposits and is recognised in profit or loss on an accrual basis using the effective interest method.

##### (ii) Commissions, auction sale proceeds, and other income earned

Commissions, auction sale proceeds and all other income is recognised on an accrual basis when it is probable that BURS will receive the income and the income can be measured reliably.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES [continued]

### 3.4 Government funding from collections

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Development Planning in 2007, BURS should remit all revenue collected to the Government Remittance Account.

However, subsequent to the signing of this Memorandum, the Ministry of Finance and Development Planning has, through the Notice of Funds of the Revenue Service Order, 2012, authorised the Revenue Service to retain, not more than 2 percent (2%) of the revenue collected per annum to fund the recurrent budget and not more than 1 percent (1%) of the total revenue collected be used for the development budget and that annual ceilings should be approved, on an annual basis, by the Ministry of Finance and Development Planning.

The Revenue Service implemented such notice with effect from 1 April 2013.

- a) Government funding relating to the recurrent expenditure of BURS, disbursed for the purpose of giving immediate financial support to BURS with no future related costs, is recognised in profit or loss in the period in which they become receivable.
- b) Capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, are recognised in the statement of financial position and an amount equivalent to the depreciation determined on a historical cost basis and impairment losses, if any, is transferred from the capital reserve to the accumulated surplus/(deficit).

### 3.5 Recognition of assets, liabilities, and provisions

#### (i) Assets

Assets are recognised in the statement of financial position when it is probable that the future economic benefits associated with the assets will flow to BURS and that the assets have costs or values that can be measured reliably.

#### (ii) Liabilities and provisions

Liabilities and provisions are recognised in the statement of financial position when BURS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources / economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### (iii) Contingent liabilities

No liability is recognised when BURS has a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BURS, or when it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

#### (iv) Inventories

Inventories are stated at cost on a First-in-First-out basis. Inventories for BURS represent supplies to be consumed in the rendering of services.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES [Continued]

### 3.5 Recognition of assets, liabilities, and provisions [continued]

#### (v) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables represent the amounts owed to BURS as a result of providing services or allowing other parties to use BURS assets, and amounts as an advance or as a deposit for providing services to BURS.

Loans and receivables are measured at amortised cost less any impairment.

#### (vi) Impairment of financial assets

Financial assets are generally assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

### 3.6 Property, plant and equipment

#### (i) Land and buildings

a) Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

b) Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of such land and buildings is credited as equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

c) Depreciation on revalued buildings is charged to profit and loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated surplus/(deficit).

d) Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

[Own Accounts]

## 3. SIGNIFICANT ACCOUNTING POLICIES [Continued]

### 3.6 Property, plant and equipment

e) Freehold land is not depreciated.

(ii) Motor vehicles, computer and office equipment, leasehold improvements, and porta-camps

Computers and office equipment, plant and machinery, office furniture, leasehold improvements and porta-camps, are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation

Depreciation is charged, using the straight-line basis to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives.

The revised estimated useful economic lives used in the calculation of depreciation are set out below:

Category	Economic life (in years)
Leasehold land and buildings	the shorter of 50 years or remaining lease period
Freehold property	50
Motor vehicles (light vehicles)	10 (2014: 7)
Motor vehicles (vans and trucks)	11 (2014: 8)
Office furniture	6.67
Computer and office equipment	5 (2014: 3)
Porta-camps	10 (2014: 6.67)
Plant and machinery	4
Cargo scanners	13 (2014: 10)
Sewerage systems	15
Leasehold improvements	the shorter of 6.67 years or remaining lease period remaining

The estimated useful lives, residual values and depreciation methods are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(iv) Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(v) Repairs and maintenance

Repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

### 3.7 Intangible assets

#### Computer software costs

Costs associated with maintaining computer software programmes are recognised as an expense as they are incurred. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvements and added to the original cost of the software. The intangible assets are amortised over 4 (2014: 3) years.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES [continued]

### 3.8 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the profit and loss in the period in which they arise.

### 3.9 Foreign currencies

The financial statements of BURS are prepared and presented in Botswana Pula, the currency of the primary economic environment in which BURS operates and the functional currency. Transactions in currencies other than Botswana Pula are recorded at functional currency rate ruling at the date of the transaction.

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. All differences are taken to the profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 3.10 Retirement benefits

BURS operates a defined contribution pension fund for its entire pensionable and permanent citizen staff. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03) of the Laws of Botswana. BURS contributes 15% of the pensionable earnings of the members to the fund while employees contribute an additional 5% of their pensionable earnings. BURS's contributions to the pension fund are recognised as an expense in the profit and loss when employees have rendered the service entitling them to the contributions.

### 3.11 Terminal gratuities

Employees on contract employment terms receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated liability towards such employees up to the end of the reporting period. For employees on daily rate terms, an accrual is made for the severance benefits.

### 3.12 Non-current assets held for sale

BURS classifies a non-current asset whose carrying amount will be recovered principally through a sale rather than through continuing use as 'Non-Current Assets Held for Sale'. Non-Current Assets Held for Sale are measured at the lower of their carrying amounts and fair values less costs to sell.

### 3.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- (a) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
- (b) Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
- (c) Deposits and advance payments of operating leases are recognised in the statement of financial position under trade and other receivables.



# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES [continued]

### 3.14 Financial Instruments

#### *Financial assets*

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

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

BURS' principal financial assets are 'loans and receivables'.

#### *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.

#### *Loans and receivables*

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

#### *Derecognition of financial assets*

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

#### *Financial liabilities and equity instruments issued by BURS*

#### *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.

[Own Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES [continued]

#### 3.14 Financial Instruments

##### *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. The BURS' equity comprises the capital reserve, properties revaluation reserve, and accumulated funds.

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. BURS' principal financial liabilities are 'other financial liabilities'.

##### *Other financial liabilities*

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

##### *Derecognition of financial liabilities*

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

#### 3.15 Cash and cash equivalents

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

#### 3.16 Related party transactions

BURS enters into various transactions with the Government of Botswana and related entities, its key management personnel, and the Board of Directors.

#### 3.17 Construction contracts

Where the outcome of a construction contract can be estimated reliably, costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

#### 3.18 Employee bonus plans

BURS has an approved bonus payment plan to pay a performance incentive to its employees who have met or exceeded agreed levels of performance and are entitled to the bonus payment in accordance with principles outlined in the performance management system. The expected cost of the bonus payment is recognised during the year which the agreed level of performance was exceeded.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

[Own Accounts]

## 4. CRITICAL JUDGEMENT AREAS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Useful lives of plant and equipment and residual values*

BURS reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

### *Fair value of investment property, land and buildings*

The fair value of investment property, land and buildings is arrived at on the basis of a valuation conducted by independent professional valuers not related to BURS and qualified for the purpose of the valuation.

### *Other estimates made*

BURS also makes estimates for:

- the calculation of the provision for doubtful debts and
- the calculation of any provision for claims, litigation and other legal matters.

## 5. FINANCIAL RISK MANAGEMENT

BURS is exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on BURS's financial performance.

### 5.1 Market risk: currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. BURS operations utilise various foreign currencies and consequently, are exposed to exchange

rate fluctuations that have an impact on cash flows and financing activities. However, at year-end there were no significant foreign currency exposures.

### 5.2 Market risk: interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash. Interest rates earned on financial instruments compares favourably with those currently available in the market. A 1% increase in interest rates would result in the surplus for the year of P1,554,420 (2014: P1,004,542), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

### 5.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. BURS is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments as follows:

- (i) Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
- (ii) Staff debts are recovered in terms of the applicable policy and procedures directly from the employees salary.
- (iii) Where BURS has guaranteed housing and motor vehicle loans, on termination of employment, the bank is alerted and guarantees are recovered from the employees terminal salaries and other benefits.

There are no significant concentrations of credit risk.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 5. FINANCIAL RISK MANAGEMENT [continued]

### 5.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. BURS manages its liquidity risk to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources. Since BURS is funded through a subvention from the Government, BURS does not regard there to be any significant liquidity risk. All of BURS liabilities are current and will be settled within three months of the year end with the exception of certain employee benefits which are linked with employment contracts.

	2015	2014
	P'000	P'000
<b>5.5 Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables (including bank balances and cash)	196,086	128,882
<b>Financial liabilities</b>		
Other liabilities	54,134	35,763

### 5.6 Capital risk management

There is no active capital risk management process in place primarily because BURS was established under the Botswana Unified Revenue Service Act, 2003. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of BURS comprises the capital reserve, the properties revaluation reserve, and accumulated funds as disclosed in the statement of changes in reserves.

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 6. GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE

	2015	2014
	P'000	P'000
Funding for recurrent expenditure	416,461	401,280
Less: Utilised for capital expenditure	(3,226)	(2,753)
	<b>413 235</b>	<b>398 527</b>

### 7. OTHER INCOME

Bank interest	3,767	2,383
Rental income	3,011	3,420
Agency fees and commissions	50,956	43,485
Foreign exchange gains recoverable from Revenue Accounts	5,776	9,234
Sundry income	4,751	12,150
	<b>68,261</b>	<b>70,672</b>

Agency commissions represent fees charged by BURS for collecting revenues on behalf of the following respective Government Departments and Parastatals:

- (i) Road safety and permit fees (Department of Road Transport and Safety)
- (ii) Flour levy and Alcohol levy (Ministry of Trade and Industry - Department of Consumer Affairs)
- (iii) Motor vehicle road insurance (Motor Vehicle Accident Fund)
- (iv) Training levy (Human Resource Development Council)
- (v) Copyright levy (Ministry of Trade and Industry - Registrar of Companies)

### 8. OTHER GAINS AND LOSSES

Change in fair value of investment property (note 12)	6,420	2, 850
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[Own Accounts]

## Notes to the Financial Statements [Continued]

### FOR THE YEAR ENDED 31 MARCH 2015

#### 9. ADMINISTRATIVE EXPENSES

	2015	2014
	P'000	P'000
Auditor's remuneration - current year	950	896
- prior year	-	65
Computer support	11,166	9,580
Consultancy costs and legal costs	7,712	8,477
Depreciation of property, plant and equipment	22,065	13,992
Impairment of assets classified as held for sale	-	11
Amortisation of intangible assets	1,631	233
Electricity and water	6,198	7,587
Printing, stationery and office expenses	20,675	17,691
Operating lease rentals	18,004	19,205
Repairs and maintenance	8,215	8,065
Motor vehicle fuel	3,751	3,558
Telephone and postage	13,894	11,417
Training expenses	5,400	3,985
Seminars, workshops, travelling and other administrative expenses	23,906	14,446
	<b>143,567</b>	<b>119,208</b>

#### 10. STAFF COSTS

Salaries and wages	268,592	243,362
Medical aid contribution	7,535	7,011
Annual performance bonus		
- Current year performance bonus	12,342	104
Employee benefits		
- Gratuity and severance	2,204	1,660
- Pension contribution	26,596	24,666
- Leave	8,644	5,532
<b>Total staff costs</b>	<b>325,913</b>	<b>282,335</b>

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 11. PROPERTY, PLANT AND EQUIPMENT

Cost/valuation	Leasehold Land	Buildings	Leasehold improve-ments	Motor vehicles	Office furniture	Computers & office equipment	Plant & machinery	Porta camps	Work - in progress	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	
At 1 April 2014	43,854	223,808	21,782	27,149	10,673	28,017	56,363	7,732	79,125	498,503
Additions	1,204	2,489	404	4,453	1,351	5,608	188	-	84,532	100,229
Disposal	-	-	-	(111)	-	-	-	-	-	(111)
Transfer from intangible assets	-	-	-	-	-	572	-	-	-	572
Other transfers	-	12,168	-	-	-	-	-	-	(12,168)	-
<b>At 31 March 2015</b>	<b>45,058</b>	<b>238,465</b>	<b>22,186</b>	<b>31,491</b>	<b>12,024</b>	<b>34,197</b>	<b>56,551</b>	<b>7,732</b>	<b>151,489</b>	<b>599,193</b>
Accumulated depreciation										
At 1 April 2014	-	7,485	16,335	10,647	6,169	20,471	7,714	3,644	-	72,465
Current year charge	5,142	2,486	1,281	2,689	1,780	3,527	4,471	689	-	22,065
Disposal	-	-	-	(111)	-	-	-	-	-	(111)
<b>At 31 March 2015</b>	<b>5,142</b>	<b>9,971</b>	<b>17,616</b>	<b>13,225</b>	<b>7,949</b>	<b>23,998</b>	<b>12,185</b>	<b>4,333</b>	<b>-</b>	<b>94,419</b>
Carrying amount	39,916	228,494	4,570	18,266	4,075	10,199	44,366	3,399	151,489	504,774
At 31 March 2015										
Work-in-progress is made up of the following :										
Residential and office accommodation										151,489

[Own Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 11. PROPERTY, PLANT AND EQUIPMENT [Continued]

	Leasehold Land P'000	Buildings P'000	Leasehold improve-ments P'000	Motor vehicles P'000	Office furniture P'000	Computers & office equipment P'000	Plant & machinery P'000	Porta camps P'000	Work - in progress P'000	Total
<b>Cost/valuation</b>										
At 1 April 2013	43,854	167,103	21,291	18,574	9,875	23,371	34,494	7,030	83,136	408,728
Additions	-	1,524	303	8,144	798	4,600	3,889	437	69,666	89,361
Donations received	-	-	-	678	-	46	-	-	-	724
Transfer to non-current assets held for sale	-	-	-	(247)	-	-	-	-	-	(247)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(63)	(63)
Other transfers	-	55,181	188	-	-	-	17,980	265	(73,614)	-
<b>At 31 March 2014</b>	<b>43,854</b>	<b>223,808</b>	<b>21,782</b>	<b>27,149</b>	<b>10,673</b>	<b>28,017</b>	<b>56,363</b>	<b>7,732</b>	<b>79,125</b>	<b>498,503</b>
<b>Accumulated depreciation</b>										
At 1 April 2013	-	4,713	13,848	8,940	4,993	19,023	4,373	2,805	-	58,695
Current year charge	-	2,772	2,487	1,929	1,176	1,448	3,341	839	-	13,992
Transfer to non-current assets held for sale	-	-	-	(222)	-	-	-	-	-	(222)
<b>At 31 March 2014</b>	<b>-</b>	<b>7,485</b>	<b>16,335</b>	<b>10,647</b>	<b>6,169</b>	<b>20,471</b>	<b>7,714</b>	<b>3,644</b>	<b>-</b>	<b>72,465</b>
<b>Carrying amount At 31 March 2014</b>	<b>43,854</b>	<b>216,323</b>	<b>5,447</b>	<b>16,502</b>	<b>4,504</b>	<b>7,546</b>	<b>48,649</b>	<b>4,088</b>	<b>79,125</b>	<b>426,038</b>
<b>Work-in-progress is made up of the following :</b>										
Residential and office accommodation										79,125



# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 11. PROPERTY, PLANT AND EQUIPMENT [Continued]

### Land and buildings carried at fair value

An independent valuation of land and buildings was last conducted as at 31 March 2011 by Willy Kathurima Associates, independent professional valuers that are not related to BURS and are qualified for the purpose of the valuation. The valuation was conducted in accordance with the Appraisal and Valuation Manual and the Real Estate Institute of Botswana standards. Willy Kathurima Associates are members of the Real Estate Institute of Botswana. There was no valuation done during the current financial year.

The Directors have resolved that subsequent to the last revaluation of land and buildings conducted in March 2011, revaluations of land and buildings should be conducted after every five years, instead of three years as per the previous policy. The next valuation will therefore be carried out in the financial year ending 31 March 2016.

Had the land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2015 P'000	2014 P'000
Land		
- Cost	28,952	27,748
Buildings:		
- Cost	202,003	187,346
- Accumulated depreciation	(18,126)	(15,808)
	<b>183,877</b>	<b>171,538</b>

Land includes Plaatjan and Zanzibar with a fair value of P150,000 each. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in note 24.

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 12. INVESTMENT PROPERTY

	2015 P'000	2014 P'000
<b>At fair value</b>		
Balance at beginning of the year	28,700	31,550
Loss from fair value adjustments (note 8)	(6 420)	(2 850)
<b>Balance at end of the year</b>	<b>22,280</b>	<b>28,700</b>

The fair value of investment property has been arrived at on the basis of a valuation conducted by Seeff Properties, independent professional valuers not related to BURS and qualified for the purpose of the valuation. The valuation was performed on 31 March 2015. Seeff Properties are members of the Real Estate Institute of Botswana.

Investment property consists of land with a fair value of P10,300,000 (2014: P9,370,000) and office buildings constructed on a portion of Plot 14415 and a portion of Plot 8913, Gaborone. As reported in the previous year's financial statements, there is a dispute between BURS and Botswana Railways in respect of the ownership of Plot 8913. The fair value of the disputed portion of land on which the investment property is constructed amounts to P4,647,000 (2014: P4,227,000). A contingent liability has been disclosed in note 24.

### 13. TANGIBLE ASSETS

	Computer software P'000	Work-in progress P'000	Total P'000
<b>At 31 March 2013</b>	<b>2,100</b>	<b>618</b>	<b>2,718</b>
Transfer from property, plant and equipment	-	63	63
Additions	-	10,748	10,748
<b>At 31 March 2014</b>	<b>2,100</b>	<b>11,429</b>	<b>13,529</b>
Transfer	4,194	(4,194)	-
Transfer to property, plant and equipment (note 11)	-	(572)	(572)
Additions	-	3,848	3,848
<b>At 31 March 2015</b>	<b>6,294</b>	<b>10,511</b>	<b>16,805</b>
Accumulated amortisation			
<b>At 31 March 2013</b>	<b>1,400</b>	-	<b>1,400</b>
Charge for the year	233	-	233
<b>At 31 March 2014</b>	<b>1,633</b>	-	<b>1,633</b>
Charge for the year	1,631	-	1,631
<b>At 31 March 2015</b>	<b>3,264</b>	-	<b>3,264</b>
<b>Carrying amount at 31 March 2015</b>	<b>3,030</b>	<b>10,511</b>	<b>13,541</b>
<b>Carrying amount at 31 March 2014</b>	<b>467</b>	<b>11,429</b>	<b>11,896</b>

Computer software consists of the Human Resources SAP module as well as VAT e-Filing system.  
 Work-in-progress consists of the Withholding Tax (WHT) e-Filing system software.

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 14. INVENTORIES

	2015	2014
	P'000	P'000
Printing and stationery	2,857	1,205
Office supplies	250	958
Uniform and protective clothing	229	257
<b>Total inventories</b>	<b>3,336</b>	<b>2,420</b>

Inventories represent unconsumed supplies held in store at year-end to be consumed in the rendering of services, pending issuance to different cost-centres. Inventories are stated at cost on a First-in-First-out basis.

### 15. TRADE AND OTHER RECEIVABLES

Receivable from related parties (note 22)	35,988	27,240
Staff receivables	578	374
Prepayments	2,809	5,119
Other receivables	4,063	798
<b>Total trade and other receivables</b>	<b>43,438</b>	<b>33,531</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Receivables are provided for based on estimated irrecoverable amounts determined by reference to each debtor's financial position. In determining the recoverability of receivables, BURS considers the change in the quality of the receivable from the date the credit was granted up to the reporting date. The directors believe that there is no credit provision required as at end of the financial reporting period (2014:P Nil).

### 16. CASH AND CASH EQUIVALENTS

Business call and current account and cash on hand	70,562	12,202
Fixed deposit account	3,000	3,000
Trust call account	1	7,148
Development funds call account	81,894	78,120
<b>Total cash and cash equivalents</b>	<b>155,457</b>	<b>100,470</b>

[Own Accounts]

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 17. ASSETS CLASSIFIED AS HELD FOR SALE

	2015 P'000	2014 P'000
Balance at beginning of the year	213	199
Impairment	-	(11)
Disposal during the year	(213)	-
Transfer from property, plant and equipment - motor vehicles	-	25
<b>Balance at end of the year</b>	<b>-</b>	<b>213</b>

Inventories represent unconsumed supplies held in store at year - end to be consumed in the rendering of services, pending issuance to different cost-centres. Inventories are stated at cost on a First - in - First - out basis.

### 18. CAPITAL RESERVE

Balance at beginning of the year	416,786	311,707
Transfer from recurrent fund to finance capital expenditure	13,900	25,000
Transfer to accumulated surplus (note 21)	(23,446)	(13,127)
Government funding for capital expenditure (note 22)	106,618	93,206
<b>Balance at end of the year</b>	<b>513,858</b>	<b>416,786</b>

### 19. PROPERTIES REVALUATION RESERVE

Balance at beginning of the year	52,566	52,566
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# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 20. TRADE AND OTHER PAYABLES

	2015 P'000	2014 P'000
Trade payables	12,268	7,995
Accruals and other payables	41,435	24,655
Employee benefits accruals	36,690	27,717
Rental accruals	431	3,113
<b>Total trade and other payables</b>	<b>90,824</b>	<b>63,480</b>

Inventories represent unconsumed supplies held in store at year-end to be consumed in the rendering of services, pending issuance to different cost-centres. Inventories are stated at cost on a First-in-First-out basis.

## 21. TRANSFER TO ACCUMULATED SURPLUS

Transfer of realised income on depreciation of funded assets	17,981	13,127
Transfer of realised income on disposal of property, plant and equipment	323	-
<b>Total transfer to accumulated surplus</b>	<b>18,304</b>	<b>13,127</b>

## 22. RELATED PARTY TRANSACTIONS

Related parties transactions comprise the following:

The Ministry of Finance and Development Planning has, through the Notice of Funds of the Revenue Service Order, 2012, Section 26 (1) (d) of the Botswana Unified Revenue Service Act, authorised the Revenue Service to retain 2 percent (2%) of the revenue collected per annum to fund the recurrent budget with the minimum being set and 1 percent (1%) of the total revenue collected be used for the development budget. The Revenue Service has with effect from 1 April 2013 implemented such notice. The amount transferred to BURS Own accounts from Revenue accounts during the financial year ended 31 March 2015 is as follows:

Amount transferred from Revenue Accounts to Own Accounts	<b>519,853</b>	<b>491,733</b>
<b>Utilised as:</b>		
Recurrent expenditure (note 6)	413,235	398,527
Development expenditure (note 18)	106,618	93,206
	<b>519,853</b>	<b>491,733</b>
<b>Executive management personnel compensation:</b>		
Salaries and other short term employee benefits	6,401	5,675
Post employment benefits	1,129	837
<b>Total executive management personnel compensation</b>	<b>7,530</b>	<b>6,512</b>

Executive Management personnel compensation covers personal emoluments and post employment benefits. Post employment benefits include pension and gratuities.

[Own Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 22. RELATED PARTY TRANSACTIONS (continued)

	2015 P'000	2014 P'000
<b>Board members sitting allowances</b>	120	112
Transactions with the members of the BURS Board of Directors represent sitting allowances paid for attending board (and board sub-committee) meetings.		
BURS' related parties include Government departments for which BURS collects levies on the departments' behalf and earns agency fees and commissions in return. The following business transactions were conducted with related parties:		
<b>Agency fees and commissions:</b>		
Ministry of Trade and Industry (alcohol levy, flour levy and copyright levy)	21,237	16,086
Human Resource Development Council (training levy)	14,630	12,857
Motor Vehicle Accident Fund (motor vehicle road insurance)	1,104	861
Departments of Road Transport and Safety (road safety tokens and permits)	13,985	13,681
	<b>50,956</b>	<b>43,485</b>
<b>Other income:</b>		
Public Procurement and Asset Disposal Board (rental income)	1,984	1,990
<b>Balances receivable from/(payable to) related parties (note 15):</b>		
Agency fees receivable from Departments of Road Transport and Safety	4,745	6,705
Commissions receivable from Revenue Accounts	17,978	12,731
Fluctuation of foreign exchange rates receivable from Revenue Accounts	15,008	9,233
Net bank charges payable to Revenue Accounts	(1,743)	(1,429)
	<b>35,988</b>	<b>27,240</b>
<b>23. ADJUSTMENT FOR NON-CASH ITEMS</b>		
Depreciation of property, plant and equipment	22,065	13,992
Impairment loss	-	11
Armortisation of intangible assets	1,631	233
Adjustments on fair valuation of investment property	6,420	2,850
Property, plant and equipment donation received	-	(724)
<b>Profit on sale of assets classified as held for sale</b>	(525)	-
	<b>29,591</b>	<b>16,362</b>

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 24. CONTINGENT LIABILITIES

As documented in note 11, BURS is in a dispute with third parties regarding the ownership of Zanzibar and Plaatjan. The fair value of the land in dispute is P300,000 (2014: P300,000). As these third parties hold the legal title BURS may need to purchase the land from the third parties.

As documented in note 12, BURS is in a dispute with Botswana Railways regarding the ownership of Plot 8913. The fair value of the land in dispute is P4,647,000 (2014: P4,227,000 ) and Botswana Railways currently hold the legal title. BURS may need to purchase this land from Botswana Railways.

	2015	2014
	P'000	P'000
<b>25. OPERATING LEASE COMMITMENTS</b>		
At year-end, BURS had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as detailed below:		
Within one year	12,788	20,483
Within two to five years	1,514	15,257
<b>Total transfer to accumulated surplus</b>	<b>14,302</b>	<b>35,740</b>
<b>26. CAPITAL COMMITMENTS</b>		
Commitments for the acquisition or expansion of property, plant and equipment	472,600	364,000

Significant contractual obligations falling due within the next financial year will be financed through funds retained from tax collections approved by the Ministry of Finance and Development Planning during the financial year 2014/15 and funds to be approved during 2015/16.

Significant contractual obligations include; construction of the BURS Head Office for P232 million, offices and staff houses at the Tlokweng Border Post for P44 million, construction of staff houses at Ramatlabama and Tlokweng border posts at P13 million, Tlokweng Border Gate water supply upgrade for P22 million, finalisation of the design for the construction of the Pioneer One-Stop Service Border Post for P63 million, design and commencement of the construction of staff houses at Ramatlabama for P20 million, procurement of a Records Management System for P13.6 million, Integrated Tax Management System for P31 million, Customs System for P22 million, procurement of a mobile scanner for P12 million.

The capital commitments will be financed from tax collections as detailed in note 22.

[Own Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

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### 27. AMORTISATION OF LEASEHOLD

BURS buildings, as documented in note 11, are erected on pieces of land which is leased from the Government for periods of 50 years.

Leasehold land is stated in the statement of financial position at its revalued amounts, being the fair value at the date of transfer from the Government of Botswana or revaluation, less any subsequent accumulated amortisation and impairment losses. This is in accordance with the accounting policy as per note 3.6.

Management did not amortise the cost of leasehold land since the transfer from the Government of Botswana, resulting in the carrying value of leasehold land and capital grants being overstated by the same amount of P5,141,671 (2014: P4,327,742). Management assessed the misstatement not to be material and hence corrected the misstatement in the current year so as to align the financial statements disclosures to the requirements of IFRS. The misstatement has no impact on the net assets in the statement of financial position.

As the misstatement is not material and has no impact on the net assets in the statement of financial position, the comparative information has not been restated.

### 28. EVENTS AFTER THE REPORTING PERIOD

At the time of finalisation of the financial statements, no events came to the attention of management and the Board of Directors that require disclosure or adjustment in the financial statements.



[ADMINISTERED  
GOVERNMENT REVENUE  
ACCOUNTS]

## BOTSWANA UNIFIED REVENUE SERVICE

# FINANCIAL STATEMENTS

31 March 2015 [ADMINISTERED GOVERNMENT REVENUE ACCOUNTS]

### General Information

#### BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson <i>Ex officio</i>
Alexander T. Yalala	:	Vice Chairperson
Keneilwe R. Morris	:	Commissioner General
Wankie B. Wankie	:	Non-executive Director
Sholo A. Matala	:	Non-executive Director
Gaamangwe Lebele	:	Non-executive Director
Ontlametse B. Ward	:	Non-executive Director (Appointed 1 October 2014)

#### BOARD SECRETARY

Lorato Khimbele

#### NATURE OF BUSINESS

The Botswana Unified Revenue Service (BURS) was established by the Botswana Unified Revenue Service Act, 2003. BURS is responsible for the assessment and collection of tax on behalf of the Government of Botswana.

#### ADDRESS

Plot 53976  
Kudumatse Drive  
Gaborone

Private Bag 0013  
Gaborone

#### AUDITOR

Deloitte & Touche

#### BANKERS

Bank of Botswana  
Barclays Bank of Botswana Limited  
First National Bank of Botswana Limited  
Standard Chartered Bank Botswana Limited  
Stanbic Bank Botswana Limited

BOTSWANA UNIFIED REVENUE SERVICE

# FINANCIAL STATEMENTS

31 March 2015

[ADMINISTERED  
GOVERNMENT REVENUE  
ACCOUNTS]

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## Directors' Statement of Responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service: Administered Government Revenue Accounts, comprising the statement of financial position as at 31 March 2015, the statements of financial performance, changes in net assets, 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, prepared on the modified cash basis of accounting as outlined in Note 1.2.

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 68 to 69.

The financial statements are prepared in accordance with the modified cash basis and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS 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 BURS and all employees are required to maintain the highest ethical standards in ensuring the Revenue Service's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in BURS is on identifying, assessing, managing and monitoring all known forms of risk across BURS.

While operating risk cannot be fully eliminated, BURS endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2015, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- Paragraph 28(2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

## Directors' Statement of Responsibility [Continued]

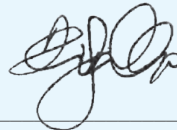
The Directors' have made an assessment of BURS's ability to continue as a going concern and there is no reason to believe the entity will not be a going concern in the year ahead.

The Directors 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 auditor is responsible for independently reviewing and reporting on BURS's financial statements. The financial statements have been audited by BURS's external auditors and their audit report is presented on pages 68 and 69.

### DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 70 to 84, which have been prepared on the going concern basis, were approved by the Board on 27 November 2015 and were signed on its behalf by:



Board Chairperson



Commissioner General

# Independent Auditor's Report

## TO THE MINISTER OF FINANCE AND DEVELOPMENT PLANNING

We have audited the financial statements of Botswana Unified Revenue Service: Administered Government Revenue Accounts which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 84.

### Directors' Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the Ministry of Finance and Development Planning, as set out in accounting policy Note 1.2, 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.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service: Administered Government Revenue Accounts as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with the modified cash basis of accounting as outlined in accounting policy Note 1.2.

## Independent Auditor's Report [Continued]

### TO THE MINISTER OF FINANCE AND DEVELOPMENT PLANNING

#### Other Matters

Without qualifying our opinion, we draw attention to the fact that the annexures set out on pages 85 to 87 do not form part of the financial statements and are presented as additional information. We have not audited these annexures and accordingly we do not express an opinion thereon.

#### Report on Legal and Regulatory Requirements

For the year ended 31 March 2015, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

*Deloitte & Touche*

**Deloitte & Touche**  
Certified Auditors  
Practicing Member: C V Ramatlapeng (20020075)

Gaborone  
18 December 2015

[Revenue Accounts]

# Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 P'000	2014 P'000
<b>Revenue collected on behalf of the Government of Botswana</b>			
Tax revenues and Customs Union Receipts			
Income Tax	2	15,883,670	13,802,323
Value Added Tax	3	5,907,402	5,040,860
Customs Union Receipts	4	15,690,949	13,169,532
Other tax revenue	5	84	99
<b>Total tax revenues and Customs Union Receipts</b>		<b>37,482,105</b>	<b>32,012,814</b>
Non-tax revenue	6	6,416	2,678
<b>Total revenue collected on behalf of the Government of Botswana</b>		<b>37,488,521</b>	<b>32,015,492</b>
Amount retained for BURS funding	7	(519,853)	(491,773)
<b>Net revenue collected on behalf of Government of Botswana</b>		<b>36,968,668</b>	<b>31,523,719</b>
Revenue collected on behalf of Government Departments	8	475,380	372,389
<b>Total net revenue collected for the year</b>		<b>37,444,048</b>	<b>31,896,108</b>



# Statement of Financial Position

AS AT 31 MARCH 2015

	Notes	2015 P'000	2014 P'000
<b>ADMINISTERED ASSETS</b>			
<b>Current assets</b>			
Accounts receivable	9	92,703	72,151
Cash and cash equivalents	10	222,989	558,482
Amount due from Government Remittance Account	12	249,311	-
<b>Total administered assets</b>		<b>565,003</b>	<b>630,633</b>
<b>ADMINISTERED LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	11	565,003	592,909
Amount due to Government Remittance Account	12	-	37,724
<b>Total administered liabilities</b>		<b>565,003</b>	<b>630,633</b>

[Revenue Accounts]

# Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 MARCH 2015

	P'000
<b>Amount due to/(from) Government Remittance Account</b>	
Balance at 1 April 2013	217,949
Total net revenue collected for the year	31,896,108
Transfers to Government Remittance Account	(32,076,333)
<b>Balance at 31 March 2014</b>	<b>37,724</b>
Balance at 1 April 2014	37,724
Total net revenue collected for the year	37,444,048
Transfers to Government Remittance Account	(37,731,083)
<b>Balance at 31 March 2015</b>	<b>(249,311)</b>

## Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015

	2015 P'000	2014 P'000
Cash flows from operating activities:		
Collections net of transfers to Government Remittance Account for the year	(287,035)	(180,225)
<b>Movement in assets and liabilities</b>		
Increase in accounts receivable	(20,552)	(12,345)
(Decrease)/increase in accounts payable	(27,906)	68,249
Net movement in assets and liabilities	(48,458)	55,904
<b>Net decrease in cash and cash equivalents</b>	<b>(335,493)</b>	<b>(124,321)</b>
Cash and cash equivalents at beginning of year	558,482	682,803
Cash and cash equivalents at end of year	222,989	558,482

[Revenue Accounts]

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Statement of accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which were applied consistently throughout the year in dealing with items which are considered material in relation to the financial statements, are set out below and are in accordance with the modified cash basis of accounting.

### 1.2 Basis of preparation

The financial statements are required in terms of Sections 28 and 29 of the Botswana Unified Revenue Service Act. The financial statements are prepared on the modified cash basis of accounting since BURS took over the responsibility for revenue accounting and reporting from the Government's Department of the Accountant General in 2008.

BURS is putting in place measures to prepare for future implementation of International Public Sector Accounting Standards (IPSAS). The entity is engaging with the Ministry of Finance and Development Planning in order to develop detailed guidelines which will outline the procedures and timelines to be followed in Botswana for Government Owned Enterprises in converting to the accrual basis of accounting. Consequently, BURS has prepared the financial statements on a modified cash basis in line with the accounting principles of the Government of Botswana.

### 1.3 The reported activity – revenue collection accounts

For financial reporting purposes, these financial statements are reported as: ADMINISTERED GOVERNMENT REVENUE ACCOUNTS. They cover transactions relating to the tax revenues collected on behalf of the Government and its departments and third parties. The financial statements covering those operational

revenues, such as funds received from the Government, which are managed by BURS and utilised in meeting the operational costs of BURS are reported in a different set of financial statements (BURS OWN ACCOUNTS). The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate.

The financial statements are presented in Botswana Pula and in thousands (P'000) except for the analysis of Arrears of Revenue (see unaudited annexures), which is reported in units of Pula.

### 1.4 General accounting policies

#### 1.4.1 Penalty interest

Interest is charged to taxpayers when tax liabilities have not been paid by the due dates in accordance with the Income Tax Act, Value Added Tax Act, Capital Transfer Tax Act and Customs and Excise Duty Act.

#### 1.4.2 Customs fines

Income generated from penalties is recorded as Tax Revenue and is payable to the Government Remittance Account. Income generated from customs fines is recorded as non-tax revenue. Fines are charges collected from violators of the Customs and Excise Duty Act such as non-declaration or under-valuation of goods at the time of importation. Penalties are statutory payments for failure to comply with the Income Tax Act, Value Added Tax Act and the Capital Transfer Tax Act, and are paid as admission of guilt.

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 1.4 General accounting policies [Continued]

### 1.4.3 Debtors

For these financial statements, balances disclosed in the statement of financial position represent debtors for dishonoured cheques. Dishonoured cheque recoveries for periods prior to the establishment of BURS in 2007 are credited in the statement of financial performance as Other Tax Revenue, as no debtor accounts existed before then.

### 1.4.4 Write-offs

Write-offs are debts for dishonoured cheques that are irrecoverable and uncollectible either when there are no practical means for pursuing the debt or when all reasonable steps have been taken to recover the debt. Write-offs are recognised in the year that they are authorised. Any recoveries in respect of written off debts arising from the previous years when the function of revenue accounting was under the Accountant General, are accounted for as revenue received from the replacement of the previous year's dishonoured cheques, and such recoveries are payable to the Government Remittance Account.

### 1.4.5 Accounts payable

Accounts payables are amounts established as due at year end. These include unremitted collections, refundable deposits and other payables.

### 1.4.6 Cash and cash equivalents

Cash and cash equivalents represents funds held by BURS pending transfer to the Government Remittance Account, SACU Common Revenue Pool, payment of VAT refunds and payment of other unremitted collections. Cash and cash equivalents in BURS comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 1.5 Revenue recognition

### Tax revenues and Customs Union Receipts Recognition

For these financial statements, tax revenues and Customs Union Receipts are measured at the fair value of the consideration received. Revenue is recognised on a cash basis, which reports the actual cash received in a given period. That is, tax revenues and Customs Union Receipts are recognised when cash is received. Refunds related to the revenue collected are also accounted for on a cash basis and are recognised in the year the refund is paid out.

## 1.6 Foreign currencies

The financial statements are prepared and presented in Botswana Pula, the currency of the primary economic environment in which the Revenue Service operates (the functional currency). Transactions in currencies other than Botswana Pula are recorded at the functional currency rate ruling at the date of the transaction.

## 1.7 Government Remittance Account

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Development Planning in 2007, BURS should remit all revenue collected to the Government Remittance Account. However, subsequent to the signing of this Memorandum, the Ministry of Finance and Development Planning has, through the Notice of Funds of the Revenue Service Order, 2012, authorised the Revenue Service to retain, not more than 2 percent (2%) of the revenue collected per annum to fund the recurrent budget and not more than 1 percent (1%) of the total revenue collected be used for the development budget and that annual ceilings should be approved, on an annual basis, by the Ministry of Finance and Development Planning.

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 2. INCOME TAX

Income tax revenue collected during the year was derived from the following sources:

	2015 P'000	2014 P'000
Withholding tax	1,971,477	1,644,518
Deducted tax (Pay As You Earn)	4,281,893	3,719,533
Assessed tax	9,520,644	8,334,149
Penalty interest	109,047	102,092
Capital transfer tax	609	2,031
<b>Income tax receipts</b>	<b>15,883,670</b>	<b>13,802,323</b>

### 3. VALUE ADDED TAX

Value Added Tax (VAT) is recognised in the statement of financial performance on a net basis. VAT is structured in such a manner that companies are also entitled to claim refunds; hence the breakdown of gross receipts and refunds is disclosed. VAT refunds arise when the input tax for any tax period is greater than the output tax for that period, or when tax paid is in excess of the amount properly charged to tax under the VAT Act. The refunds are paid from the VAT collections. VAT refunds reported in the statement of financial performance for the years ended 31 March 2015 and 31 March 2014 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analysed as follows:

	2015 P'000	2014 P'000
VAT import	4,227,513	4,061,476
VAT internal	4,043,426	3,666,295
VAT interest and penalties	46,557	67,232
Fuel levy	152,383	176,600
<b>Gross receipts</b>	<b>8,469,879</b>	<b>7,971,603</b>
Less: Refunds	(2,562,477)	(2,930,743)
<b>Net VAT receipts</b>	<b>5,907,402</b>	<b>5,040,860</b>

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 4. CUSTOMS UNION RECEIPTS

The Customs Union Receipts represent monies received by Botswana by virtue of her membership of the South African Customs Union (SACU). SACU Member States collect customs and excise duties and deposit the revenue into a Common Revenue Pool in accordance with the provisions of Article 33 of the 2002 SACU Agreement.

The Member States annually calculate and distribute the share due to each Member State in accordance with a revenue sharing formula in accordance with provisions of Article 34 of the SACU Agreement. The SACU revenue is currently paid to Member States on a quarterly basis in advance.

	2015 P'000	2014 P'000
Customs Union Receipts	15,690,948	13,169,532

### 5. OTHER TAX REVENUE

Other tax revenue reported includes collection from the replacement of prior year cheques dishonoured by banks.

	2015 P'000	2014 P'000
Received from the replacement of previous years dishonoured cheques	84	99

[Revenue Accounts]

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 6. NON-TAX REVENUE

Non-tax revenue consists of licence fees and customs fines. Licence fees are paid by companies and individuals registered with BURS to transact various types of customs businesses such as the operation of Bonded Warehouses and Customs Clearing Agents. Customs fines are received in respect of detected non-compliance with the Revenue Laws, usually at border posts or other points of entry. The amount reported as non-tax revenue in the statement of financial performance is made up of the following:

	2015 P'000	2014 P'000
Licence fees	186	28
Customs fines	6,230	2,650
	<b>6,416</b>	<b>2,678</b>

### 7. AMOUNT RETAINED FOR BURS FUNDING

The Ministry of Finance and Development Planning has, through the Notice of Funds of the Revenue Service Order, 2012, issued in accordance with Section 26 (1) (d) of the Botswana Unified Revenue Service Act, 2003, authorised the Revenue Service to retain a maximum of 2 percent (2%) of the revenue collected per annum to use for recurrent budget and 1 percent (1%) of the total revenue collected to use for the development budget. The Revenue Service implemented such notice with effect from 1 April 2013.

The amount transferred to BURS Own accounts from Revenue accounts during the financial year ended 31 March 2015 is as follows:

	2015 P'000	2014 P'000
Amount retained for BURS Funding	<b>519,853</b>	<b>491,733</b>
<b>Consisting of:</b>		
Amount retained for use in recurrent expenditure	416,461	401,280
Amount retained for use in development expenditure	103,392	90,453
	<b>519,853</b>	<b>491,733</b>



## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 7. AMOUNT RETAINED FOR BURS FUNDING [Continued]

	2015 P'000	2014 P'000
<b>Utilised by BURS as:</b>		
Recurrent expenditure	413,235	398,527
Amount retained for use in recurrent expenditure	416,461	401,280
Less: Utilised for development expenditure	(3,226)	(2,753)
Development expenditure	106,618	93,206
Amount retained for use in development expenditure	103,392	90,453
Add: recurrent fund utilised for development expenditure	3,226	2,753
	<b>519,853</b>	<b>491,733</b>
The limits for the year ended 31 March 2015 were as follows:		
Recurrent expenditure:		
- Minimum	379,000	379,000
- Maximum	416,461	401,280
Development expenditure:		
- 1 percent (1%) of total revenue collected	357,824	320,155

[Revenue Accounts]

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 8. REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

BURS collects revenue on behalf of Government departments. These include the Department of Roads Transport and Safety, the Department of Consumer Affairs and the Registrar of Companies. The levies which are collected on behalf of the Department of Road and Transport Safety are permit fees and road safety tokens, whilst the copyright levy, flour levy and the alcohol levy are collected on behalf the Department of Trade and Consumer Affairs. The amount reported as revenue collected on behalf of other Government departments includes the following:

	2015 P'000	2014 P'000
Copyright levy	11,915	7,910
Tobacco levy	44,674	-
Road safety tokens	10,113	9,290
Transport permits	106,428	103,016
Flour levy	3,519	6,482
Alcohol levy	298,731	245,691
	<b>475,380</b>	<b>372,389</b>

### 9. ACCOUNTS RECEIVABLE

Accounts receivable represent debtors in respect of cheques dishonoured by banks, and payments due from BURS Own Accounts.

	2015 P'000	2014 P'000
Dishonoured cheques	90,904	70,722
Receivable from BURS Own Accounts (note 13)	1,743	1,429
Other receivables	56	-
	<b>92,703</b>	<b>72,151</b>

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents funds held by BURS pending transfer to the Government Remittance Account, SACU Common Revenue Pool, payment of VAT refunds and payment of other unremitted collections.

	2015 P'000	2014 P'000
Bank and cash balances	222,989	558,482

### 11. ACCOUNTS PAYABLE

A breakdown of accounts payable within one year is as follows:

	Other payables P'000	Unremitted Collections P'000	Refundable Deposits P'000	Total P'000
<b>31 March 2015</b>				
Temporary deposits	-	-	44,784	44,794
Customs and excise duties	-	135,235	-	135,235
Payable to BURS Own Accounts (note 13)	-	32,986	-	32,986
Payable to Government Remittance (note 13)	-	7,288	-	7,288
Gross payments	-	-	48,974	48,974
Training levy (Human Resource Development Council)	-	59,989	-	59,989
Assurance Levy (Motor Vehicle Accident Fund)	-	3,310	-	3,310
Unallocated Electronic Funds Transfer (EFT) transactions	-	103,910	-	103,910
Unpresented cheques	5,845	-	-	5,845
Income Tax Refund account	119,563	-	-	119,563
Cash gains and losses Control Account	2,772	-	-	2,772
EFT Control Account	-	337	-	337
	<b>128,180</b>	<b>343,055</b>	<b>93,768</b>	<b>565,003</b>

[Revenue Accounts]

# Notes to the Financial Statements [Continued]

## FOR THE YEAR ENDED 31 MARCH 2015

### 11. ACCOUNTS PAYABLE [Continued]

	Other payables P'000	Unremitted Collections P'000	Refundable Deposits P'000	Total P'000
<b>31 March 2014</b>				
Temporary deposits	-	-	47,853	47,853
Customs and excise duties	-	70,770	-	70,770
Payable to BURS Own Accounts (note 13)	-	21,964	-	21,964
Gross payments	-	-	35,143	35,143
Training levy (Human Resource Development Council))	-	62,066	-	62,066
Assurance Levy (Motor Vehicle Accident Fund)	-	2,025	-	2,025
Unallocated EFT transactions	-	163,059	-	163,059
Unpresented cheques	10,996	-	-	10,996
Income Tax Refund account	159,833	-	-	159,833
Various Suspense Accounts	-	19,200	-	19,200
	<b>170,829</b>	<b>339,084</b>	<b>82,996</b>	<b>592,909</b>

#### Other payables

Other payables are amounts established as due at year end. These include unpresented cheques in respect of VAT and Income Tax refunds, VAT and Income Tax refunds, overpayment from Bank of Botswana and a bank clearing account.

## Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

### 11. ACCOUNTS PAYABLE [Continued]

#### Unremitted collections

Unremitted collections include amounts collected and held by BURS at year end which are payable to third parties. These include unallocated EFT transactions, customs and excise duties, training levies, assurance levies, commissions withheld and other miscellaneous receipts.

#### Refundable deposits

Refundable deposits includes money received in the current and previous years by BURS that relates to transactions that may occur in future accounting periods, e.g. money deposited in the Gross Payments account to cater for future import of goods.

### 12. AMOUNT DUE TO/(FROM) GOVERNMENT REMITTANCE ACCOUNT

The amount due from the Government Remittance Account represents collections transferred in excess to the Government as at year end, whereas the amount due to the Government Remittance Account represents collections awaiting transfer to Government.

	2015 P'000	2014 P'000
Amount due from/(to) Government Remittance Account (note 13)	249,311	(37,724)

# Notes to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## 13. RELATED PARTY TRANSACTIONS

Related parties comprise Botswana Government and Botswana Unified Revenue Service (Own Accounts). Transactions with related parties are in the normal course of business and on normal commercial terms. Due to the nature of BURS's business, there are a large number of transactions, relating to tax collection income with Government departments.

The following balances with related parties were outstanding:

	2015 P'000	2014 P'000
Amount due to Government Remittance Account (note 12)	249,311	(37,724)
Payable to Government Remittance Account (note 11)	(7,288)	-
<b>Amount due from/(to) Government</b>	<b>242,022</b>	<b>(37,724)</b>
<b>Botswana Unified Revenue Service (Own Accounts)</b>		
<b>Accounts receivable (note 9)</b>		
Point of sale and other bank charges	1,743	1,429
<b>Accounts payable (note 11)</b>		
Commissions payable	(17,978)	(12,731)
Fluctuation of foreign exchange rates	(15,008)	(9,233)
	(32,986)	(21,964)
<b>Net amount due to BURS Own Accounts</b>	<b>(31,243)</b>	<b>(20,535)</b>
<b>Total due from/(to) related parties</b>	<b>210,779</b>	<b>(58,259)</b>

## 14. EVENTS AFTER THE REPORTING PERIOD

At the time of finalisation of the financial statements, no events came to the attention of management and the Board of Directors that require disclosure or adjustment in the financial statements.

## Unaudited Annexures to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

The following annexures do not form part of the audited financial statements. They are presented as additional information:

### ANNEXURE 1: SCHEDULE OF MOVEMENTS IN COLLECTIONS AND PAYMENTS TO SACU AND THIRD PARTIES

	SACU Pool Pula	Motor Vehicle Assurance Fund Pula	Human Resource Development Council Pula	Total Pula
<b>31 March 2015</b>				
Balance at 01 April 2014	70,765,130	2,025,663	62,066,361	134,857,154
Collections	394,969,812	10,556,145	286,295,186	691,821,143
Payments to third party	(330,501,335)	(8,215,765)	(273,836,073)	(612,553,173)
Payments – BURS Commission	-	(1,055,614)	(14,537,714)	(15,593,328)
Balance at 31 March 2015	135,233,607	3,310,429	59,987,760	198,531,796
<b>31 March 2014</b>				
Balance at 01 April 2013	101,667,328	2,243,771	52,642,824	156,553,923
Collections	380,705,994	9,091,606	263,736,492	653,534,092
Payments to third party	(411,608,192)	(8,400,555)	(241,126,130)	-
Payments – BURS Commission	-	(909,159)	(13,186,825)	(14,095,984)
Balance at 31 March 2014	70,765,130	2,025,663	62,066,361	134,857,154

Collections to third parties represent funds that had not been transferred at year end from collections due from service level agreements. BURS have entered into service level agreements with parastatals to collect revenue on their behalf. The agreements are as follows:

- Human Resource Development Council for the collection of the training levy; and
- Motor Vehicle Accident Fund for the collection of the assurance levy.

[Revenue Accounts]

# Unaudited Annexures to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

## ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE

31 MARCH 2015

	Balance at beginning of the year	Collection of previous years' arrears	Abandonment, discharges, remissions/ waivers & adjustments (see note below)	Balance of prior years' arrears outstanding	Arrears in respect of current year	Balance at end of the year
	Pula	Pula	Pula	Pula	Pula	Pula
VAT internal	366,247,219	(50,254,058)	(21,537,453)	294,455,708	164,369,117	458,824,825
VAT interest and penalties	368,403,475	(46,664,483)	(25,127,029)	296,611,963	268,319,722	564,931,685
Assessed tax	187,189,265	(87,109,559)	(63,247,497)	36,832,209	164,735,685	201,567,894
Assessed tax and interest	455,001,300	(36,630,740)	(59,705,605)	358,664,955	311,328,577	669,993,532
<b>TOTAL</b>	<b>1,376,841,259</b>	<b>(220,658,840)</b>	<b>(169,617,584)</b>	<b>986,564,835</b>	<b>908,753,101</b>	<b>1,895,317,936</b>

31 MARCH 2014

VAT internal	313,572,478	(65,443,477)	(16,388,587)	231,740,414	134,506,805	366,247,219
VAT interest and penalties	327,395,761	(4,047,811)	(25,898,755)	297,449,195	70,954,280	368,403,475
Assessed tax	311,418,027	(114,449,837)	(93,691,361)	103,276,829	83,912,436	187,189,265
Assessed tax and interest	357,014,433	(38,370,505)	(43,145,927)	275,498,001	179,503,299	455,001,300
<b>TOTAL</b>	<b>1,309,400,699</b>	<b>(222,311,630)</b>	<b>(179,124,630)</b>	<b>907,964,439</b>	<b>468,876,820</b>	<b>1,376,841,259</b>



# Unaudited Annexures to the Financial Statements [Continued]

FOR THE YEAR ENDED 31 MARCH 2015

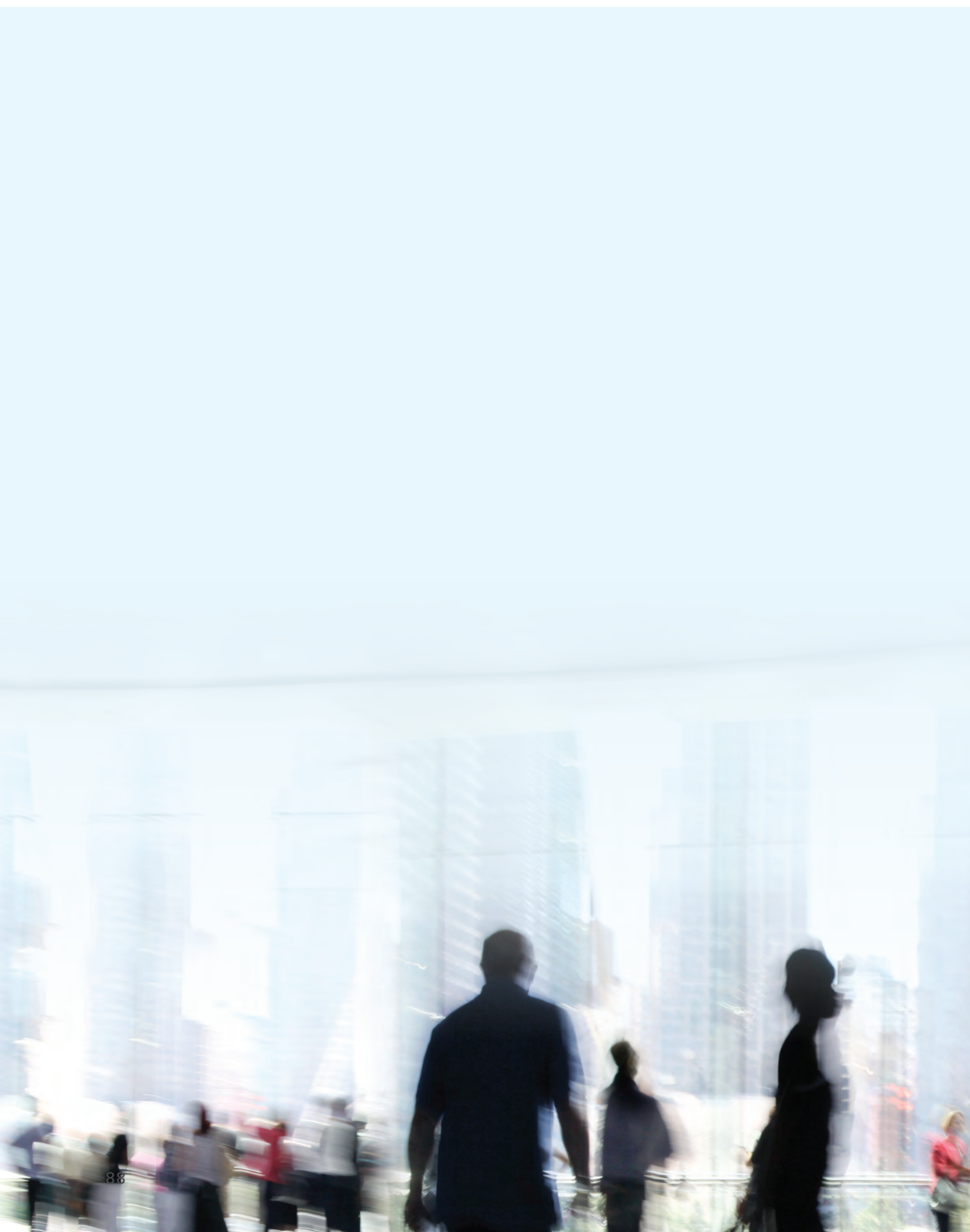
## ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE [Continued]

Arrears of revenue represent amounts receivable from the taxpayers relating to the current and previous financial years where these amounts are known at the time the accounts are prepared but have not been included in accounts receivables in the financial statements as BURS is currently reporting on modified cash basis.

A discharge refers to where previously assessed tax is revised as a result of an objection raised by the taxpayer to the assessment, or as a result of a duplicate assessment, etc.

A waiver or remission refers to where a tax liability, or interest due on an overdue tax liability, or penalties for failure to pay tax due, are reduced or cancelled on application by the taxpayer to the Minister in the case of Income Tax, or the Commissioner General in the case of VAT.

Abandonment refers to a write off of irrecoverable arrears in respect of companies which were registered with BURS and were expected to be paying on a monthly basis, but such companies have ceased operating and the Directors could not be traced because they have relocated to their respective countries of residence.





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