



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.

Safe and secure borders.

Your taxes secure services that empower, enrich and provide for the lives of people in Botswana.







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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.



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CORPORATE GOVERNANCE

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

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.

Name	Position
Dr. T. Nyamadzabo	Chairperson
Mr. A. T. Yalala	Vice Chairperson
Mr. W. B. Wankie	Member
Mr. G. Lebele	Member
Mrs. O.B. Ward	Member
Ms. K. Mothusi	Member
Ms G.G.P. Mosweu	Member
Mr. K. R. Morris	Commissioner General

Attendance of Meetings by the Board of Directors

	EO 04/05/16	EO 20/05/16	17/06/16	EO 24/06/16	EO 28/07/16	15/09/16	01/12/16	21/03/17	Sitting Allowance (PULA)
	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	8, 400
	✓	✓✓	✓✓	✓✓	X	X	X	X	2, 520
	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	6, 720
	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	6, 720
	✓✓	✓	✓	✓	✓✓	✓✓	✓✓	X	3, 360
	X	X	X	X	✓✓	✓✓	✓✓	✓✓	3, 360
	X	X	X	X	✓✓	✓✓	✓✓	✓✓	3, 360
	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	

Board Secretary:

Ms. S. Radibe-Michael (1st April 2016 to 31st December 2016) - Acting

Ms. L. Mafukidze (1st January 2017 to 31st March 2017) - Acting

BOARD OF DIRECTORS

Pic from left to right

Mr. Gaamangwe Lebele
Board Member

Mr. Keneilwe R. Morris
Commissioner General

Ms. Gaongalelwe G. P. Mosweu
Board Member

Dr. Taufila Nyamadzabo
Board Chairperson

Mr Wankie B. Wankie
Board Member

Ms. Ontlametse B. Ward
Board Member

Ms Keletso Mothusi
Board Member







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BOARD COMMITTEES

BOARD COMMITTEES

The Board has appointed the following Committees, namely; the Board Audit and Finance Committee (BAFC), the Board Human Resources Committee (BHRC) and the 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 in asterisk are co-opted Members of the Committees:

COMMITTEE	MEMBERS	DUTIES
Board Audit and Finance Committee	Mr. Gaamangwe Lebele, Ms. Keletso Mothusi, *Mrs Rorisang Modikana and *Mr. Bright-Moses Motsu	The Committee oversees the review of the BURS financial performance in line with corporate strategy and budgets, as well as the review of audited financial statements with the external auditors prior to the approval by the Board. It is also functionally responsible for the Internal Audit Function. Furthermore the Committee has since assumed oversight responsibilities on Information Technology and Enterprise Risk functions.
Board Tender Committee	Mr Wankie B. Wankie (Chairperson), Mr. Alexander. T. Yalala, Ms. Ontlametse B. Ward Ms. Gaongalelwe G.P. Mosweu, *Ms. Elisah M. Mosesane *Ms. Mercy Conlon	This Committee is responsible for adjudication of tenders in respect of procurement of goods and services valued at above P5, 000,000.00 (P5 million), as well as all matters incidental to procurement.
Board Human Resources Committee	Mr. Alexander. T. Yalala, (Chairperson), Mr Wankie B. Wankie, Ms. Ontlametse B. Ward, Ms. Gaongalelwe G.P. Mosweu, Mr. Keneilwe R. Morris and *Mr. Simon T. Meti *Mr. Gabriel T. Mosinyi	The Committee deals with the recruitment of senior members of staff, BURS remuneration policy and advises the Board on all staff welfare and human resources related matters.

Meetings Attendance by Board Committee Members:

Board Tender Committee Meetings:

NAME	15/06/16	EO 29/07/16	17/11/16	24/02/17	Sitting Allowance (PULA)
Mr. W. B. Wankie	√√√	√√√	√√√	√√√	3,360
Mr. A.T. Yalala	√√√	X	X	X	840
Ms. O.B. Ward	√√√	√√√	√√√	√√√	3,360
Ms. G.G.P. Mosweu	X	√√√	√√√	√√√	2, 520
Ms. E. Mosesane	√√√	√√√	√√√	√	2,520
Ms. M. Conlon	√√√	√	√√√	√√√	2,520
Mr. K. R. Morris	√√√	√√√	√√√	√√√	-

Board Tender Committee Secretary:

Mr. K. Labane (1st April 2016 to 31st March 2017)

Board Human Resources Committee Meetings:

NAME	EO 22/04/16	20/06/16	EO 22/06/16	EO 14/07/16	EO 02/08/16	09/11/16	10/11/16	07/02/17	Sitting Allowance (PULA)
Mr. A. T. Yalala	√√√	√√√	√√√	X	X	X	X	X	2,520
Mr. W. B. Wankie	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√√√	6,720
Ms. O. B. Ward	√√√	√√√	√√√	√	√√√	√	√√√	√	4,200
Ms. GGP. Mosweu	X	X	X	X	√√√	√√√	√√√	√√√	3,360
Mr. G. Mosinyi	X	X	X	X	√√√	√√√	√√√	√	2,520
Mr. S. T. Meti	√	√√√	√√√	√√√	X	X	X	X	2, 520
Mr. K. R. Morris	√√√	√√√	√√√	√	√√√	√√√	√	√√√	-

Board Human Resources Committee Secretary:

Ms. V. Maphanyane (1st April 2016 to 31st March 2017)

Board Audit and Finance Committee Meetings:

NAME	12/05/16	14/06/16	16/06/16	EO		EO		25/11/16	06/03/17	Sitting Allowance (PULA)
				22/06/16	21/07/16	05/09/16	12/09/16			
Mr. G. Lebele	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√√√	7,560
Ms. K. Mothusi	X	X	X	X	X	√√√	√√√	√√√	√√√	3,360
Ms. R. Modikana	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√√√	7,560
Mr. B. M. Motsu	√√√	√√√	√√√	√√√	√√√	√√√	√√√	√	√	5,880
Mr. K. R. Morris	√√√	√√√	√√√	√√√	√√√	√√√	√	√√√	√√√	-

Board Audit and Finance Committee Secretary:

Ms. M. Gaseitsiwe (1st April 2016 to 31st March 2017)

√√√	Attended
√	Apology
X	Pre-/Post-term
EO	Extra Ordinary Board/Committee Meeting



Efficient, responsive services.

Your taxes secure services that empower, enrich and provide for the lives of people in Botswana.



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BURS ORGANISATIONAL STRUCTURE

The Board approved the BURS revised organisational structure which was implemented effective from 1st July, 2016. The revised BURS structure comprises of nine Divisions: Customs Services Division, Domestic Taxes Division, Operations Division, Finance & Administration Division, Human Resources Division, Information Technology Division, Internal Audit and Ethics 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 discharges its mandate. The Office of the Commissioner General houses the Communications, Transformation and Modernisation, Research and Reporting and Enterprise Risk Management functions.

Customs Services Division

The Customs Services Division has responsibilities that include: To provide strategic direction for the customs and excise service; To develop policies, strategies and programs and provide guidance in all aspects of customs and excise administration; To provide leadership in the negotiation and facilitation of regional and international trade and customs agreements to safeguard the Botswana's interests; To further coordinate all policy matters with the Botswana Government, international bodies such as IMF, World Bank, and liaise with intergovernmental organisations such as WCO, WTO, and SACU.

Domestic Taxes Division

This Division is charged with the following responsibilities: To provide strategic direction in the development of Domestic Taxes legislation, policies and strategies; to ensure consistency in the interpretation of the tax laws, mainly the Income Tax, VAT and Capital Transfer Acts; to further provide leadership and advice in the determination and negotiation of the tax administration landscape.

Internal Audit And Ethics Division

The Internal Audit and Ethics 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. It is also charged with the responsibility to monitor, review, investigate and verify the activities and operations of BURS to ensure integrity, effectiveness and compliance with internal control systems and procedures to enhance efficiency, reduce potential risk, protect, and ensure optimal utilization of BURS resources.

Legal Services Division

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.

Finance And Administration Division

The Finance and Administration Division is responsible for accounting for the revenue collected by BURS according to the various revenue and non-tax statutes and accounting for subventions received from the Government and related expenditure transactions. It is also responsible for planning, organising and managing the delivery of cost effective, value for money support services, in the areas of: Infrastructure Development Projects; Facilities Management; Fleet Management; General Administration and Security Services.

Human Resources Division

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

Information Technology Division

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.

Operations Division

The Operations Division is responsible for field delivery of BURS services and it comprises of the Compliance Section, Processing of Returns/Declarations Section, Taxpayer Service Section and oversight of Regional and Inland offices as well as Border Post operations.

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EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT



Pic from left to right

Mr. Gaitsiwe M. Motsewabagale

General Manager, Research & Reporting

Ms. Lebesani C. Mosweu

Director, Information Technology

Mr. Phodiso P. Valashia

Commissioner, Customs Services

Mr. Kingsley Kgosidintsi

Commissioner
- Finance & Administration



Ms. Agnes B. Motlhanka

Director, Internal Audit and Ethics

Mr. Keneilwe. R. Morris

Commissioner General

Ms. Bame Tumiso

Director, Legal Services & Board Secretary

Mr. Segolo Lekau

Commissioner Operations

Ms. Mukani Pelaelo

Director, Human Resources

Go tlhamela banana ditiro.

Your taxes secure services that empower, enrich and provide for the lives of people in Botswana.



BOARD CHAIRPERSON'S REVIEW

INTRODUCTION

It is my pleasure 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, 2017.

The report focuses on the operational performance of the Revenue Service and thus covers the following broad areas, namely tax revenue collection performance, 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 recover from 2015 when it contracted by 1.7%. Global growth increased from 3.2 percent in 2016 to 3.7 percent in 2017 while growth in the Sub Saharan Africa increased from 1.4 percent in 2016 to 2.7 percent in 2017.

The demand for diamond went up for the period under review. However, the demand was adversely affected by depressed prices. This was worsened by the closure of the BCL mine in the fourth of 2016. Soda ash value added went down due to the low demand arising from the decreasing metal prices. Coal prices also remain depressed and stagnated and this continues to negatively impact on the commodity export viability. BCL closure also impacted on the Morupule Colliery Mine production. As a result, the value added of mining went down. The closure and low production in the mining sector therefore affected the performance of other sectors like electricity and water.

GOVERNANCE MATTERS

During the financial year 2016/17 several changes occurred in the composition of the BURS Board of Directors and its Committees:

Mr. A. T. Yalala, the former Deputy Chairperson of the Board retired from the Board at the end his term and was replaced by Ms. G. G. P. Mosweu whilst Ms .K. Mothusi also joined the Board replacing Mr. Sholo Matale as the representative of Bank of Botswana.

On the other hand Mr. Wankie Wankie's term was renewed for a four year period commencing on 1st July, 2016. With respect to the Board Committees, Mr. Simon T. Meti, a founding member of the Board Human Resources Committee also retired and was replaced in the Committee by Mr. G. Mosinyi. The tenure of Ms. Rorisang Modikana as a member of the Board Audit and Finance Committee and that of Ms. E. M. Mosesane in the Board Tender Committee were renewed for three year periods commencing 30th June,2016 and 30th August, 2016, respectively.

On behalf of the Board I wish to convey my sincere appreciation to the members who retired and thank them for having served BURS Board and its Committees professionally and selflessly. I wish them success in their future endeavours. I also wish to welcome the newly appointed members and those whose terms have been renewed. I urge them to continue the excellent work that their predecessors individually and collectively committed to performed.

PERFORMANCE HIGHLIGHTS FOR THE YEAR

Revenue Performance.

The 2016/17 financial year marked the third year of the implementation of the third BURS Strategic Plan which covers the five-year period from 2014 to 2019. BURS collected total tax revenue amounting to P35.808 billion for the period under review compared to P35.335 billion during the 2016/17 financial year as shown in Figure 1 below. The collection exceeded the target of P34.787 billion by P1.021 billion which translates to 2.9%. The collection for 2016/17 also shows an increase of P473 million over the previous year's collection.

BURS PROJECTS

The Revenue Service continued to work on its major projects as contained in the Board approved 2016/17 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 is expected to be completed in the fourth quarter of the 2017/18 financial year. The refurbishment of BURS properties and building of new staff housing at various border posts also continued.

Future Outlook

The outlook for 2017 is positive with the economy forecast to grow at 4.79 percent in 2017, an improvement from a growth rate of 4.37 recorded in 2016. The outlook is based on the anticipated improvement in both the mining and non-mining sectors. However, there are downside risks to the prospects, such as the slow recovery of the global economy, and falling commodity prices.

ACKNOWLEDGEMENTS

On behalf of the BURS Board, I would like to express how indebted I am to Management and the entire staff of BURS, who continue in their relentless commitment in their work amid the challenging working conditions. As a result, my leadership role of the BURS Board has been made easier.

Our success has also been made possible by continued good working relationship with our stakeholders who continue to pay their tax dues.

Their cooperation is appreciated. I would also like to thank the BURS cooperating partners for continuing to support the Revenue Service in various capacities. Indeed, it is their assistance that has helped the organisation to realise its objectives for the year.

To them I would like to say, we need you more than ever especially in this difficult time where our revenue streams are diminishing to help us devise means that will enhance our tax collection mandate.

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 this report to the honourable Minister of Finance and Economic Development on the operations and financial performance of the Botswana Unified Revenue Service covering the financial year ended 31st March, 2017. The Report highlights the following matters;



Mid term Review of The BURS Strategic Plan 2014- 2019

During the Year under the review the Revenue Service undertook a midterm review of its 5 year strategic plan covering the period April 2014 to March 2019. The review confirmed that the strategic objectives set at the beginning of Plan period were still relevant. The outcome of the review is summarised below;

Performance Status for Objective 1: Improve Enterprise Effectiveness

During the first half of the Strategic Plan period, the organisation worked on the various Initiatives that drive this Objective and completed the Initiatives to develop and implement an E-services platform for online filing and payment of returns for all tax types and review of the Performance Management System; Revision of the Organization and Pay Structures; Development and implementation of a Customs Management System. The rest of the Initiatives were below 50% completion.

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 while Cost to Collection ratio was also lower at P1/P66.37 against a target of P1/P88.

Performance Status for Objective 2: Maximize Responsiveness to Taxpayers

Among the various Initiatives that drive this Objective, the organization managed to complete the Initiatives to Procure Sniffer Dogs and to Procure Cargo Scanners although owing to their costs, the Scanners for various entry points will continue to be procured in phases throughout the Plan period.

The other Initiatives were still ongoing and these included: Development and implementation of a Track and Tracing System; Development and implementation of a Single Window System; Development and implementation of a Customer Service Improvement Programme; Development of a Customer Needs Analysis Survey and Promotion of Inter-Agency Cooperation.

Performance Status for Objective 3: Maximize Revenue Collection and Improve Cost Effectiveness

The main indicator for this Objective deals with the core mandate of revenue mobilization. In terms of performance during the first 2 years of the Plan period actual revenue collected was P35.3 billion which was 7% below the strategy target of P37.9 billion.

The main reason for the low revenue performance was the subdued economy coupled with poor performance of the mining sector which led to a revision downwards of the annual targets for the first and second years of the Plan period.

Among the Initiatives that drive this Objective, the organization managed to complete the following Initiatives: Development of the Compliance Strategy although it was not yet implemented 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.

2016/17 Annual Business Plan

At the beginning of the year under review, BURS developed the Annual Business Plan which set out the operational priorities for the year. This report articulates how the revenue service performed in the financial year highlighting achievements and outlining the challenges faced as well as the strategies pursued to overcome those challenges. The report is structured in accordance with the Balanced Scorecard principles pertaining to **People, Processes, Customer Focus, and Financial perspectives** for ease of interpretation.



PEOPLE PERSPECTIVE – LEARNING AND GROWTH

Organisational Structure Review

During the year under review BURS completed the review of its organisational structure. This resulted in a new organisational structure with nine (9) divisions including the Commissioner General's Office, changing from the previous eight (8) divisions, the most notable being the introduction of the Operations Division, which will be responsible for consolidating and providing oversight on the revenue service work at its out field offices.

A new function was also created under the Commissioner General's Office, to manage Enterprise Risk, whilst the former division responsible for Corporate Planning and Communications was rationalised and renamed Research and Reporting. The Communications function was upgraded and given additional responsibilities of managing the taxpayer education activities in addition to its traditional role.

The revised structure also brought more focus into decentralising the BURS functions to the regional offices to improve service delivery. The implementation of the revised organisational structure commenced during the second quarter of the 2016/17 financial year.

Pay Structure Review

In addition to the organisational structure, the BURS pay structure was also revised. Of particular importance was the change of the pay policy from benchmarking the maximum of the BURS pay ranges in each band against the Median of the parastatals market, to a new pay policy of benchmarking the BURS guaranteed packages against the All Organisations Market at different anchor points. The change of pay policy is expected to improve BURS competitiveness relative to the market. Further, BURS introduced two new allowances, being Market Parity and Attraction Allowances.

The Market Parity was introduced to reduce the gap between BURS guaranteed packages and All Organisations Market at certain grades. The Attraction Allowance was introduced for some grades under the Information Technology, Information Technology Auditing, and Legal Services areas, where BURS experienced most attrition. The pay structure was implemented with effect from 1st July, 2016. BURS will continue to consider areas where improvements can be made to enhance its competitiveness relative to the market.

Staff Capacity Building

BURS continues to provide a budget for staff development to ensure that its employees are fully capacitated through

a variety of training programmes both locally and internationally so that they can effectively contribute to the realisation of the BURS Vision. During the 2016/17 financial year, a total of ninety-five (95) courses; five (5) long term and ninety (90) short and in-house courses were conducted and attended by 884 employees. Out of the 884, fifty-eight (58) employees attended long term training as follows; Advanced Taxation- 24, Masters' degree - 4, Certificate in Secretarial Studies - 1, Bachelor's degree in Library & Information studies - 1 and Graduate Trainee Programme - 28 while 826 attended short-term and in-house programmes respectively.

The Executive Committee (EXCO) also held a team alignment session in Maun from the 31st May to the 1st June 2016. The decision to have a team building session was informed by the realisation that the Botswana Unified Revenue Services (BURS) leadership team needed to improve their value add to the organization as a team beyond what each member provides separately through the function they represent.

Furthermore, twenty (20) employees from various Divisions attended Customer Service Training. The training has been enhanced to include a thorough discussion on BURS values as a way of gradually embedding the values within the organisational culture. This brings the number of frontline BURS employees trained on Customer Service from 2012 to date to 537.

PROCESS PERSPECTIVE – ENTERPRISE EFFECTIVENESS



Objective 1 - Improve Enterprise Effectiveness:

There were 15 Strategic Initiatives that drive this Objective and as at the end of the financial year, 6 out of the 15 Initiatives were completed, while the other 6 were still on-going and 3 Initiatives were lagging behind. Some of the completed initiatives are highlighted below;



THE TRANSFORMATION AGENDA

Work on the BURS Transformation Agenda progressed during the year under review. Following the implementation of the BURS Project Management Standard effective from 2015/16 financial year, training was conducted on Project Management for the Executive Management and some relevant officers. Change Management training was also conducted for the BURS Change Management Agents which is comprised of officers from each of the BURS Divisions.

INTRODUCTION OF A CANINE FACILITY (SNIFFER DOGS)

On 1st December 2016, BURS commenced the use of Customs sniffer dogs to provide a non-intrusive search capability at Botswana's ports of entry to prevent and detect smuggling of contraband such as drugs (e.g. marijuana, mandrax, heroin, cocaine, LSD, ecstasy and all other narcotics), arms, explosives, chemicals, endangered fauna and flora products and currency.

The initiative was undertaken with the view to ensure compliance with the provisions of the Customs and Excise Duty Act in the wake of the ever-escalating instances of smuggling of contrabands into Botswana and the need to effectively curb the problem.

REVIEW OF BURS ACT AND REVENUE LAWS

During the year under review, BURS submitted the submitted proposals to the Ministry of Finance & Economic Development to amend some provisions of the BURS Act. These proposals were discussed and supported by the Taxation Review Committee that is chaired by the Permanent Secretary.

BURS, in consultation with the Tax Policy Unit of the Ministry of Finance and Economic Development also commenced discussions on the development of a tax administration legislation to reduce the administrative provisions in the revenue acts to a single Act that would achieve both simplicity in administration and also streamline existing provisions that are common in the revenue Acts. This work continued throughout the year with the assistance of an expert provided under the auspices of the IMF's AFRITAC South.

The expert was on site in Botswana in July 2016 during which time he was able to engage with Business Botswana and the Botswana Institute of Chartered Accountants (BICA) to gather their inputs in the development of the Bill.

TECHNICAL ASSISTANCE PROGRAMMES

In order 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 BURS benefited from technical assistance provided by the International Monetary Fund in reviewing the income tax and value added tax legislation as well developing the tax administration bill.

The Organisation for Economic Corporation and Development (OECD) also continued to assist BURS with the capacity building of the Large Taxpayer Unit (LTU) through an ongoing three-year programme through which BURS officers are being trained on transfer pricing. The programme which began in 2015 was expected to end in December 2017.

Cooperation also continued 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 and regulations.

Finally, the Botswana European Union Cooperation (BEUC) assisted BURS with funding for training of BURS staff on the SADC-EU Economic Partnership Agreement (EPA), which came into effect in June, 2016

DEVELOPMENT PROJECTS

Completed Projects

During the reporting period, BURS completed several infrastructural projects which included; Construction of 36 staff houses at Tlokweng Border Post; Construction of 36 staff houses at Ramatlabama Border Post; Electrification of Parris Halt Border Post; Construction of an Inspection Shed at Kazungula Ferry and General maintenance of Mohembo Border Post.

Ongoing Projects

Construction of the BURS Head Office Building

The 24 month project which was planned for completion in December, 2016, had to be extended to 14th March 2017 to accommodate an increase in scope at a cost of P39 million which was sourced from savings realised within the project. The indicated completion date was not achieved and the anticipated completion date was moved to 20th September 2017.

The further delay in the project was caused by resourcing challenges on the side of service provider as well as the difficulties experienced in sourcing the required specialised materials.

Design and Construction of the Mamuno Border Post Sewerage System

The project completion date was initially scheduled for 3rd December 2016 which was extended to 3rd February 2017. However, due to persistent inclement weather which prevented the continuation of work the project completion date was further extended for completion during the 2017/18 financial year.

Delayed Projects

Sewerage Infrastructure Upgrade for Tlokweng Border

The tender for construction closed on 23rd March 2017 and was evaluated. This project was delayed by the need to carry out an environmental impact assessment, which was not considered when developing the project plan.

Maintenance and Refurbishment of Tlokweng Border Facilities

Work on both the residential and commercial areas was ongoing. In terms of the revised programme, the anticipated completion date was moved to September 2017. The contractor was being charged the Liquidated and Ascertained Damages (LADs).

General Maintenance of Martins Drift and Kazungula Road Borders

The tender for consultancy work was awarded in January 2017 and the consultants embarked on a detailed scoping of the work. The project was expected to take three years and was progressing as planned.

Objective 2 - Maximize Responsiveness to Taxpayers:

This Objective has 9 Strategic Initiatives and 4 of those were completed while 3 were still on-going and 1 out of the 9 Initiatives was lagging behind. The remaining initiative was deferred for implementation during the 2017/18 financial year.

Objective 3 - Maximize Revenue Collection and Improve Cost Effectiveness:

Performance in terms of revenue collection is provided in detail under the Financial Perspective part of this report. With respect to performance on the Initiatives that drive this Objective, 3 out of the 4 Initiatives were completed while 1 was ongoing for completion during the ensuing year.

Go
tlhokomela
batsadi ko
malapeng.

Your taxes secure services that empower, enrich and provide for the lives of people in Botswana.





CUSTOMER PERSPECTIVE– FOCUS AND NEEDS

ACQUISITION OF THE TAX AND CUSTOMS MANAGEMENT SYSTEMS

A new Customs Management System (CMS), which replaced the ASYCUDA system, was implemented in January, 2017 while the entire project, which includes interfacing with other stakeholders was expected to be completed by December 2017.

In addition, plans to acquire a modern web-based Tax Management and Revenue Collection System (TMRCS) to replace the current legacy system which no longer meet business requirements due to its design limitations were at an advanced stage. The new TMRCS will facilitate the efficient management of Internal Revenue collection in Botswana. The tender for the TMRCS was floated from October to December 2016 and it is planned to award the contract to develop the new system during the 2017/18 financial year to be followed by installation and commissioning during the 2018/19 financial year.





INTRODUCTION OF E-SERVICES

The Revenue Service, completed the implementation of a suite of services which include e-filing and e-payment of all tax returns, on-line application and verification of Tax Clearance Certificates as well as on-line registration for tax purposes during the year under review.

This was followed by a nation-wide campaign that saw a significant number of taxpayers registering for e-services usage (around 58,000) during the year. More publicity and public education will continue in the coming financial year to further increase the usage of the e-services platform.

Taxpayer Education and Compliance

During the 2016/17 financial year BURS conducted several taxpayer education workshops, business to business training events and public awareness campaigns to educate the tax payers on the use of the e-services, as a way of improving voluntary compliance.

Stakeholder Engagement

Private Sector Stakeholders

BURS has established formal relationships with its key stakeholders.

These include the Botswana Institute of Chartered Accountants (BICA) and the two Associations representing the Customs Clearing and Forwarding Agents.

During the year under review, periodic meetings were held with BICA to discuss operational matters with the aim of improving customer service.

With respect to the Customs Clearing and Forwarding Agents Associations, meetings were held to prepare for implementation of the Customs Management System.

Public Sector Stakeholders

BURS participated in all the meetings of the Joint Commission on Defence and Security (JCDS), to foster cooperation with other regional law enforcement and revenue administrations.

Implementation of Memoranda of Understanding

BURS developed the terms of reference and operational frameworks to facilitate the implementation of MOUs with Statistics Botswana and Companies and Intellectual Property Authority (CIPA).

Commonwealth Association of Tax Administrators (CATA)

As a member of CATA, BURS participated in the meetings of the CATA Management Committee held in London, UK in April, 2016 and the CATA Annual Technical Conference that was held in Bridgetown, Barbados in November 2016 under the theme “Enhancing Tax Compliance through Strategic Alliances”.

African Tax Administration Forum (ATAF)

Botswana attended the 3rd ATAF General Assembly held in Durban, South Africa in October 2016 where the current ATAF Council was elected. During that meeting the Commissioner General also signed a commitment to pursue the ratification of the African Agreement on Mutual Assistance in Tax Matters (AAMATM). The Agreement seeks to, among others, facilitate a broader exchange of information mechanism among African countries and also to

facilitate close cooperation in the area of audits and investigations.

A proposal for Botswana to accede to the Agreement was subsequently submitted to the Attorney General’s Chambers through the Ministry of Finance and Economic Development in April 2017.

During the year under review BURS also participated in several ATAF sponsored programmes and events in the context of capacity building. These included a course on taxation of mineral resources and negotiations of double taxation avoidance agreements, a Capacity Building Workshop for Data Collectors for the African Tax Outlook (ATO) publication in August 2016 and a Validation Workshop for the ATO publication in October 2016.

BURS has also participated in technical interventions such as the ATAF Tax Research Network Congress in September 2016, the Trade Mispricing Meeting in March 2017, the ATAF Technical Meeting on VAT in March 2017 and also actively participates in the Cross-border Taxation working group. This latter intervention often required participation, on behalf of ATAF at high level meetings of the OECD where ATAF represented the African voice in matters of taxation.

Participation in this fora enables BURS to share experience with similar organisations in the context of improving tax administration.





FINANCIAL PERSPECTIVE

Tax and Customs Collections

BURS collected tax revenue amounting to P35.808 billion during the year under review compared to P35.335 billion collected during the 2015/16 financial year. The collection exceeded the original target of P32.337 billion by P3.471 billion and the revised target of P34.787 billion meaning that the excess collection was reduced to P1.021 billion. The collection for 2016/17 also shows an increase of P473 million when compared to the previous year's collection. The increase was attributable to the strong performance of Income Tax and VAT. Total income tax increased by P3.864 billion from P13.832 billion to P17.696 billion

as shown in table 2. The increase was attributed to the improved performance of the mining sector.

In addition, VAT collections increased from P5.685 billion in 2015/16 to P6.339 billion during the period under review as shown in table 3. However, in spite of this good performance VAT collections were lower than the approved target for the year by P1.189 billion. The improved performance can be attributed to the increase in demand for goods and services, whilst the target shortfall was a result of VAT refunds.

On the other hand, Botswana's share of revenue from the SACU Common Revenue Pool registered lower performance as it fell from P15.818 billion recorded in 2015/16

to P11.773 billion for the period under review as shown in table 4.

The decline was as result of the shrinking of the SACU Pool from R88.9 billion reported in the 2015/16 financial year to R79.3 billion in 2016/17.

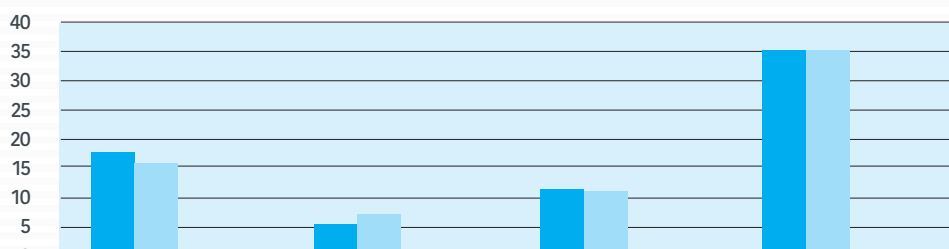
P35.808 billion of tax revenue

Income tax increase from **P13.832 billion** to **P17.696 billion**

Tax Revenue Collection and targets

A comparison between actual collections and targets shows that BURS collection for the period under review surpassed the target by P1.021 billion which translates to 2.9% as shown on Figure 1 below.

Figure 1: Tax Revenue Collections by Tax Type and Targets

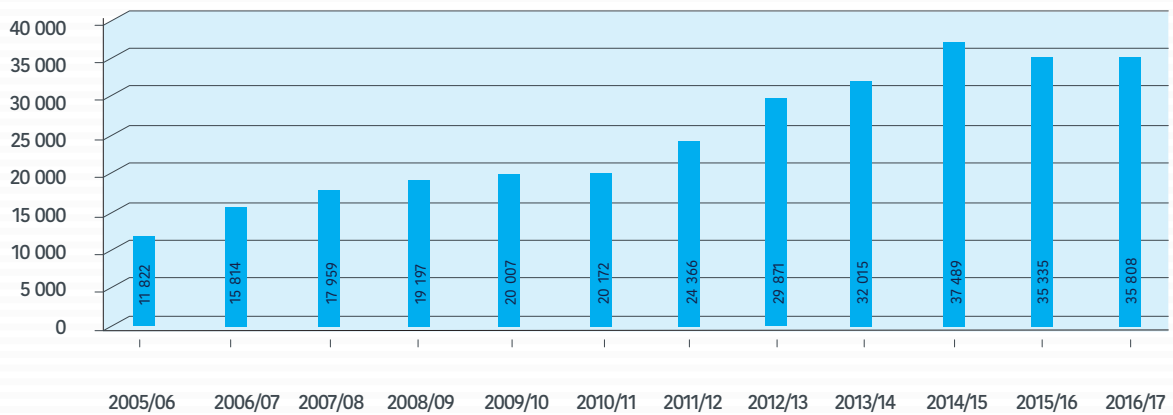


	INCOME TAX	VAT	Customs Receipts	Total
Actual Performance	17,695,687	6,338,862	11,773,339	35,807,888.00
Collection Targets	15,741,300	7,528,560	11,517,210	34,787,070.00
Difference	1,954,378	(1,189,698)	256,129	1,020,818.00
Difference (%)	12.4%	-15.8%	2.2%	2.9%

Historical Trends in Revenue Collection

As shown in figure 2, BURS has since inception recorded a steady increase in revenues collection annually rising from P11. 822 Billion raised in 2005/6 to P35. 808 Billion for the year under review. This trend shows that the annual revenue collection has over this period increased more than threefold.

Figure 2: Yearly Total Tax Collections (P'Million)



Operational Expenditure

As stated in the audited financial statements of the BURS Own Accounts, BURS reported a Comprehensive Loss of P23.897 million during the year under review compared to the Comprehensive Income of P93.859 million recorded during 2015/16 financial year. The Comprehensive Loss is explained mainly by the following transactions;

- An amount of P15.503 million being the fair value of the investment property which was transferred to the Public Procurement and Asset Disposal Board (PPADB) as at 31 March 2017 at no consideration based on the directive issued by Ministry of Finance and

Economic Development, was written off against the income statement

- A provision made for accrued annual leave balances amounting to P10.1 million. As a way forward, Management has developed and will enforce a leave management policy which ensures that employees take the required minimum annual leave.
- Non-cash items such as the amortization of intangible assets amounting to P4.55 million have also contributed to the loss.

Despite this disclosure, BURS total Operational expenses were contained within the approved funding.

Cost of Collection

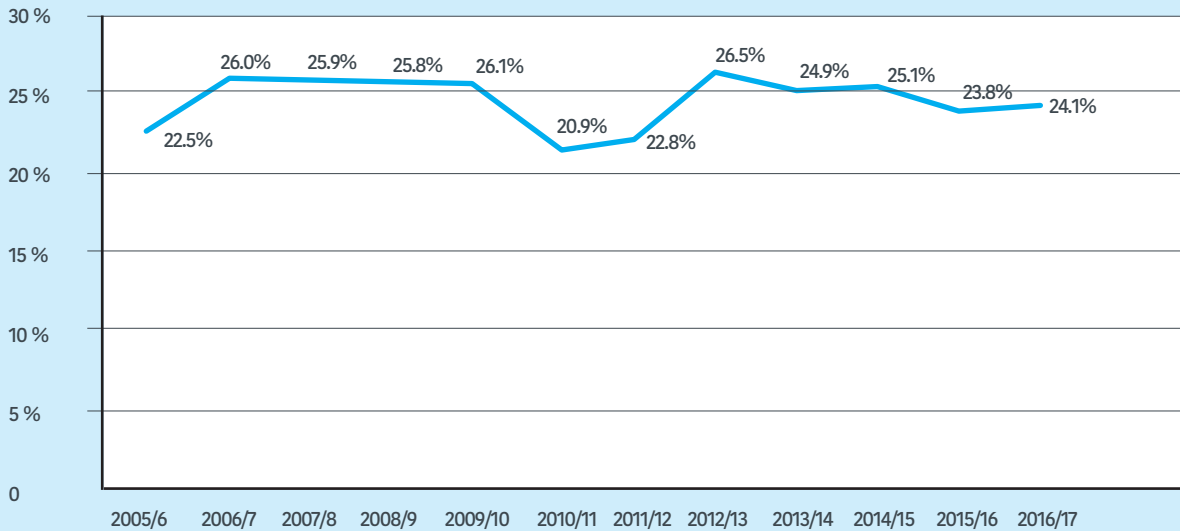
For the financial year 2016/17, BURS spent P614.288 million to collect P35.808 billion which translates into a cost to collection ratio of P1.00/P58.29. This means for every P1.00 that BURS spent; the benefit to the Government in return was P58.29. Compared to the previous year's cost to collection ratio which was P1/66.37, this indicates a significant ratio decrease amounting to P8.08 collected per Pula spent. The decrease in the cost to collection ratio is attributable to the decline in revenue collected during the year under review whilst conversely BURS operational costs increased.

Tax Revenue as a Percentage of Gross Domestic Product (GDP)

During the year under review Tax Revenue Collections as a percentage of GDP rose marginally to 24.1% compared to 23.8 % recorded in the previous year as shown in Figure 3 below. The increase is attributed to improved revenue collection outcome, for the year under review.

GDP rose marginally to **24.1%** compared to **23.8%** recorded in the previous year

Figure 3: Tax Revenue as a Percentage of Nominal GDP



Income Tax Revenue Collection

Income Tax revenue collection for the year is derived from different sources as shown in the Table 2. The major source of the tax collection is from the Assessed Tax which increased from P6.933 billion in 2015/16 to P9.506 billion in 2016/17 while deducted tax also increased from P4.976 billion in 2015/16 to P5.288 billion for the period under review. The increase in Assessed Tax is attributed to the improved assessment strategies which were implemented since the 2015/16 financial year.

Assessed Tax Increased from **P6.933 billion** to **P9.506 billion** in 2016/17

Table 2: Income Tax Collections by Source

Type of Tax	15/16 Collections (P' 000)	16/17 Collections (P' 000)
Withholding Tax	1,817,908	3,112,596
Deducted Tax (Pay As You Earn)	4,975,568	5,287,575
Assessed Tax	6,933,352	9,505,690
Penalty Interest	92,782	105,785
Capital Transfer Tax	12,605	7,474
Gross income tax receipts	13 832 215	18 019 120
Less: Refunds	-	(323 433)
Total Income Tax	13,832,215	17 695 687

Value Added Tax Revenue collection

For the year under review, overall VAT increased from P5.685 billion in 2015/16 to P6.339 billion in 2016/17. Despite a decline in refunds from P2.810 billion in 2015/16 to P2.263 billion for the period under review, refunds continued to negatively affect the total VAT collections. Fuel levy also contributed to the negative impact as it decreased from P119 million to P113 million due to a decrease in the fuel levy rate from 21 thebe per litre to 12 thebe per litre for petrol and from 12 thebe per litre to 7 thebe per litre for diesel.

VAT increased from **P5.685 Billion** in 2015/16 to **P6.339 Billion** in 2016/17

Table3: VAT Collections by Source

	15/16 Collections (P' 000)	16/17 Collections (P' 000)
VAT Import	4,270,996	4,363,161
VAT Internal	4,072,032	4,072,640
VAT Interest & Penalties	33,346	53,280
Fuel Levy	118,804	113,001
Gross Collection	8,495,178	8,602,082
Less Refunds	(2,810,271)	(2,263,220)
Net VAT Collection	5,684,907	6,338,862

SACU Revenue Shares

The Revenue Pool declined by R9.61 billion from R88.898 billion in 2015/16 to R79.286 billion in 2016/17 which represented a decrease of 12.1%. As a result, Botswana's revenue share for the period also dropped significantly by 28.9% from R20.039 billion in 2015/16 to R15.547 billion in 2016/17.

SACU Revenue Pool declined from **R88.898 billion** in 2015/16 to **R79.286 billion**

Table 4: SACU Revenue Pool Shares by Country

	2015/16 Shares (Rands)	2015/16 Shares (Pula)	2016/17 Shares (Rands)	2016/17 Shares (Pula)	Percentage of the Total Pool
Botswana	20,039,061,721	16,261,512,392	15,546,562,327	12,615,890,876	19.6%
Lesotho	6,308,228,659	5,119,068,943	4,518,965,827	3,667,098,780	5.7%
Namibia	17,126,817,061	13,898,252,910	14,070,729,689	11,418,266,403	17.7%
South Africa	38,609,156,298	31,330,971,596	39,898,133,589	32,376,964,691	50.3%
Swaziland	6,815,133,720	5,530,417,690	5,252,103,452	4,262,033,151	6.6%
Total	88,898,397,458	72,140,223,532	79,286,494,885	64,340,253,902	100%

Customs and Excise Duty Collections

Being a member of SACU, Botswana like other SACU Members is required to pay all the collections of customs duties, excise duty and additional duties into a Common Revenue Pool (CRP). During the year under review, Botswana collected and paid a total amount of P417.5 million into the CRP compared to P587 million which was collected in the previous financial year.

This represents a decrease of P169.5 million or 40.6%. The significant decrease is attributed to the general tariff reduction commitments made under the World Trade Organisation as well

as a drop in the production in Botswana of excisable products such as alcoholic beverages and tobacco products.

Table 5: Botswana's Customs and Excise Duty Collections paid to the CRP

TYPE OF DUTY	2015/16 (P)	2016/17 (P)	VARIANCE (P)
Customs Duty	258,538,960	175,379,726	(83,159,234)
Ad valorem Duty	20,693,843	12,888,022	(7,805,821)
Excise duty	280,978,444	205,898,139	(75,080,305)
Additional Customs Duty	26,809,957	23,320,256	(3,489,701)
TOTAL	587,021,204	417,486,143	(169,535,061)

Collections on Behalf of Government Departments

During the period under review, BURS collected P629.2 million on behalf of Government departments and agencies compared to P507.9 million which was collected in the previous financial year as shown in Table 6.

Most of the collections came from the Alcohol Levy which contributed 68%, followed by Transport Permits by 21% while other levies each contribute less than 10%. Alcohol Levy recorded the largest increase in collections because

during the reporting period there was a change in the formula for calculation of alcoholic beverages which was heavier on imports than on locally produced goods and thus yielded more revenue.

Table 6: Service Levies

Type of Levy	Gross Collections		Variance
	2015/16 P'000	2016/17 P'000	P'000
Copyright levy	7,624	7,479	-145
Tobacco Levy	39,696	40,513	817
Road Safety Tokens	10,488	10,726	238
Transport Permits	120,651	134,465	13,814
Flour Levy	3,944	7,077	3,133
Alcohol Levy	325,465	428,964	103,499
Total	507,868	629,224	121,356

Debt Management

Collection of Tax Arrears

The opening balance of arrears as at 1st April 2016 was P2,235,581,150 which comprised of P1,235,288,674 and P1,000,292,476 being VAT and Assessed Income Tax respectively.

In spite of efforts made to reduce the arrears through recoveries and remissions, the total outstanding arrears as at 31st March 2017 stood at P2,694,440,334.

The growth in the debt is mainly attributed to interest and penalties which account for 66% of the arrears whilst the principal tax outstanding is 34%. Efforts will continue to be made to reduce the arrears in the next financial year.

Arrears collected (current year and old Arrears)

Table 7: Schedule of Arrears of Revenue

This annexure does not form part of the audited financial statements. It is presented as additional information.

	Balance at beginning of the year P	Collection of previous years' arrears P	Abandonment, discharges, remissions/ waivers & adjustments P	Balance of prior years' arrears P	Arrears in respect of current year P	Balance at end of the year P
31 March 2017						
VAT internal	484,089,339	(68,395,822)	(45,597,214)	370,096,303	184,938,636	555,034,939
VAT interest and penalties	751,199,335	(33,012,203)	(49,518,304)	668,668,828	224,613,627	893,282,455
Assessed tax	224,340,569	(92,360,415)	(157,043,585)	(25,063,431)	384,174,252	359,110,821
Assessed tax interest and penalties	775,951,907	(30,611,436)	(168,359,096)	576,981,375	310,030,744	887,012,119
TOTAL	2,235,581,150	(224,379,876)	(420,518,199)	1,590,683,075	1,103,757,259	2,694,440,334
31 MARCH 2016						
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	219,356,702	224,340,569
Assessed tax interest and penalties	669,993,532	(79,674,255)	(101,631,695)	488,687,582	287,264,325	775,951,907
TOTAL	1,895,317,936	(289,488,650)	(271,516,394)	1,334,312,892	901,268,258	2,235,581,150

Customs Declarations

For the 2016/17 period, the total number of import declarations stood at 515,461 as compared to 563,764 processed in the previous financial year.

The decrease in the number of declarations was attributable to a drop in imports of goods in general owing to a global economic recession which was experienced from 2015.

Export declarations stood at 41,333 for 2016/17 as compared to 50,639 processed in the previous year and 85,732 customs declarations were selected for checking in 2016/17 as compared to 85,782 in

2015/16. Therefore, the percentage of selected declarations for the period under review stood at 15% against the 14 % the previous year.

Table 8: Customs Declarations

Declarations	2015/16	2016/17	VARIANCE
Import	563,764	515,461	(57450)
Export	50,639	41,333	(5,182)
Physical Exam	70	113	43
Documentary check	150	175	25
Post clearance audit	85,562	85,444	(118)

Customs Controls

Detentions

A total of 688 detentions were recorded during the financial year under review compared to 494 in the previous year. As per the table below, Tlokweng and South Central regions recorded the highest number of detentions.

The detained goods were mainly assorted clothing, vehicles & parts, various food items including agricultural products, kitchenware (more especially 3 legged aluminium pots), medicaments, currency, salt, stationery, beauty products, electric appliances, fuel, wheel chairs, cement, alcohol beverages, cell phones & accessories, computers & accessories, alcohol beverages, fishnets etc.

The main reasons for detentions were either pending production of proper documents/permits or pending proper clearance or payment of taxes/penalties or re-exportation or investigation/valuation.

Seizures

579 seizures were recorded during the 2016/17 financial year compared to 425 in 2015/16. The North and South regions recorded the highest number of seizures as indicated on the table below.

The seized goods were mainly cigarettes, tobacco leaves, petrol, vehicles & parts, trailers, assorted clothing, medicaments, ornaments, fuel & containers, drums, currency, kitchenware, salt, stationary, substances suspected to be dagga, food items including agricultural products, cell phones and accessories, alcohol beverages, cement, etc. The main reasons for seizing goods were due to non-declaration or ex-detentions or false declaration or transporting smuggled or illicit goods.

Region	Detentions	Seizures
Central	43	54
North	121	230
Tlokweng	203	73
South Central	150	44
North West	67	7
Chobe	58	69
South	46	102
Total	688	579

Objections and Appeals

Objections to tax assessments are a fundamental part of a fair and transparent tax system that allows taxpayers to challenge decisions taken by the Revenue Service concerning tax liabilities and cause a review.

Through available appeal structures taxpayers enjoy the further right to appeal the objections decisions to the Board of Adjudicators and subsequently to the higher Courts. During the year under review, the target was to finalise 70% of all Objections within 90 days of receipt.

Of those Objections received, 35 were addressed and 20 of them were finalised within 90 days of receipt which translates into a 57% success rate against the target of 70%. Unfortunately, due to the nature of many objections it has

become very clear that the time limit within the Taxpayer Charter for responding to taxpayers' communications is becoming increasingly more difficult to meet. Tax issues have become more complex and capacity to deal with them by the BURS has become significantly strained.

However, with increased training in various areas of taxation and industry it is anticipated that this area of work will gradually improve.

CHALLENGES

The year under review has witnessed another satisfactory performance by the revenue service especially in respect of revenue mobilisation and provision of service to tax payers. Notwithstanding this good performance the number of challenges were encountered which negatively impacted optimum service delivery. Some of the challenges are highlighted below

Compliance with Statutory Reporting Requirements

The Revenue Service has not met the statutory reporting deadlines as contemplated under Section 28 (2) of the BURS Act, which requires financial statements to be prepared and submitted for audit within 60 days of the year-end and be audited within three months of the year-end and Section 29 (1) of the said Act which requires a comprehensive report of operations together with the auditor's report to be submitted to the Minister of Finance and Economic Development within 6 months of the year-end.

The problem stems from the voluminous manual tax collection reconciliations and functional challenges associated with the lack of interfaces between the primary tax systems and the BURS accounting systems. To address these challenges, Management is in the process of implementing computer systems that will automate the processing of tax collections as well as financial reporting.

In this regard BURS has since January, 2017 installed a new Customs Management System and has commenced work on the installation of a new tax management and revenue collection system, which is expected to be launched during the 2018/19 financial year.

Whilst awaiting the implementation of the new tax management system, Management is working on a turnaround strategy which includes providing additional resources to do reconciliations and ensuring that interfaces between primary tax systems and the BURS accounting systems are functioning well.

Slow Uptake of E-Services

Despite the good intentions that the e-services platform was created for as well as the convenience which it gives to taxpayers, the BURS strategy for e-services uptake faced a challenge of not getting a good response from taxpayers.

This is demonstrated by percentage uptake for filing of Individual Tax returns in 2016/17 which was just above 13% against a target for the year of 35%. In order to address this challenge, taxpayer education workshops and a publicity campaign have been undertaken and will continue under the strategy for e-services uptake.

Work is also underway to make proposals to review the tax legislation in order to provide for incentives to taxpayers to encourage them to use the e-services platform.

Cross Border Crime, Drugs, Money Laundering

Cross border crime involving drug trafficking, money laundering, smuggling of goods with high tax rates, etc. continues to increase and to get more sophisticated which puts pressure on BURS to channel more resources and funds to counter these illicit practices. To address this challenge BURS is investing in counter measures such as provision of non intrusive cargo inspection scanners and sniffer dogs.

Delayed execution of Projects

BURS has embarked on a number of development projects aimed at enhancing the organisation's capacity to deliver. However frequent delays are experienced in the execution of some projects for the following reasons;

- Inadquate Internal capacity to manage projects
- Contractors failing to complete projects on time
- Non-responsiveness of bidders during the tendering stage, which delays the award and ultimately commencement of a project

BURS is however, taking steps to mitigate these risks by outsourcing the management of complex and high value projects as well as training its staff on project management and related disciplines.

CONCLUSION

As I conclude I wish to thank BURS employees at all levels for having showed commitment and dedication to duty through provision of excellent customer service.

The employees also provided support to management which has enabled the Revenue Service to exceed the set revenue target for the year. I urge them to keep up the good work in the ensuing years, in spite of the challenges that lie ahead.

Many thanks also go to the taxpayers who have continued to comply with their obligations and remit their taxes to the Revenue Service notwithstanding the challenging economic climate.

I urge you to continue working with us as we continue improve how we assist you to pay your taxes.

I wish to also express our sincere appreciation to BURS strategic partners which include: the International Monetary Fund(IMF), African Tax Administration Forum (ATAF), the Japan International Cooperation Agency(JICA), Organisation for European Cooperation and Development(OECD), the World Customs Organisations (WCO) other Tax Administrations, Government Ministries and Departments as well as parastatals for continuing to support BURS during the year under review.

We will continue tapping from your diverse forms of assistance to realise our vision.

Finally, I would like to thank the Government of Botswana, the Honourable Minister of Finance and Economic Development and the entire leadership of the Ministry, the BURS Board and its Committees for continuing to support BURS in the discharge of its ever challenging tax collection and border management mandate. We will certainly be looking forward for their leadership and direction in the ensuing years.



Mr. Ken R. Morris
Commissioner General



6



FINANCIAL STATEMENTS

BOTSWANA UNIFIED REVENUE SERVICE

31 MARCH 2017
(OWN ACCOUNTS)

GENERAL INFORMATION

BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson Ex officio
Wankie B. Wankie	:	Vice Chairperson
Keneilwe R. Morris	:	Commissioner General
Alexander T. Yalala	:	Non-executive Director (Resigned 30 June 2016)
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

Segametsi Radibe – Michael	:	Resigned 31 December 2016
Linnnet Mafukidze	:	Appointed 1 January 2017, resigned 4 July 2017
Bame A. Tumiso	:	Appointed 5 July 2017

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 & Touché

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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DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Own Accounts, comprising the statement of financial position as at 31 March 2017, the statements of comprehensive income, changes in reserves, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS").

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 61 to 62.

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 2017, 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 63 to 83, which have been prepared on the going concern basis, were approved by the Board on 29th March 2018 and were signed on its behalf by:



Board Chairperson



Commissioner General

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Botswana Unified Revenue Service ("BURS"): Own Accounts, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BURS as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BURS in accordance with the requirements of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 22 of the financial statements, which states that BURS is in a dispute with third parties regarding the ownership of the properties at Zanzibar and Plaatjan. As these third parties hold the legal title BURS may need to purchase the land from the third parties.

Other Information

The Directors are responsible for the other information. The other information comprises the general information and the directors' statement of responsibility and approval of the financial statements. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing BURS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate BURS or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT [continued] **TO THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BURS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BURS' ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BURS to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For the year ended 31 March 2017, 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
 Certificate Number: F C Els (CAP 0062018)

Gaborone
 29 March 2018

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Notes	2017 P'000	2016 P'000
Income			
Government funding for recurrent expenditure	6	502 918	441 758
Other income	7	73 153	106 564
Total income		576 071	548 322
Other gains and losses	8	2 190	(37 945)
Expenses			
Administrative expenses	9	(207 106)	(170 518)
Staff costs	10	(407 182)	(363 561)
Total expenses		(614 288)	(534 079)
Deficit for the year		(36 027)	(23 702)
Revaluation surplus	17	7 630	117 561
Total comprehensive (loss)/income for the year		(28 397)	93 859

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	Notes	2017 P'000	2016 P'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1 106 222	838 288
Investment property	12	-	25 700
Intangible assets	13	62 533	50 088
		<u>1 168 755</u>	<u>914 076</u>
Current assets			
Inventories	14	3 747	3 266
Trade and other receivables	15	84 629	147 554
Cash and cash equivalents	16	203 299	140 761
		<u>291 675</u>	<u>291 581</u>
Total assets		<u>1 460 430</u>	<u>1 205 657</u>
RESERVES AND LIABILITIES			
Reserves			
Properties revaluation reserve	17	177 757	170 127
Accumulated surplus		25 849	61 876
		<u>203 606</u>	<u>232 003</u>
Non-current liabilities			
Capital grants	18	1 141 601	851 800
Current liabilities			
Trade and other payables	19	115 223	121 854
Total reserves and liabilities		<u>1 460 430</u>	<u>1 205 657</u>

STATEMENT OF CHANGES IN RESERVES

as at 31 March 2017

	Notes	Properties revaluation reserve P'000	Accumulated surplus P'000	Total P'000
Balance at 31 March 2015		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
Deficit for the year		-	(36 027)	(36 027)
Other comprehensive income for the year	17	7 630	-	7 630
Balance at 31 March 2017		177 757	25 849	203 606

STATEMENT OF CASH FLOWS

as at 31 March 2017

	Notes	2017 P'000	2016 P'000
Cash flows from operating activities			
Deficit for the year		(36 027)	(23 702)
Less: interest income		(2 121)	(2 624)
Adjustment for non-cash items	21	20 997	37 735
Operating (deficit)/surplus before working capital changes		(17 151)	11 409
Changes in working capital			
Decrease/(increase) in trade and other receivables		62 925	(102 373)
(Increase)/decrease in inventories		(481)	70
(Decrease)/increase in trade and other payables		(6 631)	29 287
Net cash generated from operating activities		55 813	(73 016)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(280 459)	(271 900)
Purchase of intangible assets	13	(20 810)	(38 180)
Proceeds on disposal of property, plant and equipment		892	936
Interest received		2 121	2 624
Net cash used in investing activities		(298 256)	(306 520)
Cash flows from financing activities			
Adjustment of capital grants on disposal of property, plant and equipment		(868)	(325)
Total development funding received from the Government of Botswana	18	323 000	353 756
Net cash generated from financing activities		322 132	353 431
Increase/(decrease) in cash and cash equivalents		62 538	(14 696)
Cash and cash equivalents at beginning of year		140 761	155 457
Cash and cash equivalents at end of year	16	203 299	140 761

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

1. GENERAL INFORMATION

Opinion

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

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

For financial reporting purposes, the financial statements of BURS are reported as: Administered Government Revenue Accounts and Own Accounts. The financial statements – Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government. The financial statements – Own Accounts cover those operational transactions, such as funding received from Government, which are managed by BURS and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards effective in the current year

In the current period, BURS has adopted all the new and revised Standards and Interpretations of the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2016. The adoption of these standards has not resulted in any significant changes to the BURS’ accounting policies and has not affected either the amounts or the presentation and disclosure of amounts reported in these financial statements.

Standards affecting amounts reported in the current year

New/Revised International Financial Reporting Standards	Effective Date
IAS 1 Presentation of Financial Statements (amendment) Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IFRS 14 Regulatory deferral accounts	Annual periods beginning on or after 1 January 2016
Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41) amends IAS 16 Property, Plant, Equipment and IAS 41 Agriculture	Annual periods beginning on or after 1 January 2016
IFRS 11 (Amendment) Accounting for Acquisition of Interests in Joint Operations	Annual periods beginning on or after 1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (amendment to IAS 16 and IAS 38) amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	Annual periods beginning on or after 1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IAS 28, IFRS 10 and IFRS 12) amends IAS 28 Investment in Associates and Joint Ventures, IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2016
IAS 27 (Amendment) Equity Method in Separate Financial Statements - amends IAS 27 Separate Financial Statements	Annual periods beginning on or after 1 January 2016
IASB improvements to IFRS 2012-2014 makes amendments to IFRS 5, 7, and 9; IAS 34)	Annual periods beginning on or after 1 January 2016

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS [CONTINUED]

Standards affecting financial statements in future years

At the date of approval of these financial statements, the following applicable standards were in issue but not effective.

Standards affecting amounts reported in the current year

New/Revised International Financial Reporting Standards	Effective Date
IAS 7 Statement of Cash Flows: amendment as a result of the disclosure initiative	Annual periods beginning on or after 1 January 2017
IAS 12 Income taxes: amendment regarding the recognition of deferred tax assets for unrealised losses	Annual periods beginning on or after 1 January 2017
IFRS 2: Amendments to IFRS 2 Classification and Measurement of Share Based Payment Transactions	Annual periods beginning on or after 1 January 2018
IFRS 7 Financial Instruments: Additional disclosure resulting from the introduction of the hedge accounting chapter in IFRS 9 IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018 Annual periods beginning on or after 1 January 2018
IFRS 10 and IAS 28: Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date of the September 2014 amendments to these standards deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2018
IFRS 16 Leases	Applicable to annual reporting periods beginning on or after 1 January 2019

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

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS 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.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain assets. Historical cost is generally based on the fair value of the consideration given in exchange of the assets. The principal accounting policies underlying the preparation of these financial statements are set out below.

Revenue recognition

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.

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.

Government funding from collections

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Economic Development (“MFED”) in 2007, BURS should remit all revenue collected to the Government Remittance Account.

However, subsequent to the signing of this Memorandum, the MFED 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 MFED. The Revenue Service implemented such notice with effect from 1 April 2013.

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.

Capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, are recognised in the statement of financial position and an amount equivalent to the depreciation determined on a historical cost basis and impairment losses, if any, transferred from the capital grants to the statement of comprehensive income over the useful lives of the related assets.

Recognition of assets, liabilities and provisions

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.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Recognition of assets, liabilities and provisions [continued]

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.

Property, plant and equipment

Land and buildings

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.

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.

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).

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.

Freehold land is not depreciated.

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.

Depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

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.

Repairs and maintenance

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

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.

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.

Foreign currencies

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

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. All differences are taken to the profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

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.

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.

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.

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.

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.

Deposits and advance payments of operating leases are recognised in the statement of financial position under trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Financial instruments

Financial assets

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

Financial assets

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 described above, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

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.

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:

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

5. FINANCIAL RISK MANAGEMENT

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

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.

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 P2,032,834 (2016: P1,407,453), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

Credit risk

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

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

There are no significant concentrations of credit risk.

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.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

5. FINANCIAL RISK MANAGEMENT [CONTINUED]

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.

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.

	2017 P'000	2016 P'000
Categories of financial instruments		
<i>Financial assets</i>		
Loans and receivables (including bank balances and cash)	275 797	266 801
Financial liabilities		
Other liabilities	66 315	932 472
6 GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE		
Funding for recurrent expenditure (note 20)	482 566	425 000
Amortisation of capital grants (note 18)	20 352	20 514
Less: Utilised for capital expenditure (note 18)	-	(3 756)
	502 918	441 758
7 OTHER INCOME		
Bank interest	2 121	2 624
Rental income	3 083	3 013
Agency fees and commissions	63 393	53 476
Foreign exchange gains recoverable from Revenue Accounts	-	39 658
Profit on disposal of property, plant and equipment	24	611
Sundry income	4 532	7 182
	73 153	106 564

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

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

	2017 P'000	2016 P'000
Categories of financial instruments		
8. OTHER GAINS AND LOSSES		
Gain/(loss) arising on change in fair value of investment property (note 12)	300	3 420
Revaluation losses reversed/(written off) (notes 11 and 17)	1 890	(41 365)
	<u>2 190</u>	<u>(37 945)</u>
9. ADMINISTRATIVE EXPENSES		
Auditor's remuneration - current year	1 135	970
- prior year	-	103
Computer support	15 263	15 953
Consultancy costs and legal costs	7 403	7 910
Depreciation of property, plant and equipment	23 511	19 282
Amortisation of intangible assets	4 549	1 633
Electricity and water	8 448	7 095
Printing, stationery and office expenses	33 982	28 754
Operating lease rentals	25 357	19 481
Fair value portion of investment property on disposal (note 12)	15 503	-
Repairs and maintenance	13 503	12 676
Motor vehicle fuel	3 572	3 874
Telephone and postage	15 773	15 974
Training expenses	7 214	6 495
Seminars, workshops, travelling and other administrative expenses	31 893	30 318
	<u>207 106</u>	<u>170 518</u>
10 STAFF COSTS		
Salaries and wages	351 938	311 767
Annual performance bonus:	-	4 550
- Current year performance bonus	-	4 134
- Previous year performance bonus	-	416
Employee benefits:	46 499	39 024
- Gratuity and severance	2 759	2 390
- Pension contribution	33 632	29 885
- Leave	10 108	6 749
Medical aid contribution	8 745	8 220
	<u>407 182</u>	<u>363 561 18</u>

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land		Buildings		Leasehold improvements		Motor vehicles		Office furniture		Computer & office equipment		Plant & machinery		Porta camps		Wor-in-progress		Security dogs		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 2016	99 932	270 731	23 567	41 052	15 524	42 322	64 590	8 088	364 751	-	-	-	-	-	-	-	-	-	-	-	930 557	
Additions	-	4 339	503	1 867	1 579	8 343	50	457	263 089	232	280 459	-	-	-	-	-	-	-	-	-	280 459	
Disposals	-	-	-	(3 256)	(423)	(6 859)	(118)	-	-	-	(10 656)	-	-	-	-	-	-	-	-	-	(10 656)	
Transfers	-	34 114	-	-	-	-	-	-	(34 114)	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from intangible assets (note 13)	-	-	-	-	-	2 079	255	-	-	-	-	-	-	-	-	-	-	-	-	-	2 334	
Net revaluations	-	9 520	-	-	-	-	-	-	-	-	9 520	-	-	-	-	-	-	-	-	-	9 520	
At 31 March 2017	99 932	318 704	24 070	39 663	16 680	45 885	64 777	8 545	593 726	232	1 212 214	-	-	-	-	-	-	-	-	-	-	
Accumulated depreciation																						
At 1 April 2016	-	-	18 744	13 859	8 854	28 701	17 228	4 883	-	-	-	-	-	-	-	-	-	-	-	-	-	92 269
Current year charge	557	5 822	667	3 856	1 164	5 136	5 918	389	-	2	23 511	-	-	-	-	-	-	-	-	-	-	23 511
Disposals	-	-	-	(2 657)	(303)	(6 722)	(106)	-	-	-	(9 788)	-	-	-	-	-	-	-	-	-	-	(9 788)
At 31 March 2017	557	5 822	19 411	15 058	9 715	27 115	23 040	5 272	-	2	105 992	-	-	-	-	-	-	-	-	-	-	105 992
Carrying amount																						
At 31 March 2017	99 375	312 882	4 659	24 605	6 965	18 770	41 737	3 273	593 726	230	1 106 222	-	-	-	-	-	-	-	-	-	-	1 106 222

Work-in-progress is made up of the following:Residential and office accommodation 593 726

11.PROPERTY, PLANT AND EQUIPMENT [CONTINUED]

	Leasehold	Buildings	Leasehold	Motor	Office	Computer	Plant &	Porta	Wor-in-	Total
	P'000	P'000	improvements	vehicles	furniture	equipment	machinery	camps	progress	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 (note 18)	4 725	300	-	-	-	-	-	-	-	5 025
Disposals	-	-	-	(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
Disposals	-	-	-	(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	364 751
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NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT [CONTINUED]**Land and buildings carried at fair value**

An independent valuation of land and buildings was last conducted as at 31 March 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. There was no valuation done during the current financial year.

The Directors have resolved that subsequent to the last revaluation of land and buildings conducted in March 2016, revaluations of land and buildings should be conducted after every five years, instead of three years as per the previous policy. The next valuation will therefore be carried out in the financial year ending 31 March 2021. The fair value of land and buildings has been arrived at on the basis of a valuation conducted by Willy Katiruma. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair values at the end of the year are as follows:	2017	2016
	P'000	P'000
Revaluation losses reversed/(written off) to profit and loss (note 8)	1 890	(41 365)
Gain on revaluations of properties (note 17)	7 630	117 561
Net gain on revaluations of properties	<u>9 520</u>	<u>76 196</u>
<i>Represented by:</i>		
Cost/valuation - Net revaluations (refer above)	9 520	57 585
Accumulated depreciation - Eliminated on revaluations (refer above)	-	18 611
Net gain on revaluations of properties	<u>9 520</u>	<u>76 196</u>
Had the land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:		
Land		
- Cost	34 490	34 490
- Accumulated depreciation	<u>(6 301)</u>	<u>(6 043)</u>
	<u>28 189</u>	<u>28 447</u>
Buildings:		
- Cost	273 441	234 989
- Accumulated depreciation	<u>(23 588)</u>	<u>(20 575)</u>
	<u>249 853</u>	<u>214 414</u>

Land includes Platjan and Zanzibar with a fair value of P300,000 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.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

12. INVESTMENT PROPERTY

	2017 P'000	2016 P'000
At fair value		
Balance at beginning of the year	25 700	22 280
Gain from fair value adjustments (note 8)	300	3 420
Disposals	(26 000)	-
- Fair value portion of investment property on disposal (note 9)	(15 503)	-
- Cost of investment property on disposal (note 18)	(10 497)	-
Balance at end of the year	-	25 700

Investment property consisted of land with a fair value of P11,822,000 (2016: P11,822,000) and office buildings of P13,878,000 (2016: P13,878,000) constructed on a portion of Plot 14415 and a portion of Plot 8913, Gaborone. The investment property was transferred to Public Procurement and Asset Disposal Board (“PPADB”) as at 31 March 2017, at no consideration based on the directive issued by MFED, the parent ministry of both BURS and PPADB.

13. INTANGIBLE ASSETS

	Computer software P'000	Work-in- progress P'000	Total P'000
Cost			
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
Additions	-	20 810	20 810
Transfers	63 751	(63 751)	-
Transfer to property, plant and equipment (note 11)	-	(2 334)	(2 334)
Amounts written off	-	(1 482)	(1 482)
At 31 March 2017	70 045	1 934	71 979
Accumulated amortisation			
At 31 March 2015	3 264	-	3 264
Charge for the year	1 633	-	1 633
At 31 March 2016	4 897	-	4 897
Charge for the year	4 549	-	4 549
At 31 March 2017	9 446	-	9 446
Carrying amount at 31 March 2017	60 599	1 934	62 533
Carrying amount at 31 March 2016	1 397	48 691	50 088

Computer software consists of software for the Human Resources SAP module, e-Filing, e-Payment, Withholding Tax (“WHT”), Customs Management System (“CMS”) and the Auto Capturing Scanner. Work-in-progress consists of the IP Based cabling project. There are no intangible assets that have been pledged as security.

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

14. INVENTORIES

	2017 P'000	2016 P'000
Printing and stationery	3 242	2 825
Office supplies	285	221
Uniform and protective clothing	220	220
	<u>3 747</u>	<u>3 266</u>

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

15. TRADE AND OTHER RECEIVABLES

Receivable from related parties (note 20)	69 111	124 433
Staff receivables	770	709
Prepayments	12 131	21 514
Other receivables	2 617	898
	<u>84 629</u>	<u>147 554</u>

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 (2016:P Nil).

16. CASH AND CASH EQUIVALENTS

Cash in hand	16	16
Trust call account	1	1
Business call and current account	2 790	12 861
Fixed deposit account	3 000	3 000
Development funds call account	197 492	124 883
	<u>203 299</u>	<u>140 761</u>

17. PROPERTIES REVALUATION RESERVE*Revaluation gains*

Balance at beginning of the year	170 127	52 566
Gain on revaluations of properties (note 11)	7 630	117 561
- Revaluation surpluses during the year	9 520	129 180
- Revaluation losses relating to previous revaluation surpluses of properties	(1 890)	(11 619)
Balance at beginning and end of year	<u>177 757</u>	<u>170 127</u>

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

17. PROPERTIES REVALUATION RESERVE [CONTINUED]

	2017 P'000	2016 P'000
<i>Revaluation losses</i>		
Revaluation losses during the year	-	(52 984)
Revaluation losses relating to previous revaluation surpluses of properties	1 890	11 619
Revaluation losses written off to profit and loss (notes 8 and 11)	1 890	(41 365)

18. CAPITAL GRANTS

Balance at beginning of the year	851 800	513 858
Total development funding receivable from the Government of Botswana	323 000	353 756
- Transfer from recurrent expenditure to development expenditure (note 6)	-	3 756
- Government funding for development expenditure (note 20)	323 000	350 000
Intangible assets written off (note 13)	(1 482)	-
Recognition of properties from Government (note 11)	-	5 025
Cost of investment property on disposal (note 12)	(10 497)	-
Net book value of disposals of property, plant and equipment	(868)	(325)
Amortisation of capital grants for the year (note 6)	(20 352)	(20 514)
Balance at end of the year	1 141 601	851 800

19. TRADE AND OTHER PAYABLES

Trade payables	10 163	15 388
Accruals and other payables	49 058	61 521
Employee benefits accruals	48 908	41 182
Payable to related parties (note 20)	5 724	3 642
Rental accruals	1 370	121
	115 223	121 854

20. RELATED PARTY TRANSACTIONS

Related parties transactions comprise the following:

The Ministry of Finance and Economic Development 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 2017 is as follows:

Amount transferred from Revenue Accounts to Own Accounts	805 566	775 000
Utilised as:		
Recurrent expenditure (note 6)	482 566	425 000
Development expenditure (note 18)	323 000	350 000
	805 566	775 000

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017
20. RELATED PARTY TRANSACTIONS [CONTINUED]

	2017 P'000	2016 P'000
Executive management personnel compensation		
Salaries and other short term employee benefits	6 597	6 781
Post employment benefits	852	1 177
Total executive management personnel compensation	<u>7 449</u>	<u>7 958</u>
<p>Executive Management personnel compensation covers personal emoluments and post employment benefits. Post employment benefits include pension and gratuities.</p>		
Board members sitting allowances	<u>169</u>	<u>152</u>
<p>Transactions with the members of the BURS Board of Directors represent sitting allowances paid for attending board (and board sub-committee) meetings.</p>		
Government departments		
<p>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:</p>		
<i>Agency fees and commissions:</i>		
Ministry of Investment, Trade and Industry (alcohol levy, flour levy and copyright levy)	29 494	22 826
Ministry of Transport and Communications - Department of Road Transport and Safety (road safety tokens and permits)	17 423	15 737
Human Resource Development Council (training levy)	15 030	13 901
Motor Vehicle Accident Fund (motor vehicle road insurance)	1 022	1 012
	<u>62 969</u>	<u>53 476</u>
<i>Other income:</i>		
Public Procurement and Asset Disposal Board (rental income)	<u>1 989</u>	<u>1 984</u>
Balances receivable from/(payable to) related parties		
Agency fees receivable from Department of Road Transport and Safety	8 594	3 971
Commissions and other receivables from Revenue Accounts	14 049	11 683
Government funding for development expenditure receivable from Revenue Accounts	-	54 113
Fluctuation of foreign exchange rates receivable from Revenue Accounts	46 468	54 666
Total receivable from related parties (note 15)	<u>69 111</u>	<u>124 433</u>
Net bank charges payable to Revenue Accounts (note 19)	<u>(5 724)</u>	<u>(3 642)</u>
Net due from related parties	<u>63 387</u>	<u>120 791</u>

NOTES TO THE FINANCIAL STATEMENTS [continued]

31 March 2017

21. ADJUSTMENT FOR NON-CASH ITEMS

	2017 P'000	2016 P'000
Depreciation of property, plant and equipment	23 511	19 282
Armortisation of intangible assets	4 549	1 633
Adjustments on fair valuation of properties	(2 190)	37 945
Armortisation of grants	(20 352)	(20 514)
Fair value portion of investment property on disposal	15 503	-
Profit on disposal of property, plant and equipment	(24)	(611)
	<u>20 997</u>	<u>37 735</u>

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 (2016: P600,000). As these third parties hold the legal title BURS may need to purchase the land from the third parties.

23. OPERATING LEASE COMMITMENTS

At year-end, BURS had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as detailed below:

Within one year	17 638	951
Within two to five years	4 214	1 158
	<u>21 852</u>	<u>2 109</u>

24. CAPITAL COMMITMENTS

Commitments for the acquisition of property, plant and equipment	<u>557 500</u>	<u>575 637</u>
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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 Economic Development during the financial year 2016/17 and funds to be approved during 2017/18.

Significant contractual obligations include; construction of the BURS Head Office for P156 million, covered infrastructure project for P40 million, installation of cargo scanners for P20 million, external paving and carports for P15 million, design and construction of border office for P15 million, re-paving and storm water drainage for P12 million, general maintenance of various border posts for P15 million, computers and associated new licences and support subscriptions for P19 million, procurement of office furniture for P64 million, comprehensive maintenance of the Martins Drift and Kazungula border posts for P55 million, Integrated Tax Management System ("ITMS") for P125 million, cable reticulation and UPSs for P22 million.

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

25. 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.



4



FINANCIAL STATEMENTS

31 MARCH 2017

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

GENERAL INFORMATION

BOARD OF DIRECTORS

Taufila Nyamadzabo	:	Chairperson Ex officio
Wankie B. Wankie	:	Vice Chairperson
Keneilwe R. Morris	:	Commissioner General
Alexander T. Yalala	:	Non-executive Director (Resigned 30 June 2016)
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

Segametsi Radibe – Michael	:	Resigned 31 December 2016
Linnnet Mafukidze	:	Appointed 1 January 2017, resigned 4 July 2017
Bame A. Tumiso	:	Appointed 5 July 2017

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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DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Administered Government Revenue Accounts, comprising the statement of financial position as at 31 March 2017, 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 the "Basis of preparation" paragraph under significant account policies.

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 89 to 90.

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 2017, 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.

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 91 to 103, which have been prepared on the going concern basis, were approved by the Board on 29 March 2018 and were signed on its behalf by:



Board Chairperson



Commissioner General

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Botswana Unified Revenue Service ("BURS"): Administered Government Revenue Accounts, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BURS as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with the modified cash basis of accounting as outlined in the "Basis of preparation" paragraph under significant account policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BURS in accordance with the requirements of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the general information, directors' statement of responsibility and approval of the financial statements, Annexure 1 -schedule of arrears of revenue and Annexure 2 - schedule of movements in collections and payments to third parties. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the basis of accounting determined by the Ministry of Finance and Economic Development, as set out

in the "Basis of preparation" paragraph under significant account policies and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing BURS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate BURS or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT **TO THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BURS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BURS' ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BURS to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON LEGAL AND REGULATORY REQUIREMENTS

For the year ended 31 March 2017, 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
 Certificate Number: F C Els (CAP 0062018)

Gaborone
 29 March 2018

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2017 P'000	2016 P'000
Revenue collected on behalf of the Government of Botswana			
Tax revenues and Customs Union Receipts			
Income Tax	2	17 695 687	13 832 215
Value Added Tax	3	6 338 862	5 684 907
Customs Union Receipts	4	11 773 339	15 817 583
Other tax revenue	5	-	3
Total tax revenues and Customs Union Receipts		35 807 888	35 334 708
Non-tax revenue	6	3 182	743
Provision for doubtful debts	9	(100 593)	-
Total revenue collected on behalf of the Government of Botswana		35 710 477	35 335 451
Amount retained for BURS funding	7	(805 566)	(775 000)
Net revenue collected on behalf of Government of Botswana		34 904 911	34 560 451
Revenue collected on behalf of Government Departments	8	629 224	507 868
Total net revenue collected for the year		35 534 135	35 068 319

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS STATEMENT OF FINANCIAL POSITION

	Notes	2017 P'000	2016 P'000
ADMINISTERED ASSETS			
Current assets			
Accounts receivable	9	5 882	100 088
Amount due from Government Remittance Account	10	380 290	197 200
Cash and cash equivalents	11	241 419	225 221
Total administered assets		627 591	522 509
ADMINISTERED LIABILITIES			
Current liabilities			
Accounts payable	12	627 591	522 509

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS) STATEMENT OF CHANGES IN NET ASSETS

P'000

Amount due to/(from) Government Remittance Account

Balance at 1 April 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
Total net revenue collected for the year	(35 534 135)
Transfers to Government Remittance Account	35 717 225
Balance at 31 March 2017	380 290

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

STATEMENT OF CASH FLOWS

	2017 P'000	2016 P'000
Cash flows from operating activities:		
Total net revenue collected for the year	35 534 135	35 068 319
Transfers to Government Remittance Account	<u>(35 717 225)</u>	<u>(35 016 208)</u>
Net collections of transfers to Government Remittance Account	<u>(183 090)</u>	<u>52 111</u>
Movement in assets and liabilities		
Decrease/(increase) in accounts receivable	94 206	(7 385)
Increase/(decrease) in accounts payable	<u>105 082</u>	<u>(42 494)</u>
Net movement in assets and liabilities	<u>199 288</u>	<u>(49 879)</u>
Increase in cash and cash equivalents	16 198	2 232
Cash and cash equivalents at beginning of year	<u>225 221</u>	<u>222 989</u>
Cash and cash equivalents at end of year	<u>241 419</u>	<u>225 221</u>

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICES

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.

Basis of preparation

The financial statements are required in terms of Sections 28 and 29 of the Botswana Unified Revenue Service Act, 2003. 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"). BURS is engaging with the Ministry of Finance and Economic Development 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.

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 Annexure 1 - schedule of arrears of revenue and Annexure 2 - schedule of movements in collections and payments to third parties, which are reported in units of Pula.

General accounting policies

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.

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.

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.

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.

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS

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.

Accounts payable

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

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 Value Added Tax ("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.

Revenue recognition - Tax revenues and customs union receipts

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.

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.

Government remittance account

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Economic Development 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 Economic Development 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 Economic Development.

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS

	2017 P'000	2016 P'000
2 INCOME TAX		
Income tax revenue collected during the year was derived from the following sources:		
Withholding tax	3 112 596	1 817 908
Deducted tax (Pay-As-You-Earn)	5 287 575	4 975 568
Assessed tax	9 505 690	6 933 352
Penalty interest	105 785	92 782
Capital transfer tax	7 474	12 605
Gross income tax receipts	<u>18 019 120</u>	<u>13 832 215</u>
Less: Refunds	<u>(323 433)</u>	<u>-</u>
Net income tax receipts	<u>17 695 687</u>	<u>13 832 215</u>
3 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 2017 and 31 March 2016 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analysed as follows:		
VAT import	4 363 161	4 270 996
VAT internal	4 072 640	4 072 032
VAT interest and penalties	53 280	33 346
Fuel levy	113 001	118 804
Gross receipts	<u>8 602 082</u>	<u>8 495 178</u>
Less: Refunds	<u>(2 263 220)</u>	<u>(2 810 271)</u>
Net VAT receipts	<u>6 338 862</u>	<u>5 684 907</u>
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.		
SACU receipts	<u>11 773 339</u>	<u>15 817 583</u>

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS [continued]

	2017 P'000	2016 P'000
5 OTHER TAX REVENUE		
Other tax revenue reported includes collection from the replacement of prior year cheques dishonoured by banks.		
Received from the replacement of prior years' dishonoured cheques	-	3
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:		
Licence fees	38	32
Customs fines	3 144	711
	<u>3 182</u>	<u>743</u>
7 AMOUNT RETAINED FOR BURS FUNDING		
The Ministry of Finance and Economic Development 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 2017 is as follows:		
Amount retained for BURS Funding	805 566	775 000
Consisting of:		
Amount retained for use in recurrent expenditure	482 566	425 000
Amount retained for use in development expenditure	323 000	350 000
	805 566	775 000
Utilised by BURS as:		
Recurrent expenditure	482 566	421 244
Amount retained for use in recurrent expenditure	482 566	425 000
Less: Utilised for development expenditure	-	(3 756)
Development expenditure	323 000	353 756
Amount retained for use in development expenditure	323 000	350 000
Add: recurrent fund utilised for development expenditure	-	3 756
	<u>805 566</u>	<u>775 000</u>

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS [continued]

The limits for the year ended 31 March 2017 were as follows:

Recurrent expenditure - 2 percent (2%) of total revenue collected	714 210	706 709
Recurrent expenditure		
- minimum	379 000	379 000
- maximum	482 566	425 000
Development expenditure - 1 percent (1%) of total revenue collected	357 105	353 355

8 REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

BURS collects revenue on behalf of Government departments. These include:

- i. Road safety and permit fees (Ministry of Transport and Communications - Department of Road Transport and Safety);
- ii. Flour levy and Alcohol levy (Ministry of Investment, Trade and Industry - Department of Trade and Consumer Affairs); and
- iii. Copyright levy (Ministry of Investment, Trade and Industry - Registrar of Companies).

The amount reported as revenue collected on behalf of other Government departments includes the following:

Revenue collected

Copyright levy	7 479	7 624
Tobacco levy	40 513	39 696
Road safety tokens	10 726	10 488
Transport permits	134 465	120 651
Flour levy	7 077	3 944
Alcohol levy	428 964	325 465
	<u>629 224</u>	<u>507 868</u>

9 ACCOUNTS RECEIVABLE

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

Dishonoured cheques	100 593	95 763
Less: Provision for doubtful debts	<u>(100 593)</u>	-
Net dishonoured cheques	-	95 763
Receivable from BURS Own Accounts (Note 13)	5 724	3 642
Receivable from Government Remittance Account (Note 13)	-	629
Other receivables	<u>158</u>	<u>54</u>
	<u>5 882</u>	<u>100 088</u>

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.

Amount due from Government Remittance Account (Note 13)	<u>380 290</u>	<u>197 200</u>
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(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS [continued]

	2017 P'000	2016 P'000
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.		
Bank and cash balances	<u>241 419</u>	<u>225 221</u>

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 2017				
Temporary deposits	-	-	52 499	52 499
Customs and excise duties	-	76 271	-	76 271
Payable to BURS Own Accounts (Note 13)	-	60 517	-	60 517
Payable to Government Remittance (Note 13)	-	28 945	-	28 945
Gross payments	-	-	76 153	76 153
Training levy (Human Resource Development Council)	-	84 716	-	84 716
Assurance levy (Motor Vehicle Accident Fund)	-	2 016	-	2 016
Unallocated Electronic Funds Transfer ("EFT") transactions	-	149 264	-	149 264
Unpresented cheques	35 793	-	-	35 793
Income Tax refund account	42 826	-	-	42 826
Cash gains and losses control account	-	1 776	-	1 776
Various suspense accounts	-	16 815	-	16 815
	<u>78 619</u>	<u>420 320</u>	<u>128 652</u>	<u>627 591</u>

31 March 2017

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
	<u>87 360</u>	<u>320 307</u>	<u>114 842</u>	<u>522 509</u>

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS [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 BURS 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.

BURS Own Accounts:	2017 P'000	2016 P'000
<u>Accounts receivable (Note 9)</u>		
Point of sale and other bank charges	5 724	3 642
<u>Accounts payable (Note 12)</u>		
Commissions payable	(14 049)	(11 683)
Development expenditure payable	-	(54 113)
Fluctuation of foreign exchange rates payable to BURS Own Accounts	(46 468)	(54 666)
	<u>(60 517)</u>	<u>(120 462)</u>
Net amount due to BURS Own Accounts	<u>(54 793)</u>	<u>(116 820)</u>
Amount due from Government:		
Amount due (to)/from Government Remittance Account (Notes 9 and 12)	(28 945)	629
Amount due from Government Remittance Account (Note 10)	380 290	197 200
Net amount due from Government	<u>351 345</u>	<u>197 829</u>
Total due from related parties	<u>296 552</u>	<u>81 009</u>

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.

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

ANNEXURE 1 - SCHEDULE OF ARREARS OF REVENUE

This annexure does not form part of the audited financial statements. It is presented as additional information.
Abandonment,

	Balance at beginning of the year P	Collection of previous years' arrears P	Abandonment, discharges, remissions/ waivers & adjustments P	Balance of prior years' arrears P	Arrears in respect of current year P	Balance at end of the year P
31 March 2017						
VAT internal	484,089,339	(68,395,822)	(45,597,214)	370,096,303	184,938,636	555,034,939
VAT interest and penalties	751,199,335	(33,012,203)	(49,518,304)	668,668,828	224,613,627	893,282,455
Assessed tax	224,340,569	(92,360,415)	(157,043,585)	(25,063,431)	384,174,252	359,110,821
Assessed tax interest and penalties	775,951,907	(30,611,436)	(168,359,096)	576,981,375	310,030,744	887,012,119
TOTAL	2,235,581,150	(224,379,876)	(420,518,199)	1,590,683,075	1,103,757,259	2,694,440,334
31 MARCH 2016						
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	219,356,702	224,340,569
Assessed tax interest and penalties	669,993,532	(79,674,255)	(101,631,695)	488,687,582	287,264,325	775,951,907
TOTAL	1,895,317,936	(289,488,650)	(271,516,394)	1,334,312,892	901,268,258	2,235,581,150

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.

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

ANNEXURE 2 - SCHEDULE OF MOVEMENTS IN COLLECTIONS AND PAYMENTS TO THIRD PARTIES for the year ended 31 March 2017

This annexure does not form part of the audited financial statements. It is presented as additional information.

	SACU Common Revenue Pool P	Motor Vehicle Unremitted Collections P	Human Resorce Development Council P	Total P
31 March 2017				
Balance at 1 April 2016	3 427 730	2 300 437	63 307 188	69 035 355
Collections	490 329 894	10 219 768	309 318 344	1 119 186 350
Payments to third parties	(417 486 143)	(9 481 964)	(272 878 887)	(699 846 994)
Payments - BURS Commission	-	(1 021 977)	(15 030 387)	(16 052 364)
Balance at 31 March 2017	76 271 481	2 016 264	84 716 258	472 322 347
31 March 2016				
Balance at 1 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 parties	(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

