



A Growth Opportunity

2013 Annual Report



OUR VALUES

BOTHO:

We subscribe to the national aspirations of Botho embracing trust and respect for each other.

PROFESSIONALISM:

We are professional in our dealings and we act with impartiality, honesty and integrity.

CONSISTENCY:

We administer the law in a consistent manner.

ACCOUNTABILITY:

We act with accountability in all interactions.

TEAMWORK:

We work closely and in collaboration with stakeholders.

RESPONSIVENESS:

We anticipate and promptly meet internal and external stakeholders needs.

INTEGRITY:

We uphold standards of honesty, truthfulness, reliability and honour.



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OUR VISION

To become the regional leader in revenue and border administration whilst maximising revenue collection.

OUR MISSION

To efficiently and effectively assess and collect revenue needed for the development of Botswana. We will do this by:

- fairly administering and enforcing revenue laws and
- facilitating legitimate imports and exports.

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

In addition, BURS is charged with responsibility for 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.

CORPORATE GOVERNANCE



BURS is made up of eight (8) divisions: Customs & Excise Division (CED), Finance & Administration Division (FAD), Human Resources Division (HRD), Information Technology Division (ITD), Internal Audit Division (IAD), Internal Revenue Division (IRD), Legal Services Division (LSD) and Office of the Commissioner General (OCG).

Customs & Excise Division (CED)

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

Finance & Administration Division (FAD)

The Finance and Administration Division (FAD) is responsible for accounting for the revenue collected by BURS according to the various revenue and non-tax statutes, as well as accounting for subventions received from the Government and related expenditure transactions.

Human Resources Division (HRD)

The Human Resources Division (HRD) is responsible for the management of the BURS human resources through applying strategic approaches to recruiting, developing, managing, motivating and gaining the commitment of BURS employees.

Information Technology Division (ITD)

The Information Technology Division is charged with the responsibility of providing information technology (IT) services to BURS. This role encompasses technology planning, establishment of standards and procedures, technology acquisition and overseeing all IT initiatives.

Internal Audit Division (IAD)

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

Internal Revenue Division (IRD)

Internal Revenue Division (IRD) is charged with the responsibility for the administration of Income Tax, Value Added Tax and Capital Transfer Tax which includes educating the taxpayers.

Legal Services Division (LSD)

The Legal Services Division (LSD) 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 LSD. The LSD 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.

Office of the Commissioner General (OCG)

The Office of the Commissioner General (OCG) provides strategic and operational leadership needed to ensure that the organisation meets its revenue targets, as well as enhance the ability of Government to broaden the tax base and thereby increase revenues from domestic tax sources.



Board of Directors

The Board of Directors is comprised of a non-executive Chairman, other members from the public, parastatal, and private

sectors, and the Commissioner General. They are appointed by the Minister of Finance and Development Planning in

accordance with provisions of Section 6 of the BURS Act, 2003 (No. 17 of 2004).



Mr W. B. Wankie
Member

Mrs L. Khimbele
Board Secretary

Dr T. Nyamadzabo
Chairperson

Mr A. T. Yalala
Vice Chairperson

Mr K. R. Morris
Commissioner General

Mr S. A. Matala
Member

The Board meets at least four times in a year, pursuant to its statutory mandate to ensure proper and effective control of the Revenue Service's operations and to carry out periodic evaluation of the Revenue Service's operational performance. The Board members

make annual declarations of interest and assets at the beginning of every year, and at every sitting make further declarations of interest in respect of matters before them. During the year under review, the Board met five times, as shown in the table of attendance below:

Meetings Attendance by the Board of Directors

Name	Position	21/06/12	04/10/12	13/12/12	28/03/13	Sitting Allowance (P)
Dr T. Nyamadzabo	Chairperson					4,200.00*
Mr D. N. Loeto	Vice Chairperson					3,360.00
Mr J. Y. Stevens	Member					1,680.00
Mrs S. T. Morolong	Member					
Mr A. T. Yalala	Member					1,680.00
Mr W. B. Wankie	Member					2,520.00
Ms R. B. Seipone	Member					840.00*
Mr K.R. Morris	Commissioner General					
Mrs L. Khimbele	Board Secretary					

*paid to Government

KEY



Attended



Apology



Pre / Post Term



Special Board/
Committee Meeting

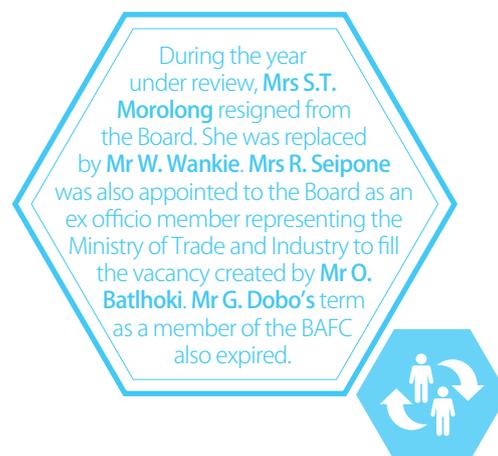
Board Committees

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

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

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

Committee	Members	Duties
Board Audit and Finance Committee	Mr J. Y. Stevens (Chairperson), Mr A. T. Yalala, Mr M. Lesokola*	The Committee is charged with responsibilities relating to financial performance of investments and budgets, reviewing of financial statements with external auditors prior to approval by the Board and carrying out of the annual statutory audits. The Committee also functionally supervises the Chief Internal Auditor.
Board Tender Committee	Mr Wankie B. Wankie (Chairperson), Mr D. N. Loeto, Mr Ruth B. Seipone, Mr A. T. Yalala, *Mrs O. Zikhwa	The Committee is responsible for adjudication of tenders in respect of the procurement of goods and services valued at P2,000,000 and above, as well as dealing with matters incidental to procurement.
Board Human Resources Committee	Mr D. N. Loeto (Chairperson), Mr Wankie B. Wankie, Ms Ruth B Seipone, *Mr S. Meti	The Committee deals with the recruitment of senior members of staff and remuneration policy for all BURS staff, and advises the Board on all staff welfare and human resources related matters.



Meetings Attendance by Board Committee Members:

Board Tender Committee Meetings

Name	17/04/12 ^{SP}	14/06/12	25/07/12	14/09/12	07/02/13	07/03/13	Sitting Allowance (P)
Mr W. B. Wankie	✗	✗	✗	👤👤👤	👤👤👤	👤👤👤	2,520.00
Mrs S. T. Morolong	🚫	👤👤👤	✗	✗	✗	✗	840.00
Mr D. N. Loeto	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	5,040.00
Mr A. T. Yalala	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	5,040.00
Ms R. B. Seipone	✗	✗	✗	🚫	🚫	🚫	
Ms O. Zikhwa	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	5,040.00
Mr K. R. Morris	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	
Ms L. Khimbele	👤👤👤	👤👤👤	🚫	👤👤👤	👤👤👤	👤👤👤	
Mr P. Manyanga			👤👤👤				

Board Human Resources Committee Meetings

Name	17/04/12	14/06/12	25/07/12 ^{SP}	14/09/12	07/02/13	07/03/13	07/03/13 ^{SP}	07/03/13 ^{SP}	Sitting Allowance (P)
Mr D. N. Loeto	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	6,720.00
Mrs S. T. Morolong	👤👤👤	👤👤👤	✗	✗	✗	✗	✗	✗	1,680.00
Ms R. B. Seipone	✗	✗	✗	🚫	👤👤👤	🚫	🚫	👤👤👤	1,680.00
Mr W. B. Wankie	✗	✗	✗	🚫	👤👤👤	🚫	👤👤👤	👤👤👤	2,520.00
Mr S. Meti	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	🚫	👤👤👤	5,880.00
Mr K. R. Morris	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	
Ms L. Khimbele	👤👤👤	🚫	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	👤👤👤	

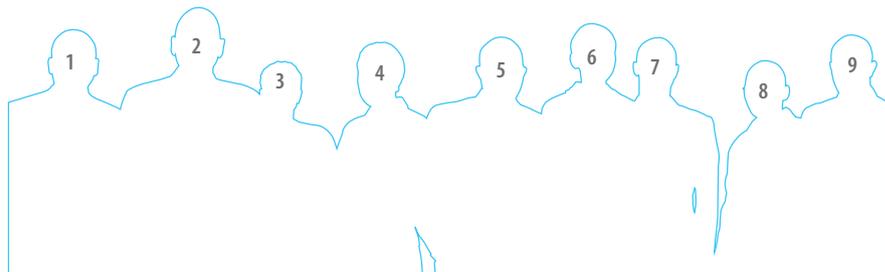
Board Audit and Finance Committee Meetings

Name	29/05/12	19/09/12	26/11/12	19/02/13	Sitting Allowance (P)
Mr J. Y. Stevens	👤👤👤	👤👤👤	👤👤👤	👤👤👤	3,360.00
Mr A. T. Yalala	🚫	👤👤👤	👤👤👤	👤👤👤	2,520.00
Mr M. Lesokola	👤👤👤	👤👤👤	👤👤👤	👤👤👤	4,200.00
Mr G. Dobo	🚫	👤👤👤	✗	✗	840.00
Mr K. R. Morris	👤👤👤	👤👤👤	👤👤👤	👤👤👤	
Ms L. Khimbele	🚫	🚫	👤👤👤	👤👤👤	
Mr P. Manyanga	👤👤👤	👤👤👤			

Executive Management

The Executive Management is headed by the Commissioner General. Other members of the Executive Management are heads of BURS Divisions namely; Commissioner-Internal Revenue, Commissioner-Customs and Excise, Commissioner-Finance and Administration, Chief Internal Auditor, Director-Human Resources, Director-Legal Services, Director-Information Technology and General Manager-Corporate Planning and Communications.





1 Mr S. Lekau
Commissioner Internal Revenue

2 Mr K. R. Morris
Commissioner General

3 Ms L. Mosweu
Dir. Information Technology

4 Mrs L. Khimbele
Dir. Legal Services

5 Mr K. Kgosidintsi
Commissioner Finance & Administration

6 Ms M. Pelaelo
Dir. Human Resources

7 Mr G. M. Motsewabagale
GM Corporate Planning & Communications

8 Mrs A. B. Motlhanka
Chief Internal Auditor

9 Mr P. P. Valashia
Commissioner Customs & Excise



Taxes are becoming increasingly essential for enabling the economy to fund social and economic infrastructure to meet the needs of people and businesses. The tax system has to be competitive to attract businesses, talents and be more conducive to ensure start-ups of SMMEs. Over time, these bring more investments and jobs to Botswana.

BURS plays an important role in fostering a competitive tax environment in Botswana. The agency constantly reviews and improves the tax framework. It actively examines the environment and engages stakeholders at different levels to exchange ideas on tax matters. The agency appreciates stakeholders' views, including those of taxpayers and regularly reviews tax laws and procedures to make it easy for taxpayers to comply with tax requirements. New and updated tax guides on tax changes are prepared and published regularly to educate taxpayers on their tax obligations. This also gives the agency feedback on significant external economic development and industry trends.

BOARD CHAIRPERSON'S STATEMENT



ECONOMIC CONDITIONS

The weak recovery of the global economy continues to weigh down on the domestic economy, which has implications for resource availability. According to the International Monetary Fund (IMF) (2013) Report, prospects for the global economy will remain largely unchanged in the next two years. The sub-Saharan Africa region will also continue to be weak as demand for natural resources remains low.

In consequence, prospects for domestic performance remain mixed, mainly due to weak development prospects in the mining sector. This may put pressure on the revenue base of the economy. However, a number of expected developments such as the relocation of the Diamond Trading Centre from London to Gaborone and developments in the electricity sector are expected to boost the economy.

Despite these growing challenges under which BURS operates, I am hopeful that BURS will continue to record remarkable progress. The new initiatives that have been put forward will go a long way towards equipping staff with appropriate resources and improving processes and systems to further enhance the services rendered to the taxpayers.

REVENUE COLLECTION

BURS performed exceptionally well in 2012/13, registering growth in revenue of 22.57%, from P24.37 billion in 2011/12 to P29.87 billion in

2012/13. This was mainly due to a huge 68.8% jump in the SACU receipts, followed by VAT growth of 17.37%, while income tax declined by 9.67%. Tax revenue has been growing consistently over the years.

BURS FUNDING

Subventions from government amounted to P271.12 million during the 2012/13 financial year. The Ministry of Finance further injected an amount of P37.99 million towards the end of the year to enable BURS to meet its Recurrent Expenditure shortfall. In addition, BURS managed to generate its own income, in accordance with provisions of Section 26 (l) (a) of the BURS Act, amounting to P48.12 million. Hence, total funding for the 2012/13 financial year including donations in kind from Swedish International Development Agency (P4.06 million) and Japanese International Cooperation Agency (P2.31 million) and net of P3.73 million utilised for replacement of capital items, amounted to P359.9 million. The total income of P359.9 million and gains from increase in fair value of BURS investment property amounting to P5.9 million (Plot 8913 leased to PPADB) less total recurrent expenditure for the year amounting to P360.3 million, resulted in a total comprehensive income of P5.5 for the year.

ACKNOWLEDGEMENTS

On behalf of the BURS Board and the Government of Botswana, I would like to express my appreciation to the management and staff of BURS for the achievements of the

past year. I am confident that the agency will continue to work closely with all concerned to build a better Botswana for investment and livelihood.

Finally, I would like to thank the Commissioner General and his Executive Management team for their continued visionary leadership.



Dr T. Nyamadzabo
Chairperson

Revenue Growth

P29.87 bil

2012/13

 **22.57%**

2011/12

P24.37 bil

Funding

P48.12 mil

Own Income Generated

P271.12 mil

Subventions from Govn't

Total Funding For 2012/13
P323 mil

It is my pleasure to submit the report on the operations and financial performance of the Botswana Unified Revenue Service covering the financial year ended 31 March, 2013.

During the year, BURS has delivered a strong performance in spite of challenging economic conditions. The breadth of strategies that BURS adopted during the year has allowed BURS to maintain progress throughout the economic downturn and the disruption to the world economy which began in 2009.

COMMISSIONER GENERAL'S REVIEW



REVENUE COLLECTION

During the 2012/13 financial year, tax revenues grew by P5.5 billion, or 22.6%, rising to P29.87 billion from the P24.37 billion recorded during the 2011/12 financial year. The appreciable growth was attributable mainly to the performance of the SACU receipts, which increased by P5.8 billion (68.9%). BURS revenue performance was particularly strong given the uncertain economic conditions, including the sluggish performance of the domestic economy and that of the major trading partners.

We will continue to create new and innovative approaches that are more flexible and tailored to the needs of taxpayers and other stakeholders. We will continue to build on our success to deliver a strong and sustainable tax revenue base that will ultimately provide the means for development of the economy of Botswana. To achieve this goal, the core characteristics outlined above will be essential. We intend on building trust among our customers, getting them to have full confidence in us.

BURS continuously takes measures to promote business ethics and integrity. We are committed to ensuring that we conduct business properly and at the highest levels of probity. We will continue to enforce best practice by ensuring that our procedures and training programmes are continually reviewed and are inclusive of all our employees.

COST OF COLLECTION

The cost-to-collection ratio for the 2012/13 financial year improved when compared to the previous year. The return was P81.35 per P1.00 spent, compared to the return of P73.84 in the 2011/12 financial year. The higher return is attributable to new initiatives for reducing costs, improved revenue collection, and the significant increase of SACU receipts.

STRATEGIC PLAN REVIEW

During the year under review, BURS embarked on the mid-term review of its second strategic plan covering the period April 2009 to March 2014. The review was done to determine what progress was made in implementing the plan and whether there were any challenges that might affect the achievement of its objectives, in order to take requisite corrective action.

The review revealed that most of the key Strategic Outcomes agreed upon are still relevant; however, a need to align some of the strategic objectives with current reality was recognised. The review also revealed that a significant proportion of the objectives that BURS had set itself to implement had been accomplished. However, some critical activities such as the improvements to BURS facilities and replacement of the BURS legacy ICT systems could not be fully implemented due to budgetary constraints. These have therefore been deferred. These projects will be reinstated when the BURS funding situation improves.

Cost of Collection

P81.35 / P1.00

2012/13



2011/12

P73.84 / P1.00

SACU Receipts

2012/13



P5.8 bil
[68.9%]

2011/12

The hallmark of an effective and efficient tax administration is its ability to achieve the highest possible level of voluntary compliance. BURS is therefore fully committed to improving its processes to provide excellent service while also striving to simplify the tax system, making it easier for taxpayers to comply with the tax laws. In this regard, several new initiatives were introduced, as indicated in the next section.

Going forward, BURS will focus on identifying areas of risks and non-compliance, and have effective audit and investigation programmes to ensure that all taxpayers pay their fair share. Through our compliance strategy, we have identified core characteristics of an effective tax agency which include the following:

- ▶ **Understanding the needs of taxpayers, traders and customers**
- ▶ **Building and maintaining fairness, credibility and trust among stakeholders**
- ▶ **Working closely and cooperating with all stakeholders including taxpayers**
- ▶ **Reducing red tape and easing compliance costs for taxpayers and limiting opportunities for non-compliance**

Every year BURS reviews its performance and identifies areas of improvements. New strategies and initiatives are identified and discussed to enhance the conduct of the Revenue Service. During the year under review, BURS implemented a number of strategies and initiatives to improve service delivery.



CORPORATE STRATEGIES & NEW INITIATIVES



Information Systems Support And Management

Electronic services: BURS contractually awarded a local company with the responsibility of designing and implementing an e-filing solution that will allow corporate and individual taxpayers the option of submitting tax returns online. The project will be implemented during the 2013/14 financial year. The work began with Solution Blueprint, which included business requirements, functional requirements and software requirement specifications. The project will have short message system (SMS), email and payment solution aspects which are expected to go live at the same time as the e-filing solution. When completed, the e-service platform will enhance service delivery and reduce costs for taxpayers.

Botswana Interbank Settlement System (BISS): BURS has been working with the Bank of Botswana to improve the current platform for electronic payments by extending the

Botswana Interbank Settlement System to BURS. The enhanced system will allow taxpayers to electronically settle their tax liabilities through their banks' internet portals and will further facilitate reconciliation of payments by BURS. This is expected to accelerate allocation of taxpayer payments. Taxpayer awareness workshops will be held to enable the system to go live during 2013/14.

Data Cleaning: The data cleaning exercise is ongoing and will be aided by access to the Omang National Registration system. This will allow BURS to cross-check information from its systems against the Omang database. Other information such as bank account details will be reviewed continuously.

Systems Interfaces: Interfacing of BURS systems with the national registration system and the Registrar of Companies and Intellectual Property (ROCIP) has been completed and

tested. Although there have been delays on the interface with residence permits (due to technical challenges), the interface will soon go live.

Customs Systems Interconnectivity through Cloud Computing at Mamuno Border Post:

Botswana and Namibia, with the assistance of the Southern Africa Trade Hub (SATH), continued to work on electronic data interchange through cloud computing. The project is facing technical challenges with user authentication, leading to prolonged testing. Training of traders is expected to be carried out during the 2013/14 financial year.

Automation of Borders and Customs Offices:

BURS has to date successfully implemented the ASYCUDA computer system in 33 customs stations. During the year under review, the system was rolled out to Ramotswa, Maun airport, Sua Pan, Bray and Middlepits.



The inside of the
Scanning Hall at
Tlokweng Gate Border



The Scanning Hall at
Tlokweng Gate Border

Human Resources Development and Management

BURS strives to achieve efficiency in organisational resource management. Among the initiatives and strategies that have been put in place to improve service delivery are the following:

Performance Management System (PMS):

BURS appointed a consultancy to undertake a diagnostic review of the BURS Performance Management System in order to develop a more robust system which will ensure that performance is objectively assessed and rewarded. The consultancy is expected to conclude the project during the 2013/4 financial year.

Staff Wellness:

BURS outsourced counselling of staff during the 2012/13 financial year. The intention was to make it easier for employees to access counselling services as well as promote confidentiality. As part of the delivery of the counselling programme, group therapy workshops were run, and were attended by 90.1% of employees. In addition, 70 employees utilised the telephone counselling service.

Staff Development and Training:

BURS regards its employees as its major asset, and the training and development of these human resources is a key strategy for individual and organisational success. To meet the training and development needs of its employees, BURS provides the following programmes:



ADVANCED TAXATION COURSE:

BURS has partnered with the Botswana Accountancy College for an Advanced Taxation course for BURS employees. This course was designed to enhance capacity and knowledge of taxation and complement other BURS staff-development initiatives. During the year under review, 19 BURS officers were enrolled and successfully completed the course.

GRADUATE TRAINEE PROGRAMME (GTP):

This is a one-year in-house training programme which was developed during the 2011/12 financial year with the assistance of the Zimbabwe Revenue Authority. Its main objective is to train newly employed graduates in various aspects of tax and customs administrative procedures. The trainees are attached to various BURS offices to augment their knowledge with real-life situations. During the year under review, 39 BURS employees graduated from the GTP and have since been deployed at various BURS offices.

POSTGRADUATE TRAINING:

BURS has entered into a joint venture for training purposes with the Tanzania Institute of Tax Administration (ITA) at the University of Dar-es-Salaam, and the University of Münster in Germany. Qualifications available through this venture are a Master's degree in Revenue Laws and Administration, for which four BURS officers have been enrolled; and two diploma programmes – a Postgraduate Diploma in Taxation (PGDT) and a Diploma in Customs and Taxation Management (DCTM) – for which eight BURS officers have been enrolled.

OTHER TRAINING:

During the year under review, 531 employees (84.5% of the employees in the training plan) were enrolled in short-term in-house courses run by BURS. A further 26 employees were sent for long-term training fully sponsored by BURS.

Other Strategies and New Initiatives/Projects Implemented

Internal Audit: Internal Audit is one of the pillars of corporate governance. It is important for the provision of independent, objective assurance and consultancy services to the BURS Management and the Board Audit and Finance Committee (BAFC). Its activities are accordingly designed to add value and improve the effectiveness of risk management, internal control and governance processes. The function furnishes the BAFC and BURS Management with analysis, appraisals, recommendations and information concerning activities reviewed. To this end, Internal Audit conducts its activities in compliance with BURS objectives and policies as well as Internal Auditing Professional Standards and Code of Ethics.

The Internal Audit function reports administratively to the Commissioner General and functionally to the Board Audit and Finance Committee. The BAFC monitors the performance of the Internal Audit function through quarterly reports.

Both the Internal Audit function and the BAFC are governed by the respective Charters that outline their roles and responsibilities.

During the year under review, the Internal Audit function started the implementation of audit software that generates electronic working papers and enables internal audit managers and supervisors to do online reviews of audit works conducted by the auditors.

A pilot rotation of staff was also introduced at the Audit Supervisor level to provide the

necessary exposure to the team members. This was done with consideration of the complexity and variety of BURS operations that the auditors need to understand and review.

Integrity management: To ensure ethical behaviour and good corporate governance, BURS took the initiative to pro-actively and reactively detect and prevent incidents of corruption, fraud and abuse within the organisation. Numerous workshops have been successfully held to sensitise officers on anti-fraud/corruption and integrity issues. BURS is also in the final stages of establishing a hotline for anonymous reporting of unethical conduct by employees, the general public and other stakeholders.

Integrity management is a constantly evolving process and requires the collective effort of all concerned stakeholders to realise buoyant results. Various structures such as corruption prevention committees, risk assessment audits and development of a gift policy will be established in due course in order to improve the organisational efficiency in managing ethical misconduct and economic crime within the organisation.

Customer Service Charter: In its quest to continuously improve service delivery to customers, BURS developed a Customer Service Charter which sets out the minimum standards of performance expected from BURS employees. The charter was piloted during the 2012/13 financial year and will be published during the 2013/14 financial year. BURS is committed to ensuring, through

periodic reviews, that the standards set in the charter are adhered to (and exceeded where possible) by BURS offices across the country.

Risk Management: Managing risk is an increasingly important aspect of a revenue service and has serious implication on the achievement of the organisational goals. Although risk management activities have been carried out in BURS, they were concentrated only on selected aspects of the revenue service. The new initiative is meant to develop an enterprise risk management. A Risk Management Implementation Plan will be finalised during the 2013/14 financial year. It is to provide guidance on the implementation of risk management and execution of roles and responsibilities across BURS. It will be implemented during 2014/15.

Tax Amendments: During the year under review, Parliament approved modest amendments to the revenue laws. These include: (i) amendment to the Income Tax Act to provide for exchange of information on tax matters with other Treaty Partners and to make interest on Withholding Tax to be a final tax; (ii) Value Added Tax legislation to provide for capping of the penalty at P5000.00 for taxpayers who fail to file their nil returns, zero rating of water up to the first 5000 litres used, and an increase in passenger baggage allowance from 500 units of account to 1500 units of account. The amendments are expected to simplify the administration of taxes.

Tax Revenue has been growing consistently over the years, as shown in Figure 1.

During the year under review, revenues grew by **P5.5 billion (22.6%)**, from **P24.37 billion** in 2011/12 to **P29.87 billion** in 2012/13.

The increase was mainly due to a huge **68.9%** jump in SACU receipts and a **17.4%** increase in VAT, while income tax declined by **9.7%**.

TAX REVENUE COLLECTION

The Revenue Service will continue to build on its success to deliver a strong and sustainable tax revenue base that will ultimately provide the means for development of the economy of Botswana.





Figure 1: Total Tax Revenue Collections

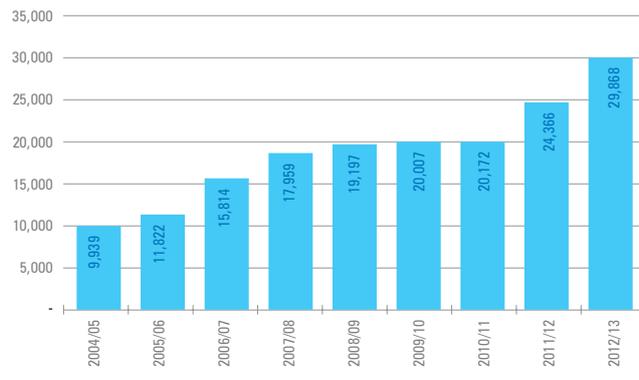


Figure 2: Revenue Growth Rates

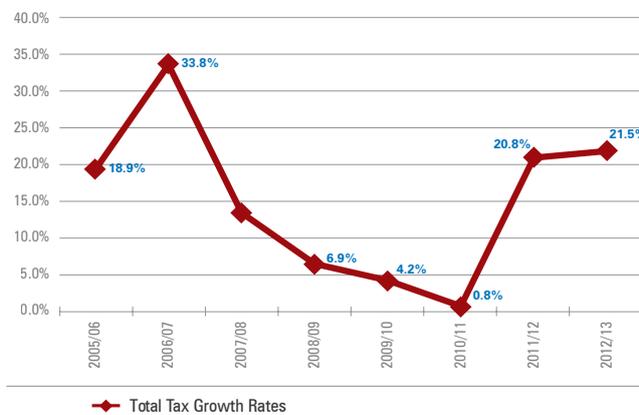
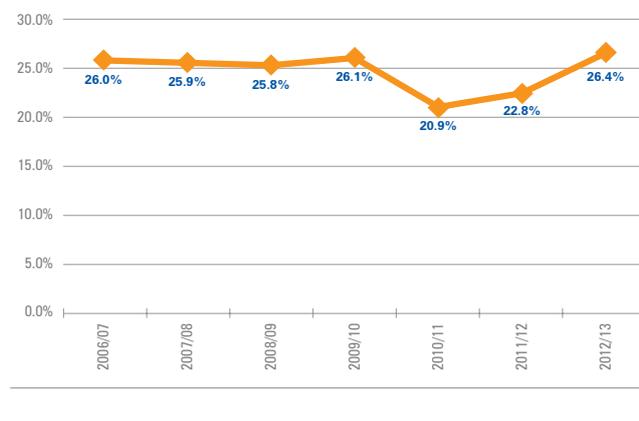


Figure 3: Tax Revenue as a Percentage of Nominal GDP



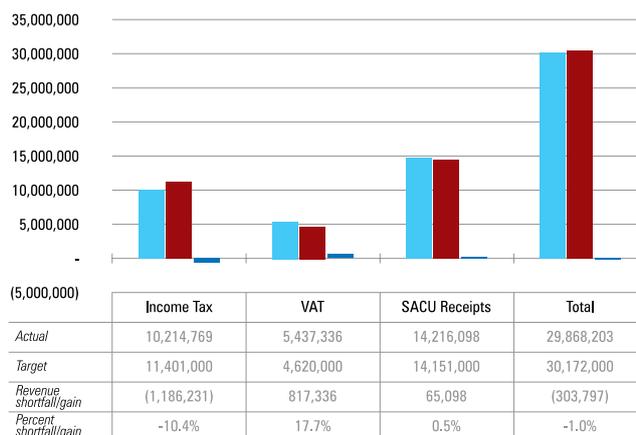
Although overall tax revenue collections have grown since 2005/06, Figure 2 shows that the rate of growth declined from a high of 33% in 2006/07 to a low of 0.8% in 2010/11, before rising again to 20.8% in 2011/12 and 21.5% in 2012/13.

As a percentage of GDP, tax revenue collections varied between 20% and 27% throughout the period from 2006/07 and 2012/13. Between 2006/07 and 2009/10, the percentage ranged between 25% and 26% before it declined to 20.9% in 2010/11. From 2010/11, the percentage of revenues improved considerably to 26.4%.

Tax Revenue Collection and Targets

A comparison between actual collections and targets shows an overall shortfall of 1.0% during the year. The lower than expected performance is due to the low performance of income tax, which fell below target by 10.4%. On the other hand, VAT recorded a gain of 17.7% and there was also a modest gain of 0.5% in SACU receipts which was attributed to exchange rate fluctuations.

Figure 4: Tax Revenue Collections by Tax Type And Targets (P'000)



Income Tax Revenue Collection

Income tax revenue collection for the year is derived from different sources (as shown in the Table 1). The major source of the tax collection is from the Assessed tax followed by Deducted tax, whose contributions to the total collection were 53% and 31% respectively. As per the table below, the collections for 2012/13 were lower than the previous year's collections. It is believed that the drop in the collections is attributable mainly to subdued performance of the minerals sector caused by the global economic downturn.

Table 1: Income Tax Collections by Source

	2011/12 actual collections	2012/13 actual collections	% growth
Withholding tax	815,733,082	1,492,182,000	82.0%
Deducted tax	3,512,561,733	3,199,896,000	-8.9%
Assessed tax	6,755,678,722	5,470,777,000	-19.0%
Penalty interest	101,212,388	49,682,000	-50.9%
Capital transfer tax	4,314,334	2,232,000	-48.8%
Total Income tax collected	11,189,500,259	10,214,769,000	-8.7%

Value Added Tax Revenue Collection

Gross VAT collection for the reporting period was P7,671 million, while total VAT refunds paid to taxpayers amounted to P2,234 million. This means that the net collection was P5,437 million, which is above the target by 17.7% – mainly because of improved collections on internal VAT and a reduction in the value of VAT refunds. Overall, all VAT collection streams recorded an increase over the previous year's collections except for imports VAT.

Table 2: Value Added Tax Collections by Tax Type

	2011/12 actual collections (P'000)	2012/13 actual collections (P'000)
VAT imports	4,266,305	4,115,545
VAT internal	3,028,854	3,336,436
VAT interests & penalties	42,998	53,352
Fuel levy	151,511	166,086
Gross receipts	7,489,668	7,671,419
Less refunds	-2,856,893	-2,234,083
Net VAT collection	4,632,775	5,437,336

While the overall performance of the VAT revenue stream was commendable, the high rate of VAT refunds is a source of concern as they undermine revenue collection efforts. During the year under review, VAT refunds stood at 29% of total collections, while in the previous year refunds were 36% of total collections. It is gratifying that the refund threshold has witnessed a substantial drop. In order to avert the increases, the organisation has embarked on measures to audit some of the high-value refund claims before they are paid. The power generation and mining sectors were mainly responsible for the high value of refunds.



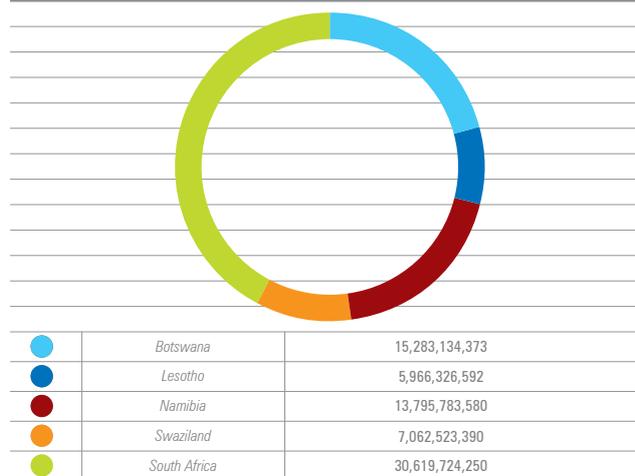
SACU Receipts

Botswana's share from the SACU Common Revenue Pool remains a major revenue source for the national economy. During the year under review, Botswana's share from the Common Revenue Pool stood at P14.2 billion. This marked a significant increase of nearly P5.8 billion, from P8.4 billion received the previous year – a 68.7% increase from the 2011/12 period. The increase in the receipts was attributed to an increase in members' shares as an adjustment to account for the surplus in the Common Revenue Pool which was realised in the previous financial year.

Customs and Excise Duty Collections

SACU Member States are required to assess, collect and pay all customs, excise and additional duties into the CRP established by Article 33 of the SACU Agreement. In compliance with this requirement, Botswana collected and paid into the CRP a total of P424 million during 2011/12, representing a 25.7% increase from the previous year's total of P337 million. Customs duties, which contributed 70.8% of the total, recorded a significant growth of 143.6%, due mainly to the resurgence during the period of imports from outside the SACU region plus excisable goods produced.

Figure 5: SACU Pool Receipts



Botswana's share from the pool remains second highest, after South Africa, for the year under review, constituting nearly 21% of the total shares. The comparative shares paid to SACU Member States are depicted in Figure 3 below. Botswana received R15,283 million or P14,216 million from the SACU revenue pool.

Table 3: Trade Tax collections

	2011/12 actual collections (P'000)	2012/13 actual collections (P'000)
Import Customs Duty	123,258,494	300,217,526
Ad valorem Duty	14,291,791	16,209,480
VAT interests & penalties	42,998	53,352
Anti-dumping Duty	2,294,632	891,155
Excise Duty	94,548,518	106,432,716
TOTAL	337,107,003	423,750,877

Revenue Collected
grew by
P5.5 billion (22.6%),
from
P24.37 billion in
2011/12
to
P29.87 billion in
2012/13



Collections on Behalf of Government Departments and Cost of Collection

During the period under review, BURS collected P609.1 million on behalf of government departments and agencies (shown in Figure 6). Most of the collections came from the Alcohol levy, which contributed 44%, followed by the Training levy with 37.8%. The two together constituting 81.8% of total service levy collections. Net revenues transferred to government departments and agencies, less the Revenue Service's commission fee (P40.2 million), amounted to approximately P568.9 million.

Customs Revenue Recoveries

Investigations yielded revenue recovery amounting to P2.2 million. The amount is a 23% increase on last year's recovery, which was P1.8 million. A large portion of the recovered amount came from duties and taxes paid for goods that were either not declared or were undervalued at time of import. The amount of revenue recovered during the reporting period is categorised as follows:

Figure 6: Service Levies

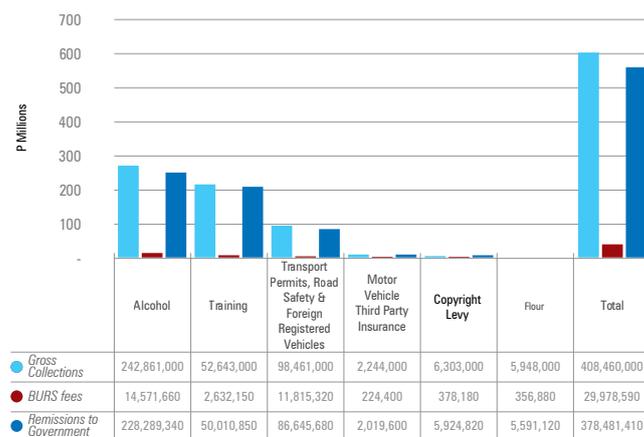


Table 4: Amount of revenue recovered

TYPE OF PAYMENT	AMOUNT (P)
Customs duty	1,387,569.00
Value Added Tax	875,058.00
Ad valorem duty	5,635.00
Fee	2,870.00
Admission of guilt	106,600.00
State warehouse rent	3,568.00
Total revenue recovered	2,154,371.00

Any tax administration that operates on a self-assessment system has to be backed up by a strong audit capability, given that taxpayers declare and pay their taxes without any interference from the tax administration.

TAXPAYER COMPLIANCE

Tax auditors underwent training on E-auditing during the 2012/13 financial year and better audit results are expected in the coming years.



Intelligence and Risk Management

During the period under review, 2,739 letters were processed to facilitate property transfers by taxpayers. Compliance checks were conducted on both the sellers and the buyers of the properties. BURS further requested information from various Councils and from the Public Procurement and Asset Disposal

Board (PPADB) on tenders awarded. Further work is ongoing in respect of VAT refunds for some of the large taxpayers. During the period under review, 2,706 VAT refunds were risk analysed, 1,269 were recommended for audit and 1,367 were sent to return processing for posting. Further work on risk analysis was

carried out for the large taxpayers.

BURS conducted surveys for compliance checks at Mogoditshane and Commerce Park, and during the Global Expo and Consumer Trade Fair.

Tax Collections by Enforcement

Any tax administration that operates on a self-assessment system has to be backed up by a strong audit capability; given that taxpayers declare and pay their taxes without any interference from the tax administration. It is for this reason that audits and investigations are conducted, as well as management of the tax

arrears. Enforcement creates an environment for promoting voluntary compliance driven by issues of risk management.

The number of audit cases completed as at end of March 2013 was 911, representing a performance percentage of 76% against a

target of 1,200 cases. The assessment raised was P203,243,538. The auditors during this current period were undergoing training on E-auditing. We hope for better results in the coming year.

Table 5: Audit cases

Number Of Audit Cases (Target)	Actual No. Of Cases Done	Percentage Performance	Assessment Raised
1,200	911	76%	203,243,538

Tax Evasion

During the period under review, 78 tax evasion tip-offs were reported and a balance of 25 cases were brought forward from the previous years. Some of the cases went through audit

investigations; where assessments were raised, collection was done through debt management. It is, however, disheartening to note that some taxpayers were still bent on

not reporting their taxes appropriately. BURS will continue to investigate and apply punitive measures against those who fail to report their taxes accordingly.

Debts Collected Through Legal Process

BURS collected, through court action, a total of P154,356. The main challenges in collecting more debts are untraceable taxpayers, lack of property that can be attached by deputy

sheriffs, deceased or relocated taxpayers, closed companies, etc. Most of these matters are old debts. BURS further collected a total of P4,464,607 out of P9,580,140 current

dishonoured cheques. BURS continued to face lawsuits filed by taxpayers and other persons aggrieved by BURS decisions. From 18 ongoing cases, a total of 4 cases were finalised.

Arrears Collected (Current Year and Old Arrears)

The objective for 2012/13 was to achieve a 35% reduction in old arrears by 31 March 2013. In the event, the arrears were reduced from P1,206 million to P827 million, resulting in a 31% reduction. The target of 35% was under-achieved by 4% since some of the old arrears pre-date BURS and the interest accumulated was very considerable. The objective for the reporting period's current year charges was to reduce them by 85% on monthly basis. The target was exceeded by 5% as current charges of P4,624 million were reduced to P482 million (90%).

Table 6: Tax Arrears

Old arrears	Income Tax	VAT	Total
Balance of arrears as at 1 April 2012	662,334,058	544,322,522	1,206,656,580
Less payments, discharges, waivers and remissions	256,405,909	122,977,858	379,383,767
Total balance of arrears as at 31 March 2013	405,928,149	421,344,664	827,272,813
Percentage reduction in arrears [target 35%]	39%	23%	31%
Current year charges (2012/2013)			
Total current charges up to 31 March 2013	734,871,550	3,889,834,066	4,624,705,616
Less payments, discharges and waivers	472,367,239	3,670,210,491	4,142,577,730
Current charges outstanding as at 31 March 2013	262,504,311	219,623,575	505,063,907
Percentage reduction [target 85%]	64%	94%	90%
Total tax outstanding as at 31 March 2013	668,432,460	640,968,239	1,309,400,699

Objections and Appeals Activities

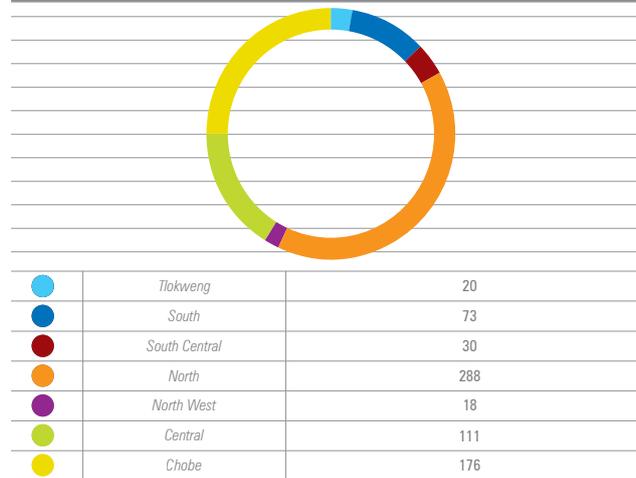
A total of 39 objections were received and handled. Of these, 27 were settled during the period under review and 12 remained outstanding.

Controls and Seizures

Smuggling and non-declaration of goods is a serious problem. Duties and taxes evaded due to smuggling of cigarettes was approximately P947,916. The total quantity of goods seized was 167 master cases and 44 cartons. The seized cigarette brands were Remington Gold, Everest, Madison, Kingsgate and Servilles.

During the period under review, Customs officials intercepted 716 persons attempting to import goods into Botswana illegally, as compared to 703 during the 2011/12 financial year. The revenue recovered in terms of taxes and charges amounted to P2.0 million.

Figure 7: Number of Seizures Per Region for 2012/13

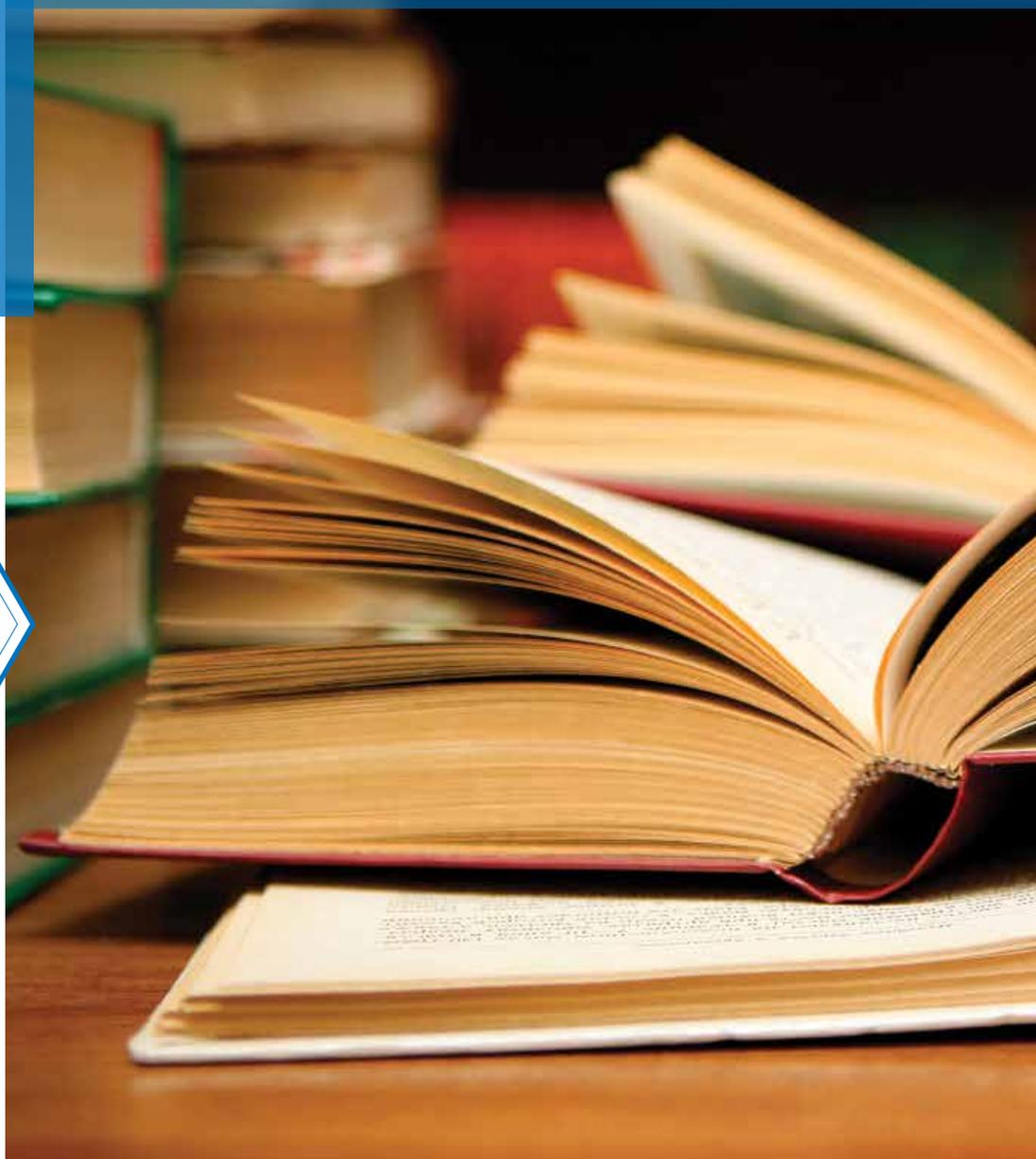


The introduction in November 2011 of a container x-ray scanner at Tlokweng border gate has helped to reduce the quantity of smuggled goods.

A total of 146 workshops were conducted country-wide during 2012/13, of which 52 were BURS-initiated and 94 were by request.

TAXPAYER EDUCATION & INFORMATION DISSEMINATION

BURS participated in eight trade fairs and expos and the objective in each case was to sensitise taxpayers on compliance.



Workshops Conducted

With an original target of 120 workshops for the year, a total of 146 workshops were conducted country-wide, of which 52 were BURS-initiated and 94 were by request. The target was thus exceeded by 21%. Eighteen media programmes, which included various radio stations plus television interviews, were also used to convey the message of compliance, exceeding our original target of 6 media programmes. Targets were exceeded because of the need to disseminate information on registration requirements.

The focus of the workshops included dissemination of information on the 2011 tax amendments (mostly in relation to individual registration and filling of tax returns), information on the Botswana Integrated Settlement System, and educating government departments on Withholding Tax procedures.

The BURS-initiated workshops had a total of 618 participants, the workshops held by invitation of stakeholders had 2892 participants, and presentations made to BURS staff were attended by 736 of our officers. The workshops have contributed to an increase in tax compliance and public knowledge about tax obligations, as reflected by the growth in the tax register.

Trade Fairs

With five trade fairs and expos originally targeted, BURS ultimately participated in eight. The objective in each case was to sensitise taxpayers on compliance.

Publications

Four BURS informational pamphlets directed towards customers and the general public were updated to incorporate the 2011 tax amendments: "VAT in Brief", "Farming Business", "SAT for Companies", and "Zero-Rated Supplies & Exempt Supplies".



Visitors of a BURS stall being given information at one of the Trade Fairs



A BURS Officer explaining tax requirements to a taxpayer who visited a BURS Stall

During 2012/13, BURS processed 600,086 import declarations and 59,784 export declarations at various Customs offices and points of entry.

EXTERNAL TRADE ISSUES & DEVELOPMENTS

Tlokweng Gate border post remained the busiest, processing 342,133 import declarations (57% of the total) during 2012/13.

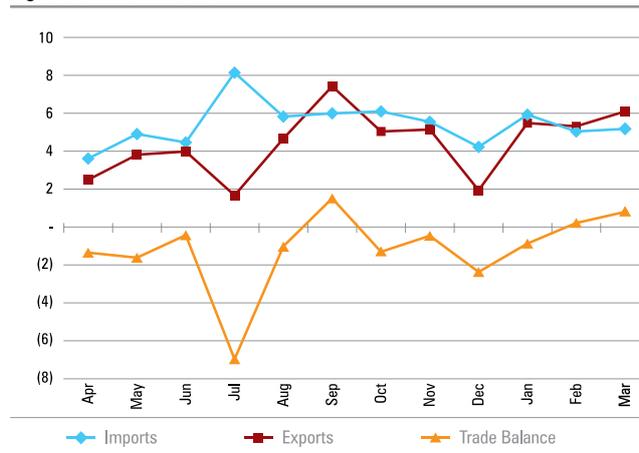


Import and Export Developments

Export of goods and services fluctuated significantly during the 2012/13 financial year, while imports were relatively more stable.

Despite the slow economic recovery, overall the economy managed to record a significant increase in both imports and exports. However, the trade balance worsened by 31.3% compared to the previous year, due to the significant growth of imports over exports. As a result, the balance of trade (BOT) continued to be negative during the current year.

Figure 8: External Trade



Import and Export Declarations

During 2012/13, BURS processed 600,086 import declarations and 59,784 export declarations at various Customs offices and points of entry. In the previous year, 599,445 import declarations and 65,655 export declarations were processed at Customs offices and borders. Tlokweng Gate border post remained the busiest, processing 342,133 import declarations (57% of the total) during the period under review. The lowest number of import declarations processed was at the Jwaneng inland office. Table 7 gives a summary of import and export declarations.

Table 7: Import And Export Declarations

	2011/12 actual collections	2012/13 actual collections	% growth
Export declarations	65,655	59,784	-8.9%
Import declarations	599,445	600,086	0.1%

Passenger Traffic

The combined total of persons entering and leaving Botswana rose in comparison to the previous period. During the period under review, a total of 5.4 million persons were cleared at various ports of entry, compared to 5.3 million in the 2011/12 financial year. The slight increase in the number entering and leaving the country could be attributed to economic recovery following the recession which had caused a consistent decrease in movements across the borders.



A BURS Officer monitoring the scanning process from the Scanner Control Room at Tlokweng Gate Border

It is important that BURS continues to attend international tax forums to ensure that the tax administration remains relevant and alive to new and emerging tax issues.

INTERNATIONAL AND REGIONAL AGREEMENTS & DEVELOPMENTS

During the reporting period, only Botswana had ratified the revised SACU Agreement Annex on Mutual Administrative Assistance, which provides for greater cooperation and information exchange between SACU customs administrations.



Southern African Development Community

It is important that BURS continues to attend international tax forums to ensure that the tax administration remains relevant and alive to new and emerging tax issues. In this regard, BURS took part in six international conferences during the period under review: the SADC Tax

Agreements Working Group meeting, the SADC Incentives Working Group meeting, the SADC Indirect Tax Working Group meeting, the SADC Heads of Tax meeting, the SADC Tax Incentives Evaluation meeting and the Forum for VAT Administrators in Africa (VADA).

Partnership Agreement (SADC–EU EPA) Negotiations

SADC–EU EPA negotiations are ongoing with a view to resolving various negotiating issues that are still outstanding; these include market access for agricultural products, rules of origin (cumulation), export taxes, most-favoured-nation provisions, and bilateral safeguards, as well as trade-related Issues such as sustainable development. Consequently, it may not be possible to conclude the negotiations by June 2013 as agreed upon between the EU and the SADC EPA group.

The EU has made a decision to withdraw the EC market access regulation which facilitated its trade with the SADC EPA group by 1 October 2014. Botswana will therefore not be able to export goods to the European Union duty-free and quota-free unless the Interim EPA signed in 2009 is ratified. Since Botswana has been removed from the Generalised System of Preferences scheme, this means that Botswana will therefore be exporting products to the EU under most-favoured-nation (MFN) tariff rates, which range between 70 and 140 per cent.

Southern African Customs Union

The SACU–WCO Customs Development Programme

A regional Customs policy has been developed which seeks to promote legitimate trade, protect the fiscal interests of Member States and the Customs Union through maximisation of revenues and provision of accurate data, and effect social protection in the Member States. Progress is notable on the implementation of key elements in the SACU Customs Policy, these being:

- IT connectivity
- customs legislation
- risk management
- trade partnerships

In the area of information technology (IT) connectivity, the objective is to facilitate real-time data exchange, minimise risk, and ensure accurate trade data. Two pilot programmes, between Botswana and Namibia and between South Africa and Swaziland, were launched in

2012 and will be used to inform a decision on a preferred IT connectivity approach for SACU.

Application of similar Customs and Excise legislation is essential for facilitating legitimate trade and combating illicit trade. To that end, a Draft Customs Control Bill and a Draft Customs Duty Bill were developed and have since been adopted as model legislation for SACU. A comprehensive review of the Customs and Excise Duty Act will be undertaken upon approval by Botswana Cabinet. On the assumption that review of the entire legislation may take longer, the following priority areas were isolated while comprehensive review continues: (i) Provision of a legislative basis for full automation of customs processes and procedures; (ii) Application of risk management; (iii) Introduction of the Preferred Trader/Authorized Economic Operator (PT/AEO) programme; and (iv) Introduction of single-window processing.

Southern African Customs Union (cont'd)

During the reporting period, only Botswana had ratified the revised SACU Agreement Annex on Mutual Administrative Assistance, which provides for greater cooperation and information exchange between Member States' customs administrations. This will go a long way towards providing a legal mechanism for the implementation of the PT/AEO programme. A preferred trader programme seeks to reward compliant traders by extending preferential treatment on procedures for the clearance of goods.

In order to combat illicit trade and protect the fiscal interests of Member States, regional risk management and enforcement initiatives have been pursued. Member States have identified priority risk sectors for illicit trade. Joint enforcement operations and information exchanges in the tobacco and second-hand motor vehicle sectors were undertaken.

In addition, engagement with the trading community to ensure that customs administrations are responsive to their concerns is essential for trade facilitation. In

this regard, a national customs-to-business forum met in March 2013 to review progress in the customs development programme. At a regional level, the Botswana private sector is represented at the regional customs-to-business forum.

Review of the Revenue Sharing Arrangement

Work continued on the review of the SACU revenue sharing arrangement. All Member States have submitted their proposals on a new revenue sharing arrangement, and technical studies were undertaken to inform and guide the process on which key elements should be included in a new revenue sharing arrangement. It was anticipated that a proposal on a new revenue sharing arrangement will be presented for consideration by the Council of Ministers in December 2013.

A draft Annex on the long-term arrangement for management of the Common Revenue Pool was developed and was expected to be operational by 1 April 2014.



WTO Negotiations on Trade Facilitation

The WTO negotiations on trade facilitation continued with the following objectives:

- to ensure and further expedite the movement, release and clearance of goods
- to draft provisions for effective cooperation between Customs and other agencies on trade facilitation and customs compliance issues
- to enhance technical assistance and capacity building in this area

Although the negotiations were slow, some progress was nonetheless made; this gave reason for encouragement insofar as trade facilitation was one of the very few areas earmarked for early harvest in the Doha round of negotiations, particularly in view of the WTO Ministerial Conference envisaged for December 2013 in Bali.

AGOA

Only one company exported textiles totaling 951,041 kg with the value of US\$ 4,485,688. This is a significant decrease compared to exports for the financial year 2011/2012, when the quantity was 3,510,821 kg with a value of US\$ 15,228,852. The decrease is attributable to the economic recession prevailing at the time, which resulted in the company being unable to export for several months in the financial year of 2012/13.

BURS / ZIMRA Memorandum of Understanding

Botswana Unified Revenue Service (BURS) and Zimbabwe Revenue Authority (ZIMRA) signed a Memorandum of Understanding (MOU) in March 2013 intended to strengthen cooperation between the customs administrations, facilitate trade, and enhance security at the border posts shared by the two countries. Both countries committed to operationalising the MOU during the 2013/14 financial year.



WCO Top Management
Dialogue Meeting



Group Picture of the
delegates at WCO Top
Management Dialogue
Meeting

The design of the new Headquarters building was completed during 2012/13 and all approvals from local authorities were granted.

DEVELOPMENT PROJECTS

BURS was allocated P20 million in the 2012/13 financial year for various maintenance work at border posts and inland BURS offices.



During the 2012/13 financial year, a total of P74.7 million was budgeted for the BURS development projects. Expenditure stood at P37.2 million, while the remaining balance of P45.6 million was committed. Progress status for the respective projects is indicated as follows:



BURS Headquarters

The design of the new Headquarters building was completed. All approvals from local authorities were granted, these being permits issued by the CBD Board, the Town and Country Planning Board and Gaborone City Council. Construction phase of the project was planned to commence during the 2013/14 financial year.

Tlokweng Border Post Sewerage

The project connects Tlokweng border post to the sewerage main line in Tlokweng village. The works were commissioned in January 2013 and the project was expected to be completed in August 2013.

One-stop Border Post (OSBP) at Pioneer Gate

The second set of Botswana–Namibia OSBP negotiations was held in November 2012 and saw agreement reached on most of the articles, with the exception of the article on criminal jurisdiction. Legal experts from both parties met in February 2013 to settle the outstanding article and polish the bilateral agreement with a view to conclusion by March 2013.

The OSBP Bill was gazetted for comments in April 2013 and was passed during the July 2013 sitting of Parliament.

Ramokgwebana Border Post

Phases 1 and 2, which entailed the erection of palisade fencing, an office block extension, covered walkways, a new commercial office block, two additional ablution blocks, extension to the existing office, and 14 residential staff houses, were completed and occupied by staff. Phase 3, which entailed construction of residential flats and associated external works, commenced and was at an advanced stage with completion expected during 2013.

Mamuno Border Post

Construction was begun in 2012 of eight semi-detached LA2 staff houses at Charles Hill village, with completion expected during 2013.

Maintenance of Border Posts

BURS was allocated P20 million in the 2012/13 financial year for various maintenance work at border posts and inland BURS offices. The maintenance work included upgrading of sewerage at Kazungula Ferry and Ramatlabama border posts and general maintenance of the BURS regional offices in Francistown and Selibe Pikwe and of the Martins Drift, Phitshane Molopo, Bray, Middlepits and Makopong border posts. Work commenced on the border post projects and reached various stages of completion. The work at regional offices did not start due to tender delays and was carried over to the 2013/14 financial year.

OPERATIONAL CHALLENGES

▶ BURS faced a major challenge in collecting old arrears, as some taxpayers could no longer be located.

▶ There was an insufficient number of taxpayer auditors to perform adequate audits.

▶ The complexity of the large business transactions and operations was of concern for BURS as it took a long time to resolve some of the issues that arose.

▶ Limited skills presented a challenge in the area of withholding taxes (WHT).

▶ Offences were committed at the borders, including non-declaration and smuggling, as well as undervaluation of goods. The commodities chiefly affected by smuggling were cigarettes and skin-lightening creams/soaps, while undervaluation fraud occurred in importing of second-hand motor vehicles.

▶ There was a rising trend of transit fraud, whereby goods were declared for transit at the ports of entry but ended up being diverted into Botswana and being consumed inside Botswana. To address this problem, a decision has been taken that all transit entries should be entered into the system so that acquittal would be done through the system, which is a more effective process.



CONCLUSION

BURS has performed satisfactorily during the year under review, despite the continued economic challenges. The good performance is a result of the initiatives that we have embarked upon. With consistent growth in tax revenue over the years, improved performance during the year under review was chiefly driven by SACU receipts. As a percentage of GDP, revenue collections increased to 26.4%.

I would like to express my gratitude for the support received from the Honourable Minister of Finance and Development Planning and pay tribute to the contribution made by the Board of Directors, Board Committees and other consultative bodies during the 2012/13

financial year. BURS has benefited greatly from the wise counsel of the Board, whose membership is listed above in this report. The Board provided high-level advice on issues of strategic importance to BURS in relation to relevant developments, tax matters and business issues. For that I thank them most sincerely.

Further, I would like to thank the Management and employees of BURS for their loyalty and hard work during the year. I see the good performance as testimony to the commitment that they have demonstrated in every part of the business at all levels of the organisation.



Mr K. R. Morris
Commissioner General

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

DEFERRED IDENTIFIED ACCOUNTS

Annual Financial Statements

2013 Annual Report

GENERAL INFORMATION

BOARD OF DIRECTORS

Taufila Nyamadzabo	: Chairperson Ex officio
Daniel N. Loeto	
Keneilwe R. Morris	: Commissioner General
John Y. Stevens	: Resigned 1 July 2013
Alexander T. Yalala	: Vice Chairperson
Wankie B. Wankie	: Appointed 1 July 2012
Ruth Seipone	: Appointed 1 July 2012 and resigned 1 November 2013
Siamisang T. Morolong	: Resigned 30 June 2012

BOARD SECRETARY

Lorato Khimbele

NATURE OF BUSINESS

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

ADDRESS

Plot 53976
Kudumatse Drive
Gaborone

Private Bag 0013
Gaborone

AUDITOR

Deloitte & Touche

BANKERS

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

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

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DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the annual financial statements of Botswana Unified Revenue Service. These include Administered Government Revenue Accounts, comprising the statement of financial position as at 31 March 2013, the statement of financial performance, the statement of changes in net assets, and the statement of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, prepared on the modified cash basis of accounting as outlined in Note 1.2.

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records. They are also responsible for the content and integrity of related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Administered Government Revenue Accounts as at the end of the financial year and the results of its operations and cash flows for the year then ended, on the modified cash basis of accounting.

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 2013, 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. It 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 annual financial

statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditor is responsible for independently reviewing and reporting on BURS's annual financial statements. The annual financial statements have been audited by BURS's external auditors and their audit report is presented on pages 44 and 45.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 46 to 56, which have been prepared on the going concern basis, were approved by the Board on 8th May 2014 and were signed on its behalf by:



Board Chairperson



Commissioner General

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

We have audited the annual financial statements of Botswana Unified Revenue Service: Administered Government Revenue Accounts which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 56.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the Ministry of Finance and Development Planning, as set out in accounting policy Note 1.2, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service: Administered Government Revenue Accounts as at 31 March 2013, 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 accounting policy Note 1.2.

OTHER MATTERS

Without qualifying our opinion, we draw attention to the fact that the annexures set out on pages 57 to 59 do not form part of the annual financial statements and are presented as additional information. We have not audited these annexures and accordingly we do not express an opinion thereon.

REPORT ON LEGAL AND REGULATORY REQUIREMENTS

For the year ended 31 March 2013, 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.

Deloitte & Touche

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

Gaborone
8th May 2014

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
Revenue collected on behalf of the Government of Botswana			
Tax revenues and Customs Union Receipts			
Income tax	2	10,214,769	11,308,074
Value Added Tax	3	5,437,336	4,632,775
Customs Union Receipts	4	14,216,098	8,424,282
Other tax revenue	5	67	53
Total tax revenues and Customs Union Receipts		29,868,270	24,365,184
Non-tax revenue	6	2,789	1,162
Total revenue collected on behalf of the Government of Botswana		29,871,059	24,366,346
Revenue collected on behalf of Government Departments	7	360,573	339,248
Total revenue collected for the year		30,231,632	24,705,594

STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Notes	2013 P'000	2012 P'000
ADMINISTERED ASSETS			
Current assets			
Amount due from Government Remittance Account	11	-	130,593
Accounts receivable	8	59,806	51,706
Cash and cash equivalents	9	682,803	379,892
Total administered assets		742,609	562,191
ADMINISTERED LIABILITIES			
Current liabilities			
Accounts payable	10	524,660	562,191
Amount due to Government Remittance Account	11	217,949	-
Total administered liabilities		742,609	562,191

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	P'000
Amount due to/(from) Government Remittance Account	
Balance at 1 April 2011	99,227
Total revenue collected for the year	24,705,594
Transfers to Government Remittance Account	(24,935,414)
Balance at 31 March 2012	(130,593)
Balance a 1 April 2012	(130,593)
Total revenue collected for the year	30,231,632
Transfers to Government Remittance Account	(29,883,090)
Balance at 31 March 2013	217,949

STATEMENT OF CASH FLOWS

for the year ended 31 March 2013

	2013 P'000	2012 P'000
Cash flows from operating activities		
Collections net of transfers to Government Remittance Account for the year	348,542	(229,820)
Movement in assets and liabilities		
Increase in accounts receivable	(8,100)	(9,009)
(Decrease)/Increase in accounts payable	(37,531)	208,821
Net movement in assets and liabilities	(45,631)	199,812
Increase/(Decrease) in cash and cash equivalents	302,911	(30,008)
Cash and cash equivalents at beginning of year	379,892	409,900
Cash and cash equivalents at end of year	682,803	379,892

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of accounting policies

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

1.2 Basis of preparation

The financial statements are required in terms of Sections 28 and 29 of the Botswana Unified Revenue Service Act. These 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 had previously reported that it took advantage of the transitional provisions of International Public Sector Accounting Standards ("IPSAS") 23 Revenue for Non – Exchange Transactions, which allows an entity to maintain their existing accounting policies in respect of recognition and measurement of taxation revenue for reporting periods beginning on a date within five years following the date of first adoption of IPSAS 23. BURS is still committed to converting to accrual accounting, however, BURS has not been able to take advantage of the five year conversion period as it is re-engaging with the Ministry of Finance and Development Planning. This is in order to develop detailed guidelines which will outline the procedures and timelines to be followed in Botswana for Government Owned Enterprises in converting to the accrual basis of accounting. Consequently, BURS has prepared the financial statements on a modified cash basis in line with the accounting principles of the Government of Botswana.

1.3 The reported activity - revenue collection accounts

For financial reporting purposes, these financial statements are reported as: ADMINISTERED GOVERNMENT REVENUE ACCOUNTS. They cover transactions relating to the tax revenues collected on behalf of the Government and its departments and third parties. The financial statements covering those operational revenues, such as funds received from the Government, which are managed by BURS and utilised in meeting the operational costs of BURS are reported in a different set of financial statements (BURS OWN ACCOUNTS). The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate.

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

1.4 General accounting policies

1.4.1 Penalty interest

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

1.4.2 Customs fines

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

1.4.3 Debtors

For these financial statements, balances disclosed in the statement of financial position represent debtors for dishonoured cheques. Dishonoured cheque recoveries for periods prior to the establishment of BURS in 2007 are credited in the statement of

financial performance as Other Tax Revenue, as no debtor accounts exist before then.

1.4.4 Write-offs

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

1.4.5 Accounts payable

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

1.5 Revenue recognition

Tax revenues and Customs Union Receipts Recognition

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

1.6 Foreign currencies

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

2. INCOME TAX

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

	2013 P'000	2012 P'000
Withholding tax	1,492,182	1,536,271
Deducted tax (Pay As You Earn)	3,199,896	2,861,846
Assessed tax	5,470,777	6,851,238
Penalty interest	49,682	52,885
Capital transfer tax	2,232	5,834
	10,214,769	11,308,074

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

3. VALUE ADDED TAX

Value Added Tax (VAT) is recognised in the statement of financial performance on a net basis. VAT is structured in such a manner that companies are also entitled to claim refunds; hence the breakdown of gross receipts and refunds is disclosed. VAT refunds arise when the input tax for any tax period is greater than the output tax for that period, or when tax paid is in excess of the amount properly charged to tax under the VAT Act. The refunds are paid from the VAT collections. VAT refunds reported in the statement of financial performance for the years ended 31 March 2013 and 31 March 2012 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analysed as follows:

	2013 P'000	2012 P'000
VAT import	4,115,545	4,266,305
VAT internal	3,336,436	3,028,854
VAT interest and penalties	53,352	42,998
Fuel levy	166,086	151,511
Gross receipts	7,671,419	7,489,668
Less: Refunds	(2,234,083)	(2,856,893)
Net VAT receipts	5,437,336	4,632,775

4. CUSTOMS UNION RECEIPTS

The Customs Union Receipts represent monies received by Botswana by virtue of her membership of the South African Customs Union (SACU). SACU Member States collect customs and excise duties and deposit the revenue into a Common Revenue Pool in accordance with the provisions of Article 33 of the 2002 SACU Agreement. The Member States annually calculate and distribute the share due to each Member State in accordance with a revenue sharing formula in accordance with provisions of Article 34 of the SACU Agreement. The SACU revenue is currently paid to Member States on a quarterly basis in advance.

	2013 P'000	2012 P'000
Customs Union Receipts	14,216,098	8,424,282

5. OTHER TAX REVENUE

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

	2013 P'000	2012 P'000
Received from the replacement of previous years dishonoured cheques	67	53

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:

	2013 P'000	2012 P'000
Licence fees	31	23
Customs fines	2,758	1,139
	2,789	1,162

7. REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

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

	2013 P'000	2012 P'000
Copyright levy	6,303	5,071
Road safety tokens	4,636	4,041
Transport permits	93,825	90,049
Flour levy	5,948	3,643
Alcohol levy	249,861	236,444
	360,573	339,248

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

8. ACCOUNTS RECEIVABLE

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

	2013 P'000	2012 P'000
Dishonoured cheques	58,734	44,705
Receivable from BURS Own Accounts (note 12)	1,072	7,001
	59,806	51,706

9. 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.

	2013 P'000	2012 P'000
Bank and cash balances	682,803	379,892

10. 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 2013				
Temporary deposits	-	-	42,565	42,565
Customs and excise duties	-	101,667	-	101,667
Payable to BURS Own Accounts	-	10,353	-	10,353
Gross payments	-	-	24,519	24,519
Training levy (Botswana Training Authority)	-	52,643	-	52,643
Assurance Levy (Motor Vehicle Accident Fund)	-	2,244	-	2,244
Unallocated EFT transactions	-	178,738	-	178,738
Unpresented cheques	8,820	-	-	8,820
Income Tax Refund account	101,120	-	-	101,120
Various Suspense Accounts	-	1,991	-	1,991
	109,940	347,636	67,084	524,660

10. ACCOUNTS PAYABLE (cont'd)

	Other Payables P'000	Unremitted Collections P'000	Refundable Deposits P'000	Total P'000
31 March 2012				
Temporary deposits	-	-	37,649	37,649
Customs and excise duties	-	137,644	-	137,644
Payable to BURS Own Accounts	-	9,702	-	9,702
Gross payments	-	-	17,234	17,234
Training levy (Botswana Training Authority)	-	54,801	-	54,801
Assurance Levy (Motor Vehicle Accident Fund)	-	2,298	-	2,298
Unallocated EFT transactions	-	262,199	-	262,199
EFT Control account	8,442	-	-	8,442
Unpresented cheques	7,288	-	-	7,288
Income Tax Refund account	17,323	-	-	17,323
Various Suspend Accounts	-	7,430	-	7,430
Bank overdraft	181	-	-	181
	33,234	474,074	54,883	562,191

Other Payables

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

11. AMOUNT DUE TO/(FROM) GOVERNMENT REMITTANCE ACCOUNT

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

	2013 P'000	2012 P'000
Amount due to/(from) Government Remittance Account	217,949	(130,593)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

12. RELATED PARTY TRANSACTIONS

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

The following balances with related parties were outstanding:

	2013 P'000	2012 P'000
Amount due (to)/from Government Remittance Account	(217,949)	130,593
Amount due (to)/from Government	(217,949)	130,593
Botswana Unified Revenue Service (Own Accounts)		
Accounts receivable (note 8)		
Point of sale and other bank charges	1,072	573
Fluctuation of foreign exchange rates	-	6,428
	1,072	7,001
Accounts payable (note 10)		
Commission payable	(1,778)	(1,829)
Development projects funds in transit	(5,830)	(7,873)
Fluctuation of foreign exchange rates	(2,745)	-
	(10,353)	(9,702)
Net amount due to BURS Own Accounts	(9,281)	(2,701)
Total due (to)/from related parties	(227,230)	127,892

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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

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

	SACU Pool Pula	Motor Vehicle Assurance Fund Pula	Botswana Training Authority Pula	Total Pula
Balance at 01 April 2012	137,643,768	2,298,389	54,800,961	194,743,118
Collections	390,737,488	10,097,935	230,275,364	631,110,787
Adjustments	408,564	6,068	(40,425)	374,207
Payments to third party	(427,122,492)	(9,142,759)	(220,773,422)	(657,038,673)
Payments - BURS Commission	-	(1,015,862)	(11,619,654)	(12,635,516)
Balance at 31 March 2013	101,667,328	2,243,771	52,642,824	156,553,923

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

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

	SACU Pool Pula	Motor Vehicle Assurance Fund Pula	Botswana Training Authority Pula	Total Pula
Balance at 01 April 2011	94,173,581	2,379,234	69,138,996	165,691,811
Collections	422,573,356	9,851,754	220,211,471	652,636,581
Adjustments	27,270,468	(255,399)	(2,730,260)	24,284,809
Payments to third party	(406,373,637)	(8,709,480)	(220,228,283)	(635,311,400)
Payments – BURS Commission	-	(967,720)	(11,590,963)	(12,558,683)
Balance at 31 March 2012	137,643,768	2,298,389	54,800,961	194,743,118

Collections to third parties represent funds that had not been transferred at year end from collections due from service level agreements. BURS has entered into service level agreements with parastatals to collect revenue on their behalf. The agreements are as follows; Botswana Training Authority for the collection of the training levy and the Motor Vehicle Accident Fund for the collection of the assurance levy.

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE

31 MARCH 2013

Description	Balance at 01 April 2012 Pula	Collection of previous years arrears Pula	Abandonment, Discharges, remissions/ waivers & adjustments (see note below) Pula	Balance of prior years' arrears outstanding Pula	Arrears in respect of current year Pula	Balance at 31 March 2013 Pula
VAT internal	249,026,869	(44,128,687)	(16,388,587)	188,509,595	125,062,883	313,572,478
VAT interest and penalties	295,295,653	(24,913,561)	(37,547,023)	232,835,069	94,560,692	327,395,761
Assessed tax	294,189,888	(105,548,092)	(8,674,051)	179,967,745	131,450,282	311,418,027
Assessed tax and interest	368,144,170	(20,198,329)	(121,985,437)	225,960,404	131,054,029	357,014,433
TOTAL	1, 206,656,580	(194,788,669)	(184,595,098)	827,272,813	482,127,886	1,309,400,699

ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE

31 MARCH 2012

Description	Balance at 01 April 2011 Pula	Collection of previous years arrears Pula	Abandonment, Discharges, remissions/ waivers & adjustments (see note below) Pula	Balance of prior years' arrears outstanding Pula	Arrears in respect of current year Pula	Balance at 31 March 2012 Pula
VAT internal	236,620,575	(56,366,765)	-	180,253,810	68,773,059	249,026,869
VAT interest and penalties	245,736,108	(24,421,414)	(12,619,373)	208,695,321	86,600,332	295,295,653
Assessed tax	294,976,975	(64,957,794)	(16,643,749)	213,375,432	80,814,456	294,189,888
Assessed tax and interest	346,661,313	(48,871,485)	(25,226,985)	272,512,843	95,631,327	368,144,170
TOTAL	1, 123,994,971	(194,617,458)	(54,490,107)	874,837,406	331,819,174	1,206,656,580

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 a cash basis.

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2013

ANNEXURE 2: SCHEDULE OF ARREARS OF REVENUE (cont'd)

A discharge is a revision of previously assessed tax that occurs as a result of an objection raised by the taxpayer to the assessment, or as a result of a duplicate assessment, etc.

A waiver / remission is the reduction or cancellation of a tax liability, interest due on an overdue tax liability or penalties issued due to failure to pay tax. It is to be applied for by the taxpayer. This application is made 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.

OWN ACCOUNTS

The background of the page features a close-up, slightly blurred image of a calculator and a ruler. The calculator is positioned diagonally, and the ruler is visible below it. The overall color palette is warm, dominated by gold, yellow, and brown tones. The text 'OWN ACCOUNTS' is rendered in a large, bold, sans-serif font, with the letters filled with a gradient of these warm colors. The text is centered horizontally and occupies the upper half of the page.

ACCOUNTS

Annual Financial Statements

2013 Annual Report

GENERAL INFORMATION

BOARD OF DIRECTORS

Taufila Nyamadzabo	: Chairperson Ex officio
Daniel N. Loeto	
Keneilwe R. Morris	: Commissioner General
John Y. Stevens	: Resigned 1 July 2013
Alexander T. Yalala	: Vice Chairperson
Wankie B. Wankie	: Appointed 1 July 2012
Ruth Seipone	: Appointed 1 July 2012 and resigned 1 November 2013
Siamisang T. Morolong	: Resigned 30 June 2012

BOARD SECRETARY

Lorato Khimbele

NATURE OF BUSINESS

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

ADDRESS

Plot 53976
Kudumatse Drive
Gaborone

Private Bag 0013
Gaborone

AUDITOR

Deloitte & Touche

BANKERS

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

TABLE OF CONTENTS**OWN ACCOUNTS***BURS Annual Financial Statements as at 31/03/2013*

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DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the annual financial statements of Botswana Unified Revenue Service: Own Accounts, comprising the statement of financial position as at 31 March 2013, the statements of comprehensive income, changes in reserves, and cash flows for the year then ended, and the notes to the annual 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 related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of BURS as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

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 2013, 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on BURS's annual financial statements. The annual

financial statements have been audited by BURS's external auditors and their audit report is presented on pages 66 to 67.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 68 to 93, which have been prepared on the going concern basis, were approved by the Board on 8th May 2014 and were signed on its behalf by:



Board Chairperson



Commissioner General

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the annual financial statements of Botswana Unified Revenue Service: Own Accounts which comprise the statement of financial position as at 31 March 2013, the statements of comprehensive income, changes in reserves and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 68 to 93.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service: Own Accounts as at 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 23 of the financial statements, which states that BURS is in a dispute with third parties regarding the ownership of Plot 8913, Zanzibar and Platjan. As these third parties hold the legal title BURS may need to purchase the land from the third parties.

REPORT ON LEGAL AND REGULATORY REQUIREMENTS

For the year ended 31 March 2013, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

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

Deloitte & Touche

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

Gaborone
8th May 2014

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
Income			
Government funding for recurrent expenditure	6	305,382	261,977
Other income	7	54,515	49,832
Total income		359,897	311,809
Other gains and losses	8	5,850	6,054
Expenses			
Administrative expenses	9	(99,105)	(84,266)
Staff costs	10	(261,159)	(245,794)
Total expenses		(360,264)	(330,060)
Surplus/(deficit) for the year		5,483	(12,197)
Total comprehensive income/(loss) for the year		5,483	(12,197)

STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Notes	2013 P'000	2012 P'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	350,033	304,188
Investment property	14	31,550	25,700
Intangible assets	15	1,318	1,400
		382,901	331,288
Current assets			
Inventories	16	2,994	2,683
Trade and other receivables	17	20,802	37,196
Cash and cash equivalents	18	22,060	5,019
		45,856	44,898
Assets classified as held for sale	19	199	221
		46,055	45,119
Total assets		428,956	376,407
RESERVES AND LIABILITIES			
Reserves			
Capital reserve		311,707	267,626
Properties revaluation reserve	11	52,566	52,566
Accumulated surplus/(deficit)		17,503	(970)
		381,776	319,222
Current liabilities			
Trade and other payables	20	47,180	57,185
Total reserves and liabilities		428,956	376,407

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2013

	Note	Capital reserve	Properties revaluation reserve	Accumulated surplus/ (deficit)	Total
		P'000	P'000	P'000	P'000
Balance at 1 April 2011		224,513	52,566	1,130	278,209
Total comprehensive loss for the year		-	-	(12,197)	(12,197)
Transfer to accumulated deficit	12	(10,097)	-	10,097	-
Government funding for capital expenditure		53,210	-	-	53,210
Balance at 31 March 2012		267,626	52,566	(970)	319,222
Total comprehensive income for the year		-	-	5,483	5,483
Transfer to accumulated surplus	12	(12,990)	-	12,990	-
Government funding for capital expenditure		95,061	-	-	95,061
Transfer from development fund to finance recurrent expenditure	6	(37,990)	-	-	(37,990)
Balance at 31 March 2013		311,707	52,566	17,503	381,776

STATEMENT OF CASH FLOWS

for the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
Cash flows from operating activities			
Surplus/(deficit) for the year		5,483	(12,197)
Less: interest income		(1,399)	(1,073)
Adjustment for non-cash items	22	4,192	4,043
Operating surplus/(deficit) before working capital changes		8,276	(9,227)
Changes in working capital			
Decrease/(increase) in trade and other receivables		16,394	(12,692)
(Increase)/decrease in inventories		(311)	90
Decrease in trade and other payables		(10,005)	(10,222)
Net cash generated from/(used in) operating activities		14,354	(32,051)
Cash flows from investing activities			
Purchase of property, plant and equipment		(55,997)	(57,617)
Purchase of intangible assets		(618)	-
Proceeds on disposal of property, plant and equipment and assets classified as held for sale		832	-
Interest received		1,399	1,073
Net cash used in investing activities		(54,384)	(56,544)
Cash flows from financing activities			
Net development funding received from the Government of Botswana		57,071	53,210
Net cash generated from financing activities		57,071	53,210
Increase/(decrease) in cash and cash equivalents		17,041	(35,385)
Cash and cash equivalents at beginning of year		5,019	40,404
Cash and cash equivalents at end of year	18	22,060	5,019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2013

1. GENERAL INFORMATION AND INTRODUCTION

Botswana Unified Revenue Service (BURS) is a semi-autonomous body corporate established by an Act of Parliament (Botswana Unified Revenue Service Act, 2003) as part of the Government of Botswana’s reform strategy for revenue administration. BURS is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise Act, Income Tax Act, the Capital Transfer Act and the Value Added Tax Act, respectively.

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

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

In the current period, the entity has adopted all the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2012. The adoption of these standards has not resulted in any significant changes to the entity’s accounting policies and has not affected either the amounts or the presentation and disclosure of amounts reported in these financial statements.

The following standards were adopted in the current year:

New/Revised International Financial Reporting Standards	Effective Date annual periods beginning on or after:
IAS 12 Deferred Tax: Recovery of Underlying Assets (Ammendment)	1 January 2012
IAS 12 Income Taxes - limited scope amendment: recovery of underlying assets	1 January 2012
IFRS 7 Financial Instruments: Disclosures (transfers of financial assets)	1 July 2011

2.2 Standards and Interpretations in issue not yet adopted

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

New/Revised International Accounting Standards		Effective date annual periods beginning on or after:
IFRS 7	Financial Instruments: Disclosures (offsetting of assets and liabilities)	1 January 2013
IFRS 7	Financial Instruments: Disclosures (initial application of IFRS 9)	1 January 2015
IFRS 9	Financial Instruments : Classification and measurement	1 January 2017
IFRS 9	Financial Instruments : Financial liabilities and derecognition	1 January 2017
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Financial Statements (Comprehensive income)	1 July 2012
IAS 19	Employee Benefits: Post employment and Termination Benefits projects	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 32	Financial Instruments Disclosures. Amendments to offsetting financial assets and financial liabilities	1 January 2014

The directors will assess the impact of these standards and interpretations for adoption in the applicable periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd) for the year ended 31 March 2013

2.3 Significant accounting judgments, estimates and assumptions

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

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

3.3 Revenue recognition

(i) Interest income

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

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

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

3.4 Government funding

- a) BURS is funded through funds appropriated by Parliament on an annual basis and disbursed by the Ministry of Finance and Development Planning.
- b) 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.
- c) Capital and development funds, which have the primary purpose of constructing or otherwise acquiring non-current assets, are recognised in the statement of changes in reserves. An amount equivalent to the depreciation determined on a historical cost basis and impairment losses, if any, is transferred from the capital reserve to the accumulated surplus/(deficit).

3.5 Recognition of assets, liabilities, and provisions

(i) Assets

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

(ii) Liabilities and provisions

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

(iii) Contingent liabilities

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

(iv) Inventories

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

(v) Receivables

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.

(vi) Impairment of financial assets

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

3.6 Property, plant and equipment**(i) Land and buildings**

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

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

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

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

e) Freehold land is not depreciated.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2013

(iii) Depreciation

Depreciation is charged, using the straight-line basis to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives. The revised estimated useful economic lives used in the calculation of depreciation are set out below:

Category	Economic life (in years)
Leasehold property	the shorter of 50 years or remaining lease period
Freehold property	50
Motor vehicles (light vehicles)	7
Motor vehicles (vans and trucks)	8
Office furniture	6.67
Computer and office equipment	3
Porta -camps	6.67
Leasehold improvements	the shorter of 6.67 years or remaining lease period remaining

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

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

(iv) Assets held under finance leases

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

(v) Repairs and maintenance

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

3.7 Intangible assets

Computer software costs

Costs associated with maintaining computer software programmes are recognised as an expense as they are incurred. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvements and added to the original cost of the software.

3.8 Investment property

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

3.9 Foreign currencies

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

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

3.10 Retirement benefits

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

3.11 Terminal gratuities

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

3.12 Non-current assets held for sale

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

3.13 Leases

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

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

3.14 Financial Instruments

Financial assets

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

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2013

effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

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

Derecognition of financial assets

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

Financial liabilities and equity instruments issued by BURS

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The BURS' equity comprises the capital reserve, properties revaluation reserve, and accumulated funds.

Financial liabilities

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

Other financial liabilities

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

Derecognition of financial liabilities

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

3.15 Cash and cash equivalents

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

3.16 Related party transactions

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

3.17 Construction contracts

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

3.18 Employee bonus plans

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

4. CRITICAL JUDGEMENT AREAS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives of plant and equipment and residual values

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

Fair value of investment property

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

Other estimates made

BURS also makes estimates for:

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

5. FINANCIAL RISK MANAGEMENT

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

5.1 Market risk: currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. BURS operations utilise various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. However, at year-end there were no significant foreign currency exposures.

5.2 Market risk: interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash. Interest rates earned on financial instruments compares favourably with those currently available in the market. A 1% increase in interest rates would result in the surplus for the year of P50 187 (2011: P402 982), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

5.3 Credit risk

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

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

There are no significant concentrations of credit risk.

5.4 Liquidity risk

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

5.5 Categories of financial instruments

	2013 P'000	2012 P'000
Financial assets		
Loans and receivables (including bank balances and cash)	32,541	31,206
Financial liabilities		
Other liabilities	47,180	57,185

5.6 Capital risk management

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

6. GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE

	2013 P'000	2012 P'000
Funding for recurrent expenditure	271,120	264,133
Add: Transferred from development fund to finance recurrent expenditure	37,990	-
Less: utilised for capital expenditure	(3,728)	(2,156)
Funding utilised for recurrent expenditure	305,382	261,977

7. OTHER INCOME

	2013 P'000	2012 P'000
Bank interest	1,399	1,073
Rental income	2,417	2,208
Agency commissions	40,815	38,868
Provision of technical service by Swedish International Development Agency	4,058	2,596
Scanner donation by Japan International Cooperation Agency	2,312	-
Sundry income	3,514	5,087
Total other income	54,515	49,832

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

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

8. OTHER GAINS AND LOSSES

	2013 P'000	2012 P'000
Change in fair value of investment property	5,850	6,054

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

9. ADMINISTRATIVE EXPENSES

	2013 P'000	2012 P'000
Auditor's remuneration - current year	992	919
- prior year	12	100
Computer support	10,802	7,777
Consultancy costs and legal costs	598	287
Consulting with Swedish International Development Agency	3,934	1,248
Depreciation of property, plant and equipment	12,243	9,397
Impairment of intangible assets	700	700
Electricity and water	5,741	2,976
Printing, stationery and office expenses	5,051	12,662
Operating lease rentals	20,001	14,292
Repairs and maintenance	6,946	3,607
Motor vehicle fuel	3,766	2,951
Telephone and postage	9,929	7,940
Training expenses	2,981	3,668
Seminars, workshops, travelling and other administrative expenses	15,409	15,742
Total administrative expenses	99,105	84,266

10. STAFF COSTS

	2013 P'000	2012 P'000
Salaries and wages	227,128	203,489
Medical aid contribution	6,509	5,432
Annual performance bonus		
- Current year performance bonus	-	9,676
- Prior year over provision	(1,340)	-
Employee benefits		
- Gratuity and severance	1,681	1,487
- Pension contribution	23,520	21,695
- Leave	3,661	4,015
Total staff costs	261,159	245,794

11. PROPERTIES REVALUATION RESERVE

	2013 P'000	2012 P'000
Balance at beginning of year	52,566	52,566
Gains/(losses) on revaluation of properties during the year	-	-
Balance at end of year	52,566	52,566

12. TRANSFER TO ACCUMULATED SURPLUS

	2013 P'000	2012 P'000
Transfer of realised income on depreciation of funded assets	12,746	10,097
Transfer of realised income on disposals	244	-
Total transfer to retained earnings	12,990	10,097

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leaseholds Improvements	Motor Vehicles
	P'000	P'000	P'000	P'000
Cost/valuation				
At 1 April 2012	43,854	160,829	21,187	17,545
Addition	-	3,627	104	3,420
Donations received	-	-	-	-
Disposals	-	-	-	(1,052)
Transfer to non-current assets held for sale	-	-	-	(1,339)
Other transfers	-	2,647	-	-
At 31 March 2013	43,854	167,103	21,291	18,574
Accumulated depreciation				
At 1 April 2012	-	2,329	12,478	9,255
Current year charge	-	2,384	1,370	1,855
Disposals	-	-	-	(1,030)
Transfer to non-current assets held for sale	-	-	-	(1,140)
At 31 March 2013	-	4,713	13,848	8,940
Carrying amount				
At 31 March 2013	43,854	162,390	7,443	9,634

Work-In-Progress amounting to P83,754 million is made up of the following:

Residential and office accommodation

Total Work-In-Progress

Office Furniture	Computers & Office Equipment	Plant & Machinery	Porta Camps	Work-in- Progress	Total
P'000	P'000	P'000	P'000	P'000	P'000
8,217	22,049	31,989	6,918	40,222	352,810
1,658	1,322	193	112	45,561	55,997
-	-	2,312	-	-	2,312
-	-	-	-	-	(1,052)
-	-	-	-	-	(1,339)
-	-	-	-	(2,647)	-
9,875	23,371	34,494	7,030	83,136	408,728
3,937	17,443	1,195	1,985	-	48,622
1,056	1,580	3,178	820	-	12,243
-	-	-	-	-	(1,030)
-	-	-	-	-	(1,140)
4,993	19,023	4,373	2,805	-	58,695
4,882	4,348	30,121	4,225	83,136	350,033
				83,136	
				83,136	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Buildings	Leasehold Improvements	Motor Vehicles
	P'000	P'000	P'000	P'000
Cost/valuation				
At 1 April 2011	42,064	121,005	13,560	15,894
Additions	1,790	7,280	7,627	1,983
Transfer to non-current assets held for sale	-	-	-	(332)
Other transfers	-	32,544	-	-
Transfer to intangible assets	-	-	-	-
At 31 March 2012	43,854	160,829	21,187	17,545
Accumulated depreciation				
At 1 April 2011	-	-	10,004	7,872
Current year charge	-	2,329	2,474	1,632
Transfer to non-current assets held for sale	-	-	-	(249)
At 31 March 2012	-	2,329	12,478	9,255
Carrying amount				
At 31 March 2012	43,854	158,500	8,709	8,290

Work-In-Progress amounting to P40,222 million is made up of the following:

Residential and office accommodation

Total Work-In-Progress

Office Furniture	Computers & Office Equipment	Plant & Machinery	Porta Camps	Work-in- Progress	Total
P'000	P'000	P'000	P'000	P'000	P'000
7,103	19,854	1,019	3,979	73,147	297,625
1,114	2,195	2,157	2,939	30,532	57,617
-	-	-	-	-	(332)
-	-	28,813	-	(61,357)	-
-	-	-	-	(2,100)	(2,100)
8,217	22,049	31,989	6,918	40,222	352,810
3,518	15,925	507	1,648	-	39,474
419	1,518	688	337	-	9,397
-	-	-	-	-	(249)
3,937	17,443	1,195	1,985	-	48,622
4,280	4,606	30,794	4,933	40,222	304,188
					40,222
					40,222

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Land and buildings carried at fair value

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

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

	2013 P'000	2012 P'000
Land	27,748	27,748
Buildings	128,022	122,209

Land includes Platjan with a fair value of P150,000 and Zanzibar with a fair value of P150,000. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in note 23.

14. INVESTMENT PROPERTY

	2013 P'000	2012 P'000
At fair value		
Balance at beginning of the year	25,700	19,646
Gain from fair value adjustments	5,850	6,054
Balance at end of the year	31,550	25,700

The fair value of investment property has been arrived at on the basis of a valuation conducted by Roscoe Bonna Valuers independent professional valuers not related to BURS and qualified for the purpose of the valuation. The valuation was performed based on their visit on 22 March 2013, with the valuation report following on 28 March 2013. Management is of the opinion that there would not have been a significant difference in the value of the property had the valuation been carried out on 31 March 2013. Roscoe Bonna Valuers are members of the Real Estate Institute of Botswana.

Investment property consists of land with a fair value of P10,300,000 (2012: P12,747,600) and office buildings constructed on a portion of Plot 14415 and a portion of Plot 8913, Gaborone. As reported in the previous year's financial statements, there is a dispute between BURS and Botswana Railways in respect of the ownership of Plot 8913. The fair value of the disputed portion of land on which the investment property is constructed amounts to P4,647,000 (2012: P5,751,000). A contingent liability has been disclosed in note 23.

15. INTANGIBLE ASSETS

	Computer Software P'000	WIP P'000	Total P'000
Cost			
At 1 April 2011	-	-	-
Transfer from property, plant and equipment	2,100	-	2,100
At 31 March 2012	2,100	-	2,100
Additions	-	618	618
At 31 March 2013	2,100	618	2,718
Accumulated amortisation			
At 1 April 2011	-	-	-
Charge for the year	700	-	700
At 31 March 2012	700	-	700
Charge for the year	700	-	700
At 31 March 2013	1,400	-	1,400
Carrying amount at 31 March 2013	700	618	1,318
Carrying amount at 31 March 2012	1,400	-	1,400

The computer software which consists of the Human Resources SAP module is amortised over a period of 3 years. Work-In-Progress amounting consist of E-Filing project software.

16. INVENTORIES

	2013 P'000	2012 P'000
Printing and stationery	2,300	1,967
Office supplies	354	307
Uniform and protective clothing	340	409
Total inventories	2,994	2,683

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

17. TRADE AND OTHER RECEIVABLES

	2013	2012
	P'000	P'000
Receivable from related parties	9,377	18,399
Staff receivables	316	159
Other receivables and prepayments	11,109	18,638
Total trade and other receivables	20,802	37,196

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 (2012:P Nil).

18. CASH AND CASH EQUIVALENTS

	2013	2012
	P'000	P'000
Business call and current account and cash on hand	18,939	1,779
Fixed deposit account	3,000	-
Gratuity call account	-	2,495
Trust call account	121	-
Development funds	-	745
Total cash and cash equivalents	22,060	5,019

19. ASSETS CLASSIFIED AS HELD FOR SALE

	2013	2012
	P'000	P'000
Balance at beginning of the year	221	138
Motor vehicles disposed during the year	(221)	-
Transfer from property, plant and equipment - motor vehicles	199	83
Balance at end of the year	199	221

During the financial year ended 31 March 2011, BURS took a decision to dispose of several motor vehicles which were costly to maintain. However, as at 31 March 2012 none of the vehicles had been sold due to the fact that the bidders at the auction were unable to pay for the vehicles. The vehicles were recognised as held for sale as at 31 March 2012 because the sale was highly probable, and were all disposed in the current financial year.

20. TRADE AND OTHER PAYABLES

	2013 P'000	2012 P'000
Trade payables and accruals	18,813	15,347
Payable to related parties	-	7,001
Rental accruals	2,105	624
Annual performance bonus accrual	-	11,010
Employee benefits accruals	26,262	23,203
Total trade and other payables	47,180	57,185

21. RELATED PARTY TRANSACTIONS

	2013 P'000	2012 P'000
Related parties transactions comprise the following:		
Transactions with Government of Botswana		
Recurrent funding received from the Government	305,382	264,133
Development funding received from the Government	91,333	51,054
Total funding received from the Government	396,715	315,187
Executive Management personnel compensation		
Salaries and other short term employee benefits	6,360	4,698
Post employment benefits	1,113	863
Total Executive Management personnel compensation	7,473	5,561

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

c) Board members sitting allowance	66	56
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Transactions with the members of the BURS Board of Directors represent sitting allowances paid for attending board (and board sub-committee) meetings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont'd)
for the year ended 31 March 2013

21. RELATED PARTY TRANSACTIONS (cont'd)

	2013 P'000	2012 P'000
The following business transactions were conducted with (Agency commissions)		
Ministry of Trade and Industry (alcohol levy, flour levy and copyright levy)	17,175	15,593
Botswana Training Authority (training levy)	11,506	11,011
Motor Vehicle Accident Fund (motor vehicle road insurance)	947	985
Departments of Road Transport and Safety (road safety tokens and permits)	11,187	11,279
	40,815	38,868
Public Procurement and Asset Disposal Board (rental income)	1,981	1,827
The following balances with related parties were outstanding:		
Significant balances receivable from /(payable to) related parties:		
Development funds in transit and agency fees from Revenue accounts	5,830	7,873
Development funds owed by the Government		
Agency fees from Revenue Accounts	1,778	1,829
Agency fees from Departments of Road Transport and Safety	96	8,697
Bank charges and foreign exchange losses payable to Revenue accounts	1,673	(7,001)
	9,377	11,398

22. ADJUSTMENT FOR NON-CASH ITEMS

	2013 P'000	2012 P'000
Depreciation of property, plant and equipment	12,243	9,397
Armortisation of intangible assets	700	700
Adjustments on fair valuation of investment property	(5,850)	(6,054)
Property, plant and equipment donation received	(2,312)	-
Profit on sales of property, plant and equipment and assets classified as held for sale	(589)	-
	4,192	4,043

23. CONTINGENT LIABILITIES

As documented in Note 13, BURS is in a dispute with third parties regarding the ownership of Zanzibar and Platjan. The fair value of the land in dispute is P300,000 (2012: P300,000). As these third parties hold the legal title BURS may need to purchase the land from the third parties.

As documented in Note 14, BURS is in a dispute with Botswana Railways regarding the ownership of Plot 8913. The

23. CONTINGENT LIABILITIES (cont'd)

fair value of the land in dispute is P4,647,000 (2012: P5,751,000) and Botswana Railways currently holds the legal title. BURS may need to purchase this land from Botswana Railways.

24. 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:

	2013 P'000	2012 P'000
Within one year	19,150	15,610
Within two to five years	32,631	57,860
	51,781	73,470

25. CAPITAL COMMITMENTS

	2013 P'000	2012 P'000
Commitments for the acquisition or expansion of property, plant and equipment	279,000	483,000

Significant contractual obligations falling due within the next financial year will be financed through funds from tax collections approved during the current year. Significant contractual obligations include; construction of the BURS Head Office for P157 million, maintenance of various border posts for P20 million, Mamuno Border water pipelines for P2 million, Mamuno border posts staff houses P3 million, finalisation of the design for the construction of the Pioneer One-Stop Service Border Post for P14 million, upgrading of the Ramokgwebana Border Post for P26 million, Tlokweng pupstation project for P8 million, upgrading of the Tlokweng sewerage system for P22 million and the Integrated Tax Management System for P21 million.

A commitment has also been made towards the Swedish International Development Agency (SIDA). SIDA is providing technical assistance to BURS on a 50:50 cost sharing ratio. The budget for 2013/14 is P6 million of which BURS is to pay 50%.

The capital commitments will be financed from tax collections. With effect from 1 April 2013 the Ministry of Finance and Development Planning approved the funding of the BURS recurrent and development budgets from tax collections.

26. EVENTS AFTER THE REPORTING PERIOD

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

