

burs

CELEBRATING PROGRESS,
GEARING FOR GROWTH

ANNUAL REPORT / 2016





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OUR VISION

Leading the way in
revenue mobilisation and
border management.

Our Mission

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



ON

CORE VALUES

Botho: We subscribe to the national aspiration 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.

Corporate Governance

The 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(VAT), 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.

BOARD OF DIRECTORS

The Board of Directors is the governing body of the Revenue Service and is responsible for giving direction in connection with the management, performance, operational policies and implementation of such policies of the Revenue Service.

The Board of Directors comprises a non-executive Chairman, a representative of Bank of Botswana, a representative of the Ministry of Investment Trade and Industry, three other members 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 7 of the BURS Act, 2003 (No. 17 of 2004).

The Board meets at least four times in a year, pursuant to its statutory mandate to ensure proper and effective control of the Revenue Service's operations and to carry out periodic evaluation of the Revenue Service's operational performance. The Board Members make declarations of interest at every sitting in respect of matters before them.

The performance of the Board is evaluated on an annual basis to assess whether it is properly carrying out its oversight function and effectively leading the Revenue Service towards the achievement of its Vision. The results of the Board evaluation that was undertaken during the year under review indicated that, overall, the Board attained a good score which puts it in a strong position to be able to drive the mandate of BURS effectively and to achieve even higher performance.

During the year under review, the Board met twelve times, as shown in the table of attendance below:



Attendance of Meetings by the Board of Directors
01/04/15 to 21/08/15

Name	Position	EO 07/05/15	EO 18/06/15	EO 30/06/15	06/07/15	07/07/15	EO 27/07/15	EO 21/08/15
Dr. T. Nyamadzabo	Chairperson	√√	√√	√	√√	√√	√√	√√
Mr. A. T. Yalala	Vice Chairperson	√√	√√	√√	√√	√√	√√	√√
Mr. W. B. Wankie	Member	√√	√√	√√	√√	√√	√√	√√
Mr. S. A. Matala	Member	√√	√	√	√	√	√√	√√
Mr. G. Lebele	Member	√√	√√	√√	√√	√√	√√	√√
Mrs. O. Ward	Member	√√	√	√√	√√	√√	√√	√
Mr. K. R. Morris	Commissioner General	√√	√√	√√	√√	√√	√√	√√

28/08/15 to 31/03/16

Name	Position	27/08/15	EO 23/10/15	27/11/15	25/02/16	Sitting Allowance for F/Y 2015/16
Dr. T. Nyamadzabo	Chairperson	√√	√√	√√	√√	P10 550.00*
Mr. A. T. Yalala	Vice Chairperson	√√	√√	√√	√√	P10 080.00
Mr. W. B. Wankie	Member	√√	√√	√√	√√	P10 080.00
Mr. S. A. Matala	Member	√√	√	√√	X	P 5 040.00
Mr. G. Lebele	Member	√√	√√	√√	√√	P10 080.00
Mrs. O. Ward	Member	√√	√√	√√	√	P 6 720.00*
Mr. K. R. Morris	Commissioner General	√√	√√	√√	√√	

Board Secretary: Ms. L. Khimbele (1st April 2015 to 31st December 2015)

Ms. S. Radibe-Michael (1st January 2016 to 31st March 2016)

* Paid to Government

√√ Attended

√ Apology

X Pre-/post-term

EO Extra Ordinary Board/Committee meeting

During the year under review, Mr. S. A. Matala's position became vacant due to his resignation from his ex-officio position.

Board of Directors

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. G. Lebele
Board Member

Ms. G. G. P. Mosweu
Board Member

Dr. T. Nyamadzabo
Board Chairman



Mr. Ken R. Morris
Commissioner General



Mr. W. B. Wankie
Board Member



Ms. O. B. Ward
Board Member



Ms. K. Mothusi
Board Member

Corporate Governance *[continued]*

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
Board Audit and Finance Committee	Mr. S. A. Matala (Chairperson - resigned 31 December 2015), Mr. G. Lebele (Chairperson - appointed 1 February 2016), Mr. M. Lesokola* (Term lapsed 30 September 2015), Ms. Modikana*, Mr. B. Motsu* (Appointed October, 2015.), Ms. K. Mothusi (Appointed 1 July 2016), Mr. K. R. Morris	The Committee is charged with responsibilities relating to financial performance of investments and budgets, reviewing of financial statements with external auditors prior to approval by the Board and carrying out of the annual statutory audits. The Committee also functionally supervises the Chief Internal Auditor.
Board Tender Committee	Mr W. B. Wankie (Chairperson), Mr A. T. Yalala, Ms. O. Ward, Ms. G. G. P. Mosweu (Appointed 1 July 2016), Ms. E. Mosesane*, Ms. M. Conlon*	The Committee is responsible for adjudication of tenders in respect of the procurement of goods and services valued in excess of P5,000,000, as well as dealing with matters incidental to procurement.
Board Human Resources Committee	Mr. A. T. Yalala (Chairperson), Mr W. B. Wankie, Ms. O. Ward, Mr S. Meti* (Term lapsed 31 July 2016), Mr. K. R. Morris	The Committee deals with broad human resources policies and principles including remuneration and benefits for BURS staff; recommends the appointment of senior members of staff and advises the Board on all staff welfare and human resources related matters in line with Human Resources best practices.

*: Co-opted members.

Meetings Attendance by Board Committee Members:

Board Tender Committee Meetings:

Name	EO 07/05 /15	EO 07/05 /15	EO 07/05 /15	EO 07/05 /15	EO 18/06 /15	EO 30/06 /15	06/07 /15	07/07 /15	EO 27/07 /15	EO 27/07 /15	Sitting Allowance (P)
Mr. W. B. Wankie	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	8 400.00
Mr. A. T. Yalala	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	8 400.00
Ms. O. B. Ward	✓	✓	✓	✓✓✓	✓	✓✓✓	✓	✓✓✓	✓	✓✓✓	3 360.00*
Ms. M. Conlon	X	X	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	5 040.00
Ms. E. Mosesane	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓	✓✓✓	✓	✓✓✓	6 720.00
Mr. K. R. Morris	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓		

Board Tender Committee Secretary:

Ms. Tlouetsile (1st April 2015 to 31st December 2015)

Mr. K. M. Labane (1st January 2016 to 31st March 2016)

Mr. K. Phoga (1st January 2016 to 31st March 2016)

Board Human Resources Committee Meetings:

Name	EO 22/04 /15	EO 12/05 /15	EO 26/05 /15	EO 08/06 /15	EO 06/15	EO 26/06 /15	EO 04/08 /15	22/10 /15	27/10 /16	Sitting Allowance (P)
Mr. A. T. Yalala	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	6 720.00
Mr. W. B. Wankie	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	6 720.00
Mr. S. A. Matale	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓	✓✓✓	5 040.00
Ms. O. B. Ward	✓	✓	✓	✓	✓	✓✓✓	✓✓✓	✓	✓	1 680.00*
Mr. S. T. Meti	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	6 720.00
Mr. K. R. Morris	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	

Board Human Resources Committee Secretary: Ms. V. Maphanyane

Corporate Governance *[continued]*

Board Audit and Finance Committee Meetings:

Name	28/04/15	28/05/15	25/08/15	19/11/15	24/11/15	15/02/16	Sitting Allowance (P)
Mr. S. A. Matala	√√	√√	√	√	√√	X	2 520.00
Mr. G. Lebele	√√	√√	√√	√√	√√	√√	5 040.00
Mr. M. Lesokola	√√	√√	√√	X	X	X	2 520.00
Ms. R. Modikana	√	√	√√	√√	√√	√√	3 360.00
Mr. B. M. Motsu	X	X	X	√√	√	√√	1 680.00
Mr. K. R. Morris	√√	√√	√√	√√	√√	√√	

Board Audit and Finance Committee Secretary: Ms. M. Gaseitsiwe

- √√ Attended
- √ Apology
- X Pre-/post-term
- EO Extra Ordinary Board/Committee meeting

BURS OPERATIONAL STRUCTURE

BURS is made up of seven Divisions: Customs & Excise Division, Finance & Administration Division, Human Resources Division, Information Technology Division, Internal Audit Division, Internal Revenue Division, Legal Services Division and the Office of the Commissioner General.

Office of the Commissioner General

The Office of the Commissioner General provides strategic and operational leadership needed to ensure that the organisation meets its revenue targets, as well as enhance 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 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 Botswana society against cross-border smuggling and combating unfair and harmful trade practices.

Internal Revenue


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

Internal Audit

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

The Legal Services Division plays a dual role in the administration of the BURS Act and the Revenue Laws. The Secretary to 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.

A golden scale of justice is the central focus of the page. It is a classic beam balance with two pans, one on the left and one on the right. The scale is set on a wooden surface. The background is dark and out of focus, suggesting a courtroom or a formal setting. The lighting is dramatic, highlighting the metallic sheen of the scale.

Finance and Administration

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.

Human Resources

The Human Resources Division ensures that the organisation has the appropriate human resources and relevant policies to support leadership to fulfill the mandate of BURS.

Information Technology

The Information Technology Division provides information technology services to BURS service delivery functions. 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 system initiatives.

Executive Committee



Mrs. Agnes S. Motlhanka
Chief Internal Auditor

Mr. Ken R. Morris
Commissioner General

**Mr. Raheem
Hosseini**
*General Manager
- Transformation*

**Mr. Phodiso
P. Valashia**
*Commissioner
- Customs & Excise*



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



**Ms. Segametsi
Radibe-Michael**
Acting Board Secretary



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



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



**Mr. Segolo
Lekau**
*Commissioner
Internal Revenue*



**Mrs. Mukami
Pelaelo**
*Director Human
Resources*

Board Chairperson's Review

Introduction

I am pleased to present to the Honourable Minister of Finance and Economic Development the Botswana Unified Revenue Service (BURS) Annual Report for the financial year ended 31st March, 2016.

The report focuses on the operational performance of the Revenue Service and thus covers the following broad areas, namely tax revenue collections, general operations, challenges encountered and strategies employed to improve the performance of the Revenue Service.

Economic Conditions

For the period under review, the economy continued to face challenges, emanating from lower external demand for Botswana's mineral exports mainly due to the continued weak recovery of the global economy and lower commodity prices. As a result, the country continued to experience slower growth in Gross Domestic Product (GDP). Nominal GDP recorded an increase of 0.3% from P148.0 billion in 2014/15 to P148.4 billion in 2015/16 driven mainly by General Government (12.6%), Finance and Business Service (11.6%), Transport and Communication (11.5%) and Construction (10.4%). As a consequence, the proportion of tax revenue to GDP slightly decreased from 23.6% to 23.5%.

On the other hand, real GDP declined by 2.0% from P88.2 billion in 2014/15 to P86.4 billion in 2015/16 mainly due to

a drop in the performance of the Mining sector by 21.3% and Trade, Hotels and Restaurants sector by (3.3%).

Performance Highlights for the Year

Revenue Performance

The 2015/16 financial year marked the second year of the implementation of the third BURS Strategic Plan which covers the five year period from 2014 to 2019. During the said year, BURS collected P35.335 billion against the revised target of P34.694 billion. The revenue collected surpassed the revised target marginally by P641 million or 1.85%. By comparison the revenue collected declined by 5.75% against the revenue collected during the 2014/15 financial year which amounted to P37.489 billion.

Shareholder Compact

The most notable development during the year was the signing of a Shareholder Compact between the Ministry of Finance and Development Planning and the Revenue Service which will enable the former to improve oversight on the Revenue Service and ensure meaningful monitoring of the delivery of agreed objectives.





Board Chairperson's Review *[continued]*

BURS Projects

The Revenue Service also continued to work on its major projects as stipulated in the Board approved 2015/16 Annual Business Plan. The key projects included, among others; the continuation of the construction of the BURS Head Office building which begun in July 2014 and was expected to be concluded in December, 2016; the refurbishment of BURS properties and building of new staff housing at various border posts; the transformation of all domestic tax administration services from a manual environment to an electronic platform covering all tax types; the commencement of the project to acquire a modern web based Customs IT system to replace the archaic Automated System for Customs Data (ASYCUDA); and the continuation of the project to review the BURS organisational and pay structures. At the end of the period under review, some of these major initiatives had been completed whilst others were at different stages of implementation and were expected to spill over into the ensuing financial year.

Challenges

The year under review was, despite the unfolding adverse economic climate, favourable, in the context of tax revenue mobilisation. However, in spite of the good performance, the Revenue Service encountered a number of operational challenges, the most significant being inadequate internal capacity to manage various development projects and programmes and to ensure the timely carrying out of maintenance of BURS facilities that are spread across the country.

In terms of operations relating to actual tax collection, BURS still faces manpower constraints which make it unable to carry out adequate enforcement activities to further maximize revenue.

The Revenue Service also experienced, for the very first time in its eleven years of existence, an industrial action by some of the unionised employees who are affiliated to one of the BURS recognised trade unions. The employees had embarked on the industrial action following a deadlock in the salary negotiations between BURS Management and the union. The industrial action which commenced on July, 2015 and ended in October 2015 however, did not have a major impact on service delivery as the parties were able to resolve their dispute amicably.

Future Outlook

In financial year 2015/16, BURS made a lot of progress in the execution of projects which are aimed at improving enterprise effectiveness and maximizing responsiveness to customers. This is expected to result in a noticeable improvement in the delivery of service and in the overall achievement of the BURS Strategic Goals.

Among others, key initiatives that BURS will be focusing on during the 2016/17 financial year will be to undertake a mid-term review of the 2014/19 BURS Strategic plan to reflect its achievements and challenges to ensure that it is still relevant and in consonance with the mandate of the organisation. The Revenue Service

will also prioritise the utilisation of e-services as a major strategic objective of enhancing service delivery. This should have a positive result in freeing staff resources to devote more time to other equally important activities such as taxpayer education and improving compliance. In addition, BURS expects to implement the results of the organisational and pay structure consultancy, which will improve the organisation's competitiveness to attract and retain skilled tax administration professionals.

Finally, during the 2016/17 financial year, BURS expects to move its Headquarters based staff to occupy the new BURS Integrated Head Office building in the Gaborone Central Business district. This should result in better coordination and supervision of staff and provision of a conducive environment for improved services to taxpayers.

Acknowledgements

On behalf of the BURS Board, I would like to express my sincere appreciation to Management and the entire staff of BURS, who without their continued hard work, the Revenue Service would not have accomplished its performance objectives during the 2015/16 financial year.

In the same vein, I wish to thank the BURS customers, stakeholders and the general public for continuing to support BURS by complying with their tax obligations. Further, I wish to commend and thank the

BURS cooperation partners, such as the African Tax Administration Forum (ATAF), the Commonwealth Association of Tax Administrators (CATA), the International Monetary Fund (IMF) Afritac South Office, the Organisation of Economic Cooperation and Development (OECD), the World Customs Organisation (WCO) and other Revenue administrations for having rendered the much need technical assistance and guidance to the Revenue Service during the year. To them we owe a debt of gratitude.

Finally, I would like to extend my sincere gratitude to the Government of Botswana, particularly the Minister of Finance and Economic Development, for providing policy guidance and support to BURS.



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, 2016.

**35.335
Billion**
COLLECTED

23.5%
TAX REVENUE AS A
PERCENTAGE OF GDP

This report focusses on the implementation of the prioritised objectives for the year under the review. For ease of reference the report is structured in accordance with the Balanced Scorecard principles pertaining to People, Processes, Customer Focus, and the Financial perspectives. This reporting format allows a comprehensive view of functions within each perspective that drives performance and ultimately affect the financial results of the Revenue Service.

PEOPLE PERSPECTIVE – LEARNING AND GROWTH

Organizational and Pay Structure Review

The consultancy project to review the BURS Organisational and Pay structures which started in 2014/15 continued into the financial year 2015/16 during which period the revised Organisational Structure was approved by the BURS Board. The revised Pay Structure was expected to be approved during financial year 2016/17 to pave way for implementation during the same year.



Staff Capacity Building

BURS continues to ensure that its employees are fully trained by exposing them to a variety of capacity building programmes both locally and internationally so that they can effectively carry out their mandate. In this regard, during the 2015/16 financial year, 641 BURS employees, out of the targeted 700, attended various in-service and academic training courses at various institutions locally and abroad. This represents 92% of employees that had to be trained during the year under review.

Customer Service Training

During the reporting period 84 frontline officers have undergone Customer Service Training, with a view to improving customer centric approach towards all BURS customers in line with the implementation of the Government's 10 Point Agenda on enhancing Customer Service. The training of frontline officers will continue on annual basis.

PROCESS PERSPECTIVE – ENTERPRISE EFFECTIVENESS

Strategic Plan Review

During financial year 2015/16, BURS continued with the implementation of its third Strategic Plan which spans a period of five years from 2014 to 2019.

The status of implementation of the Strategic Plan with specific reference to the Annual Business Plan for the period ending 31st March 2016 was as follows:

Objective 1 - Improve Enterprise Effectiveness:

There are 11 Strategic Initiatives that drive this Objective and which have to be completed by the end of the Strategic Plan period in March 2019. By March 2016, 2 Initiatives were already completed, namely, the Initiative to develop and implement an E-services platform and the Initiative to review the Performance Management System. The other two Initiatives were nearing completion at more than 90% complete namely; Revision of the Organization and Pay Structures and Development and implementation of a Customs Management System.

The other 4 Initiatives were below 50% completion while the remaining 3 are continuous in nature and these include Human Capital Development, Training and Leadership Management development and Improving Infrastructure.

In terms of performance at the end of the second year of the Plan period, Enterprise Effectiveness Index was lower than the target of 3.48 at 3.26; Employee Engagement Index was also lower than the target of 3.40 at 2.88. The downward trend for the year could be attributed to the industrial action as well as anxiety about the delay in finalising the new BURS Pay Structure.

Commissioner General's Review *[continued]*

Objective 2 – Maximize Responsiveness

to Taxpayers: This Objective has 6 Strategic Initiatives that have to be completed by the end of the Strategic Plan period and by March 2016, 1 Initiative was at over 90 complete namely, the Initiative to Procure Sniffer Dogs. The other 5 Initiatives were below 50% completion and these included: Procurement of Cargo Scanners; Development and implementation of a Track and Tracing System; Development and implementation of a Single Window System and Development and implementation of a Customer Service Improvement Programme and Development of a Customer Needs Analysis Survey. The remaining Initiative which is, Promotion of Inter-Agency Cooperation is continuous in nature.

Objective 3 - Maximize Revenue Collection and Improve Cost Effectiveness:

In terms of performance during the first 2 years of the Plan period actual revenue collected in 2014/15 was P37.5 which was 8.7% above the Strategic Plan target of P34.5 billion. In 2015/16, revenue collection was P35.3 billion which was 70% below the Strategic Plan target of P37.9 billion but, for the same year, revenue collection was above the revised target of P34.7 billion by P641 million or 1.85%. The combined Strategic Plan revenue target for the two years was slightly exceeded by 0.5% since P72.8 billion was collected over the two years against a target of P72.4 billion. The main reason for the low revenue performance in the second year of the Plan period was the subdued economy coupled with poor performance of the

mining sector. Cost to Collection ratio as at 31st March 2016 was lower at P1/P66.37 against a target of P1/P88.

Among the Initiatives that drive this Objective, the organization managed to complete the following 2 Initiatives by the end of March 2016: Development of the Compliance Strategy and Determination of the Tax Gap. The organization also worked on Initiatives which are continuous in nature which include; Widening of the Tax Net and Development and implementation of a Debt Recovery Strategy.

Implementation of the Plan will pass through the half way period by September 2016. As a result, it is intended that a mid-term review of the Plan be conducted to assess the level of execution against the targets and to get an indication of what needs to be done to reach the end of Plan targets.

The Transformation Agenda

Execution of the BURS Transformation Agenda commenced during the year under review with the implementation of the BURS Project Management Standard across all BURS Divisions. Preparatory work was also started on the work to roll out the BURS Values and to undertake other initiatives aimed at improving the organisational culture.

Acquisition of the Tax and Customs Management Systems

The preparatory work to procure a new Customs Management System, to replace the current ASYCUDA system, progressed during the period

under review and was on track.. BURS entered into a contract with Crimson Logic, a company which was appointed to install a new Customs Management System (CMS). The CMS is expected to be piloted in January, 2017 while the entire project, which includes interfacing with other stakeholders is expected by July 2017.

In preparation for the acquisition of a new Integrated Tax Management System (ITMS) to replace the archaic and discrete Income tax and Value Added Tax (VAT) systems BURS embarked on a Business Process Re-engineering (BPR) exercise through the support of the IMF Afritac South, which provided a Technical expert to work with BURS. The results of the BPR will enable BURS to develop a Statement of User Requirements (SOUR) for the new system. It is planned to award the contract to implement the new ITMS towards the end of the 2016/17 financial year to be followed by installation and commissioning during the 2017/18 financial year.

Introduction of E-Services

The second and final phase of the e-services project, which entailed the introduction of online filing of various corporate and individual tax returns was successfully completed during the year resulting in increases in the number of customers able to file their tax returns online. The uptake strategy for e-services together with the widespread public education in its use began during the reporting period and will be a priority of the 2016/17 financial year.



Introduction of a Canine Facility (Sniffer dogs)

BURS made a decision during financial year 2014/15 to establish a Canine Unit to assist in the detection of contraband at border posts and airports. Subsequently an international tender was floated seeking the services of a consultant who could assist BURS to acquire the sniffer dogs. However, this did not yield any positive results. Ultimately BURS approached the South African Revenue Service (SARS) which graciously assisted. Following a needs assessment undertaken by SARS, the Terms of Reference for the establishment of the canine unit were finalised and a suitable site for the canine facility was identified and approved during the 2015/16 financial year. The procurement of the sniffer dogs will be undertaken during the 2016/17 financial year.

Implementation of the Records Management Strategy Project

As part of the implementation of the BURS Records Management Strategy, which was approved during the 2014/15 financial year BURS decided to acquire an Electronic Document and Records Management System (EDRMS). The EDRMS is meant to improve efficiency in the timely retrieval of records and information for decision making. A tender for the acquisition of the EDRMS was floated during the 2015/16 financial year but was not successful because none of the bidders met the tender requirements. The project will therefore be re-tendered for during the 2016/17 financial year.

Review of BURS Act and Revenue Laws

During the year under review, BURS embarked on the revision of the BURS Act as it was realised that some of its provisions were no longer relevant. The Report on the revision and review of the BURS Act was considered by the BURS Board in March 2016. Further, BURS participated in the review of the proposals to amend the Income Tax and Value Added Tax Acts. the

The draft proposals were submitted to the Ministry of Finance & Economic Development for processing at the beginning of 2016/17 financial year.

Work also continued during 2015/16 on the review of the Customs and Excise Duty Act with the assistance of an expert funded by the USAID Trade Hub. A Layman's draft text and drafting instructions was submitted to the Ministry of Finance Economic Development and the Attorney's Chamber where the latter commenced the drafting process. The USAID Trade Hub has also offered to provide technical assistance to develop the framework for the Regulations to the Customs Legislation.

Technical Assistance Programmes

To assist it to keep pace with international best practices, BURS continued to benefit from technical assistance from international development partners and other tax administrations. During the period under review two BURS officers received training on exchange of information (EOI) and on the use of

Commissioner General's Review *[continued]*

EOI Manual which was facilitated by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum).

In addition, the partnership is continuing between BURS and the US Trade Hub which is assisting in the execution of the following Customs projects; the review of the Customs and Excise Duty Act to align it with other Southern African Customs Union (SACU) partners Customs legislation, the introduction of the National Single Window (NSW) and the Coordinated Border Management (CBM) programmes. In the same vein, the BURS' long standing technical cooperation programme with Japan International Cooperation Agency (JICA) continued with respect to the preparations for the implementation of a One Stop Border Post (OSBP) facility between Botswana and Namibia.

Development Projects

Construction of the BURS Head Office Building

The construction of the new BURS Head Office Building which commenced in July 2014 continues during the year under review and as at 31st March, 2016 progress was on schedule and stood at 67%. The project is expected to be completed in December, 2016 for occupation early in 2017.

Construction of Residential Flats at Ramatlabama and Tlokweng Borders

The construction of 36 staff houses at Ramatlabama Border Post which commenced at the beginning of the 2015/16 financial year progressed during the year and was at 65%

towards completion by the end of the financial year. The project experienced delays due to circumstances outside the control of the contractor or the client and will thus be completed in 2017 as opposed to the original completion date of May, 2016. A similar number of staff houses were being constructed at Tlokweng Border Post and was at 77% towards completion and on schedule. The new staff houses are expected to address the serious shortage of accommodation at these two strategic border posts.

Other Infrastructural Projects

During the year under review, the infrastructure projects which were completed included general maintenance work at Mohembo and Parris' Halt Border Posts and Electric Fencing of Kazungula Road, Pont Drift and Ngoma Border Posts.

Also during the year, work was started on general maintenance and refurbishment of offices and staff houses at Tlokweng Border and general maintenance of Ramatlabama Border Post. These projects were expected to be completed during the 2016/17 financial year.

Generators were supplied and installed at Letlhakane, Ghanzi, Maun and Francistown Offices in June 2015 and at Ngoma, Pont Drift, Selebi Phikwe, Mahalapye, Lobatse, LTU Office, Tlokweng, Pioneer and Ramotswa in December 2015 as well as at Makopong, Bokspits, Middlepits and Bray in March 2016.





CUSTOMER PERSPECTIVE – FOCUS AND NEEDS

The reporting period saw the implementation of the strategic plan that placed Customer Satisfaction rating of 95% as a key strategic Goal of the organization and the formalisation of the Transformation agenda titled “Re aga lelwapa le...”, with focus on customer needs being one of the key elements of the Standard for Operational Excellence. As the various projects in the transformation agenda progress we expect significant improvements in customer satisfaction measures. Increasing emphasis is being placed on the quality of the customer experience at the frontline.

Taxpayer Education and Compliance

BURS initiated various means to promote tax compliance during the year under review.. These include taxpayer education workshops and public awareness campaigns. During the 2015/16 financial year BURS conducted a total of 243 taxpayer education workshops against a target of 160 which indicates a performance level of 152%. Out of the total of 243 workshops, 153 were initiated by BURS whilst 90 were conducted in response to requests made by various stakeholders on areas of need. The workshops initiated by BURS were mainly on the 2015 Income Tax amendments which affected taxation of farming income among other things and training of taxpayers on the 2015 Income tax individual return form which has been re-designed to cater for e-services.

Stakeholder Engagement

Private Sector Stakeholders

In order to better execute its mandate, BURS has established formal relationships with its key stakeholders which include the Botswana Institute of Chartered Accountants (BICA) and the two Associations representing the Customs Clearing and Forwarding Agents. In terms of these relationships, BURS holds regular meeting with the institutions to discuss operational matters with the aim of improving customer service.

Public Sector Stakeholders

Under the auspices of the Joint Permanent Commissions on Cooperation between Botswana and its neighbouring countries, there are other forums for cooperation with key stakeholders in the public sector such as the Department of Immigration and Citizenship, Botswana Police Service, Botswana Defence Force, etc. BURS therefore continued to use the opportunity to attend regular meetings under these fora particularly the Joint Commission on Defence and Security to foster cooperation in revenue service matters.

Signing of Memoranda of Understanding

BURS has established partnerships with other Revenue Authorities as well as other Government agencies within Botswana to strengthen cooperation with them and facilitate the sharing of information and knowledge for mutual benefit. In pursuance of this, BURS signed a Memorandum of Understanding (MOU) with the Lesotho Revenue Authority (LRA) in

November, 2015. BURS also signed MOUs with Statistics Botswana in June, 2015 and with the Companies and Intellectual Property Authority (CIPA) in September, 2015.

Commonwealth Association of Tax Administrators (CATA)

During the year under review, BURS participated in the 36th Annual CATA Technical Conference in Malaysia on the 16th to 20th November 2015. The Conference was attended by 134 delegates from 27 member states and delegates discussed and shared ideas and experiences on issues relating to the theme of the conference which was “Reinforcing Governance, Protecting the Tax Base”. The two topics of discussions were; “Governance and Integrity in Tax Administration” and “Abuse of Treaties in Base Erosion and Profit Shifting” (BEPS). These topics were chosen on the basis of their increasing relevance in tax administration.

African Tax Administration Forum (ATAF)

BURS participated in the Inaugural Annual Congress of the African Tax Research Network (ATRN) under the auspices of the African Tax Administration Forum (ATAF). The Congress was held on the 2nd to 4th September 2015 in Cape Town, South Africa and was attended by over 120 delegates from 25 different countries. ATRN is a platform for African Research on tax matters and it strives to facilitate African capacity for credible research and collaboration in tax policy, administration, law and leadership.

Commissioner General's Review *[continued]*

The Congress was held under the theme, "Contemporary Tax Challenges for African Countries" and its objective was to identify the tax research base in Africa and to bring together academics, researchers, tax administrators, students, tax practitioners, business representatives and consultants on fiscal and tax policy to discuss different aspects relating to national regional and international tax matters with relevance to Africa.

Southern African Development Community (SADC)

BURS continued to participate in the SADC Tax Sub-Committee and during 2015/16 financial year also participated in the SADC Heads of Tax meeting and the Indirect Tax Working Group Meeting as well as the SADC High Level Tax Seminar which were all held in Botswana.



FINANCIAL PERSPECTIVE

Tax and Customs Revenue Collections

BURS collected P35.335 billion during the 2015/16 financial year as shown in Figure 1 below. The collection exceeded the tax revenue target of P34,694 set by government by P641 million or 1.85% for the year under review. The tax revenue collected in 2015/16 reflects a decline of 5.75% when compared to the P37.489 billion that was collected in 2014/15. This decline is due to weak performance across the mining sector which resulted in a decline of income tax collections from P15.884 billion in 2014/15 to P13.832 billion in 2015/16. Despite surpassing the target by 4.66%, the VAT collection declined by 3.76% while SACU receipts increased by 0.8% compared to the previous year.

Cost of Collection

For the financial year 2015/16, BURS spent P534.079 million to collect P35.335 billion which translates into a cost to collection ratio of P1.00/P66.16. This means for every P1.00 that BURS spent; the benefit to the Government in return was P66.16. Compared to the previous year's cost to collection ratio which was P1/P79.85, this indicates a significant ratio decrease amounting to P13.69 collected per Pula spent. The decrease was due to the unsatisfactory economic performance which yielded less revenue and to the increase in the cost of goods & services.

Figure 1: Yearly Total Tax Revenue Collections

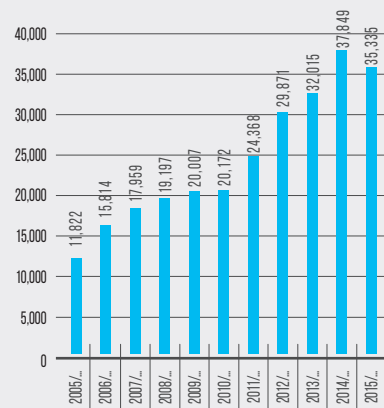
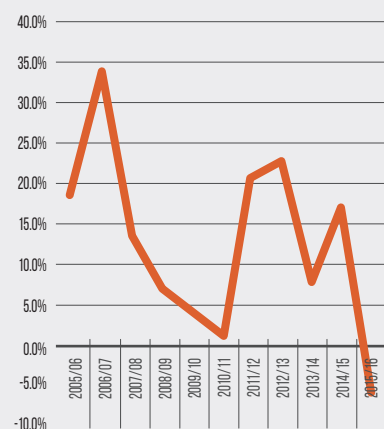


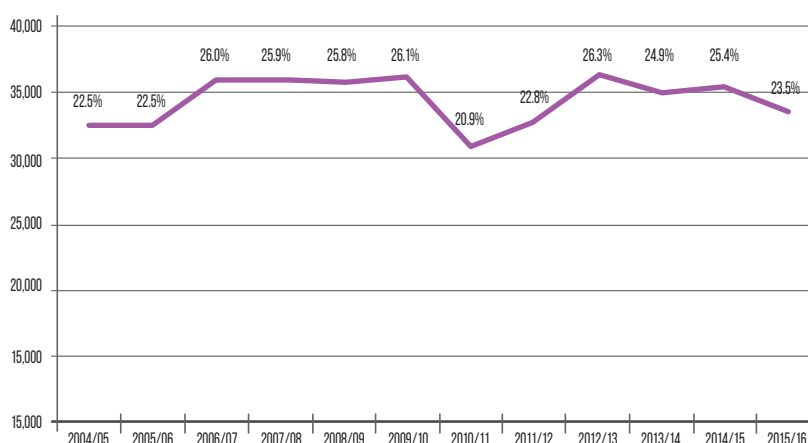
Figure 2: Yearly Tax Revenue Growth Rates



Tax Revenue as a Percentage of GDP

As a percentage of GDP, tax revenue collections showed an upward and consistent growth from 2010/11 from 20.9% to 25.4% in 2014/15. Over the period since inception tax revenues as a percentage of GDP have been hovering around an average of 25%, generally indicating that the collections are roughly following the growth of the Gross Domestic Product (GDP). However, for the 2015/16 financial year tax revenue as percentage of GDP went down to 23.5% from 25.4% in the previous year.

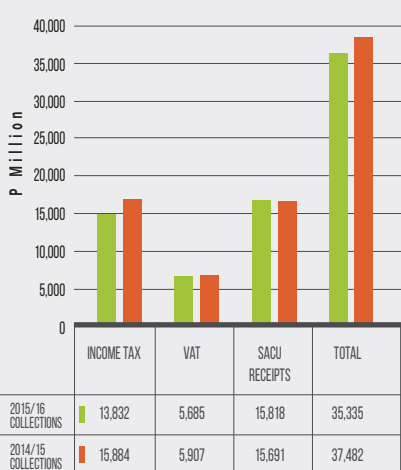
Figure 3: Tax Revenue as a Percentage of Nominal GDP



Comparison of Tax Revenue Collection with the Previous Year

Tax revenue declined from P37.489 billion to P35.335 billion for the period under review. The decline in revenue collection is attributable to income tax which fell from P15.884 billion in 2014/15 to P13.832 in 2015/16. VAT also contributed to the decrease of the collection by falling from P5.907 billion to P5.685 billion as depicted in Figure 4.

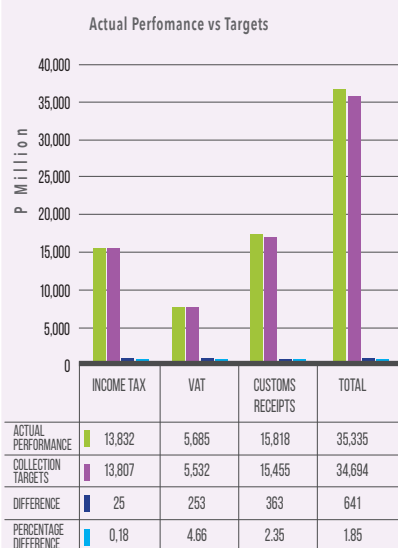
Figure 4: Comparison of 2014/15 and 2015/16 Tax Revenues



Tax Revenue Collection and targets

A comparison between actual collections and targets which is depicted in Figure 5, shows that the overall revenue target was exceeded by 1.85% during the year under review.

Figure 5 Tax Revenue Collections by Tax Type and Targets



Income Tax Revenue Collection

Income tax revenue collection for the year is derived from different sources as shown in the table below. The major source of the tax collection is from the Assessed tax whose contribution to the total collection was 50.12% followed by deducted tax which contributed 35.97%. Assessed tax registered a significant decrease of 27% due to the poor performance of the Mining sector which resulted in lower tax revenue assessed than in 2014/15.

Commissioner General's Review *[continued]*

Table 1: Income Tax Collections by Source

Type of Tax	14/15 Collections (P'000)	15/16 Collections (P'000)
Withholding Tax	1,971,477	1,817,908
Deducted Tax (Pay As You Earn)	4,281,893	4,975,568
Assessed Tax	9,520,644	6,933,352
Penalty Interest	109,047	92,782,
Capital Transfer Tax	609	12,605
Total Income Tax	15,883,670	13,832,215

Value Added Tax Revenue collection

The gross VAT collection for the reporting period was P8.495 billion while the total VAT refunds paid to taxpayers amounted to P2.810 billion resulting in the net collection of P5.685 billion. The major contributor to the total VAT is Import VAT since Botswana is a net importer. For the period under review import VAT and Internal VAT increased by 1.03% and 0.71% respectively while all other sources went down with penalties going down by a significant margin implying an improvement in compliance. The refunds went up by 9.67% compared to a 12.6% decrease in the previous year.

Table 2: Value Added Tax Collections by Source

	2014/15 Actual Collections (P'000)	2015/16 Actual Collections (000)
VAT Import	4,227,513	4,270,996
VAT Internal	4,043,426	4,072,032
VAT Interests & Penalties	46,557	33,346
Fuel Levy	152,383	118,804
Gross Collection	8,469,879	8,495,178
Less Refunds	(2,562,477)	(2,810,271)
Net VAT Collection	5,907,402	5,684,907

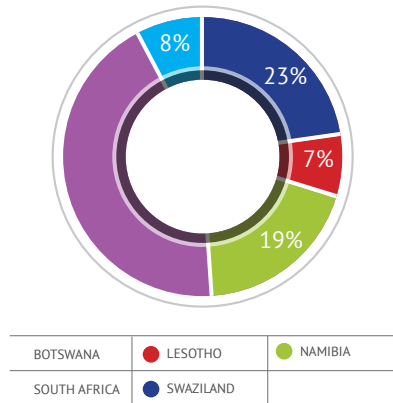
SACU Revenue Shares

The total SACU Revenue Pool for Year under review was R88.898 billion. This was a slight decrease from the 2014/15 Pool which amounted to R89.201 billion. Despite this decrease, Botswana's share from the Pool stood at R20.039 billion in 2015/16 compared to R19.276 in 2014/15, as shown in Table 3, which represents an increase of R763 million or 4%. SACU receipts continue to be an important source of revenue for the Government of Botswana.

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

	2014/15 Shares (R)	2015/16 Shares (R)	Percentage of the Total Pool
Botswana	19,276,804,982	20,039,061,721	22.5%
Lesotho	7,124,461,085	6,308,228,659	7.1%
Namibia	18,344,476,998	17,126,817,061	19.3%
South Africa	36,852,790,787	38,609,156,298	43.4%
Swaziland	7,602,093,752	6,815,133,720	7.7%
Total	89,200,627,604	88,898,397,458	100%

Figure 6 SACU Revenue Pool Shares



Customs and Excise Duty Collections

As a member of SACU, Botswana like other SACU Members is expected to pay all the collections of customs, excise and additional duties into a Common Revenue Pool (CRP). During the year under review, Botswana collected and paid a total amount of P451.1 million into the CRP compared to P330.5 million which was collected in the previous financial year. This represents an increase of P121.6 million. This substantial increase was mainly due to significant increases in Excise duty and Additional duty.

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

TYPE OF DUTY	2014/15 (P)	2015/16 (P)	VARIANCE (P)
Customs Duty	183,906,078	233,373,839	49,467,761
Ad valorem Duty	74,916,052	16,293,384	(58,622,668)
Excise Duty	68,380,785	177,206,931	108,826,146
Additional Customs Duty	2,298,419	24,197,267	21,898,847
TOTAL	330,501,335	451,071,421	121,570,086

Collections on Behalf of Government Departments

During the period under review, BURS collected P507.9 million on behalf of Government departments and agencies compared to P475.4 million in the previous year as shown in Table 5 below. A larger part of the collections came from the Alcohol Levy and Transport Permits which accounted for 64.1% and 23.8% respectively (compared to 62.8% and 22.4% respectively in 2014/15). Tobacco Levy which was introduced in the 2014/15 financial year contributed 9.4% in its first year of collection which was more than the 7.8% it contributed during 2015/16. The increase in Alcohol levy collection was occasioned by a change in the formula for calculating levy by including Excise duty on locally produced alcoholic beverages and therefore resulting in an increase in the tax base and hence an increase in levy collections. The other contributing factor was the increase of the levy rate from 50% to 55% for alcohol beverages with an alcohol content of more than 5%. In case of Transport Permits, the increase was a result of an increase in the volume of foreign registered vehicles which entered Botswana during the reporting period

Table 5: Collections on Behalf of Government Departments

Type of Levy	Gross Collections	
	2014/15 (P'000)	2015/16 (P'000)
Copyright	11,915	7,624
Tobacco Levy	44,674	39,696
Road Safety Tokens	10,113	10,488
Transport Permits	106,428	120,651
Flour Levy	3,519	3,944
Alcohol Levy	298,731	325,465
Total	475,380	507,868

Commissioner General's Review *[continued]*

Arrears collected (current year and old Arrears)

The opening balance of arrears as at 1st April 2015 was P1, 895,317,936 which comprised of P1, 023,756,510 and P871, 561,426 being VAT and Assessed Income Tax respectively. Collections of old arrears for the 2015/16 financial year were P289, 488, 650 whilst discharges, remissions and waivers amounted to P271, 516, 394. Uncollected arrears that accrued in the 2015/16 financial year stood at P901, 268, 258 as at 31st March 2016. The total outstanding arrears as at 31st March 2016 stood at P2, 235, 581, 149 which comprised of P1, 235, 288, 674 in VAT and P1, 018, 561, 426 in Assessed Income Tax.

There was a reduction of 29.6% on old arrears which was a slight improvement over the reduction of 28% recorded in the previous year and this was in spite of the challenges encountered in tracing some of the debtors. The outstanding balance indicates that the interest and penalties account for 64% of the arrears whilst the principal tax outstanding is 36%. The bulk of the arrears are charges for late payment of tax and late filing of returns.

Table 6: Schedule of Arrears of Revenue

31 MARCH 2016

	Balance at beginning of the year Pula	Collection of previous years arrears Pula	Abandonment discharges remissions waivers & adjustments (see note below) Pula	prior years arrears outstanding Pula	Arrears in respect of year Pula	Balance at end of the year Pula
VAT internal	458,824,825	(57,765,441)	(38,510,294)	362,549,090	121,540,249	484,089,339
VAT interest and penalties	564,931,685	(34,735,733)	(52,103,599)	478,092,353	273,106,982	751,199,335
Assessed tax	201,567,894	(117,313,221)	(79,270,806)	4,983,867	164,735,685	348,567,894
Assessed tax and interest	669,993,532	(79,674,255)	(101,631,695)	488,687,581	311,328,577	669,993,532
TOTAL	1,895,317,936	(289,488,650)	(271,516,394)	1,334,312,891	901,268,258	2,235,581,149

31 MARCH 2015

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
TOTAL	1,376,841,259	(220,658,840)	(179,124,630)	986,564,835	908,953,101	1,895,317,936

Audit and Investigations

In terms of the Audit Operational Plan, 783 Audits for small & medium taxpayers were planned for the 2015/16 financial year. Out of the 783 planned audits, a total of 721 audits were conducted hence achieving a 92.1% performance level on audits for the period.

Customs Declarations

For the 2015/16 financial year, the total number of registered declarations stood at 890,396 and out of which, 885, 875 were assessed and 3, 201 customs declarations were found to be incorrect.

Customs Controls and Seizures

For the financial year under review, 494 detentions and 425 seizures were made. Goods detained were mainly assorted second-hand clothing, vehicles, fishing nets, blankets, various food items and kitchen ware (more especially 3 legged aluminum pots). The main reasons for detentions were either pending production of proper documents, more especially for vehicles, pending production of correct invoice or sometimes pending re-exportation.

Goods seized during the year were mainly cigarettes, vehicles, assorted clothing materials, medicaments (skin bleaching products), agricultural products and household products. The main reasons for seizing goods were due to non-declaration, abandoned goods and some were transferred from detentions.

Objections and Appeals

There were 17 objections which were brought forward from previous years and 7 of those were considered and concluded during the financial year 2015/16. On the other hand, 23 objections were received during 2015/16 and 16 of those were considered and concluded while the number of objections outstanding as at 31st March 2016 was 17.

CHALLENGES

Internal Challenges

Inconsistencies in Service Delivery

BURS has identified the challenge of inconsistency in service delivery and in our ability to drive continuous improvement that is directly responsive to customers' needs. The transformation agenda, "Re aga lelwapa le...", establishes a Standard for Operational Excellence to address this need

External Challenges

The above challenges are within our direct control. Outside our direct control are physical and environmental challenges that we deal with. Some are perennial facts of life, others come and go with the changing socio economic environment.

Geographic Spread

Due to the geographic spread of offices and borders posts that are administered by BURS, the organisation experiences administrative and logistical problems relating to provision of proper infrastructure as well as managing the maintenance of the border post facilities. These issues have a negative

impact on employees' motivation and productivity; however, efforts are being made to put in place measures to correct these weaknesses including measures to outsource maintenance of facilities to address many of the challenges.

Tax Arrears – Bad Debt

The existence of tax arrears also presents a major challenge as a significant proportion of the arrears are very old and difficult to collect as some of the debtors cannot be traced. Previous attempts to recover the outstanding debt have been beset by a number of challenges including untraceable debtors, unavailable supporting records and taxpayers' inability to pay. As a result there may be need to consider a blanket write off of debts over 5 years of age.

New Generation Tax Issues

We are seeing an increase in new generation tax issues such as Transfer Pricing, Base Erosion and Profit Shifting, and are continually upgrading our human resource skills as well as technology solutions to deal with these new trends.

General Economic Slowdown and Tax Compliance

As the country sees a reduction in revenue from Mining, as mentioned in my introduction, we must find ways to ensure through improved compliance that everyone pays their fair share of taxes so that we can increase revenue collections available for development purposes while minimizing the need for Government to increase tax rates or introduce additional tax burdens on the population that is complying.

Commissioner General's Review *[continued]*

Cross Border Crime, Drugs, Money Laundering

Globally there is evidence of increasingly sophisticated cross border crime involving amongst others drug trafficking and money laundering. Significant demand is being placed on BURS to invest heavily and rapidly in capacity building to counter these trends.

CONCLUSION

In conclusion I would like to reassure the public of BURS' dedication to operational excellence and high standards of integrity in carrying out the mandate of mobilising revenue and managing borders. In this regard, we will continue to come up with new initiatives geared towards this.

I would also like to express my sincere gratitude to BURS staff for having worked tirelessly to meet the revenue target set by Government. I know that it was not easy, considering that at the beginning of the second quarter of the financial year, the organisation experienced an industrial action by some of its employees. It is my wish that we will work together as a team for the remainder of the period of our Strategic Plan to ensure that we meet and where possible exceed the revenue targets set by the Government. It would have not been easy to achieve this without the continued support from the Ministry of Finance and Economic Development and leadership provided by the BURS Board. In this regard, I wish to thank the Members of the Board for their

concerted effort of ensuring that BURS meet its goals and surpasses the Government target during the difficult financial year 2015/16. I believe the Board will continue to provide its strategic guidance to ensure that BURS performs exceptionally well and ranks among the best.

I would also like to thank the taxpayers and all our customers and stakeholders for ensuring a good working relationship with us. Without their support and cooperation it could have not been possible. I hope we all keep the good spirit and work hard towards the development of our good country, Botswana.

Finally, I would be remiss if I do not acknowledge to positive contribution made by all BURS strategic partners such as the international Monetary Fund, OECD, ATAF, JICA, Other Tax Administrations and government Departments and Ministries.



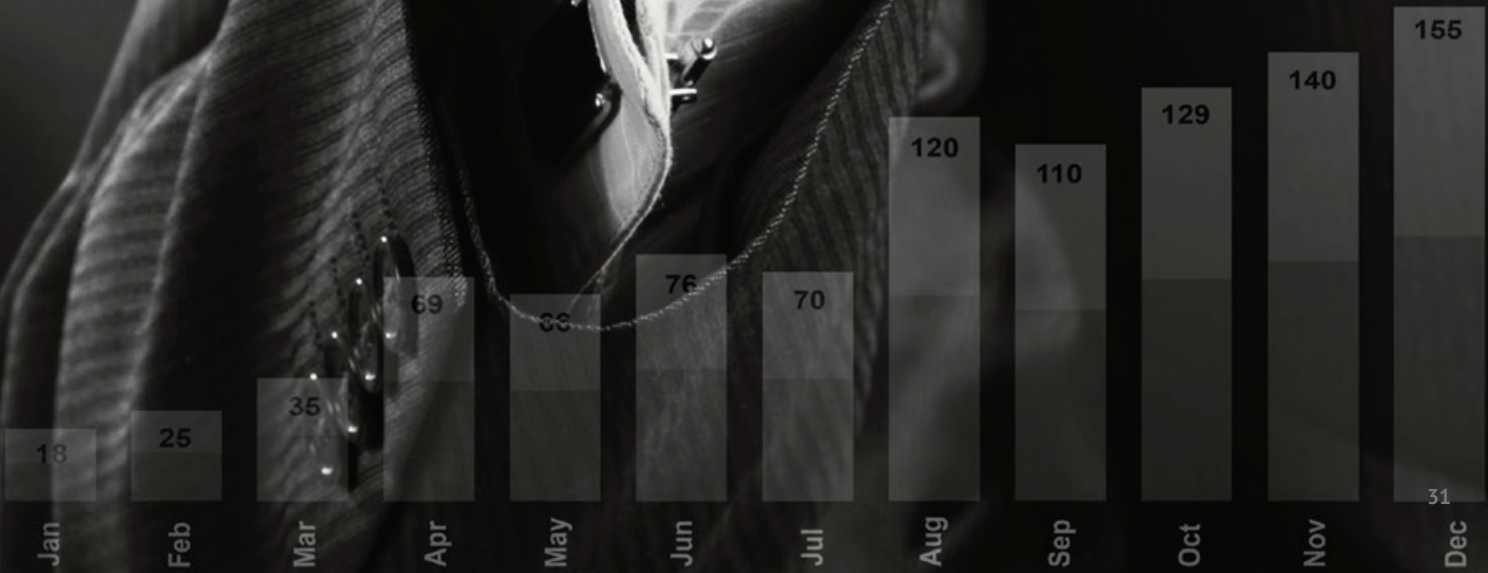
Mr. Ken R. Morris
Commissioner General



**BOTSWANA UNIFIED REVENUE SERVICE
(OWN ACCOUNTS)**

FINANCIAL STATEMENTS

31 March 2016



General Information

for the year ended 31 March 2016

BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson Ex officio
Wankie B. Wankie	:	Vice Chairperson
Keneilwe R. Morris	:	Commissioner General
Alexander T. Yalala	:	Non-executive Director (<i>Resigned 30 June 2016</i>)
Sholo A. Matala	:	Non-executive Director (<i>Resigned 31 December 2015</i>)
Gaamangwe Lebele	:	Non-executive Director
Ontlametse B. Ward	:	Non-executive Director
Keletso Mothusi	:	Non-executive Director (<i>Appointed 1 July 2016</i>)
Gaongalelwe G. P. Mosweu	:	Non-executive Director (<i>Appointed 1 July 2016</i>)

BOARD SECRETARY

Lorato Khimbele	:	Resigned 31 December 2015
Segametsi Radibe – Michael	:	Appointed 1 January 2016

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

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

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Statement of cash flows	39
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Directors' Statement of Responsibility

31 March 2016

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 2016, 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 page 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 2016, 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.

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.

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 36 to 61, which have been prepared on the going concern basis, were approved by the Board on 1 December 2016 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: Own Accounts which comprise the statement of financial position as at 31 March 2016, 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 68 to 79.

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: Own Accounts as at 31 March 2016 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.

Other Matters

Without qualifying our opinion, we draw attention to the fact that the annexures set out on pages 80 to 81 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 2016, 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
Certified Auditors

Practicing Member: F C EIs (19980074)

Gaborone
15 December 2016

(Own Accounts)

Statement of Comprehensive Income

for the year ended 31 March 2016

	Notes	2016 P'000	Restated 2015 P'000
Income			
Government funding for recurrent expenditure	6	441,758	436,358
Other income	7	106,564	68,261
Total income		548,322	504,619
Other gains and losses	8	(37,945)	(6,420)
Expenses			
Administrative expenses	9	(170,518)	(143,567)
Staff costs	10	(363,561)	(325,913)
Total expenses		(534,079)	(469,480)
(Deficit)/surplus for the year		(23,702)	28,719
Other comprehensive income			
Gain on revaluations of properties	17	117,561	-
Total comprehensive income for the year		93,859	28,719

Statement of Financial Position

as at 31 March 2016

ASSETS	Notes	2016 P'000	Restated 2015 P'000	Restated 2014 P'000
Non-current assets				
Property, plant and equipment	11	838,288	504,774	426,038
Investment property	12	25,700	22,280	28,700
Intangible assets	13	50,088	13,541	11,896
		914,076	540,595	466,634
Current assets				
Inventories	14	3,266	3,336	2,420
Trade and other receivables	15	147,554	45,181	33,531
Cash and cash equivalents	16	140,761	155,457	100,470
		291,581	203,974	136,421
Assets classified as held for sale		-	-	213
		291,581	203,974	136,634
Total assets		1,205,657	744,569	603,268
RESERVES AND LIABILITIES				
Reserves				
Properties revaluation reserve	17	170,127	52,566	52,566
Accumulated surplus		61,876	85,578	70,759
		232,003	138,144	123,325
Non-current liabilities				
Capital grants	18	851,800	513,858	416,463
Current liabilities				
Trade and other payables	19	121,854	92,567	63,480
Total reserves and liabilities		1,205,657	744,569	603,268

(Own Accounts)

Statement of Changes in Reserves

for the year ended 31 March 2016

	Notes	Properties revaluation reserve P'000	Accumulated surplus P'000	Total P'000
Balance at 31 March 2014 - as restated		52,566	70,759	123,325
Total comprehensive income for the year - as restated (note 25)		-	28,719	28,719
Transfer to capital grants to finance capital expenditure	18	-	(13,900)	(13,900)
Balance at 31 March 2015 - as restated (note 25)		52,566	85,578	138,144
Deficit for the year		-	(23,702)	(23,702)
Other comprehensive income for the year	17	117,561	-	117,561
Balance at 31 March 2016		170,127	61,876	232,003

Statement of Cash Flows

for the year ended 31 March 2016

ASSETS	Notes	2016 P'000	Restated 2015 P'000
Cash flows from operating activities			
(Deficit)/surplus for the year		(23,702)	28,719
Less: interest income		(2,624)	(3,767)
Adjustment for non-cash items	21	37,735	6,468
Operating surplus before working capital changes		11,409	31,420
Changes in working capital			
Increase in trade and other receivables		(102,373)	(11,650)
Decrease/(increase) in inventories		70	(916)
Increase in trade and other payables		29,287	29,087
Net cash (used in)/generated from operating activities		(61,607)	47,941
Cash flows from investing activities			
Purchase of property, plant and equipment		(271,900)	(100,229)
Purchase of intangible assets		(38,180)	(3,848)
Proceeds on disposal of property, plant and equipment		936	-
Proceeds on disposal of assets classified as held for sale		-	738
Interest received		2,624	3,767
Net cash used in investing activities		(306,520)	(99,572)
Cash flows from financing activities			
Adjustment of capital grants on disposal of property, plant and equipment		(325)	-
Total development funding receivable from the Government of Botswana	18	353,756	106,618
Net cash generated from financing activities		353,431	106,618
Net (decrease)/increase in cash and cash equivalents		(14,696)	54,987
Cash and cash equivalents at beginning of year		155,457	100,470
Cash and cash equivalents at end of year	16	140,761	155,457

Own Accounts

Notes to the financial statements

for the year ended 31 March 2016

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
- a) 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 effective in the current period

In the current period, the entity has adopted all the new and revised Standards 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 2015. 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 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 2 (amended) - Share-based Payment	1 July 2014
IFRS 3 (amended) - Business Combinations	1 July 2014
IFRS 7 (amended) - Financial Instruments: Disclosures	1 January 2015
IFRS 8 (amended) - Operating Segments	1 July 2014
IFRS 9 (amended) - Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	1 February 2015
IAS 16 (amended) - Property, Plant and Equipment	1 July 2014
IAS 19 (amended) - Employee Benefits	1 July 2014
IAS 24 (amended) - Related Party Disclosures	1 July 2014
IFRS 10 (amended) - Consolidated Financial Statements	1 July 2014
IFRS 13 (amended) - Fair Value Measurement	1 July 2014
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

Notes to the financial statements *[continued]* for the year ended 31 March 2016

2. ADOPTION OF NEW AND REVISED STANDARDS *[continued]*

2.2 Standards in issue but not yet effective

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

New/Revised International Financial Reporting Standards	Effective Date
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
IFRS 16 (new) - Leases	1 January 2019
IAS 1 (amended) - Presentation of Financial Statements	1 January 2016
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

New/Revised International Financial Reporting Standards	Effective Date
IAS 34 (amended) - Interim Financial Reporting	1 January 2016
IAS 38 (amended) - Intangible Assets	1 January 2016
IAS 41 (amended) - Agriculture	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 and amendments that are in issue for adoption in the applicable periods.

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.

Own Accounts

Notes to the financial statements *[continued]* for the year ended 31 March 2016

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.

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 as capital grants and an amount equivalent to the depreciation determined on a historical cost basis and impairment losses, if any, is transferred from the capital grants to the statement of comprehensive income over the useful lives of the related assets.

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.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES *[continued]*

(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.

(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.

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.

(Own Accounts)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES *[continued]*

3.6 Property, plant and equipment *[continued]*

(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)
Freehold and leasehold land and buildings	the shorter of 50 years or remaining lease period
Motor vehicles (light vehicles)	10
Motor vehicles (vans and trucks)	11
Office furniture	6.67
Computer and office equipment	5
Porta-camps	10
Plant and machinery	4 to 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 years.

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.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES *[continued]*

3.9 Foreign currencies

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.

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.

(Own Accounts)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES *[continued]*

3.14 Financial Instruments *[continued]*

Financial assets *[continued]*

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.

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.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

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.

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 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 P1,407,453 (2015: P1,554,420), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

5. FINANCIAL RISK MANAGEMENT *[continued]*

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:

- Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
- Staff debts are recovered in terms of the applicable policy and procedures directly from the employees salary.
- 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.

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.

	2016 P'000	Restated 2015 P'000
Financial assets		
Loans and receivables (including bank and cash balances)	266,801	197,829
Financial liabilities		
Other liabilities	932,472	569,735

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 2016

ASSETS	2016 P'000	Restated 2015 P'000
6. GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE		
Funding for recurrent expenditure	425,000	416,461
Less: Utilised for development expenditure (note 18)	(3,756)	(3,226)
Net funding for recurrent expenditure (note 20)	421,244	413,235
Add: Amortisation of capital grants (note 18)	20,514	23,123
	441,758	436,358
7. OTHER INCOME		
Bank interest	2,624	3,767
Rental income	3,013	3,011
Agency fees and commissions	53,476	50,956
Foreign exchange gains recoverable from Revenue Accounts	39,658	5,776
Sundry income	7,793	4,751
	106,564	68,261

Own Accounts

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)
- ii) 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)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

	2016 P'000	Restated 2015 P'000
8. OTHER GAINS AND LOSSES		
Gain/(loss) arising on change in fair value of investment property (note 12)	3,420	(6,420)
Revaluation losses written off (notes 11 and 17)	(41,365)	-
	(37,945)	(6,420)
9. ADMINISTRATIVE EXPENSES		
Auditor's remuneration - current year	970	932
- prior year	103	18
Computer support	15,953	11,166
Consultancy costs and legal costs	7,910	7,712
Depreciation of property, plant and equipment	19,282	22,065
Amortisation of intangible assets	1,633	1,631
Electricity and water	7,095	6,198
Printing, stationery and office expenses	28,754	20,675
Operating lease rentals	19,481	18,004
Repairs and maintenance	12,676	8,215
Motor vehicle fuel	3,874	3,751
Telephone and postage	15,974	13,894
Training expenses	6,495	5,400
Seminars, workshops, travelling and other administrative expenses	30,318	23,906
Other liabilities	170,518	143,567
10. STAFF COSTS		
Salaries and wages	311,767	268,592
Annual performance bonus - current year	4,134	12,342
- prior year	416	-
Employee benefits	39,024	37,444
- Gratuity and severance	2,390	2,204
- Pension contribution	29,885	26,596
- Leave	6,749	8,644
Medical aid contribution	8,220	7,535
Total staff costs	363,561	325,913

Notes to the financial statements [continued]
for the year ended 31 March 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land		Buildings		Leasehold improvements		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	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	
Cost/valuation																					
At 1 April 2015	45,058	238,465	22,186	31,491	12,024	34,197	56,551	7,732	151,489	599,193											
Additions	-	23,089	1,381	12,707	3,500	8,125	8,039	356	214,703	271,900											
Recognition of properties from Government	4,725	300	-	-	-	-	-	-	-	5,025											
Disposal	-	-	-	(3,146)	-	-	-	-	-	(3,146)											
Transfers	813	628	-	-	-	-	-	-	(1,441)	-											
Net revaluations (refer below)	49,336	8,249	-	-	-	-	-	-	-	57,585											
At 31 March 2016	99,932	270,731	23,567	41,052	15,524	42,322	64,590	8,088	364,751	930,557											
Accumulated depreciation																					
At 1 April 2015	5,142	9,971	17,616	13,225	7,949	23,998	12,185	4,333	-	94,419											
Current year charge	901	2,597	1,128	3,455	905	4,703	5,043	550	-	19,282											
Disposal	-	-	-	(2,821)	-	-	-	-	-	(2,821)											
Eliminated on revaluations (refer below)	(6,043)	(12,568)	-	-	-	-	-	-	-	(18,611)											
At 31 March 2016	-	-	18,744	13,859	8,854	28,701	17,228	4,883	-	92,269											
Carrying amount																					
At 31 March 2016	99,932	270,731	4,823	27,193	6,670	13,621	47,362	3,205	364,751	838,288											
Work-in-progress is made up of the following:																					
Residential and office accommodation																					346,751

Notes to the financial statements [continued]
 for the year ended 31 March 2016

11. PROPERTY, PLANT AND EQUIPMENT [continued]	Leasehold land		Buildings		Leasehold improvements		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	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000		
Cost/valuation																				
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									572	
Other transfers	-	12,168	-	-	-	-	-	-	-	(12,168)									-	
At 31 March 2015	45,058	238,465	22,186	31,491	12,024	34,197	56,551	7,732	151,489	599,193										
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)										
At 31 March 2015	5,142	9,971	17,616	13,225	7,949	23,998	12,185	4,333	-	94,419										
Carrying amount																				
At 31 March 2015	39,916	228,494	4,570	18,266	4,075	10,199	44,366	3,399	151,489	504,774										
Work-in-progress is made up of the following:																				
Residential and office accommodation																				151,489

Notes to the financial statements *[continued]* for the year ended 31 March 2016

11. PROPERTY, PLANT AND EQUIPMENT *[continued]*

Land and buildings carried at fair value *[continued]*

An independent valuation of land and buildings was last conducted as at 31 March 2016 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.

The revaluations of land and buildings are carried out after every five years. The next valuation will be carried out in the financial year ending 31 March 2021.

The fair value of land and buildings has been arrived at on the basis of a valuation conducted by Willy Kathurima. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	2016 P'000	Restated 2015 P'000
The fair values as at 31 March 2016 are as follows:		
Revaluation losses written off to profit and loss (note 8)	(41,365)	-
Gain on revaluations of properties credited to other comprehensive income (note 17)	117,561	-
Net gain on revaluations of properties	76,196	-
Represented by:		
Cost/valuation - Net revaluations (refer above)	57,585	-
Accumulated depreciation - Eliminated on revaluations (refer above)	18,611	-
Net gain on revaluations of properties	76,196	-
Had the land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:		
Land		
- Cost	34,490	28,952
- Accumulated amortisation of leasehold land	(6,043)	(5,142)
	28,447	23,810
Buildings		
- Cost	234,989	210,972
- Accumulated depreciation	(20,575)	(18,126)
	214,414	192,846

Land includes Plaatjan and Zanzibar with a fair value of P300,000 (2015: 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 22.

(Own Accounts)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

12. INVESTMENT PROPERTY

	2016 P'000	Restated 2015 P'000
At fair value		
Balance at beginning of the year	22,280	28,700
Gain/(loss) from fair value adjustments (note 8)	3,420	(6,420)
Balance at end of the year	25,700	22,280

The fair value of investment property has been arrived at on the basis of a valuation conducted by Willy Katiruma and associates, independent professional valuers not related to BURS and qualified for the purpose of the valuation. The valuation was performed on 31 March 2016. Willy Katuruma and associates are members of the Real Estate Institute of Botswana. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

Investment property consists of land with a fair value of P11,822,000 (2015: P10,300,000) and office buildings constructed on a portion of Plot 14415 and a portion of Plot 8913, Gaborone. As reported in the prior 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 P6,500,000 (2015: P4,647,000). A contingent liability has been disclosed in note 22.

13. INTANGIBLE ASSETS

	Computer software P'000	Work-in progres P'000	total P'000
At 31 March 2014	2,100	11,429	13,529
Transfer	4,194	(4,194)	-
Transfer to property, plant and equipment	-	(572)	(572)
Additions	-	3,848	3,848
At 31 March 2015	6,294	10,511	16,805
Additions	-	38,180	38,180
At 31 March 2016	6,294	48,691	54,985
Accumulated amortisation			
At 31 March 2014	1,633	-	1,633
Charge for the year	1,631	-	1,631
At 31 March 2015	3,264	-	3,264
Charge for the year	1,633	-	1,633
At 31 March 2016	4,897	-	4,897
Carrying amount at 31 March 2016	1,397	48,691	50,088
Carrying amount at 31 March 2015	3,030	10,511	13,541

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. There are no intangible assets that have been pledged as security.

Notes to the financial statements *[continued]*
for the year ended 31 March 2016

14. INVENTORIES

	2016 P'000	Restated 2015 P'000
Printing and stationery	2,825	2,857
Office supplies	221	250
Uniform and protective clothing	220	229
Total inventories	3,266	3,336

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. No inventories were written off during the year (2015: P Nil) and non were pledged as security.

15. TRADE AND OTHER RECEIVABLES

Receivable from related parties (note 20)	124,433	37,731
Staff receivables	709	578
Prepayments	21,514	2,809
Other receivables	898	4,063
Total trade and other receivables	147,554	45,181

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 (2015: P Nil).

16. CASH AND CASH EQUIVALENTS

Cash on hand	16	16
Trust call account	1	1
Fixed deposit account	3,000	3,000
Business call and current accounts	12,861	70,546
Development funds call account	124,883	81,894
Total cash and cash equivalents	140,761	155,457

(Own Accounts)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

17. PROPERTIES REVALUATION RESERVE

	2016 P'000	Restated 2015 P'000
Revaluation gains		
Balance at beginning of the year	52,566	52,566
Gain on revaluations of properties (note 11)	117,561	-
- Revaluation surpluses during the year	129,180	-
- Revaluation losses relating to previous revaluation surpluses of properties	(11,619)	-
Balance at end of the year	170,127	52,566
Revaluation losses		
Revaluation losses during the year	(52,984)	-
Revaluation losses relating to previous revaluation surpluses of properties (as above)	11,619	-
Revaluation losses written off to profit and loss (notes 8 and 11)	(41,365)	-

18. CAPITAL GRANTS

Balance at beginning of the year	513,858	416,463
Transfer from accumulated surplus to finance capital expenditure	-	13,900
Total development funding receivable from the Government of Botswana (note 20)	353,756	106,618
- Transfer from recurrent expenditure to development expenditure (note 6)	3,756	3,226
- Government funding for development expenditure (note 20)	350,000	103,392
Recognition of properties from Government (note 11)	5,025	-
Net book value of disposals of property, plant and equipment	(325)	-
Amortisation of capital grants for the year (note 6)	(20,514)	(23,123)
Balance at end of the year	851,800	513,858

19. TRADE AND OTHER PAYABLES

Trade payables	15,388	12,268
Accruals and other payables	61,521	41,435
Employee benefits accruals	41,182	36,690
Payable to related parties (note 20)	3,642	1,743
Rental accruals	121	431
Total trade and other payables	121,854	92,567

The Directors consider that the carrying amount of trade and other payables approximates their fair value as they are short-term in nature and not subjected to material changes in fair value.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

20. 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 2016 is as follows:

	2016 P'000	Restated 2015 P'000
Amount transferred from Revenue Accounts to Own Accounts	775,000	519,853
Utilised as:		
Recurrent expenditure (note 6)	425,000	416,461
Development expenditure (note 18)	350,000	103,392
	775,000	519,853
Executive management personnel compensation:		
Salaries and other short term employee benefits	6,781	6,401
Post employment benefits	1,177	1,129
Total executive management personnel compensation	7,958	7,530
Executive management personnel compensation covers personal emoluments and post employment benefits. Post employment benefits include pension and gratuities.		
Board members' sitting allowances	152	120

Transactions with the members of the BURS Board of Directors represent sitting allowances paid for attending board and board sub-committees' 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:

(Own Accounts)

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

20. RELATED PARTY TRANSACTIONS *[continued]*

	2016 P'000	Restated 2015 P'000
Agency fees and commissions:		
Ministry of Trade and Industry (alcohol levy, flour levy and copyright levy)	22,826	21,237
Human Resource Development Council (training levy)	13,901	14,630
Motor Vehicle Accident Fund (motor vehicle road insurance)	1,012	1,104
Departments of Road Transport and Safety (road safety tokens and permits)	15,737	13,985
	53,476	50,956
Other income:		
Public Procurement and Asset Disposal Board (rental income from investment property)	1,986	1,984
Balances receivable from/(payable to) related parties:		
Agency fees receivable from Departments of Road Transport and Safety	3,971	4,745
Commissions receivable from Revenue Accounts	11,683	17,978
Government funding for development expenditure receivable from Revenue Accounts	54,113	-
Fluctuation of foreign exchange rates receivable from Revenue Accounts	54,666	15,008
Total receivable from related parties (note 15)	124,433	37,731
Net bank charges payable to Revenue Accounts (note 19)	(3,642)	(1,743)
Net due from related parties	120,791	35,988
21. ADJUSTMENT FOR NON-CASH ITEMS		
Depreciation of property, plant and equipment	19,282	22,065
Amortisation of intangible assets	1,633	1,631
Adjustments on fair valuation of properties	37,945	6,420
Amortisation of capital grants	(20,514)	(23,123)
Profit on disposal of property, plant and equipment	(611)	-
Profit on disposal of assets classified as held for sale	-	(525)
	37,735	6,468
22. 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 P600,000 (2015: 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 P6,500,000 (2015 P4,647,000) and Botswana Railways currently hold the legal title. BURS may need to purchase this land from Botswana Railways.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

23. OPERATING LEASE COMMITMENTS

At year-end, BURS had outstanding commitments for future minimum lease payments under non-cancellable operating leases for rental of office premises. The operating lease commitments fall due as follows:

	2016 P'000	Restated 2015 P'000
Within one year	951	12,788
Within two to five years	1,158	1,514
	2,109	14,302
<hr/>		
Commitments for the acquisition or expansion of property, plant and equipment	575,637	472,600

Own Accounts

24. CAPITAL COMMITMENTS

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 2015/16 and funds to be approved during 2016/17.

Significant contractual obligations include; construction of the BURS Head Office for P105 million, procurement of furniture for the new BURS Head Office for P30 million, construction of small border posts for P35 million, construction of Maun, Lobatse, Palapye regional offices for P30 million), general maintenance of Ramokgwebana for P28 million, Customs Management System for P48 million, Integrated Tax Management System for P105 million, IT Security Implementation for P10 million, procurement of a mobile scanner for P12 million, second phase of the e-Filing project for P12 million, various other projects such as sniffer dogs, procurement of computers, procurement of motor vehicles, general maintenance of various BURS facilities, completion of Tlokweng and Ramatlabama staff residential flats, all totalling to P161 million.

The capital commitments will be financed from tax collections as detailed in note 20.

25. RESTATEMENT OF PRIOR YEARS' FIGURES

In the prior years capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, were recognised in the statement of financial position as capital reserves and an amount of amortisation of capital reserves, equivalent to the depreciation determined on a historical cost basis and impairment losses, was transferred from the capital reserves to the accumulated surplus/deficit.

In the current year management disclosed the capital reserves as capital grants and reclassified appropriately under non-current liabilities in accordance with the International Accounting Standard 20 (IAS 20) - Accounting for Government Grants and Disclosure of Government Assistance. The reclassification has no impact on the net assets in the statement of financial position.

Further, in the current year management transferred the amortisation of the capital grants to the statement of comprehensive income and not to the accumulated surplus/(deficit) like in the previous years. This resulted in the restatement of the statement of comprehensive income, reserves and non-current liabilities for both the 2014 and 2015 financial years.

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

25. RESTATEMENT OF PRIOR YEARS' FIGURES *[continued]*

	Restated 2015 P'000	Restated 2014 P'000
Statement of comprehensive income		
Total comprehensive income for the year - as previously stated	5,596	64,806
Amounts previously transferred from capital reserves to accumulated surplus	23,123	13,450
- Amortisation of capital grants	23,123	13,127
- Net book value of disposals of property, plant and equipment	-	323
Total comprehensive income for the year - as restated	28,719	78,256
Reserves		
Total reserves - as previously stated	652,002	539,788
Reclassification of capital reserves to capital grants	(513,858)	(416,463)
Total reserves - as restated	138,144	123,325
Non-current liabilities		
Capital grants - as previously stated	-	-
Reclassification of capital reserves to capital grants	513,858	416,463
Capital grants - as restated	513,858	416,463

Notes to the financial statements *[continued]* for the year ended 31 March 2016

23. OPERATING LEASE COMMITMENTS

At year-end, BURS had outstanding commitments for future minimum lease payments under non-cancellable operating leases for rental of office premises. The operating lease commitments fall due as follows:

	2016 P'000	Restated 2015 P'000
Within one year	951	12,788
Within two to five years	1,158	1,514
	2,109	14,302
<hr/>		
	575,637	472,600

Own Accounts)

24. CAPITAL COMMITMENTS

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 2015/16 and funds to be approved during 2016/17.

25. RESTATEMENT OF PRIOR YEARS' FIGURES

In the prior years capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, were recognised in the statement of financial position as capital reserves and an amount of amortisation of capital reserves, equivalent to the depreciation determined on a historical cost basis and impairment losses, was transferred from the capital reserves to the accumulated surplus/deficit.

In the current year management disclosed the capital reserves as capital grants and reclassified appropriately under non-current liabilities in accordance with the International Accounting Standard 20 (IAS 20) - Accounting for Government Grants and Disclosure of Government Assistance. The reclassification has no impact on the net assets in the statement of financial position.

Further, in the current year management transferred the amortisation of the capital grants to the statement of comprehensive income and not to the accumulated surplus/(deficit) like in the previous years. This resulted in the restatement of the statement of comprehensive income, reserves and non-current liabilities for both the 2014 and 2015 financial years.

26. EVENTS AFTER THE REPORTING PERIOD

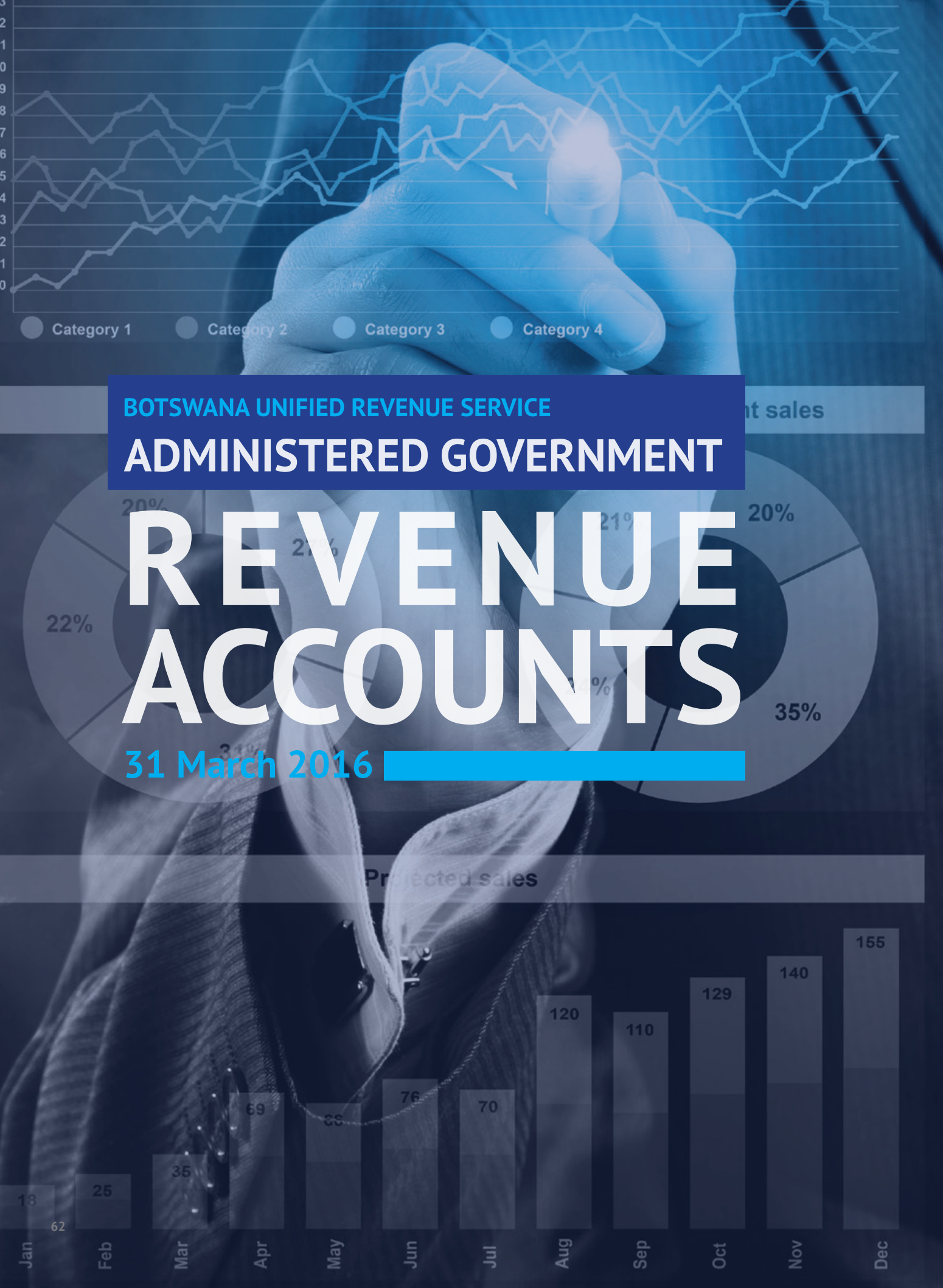
At the time of finalisation of the financial statements, no events came to the attention of management and the Board of Directors that require disclosure or adjustment in the financial statements.

BOTSWANA UNIFIED REVENUE SERVICE

ADMINISTERED GOVERNMENT

REVENUE ACCOUNTS

31 March 2016



General Information

for the year ended 31 March 2016

BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson Ex officio
Wankie B. Wankie	:	Vice Chairperson
Alexander T. Yalala	:	Resigned (30 June 2016)
Keneilwe R. Morris	:	Commissioner General
Sholo A. Matala	:	Resigned (31 December 2015)
Gaamangwe Lebele	:	Non-executive Director
Ontlametse B. Ward	:	Non-executive Director
Keletso Mothusi	:	Non-executive Director (Appointed 1 July 2016)
Gaongalelwe G. P. Mosweu	:	Non-executive Director (Appointed 1 July 2016)

BOARD SECRETARY

Lorato Khimbele	:	Resigned (31 December 2015)
Segametsi Radibe – Michael	:	Appointed (1st January 2016)

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

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Directors' Statement of Responsibility

31 March 2016

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 2016, 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 page 67.

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 2016, 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]* 31 March 2016

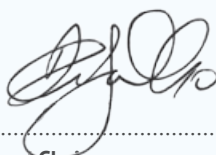
The Directors' have made an assessment of BURS's ability to continue as a going concern and there is no reason to believe the entity will not be a going concern in the year ahead.

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 page 67.

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 68 to 79 which have been prepared on the going concern basis, were approved by the Board on 1 December 2016 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 2016, 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 68 to 79.

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 2016 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that the annexures set out on pages 80 to 81 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 2016, 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
Certified Auditors

Practicing Member: F C Els (19980074)

Gaborone
15 December 2016

(Revenue Accounts)

Statement of Financial Performance

for the year ended 31 March 2016

	Notes	2016 P'000	2015 P'000
Revenue collected on behalf of the Government of Botswana			
Income Tax	2	13,832,215	15,883,670
Value Added Tax	3	5,684,907	5,907,402
Customs Union Receipts	4	15,817,583	15,690,949
Other tax revenue	5	3	84
Total tax revenues and Customs Union Receipts		35,334,708	37,482,105
Non-tax revenue	6	743	6,416
Total revenue collected on behalf of the Government of Botswana		35,335,451	37,488,521
Amount retained for BURS funding	7	(775,000)	(519,853)
Net revenue collected on behalf of Government of Botswana		34,560,451	36,968,668
Revenue collected on behalf of Government Departments	8	507,868	475,380
Total net revenue collected for the year		35,068,319	37,444,048

Statement of Financial Position

as at 31 March 2016

	Notes	2016 P'000	2015 P'000
ADMINISTERED ASSETS			
Current assets			
Accounts receivable	9	100,088	92,703
Amount due from Government Remittance Account	10	197,200	249,311
Cash and cash equivalents	11	225,221	222,989
Total administered assets		522,509	565,003
ADMINISTERED LIABILITIES			
Current liabilities			
Accounts payable	12	522,509	565,003

(Revenue Accounts)

Statement of Changes in Net Assets

for the year ended 31 March 2016

	P'000
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)
Balance at 31 March 2015	(249,311)
Total net revenue collected for the year	35,068,319
Transfers to Government Remittance Account	(35,016,208)
Balance at 31 March 2016	(197,200)

Statement of Cash Flows

for the year ended 31 March 2016

	2016 P'000	2015 P'000
Cash flows from operating activities:		
Total net revenue collected for the year	35,068,319	37,444,048
Transfers to Government Remittance Account	(35,016,208)	(37,731,083)
Net collections of transfers to Government Remittance Account for the year	52,111	(287,035)
Movement in assets and liabilities		
Increase in accounts receivable	(7,385)	(20,552)
Decrease in accounts payable	(42,494)	(27,906)
Net movement in assets and liabilities	(49,879)	(48,458)
Net increase/(decrease) in cash and cash equivalents	2,232	(335,493)
Cash and cash equivalents at beginning of year	222,989	558,482
Cash and cash equivalents at end of year	225,221	222,989

(Revenue Accounts)

Notes to the financial statements for the year ended 31 March 2016

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.

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.

Notes to the financial statements *[continued]* for the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *[continued]*

1.4 General accounting policies *[continued]*

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, Southern African Customs Union (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 BURS 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 2016

2. INCOME TAX

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

	2016 P'000	2015 P'00
Withholding tax	1,817,908	1,971,477
Deducted tax (Pay As You Earn)	4,975,568	4,281,893
Assessed tax	6,933,352	9,520,644
Penalty interest	92,782	109,047
Capital transfer tax	12,605	609
Income tax receipts	13,832,215	15,883,670

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 2016 and 31 March 2015 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analysed as follows:

	2016 P'000	2015 P'00
VAT import	4,270,996	4,227,513
VAT internal	4,072,032	4,043,426
VAT interest and penalties	33,346	46,557
Fuel levy	118,804	152,383
Gross receipts	8,495,178	8,469,879
Less: Refunds	(2,810,271)	(2,562,477)
Net VAT receipts	5,684,907	5,907,402

Notes to the financial statements *[continued]*
for the year ended 31 March 2016

4. CUSTOMS UNION RECEIPTS

The customs union receipts represent monies received by Botswana by virtue of her membership of the Southern African Customs Union (SACU). SACU member states collect customs and excise duties and deposit the revenue into the SACU 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.

	2016 P'000	2015 P'00
Customs Union Receipts	15,817,583	15,690,948

5. OTHER TAX REVENUE

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

	2016 P'000	2015 P'00
Received from the replacement of previous years dishonoured cheques	3	84

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:

	2016 P'000	2015 P'00
Licence fees	32	186
Customs fines	711	6,230
	743	6,416

Revenue Accounts

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

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 Administered Government Revenue Accounts during the financial year ended 31 March 2016 is as follows:

	2016 P'000	2015 P'00
Amount retained for BURS Funding	775,000	519,853
Consisting of:		
Amount retained for use in recurrent expenditure	425,000	416,461
Amount retained for use in development expenditure	350,000	103,392
	775,000	519,853
Utilised by BURS as:		
Recurrent expenditure	421,244	413,235
Amount retained for use in recurrent expenditure	425,000	416,461
Less: Utilised for development expenditure	(3,756)	(3,226)
Development expenditure	353,756	106,618
Amount retained for use in development expenditure	350,000	103,392
Add: recurrent fund utilised for development expenditure	3,756	3,226
	775,000	519,853
The limits for the year ended 31 March 2016 were as follows:		
Recurrent expenditure - 2 percent (2%) of total revenue collected	706,709	749,770
Recurrent expenditure		
- minimum	379,000	379,000
- maximum	425,000	416,461
Development expenditure - 1 percent (1%) of total revenue collected	353,355	374,885

Notes to the financial statements *[continued]*
for the year ended 31 March 2016

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:

	2016 P'000	2015 P'00
Copyright levy	7,624	11,915
Tobacco levy	39,696	44,674
Road safety tokens	10,488	10,113
Transport permits	120,651	106,428
Flour levy	3,944	3,519
Alcohol levy	325,465	298,731
	507,868	475,380

Revenue Accounts

9. ACCOUNTS RECEIVABLE

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

	2016 P'000	2015 P'00
Dishonoured cheques	95,763	90,904
Receivable from BURS Own Accounts (Note 13)	3,642	1,743
Receivable from Government Remittance Account (Note 13)	629	-
Other receivables	54	56
	100,088	92,703

10. AMOUNT DUE 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.

	2016 P'000	2015 P'00
Amount due from Government Remittance Account (Note 13)	197,200	249,311

Notes to the financial statements *[continued]*

for the year ended 31 March 2016

11. 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.

	2016 P'000	2015 P'000
Bank and cash balances	225,221	222,989

12. 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
31 March 2016				
Temporary deposits	-	-	54,378	54,378
Customs and excise duties	-	3,428	-	3,428
Payable to BURS Own Accounts (Note 13)	-	120,462	-	120,462
Gross payments	-	-	60,464	60,464
Training levy (Human Resource Development Council)	-	63,307	-	63,307
Assurance levy (Motor Vehicle Accident Fund)	-	2,300	-	2,300
Unallocated Electronic Funds Transfer (EFT) transactions	-	126,392	-	126,392
Unpresented cheques	29,785	-	-	29,785
Income Tax refund account	57,575	-	-	57,575
Cash gains and losses control account	-	2,142	-	2,142
Various suspense accounts	-	2,276	-	2,276
	87,360	320,307	114,842	522,509
31 March 2015				
Temporary deposits	-	-	44,794	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	-	337	-	337
Various suspense accounts	-	2,772	-	2,772
	125,408	345,827	93,768	565,003

Notes to the financial statements *[continued]* for the year ended 31 March 2016

12. ACCOUNTS PAYABLE *[continued]*

Other payables

Other payables are amounts established as due at year end. These include unrepresented cheques in respect of VAT and Income Tax refunds and the VAT and Income Tax refund clearing account.

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.

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.

	2016 P'000	2015 P'00
The following balances with related parties were outstanding:		
Botswana Unified Revenue Service (Own Accounts)		
Accounts receivable (Note 9)		
Point of sale and other bank charges	3,642	1,743
Accounts payable (Note 12)		
Commissions payable	(11,683)	(17,978)
Development expenditure payable	(54,113)	-
Fluctuation of foreign exchange rates	(54,666)	(15,008)
	(120,462)	(32,986)
Net amount due to BURS Own Accounts	(116,820)	(31,243)
Amount due from Government		
Receivable from/(payable to) Government Remittance Account (Notes 9 and 12)	629	(7,288)
Amount due from Government Remittance Account (Note 10)	197,200	249,311
Net amount due from Government	197,829	242,023
Total due from related parties	81,009	210,780

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 2016

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
31 March 2016				
Balance at 01 April 2015	135,233,606	3,310,429	59,987,760	198,531,795
Collections	455,215,328	10,120,016	282,492,361	747,827,705
Payments to third party	(587,021,204)	(10,118,006)	(264,835,740)	(861,974,950)
Payments – BURS Commission	-	(1,012,002)	(14,337,193)	(15,349,195)
Balance at 31 March 2016	3,427,730	2,300,437	63,307,188	69,035,355
31 March 2015				
Balance at 01 April 2014	70,765,129	2,025,663	62,066,361	134,857,153
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	135,233,606	3,310,429	59,987,760	198,531,795

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.

Unaudited Annexures to the financial statements *[continued]*
for the year ended 31 March 2016

ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE

31 MARCH 2016

	Balance at beginning of the year Pula	Collection of previous years arrears Pula	Abandonment discharges remissions waivers & adjustments (see note below) Pula	prior years arrears outstanding Pula	Arrears in respect of year Pula	Balance at end of the year Pula
AT internal	458,824,825	(57,765,441)	(38,510,294)	362,549,090	121,540,249	484,089,339
VAT interest and penalties	564,931,685	(34,735,733)	(52,103,599)	478,092,353	273,106,982	751,199,335
Assessed tax	201,567,894	(117,313,221)	(79,270,806)	4,983,867	164,735,685	348,567,894
Assessed tax and interest	669,993,532	(79,674,255)	(101,631,695)	488,687,581	311,328,577	669,993,532
TOTAL	1,895,317,936	(289,488,650)	(271,516,394)	1,334,312,891	901,268,258	2,235,581,149

31 MARCH 2015

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
Total	1,376,841,259	(220,658,840)	(169,617,584)	986,564,835	908,753,101	1,895,317,936

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.

(Revenue Accounts)

