

annual 20010



MISSION, VISION AND VALUES STATEMENT

BURS

OUR VISION

Leading the way in Revenue Mobilisation and Border Management

OUR MISSION

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

OUR CORE VALUES

Botho: We subscribe to the national aspiration of Botho, embracing

trust and respect for one another.

Integrity: We uphold strong moral principles in all our dealings.

Accountability: We take responsibility for all our actions.

Innovation: We strive to improve our work – always seeking to

introduce new ideas, methods and ways to improving our

levels of service to our customers.



CORPORATE GOVERNANCE

BURS

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

The Revenue Service is charged with the responsibility for the assessment and collection of the Income Tax, the Value Added Tax (VAT), the Capital Transfer Tax and the Transfer Duty and the administration of statutory controls at various border posts and other points of entry. In addition, BURS is charged with the responsibility of collecting Customs and Excise duties on behalf of the Southern African Customs Union (SACU). Other responsibilities include accounting for the revenue collected on behalf of other Government Agencies.





The Board of Directors consists of a Non-Executive Chairperson, and other Members from the Public, Parastatal, Private sector, and the Commissioner General. The Board is appointed by the Minister of Finance and Economic Development in accordance with the provisions of Section 6 of the BURS Act, 2003 (No. 17 of 2004). The Board's primary responsibilities include the approval of the business and corporate plans of BURS, determining BURS' vision and values and giving strategic direction to BURS, identifying key risk areas and key performance indicators of BURS' business, monitoring the performance of BURS against agreed objectives, prescribing such administrative measures as may be required to safeguard the tax revenues, approving a code of conduct for the Revenue Service, advising on significant financial matters pertaining to BURS and reviewing the performance of the Commissioner General against defined objectives and other applicable performance standards.



Dr. T Nyamadzabo Chairperson & Board Member 01/04/18 to 30/09/2018

SECTOR REPRESENTEDMinistry of Finance &
Economic Development



Mr. K. Ndobano Chairperson & Board Member 01/11/2018 to 31/03/2019

SECTOR REPRESENTEDMinistry of Finance &
Economic Development



Mr. Wankie B. Wankie
Board Member

SECTOR
REPRESENTED
Private



Mr. Gaamangwe Lebele Board Member

SECTOR
REPRESENTED
Public



Ms. Keletso Mothusi Board Member

SECTOR
REPRESENTED
Bank of Botswana



Ms. Ontlametse B. Ward Board Member

REPRESENTED
Ministry of Investment
Trade & Industry



Ms. Gaongalelwe G.P. Mosweu Board Member

SECTOR
REPRESENTED
Private



The Board meets at least four (4) 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. Members make declarations of interest in respect of matters before them. During the year under review, the Board met five times as shown on Table 1 below:



Mr. Keneilwe R. Morris
Board Member

SECTOR REPRESENTEDBotswana Unified
Revenue Service



Mr. Segolo Lekau Board Member

SECTOR REPRESENTEDBotswana Unified
Revenue Service

BOARD COMMITTEE MEMBERS



Ms. R. Modikana BAFC Co-opted Member



Ms. E. Mosesane BTC Co-opted Member



Ms. M. Conlon-Phuthego BTC Co-opted Member



Mr. B. Motsu BAFC Co-opted Member



Mr. G. Mosinyi BHRC Co-opted Member

Table 1: Attendance of Meetings by the Board of Directors:

Name	Position	EO 27/08/18	14/09/18	06/03/19	06/03/19 Closed session	Sitting Allowance (PULA)
Dr. T. Nyamadzabo	Chairperson (01/04/18 to 30/10/2018	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	X	Х	P4,500.00
Mr. K. Ndobano	Chairperson (01/11/2018 to 31/03/2019)	Х	Χ	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P3,600.00
Mr. W. B. Wankie	Vice Chairperson	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{2}}}$	P7,200.00
Mr. G. Lebele	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{2}}}$	イ √√	P7,200.00
Ms. O.B. Ward	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	√	√	P3,600.00
Ms. K. Mothusi	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	√	P5,400.00
Ms. G.G.P. Mosweu	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P7,200.00
Mr. K. Morris	Commissioner General	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	Χ	Χ	
Mr. S. Lekau	Agt. Commissioner General	Х	Χ	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	X	-
Ms. B. Tumiso	Board Secretary and Director Legal Services	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	Х	√√√	$\sqrt{\sqrt{\sqrt{1}}}$	

2. Board Committees and their mandate

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 a 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, namely; the Board Audit and Finance Committee (BAFC), the Board Human Resources Committee (BHRC) and the Board Tender Committee (BTC).

The Board Finance and Audit Committee is charged with the oversight responsibilities and providing direction in the assessment of effectiveness of BURS systems of Risk Management Internal Controls, Governance and Compliance. The Committee also oversees the review of financial performance in line with corporate strategy and budgets, as well as the review of audited financial statements with the external auditors prior to the approval by the Board. The Committee is also functionally responsible for the Internal Audit Function.

The Board Tender Committee is responsible for adjudication of tenders in respect of the procurement of goods and services valued above P5,000,000.00 (P5 million), as well as all matters incidental to procurement.

2. Board Committees and their mandate (cont.)

The Board Human Resources Committee deals with the recruitment of senior members of staff and remuneration policy of all BURS staff, and advises the Board on all staff welfare and human resources related matters.

In terms of Section 16 of the BURS Act, the Board may further appoint co-opted Members who are specialists in the identified field of the respective committee.

The following table sets out the composition of the Board Committees and their mandates. Members marked in asterisk (*) are co-opted Members.

Table 2: Composition of the Board Committees

BOARD MEMBER/CO-OPTED COMMITTEE MEMBER	BOARD FINANCE & AUDIT COMMITTEE	BOARD TENDER COMMITTEE	BOARD HUMAN RESOURCES COMMITTEE	SECTOR
Mr. Wankie B. Wankie		\checkmark	\checkmark	Private
Mr. Gaamangwe Lebele	√			Public
Ms. Keletso Mothusi	√			Bank of Botswana
Ms. Ontlametse B. Ward		√	√	Ministry of Investment
				Trade & Industry
Ms. Gaongalelwe G.P. Mosweu		√	√	Private
Mrs. Rorisang Modikana*	\checkmark			Private
Mr. Bright-Moses Motsu*	√			Private
Ms. Elisah M. Mosesane*		√		Public
Ms. Mercy B. Conlon-Phuthego*		√		Private
Mr. Gabriel T. Mosinyi*			√	Private
Mr. Keneilwe R. Morris	√		√	Botswana Unified
				Revenue Service
Mr. Segolo Lekau	\checkmark		\checkmark	Botswana Unified
				Revenue Service

Meetings Attendance by Board Committee Members Table 3: Board Tender Committee meetings:

NAME	Position	25/04/18	20/08/18	26/09/18	EO 30/10/18	22/02/19	Sitting Allowance
							(PULA)
Mr. W. B. Wankie	Chairperson	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	\checkmark	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P9,000.00
Ms. O.B. Ward	Member	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	√	√	√	P3,600.00
Ms. G.G.P. Mosweu	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P9,000.00
Ms. E. Mosesane	Member	√√√	√	√	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	√	P3,600.00
Ms. M.							
Conlon-Phuthego	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	\checkmark	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P7,200.00
Mr. K. Morris	Commissioner General	\checkmark	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	X	
Mr. S. Lekau	Agt. Commissioner General	Χ	Χ	Χ	Χ	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	
Mr. K. Kgosidintsi	Commissioner Finance						
) 	and Administration	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	Χ	
Ms. B. Tumiso	Board Secretary and						
	Director Legal Services	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	
Ms. L. Mafukidze	Acting Board Secretary &						
	Director Legal Services	Χ	X	X	Χ	X	

Legend

 $\checkmark\checkmark\checkmark$ Attended \checkmark Apology X Pre/Post term EO Extra Ordinary Board/Committee meeting $\mathbf{n/a}$ Not applicable

Table 4: Board Human Resources Committee Meetings:

NAME	Position	21/6/18 20/8/18	9	07/09/18 13/09/1	EO 08/10/18	EO 30/10/18	9	07/12/18 28/01/19	OJ	13/02/1922/02/19	Sitting Allowance (PULA)
Ms. O. B. Ward	Chairperson	^^^	\^\	>	>	^^^	^^^	\^\	\^\	^^^^^	22,500.00
Mr. W. B. Wankie	Member	>	ト / ト	ト トト	イ イイ	>	^^^	\^\	ト トト	レントン	14,400.00
Ms. GGP. Mosweu	Member	///	\^\	ト トト	\^\	///	\^\	\^\	ト トト	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	16,200.00
Mr. G. Mosinyi	Member	\^\	\^\	\^\	\^\	\^\	>	>	\^\	\ \ \ \ \ \ \ \	12,600.00
Mr. K. Morris	Commissioner General	\^\	\^\	\^\	\^\	\^\	\^\	\^\	×	×	
Mr. S. Lekau	Agt. Commissioner General	×	×	×	×	^^^	\^\	\^\	>	\^\^\ \	
Mr. K. Kgosidintsi	Agt. Commissioner General	×	×	×	×	×	×	×	×	×	
Ms. B. Tumiso	Board Secretary and Director										
	Legal Services	$\wedge \wedge \wedge$	$\wedge \wedge \wedge$	×	$\wedge \wedge \wedge$	\^\	$\wedge \wedge \wedge$	$\wedge \wedge \wedge$	$\wedge \wedge \wedge$	レ ンシンシン	
Ms. L. Mafukidze	Acting Director Legal										
	Services	×	×	$\wedge \wedge \wedge$	×	×	^^^	×	×	×	
Ms. V. Maphanyane	Management	^^^	×	×	×	×	×	×	×	×	

Legend

n/a Extra Ordinary Board/Committee meeting Apology Attended トトト **©**

Not applicable Pre/Post term

Table 5: Board Audit and Finance Committee Meetings:

NAME	Position	08/05/1	1822/08/18	14/09/18	12/10/18	14/02/19	Sitting Allowance
							(PULA)
Mr. Gaamangwe Lebele	Chairperson	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P13,500.00
Ms. Keletso Mothusi	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P10,800.00
Ms. Rorisang Modikana	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	\checkmark	\checkmark	√	\checkmark	P 3,600.00
Mr. Bright-Moses Motsu	Member	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	√	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	P 9,000.00
Mr. Ken. Morris	Commissioner General	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{2}}}$	√	X	
Mr. Segolo Lekau	Commissioner, Operations		Χ	Χ	$\sqrt{\sqrt{\sqrt{2}}}$	$\sqrt{\sqrt{\sqrt{2}}}$	
Ms. Bame Tumiso	Board Secretary and						
	Director Legal Services	X	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	
Ms. Linnet Mafukidze	Acting Board Secretary &						
	Director Legal Services	$\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{\sqrt{$	X	Χ	X	X	

Legend

√√√ Attended √ Apology X Pre/Post term EO Extra Ordinary Board/Committee meeting n/a Not applicable

BURS OPERATIONAL STRUCTURE

BURS is made up of nine Divisions namely: Customs Services Division (CSD), Domestic Taxes Division (DTD), Operations Division (OD), Finance & Administration Division (FAD), Human Resources Division (HRD), Information Technology Division (ITD), Internal Audit and Ethics Division (IAED), Legal Services Division (LSD) and the Office of the Commissioner General (OCG).



Office of the Commissioner General

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

Transformation and Modernisation, Research and Reporting and Enterprise Risk Management functions.



Customs Services Division

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



Domestic Taxes Division

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



Internal Audit and Ethics Division

Internal Audit and Ethics Division is an independent function charged with the responsibility helping **BURS** of accomplish to objectives bringing a systematic disciplined approach to evaluate improve and effectiveness of risk management, control governance and processes. This

done through monitoring, reviewing, investigating and verifying the activities and operations of BURS to ensure integrity, effectiveness and compliance with internal control systems and procedures, as well as promote ethical behaviour within the organisation.



Legal Services Division

The Legal Services

Division plays dual role in the administration of the BURS Act and the Revenue Laws. The Secretary the Board responsible for the legal affairs of the Revenue Service and heads the Division. The Legal Services Division responsible for advising and assisting the Commissioner General on legal matters which arise under the BURS Act, the Revenue Laws and other legislation impacting on BURS's activities.



Finance and Administration Division

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

Projects; Facilities

Management; Fleet

Management; Fleet

General

Administration and

Security Services.



Human Resources Division

The Human Division Resources ensures that BURS has policies and a strategic approach to the acquisition, motivation, development and management of the organisation's human lt resources. devoted to creating appropriate organisational culture, and introducing programmes which echo and support the core values of the Revenue Service.



Information Technology Division

The Information Technology Division provides information technology services to BURS delivery service functions. This encompasses technology planning, establishment standards of and procedures and technology acquisition service in a support and oversight role the quality of the IT component of all business system initiatives.



Operations Division

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

BURS EXECUTIVE COMMITTEE



Mr. Segolo Lekau

Acting Commissioner General



Philiso Valashia

Mr. Phodiso

Commissioner -Customs Services



Mr. Tutu Bakwena

Commissioner - Domestic Taxes



Ms. Ediretse C. Mokara

Commissioner Finance and Administration



Mr. William Nkitseng

Acting Commissioner Operations



Ms. Lebesani Mosweu

Director - Information Technology



Ms. Bame Tumiso

Director - Legal Services & Board Secretary



Mrs. Mama Maite

Director - Human Resources



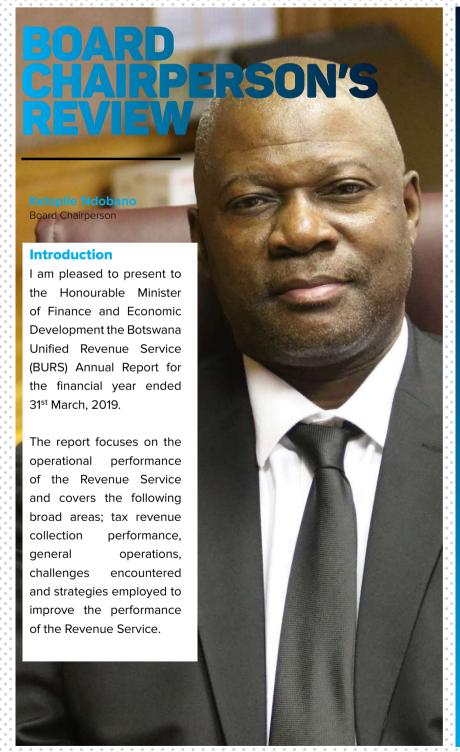
Mrs. Agnes Motlhanka

Director - Internal Audit and Ethics



Mr. Gaitsiwe Mmoloki Motsewabagale

General Manager Research & Reporting



PERFORMANCE HIGHLIGHTS FOR THE YEAR

Performance against target

96.5%

2.1% increase in revenue during the Strategic Plan Period 2014/15 to 2018/19

P797

P37.489 billion

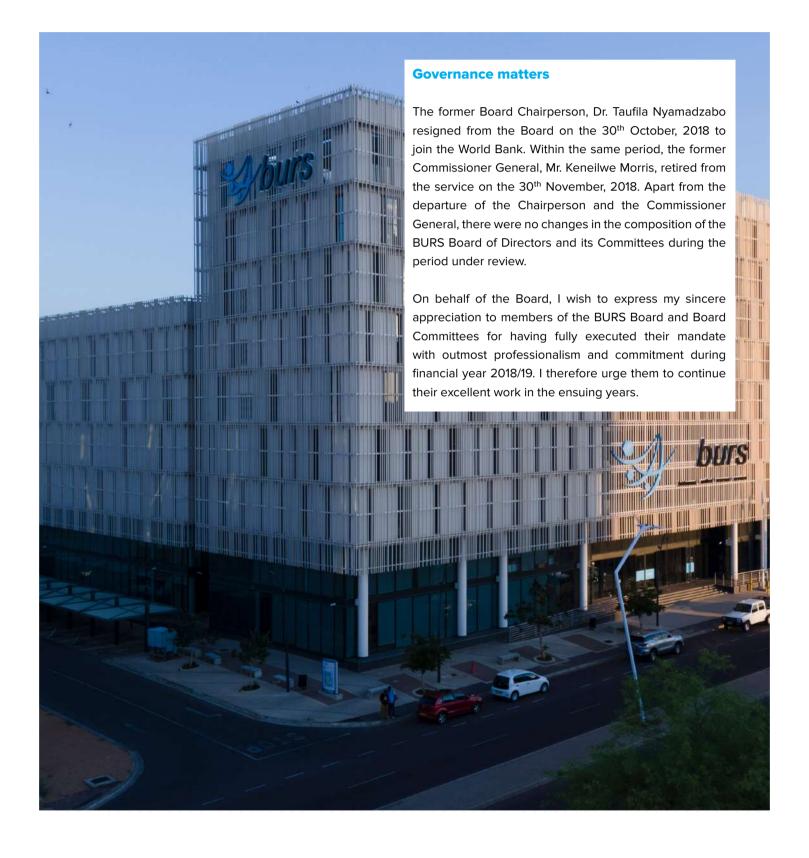
n 2014/15

P38.286 billion

n 2018/19

Revenue Performance.

During the year under review, BURS collected total tax revenue amounting to P38.286 billion against a target of P39.680 billion. This signifies a performance of 96.5% against the target for the financial year. It is also worth noting that the financial year 2018/19 was the last year of the implementation of the BURS 2014-19 Strategic Plan. During this planning period, revenue grew from P37.489 billion in 2014/15 to P38.286 billion in 2018/19 which is an approximate growth of 2.1%.





BURS Projects

During the financial year 2018/19, BURS was undertaking three major strategic projects, namely; the construction of the BURS Head Office building, the construction of a one stop border post facility at Kazungula Ferry Border Post and acquisition of a modern Tax Management and Revenue Collection System. Upon completion, these projects would be expected to improve BURS' service provision through all channels e.g. online, contact centre and to facilitate seamless movement of persons, goods and services, thereby enhancing the taxpayers ability to comply with the tax obligations with ease.





Challenges

As a competent authority on matters pertaining to tax, the Revenue Service is required to constantly review the revenue laws to comply with the ever-changing domestic and international obligations. Amongst the most pressing issues relate to antimoney laundering, exchange of tax information and transfer pricing. These put a burden on the limited human resources available and diverts attention from other competing strategic needs of the organisation. Furthermore, smuggling, proliferation of illicit goods and under-declaration at ports of entry remain of grave concern to the Revenue Service. In order to respond to these challenges, the Revenue Service continued to prioritise the following interventions: capacity building, public education, recruitment of specialists, procurement of new-age equipment and collaboration with other law enforcement agencies.



Acknowledgements

It is a great pleasure to express my gratitude, on behalf of BURS Board, to BURS Management and the rest of the staff for doing their work diligently during the year under review. This shows their commitment to ensuring collection of taxes for the development of our country.

This good performance by all BURS staff could not have been possible without the willingness of taxpayers to voluntarily comply with the revenue laws and regulations. Therefore, I would like to commend all BURS clients and the general public for their unwavering cooperation with the Revenue Service.

I would also like to recognise our cooperating partners for their continued assistance during the year under review. Without their support the Revenue Service could not be where it is today. With their support we have been able to develop strategies that have moved us closer to realising our vision. Lastly, let me take this opportunity to thank the Honourable Minister of Finance and Economic Development in providing direction for the administration of taxes.

Kelapile Ndobano

Board Chairperson





Mr. Segolo Lekau Acting Commissioner General

Introduction

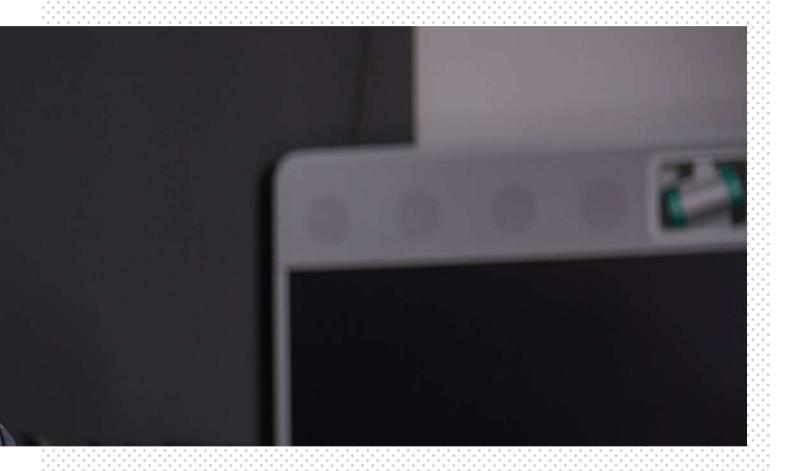
I am pleased to submit the report on the operations and financial performance of the Botswana Unified Revenue Service covering the financial year ended 31st March, 2019.

The report highlights the BURS performance for financial year 2018/19. It is based on the Balanced Scorecard reporting approach, and covers the four perspectives; People, Processes, Customer Focus, and Financial. The report also outlines the challenges and strategies used to address those challenges to achieve BURS mandate.

PEOPLE PERSPECTIVE - LEARNING AND GROWTH

Organizational and Pay Structure Review

The 2018/19 financial year marked the second year of the implementation of the revised Organizational and Pay Structures. In that regard, the Revenue Service continued to make strides to be competitive in attracting the best and most skilled human capital by improving the BURS Pay Structure through aligning it to comparator players in the market. As a result, BURS salaries were adjusted during the 2018/19 financial year, and the market parity allowance was improved.



Human Resources Capacity to Deliver

The Revenue Service continued to make improvements in its capacity to deliver by strengthening human resources in identified areas of need. To that end, for the 2018/19 financial year, sixty – nine (69) new positions were created. Overall, the Revenue Service staff establishment for the year was 1562, with a head count of 1424. The Recruitment Policy and Procedure was also reviewed in the same financial year to ensure efficiency and agility in the recruitment process.

Staff Capacity Building

BURS believes that well capacitated employees are critical in the attainment of the mandate of the Revenue Service. To that end, training and development of staff remained one of the key imperatives in the BURS strategy. It is for that reason that BURS allocates an average annual training budget of 1.23% relative to the overall organisational budget to address the skills gap. For the 2018/2019 financial year, the Training budget was increased by 9% from the previous year's budget of P 7 646 250.00 to P8, 410,875.00. These funds facilitated training of 959 employees on a wide range of programmes ranging from soft skills, technical and strategic management training.

PROCESS PERSPECTIVE

Modernisation of Border Control Processes

Procurement of Additional Cargo Scanners

BURS continued to make efforts to modernise customs processes in order to keep pace with international best practices and to enhance BURS visibility in detecting contraband. To this end, during the year under review, BURS procured seven (7) additional cargo scanners to complement the existing cargo scanners that were launched in 2012 at Tlokweng Border Post and the Gaborone Container Deport (Gabcon). The new scanners consisted of: a mobile cargo scanner for Martins Drift and another to be shared between Pioneer Gate and Ramatlabama Border Posts; baggage scanners each for Sir Seretse Khama International Airport passenger terminal and the International Mail Exchange Centre (Poso); a pallet scanner for Sir Seretse Khama International Airport; a van mounted mobile baggage scanner and a trace detection system for use by the Customs Compliance and Enforcement Unit at roadblocks and noncommercial border posts. The deployment of the additional Scanners at the mentioned borders was expected to result in more detections and enhanced border security.

Review of Revenue Laws

Customs Legislation

The process of reviewing the Customs legislation was completed during the year under review. The review was done as a SACU-wide undertaking by each member country and it was intended to introduce legislation that provides traders with more transparent, predictable and simple Customs processes and procedures to facilitate faster clearance of goods. The comprehensive nature of the review necessitated that the Customs and Excise Duty Act be separated into a Customs Act and an Excise Act. To mark the conclusion of the review process, the new Customs Act, 2018 and Excise Act were published in the Government Gazette in August 2018 as Act No. 33 of 2018 and Act No. 34 of 2018, respectively. The Customs Act provides for a Customs control system for all goods imported into or exported from Botswana and also provides for the imposition, assessment and collection of customs duties, while the Excise Act provides for the imposition, assessment and collection of excise duties. While the new Customs Act and Excise Act came into operation upon their publication, the old Regulations remained in force and the process to develop the Regulations for the new Acts is ongoing.







Review of the Income Tax Act

The Income Tax Act was amended during the reporting period to align it to the international standards of tax competition and to counter base erosion and profit shifting by multinational enterprises. Specifically, the amendment was to allow International Financial Services Centre Companies (IFSCs) to trade with related and associated companies in Botswana with the objective of substantiating their physical presence and justifying their taxation in Botswana. Other reforms to the IFSCs' legislation were the removal of development and supply of computer software and exploitation of intellectual property from the list of approved activities under the IFSC regime.

Still on the Income Tax Act, the transfer pricing provisions were amended to address base erosion and profits shifting and the regulations were introduced to guide taxpayers on; transactions covered by transfer pricing legislation; documentation requirements; approved transfer-pricing methods and the transfer pricing standard acceptable to the Commissioner General. In addition, legislation to counter base erosion through interest deductions was introduced by bringing in an interest limitation provision recommended by the Organisation for Economic Cooperation and Development (OECD) which is commonly referred as the "EBITDA" rule.

Other Legislative Review Conducted

During financial year 2018/19, BURS continued to work on the modernisation of the VAT and Income Tax Acts, as well as coming up with a Tax Administration Act that will harmonise the administrative and procedural provisions of these substantive Acts.



Technical Assistance Programmes

OECD and ATAF Assistance in Transfer Pricing Legislation

During the reporting period, BURS received technical assistance from OECD/ATAF in coming up with the transfer pricing legislation as mentioned above and the assistance also included capacity building of auditors to enable them to undertake transfer-pricing audits.

Development & Maintenance Projects

In 2018/19, BURS carried out various infrastructural and maintenance projects including the construction of the BURS Head Office Building. On completion, the facilities are expected to improve the working environment within the organisation and in turn lead to better service provision and ease the taxpayers' ability to comply with the tax obligations. The infrastructural projects are listed below.

During the year under review, BURS completed the following projects: Sewerage Infrastructure Upgrade of Mamuno Border. Post; Major Maintenance and refurbishment work and potable water supply infrastructure upgrade at Tlokweng Border Gate. Furthermore, the BURS relocated to new offices at Lobatse, Palapye, Kazungula Ferry and Maun.

Ongoing Projects

Construction of the BURS Head Office Building

The project was anticipated to be completed in November 2018, however, the project was delayed due a to contractual dispute that resulted in litigation. To that end, the completion date was moved to 31st July 2019.

One Stop Border Post Projects

Construction of One Stop Border Post (OSBP) facilities at Kazungula continued during the year under review. In preparation for the operationalisation of the OSBP, a draft Bilateral Agreement that establishes the OSBP between Botswana and Zambia was developed during the reporting period and both countries have each enacted a law that allows for the establishment of the OSBP.

The design and construction of a One Stop Border Post facility at Pioneer Gate Border Post commenced in 2010 but experienced challenges due to unavailability of land. The project had commenced and it was at tendering stage during the year under review.

CUSTOMER PERSPECTIVE- FOCUS AND NEEDS

Tax and Customs Management Systems

During 2018/19, BURS continued with the development of the Tax Management and Revenue Collection System (TMRCS), which is to replace an old Tax Management System (TMS) and Botswana Integrated Value Added Tax System (BIVATS). The new system is expected to enhance decision making by putting greater emphasis on data management in order to achieve consistency of information across the organisation and to assist in the reduction of operational costs by automation of the costly manual processes. The new tax system will also facilitate an enhancement of the current e-services in order to offer better service platforms to taxpayers and further reduce the burden to comply through consolidated taxpayer accounting and introduction of more payment channels. The project is expected to be completed in October 2019.

The development phase of the Customs Management System (CMS) closed on the 12th September 2018. On this date the maintenance and support contract came into effect and is to last until July 2019.

Taxpayer Education and Compliance

The BURS continued its taxpayer education activities during 2018/19 which were mainly done through taxpayer education workshops and attendance of trade fairs and similar events where information on tax issues and procedures was shared with the public. The main focus of these taxpayer education activities during the year under review was on e-services and this was done with the objective to improve the uptake of usage of the BURS e-services.

Pursuant to the foregoing, BURS conducted several taxpayer education workshops, business to business education, one-on-one training engagements for Individual Taxpayers and public awareness campaigns to educate the taxpayers on the use of the e-services, as a way of increasing uptake on the utilisation of BURS e-services Platforms.

The effort resulted in 45.3% of Individual Taxpayers filing their returns through the e-services platform against the target of 60% which translated into a performance level of 75%. However, e-services usage for other categories of tax returns was still low, ranging between 4.83% to 9.54% while for VAT, the situation was slightly better with e-services usage of 14.7% for category A, 11.4% category B and 51.3% for category C companies against a target of 55%. Usage among large taxpayers for filing VAT returns was at 94% which was way above the targeted 75% and for OWT returns, usage was at 82% also above 80% target. However, usage of e-services platform by large companies on other returns was still low.

The e-services usage statistics are shown in tabular form below.

Tax Type	Individual	PAYE	OWHT	Corporate	VAT
Usage (%)	45.3	4.83	7.84	9.54	C: 51.3
	al Vision o	with the sain and		THE REAL PROPERTY.	A: 14.72
		Many all market		The Jane	B: 11.412
Targets (%)	60	30	40	20	55
	Till N	La	rge Taxpayers	a delement	
Usage (%)	n/a	19	82	25	94
Targets (%)	n/a	60	80	30	75

Stakeholder Engagement

Private Sector Stakeholders

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

Public Sector Stakeholders

BURS participates in various forums for cooperation with key stakeholders in the public sector such as the Department of Immigration and Citizenship, Botswana Police Service and the Botswana Defence Force. The cooperation is done at organisational level as well as under the auspices of the Joint Permanent Commissions on Cooperation between Botswana and its neighbouring countries. During the year under review, BURS participated in all the meetings of the Joint Commission on Defence and Security (JCDS), to foster cooperation with other regional law enforcement agencies

and revenue administrations.

Compliance with International Obligations

In order to able to adhere to international standards of taxation and customs administration and to keep up with developments in the international fora, BURS, continues to participate in various relevant regional, continental and international engagements. The following is a summary of international activities in which BURS was involved, including as part of the Botswana delegation during 2018/19.

OECD Inclusive Framework

During the year under review, Botswana as a member of the OECD Inclusive Framework, underwent a review of its IFSC regime by the OECD's Forum on Harmful Tax Practices (FHTP) to address issues of "potential harmfulness" and assure the international community of its adherence to acceptable standards of tax competition. Following the amendments of the IFSC regime, Botswana continues to undergo monitoring by the FHTP, to ensure that the benefits of the IFSC regime are available only when core income generating activities are undertaken by qualifying taxpayers in Botswana.

Global Forum on Transparency and Exchange of Information for Tax Purposes

As a member of the Global Forum, Botswana started the second round of review on exchange of information during financial year 2018/19 to ensure that Botswana as a participant in international commerce, has the ability to exchange information in terms of the global standard of exchange of information.

African Tax Administration Forum (ATAF)

During the reporting period, BURS continued to participate in various ATAF meetings such as the ATAF Cross Border Taxation Committee (CBT) and the VAT Technical Committee. The objectives of the meetings among others was to provide input into and influence the global tax agenda to ensure that changes to the global tax rules are fit for purposes in Africa. There has been some added benefit to BURS from attending these meetings as they help to build technical expertise of officers in emerging tax issues

In the area of tax research, some of the BURS officials had an opportunity during 2018/19 to contribute their research work to the ATAF African Tax Research Network (ATRN). The ATRN is a platform for African tax research that aims to facilitate African capacity for credible research in tax policy, administration, law and leadership.

Botswana continued to play a key role in the affairs of ATAF by successfully hosting the 2018 ATAF General Assembly Conference in October 2018. The theme of the Conference was "Moving Africa Beyond Aid Through Tax Revenue Mobilisation". The Conference, among other things, set the tone for the ATAF's tenth anniversary celebrations by holding a high-level discussion on the challenges and opportunities for African countries in respect of economic development and domestic resource mobilisation.

World Customs Organisation (WCO)

BURS continued to participate in the affairs of the World Customs Organisation (WCO) by attending the annual meetings of the WCO Council, which is organisation's supreme decision-making body. The meetings which were held in June 2018 focused on the WCO priority areas and key among them included; E-commerce and the challenges it poses to Customs and; trade facilitation with a focus on the WCO Mercator Programme which aims to assist the WCO Members to implement the World Trade Organization (WTO) Trade Facilitation Agreement (TFA);

Among the important instruments adopted by the Council was the Framework of Standards on Cross-Border E-Commerce which would assist WCO Members to develop E-Commerce strategic and operational frameworks in order to effectively meet the requirements of new and evolving business models.

Furthermore, the WCO through its Policy Commission, which is the WCO Council's steering group, dealt with the issue of performance measurement in relation to the rankings by the World Bank on "Doing Business" and "Trading Across Borders". This was to ensure that the WCO has input on the performance measurement undertaken by international bodies including the World Bank on Customs Processes and to address the previous concerns of WCO Members on the rankings done by the World Bank.

As further evidence of Botswana's key role in the affairs of the WCO, the country hosted the meeting of the WCO East and Southern Africa (WCO-ESA) Steering Committee in February 2019 in Kasane. The Steering Committee is overseeing a major project to support developing countries in the ESA region to effectively implement the WTO Trade Facilitation Agreement and the said meeting approved the detailed action plan which is in line with the ESA Regional Strategic Plan.

Southern African Customs Union

BURS participated in the high level meetings of the SACU Commission and Council in December 2019 where the main issues dealt with included allocation of Revenue shares for Member states for the 2020/21 financial year and the implementation of a programme to modernise the Customs administrations within SACU which is supported by the United Kingdom.

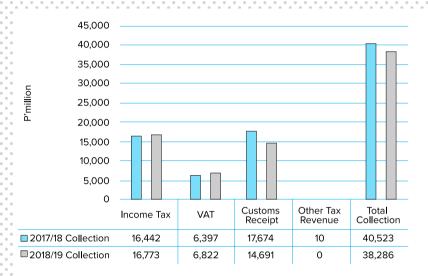
FINANCIAL PERSPECTIVE

Tax and Customs Collections

BURS collected total tax revenue amounting to P38.286 billion for the period under review. The collection was below the target of P39.680 billion by P1.394 billion and this translates into a performance of 96.5% against the target for the financial year. When compared to the figures for 2017/18, the 2018/19 revenue collections were lower mainly due to the lower targets set for 2018/19 as a result of the lower SACU Receipts which were allocated for 2018/19. The SACU Receipts went down from P17.674 billion in 2017/18 to P14.691 billion for 2018/19 hence the lower target and actual collections for 2018/19. The 2018/19 collection of P38.286 billion therefore was lower than the 2017/18 collection of P40.523 by P2.237 billion which translates to a 5.5% decrease in revenue collection. In contrast to significant decrease in SACU Receipts, the other revenue streams of VAT and Income Tax registered some increase. VAT registered an insignificant growth of P425 million from P6.397 billion in 2017/18 to P6.822 billion during the period under review. Income tax for the year under review also increased from P16.442 billion in 2017/18 to P16.773 billion in 2018/19 which is an increase of 2.01%.

(Note: The SACU Receipts figure for 2018 was re-stated as a result of changes in accounting policies and the detailed explanation is contained in the Audited Financial Statements. The original figure of P17.864 billion was restated to be P17.674 billion and this resulted in the change in the Total Tax Revenue figure from P40.714 billion to P40.523 billion).

Figure 1: Comparison of Revenue collection



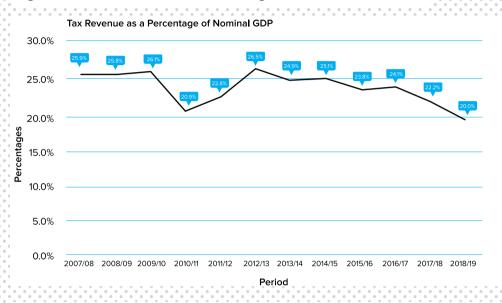
Cost of Collection

For the financial year 2018/19, BURS spent P748.134 million to collect P38.286 billion which translates into a cost to collection ratio of P1.00/P51.87. This means for every P1.00 that BURS spent, the benefit to the Government in return was P51.87. Compared to the previous year's cost to collection ratio which was P1/53.94, this indicates that the return per Pula spent was lower by P2.07 in 2018/19. The decrease in the cost to collection ratio was as a result of the decrease in revenue collected.

Tax Revenue as a Percentage of GDP

The lower revenue collections during the period under review negatively affected the indicator of tax revenue as a percentage of GDP since this indicator slightly decreased when compared to the previous year. The tax revenue as percentage of GDP went slightly down to 20% in 2018/19 from 22.2% in the previous year. The trend of tax revenue as percentage of GDP for the period from 2007/08 to 2018/19 is shown in the figure below.

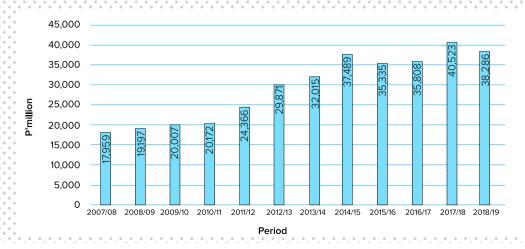
Figure 2: Tax Revenue as a Percentage of Nominal GDP



Comparison of Tax Revenue Collection with the Previous Years

BURS total revenue collections continue to show an increasing trend since the establishment of the Revenue Service. The collection was only stagnant during 2009/2010 owing to the economic recession during that period but from there on showed improvement. Subsequent to that, a decrease in revenue collections was experienced in the years 2015/16 and 2016/17. This was mainly due to a decline in SACU receipts and poor performance in the mineral sector. However, the tax collections increased in 2017/18, while for the year under review, there has been a decrease in collections mainly as a result of a decrease in SACU Receipts.

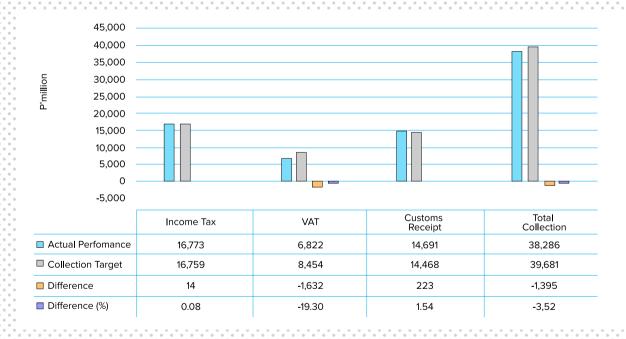
Figure 3: Yearly Total Tax Collections



Tax Revenue Collection Against the Targets

A comparison between actual revenue collections and targets shows that BURS collection for the period under review was below the target of P39.286 billion by P1.395 billion which translates to a 3.52% decrease. Customs Receipts exceeded the target of P14.468 billion by P223 million translating to 1.54% increase. Income Tax collection also exceeded the target of P16.759 billion by a small margin of P14 million translating to a 0.08% increase. On the other hand, VAT fell short of the target of P8.454 billion by P1.632 billion translating to 19.3% decrease.

Figure 4: Tax Revenue Collections by Tax Type and Targets



Income Tax Revenue Collection

Income tax revenue collection for the year was derived from different sources as shown in the table below. The major source of the tax collection is the Assessed Tax. For the year under review, the Assessed Tax collected was P8.169 billion which was an increase over the 2017/18 collection of P7.726 billion whereas Pay As You Earn (PAYE) collected was P5.951 billion signifying a decrease when compared to the P6.125 billion collected in 2017/18. Capital Transfer Tax collected in 2018/19 was P11.293 million which was an increase over the P8.777 million collected in 2017/18. The total Income Tax collection for the period under review was P16.773 billion, which was an increase over the P16.442 billion collected in 2017/18. This increase of P331 million represents a 2% increase.

Table 8: Income Tax Collections by Source

Type of Tax	2017/18 Collections	2018/19 Collections
c	(P' 000)	(P' 000)
Withholding Tax (Excluding PAYE)	2,899,616	3,071,557
PAYE	6,124,528	5,951,465
Assessed Tax	7,726,445	8,168,849
Penalty Interest	101,554	76,845
Capital Transfer Tax	8,777	11,293
Gross Income Tax Receipts	16,860,920	17,280,009
Less: Refunds	(418,562)	(506,925)
Total Income Tax	16,442,358	16,773,084

Value Added Tax Revenue collection

For the year under review, VAT collected was P6.822 billion which was an increase over the P6.397 billion collected in 2017/18 and this was despite an increase in refunds from P2.322 billion in 2017/18 to P2.472 billion in 2018/19. The increase in VAT could be attributed to an increase in import VAT collections which are normally the main contributor to VAT collections. Import VAT collection for 2018/19 was P4.660 billion which was an increase over the 2017/18 collection of P4.434 billion, representing a 5.1% increase. On the other hand, Fuel levy collection was P122.56 million which was lower, compared to the P124.58 million collected in 2017/18.

Table 9: VAT Collections by Source

Type of Tax	2017/18 Collections	2018/19 Collections
	(P' 000)	(P' 000)
VAT Import	4,433,520	4,659,509
VAT Internal	4,121,517	4,474,038
VAT Interest & Penalties	39,732	38,383
Fuel Levy	124,581	122,557
Gross Collection	8719,350	9,294,487
Less Refunds	(2,322,118)	(2,472,234)
Net VAT Collection	6,397,232	6,822,253

SACU Revenue Shares

The SACU Revenue Pool, from which SACU Customs Revenue is shared by SACU Member States, had R95.203 billion in 2018/19 which was a decrease from the R99.637 billion recorded in 2017/18, representing a decrease of R4.434 billion or 4.5%. As a result, Botswana's revenue share, which amounted to R20.802 billion for 2018/19 was also lower than the R23.031 billion share received in 2017/18, representing a decrease of P2.229 billion or 9.7%.

Table 10: SACU Revenue Pool Shares by Country (Rands)

Member States	2017/18 shares (in Rands)	2018/19 shares (in Rands)	Percentage of the Total Pool
Botswana	23,030,720,747	20,802,309,303	22%
Eswatini	7,108,733,426	6,173,462,371	6%
Lesotho	6,154,199,159	5,857,255,394	6%
Namibia	19,597,422,509	18,565,069,879	20%
South Africa	43,746,171,634	43,804,877,328	46%
Total	99,637,247,475	95,202,974,276	100%

Customs and Excise Duty Collections

As a member of SACU, Botswana is required to pay all the collections of customs duties and excise duties into a Common Revenue Pool (CRP). During the year under review, Botswana collected and paid a total amount of P647.3 million into the CRP compared to P579.6 million which was collected in 2017/18. This represents an increase of P67.7 million or 11.7%. Excise Duty was the main driver of this revenue out-turn followed by Import Customs Duty then Additional Customs Duty. On the other hand, there was a significant decline in Ad valorem Duty from P21.2 million in 2017/18 to P16.5 million in 2018/19.

Table 11: Botswana's Customs and Excise Duty Collections paid to the CRP

CUSTOMS DUTIES	2017/18 (P)	2018/19 (P)	VARIANCE (P)
Customs Duty	242,023,942	334,661,049.29	92,637,107.29
Ad valorem Duty	21,185,267	16,469,243.48	(4,716,023.52)
Excise duty	306,064,372	285,174,108.99	(20,890,263.01)
Additional Customs Duty	10,319,276	11,595,684.55	1,276,408.55
TOTAL	579,592,857	647,900,086.31	67,307,229.31

Collections on Behalf of Government Departments

During the period under review, BURS collected P787.9 million on behalf of Government departments and agencies compared to P767.9 million which was collected in the previous financial year as shown in Table 6 below. This is an increase of P20 million or 2.6 percent. Most of the collections came from the Alcohol Levy which contributed 59.3% of the total of these collections, followed by Transport Permits by 30.6% then Tobacco Levy by 7.6% while other levies each contributed around 1%. On the other hand, Flour Levy collection decreased from P2.1 million in 2017/18 to P1.1 million in 2018/19. This decrease was due to the reduction in the rate of flour levy by 1.5% during 2018/19. Collections on Road Safety Tokens also decreased from P11.3 million in 2017/18 to P10.4 million in 2018/19.

Table 12: Service Levies

Type of Levy	Gross Coll	Variance	
	2017/18	2018/19	
	P'000	P'000	P'000
Copyright	8,329	8,153	(176)
Tobacco Levy	62,301	60,107	(2,194)
Transport Permits	197,669	240,975	43,306
Road Safety Tokens	11,263	10,448	(815)
Flour Levy	2,087	1,110	(977)
Alcohol Levy	486,227	467,144	(19,083)
Total	767,876	787,937	20,061

Debt Management

Collection of Tax Arrears

The opening balance of arrears as at 1st April 2018 was P3,287,089,207 which comprised of P1,698,054,108 and P1,589,035,099 being VAT and Assessed Income Tax respectively. Collections of old arrears for the 2017/18 financial year were P698,259,498 whilst discharges, remissions and waivers amounted to P478,805,973. Uncollected arrears that accrued in the 2018/19 financial year stood at P1,273,114,403 as at 31st March 2019. Even though efforts were made during the year to reduce the arrears through recoveries and remissions, the total outstanding arrears as at 31st March 2019 stood at P3,383,138,139 which was an increase of 2.9% over the total outstanding as at 31st March 2018 which was P3,287,089,207.

The outstanding balance indicates that the interest and penalties accounted for 72.7% of the arrears whilst the principal tax outstanding was 27.3%. The bulk of the arrears were charges for late payment of tax and late filing of returns.

Table 13: Tax Arrears

			Abandonment, discharges,			
	Balance at beginning of the year	Collection of previous years' arrears	remissions/ waivers & adjustments	Balance of prior years' arrears	Arrears in respect of current year	Balance at end of the year
31 March 2019	P	P	P	Р	P	P
VAT internal	630,139,622	(439,190,156)	(188,224,352)	2,725,114	241,100,061	243,825,175
VAT interest and penalties	1,067,914,486	(144,429,998)	(67,512,080)	855,972,408	271,077,860	1,127,050,268
Assessed tax	441,042,589	(85,889,642)	(61,898,570)	293,254,377	386,323,291	679,577,668
Assessed tax interest						
and penalties	1,147,992,510	(28,749,702)	(161,170,971)	958,071,837	374,613,191	1,332,685,028
Total	3,287,089,207	(698,259,498)	(478,805,973)	2,110,023,736	1,273,114,403	3,383,138,139
31 March 2018						
VAT internal	555 034 939	(132 796 302)	(33 199 076)	389 039 561	241 100 061	630 139 622
VAT interest and penalties	893 282 455	(28 933 749)	(67 512 080)	796 836 626	271 077 860	1 067 914 486
Assessed tax	359 110 821	(95 965 574)	(208 425 949)	54 719 298	386 323 291	441 042 589
Assessed tax interest						
and penalties	887 012 119	(30 600 746)	(83 032 054)	773 379 319	374 613 191	1 147 992 510
Total	2 694 440 334	(288 296 371)	(392 169 159)	2 013 974 804	1 273 114 403	3 287 089 207

Customs Controls

Customs Declarations

In financial year 2018/19, the total number of import declarations stood at 2,941,264 as compared to 578,016 processed in the previous financial year. The increase in the number of declarations was attributable to a rise in imports of goods in general as a result of the recovery from the global economic recession which was experienced from 2015. Export declarations stood at 181,343 for 2018/19 as compared to 51,049 processed in the previous year. The table below shows the number of declarations processed as well as the number of those which were subjected to enforcement measures.

Table 14: Customs Declarations

Declarations	2017/18	2018/19	VARIANCE
Import	578,016	2,941,264	2,363,248
Export	51,049	181,343	130,294
Physical Exam	18,004	15,642	(2,362)
Documentary check	79	2	(77)

Detentions

A total of 780 detentions were recorded during the year under review compared to 800 in the previous year. The detained goods were mainly vehicles, various food items including agricultural products, medicaments, clothing, beauty products, electric appliances, fuel, alcohol beverages, etc. The main reasons for detentions were either pending production of proper documents/permits or pending proper clearance or payment of taxes/penalties or re-exportation or investigation/valuation.

Seizures

720 seizures were recorded during the 2018/19 financial year compared to 808 in 2017/18. The seized goods were mainly cigarettes, tobacco leaves, vehicles & parts, assorted clothing, medicaments, ornaments, fuel & containers, drums, kitchenware, stationary, substances suspected to be dagga, food items including agricultural products, electronic appliances, alcohol beverages, etc. The main reasons for seizing the goods were due to either non-declaration or seizures being transferred to detentions or false declaration or transporting smuggled or illicit goods.

Table 15: Summary Statistics for Detentions & Seizures by Region

Region Detentions		Detentions		res
	2017/18	2018/19	2017/18	2018/19
North	561	628	562	521
South	239	152	246	199
Total	800	780	808	720

Appeals Processes Against Tax Assessments

Objections and Appeals

Objections to tax assessments are a fundamental part of a fair and transparent tax system that allows taxpayers to challenge the Commissioner General's decisions under the revenue laws concerning tax liabilities thus placing upon the Commissioner General the obligation to review his/ her decision. BURS has appeal structures that enable the taxpayers to enjoy further right to appeal the objections decisions to the Board of Adjudicators and subsequently to the Courts. During the year under review, 49 Objections were received while 25 were brought forward from the previous year. Therefore, the total number of Objections for the year 2018/19 was 74 and out of that number, 41 Objections were settled while 33 were not finalised and were carried forward to the following year.

CHALLENGES

Despite a promising performance, the Revenue Service continued to experience operational challenges affecting its mandate during financial year 2018/19. Some of these are highlighted below

- This was the final year of implementation of the revised organisational structure but there were still some outstanding issues relating to operationalising the structure. As a result, the Revenue Service had to dedicate time and resources to address the issues at the expense of focusing on the core activities of revenue mobilisation.
- During the filing season, BURS continued to experience long queues for manual submission of tax returns despite the extensive awareness campaigns carried out during 2018/19 to promote the use of e-services.

projects in 2018/19 as planned. The major projects not completed included office and staff facilities which as a result affected the productivity of employees.

The volatility of SACU revenue which resulted in a significant decrease in the SACU Receipts for 2018/19 contributed to the decrease in total revenue and led to an undesirable situation where the 2018/19 collection fell below the previous year's collection.

CONCLUSION

Despite collecting revenue that is below the target, BURS overall performance is promising. We will continue to put more effort in carrying out the strategic objectives so that we can achieve a significant improvement in our collection. I therefore urge all BURS employees to put more effort and strive for excellence in their daily work so that we can achieve our set target or exceed it. In this regard, let me thank all employees at all ranks for their efforts and dedication in carrying out our mandate.

Our collection could have not been possible without cooperation of all taxpayers for voluntarily paying their dues. This shows commitment and understanding by our clientele that meeting their obligation is necessary for the development of Botswana. We therefore applaud them for their cooperation as it simplifies our work. We encourage them to continue with the same spirit going forward.

Let me also thank our stakeholders that we continue to collaborate with in carrying out our mandate. These include Government Ministries and other Government Agencies, Botswana Institute of Chartered Accountants, Customs Clearing Agents etc. They continued to play an important role in contributing to the development of strategies for administration and enforcement of revenue laws.

There were delays in completing some development "I would also like to show my appreciation to our technical

partners among others; International Monetary Fund (IMF), African Tax Administration Forum (ATAF), Organisation for European Cooperation and Development (OECD), who continue to provide/offer technical support in tax administration.

Lastly, I would like to acknowledge the leadership oversight provided by our Minister of Finance and Economic Development, Honourable O. K. Mathambo and the BURS Board throughout the year. We believe we will achieve desired performance in the coming year with their guidance.

Mr. Segolo Lekau

Acting Commissioner General





GENERAL INFORMATION

31 March 2019

BOARD OF DIRECTORS

Taufila Nyamadzabo Chairperson (Resigned 30 September 2018)

Kelapile Ndobano Chairperson (Appointed 1 December 2018, acting appointment lapsed on 30 April 2019)

Wankie B. Wankie Vice Chairperson

Keneilwe R. Morris Commissioner General (Retired 30 November 2018)

Segolo Lekau Commissioner General - Acting (Appointed 1 December 2018)

Gaamangwe Lebele

Ontlametse B. Ward

Non-executive Director

Keletso Mothusi

Non-executive Director

Gaongalelwe G. P. Mosweu

Non-executive Director

BOARD SECRETARY

NATURE OF BUSINESS

Bame A. Tumiso The Botswana Unified Revenue Service ("BURS") was established by the Botswana

Unified Revenue Service Act, 2003. BURS is responsible for the assessment and

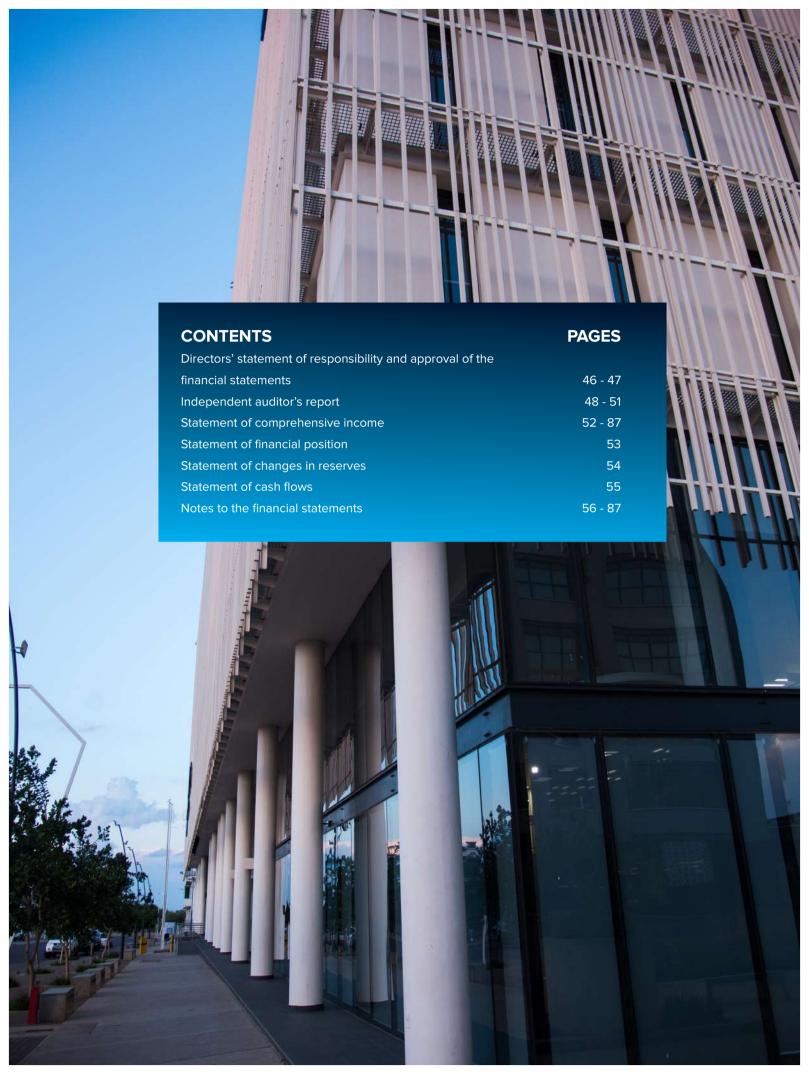
collection of tax on behalf of the Government of Botswana.

ADDRESS AUDITOR BANKERS

Plot 53976 Kudumatse Drive Private Bag 0013

Gaborone

PriceWaterhouseCoopers Botswana First National Bank of Botswana Limited



FINANCIAL STATEMENTS

31 March 2019

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Own Accounts, comprising the statement of financial position as at 31 March 2019, the statements of comprehensive income, changes in reserves, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS)" and in manner required by the Botswana Unified Revenue Service Act (Chapter 53:03).

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 2 to 5.

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

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS and place considerable importance on maintaining a strong control environment. To enable

the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

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

The Directors state that, for the year ended 31 March 2019, 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.

FINANCIAL STATEMENTS

31 March 2019

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

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 52 to 87, which have been prepared on the going concern basis, were approved by the Board on 23rd July, 2020 and were signed on its behalf by:

Board Chairperson

Commissioner General



To the Minister of Finance and Economic Development

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service ("the Revenue Service") as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Botswana Unified Revenue Service's financial statements set out on pages to ... which comprise:

- the statement of financial position as at 31 March 2019;
- · the statement of comprehensive income for the year then ended;
- · the statement of changes in reserves for the year then ended;
- · the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Revenue Service in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



To the Minister of Finance and Economic Development

Key Audit Matter

Restatement arising from the incorrect recognition of foreign exchange differences in prior years

The Revenue Service collects Customs and Excise duties, in Botswana Pula, on behalf of the Government of Botswana and remits to the Southern African Customs Union (SACU). The amounts collected are remitted to SACU on a quarterly basis, in a foreign currency. The foreign exchange rate at which the liability to SACU is recognised by the Revenue Service may be different to the foreign exchange rate on the day the bank actually makes the payments.

In prior years, the differences in exchange rates were recognised as foreign exchange gains or losses in the statement of comprehensive income with the corresponding entry as a financial asset (receivable from the Government of Botswana) in the statement of financial position. The cumulative foreign exchange differences recognised as a receivable in the statement of financial position as at 31 March 2018 amounted to P45.981 million.

The recognition of foreign exchange differences, as explained above, is considered to be a prior period error because the Revenue Service:

- does not have any contractual right to receive cash or another financial asset from the Government of Botswana relating to the foreign exchange differences;
- is neither entitled to any foreign exchange gains nor is responsible for any foreign exchange losses; and
- does not have any right to claim money from the Government of Botswana other than the approved budget for recurrent and capital expenditures.

Management corrected the error in the current year by restating the reserves and trade and other receivables balances as at 31 March 2017, and 31 March 2018.

The restatement is considered to be a matter of most significance to the current year audit as, given the magnitude of the amounts involved, the accounting treatment of the prior period error in accordance with the guidance in International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8), has a significant impact on the financial statements.

Refer to note 23 (Derecognition of fluctuation of foreign exchange rates receivable) of the financial statements for the details.

How our audit addressed the key audit matter

We performed the following audit procedures:

- Inspected the Revenue Service's accounting policy to obtain an understanding of management's measurement and recognition policy relating to accounting for related party transactions and balances specifically relating to the foreign exchange receivables as a result of duties remitted to SACU.
- Assessed management's receivables recognition policy against the requirements of International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement.
- Obtained a schedule of related party transactions and balances specifically relating to the foreign exchange receivables resulting from duties remitted to SACU and performed the following procedures:
 - We tested the mathematical accuracy of management's schedule and we noted no difference
 - We agreed the opening balance of the receivable to be restated to prior years' audited financial statements. We did not identify any differences; and
 - We agreed the closing balance of the foreign exchange receivable as it appeared on the schedule, to the special purpose financial statements of the Revenue Service reported as "Administered Government Revenue Accounts", which report on transactions relating to the tax revenues collected on behalf of the Government and its departments and third parties.
- Inspected contractual agreements between Botswana Unified Revenue Service and the Government of Botswana for any agreement that gave Botswana Unified Revenue Service the following:
 - contractual right to receive cash or another financial asset from the Government of Botswana relating to the foreign exchange differences. No such agreements were noted;
 - entitlement to recognise any foreign exchange gains on account of transactions with SACU. No such agreements were noted; or
 - any right to claim money from the Government of Botswana other than the approved budget for recurrent and capital expenditures.
 No such agreements were noted.
- Agreed the restated amounts of reserves and trade and other receivables as disclosed in the financial statements to management's schedule of restated amounts.
- Evaluated the adequacy of disclosures made in the financial statements in relation to the restatement of the reserves and trade and other receivable balance against the requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.



To the Minister of Finance and Economic Development

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Botswana Unified Revenue Service Financial Statements 31 March 2019". The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Revenue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Revenue Service or to cease operations, or have no realistic alternative but to do so.



To the Minister of Finance and Economic Development

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design
 and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate
 to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than
 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Revenue Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the
 audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant
 doubt on the Revenue Service's ability to continue as a going concern. If we conclude that a material uncertainty exists,
 we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such
 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the
 date of our auditor's report. However, future events or conditions may cause the Revenue Service to cease to continue
 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and
 whether the financial statements represent the underlying transactions and events in a manner that achieves fair
 presentation.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Individual practicing member: Butler Phirie

Registration number:19900312

25 August 2020 Gaborone

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

		2019	2018
	Notes	2019 P'000	2018 P'000
	Notes	P 000	
luares .			Restated
Income			
Government funding for recurrent expenditure	6	634,059	544,502
Revenue from contract with customers	7	81,012	78,561
Other income	8	57,475	49,919
Total income		772,546	672,982
Expenses			
Administrative expenses	10	(244,705)	(223,634)
Staff costs	11	(503,429)	(435,752)
Total expenses		(748,134)	(659,386)
Operating surplus for the year		24,412	13,596
Finance Income	12	2,834	2,370
Total surplus for the year		27,246	15,966
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings	18	67,925	
Other comprehensive income for the year		67,925	
Total comprehensive income		95,171	15,966

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

		2019	2018	2017
	Notes	P'000	P'000	P'000
			Restated	Restated
•				
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,507,404	1,304,188	1,106,222
Intangible assets	14	79,216	67,438	62,533
		1,586,620	1,371,626	1,168,755
Current assets				
Inventories	15	2,486	2,786	3,747
Trade and other receivables	16	39,846	46,923	38,161
Cash and cash equivalents	17	307,375	308,920	203,299
		349,707	358,629	245 ,207
Total assets		1,936,327	1,730,255	1,413,962
•				
RESERVES AND LIABILITIES				
Reserves	40	0.45 545	477777	4
Properties revaluation reserve	18	245,515	177,757	177,757
Accumulated surplus		22,545	(4,653)	(20,619)
		268,060	173,104	157,138
Non-current liabilities				
Capital grants	19	1,547,494	1,397,268	1,141,601
Cupital grants	13	1,547,454	1,557,200	1,141,001
Current liabilities				
Trade and other payables	20	120,773	159,883	115,223
	_•		,	,
Total reserves and liabilities		1,936,327	1,730,255	1,413,962

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2019

		Properties		
		revaluation	Accumulate	
		reserve	surplus	Total
	Notes	P'000	P'000	P'000
Balance at 31 March 2017 as previously stated		177,757	25,849	203,606
Prior year restatement - Forex fluctuation	23	-	(46,468)	(46,468)
Balance at 31 March 2017 restated		177,757	(20,619)	157,138
Balance at 1 April 2017		177,757	(20,619)	157,138
Deficit for the year		-	15,966	15,966
Total comprehensive income for the year		-	15,966	15,966
Balance at 31 March 2018		177,757	(-4,653)	173,104
Balance at 1 April 2018		177,757	(4,653)	173,104
Previous year adjusment on Bank interest		-	(215)	(215)
Transfer of gains realised on assets	9	(167)	167	-
Surplus for the year		-	27,246	27,246
Other comprehensive income	18	67,925	-	67,925
Total comprehensive income for the year		67,758	27,198	94,956
Balance at 31 March 2019		245,515	22,545	268,060

STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019	2018
		P'000	P'000
Cash flows from operating activities			
Surplus/(deficit) for the year		27,246	15,479
Interest income	12	(2,834)	(2,370)
Adjustment for non-cash items	22	5,467	1,011
Operating surplus/(deficit) before working capital changes		29,879	14,120
Changes in working capital			
Decrease/(increase) in inventories		300	961
(Increase)/decrease in trade and other receivables		7,077	(8,275)
Increase/(decrease) in trade and other payables		(39,110)	44,660
Net cash generated from operating activities		(31,733)	37,346
Cash flows from investing activities			
Interest received	12	2,834	2,370
Purchase of property, plant and equipment	13	(170,547)	(201,257)
Purchase of intangible assets	14	(28,886)	(43,592)
Proceeds on disposal of property, plant and equipment		506	1,635
Net cash used in investing activities		(196,093)	(240,844)
Cosh flows from financing activities			
Cash flows from financing activities Capital grants adjustment on disposal of property, plant and equipment	19	(1,154)	(754)
Net development funding received from the Government of Botswana	19	197,556	(754) 295,753
	19		
Net cash generated from financing activities		196,402	294,999
Net increase in cash and cash equivalents		(1,545)	105,621
Cash and cash equivalents at beginning of year		308,920	203,299
Cash and cash equivalents at end of year	17	307,375	308,920

31 March 2019

1 GENERAL INFORMATION

Botswana Unified Revenue Service ("BURS") is a 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.

The financial statements 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).

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, BURS has adopted all the new and revised Standards and Interpretations of the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2018.

Changes in accounting policies

a) New and amended standards adopted by BURS IFRS 9 Financial Instruments

BURS has adopted IFRS 9 as issued by the IASB in July 2014 with a transition date of 1 April 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. BURS did not early adopt any of IFRS 9 in previous periods. As permitted by the transitional provisions of the standard, BURS elected not to restate comparative figures. The comparative period notes disclosures repeat those of disclosures made in the prior period.

31 March 2019

Any adjustments to the carrying amounts of financial assets at the date of transition were recognised in the opening Retained Earnings account. BURS does not hedge its financial risks and therefore hedge accounting is not relevant. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. Set out below are disclosures relating to the impact of adoption of IFRS 9 on BURS.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which BURS has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 April 2018. Accordingly, BURS has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 April 2018. Comparatives in relation to instruments that have not been derecognised as at 01 April 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2018.

The directors reviewed and assessed the company's existing financial assets as at 01 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the company's financial assets as regards to their classification and measurement as summarised below.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires BURS to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Changes in accounting policies

a) New and amended standards adopted by BURS

Specifically, IFRS 9 requires BURS to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires BURS to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated creditimpaired financial asset), BURS is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 01 April 2018, the directors reviewed and assessed BURS existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with

31 March 2019

Changes in accounting policies (cont.)

the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 April 2018 and 31 March 2019. The result of the assessment is on page 20.

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

This change in accounting policy has had no impact to the financial statments.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

Reconciliation of the reclassification and measurements of Financial assets as a result of adpoting IFRS 9

There were no changes to the classification and measurement of financial assets. The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1 April 2018 are compared as follows:

	IAS 39		IFRS 9		
Financial assets	Measurement category	Carrying amount (P'000	Measurement category	Carrying amount (P'000	
Cash and cash equivalents	Amortised cost	308,920	Amortised cost	308,920	
Trade and other receivables	Amortised cost	46,923	Amortised cost	46,923	
Total		355,843		355,843	

31 March 2019

Reconciliation of the reclassification and measurements of Financial liabilities as a result of adpoting IFRS

The following table presents a summary of the financial liabilities as at 01 April 2018. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

	IAS 39		IFRS 9		
Financial assets	Measurement category	Carrying amount (P'000	Measurement category	Carrying amount (P'000	
Trade and other payables	Amortised cost	159,883	Amortised cost	159,883	
Total		159,883		159,883	

IFRS 15 - Revenue from contracts with customers

Transition approach

IFRS 15 'Revenue from Contracts with Customers' addresses the recognition of revenue and replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related standards or interpretations. BURS has adopted IFRS 15 as at 1 April 2018 and applied the new rules with no retrospective adjustments deemed necessary, given the assessment detailed below. The standard requires the identification of performance obligations in contracts with customers and allocation of the total contractual value to each of the performance obligations identified. Revenue is recognised as each performance obligation is satisfied either at a point in time or over time.

Revenue recognition

The core principle of IFRS 15 "Revenue from Contracts with Customers" requires an entity to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for transferring those goods or services to the customer. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded within contract liabilities (deferred income). The following services are recorded within "Revenue" in the Income Statement since they relate to BURS's obligation as a revenue services provider to provide these services to customers:

Government funding for recurrent expenditure

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Economic Development ("MFED") in 2007, BURS should remit all revenue collected to the Government Remittance Account. However, subsequent to the signing of this Memorandum, the MFED has, through the Notice of Funds of the Revenue Service Order, 2012, authorised the Revenue Service to retain, not more than 2 percent (2%) of the revenue collected per annum to fund the recurrent budget and not more than 1 percent (1%) of the total revenue collected be used for the development budget and that annual ceilings should be approved, on an annual basis, by the MFED. The Revenue Service implemented such notice with effect from 1 April 2013. Government funding relating to the recurrent expenditure of BURS, disbursed for the purpose of giving



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Government funding for recurrent expenditure (cont.)

immediate financial support to BURS with no future related costs, is recognised in profit or loss in the period in which they become receivable.

Commission/Agency fees

Agency commissions represent fees charged by BURS for collecting revenues on behalf of the following respective Government Departments and Parastatals. Whilst the obligations appear to be to collect and remit, the substance is that the agency role is to execute collection activities, and the agent fulfills this obligation by assigning resources and processes. The business model interpretation is that BURS fulfills its performance obligation during the collection process and remittance is not fundamental to the timing of recognition of revenue. Consequently, there is a single obligation and no split of collection and remittance as these are incidental to each other, the former being the lead obligation. BURS will recognize contract assets with corresponding revenue entry in the event of commission not being settled by the customer at the reporting date. Such receivable is scoped onto IFRS 9. There is no impact on recognition and measurement of this income stream; however, disclosures are expanded to clarify the single obligation and timing of revenue recognition.

Other Income

Other income constitutes ancillary services incidental to the conduct of revenue generating activities. The entity is entitled to the income as such collections are not scoped within the income attributable to the principal, being the GOB income heads. In the absence of amendments to the income heads, BURS considers the income as administrative income earned by the agency business model.

Standards and interpretations in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of BURS's financial statements are disclosed below. BURS intends to adopt these standards, if applicable, when they become effective.

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Standard/ Interpretation	Effective	Expected
> Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets		
between investor and its associate or joint venture		
>Plan Amendment, Curtailment or Settlement - Amendmentst o IAS 19	1 January	Low
	2019	
> Prepayment Features with Negative Compensation -	1 January	Low
	2019	
Amendment to IFRS 9		
>Amendments to IAS 12 Income Taxes: Annual	1 January	Low
	2019	
Improvements to IFRS 2015 - 2017 cycle		
>Amendments to IAS 23 Borrowing Costs: Annual	1 January	Low
	2019	
Improvements to IFRS 2015 - 2017 cycle		
>Uncertainty over Income Tax Treatments	1 January	Low
>IFRS 16 Leases	1 January	Detailed below
() () () () () () () () () ()	2019	

IFRS 16 "Leases"

IFRS 16 Leases was issued in January 2016 to replace IAS 17 Leases and its accompanying standards SIC -15 Operating Leases -incentives, SIC-27 Evaluating substance of transactions involving legal form of a lease and IFRIC 4 Determining whether an arrangement contains a lease.

The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Company on 1 April 2019.

IFRS 16 will primarily change lease accounting for instances where BURS is a lessee; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a lease obligation for future lease payables. Lease costs in the statement of comprehensive income will be recognized in the form of depreciation of the right to use asset and interest on the lease liability.

Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases as read with IFRIC 4 and SIC -27 but will be substantively different to existing accounting for operating leases where rental charges are currently recognized on a straight-line basis and no lease asset or related lease creditor is recognized. Practical expedients are applicable to leases or arrangements of low value and a term equal to or below 12 month periods. Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for BURS. BURS has several contractual arrangements and immovable property leases with a lease period beyond 12 months and extension

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IFRS 16 "Leases" (cont.)

options, which, in the past have been exercised. The infrastructure leases are less likely to be deemed to be arrangements of low value. These arrangements are likely to be impacted by IFRS 16 and material judgments are required in identifying and accounting for leases. The most significant judgments for BURS is expected to be determination of the following;

- the lease term; under IFRS 16 the lease term includes extension periods where there is reasonably expectation that lease extension option will be exercised or that a lease termination option will not be exercised.
- the discount rate for determination of the present value of the contractual payments.

BURS is continuing to assess the impact of the accounting changes that will arise under IFRS 16 and cannot yet reasonably quantify the impact on the financial statements after BURS's adoption on 1 April 2019. The corporation will maximise the use of practical expedients applicable to the modified retrospective transitional guidelines.

3 SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Land and buildings

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

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

Depreciation on revalued buildings is charged to profit and loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated surplus/(deficit). Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

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

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

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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)	Category	Economic life (in years)
Leasehold land and buildings	the shorter of 50 years or	Porta-camps	10 - 15
	remaining lease period	Plant and machinery	6
Freehold property	50	Cargo scanners	13
Motor vehicles (light vehicles)	6	Sewerage systems	15
Motor vehicles (vans and trucks)	8	Security dogs	5
Office furniture	10	Computer Software	4
Computer and office equipment	5	Leasehold improvements	Short 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.

Repairs and maintenance

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

Intangible assets

Computer software costs

Costs that are directly associated with the purchase and/or development of identifiable software products controlled by BURS, that will probably generate economic benefits beyond one year that can be measured reliably, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs associated with maintaining computer software programmes are recognised as an expense as they are incurred. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvements and added to the original cost of the software. The intangible assets are amortised over 4 years using the straight-line basis.

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Government Capital grants

Grants are recognised when there is reasonable expectation that the grant will be received and all attached conditions will be complied with. BURS may receive grants relating to capital projects in form of cash or physical assets and towards income expenditure. Grant income related to capital projects or in physical assets is initially recognised as deferred income in the statement of financial position with a corresponding asset recognised in property, plant and equipment or development expenditure, whichever is relevant. Subsequently, the deferred income is amortised to the statement of comprehensive income in a manner consistent with depreciation of the related asset.

Foreign currencies

The financial statements of BURS are prepared and presented in Botswana Pula, the currency of the primary economic environment in which BURS operates and the functional currency. Transactions in currencies other than Botswana Pula are recorded at functional currency rate ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. All differences are taken to the profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Retirement benefits

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

Terminal gratuities

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

Inventory

Inventories for BURS represent supplies to be consumed in the rendering of services and are measured at the lower of cost, determined on a First-in-First-out basis, and net realisable value and consumable stores are expensed to the statement of comprehensive income as they are utilised unless they satisfy the recognition criteria as critical spares, which are capitalised as property, plant and equipment. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and variable selling expenses. Write-downs to net realisable value and inventory losses are expensed in the statement of financial performance in the period in which the write-downs or losses occur.

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Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Deposits and advance payments of operating leases are recognised in the statement of financial position under trade and other receivables.

Finance Income and expense

Interest income or interest expense is recognised for all interest-bearing financial instruments on an accrual basis, using the effective interest rate method. Interest income or interest expense is recognised in profit or loss. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

FINANCIAL INSTRUMENTS: IAS 39

Initial recognition

BURS classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on BURS's balance sheet when BURS becomes a party to the contractual provisions of the instrument.

Financial assets

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

Effective interest method

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



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FINANCIAL INSTRUMENTS: IAS 39 (cont.)

Loans and receivables

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

Derecognition of financial assets

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

Financial liabilities and equity instruments issued by BURS

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method described above, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

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FINANCIAL INSTRUMENTS: IFRS 9

Financial instruments held by BURS are classified in accordance with provisions of IFRS 9 Financial Instruments.

Financial assets

The date of initial application (i.e. the date on which BURS has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, BURS has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of BURS's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); All other financial assets are measured subsequently at fair value through profit or loss (FVTPL)

Under the old IAS 39 Financial Assets were 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.

Effective interest method

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

At fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non- current. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transactions costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and BURS has transferred substantially all risks and rewards of ownership. Gains and losses arising from the changes in the fair value of the FVTPL are presented in the income statement in the period in which they arise.

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Cash and Cash Equivalents

BURS considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. These largely includes fixed deposits with fixed or determinable payments and fixed maturity dates that BURS has the positive intent and ability to hold to maturity are classified as investment at amortised cost. These investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Amortised Cost

Trade receivables, and other receivables are classified as Financial Assets at Amortised Cost. They 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.

Impairment of financial assets

BURS adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure the allowance for impairment of trade receivables for the first time in the 2019 reporting period. The introduction of the impairment requirements of IFRS 9 require impairment allowances to be considered on an expected credit loss basis as opposed to the incurred credit basis previously adopted by BURS. This change in accounting policy required BURS to develop an impairment model to calculate Expected Credit Losses ("ECLs") and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9, BURS recognises a loss allowance for expected credit losses on: Financial assets measured subsequently at amortised cost; and Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

Provision for expected credit losses of trade receivables

Trade receivables constitute of amounts due from related parties as a result of agency commissions not deducted from gross collections. The Simplified Expected Credit Loss (ECL) model is applicable to non- interest bearing financial assets, regardless of being due from related parties. Ordinarily these are settled within a month, as such the presumption of low credit risk is assumed and given historical pattern of recovery, no ECL is applied, in event of observable pattern in default on payment terms, a loss factor reflective of the short term government bond active at the time of reporting is applied.

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.

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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. Equity instruments issued by BURS are recorded at

the fair value received, net of direct issue costs. In BURS's case, there is no equity

issued, however the Government of Botswana, which is the owner through the Botswana Unified Revenue Service Act - (Laws of Botswana Chapter 53:03) has a residual interest in the assets of the entity after deducting all of its liabilities.

Financial liabilities

Under IFRS 9, the treatment of Financial liabilities has not changed and is the same as IAS 39.

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.

Construction contracts

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

Employee bonus plans

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

4 CRITICAL JUDGEMENT AREAS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

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Residual value and useful lives of property, plant and equipment

BURS determines the estimated useful lives and related depreciation charges for its plant and equipment at the end of each annual reporting period. Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Impairment of property, plant and equipment

At each reporting date, BURS reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, BURS estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets.

Fair value of investment property, land and buildings

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

Impairment loss on debtors

BURS reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, BURS makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management, in determining the recoverability of receivables, considers the change in the quality of the debtors from the date the credit was granted up to the reporting date. No credit provision required as at end of the financial reporting period.

5 FINANCIAL RISK MANAGEMENT

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

Currency risk

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

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash. Interest rates earned on financial instruments compares favourably with those currently available in the market.

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A 1% increase in interest rates would result in the surplus for the year of P3,073,755 (2018: P3,088,391), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

Credit risk

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

- i. Cash and cash equivalents all deposits and cash balances are placed with reputable financial institutions.
- ii. Staff debts are recovered in terms of the applicable policy and procedures directly from the employees salary.
- iii. In accordance with the simplified approach adopted, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses for debtors are estimated using default risk assessment. The assessment is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables. It also incorporates forward looking information relating to payment capabilitties of the receivable. There are no significant concentrations of credit risk.

The maximum exposure to credit risk is presented in the table below:

Trade and other receivables

Cash and cash equivalents

2019				2018	
Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
31,574	-	31,574	43,801	-	43,801
307,375	-	307,375	308,920	-	308,920
338,949	-	338,949	352,721	-	352,721

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.

The maturity profile of contractual cashflows of non-derivative financial liabilities are presented in the following table. The cashflows are undiscounted contractual amounts and impact of discounting is not significant.

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2019			Total
	Less than More than carry		carrying
	1 year	1 year	amount
Trade and other payables (excluding employee benefits accruals)	62,444	-	62,444
Employee benefits accruals	-	58,329	58,329
	62,444	58,329	120,773
2018			
Trade and other payables (excluding employee benefits accruals)	104,911	-	104,911
Employee benefits accruals	-	54,972	54,972
	104,911	54,972	159,883

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.

•	2019	2018
	P'000	P'000
Categories of financial instruments		
Financial assets		
Trade and other receivables (including bank balances and cash)	338,949	398,702
Financial liabilities		
Other liabilities	62,444	104,911
6 GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE		
Funding for recurrent expenditure (Note 21)	631,522	530,155
Transfer from development expenditure (Note 19)	2,537	14,347
	634,059	544,502

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	2019 P'000	2018 P'000
7 Revenue from contract with customers		
Agency fees	81,012	78,561
Disaggregation of revenue		

BURS derives some of its revenue from the transfer of services over time and at a point in time in the following service lines. In the following table, revenue is disaggregated by service lines and timing of revenue recognition. The prior year comparatives have been presented consistently with the presentation in last year's Annual Report under IAS 18.

2019			
Revenue	Service transferred overtime	Service transferred at point in time	Total
Agency fees and commissions	81,012	-	81,012
2018			
Revenue	Service transferred overtime	Service transferred at point in time	Total
Agency fees and commissions	78,561	-	78,561

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

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

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8 OTHER INCOME		
Amortisation of capital grants (Note 19)	46,471	39,758
Rental income	1,441	1,133
Profit on disposal of property, plant and equipment	-	881
Sundry income*	9,563	8,147
	57,475	49,919

*Sundry income constitutes ancillary income from gains on sale of fixed assets, gains on release of capital assets, insurance claims, sale of tenders, foreing exchange gains, commissions earned on collection of third part loans, auction sales and other income incidental to the main revenue generating activities of BURS.

	2019	2018
	P'000	P'000
9 OTHER GAINS AND LOSSES		
Revaluation gains realised	167	-
10 ADMINISTRATIVE EXPENSES		
Auditor's remuneration - current year	1,450	1,166
- prior year		616
Computer support	18,024	16,997
Consultancy costs and legal costs	6,858	2,714
Depreciation of property, plant and equipment	34,387	28,721
Amortisation of intangible assets	16,767	9,953
Loss on disposal of property plant and equipment	658	
Electricity and water	12,619	10,202
Printing, stationery and office expenses	35,578	51,631
Operating lease rentals	29,961	24,700
Repairs and maintenance	12,893	10,896
- Development expenditure (Note 14)		
- Recurrent expenditure		
Motor vehicle fuel	4,705	4,346
Seminars, workshops, travelling and other administrative expenses	48,751	40,726
- Development expenditure (Note 14)		
- Recurrent expenditure		
Telephone and postage	14,483	13,346
Training expenses	7,571	7,620
	244,705	223,634

31 March 2019

2019	2018
P'000	P'000
435,930	378,545
6,964	
-	
6,964	
50,857	48,027
3,515	2,573
39,334	36,384
8,008	9,070
9,678	9,180
503,429	435,752
2,834	2,370
-	
	2,834 -

31 March 2019

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land	Buildings	Leasehold improvements	Motor vehicles	Office furniture	Computer equipment	Plant & machinery	Porta	Work-in- progress	Security dogs	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P,000	P'000	P'000	P'000
Cost/valuation											
At 31 March 2018	100,846	368,954	24,070	50,208	18,086	79,460	83,417	12,369	696,633	232	1,434,275
Additions	172	3,895	64	786	3,688	3,510	43,577	•	114,855	•	170,547
Disposals	(80)	(186)	ı	(1,265)	(116)	(2,322)	ı	•	•	1	(3,969)
other additions	295	•	ı	•	•	ı	ı	•	1	•	295
Revaluation surplus*	15,544	52,381	ı	•	•	1	ı	•	•	•	67,925
Transfers	ı	17,088	1,109	•	•	ı	15,714	21,124	(55,035)	•	ı
At 31 March 2019	116,777	442,132	25,243	49,729	21,658	80,648	142,708	33,493	756,453	232	1,669,073
Accumulated depreciation	iation										
At 31 March 2018	1,004	12,311	19,964	16,814	11,028	33,516	29,478	5,942	ı	30	130,087
Current year charge	449	7,278	2,048	4,124	1,235	10,937	6,063	2,225	1	28	34,387
Disposals	(2)	(32)	ı	(515)	(64)	(2,189)	ı	•	•		(2,805)
At 31 March 2019	1,451	19,554	22,012	20,423	12,199	42,264	35,541	8,167	,	28	161,669
Carrying amount											
At 31 March 2019	115,326	422,578	3,231	29,306	9,459	38,384	107,167	25,326	756,453	174	1,507,404
Work-in-progress is made up of the following:	nade up of the	e following:									

756,453

Residential and office accommodation

31 March 2019

13 PROPERTY, PLANT AND EQUIPMENT (cont.)

Leasehold Land	d Buildings P'000		Leasehold Motor improveme räb icles P'000	Office furniture P'000	Computer equipment P'000	Plant & machinery P'000	Porta camps P'000	Work-in- progress P'000	P'000	Security dogs P'000	Total P'000
Cost/valuation At 31 March 2017	99.932	318.704	24.070	39,663	16.680	45.885	64.777	8.545	593.726	232	1.212.214
Additions	914	1,599	ı	13,352		11,168	47	357	172,301	ı	201,257
Disposals	1	,	1	(2,807)	(113)	(2,460)		1		1	-5,380
Transfers	1	46,105									
Transfer from intangible											
assets (Note 14)	•	,	ı		1	23,638	ı	i	ı	•	23,638
payments (Note 16)	1	2,546	,	,	,	,	,	,	1	'	2,546
At 31 March 2018	100,846	368,954	24,070	50,208	18,086	79,460	83,417	12,369	696,633	232	1,434,275
Accumulated depreciation	nc										
At 31 March 2017	557	5,822	19,411	15,058	9,715	27,115	23,040	5,272	1	7	105,992
Current year charge	447	6,489	553	4,101	1,395	8,600	6,438	670	ı	28	28,721
Disposals	1	•	ı	(2,345)	(82)	(2,199)	1	1	ı	1	-4,626
At 31 March 2018	1,004	12,311	19,964	16,814	11,028	33,516	29,478	5,942	0	30	130,087
Carrying amount											
At 31 March 2018	99,842	356,643	4,106	33,394	7,058	45,944	53,939	6,427	696,633	202	1,304,188

Work-in-progress is made up of the following:

Residential and office accommodation

696,633

31 March 2019

Land and buildings carried at fair value

Whereas the revaluation policy for land and buildings is to conduct revaluations after every 5 years, with the last full scope conducted in 2016, an assessment of the validity of such a period for faithful presentation and relevance of financial information was conducted. The assessment entailed a desk top review of fair values of land and buildings as 31 March 2019 by Willy Kathurima Associates, independent professional valuers that are not related to BURS and are qualified for the purpose of the valuation. The valuation which was conducted in accordance with the Appraisal and Valuation Manual and the Real Estate Institute of Botswana standards and assessed for consistency with provisions of IFRS 13, Fair value measurements indicated a significant change in land and buildings.

The impact of desktop revaluation has been effected in the statement of other comprehensive and in respective property plant and equipment.

Land	2019	2018
	P'000	P'000
- Cost	51,335	35,404
- Accumulated depreciation	(6,786)	(6,545)
	44,549	28,859
Buildings:		
- Cost	396,869	323,691
- Accumulated depreciation	(31,311)	(27,363)
	365,558	296,328

Land includes Plaatjan and Zanzibar with a fair value of P300,000 each. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in Note 22.

31 March 2019

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings carried at fair value

Land and buildings carried at fair value

Whereas the revaluation policy for land and buildings is to conduct revaluations after every 5 years, with the last full scope conducted in 2016, an assessment of the validity of such a period for faithful presentation and relevance of financial information was conducted. The assessment entailed a desk top review of fair values of land and buildings as 31 March 2019 by Willy Kathurima Associates, independent professional valuers that are not related to BURS and are qualified for the purpose of the valuation. The valuation which was conducted in accordance with the Appraisal and Valuation Manual and the Real Estate Institute of Botswana standards and assessed for consistency with provisions of IFRS 13, Fair value measurements indicated a significant change in land and buildings.

The impact of desktop revaluation has been effected in the statement of other comprehensive and in respective property plant and equipment.

	2019	2018
	P'000	P'000
Land		
- Cost	51,335	35,404
- Accumulated depreciation	(6,786)	(6,545)
	44,549	28,859
Buildings:		
- Cost	396,869	323,691
- Accumulated depreciation	(31,311)	(27,363)
	365,558	296,328

Land includes Plaatjan and Zanzibar with a fair value of P300,000 each. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in Note 22.



31 March 2019

14 INTANGIBLE ASSETS			
	Computer software	Work-in- progress	Total
	P'000	P'000	P'000
Cost			
At 31 March 2017	70,045	1,934	71,979
Additions	6,295	37,297	43,592
Adjustments for non-capital expenditure	-	(5,096)	(5,096)
- Repairs and maintenance (Note 10)	-	(2,231)	(2,231)
- Seminars and workshops (Note 10)	-	(2,865)	(2,865)
Transfer to property, plant and equipment	-	(23,638)	(23,638)
At 31 March 2018	76,340	10,497	86,837
Additions	6,159	22,727	28,886
Adjustments for non-capital expenditure			
- Consultancy (Note 10)		(341)	(341)
Transfer to property, plant and equipment		-	
At 31 March 2019	82,499	32,883	115,382
Accumulated amortisation			
At 31 March 2017	9,446	-	9,446
Charge for the year	9,953	-	9,953
At 31 March 2018	19,399	-	19,399
charge for the year	16,767	-	16,767
At 31 March 2019	36,166	-	36,166
Carrying amount at 31 March 2019	46,333	32,883	79,216
Carrying amount at 31 March 2018	56,941	10,497	67,438

Intangible assets consists of Computer software (the Human Resources SAP module, e-Filing, e- Payment, Withholding Tax ("WHT"), Customs Management System ("CMS") and the Auto Capturing Scanner). Amortisation is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives. As at year end the remaining amortization period for these assets is 4 years.. Work-in-progress consists of the IP Based cabling project and is not amortised until brought into use. There are no intangible assets that have been pledged as security.

31 March 2019

15 INVENTORIES	P'000	P'000
Printing and stationery	2,253	2,417
Office supplies	230	369
Uniform and protective clothing	3	-
	2,486	2,786

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.

16 TRADE AND OTHER RECEIVABLES		
Trade receivables	29,511	28,909
Less provision for impairment	_	
	29,511	28,909
Advance payments	-	13,094
- Advance payments made for capital expenditure	-	15,640
- Transfer to property, plant and equipment (Note 13)	_	(2,546)
Prepayments	8,272	3,122
Staff receivables	1,082	1,036
Other receivables	981	762
	39,846	46,923
Trade receivables comprise of:		
Agency fees	29,511	28,909
	29,511	28,909

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 (2018:P Nil).

31 March 2019

	2019	2018
17 CASH AND CASH EQUIVALENTS	P'000	P'000
Cash in hand	40	40
Trust call account	1	1
Business call and current account	103,025	42,297
Fixed deposit account	-	3,000
Development funds call account	204,309	263,582
	307,375	308,920
18 PROPERTIES REVALUATION RESERVE		
Revaluation gains		
Balance at beginning of the year	177,757	177,757
- Revaluation losses reversed (Note 9)*	(167)	-
Gain on revaluations of properties (Note 13)	67,925	-
Balance at beginning and end of year	245,515	177,757
*Revaluation losses relate to previous revaluation surpluses of properties.		
* ACCOPITAL OPANTS		
19 CAPITAL GRANTS		
Balance at beginning of the year	1,397,268	1,141,601
Net development funding receivable from the Government of Botswana	197,556	295,753
- Transfer to recurrent expenditure (Note 6)	(2,537)	(14,347)
- Government funding for development expenditure (Note 21)	200,093	310,100
Land From Government	-	-
Other adjustments	295	426
Net book value of disposals of property, plant and equipment	(1,154)	(754)
Amortisation of capital grants for the year (Note 8)	(46,471)	(39,758)
Balance at end of the year	1,547,494	1,397,268

Capital grant - Capital grant is made up of funds received from the Government of the Republic of Botswana to fund residence and office accommodation projects. The grants are amortised over the useful lives of the respective assets acquired to match with the depreciation costs for the constructed assets.

20 TRADE AND OTHER PAYABLES

Trade payables	3,325	18,858
Accruals and other payables	53,621	82,480
Employee benefits accruals	58,329	54,972
Payable to related parties (Note 21)	-	1,672
Rental accruals	5,498	1,901
	120,773	159,883

31 March 2019

21 RELATED PARTY TRANSACTIONS

Related parties transactions comprise the following:

The Ministry of Finance and Economic Development has, through the Notice of Funds of the Revenue Service Order, 2012, Section 26 (1) (d) of the Botswana Unified Revenue Service Act, authorised the Revenue Service to retain 2 percent (2%) of the revenue collected per annum to fund the recurrent budget with the minimum being set and 1 percent (1%) of the total revenue collected be used for the development budget. The Revenue Service has with effect from 1 April 2013 implemented such notice. The amount transferred to BURS from Revenue accounts during the financial year ended 31 March 2018 is as follows:

Amount transferred from Administered Government Revenue

	2019	2018
Accounts to BURS	831,615	840,255
Utilised as follows:		
Recurrent expenditure (Note 6)	631,522	530,155
Development expenditure (Note 19)	200,093	310,100
	840,255	831,615
Executive management personnel compensation		
Salaries and other short term employee benefits	6,597	6,597
Post employment benefits	852	852
Total executive management personnel compensation	7,449	7,449
Executive Management personnel compensation covers personal emoluments		
and post employment benefits. Post employment benefits include pension and gratuities.		
Board members sitting allowances		
	361	361

Transactions with the Board members represent sitting allowances paid to the members for attending meetings of the Board and Board sub-committees.

Government departments

BURS' related parties include Government departments for which BURS collects levies on the departments' behalf and earns agency fees and commissions in return. The following business transactions were conducted with related parties:

31 March 2019

Government departments (cont.)

	2019	2018
Agency fees and commissions:		
Ministry of Investment, Trade and Industry (alcohol levy, flour levy and		
copyright levy)	34,245	29,494
Ministry of Transport and Communications - Department of Road Transport		
and Safety (road safety tokens and permits)	30,172	17,423
Human Resource Development Council (training levy)	15,503	15,030
Motor Vehicle Accident Fund (motor vehicle road insurance)	1,092	1,022
	81,012	62,969
Other income:		
Public Procurement and Asset Disposal Board (rental income)	-	9
Balances receivable from/(payable to) related parties		
Agency fees receivable from Department of Road Transport and Safety	7,604	6,222
Commissions and other receivables from Revenue Accounts	21,907	22,687
Fluctuation of foreign exchange rates receivable from Revenue Accounts	54,463	-
Total receivable from related parties	83,974	28,909
Net bank charges payable to Revenue Accounts (Note 20)		(1,672)
Net due from related parties	83,974	27,237
22 ADJUSTMENT FOR NON-CASH ITEMS		
(Profit) / loss on disposal of property, plant and equipment (Note 10)	658	(881)
Amounts transferred from advance payments (Note 16)	-	(2,546)
Depreciation of property, plant and equipment (Note 13)	34,387	28,721
Adjustments for non-capital expenditure (Note 14)	341	5,096
Amortisation of intangible assets (Note 14)	16,767	9,953
Adjustments of capital grants (Note 19)	-	426
Adjustments of previous year interest income	(215)	-
Amortisation of grants (Note 19)	(46,471)	(39,758)
	5,467	1,011

Ac at 31

Ac at 31

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

23 DERECOGNITION OF FLUCTUATION OF FOREIGN EXCHANGE RATES RECEIVABLE

The Revenue Service collects Customs and Excise duties, in Botswana Pula, on behalf of the Government of Botswana and remits to the Southern African Customs Union (SACU). The amounts collected are remitted to SACU on a quarterly basis, in a foreign currency. The foreign exchange rate at which SACU liability is recognised by the Revenue Service may be different to the foreign exchange rate on the day the bank actually makes the payments. The differences in exchange rates was recognised as a foreign exchange gain or loss in the statement of comprehensive income with the corresponding entry as a financial asset (receivable from the Government of Botswana) in the statement of financial position. The recognition of foreign exchange differences as explained above is considered to be a prior period error because the Revenue Service:

>does not have any contractual right to receive cash or another financial asset from the Government of Botswana relating to the foreign exchange differences;

>is neither entitled to any foreign exchange gains nor is responsible for any foreign exchange losses; and >does not have any right to claim money from the Government of Botswana other than the approved budget for recurrent and capital expenditures.

The restatement is considered to be a matter of most significance to the current year audit as, given the magnitude of the amounts involved, the accounting treatment of the prior period error in accordance with the guidance in International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8), has a significant impact on the financial statements.

Refer to below for the details of disclosure.

	As at 31	As at 31
	March 2018	March 2017
	P'000	P'000
Reserves		
Properties revaluation reserve	177,757	177,757
Accumulated surplus	41,328	25,849
As previously stated	219,085	203,606
Fluctuation of foreign exchange rates derecognition	(45,981)	(46,468)
Reserves restated	173,104	157,138
Trade and other receivables	92,904	84,629
Fluctuation of foreign exchange rates derecognition	(45,981)	(46,468)
Trade and other receivables restated	46,923	38,161
For the year end 31 March 2019 the adjustment was as follows		
Trade and other receivables	80,161	
Fluctuation of foreign exchange rates derecognition	(45,981)	
Readjusted trade and other receivables	34,180	



31 March 2019

24 CONTINGENT LIABILITIES

As documented in note 13, BURS is in a dispute with third parties regarding the ownership of Zanzibar and Plaatjan. The fair value of the land in dispute is P600,000 (2018: P600,000). As these third parties hold the legal title BURS may need to purchase the land from the third parties.

BURS has no material obligations (2018: PNil) in respect of litigation matters, which existed at the financial year end.

25 OPERATING LEASE COMMITMENTS

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

	2019	2018
	P'000	P'000
Due within one year	22,127	18,489
Due after one year	30,271	7,653
	52,398	26,142

Operating leases relate to leases of properties with lease terms between 2 and 5 years with an average yearly rental escalation of 10%.BURS does not have an option to purchase the properties at the expiry of the lease periods

26 CAPITAL COMMITMENTS

Commitments for the acquisition of property, plant and equipment	401,775	540,000
Capital expenditure approved at the statement of financial position date but not recognised in the financial statements is as follows:		
Approved and contracted for	306,775	540,000
Approved but not yet contracted for	95,000	-

The commitments are expected to be financed from internally generated funds and funding from the Government of the Republic of Botswana.

27 EVENTS AFTER THE REPORTING PERIOD

Management identified events and circumstances that arose since the reporting date to the date of authorisation of the financial statements. The matters were evaluated for whether they require an adjustment to the amounts recognised in the financial statements or disclosure in line with guidance in IAS 10 "Events after the reporting date". The following are noted:

31 March 2019

Relocation from rented Head office

The relocation from the rented head office resulted in acceleration of depreciation of some items of property, plant and equipment as such items were either replaced by new assets or considered excess to requirements. The impact has been recorded within depreciation charges at a Pula 1.072 million against respective items of property, plant and equipment.

BURS continues to service rental payments towards contractual obligations relating to the unexpired lease period. Management have elected to use the vacated premises for storage purposes. The rental commitments relating to unexpired lease are included on note 25 at Pula 44.2 million.

Impact of The Novel Corona Virus(COVID 19)

On 28 March 2020, the Government of Botswana initiated action towards the global fight against Covid19, a virus that was declared a pandemic by the World Health Organisation in January 2020. The initiatives entailed economic and social lockdown and other amendments to legislation including those with a direct impact on the income tax, customs and levies that are administered by BURS

Management have completeness the going concern impact assessment to assess the impact of COVID 19 on BURS. Based on the assessment done, BURS have had no impact on going concern as a result of COVID 19.

The matter does not require an adjustment to amounts recognised on the current and comparative financial statements as it represents an event that did not exist at the reporting date.

Launch of Lekgetho live

On the 17th May 2020, BURS launched the Lekgetho Live, an online information technology program that is expected to expedite the administrative roles of BURS. The project cost are capitalised at Pula 23 million within Capital work in progress for IT included in note 14. Lekgetho live went through successful trials and was completed at a total cost of Pula 61.2 million. Management believes there will be economic efficiencies arising from the launch of Lekgetho live.

Other regulatory requirement

For the year ended 31 March 2019, 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.



GENERAL INFORMATION

31 March 2019

BOARD OF DIRECTORS

Taufila Nyamadzabo Chairperson (Resigned 30 September 2018)

Kelapile Ndobano Chairperson (Appointed 1 December 2018, acting appointment lapsed on 30 April 2019)

Wankie B. Wankie Vice Chairperson

Keneilwe R. Morris Commissioner General (Retired 30 November 2018)

Segolo Lekau Commissioner General - Acting (Appointed 1 December 2018)

Gaamangwe Lebele

Ontlametse B. Ward

Non-executive Director

Keletso Mothusi

Non-executive Director

Gaongalelwe G. P. Mosweu

Non-executive Director

BOARD SECRETARY NATURE OF BUSINESS

Bame A. Tumiso The Botswana Unified Revenue Service ("BURS") was established by the Botswana

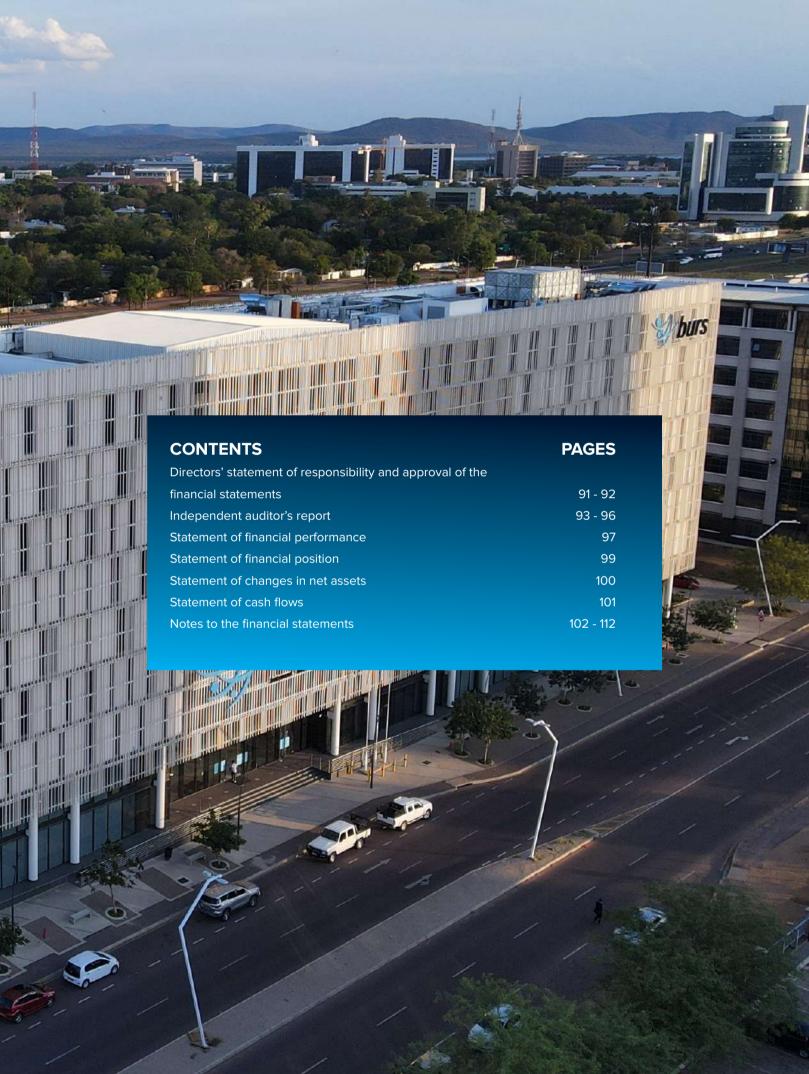
Unified Revenue Service Act, 2003. BURS is responsible for the assessment and

collection of tax on behalf of the Government of Botswana.

ADDRESS AUDITOR BANKERS

Plot 53976 Kudumatse Drive PriceWaterhouseCoopers Botswana Bank of Botswana Private Bag 0013 Gaborone Barclays Bank of E

Barclays Bank of Botswana Limited
First National Bank of Botswana Limited



FINANCIAL STATEMENTS

31 March 2019

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Administered Government Revenue Accounts, comprising the statement of financial position as at 31 March 2019, the statements of financial performance, changes in net assets, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, prepared on the modified cash basis of accounting as outlined in the "Basis of preparation" paragraph under significant account policies.

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 2 to 6.

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

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements. The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards

for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout BURS and all employees are required to maintain the highest ethical standards in ensuring the Revenue Service's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in BURS is on identifying, assessing, managing and monitoring all known forms of risk across BURS. While operating risk cannot be fully eliminated, BURS 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 2019, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

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

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

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the



FINANCIAL STATEMENTS

31 March 2019

DIRECTORS' STATEMENT OF RESPONSIBILITY (cont.)

financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 97 to 112, which have been prepared on the going concern basis, were approved by the Board on 23rd July, 2020 and were signed on its behalf by:

Board Chairperson

Commissioner General



To the Minister of Finance and Economic Development

Our opinion

In our opinion, the financial statements of Botswana Unified Revenue Service ("the Revenue Service"): Administered Government Revenue Accounts are prepared, in all material respects, in accordance with the modified cash basis of accounting described in note 1 to the financial statements and the requirements of the Botswana Unified Revenue Service Act, 2003.

What we have audited

The Revenue Service's financial statements comprise:

- the statement of financial position as at 31 March 2019;
- the statement of financial performance for the year then ended;
- the statement of changes in net assets the year then ended;
- the statement of cash flows for the year then ended;
- notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Revenue Service in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Emphasis of matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared to meet the financial reporting requirements of the Ministry of Finance and Economic Development, in terms of the Botswana Unified Revenue Service Act, 2003. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Revenue Service and the Ministry of Finance and Economic Development and should not be distributed to or used by parties other than Botswana Unified Revenue Service and the Ministry of Finance and Economic Development. Our opinion is not modified in respect to this matter.



To the Minister of Finance and Economic Development

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Recognition of tax revenues and other revenue collected on behalf of Government Departments

The Revenue Service collects taxes such as income tax, Value Added Tax and Customs - SACU Pool Receipts on behalf of the Government of Botswana ("tax revenues"), and collects other revenue on behalf of Government Departments ("other revenue") such as copyright levy, tobacco levy, road safety tokens, transport permits, flour levy and alcohol levy.

Tax revenues, except for Customs - SACU Pool receipts, are recognised on the cash basis in the statement of financial performance when all of the following conditions are satisfied:

- A receipt in the form of cash or cash equivalent is notified to the administrator; and
- The identity of the taxpayer is known and the specific tax legislation from which the revenue is attributed is known; and
- The amount received or notified does not relate to temporary deposits, to the effect that there is a minimum likelihood of reimbursement of the amount.

Customs - SACU Pool Receipts, and other revenue are recognised on the cash basis in the statement of financial performance.

For the year ended 31 March 2019, the Revenue Service recognised, amongst others, the following revenues collected:

- BWP 16.773 billion for income taxes;
- BWP 6.822 billion for Value Added Taxes; BWP 14.691 billion for Customs SACU Pool Receipts; and
- BWP 788 million for other revenue.

We considered this to be a matter of most significance to the current year audit due to the tax revenues and other revenue amounts recognised being a substantial portion of financial statements line items disclosed in the financial statements, as well as the significant impact which a potential error in the recognition of the revenue could have on the financial statements.

Refer to the following notes to the financial statements for details:

- Note 1 Significant accounting policies;
- Note 2 Income Tax;
- Note 3 Value Added Tax;
- · Note 4 Customs receipts; and
- Note 8 Revenue collected on behalf of Government Departments.

How our audit addressed the key audit matter

We performed the following audit procedures:

- Inspected the Revenue Service's accounting policy to obtain an understanding of management's revenue recognition policies as of 31 March 2019.
- Obtained a detailed schedule of tax revenue and other revenue and tested the mathematical accuracy of the schedule. We noted no exceptions.
- Evaluated a sample of tax revenue and other revenue transactions recorded in the general ledger against the transaction details per the underlying documentation in order to assess management's classification of these revenues and to assess whether the tax revenues met the required conditions to be recognised. Based on our work performed we accepted management's classification of these revenues and their recognition of the tax revenues in the general ledger.
- Obtained a confirmation from the Ministry of Finance and Economic Development in respect of the total tax revenue and total other revenue received in cash from the Revenue Service, as collected on their behalf for the 12 months ended 31 March 2019. We agreed the amounts confirmed to the revenue amounts recognised for the current year in the general ledger. No differences were noted.
- Agreed all of the tax revenue and other revenue as recorded in the Revenue Service's bank statements to the amounts recorded in the Revenue Service's general ledger.
- Agreed all of the tax revenue and other revenue as recorded in the general ledger to the amounts disclosed in the financial statements.



To the Minister of Finance and Economic Development

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Botswana Unified Revenue Services Financial Statements 31 March 2019 (Administered Government Revenue Accounts)". The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Other matter

The Revenue Service has prepared a separate set of financial statements for the year ended 31 March 2019 in accordance with International Financial Reporting Standards on which we issued a separate auditor's report to the Minister of Finance and Economic Development of the Revenue Service dated xx/xxx/2020.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the modified cash basis of accounting described in note 1 to the financial statements and the requirements of the Botswana Unified Revenue Service Act, 2003, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Revenue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Revenue Service or to cease operations, or have no realistic alternative but to do so.





To the Minister of Finance and Economic Development

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

e Coops

Individual practicing member: Butler Phirie

Registration number:19900312

25 August 2020 Gaborone

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

		2019	2018
			(Re stated)
	Notes	P'000	P'000
Revenue collected on behalf of the Government of Botswana			
Tax revenues and customs receipts			
Income tax	2	16,773,084	16,442,358
Value Added Tax ("VAT")	3	6,822,253	6,397,232
Customs - SACU Pool receipts	4	14,690,887	17,674,018
Other tax revenue	5	219	10,065
Total tax revenues and customs receipts		38,286,443	40,523,673
Non-tax revenue	6	695	28,788
Provision for doubtful debts	9	(2,389)	(1,526)
Total revenue collected on behalf of the Government of Botswana		38,284,749	40,550,935
Amount retained for BURS funding	7	(831,615)	(840,255)
Net revenue collected on behalf of Government of Botswana		37,453,134	39,710,680
Revenue collected on behalf of Government Departments	8	787,937	767,876
Effects of currency gains/losses of Customs remittances	14	8,482	(487)
Total net revenue collected for the year		38,249,553	40,478,069

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	Notes	2019	2018	2017
			(Re stated)	Re stated)
		P'000	P'000	P'000
ADMINISTERED ASSETS				
Current assets				
Amounts due from related parties	13	-	18,391	263,275
Accounts receivable	9	9	20,453	158
Cash and cash equivalents	10	303,299	242,101	241,419
Total administered assets		303,308	280,945	504,852
ADMINISTERED LIABILITIES				
Current liabilities				
Amounts due to Related parties	13	180,718	9,226	100,781
Accounts payable	11	122,590	271,719	404,071
Total liabilities		303,308	280,945	504,852

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Notes	2019	2018	2017
			(Re stated)	Re stated)
		P'000	P'000	P'000
ADMINISTERED ASSETS				
Current assets				
Amounts due from related parties	13	-	18,391	263,275
Accounts receivable	9	9	20,453	158
Cash and cash equivalents	10	303,299	242,101	241,419
Total administered assets		303,308	280,945	504,852
ADMINISTERED LIABILITIES				
Current liabilities				
Amounts due to Related parties	13	180,718	9,226	100,781
Accounts payable	11	122,590	271,719	404,071
Total liabilities		303,308	280,945	504,852

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2019

Amounts due to /(from)Government Remittance Account	
	P'000
Balance at 1 April 2017	(380,290)
Cumulative effect of modified cash accounting framework update (note 13)	122,739
SACU Pool cut off transactions	76,271
Foreign currency exchange gains on customs remittances	46,468
Restated balance at 1 April 2017	(257,551)
Total net revenue collected for the year	40,478,069
Net transfers to Government Remittance Account	(40,334,038)
Total transfers to the Government Remittance Account	(40,233,445)
Origination of provision for dishonored cheques	(100,593)
Balance at 31 March 2018	(113,520)
Total net revenue collected for the year	38,249,553
Net transfers to Government Remittance Account Total transfers to the Government Remittance Account	(38,046,911)
Balance at 31 March 2019	89,122

STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	2019	2018
Cash flows from operating activities:	P'000	P'000
Total net revenue collected for the year	38,249,553	40,478,069
Total net transfers to Government Remittance Account	(38,046,911)	(40,334,038)
Net collections of transfers to Government Remittance Account	202,642	144,031
Movement in assets and liabilities		
(Increase)/decrease in administered non -cash assets	38,835	(32,962)
(Decrease)/increase in administered non- cash liabilities	(180,279)	(213,879)
Net movement in assets and liabilities	(141,444)	(246,841)
Increase in cash and cash equivalents	61,198	682
Cash and cash equivalents at beginning of year	242,101	241,419
Cash and cash equivalents at end of year	303,299	242

31 March 2019

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of accounting policies

The reported activity - revenue collection accounts

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 related parties. The financial statements covering those operational revenues, such as funds received from the Government, which are managed by BURS and utilized in meeting the operational costs of BURS are reported in a different set of financial statements BURS Own Accounts. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate.

The financial statements are presented in Botswana Pula and in thousands P`000 except for Annexure 1 – schedule of arrears of revenue and Annexure 2-schedule of movements in collections and payments to third parties, which are reported in units of Pula.

Basis of preparation

The financial statements are required in terms of Sections 28 and 29 of the Botswana Unified Revenue Service Act, 2003. The financial statements are prepared on the modified cash basis of accounting.

The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the reporting entity. The modification to the cash basis is an attempt towards more relevant and faithful presentation of those events and/or transactions whose substance may be concealed by the cash basis. Modifications entail recognition of short term assets and liabilities. The recognition of assets and liabilities results in increasing or decreasing amounts due to or from the Government of Botswana compared to amounts that would otherwise, be reported if the cash accounting framework was solely used.

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

31 March 2019

General accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents principally represents funds held by BURS pending transfer to the Government Remittance Account, settlement of related party payables and also constitute of tax payer deposits and unclaimed but approved tax refunds.

Tax revenue and modifications to payables/receivables

Tax revenue primarily constitutes of non-exchange gross receipts from tax payers in fulfillment of tax legislation applicable in Botswana. Tax revenue also includes penalties and interest charges in line with the relevant tax legislation. Where the tax payer has a statutory right to settlement of taxes on a net basis, the revenue is recognized on a net basis.

Tax revenue is recognized in the statement of financial performance when all the following conditions are satisfied;

-a receipt in the form of cash or cash equivalent is notified to the administrator and;

-the identity of the tax payer is known and the specific tax legislation from which the revenue is attributed is known and;

-the amount received or notified does not relate to temporary deposits, to the effect, that there is minimum likelihood of reimbursement of the amount.

The following modifications to the cash basis to tax revenue recognition apply

-a receivable is recorded separately from cash and cash equivalents where notifications of tax receipts remain unreported in the administered fund bank statements for a period of more than 120 days up to the reporting date. The lifetime of these receivables is deemed to be 2 years, subsequent to which, the balances are considered delinquent and included in the dishonoured cheques provision as impaired.

Subsequent recovery of such funds is recorded in the year of recovery as a reversal of the allowance for doubtful debts and not as tax revenue for that period.

-a current liability is recognized for receipts that are not matched to a tax payer and relevant tax legislation. A reconciliation process is conducted from date of identification of such receipts in effort to match them to the relevant tax revenue or non tax revenue category. The amounts are refunded or reclassified to the statement of financial performance as tax revenues or unmatched revenue after due effort is exhausted and this is considered to be period of up to 2 years.

31 March 2019

Tax revenue and modifications to payables/receivables (cont.)

-tax refunds relating to previous and current periods are accounted for in the period in which the refund is approved for payment and paid. Unclaimed refunds are accounted for as a liability to tax payers. Included in payables are temporary deposits whose likelihood of settlement is considered more probable than not, at the reporting date. These payables are non interest bearing and they expire at the earlier of redemption by the tax payer or the life determined by the relevant tax legislation and approval by the Commissioner General.

-inherent to the tax administration process is that assessments may be disputed, both in favor or unfavorable to the Government of Botswana, the degree of estimation uncertainty and confidentiality of pending favorable/unfavorable disputed tax assessments is considered too high, as such no disclosures are made in the financial statements.

-subsequent events may provide a conclusive and precise amount due to/from tax payers, materiality is considered for disclosure notes as contingent liabilities or contingent assets with no changes in actual amounts received or paid during the financial period.

Other tax revenue

Other tax revenue consists of cash received from tax payers in settlement of dishonored cheques that had been previously considered as delinquent and impaired.

Non tax revenue

Non-tax revenue consists of license fees and customs fines. License 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 ports of entry.

Changes in Accounting policies

Customs revenue - SACU pool receipts

During 2019, BURS changed its accounting policy for the treatment of SACU reciepts and remittances to provide faithfully representative and more relevant information, as follows;

Customs revenue and remittances

Customs – "SACU pool receipts" constitutes of non –exchange amounts received by the reporting entity by virtue of Botswana's membership with the Southern African Customs Union 'SACU'. The amounts are determined in line with relevant provisions of the SACU agreement. Customs revenue is recognized on a cash basis with due consideration for the business model underpinning the customs process, to the effect that; some modifications apply as follows;

P'000

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

Tax revenue and modifications to payables/receivables (cont.)

The customs collections and remittances process entails translation of currency units of Pula and other currencies collected from tax payers at the average foreign currency exchange rates prevailing at time of collection which may differ from the spot rate at remittance date. Such realized exchange gains/losses are accounted for within administered funds and included in the statement of financial performance as they are inherent to the customs revenue attributable to the Government of Botswana.

The customs collections and remittances process entails translation of currency units of Pula and other currencies collected from tax payers at the average foreign currency exchange rates prevailing at time of collection which may differ from the spot rate at remittance date. Such realized exchange gains/losses are accounted for within administered funds and included in the statement of financial performance as they are inherent to the customs revenue attributable to the Government of Botswana.

Whereas all customs collections must be accurately and completely remitted to the SACU pool, as the Government of Botswana contribution, differences may arise between amounts collected and amounts remitted, the effect being over or under remittances. Such overpayment/under payments remittances are offset against SACU receipts in the year they arose. This new policy has been accounted for retrospectively and the comparitive statements for 2018 have been restated. The effects of the change in 2018 is tabulated below:

Effect on statement of financial performance SACU receipts

SACU receipts - before restatement	17,864,375
SACU receipts - Re stated	17,674,018
Increase/(Decrease) in SACU receipts	(190,357)

Exchange gain or loss resulting from remittances of Custom duties to SACU

Total net revenue collected for the year - before restatement	40,478,556
Total net revenue collected for the year - Re stated	40,478,069
Increase/(Decrease) in total net revenue collected for the year	(487)

Adjustment of prior period errors

Prior period error relating to incorrect recognition of related party accounts receivables of SACU pool. Balance receivable from SACU was incorrectly recorded in the Statement of Financial position of financial year 2017 and financial year 2018 as BURS did not have the legal rights to recognise the receivable as per Annexure A, Clause 1(b) of the SACU Agreement. The financial statements of financial year 2018 have been restated to correct this error. The effect of the correction of this error has been summarised in the above table. There is no effect in financial year 2019.

31 March 2019

Another prior period error was relating to foreign exchange gain or loss resulting from remittances of Custom duties to SACU in the South African Rand currency (ZAR), was incorrectly recorded as payable to BURS: Own accounts in the statement of financial position of financial year 2017 and financial year 2018. Since BURS: Administered Government Revenue Accounts does not have any contractual obligation to pay BURS: Own Accounts, the financial statements of financial year 2018 have been restated to correct this error. The effect of the correction of this error has been summarised in the above table. There is no effect in financial year 2019.

2 INCOME TAX	2019	2018
	P'000	P'000
Income tax revenue collected during the year was derived from the following sources:		
Withholding tax	3,071,557	2,899,616
Deducted tax (Pay-As-You-Earn)	5,951,465	6,124,528
Assessed tax	8,168,849	7,726,445
Penalty interest	76,845	101,554
Capital transfer tax	11,293	8,777
Gross income tax receipts	17,280,009	16,860,920
Less: Refunds	(506,925)	(418,562)
Net income tax receipts	16,773,084	16,442,358

3 VALUE ADDED TAX ("VAT")

VAT is recognized 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 2019 and 31 March 2018 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analyzed as follows:

VAT import	4,659,509	4,433,520
VAT internal	4,474,038	4,121,517
VAT interest and penalties	38,383	39,732
Fuel levy	122,557	124,581
Gross receipts	9,294,487	8,719,350
Less: Refunds	(2,472,234)	(2,322,118)
Net VAT receipts	6,822,253	6,397,232

31 March 2019

4 CUSTOMS RECEIPTS

The customs receipts represent monies received by the Government of Botswana by virtue of membership to the Southern African Customs Union ("SACU"). SACU member states collect customs and excise duties and deposit the revenue into the SACU Common Revenue Pool in accordance with the provisions of the SACU Agreement and its respective ammendments that have been approved by member states.

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 the SACU Agreement. SACU pool customs cut-off transactions are accounted for in the statement of finanial position to the Government Remitance Account whilst effects of foreign currency translation differences are recorded in the statement of financial performance.

The adjustment of the overpayments to SACU is inline with the new accounting policy (Customs Revenue - SACU Pool Receipts) described under the Significant Accounting Policies which is adopted in financial year 2019. Acordingly, Customs - SACU pool receipts for 2018 financial year has been restated by offsetting the overpayments against the SACU receipts during the year.

There is no effect in financial year 2019.	2019	2018
	P'000	P'000
Customs - SACU pool receipts	14,788,519	17,864,375
SACU overpament adjustment	(97,632)	(190,357)
	14,690,887	17,674,018

5 OTHER TAX REVENUE

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

Replacement of prior years' dishonored cheques (Note 9)	219	10,065
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6 NON-TAX REVENUE

Non-tax revenue consists of license fees customs fines. License 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:

	695	28,788
Customs fines	654	28,763
License fees	41	25

31 March 2019

7 AMOUNT RETAINED FOR BURS FUNDING

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

BURS has complied with provisions of the retention guidelines and the amount transferred to BURS Own accounts from Administered Government Revenue Accounts during the financial year ended 31 March 2019 is as follows:

	2019	2018
	P'000	P'000
Amount retained for BURS funding	831,615	840,255
Consisting of:		
Amount retained for use in recurrent expenditure (Note 14)	631,522	530,155
Amount retained for use in development expenditure (Note 14)	200,093	310,100
	831,615	840,255
The limits for the year ended 31 March 2019 were as follows:		
Recurrent expenditure - 2 percent (2%) of total revenue collected	765,695	811,019
Development expenditure - 1 percent (1%) of total revenue collected	382,847	405,509
	1,148,542	1,216

8 REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

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

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

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

31 March 2019

2019 P'000 8,153 60,107 10,448 240,975 1,110	2018 P'000 8,329 62,301 11,263 197,669
8,153 60,107 10,448 240,975	8,329 62,301 11,263
60,107 10,448 240,975	62,301 11,263
10,448 240,975	11,263
240,975	
•	197,669
1,110	
•	2,087
467,144	486,227
787,937	767,876
payments due from	BURS Own
	19,236
9	1,217
94,224	92,054
(94,224)	(92,054)
9	20,453
(92,054)	(100,593)
(2,389)	(1,526)
219	10,065
(94,224)	(92,054)
	9 94,224 (94,224) 9 (92,054) (2,389) 219

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held in non interest bearing short term deposits representing cut off deposits yet to be transferred to the Government remittance accounts or third parties that are reported as payables

Double and sook halances	202.200	242404
Bank and cash balances	303,299	242,101

31 March 2019

	122,590	271,719	404,071
Amounts due to FNB	5,161	8,434	
Amounts overpaid by Government of Botswana	-	125,509	28,945
Unallocated tax payer receipts	18,706	39,884	149,264
Amounts due to tax payers	98,723	97,892	225,862
11 ACCOUNTS PAYABLE			

Amounts due to tax payers

These constitute of receipts for temporary import taxes that are refundable upon export, convenience advance deposits by agencies for customs clearance and tax refunds that remain unclaimed by the tax payer whilst the refunds have been approved.

Unallocated tax payer receipts

These constitute of tax payer receipts that have no specific tax payer identity or identifiable tax legislation to which the receipt is attributed.

Amounts overpaid by Government of Botswana

These constitute of amounts that were transferred to BURS administered fund bank accounts in exces of the amounts collectible from the Government of Botswana. These amounts are identified during the reconciliation of unallocated funds and are refundible to the Government of Botswana.

Amounts due to FNB

These constitute of contractual reimbursements due to FNB Botswana as a consequence of the tax collection arrangement. FNB Botswana remitted tax collections to Government of Botswana through the Administered Funds prior to tax payers' bank transfer clearance. The tax payer transfers failed and FNB Botswana has a contractual claim over the uncleared collections.

12 EVENTS AFTER THE REPORTING PERIOD

Covid 19 Pandemic:

The Government of Botswana issued several pronouncements in respect to the Covid 19 pandemic. These pronouncements include amendments that are likely to have an impact on the cash inflows from tax revenue, customs receipts and other collections on behalf of Government departments and entities, collectively referred on these financial statements as administered funds. At the time of preparation of these financial statements, the extent and size of the impact may not be reliably determined. This subsequent event assessment has been extended to evaluate the going concern prospects of administered funds with a preliminary conclusion that there is no doubt over the continued operation of the administrative process whose outcome is reported in these financial statements.

31 March 2019

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise BURS as reported in BURS Own Accounts and Government Entities whose statutory collections are executed by BURS. Transactions with related parties are in the normal course of business and on terms consistent with Memoranda of Agreements. Due to the nature of BURS's business, there are a large number of transactions, relating to tax collection income with Government departments and other Government entities, these are not included in these financial statements as related party transactions and balances.

The following are transactions and balances with related parties:

BURS - As reported in BURS Own Accounts	2019	2018
	P'000	P'000
Amount retained for BURS funding		
Recurrent expenditure	631,522	530,155
Development expenditure	200,093	310,100
	831,615	840,255
Amounts due from BURS		
Point of sale and other bank charges	-	18,391
Amounts due to Government Entities	(91,596)	(122,746)
Human Resource Development Council	(69,438)	(97,861)
Motor Vehicle Accident Fund	(2,046)	(2,198)
BURS -Commissions payable	(20,112)	(22,687)
Amount (due to)/from Government:	(89,122)	113,520
Amount due to Government:	(89,122)	-
Amount due from Government:	-	113,520

14 Reclassification of amounts attributed to Government Remittance Account

In previous years SACU pool cut-off transactions and Exchange gains/losses on remittances of customs collections were treated as Receivable from SACU and Payable to BURS Own Accounts respectively. However this classification is incorrect according to the existing SACU Agreement and modified cash basis Accounting framework respectively. This has now been corrected and reclassified in to Amounts attributed to Government remittance Account. This adjustment was considered to be a correction of an error in accordance with IAS 8 and applied retrospectively. Refer to note below for the impact on Financial Statements.

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14 Reclassification of amounts attributed to Government Remittance Account (cont.)		
	2018	2017
Net Assets	P'000	P'000
Amount attributed to Government remittance account - As previously stated	45,415	380,290
Reclassification of SACU pool cut-off transactions	114,086	(76,271)
Reclassification of Foreign currency exchange gains on customs remittance	(45,981)	(46,468)
Net Assets - restated	113,520	257,551
Accounts receivable-SACU		
Receivable from SACU - As previously stated	114,086	-
Reclassification of SACU pool cut-off transactions	(114,086)	
Receivable from SACU - Re stated		
Accounts payable-SACU		
Customs and excise duties - As previously stated	-	(76,271)
Reclassification of SACU pool cut-off transactions	-	76,271
Customs and excise duties - Re stated	-	-
Effects of Customs remittances on profit and loss due to changes in accounting policy		
Cumulative effects at the beginning of the year	114,086	-76,271
Cumulative effects at the end of the year	211,718	114,086
Movement restated to Profit and Loss (Note 4)	(97,632)	(190,357)
* Foreign curency exchange		
Fluctuations of foreign exchange rates payable to BURS own accounts	(45,981)	(46,468)
Reclassification of Foreign currency exchange gains on customs remittance	45,981	46,468
Foreign exchange payble to BURS own accounts Re - stated	-	-
Effects of currency gains/losses of Customs remittances on profit/loss	2019	2018
due to error	P'000	P'000
Cumulative exchange gains/(losses) at beginning of the period	45,981	46,468
Cumulative exchange gains/(losses) at end of the period	54,463	45,981
Gains/(losses) from transactions during the year	8,482	(487)

NOTES

