



BOTSWANA  
EXAMINATIONS  
COUNCIL

A N N U A L  
R E P O R T

**2013/14**

Advancing learning, certifying your future

# OUR VISION

To be a provider of accessible and globally competitive qualifications

## VISION COMMENTARY:

**Accessibility:** We envisage a future where our services cater for and attract a diverse clientele, provision of inclusive, affordable assessments that are equitable, easily available, reachable and fair, giving equal opportunity to all irrespective of their background.

**Globally Competitive:** We envisage a future where the quality of our qualifications meet national aspirations and international standards; addressing needs of both national and international markets and able to compete with international qualifications.





# OUR MISSION

To provide a credible and responsive assessment and examination system.

## MISSION COMMENTARY:

**Credible:** Trustworthy and Error free assessments and examinations that conform to both the local and international standards.

**Responsive:** Examination and Assessment system that is affiliated to the national curriculum, takes into cognisance candidates with special needs and is not detached from current issues in the environment, also relevant to the local market.





# BEC VALUES

## EXCELLENCE

We have passion for quality work and outstanding performance characterised by the use of innovative and creative solutions.

## INTEGRITY

We uphold best practice standards, honesty, professionalism and ethical behaviour.

## TRANSPARENCY

We are open in all matters of public interest while safeguarding confidential information.

## PEOPLE FOCUS

Our people; employees, the community we serve and nation at large is profoundly important to us. We are thus committed to cultivating a culture that is characterised by mutual respect, professionalism, courtesy, compassion and sharing to build lasting and rewarding relationships.



# ABOUT US

The Botswana Examinations Council (BEC) was established by an Act of Parliament (Cap. 58:03) as a body Corporate governed by a Council. BEC is mandated under Section 5 of the Act to conduct School examinations and any other examinations for the Ministry of Education and Skills Development (MoESD) and issue certificates in respect of these examinations. The national school examinations are; Primary School Leaving Examinations (PSLE), Junior Certificate Examinations (JCE) and the Botswana General Certificate of Secondary Education (BGCSE).

BEC's key business activities include the development of an assessment policy, assessment instruments and regulations for the conduct of national school examination programmes in the general education subsector.

The specific functions and responsibilities of BEC are to:

- advise the Ministry of Education and Skills Development on assessment issues;
- provide appropriate assessment programmes and examination instruments;
- provide examination procedures for all aspects of examinations;
- administer and manage the national examinations and certification process;
- provide regulatory mechanisms for national examinations;
- accredit all examination centres;
- award qualifications in national examinations;
- maintain competitive standards in national examinations; and
- ensure the maintenance of internationally competitive performance standards.



CONTENTS

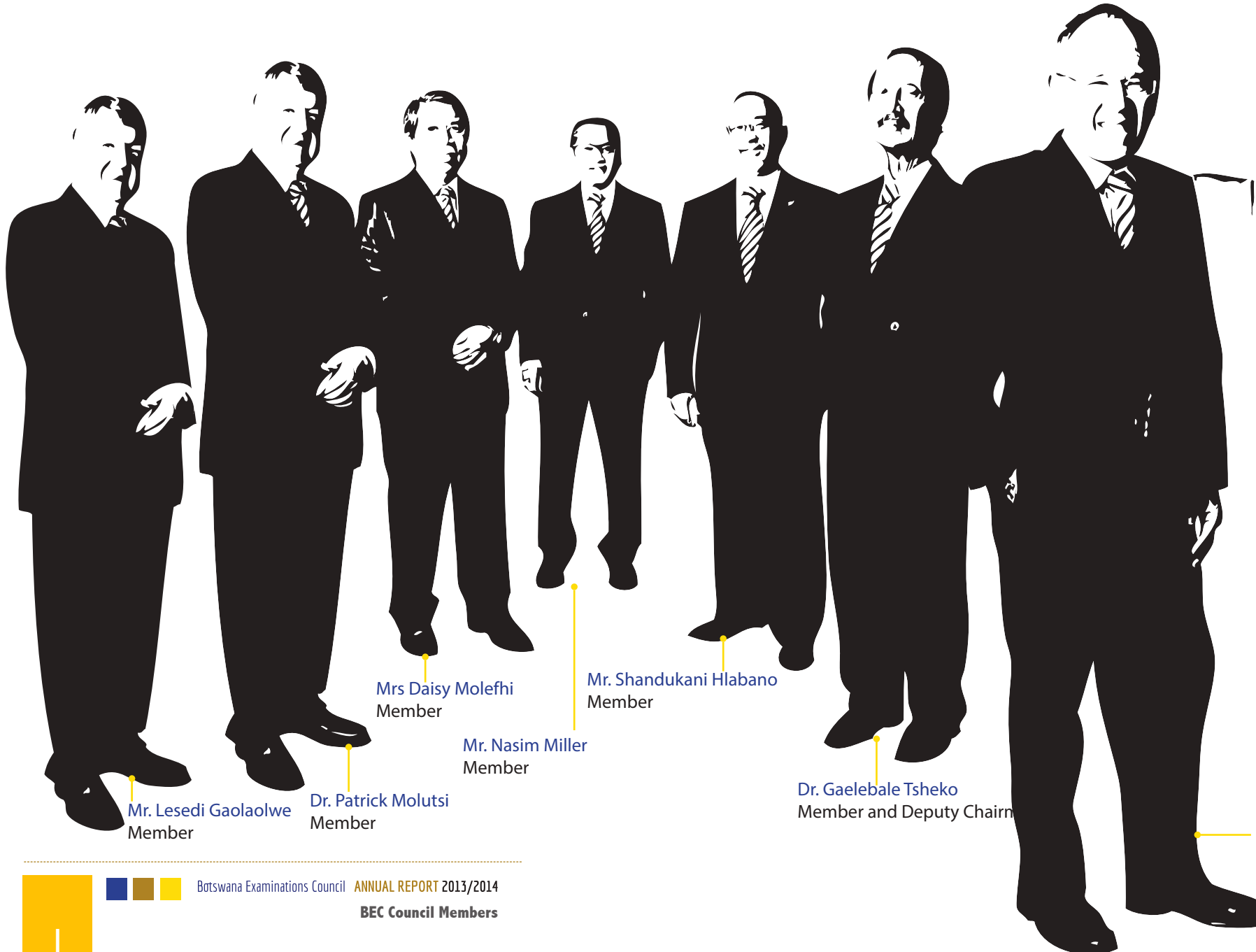
01	BEC COUNCIL MEMBERS.....	1
02	EXECUTIVE MANAGEMENT TEAM.....	3
03	CHAIRPERSON'S REPORT.....	4
04	EXECUTIVE SECRETARY'S STATEMENT.....	5
05	GOVERNANCE.....	6
	• GOVERNANCE STRUCTURE - 7      • ORGANISATIONAL STRUCTURE - 9	
06	BEC AT A GLANCE.....	10
	• 4TH ANNUAL EXCELLENCE AWARD - 10      • BOTSWANA NATIONAL EXAMINATIONS PROCESSING SYSTEM - 10	
	• BEC HOSTS LESOTHO EXAMINATIONS COUNCIL - 10      • APPOINTMENT OF THE CARETAKER EXECUTIVE SECRETARY - 11	
	• CORPORATE SOCIAL RESPONSIBILITY - 12      • PUBLIC EDUCATION - 13	
07	REVIEW OF OPERATIONS.....	15
	• QUALITY PRODUCTS AND SERVICES - 15      • ORGANISATIONAL EFFICIENCY & EFFECTIVENESS (STRATEGY) - 17	
	• PRODUCT DEVELOPMENT AND STANDARDS & EXAMINATIONS - 22      • BEC TRANSFORMATION - 31	
	• BEC CORPORATE COMMUNICATIONS STRATEGY - 32      • OFFICE OF STRATEGY AND MANAGEMENT - 33	
	• HUMAN RESOURCES - 34      • LOOKING TO 2014/2015 - 37	
08	FINANCIALS STATEMENTS.....	39



# 01 **BEC** **COUNCIL** **MEMBERS**







Mr. Lesedi Gaolaolwe  
Member

Dr. Patrick Molutsi  
Member

Mrs Daisy Molefhi  
Member

Mr. Nasim Miller  
Member

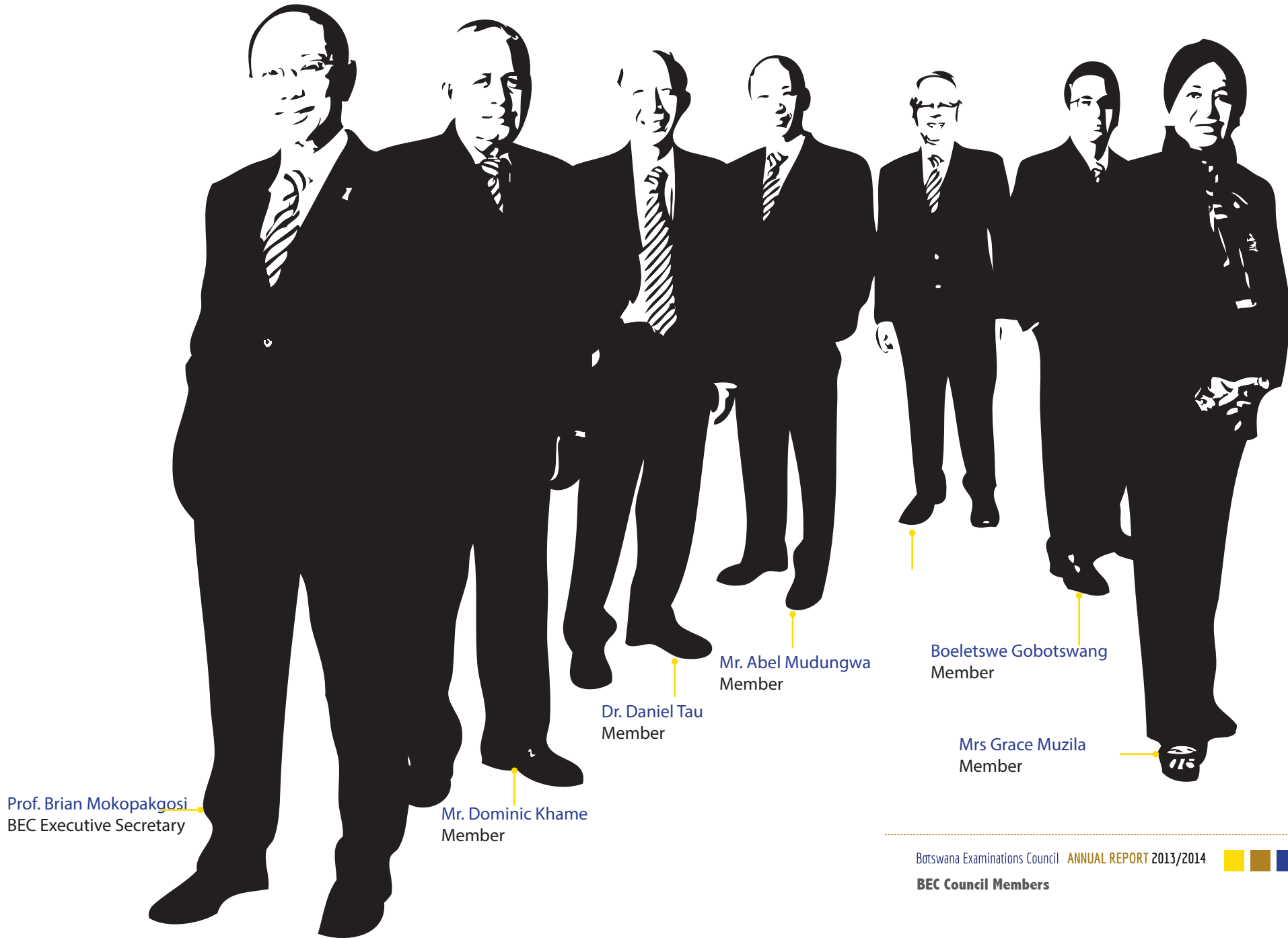
Mr. Shandukani Hlabano  
Member

Dr. Gaelebale Tsheko  
Member and Deputy Chair

Dr. Joseph Tsonope  
Chairman







Prof. Brian Mokopakgosi  
BEC Executive Secretary

Mr. Dominic Khome  
Member

Dr. Daniel Tau  
Member

Mr. Abel Mudungwa  
Member

Boeletswe Gobotswang  
Member

Mrs Grace Muzila  
Member



# 02

# EXECUTIVE MANAGEMENT TEAM



# CHAIRMAN'S Foreword

03



Once again it gives me tremendous pleasure to present the 2013/14 Botswana Examinations Council Annual Report. The report provides insight into the complex activities, strategies and innovations employed by the Botswana Examinations Council (BEC) in delivering its mandate of assessment of general education in the country. The report also demonstrates the resilience of the BEC even when buffeted by internal and external winds. True to its core mandate the BEC professionally delivered credible examination results at all levels during the year under review. At the beginning of the year, the BEC voluntarily subjected itself to an investigation of its examinations processing system and supporting pillars. The exercise was motivated by a desire to engender efficiency into its processes, as well as responsiveness to stakeholder interest. The investigation shook the organisation in many ways resulting in leadership changes. The exercise however, resulted in a new positive thinking in the organisation and commitment to a corporate BEC by employees and Board members.

One of the major outcomes of the investigation was the organisation's renewed commitment to corporate governance. The BEC continued to provide opportunity for members of the Board and staff to get training on corporate governance. Activities across all echelons of the organisation and right up to the Board were anchored on the principles of corporate governance.

Another noteworthy accomplishment was the successful delivery of PSLE and BGCSE results through the examinations processing system, popularly known as MALEPA. Only the JCE results were processed through the legacy system, but preparations were put in place to process these through MALEPA in the next year. To the credit of the BEC, all the three examinations results were released on time.

The year under review was an unusually difficult one financially, a development that found the BEC seriously exploring third stream funding for its sustainability. In spite of this dire financial situation the BEC was able to deliver on major activities including the 4<sup>th</sup> Annual Excellence Awards held in June 2013. The Annual Excellence Awards are organized and financed in conjunction with the Ministry of Education and Skills Development to celebrate outstanding performance in the schools. Botswana's high-flying success-driven phenomans have been tracked all over the world at world-class institutions. The BEC was also able to begin the process of institutional transformation that will see BEC become a high performance National Assessment Authority with a policy to provide system level feedback by March 2016.

I commend the report to you.

Dr Joseph Tsonope  
**Board Chairman**



The 2013/14 year presented a number of challenges to the organisation. It started against a backdrop of some problems experienced in the implementation of the MALEPA system, which raised questions on the credibility of our examinations processes. There was also in the same period, an internal investigation going on which inevitably required that some staff be assigned to assist in the exercise and in the process caused some strain in their normal duties. This process also caused some instability on staffing, especially at senior levels and recruiting replacements to these positions proved difficult. Clearly, the reputation of the BEC as a national assessment body, hang in the balance.

In spite of the above, the Botswana Examinations Council was able to maintain high standards in the administration of the examinations. The 2013 Primary School Leaving Examination (PSLE), Junior Certificate Examinations (JCE) and Botswana General Certificate of Secondary Education (BGCSE) examination were conducted professionally and successfully. BGCSE and PSLE examinations were successfully processed through the MALEPA system, while the JCE was processed through the legacy system.

Cambridge International Examinations (CIE) has continued to express satisfaction with the manner in which we conduct the BGCSE examination. This is done through CIE's accreditation of BEC. Furthermore, as part of the accreditation agreement, the CIE continued to build capacity at BEC through training on various aspects of the examinations process. The CIE also carried out inspections of the BGCSE in October 2013 and noted that BEC officers have continued to ensure the security and integrity of Cambridge Examinations are maintained. Our

examinations centres and marking venues were equally rated high by the inspectors.

Towards the end of the year under review, the BEC finally launched its strategy. This was a significant milestone in the life of this organisation. A Performance Coordinator has also been appointed and this means that BEC is now poised to successfully implement performance management at individual and organisational levels in the next year.

The BEC has also continued to play its part in the associations in which it is a member such as the Southern African Association of Educational Assessment (SAAEA) and the Association of Educational Assessment in Africa (AEAA), of which the Executive Secretary was an executive committee member. The BEC made several donations throughout the year as part of its social responsibility efforts.

More detailed accounts of our operations and accomplishments for the year are contained in the text of this report. These are presented according to the five directorates of the BEC and the departments that fall under the office of the Executive Secretary. The final part of the report contains a summary of the challenges faced by the BEC at the end of the year and the financials for the year.

Brian T Mokopakgosi  
**Executive Secretary**





# 05 GOVERNANCE



## GOVERNANCE STRUCTURE

BEC is committed to upholding the principles of corporate governance, independence, transparency, sustainability, accountability and integrity, amongst others. As an examination body it is essential that BEC subscribes to the principles of good educational measurement and assessment standards.

BEC has divisions of Compliance and Quality Assurance and Internal Audit that help to ensure that internal controls are continually reviewed and adhered to for strengthening corporate governance and institutional intergrity.

## COUNCIL COMMITTEES

In terms of Section 12 (1) of the BEC Act, Council may appoint committees to assist in the discharge of its duties. The Council committee structure is as depicted in the diagram below:

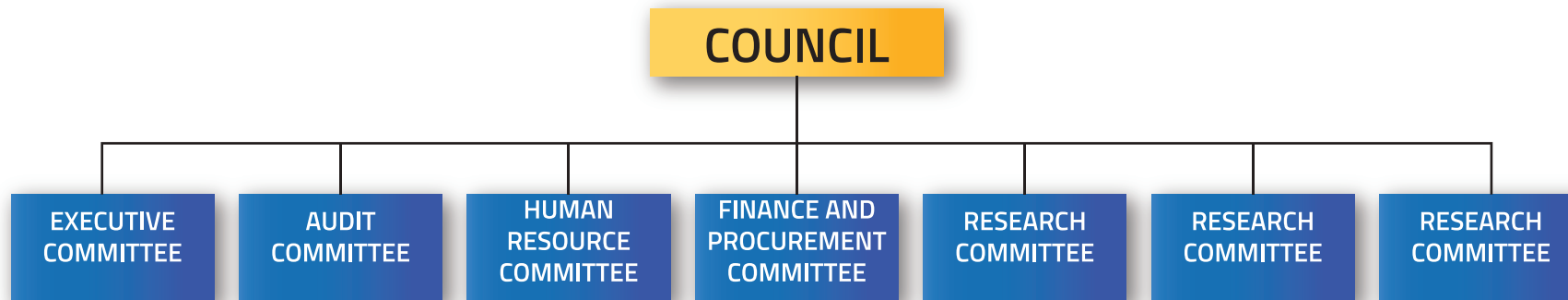


Figure I: Council Committes' Structure

### THE COUNCIL

BEC is governed by a Board referred to as the Council. The Council is appointed by the Minister of Education and Skills Development and consists of fourteen (14) members. The Council members are representatives from the Ministry including its Parastatals, a representative each from the Directorate of the Public Service Management, Botswana Police Service, the Public, the Private Sector, Teacher Organisations, and the BEC Executive Secretary. The Chairperson is an independent non-executive member of the Council who is also appointed by the Minister.

## EXECUTIVE COMMITTEE

The Executive Committee comprises the Chairperson and Vice Chairperson of the Council, the Executive Secretary and two other members of the Council. The committee's mandate is to deal with and make decisions on urgent issues that cannot wait for a full Council meeting. These decisions have to eventually be ratified by the Council. The Committee meets on an ad hoc basis.

## HUMAN RESOURCE COMMITTEE

The committee comprises seven members, two of whom are external human resources professionals while five are members of the Council. The Executive Secretary is among the five Council members and is the only executive management member in the committee. The responsibility of the committee is to monitor, evaluate and make recommendations to the Council with respect to policies and strategic matters related to the BEC human resource.

## FINANCE AND PROCUREMENT COMMITTEE

The committee comprises seven members, four of these are Council members including the Executive Secretary. Other members are the Director Corporate Services as well as two external members. The main function of the committee is to make recommendations to the Council for approval

of procurement of goods and services that are above the limit of the Management Tender Committee.

## RESEARCH COMMITTEE

The Research Committee is responsible for advising Council on the conduct of research and policy options emanating from research findings. In discharging its functions the Research Committee addresses the following specific duties:

- considers and advises Council and Executive Management on research areas to be addressed;
- approves research proposals;
- considers research findings and recommends action to Council;
- suggests policy options that emanate from the research findings to Council and the education system as a whole;
- facilitates the dissemination and utilisation of research findings; and
- considers such other research matters as Council may deem necessary.

## AUDIT COMMITTEE

The committee consists of five members, three of whom are Council members while the remaining two members of the committee are independent members from outside BEC.

The Audit Committee is instrumental in the Council's fulfilment of its oversight responsibilities relating to:

- the integrity of BEC's financial statements;
- BEC's compliance with legal and regulatory requirements;
- the qualifications, independence and performance of BEC's external auditors;
- monitoring the performance of BEC's internal audit function; and
- the business practices and ethical standards of BEC.

## EXAMINATIONS COMMITTEE

The Examinations Committee has powers to organise and coordinate examinations ensuring accessibility, equity and fairness of examinations. The Committee approves procedures and appointment of examinations personnel, considers investigation reports and recommendations on examinations malpractice and recommends appropriate action to the Council.

## FINAL AWARDS COMMITTEE

The Final Awards Committee is responsible for making recommendations to Council for the award of certificates based on standards determined by the Grading Advisory Committee and the related procedures for certification at PSLE, JCE and BGCSE.

# ORGANISATIONAL STRUCTURE

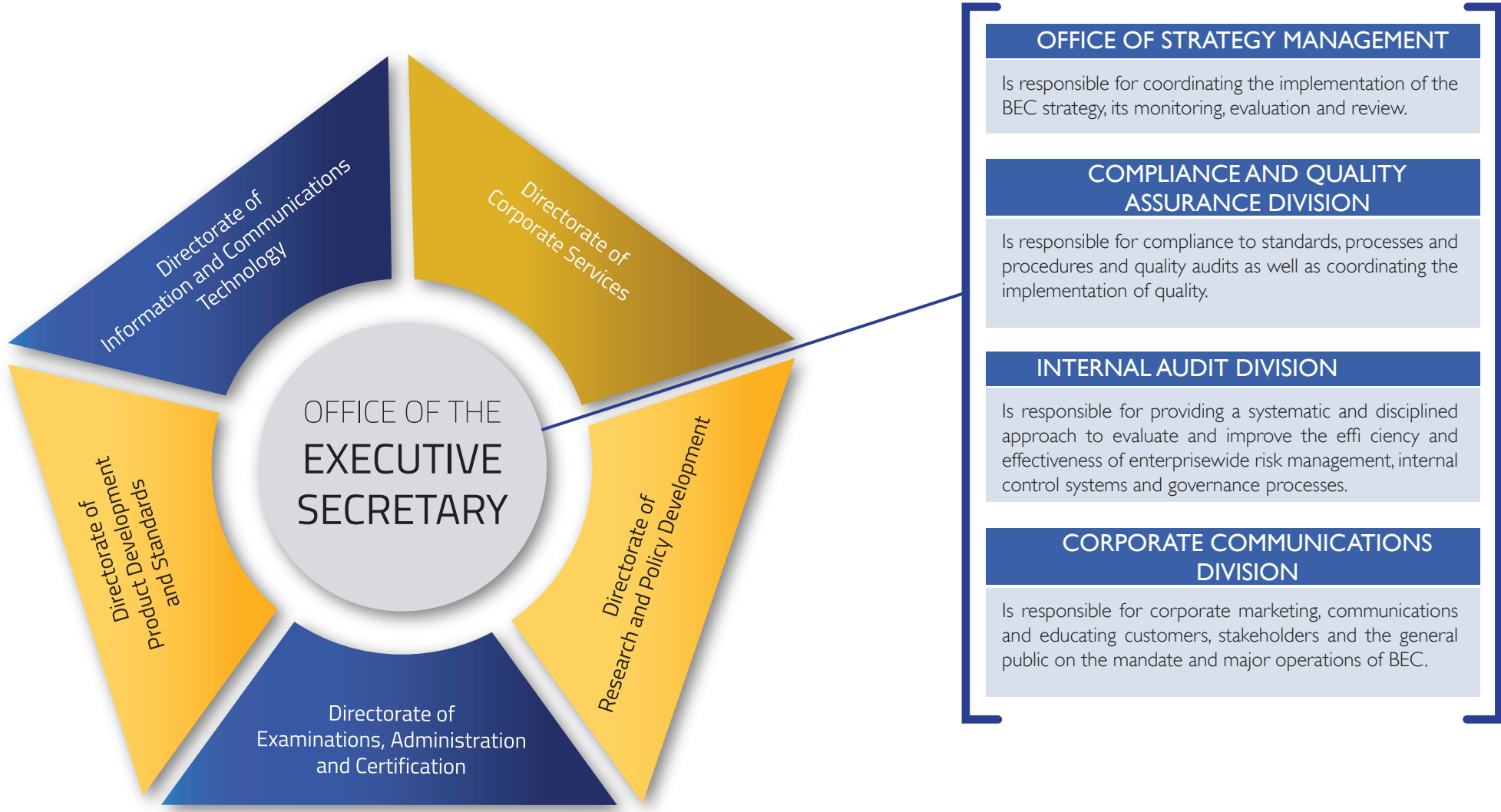


Figure 2: Organisational Structure





His Excellency the President Seretse Khama Ian Khama presenting Golden Star Award to Thulaganyo Amantle Tshukudu during the 4th Annual Excellence Awards ceremony.

## 4TH EXCELLENCE AWARDS

The celebration of the nation's top achievers in the form of the BEC Annual Excellence Awards began in May 2010 with only BGCSE. The awards, inaugurated by the Botswana Examinations Council, were intended to recognise and appreciate the excellent performance of the few candidates who had impressed the nation with their immaculate end of year examinations results. The Excellence Awards have since extended their wings to not only embrace top excelling performers at BGCSE, but across the other examination levels as well; precisely PSLE and JCE. Furthermore, the collaboration that exists between the Ministry of Education and Skills Development and BEC has impacted immensely on the growth of this initiative and hence the need to exalt Top Achievers of the 2012 examinations

that have borne the torch of the nation in their display of outstanding performances in all the diverse areas of the curriculum. The 4th Annual Excellence Awards ceremony was held in June 2013 at Tlotlo Conference Centre in Mogoditshane.

## BOTSWANA NATIONAL EXAMINATIONS PROCESSING SYSTEM (MALEPA)

The 2013 PLSE and BGCSE examinations were processed through MALEPA. The introduction of MALEPA in 2012 enabled the Botswana Examinations Council to process the BGCSE examination locally and to exercise more control over processes which led to reduced dependence on Cambridge International Examinations (CIE).

## BEC HOSTS LESOTHO EXAMINATIONS COUNCIL

Examinations Council of Lesotho delegation led by their Registrar Dr. Litsibako Ntoi visited Botswana Examinations Council for a benchmarking exercise on the 27th of January 2014.

The benchmarking exercise, which was focused mainly on but not limited to assessment of Primary Education saw the Lesotho delegation of four (4) visiting one of the local schools to familiarise themselves with the Botswana Examinations Council assessment criteria and the country's education system in general.

The Benchmarking exercise also provided the opportunity for the two to also discuss issues of transition of learners from Primary level to Secondary level (modalities of catchment schools) and the use of PSLE results in Botswana.

## APPOINTMENT OF THE CARETAKER EXECUTIVE SECRETARY



Prof. Brian Mokopakgosi was appointed in October 2013 as a Caretaker Executive Secretary.

Botswana Examinations Council appointed Professor Brian Mokopakgosi as the Caretaker Executive Secretary in October 2013. Professor Mokopakgosi joined BEC from the University of Botswana where he worked for many years as an academic and administrator. He held various positions at the University of Botswana; he served as a Dean of Faculty and Deputy Vice Chancellor for Academic Affairs. He was appointed to drive the BEC strategic mandate of the Council, as well as its day to day operations. Among his specific assignments Professor Mokopakgosi was to manage the conduct of the 2013 examinations to ensure that the results were released timely and with minimal glitches; to coordinate BEC Board Committees assigned to address the recommendations of the report of investigation on the conduct of the 2012 examinations; to ensure the expeditious implementation of the

decisions of the Board; and also to provide leadership for the major projects of the Council such as transformation of BEC that will result from the Amended Act.

## ENVIRONMENT, HEALTH AND SAFETY

During the period under review, the Botswana Examinations Council committed to ensuring that the organisation has sound health, safety and welfare practices in place which will be supported by local Organisational Health & Safety (OH&S) policies and procedures. As such BEC has put in place an annual wellness day intended to manage adverse employee health conditions for sustainable performance of their assigned duties.

A Health and Safety Committee comprising of eighteen (18) members who were trained in OHSAS 18001 in the last financial year has been put in place. OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help organisations to control occupational health and safety risks. It was developed in response to widespread demand for a recognised standard against which the organisation can be certified and assessed. BEC has also trained 22 First Aiders and developed a draft OH&S policy, a Fire Evacuation Procedure as well as Hazard Identification tool that will be used for OH&S audit.

It should be known that occupational health, safety and welfare are a shared responsibility and require constant awareness and input from all levels of the BEC employees. The committee is still working on tools and ways of engaging employees on such issues to ensure that we all have the opportunity on a daily basis to support OH&S practices.

## CORPORATE SOCIAL RESPONSIBILITY

During the year, BEC continued to perform its social responsibility obligations in various communities and institutions around the country in line with the Vision 2016 aspirations of a Caring and Compassionate Nation. A Draft Community Social Responsibility Policy for the organisation was completed by the Corporate Communications Division and still awaits approval.

A total amount of P215 000.00 was spent on Community Social Responsibility activities excluding the Excellence Awards which remain the biggest BEC Community Social Responsibility effort to date.

Some of the charitable causes sponsored by BEC during the period under review include the following:



The cyclists during the 400 km cycling roadshow campaign to raise funds for Lotsane Senior Secondary School



A St. Joseph's College student during the Setswana Debate Cup final at The University of Botswana.

### 1. Setswana Debate Cup - P75, 000.00

BEC sponsored the Setswana Debate Tournament with P75, 000.00. Setswana Debate is a tournament that provides a forum for the youth to meaningfully engage in dialogue with peers confronting the society today. The debate is aimed at promoting and protecting Setswana as a medium of communication and to promote a culture of debating to create a generation that is tolerant of diverse views thereby nurturing leaders that are democratic.

### 2. Lotsane Senior Secondary School 400 KM Cycling Road Show Campaign - P20, 000.00

Lotsane Senior Secondary School in collaboration with MVA fund organized the 400 KM Cycling Road Show Campaign to raise funds for Lotsane SSS to take students and teachers to Charleston Academy in Scotland for the "Connecting Classrooms" initiative. This initiative is used to motivate students to perform well academically. The two institutions exchange visits annually and Lotsane SSS has always used this platform to pick their best performing students to visit Scotland and this has proved to be a good motivation for students to improve their performance so as to be selected for the exchange visit.

### 3. Peculiar Productions- "Who is your Genius" TV Show. - P100, 000.000

The TV show "Who is your Genius" is an educational quiz show that is aimed at providing educational competitiveness among senior secondary scholars, add fun to education (edutainment), help form 5 students in revising for their final examinations as well as help them gain other skills other than academic acumen. BEC sponsored this TV show to the tune of P100 000.00 for the 13 Episodes aired on BTV starting from October 2013.

### 4. Prize Giving Ceremonies - P35, 000.00

BEC sponsored Semane Junior Secondary School prize giving ceremony in Serowe for P10, 000.00, Orapa Junior Secondary School prize giving ceremony to buy educational incentives worth P15, 000.00 and Morale JSS in Mahalapye prize giving ceremony to the tune of P10, 000.00.

## PUBLIC EDUCATION

### BEC Coordinated an Outreach Roadshow/Awareness Campaign and attended the Vision 2016 Launch in Tshane

Botswana Examinations Council through the Corporate Communications Office has been annually conducting school based road shows to address students, teachers, parents and sometimes other employees within the schools system on its mandate and new developments, such as the Botswana National Examinations Processing System (BNEPS). This usually happens in September and is a month long event.

From previous roadshows, it had become clear that some of the questions posed by participants were really for BEC's sister institutions such as BOCODOL, TEC and BOTA.

It was consequently proposed that the four institutions join hands together in these school based road shows starting from 2013, and that in addition to students and teachers, parents be invited to be part of the audience.



Certification Assistant Mr Kenneth Thokweng explaining BEC mandate to parents.



Assistant Corporate Communications Officer, Mr. Lesego Ntuluki attending to students at the Botswana Tertiary Education Fair.



## PUBLIC EDUCATION *Continued*

The Council also launched a Facebook page which has proved to be a popular communication platform for students as evidenced by the over 32000 likes on the page as of March 2014.

### BEC Participated in the HRDC Tertiary Education Fair to promote its mandate to Stakeholders

The purpose of the fair is to create a centralised platform where students can meet with tertiary institutions, their sponsors and the Ministry under one roof. BEC took the opportunity to interact with its stakeholders during the 2013 fair. During the fair, BEC disseminated information on its mandate, private candidate registration fees and registration dates, external examinations offered by BEC, and replacement of lost or damaged certificates.

### BEC featured in the following publications during the year under review

- Botswana UNESCO Report
- Botswana Review
- Commonwealth Partnerships Report
- Best of Botswana
- Khama Leadership – Five Years in Presidency 2013
- AEAA 2013 Report



Assistant Corporate Communications Officer Ms Jacqueline Monei with Vision 2016 Mascot explaining BEC mandate to the stakeholders at the Vision 2016 launch in Tshane.



Senior Corporate Communications Officer Mr Charles Keikotlhae addressing Gantsi Secondary School students during a Road Show.

## QUALITY PRODUCTS AND SERVICES

### QUALITY ASSURANCE

#### Compliance & Quality Assurance (CQA) Division

The office is responsible for coordinating the establishment of a quality management system compliant to ISO 9001:2008. The system would support establishment of effective corporate structures and systems to provide direction to the operations of the organisation.

#### Development of Documentation

Quality system documentation has so far been developed and is being continuously aligned to new developments to the examination system. This includes process maps and procedures that are currently on implementation.

#### Quality Assurance

BEC continues to enhance the quality of its products and services through best practice initiatives. In October 2013, Cambridge International conducted examination inspections throughout the country where twenty centres were covered. These were done in conjunction with the CQA office to check the staff understanding and implementation of four key dimensions of examinations administration. The latter included; key times and full centre supervision, security arrangements, the conduct of examinations and the standard of the examination room or set up.

### CIE continues BGCSE inspections in Botswana, October 2013

The Cambridge International Examinations (CIE) continued with the BGCSE inspections in Botswana during the reporting period in accordance with the agreement BEC has with the CIE. It was against this background that the CIE inspector Mr. Peter Tabbitt came to Botswana in October 2013 and had a briefing meeting with BEC Executive Management before he started the BGCSE inspections across the country.

Some of the concerns that he touched on and were raised in the previous CIE report included security of examinations papers and the inconsistency in the application of the examination regulations across centres. These are the areas that BEC has started to address during the 2013/14 and the BEC Executive Secretary Professor Brian Mokopakgosi has assured the CIE Inspector that BEC is working hand in hand with centres to address such areas of concern. One such area is internet connectivity, a challenge which BEC is addressing in consultation with the Ministry of Education and Skills Development (MoESD).

The CIE inspector has advised BEC that whatever solutions BEC might come up with to address challenges encountered at centres, such should be collaborative efforts with the concerned centres.

Examinations malpractice especially due to technological advances such as the introduction of smart wrist watches that candidates can slip into the exam room with while loaded with a lot of data are some of the contemporary challenges BEC could be faced with.



Cambridge International Examinations (CIE) Inspector Mr. Peter Tabbitt.

## ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS (STRATEGY)

### Research and Policy Development

In the current reporting period, BEC, through the Directorate of Research and Policy Development (RPD) engaged in various research activities. The activities were aimed towards achieving the three BEC strategic objectives as follows:

#### Objective 1: Enhancing Competitiveness and Relevance of BEC Qualifications

In line with the above strategic objective, RPD engaged in the following research studies; Customer Satisfaction baseline survey, Trends Analysis Study (Research Grant) and continued with international comparative studies that include Trends in International Mathematics and Science Studies (TIMSS), Progress in International Reading and Literacy Studies (PIRLS), and Harmonisation of Qualifications in Southern Africa.

#### Customer Satisfaction Baseline Survey

The study was completed and distributed to all BEC divisions so that they could see how their respective divisions performed in Customer Service. The baseline customer satisfaction index (CSI) for BEC was 69.9% which is not too far off the 75% target for the year.

#### Trends Analysis Study

This study was to be supported by a research grant. A call for proposals was released late in 2013/14 and by year-end one proposal had been awarded the grant. It is expected that the study shall be completed and findings disseminated in the 2014/15 reporting year.

#### TIMSS and PIRLS Studies

The national reports for the 2011 cycle for the two studies were completed by year end. National and regional dissemination conferences were planned for June of 2014/15 reporting year. TIMSS 2015 cycle continued and a pilot test for the study instruments took place in March 2014. The main survey is planned for October 2014.

#### Objective 2: Improve Assessment Services

The Directorate of Research and Policy Development (RPD) contributed in various ways towards the achievement of this Strategic Objective. The Directorate contributed indirectly by supporting other directorates and divisions as they work to achieve their targets within the objective. A direct contribution by Research Directorate was conducting studies that inform operations and help

BEC to improve its assessment services. Studies that were completed in the current reporting period include *Examiners' Level of Satisfaction with Marking Conditions, Agriculture Examiners' Scoring Consistency in the Junior Certificate Examinations and Reliability of Coursework Assessment*. The directorate also analyzed trial test results for the Directorate of Product Development and Standards and also submitted a project memorandum for the *National Assessment Project* to the Ministry of Education and Skills Development for possible funding.

#### Objective 3: Strengthen Stakeholder Engagement

Results summary reports for the PSLE, JCE and BGCSE examinations were prepared and used to give feedback on the 2013 candidates' performance to the Ministry of Education and Skills Development, Regional Education Offices, Schools and all other stakeholders. Results summaries were also posted on the BEC website for the students and the public. RPD also continued to give examination data and other research information to external customers. Customer Satisfaction is of major significance to most organisations nowadays because it is an indicator of how their products and services are performing in the marketplace. Hence measures of customer



satisfaction have become part of the strategies and balanced score cards for most organisations who wish to monitor their performance at the market place.

It is for this reason that customer satisfaction and balanced score cards have become part of the strategies adopted by most organisations for monitoring performance.

In line with the culture of maintaining high levels of productivity at BEC, a customer satisfaction baseline was started as a strategic initiative. Conducting a base line customer satisfaction survey was the top most objective from the 2010/11 strategic plan. It was to be against this baseline data that subsequent survey results would be placed to gauge customer satisfaction. A questionnaire was designed to solicit this data on various customer satisfaction dimensions.

For each dimension a scale was set with four points; Very satisfied, Satisfied, Dissatisfied and Very dissatisfied. A total of 4036 participants both internal and external to BEC responded to the questionnaire. Participants included teachers and schools heads in schools, examiners, BEC staff and members of the public who visited premises for various purposes. To measure the extent of satisfaction for each

dimension differences were calculated between the combined percentages of Very Satisfied and Satisfied and those of the combined Dissatisfied and Very Dissatisfied combined scores. Using the data it was estimated that Customers satisfaction exceeded customer expectations in all dimensions in varying degrees: Responsiveness 24%, Accuracy-correctness of service and products 56%, Accountability 42%, Communication with customers 40%, Customer Care 47%, Consultation of stakeholders 25%, Ability to assist customers 43% and Overall Products and Services provided by BEC 43%. In addition to the measures of satisfaction for each dimension and overall Customer Satisfaction Index (CSI) was estimated. This is a measure or metric that represents the overall satisfaction level of customers as one number, usually as a percentage. It is an important measure in the sense that it is an indicator that indirectly shows how an organisation is successful or profitable in its operations. Using two methods the CSI was estimated to be at 69.60% and 69.93%. All measures indicate that Customer Satisfaction has exceeded customer expectations and is on target with objectives. More effort needs to be made regarding responsiveness and Consultation of Customers.

## COURSEWORK VALIDATION REPORT

The study was conducted to find out quality practices entrenched in the process of conducting coursework assessment to enhance validity and reliability of outcomes. Data was collected from teachers, students, moderators and school administrators using questionnaires, observation schedules and interview guides.

Sampling was done based on the moderation schedule of different subjects. Schools were purposively sampled taking into account the distance to be covered from one school to the next. A proportional representative sample of 25 % of schools was obtained. Sampling of subject teachers, students and school administrators for completion of questionnaires and interviewing were nested within the purposively sampled schools. Forty-three schools were visited while thirteen schools were sent questionnaires to complete and send back. A total of 373 teachers (from 39 schools) out of the targeted 665 (from 56 schools) responded to the questionnaires which represented a response rate of 56.1 %. Males constituted 51.2 % and females 48.8 % of the sample. Agriculture had more teachers (21.0%) than any other subject whilst Music had the

## ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS (STRATEGY) Continued

least (4.0 %). It was found that:

- Teachers conducting coursework had high workload. Most of the subjects had manageable class sizes of less than 30 students, with the exception of Agriculture which had more of large class sizes (92.0%) of at least 31 students.
- Teachers generally lacked training on how to conduct coursework assessment. Both pre-service and in-service programmes were not insufficient to equip teachers' with the necessary skills to assess coursework.
- Resources identified for effective conduct of coursework assessment were categorised into three, namely time resource; physical resource; and human resource. It was found that time and physical resources were in acute shortage across all subjects, while human resource was in acute shortage particularly in Agriculture and moderate in the rest of the subjects.
- Monitoring and supervision was categorised into different levels, namely: Teacher Accountability; Senior Teacher Accountability, and Administrator

Accountability. There was generally low level of monitoring and supervision taking place during coursework. Monitoring and supervision of coursework particularly by senior teachers was negligible. This could probably be due to the fact that practical subjects were grouped and headed by one senior teacher who might not be familiar with all the subjects.

- Art and Design and Design and Technology were found to experience a medium level of monitoring and supervision.
- Teachers reported their assessment practices to be modest despite reporting constraints such as resources and training to assess. Teachers' understood coursework assessment to involve affective/soft skills, psychomotor skills, and holistic assessment of the child using multiple assessment modes and assessors.
- Standardization was treated as optional in the assessment of coursework, implying that there were no standards in the assessment. Standardisation was to some extent upheld by Design and Technology teachers. Given the above shortcomings, coursework marks

were not valid and reliable.

It was recommended that:

- Workload and class size should be reviewed with the view to reduce them to enable teachers to have more time for individualized assessment.
- The institution responsible for in-servicing teachers should be strengthened to conduct frequent courses on assessment to equip teachers with necessary basic skills.
- Senior teachers and Chief Invigilators should be thoroughly inducted on coursework assessment issues after promotion.
- Time for conducting coursework practicals should be specifically stipulated in the curriculum blue print and factored in the school timetable.
- Each subject should come up with a list of physical resources needed for effective conduct of coursework. These should then form the basis for accreditation by BEC for the subject and subsequently the school to offer coursework for the subject.

- Teachers should also be accredited before they embark on coursework assessment, and this should be reviewed periodically.
- There should be a limit as to the number of practical subjects a student can do to reduce pressure on available resources.
- To strengthen school-level monitoring and supervision, system-level monitoring should be functional. Officers from both BEC and Department of Secondary Education should visit schools regularly to monitor and assist teachers whenever they need help.

#### INTER SCORER RELIABILITY BETWEEN INTERNAL AND EXTERNAL EXAMINERS IN THE 2009 BGCSE EXAMINATION

##### Statement of the Problem

A general concern by BEC officers and teachers appointed as moderators is that there seems to be more focus on the finished product rather than the process involved in the completion of projects. The general concern is that it seems the scores collated by teachers over represent the students' abilities.

##### Hypothesis

School moderated scores for practical subjects are significantly reliable.

##### Purpose of the Study

The specific objectives of the study were:

- to investigate scorer reliability among the internal and external moderated scores in fifteen practical subjects in the 2009 BGCSE examination.
- to investigate scorer reliability among the teachers scores and internal moderated scores
- to investigate scorer reliability among the teachers and the external moderated scores
- to compare scorer reliability among the different subjects

##### Research Design and Analysis

The intention of the study was to gauge the extent of the inter scorer reliability between moderators and BGCSE examiners in each of the fifteen practical subjects, hence data from the Examination summary mark sheets for the subjects was used. For correlation analysis SPSS 17.0 programme was used.

##### Results

There was a perfect correlation, greater than 0.9 between the internal and external moderators in 40% of the coursework components in the following subjects:

Science: Double Award, Agriculture, Science: Single Award, Physics, Fashion and Fabrics 03 and Food and Nutrition 04.

Forty six (46%) of the components had a moderate correlation (0.7-0.89). The components included Home Management 02 and 03, Biology, Art, Business Studies, Physical Education, and Fashion and Fabrics 02.

Low correlations of less than 0.7 were found in two components: Food and Nutrition 03 and Design and Technology 02. Due to these variations, the marking keys used by the internal and external moderators should be interrogated to check if the understanding and interpretation of the marking key are the same. For the five components which had provided the teachers scores, the correlation coefficient between the teacher and internal and external moderation had moderate correlation (above 0.7) except for Design and Technology.

## ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS (STRATEGY) *Continued*

### **Recommendations**

Teachers, Education Officers and BEC Officers involved with the scoring of practical subjects with lower correlation coefficients like Design and Technology and Food and Nutrition should review the marking or scoring guidelines for the subjects to improve scorer reliability.

External moderators should score independently so that their scores are not influenced by those of the school.

### **Benefits of study**

BEC officers in subjects with low correlations will make informed decisions on how best to help the examiners so that reliability can be enhanced.



# PRODUCT DEVELOPMENT AND STANDARDS & EXAMINATIONS

## 2013 EXAMINATIONS

### I. ASSESSMENT SYLLABUSES

BEC develops assessment syllabuses which are used as explicit statements that help schools with what it is that is to be assessed. Their existence is also necessary for the development of question papers as well as assessment criteria for school-based assessments.

There was no new assessment syllabuses developed for the *Primary School Leaving Examination (PSLE)* and the *Botswana General Certificate of Secondary Education (BGCSE)* levels during this period of reporting.

For the 2013 *Junior Certificate Examination (JCE)* there were no new assessment syllabuses examined for the first time. However, development of the Moral Education and Physical Education assessment syllabuses for examinations in 2014 and 2016 respectively continued. The 2013 JCE examination was the second examination of the revised junior secondary curriculum implemented in 2010. JCE English Paper 3 (literature component), Art Paper 2 and Home Economics Paper 3 were being examined for the first time in 2013. The revised scheme of assessment for English Paper 3 was not included in 2012 because it required further consultation with centres. The new scheme is consistent with the revised curriculum intentions of teaching literature.



Junior Secondary school students writing trial examinations

## 2013 EXAMINATIONS *Continued*

The assessment for BGCSE Accounting was revised for first examination in the first quarter of 2014. The revision was in consultation with the Department of Curriculum development and Evaluation and teachers. The revision focused on aligning the BGCSE to the IGCSE syllabus following amendments in the latter to take on the latest trends in the field of Accounting.

### 2. SYLLABUSES, QUESTION PAPERS AND MARK SCHEMES PRODUCTION

The question papers and mark schemes ensure that standards of assessment across syllabuses from year to year are comparable in terms of skills coverage and difficulty levels and also cover the ranges of ability of the learners. The quality of the 2013 question papers was, in general, comparable to that of 2012.

#### PSLE

A total of nine (9) syllabus components were available for the seven (7) syllabuses offered for the 2013 PSLE. Six of the components were multiple choice (Science, Mathematics, Social Studies, English, Setswana and Religious & Moral Education) and three (3) were written format (Agriculture, Setswana and English).

#### JCE

The 2013 JCE was the second examination for the revised Junior Secondary curriculum which was implemented in 2010. Seventeen (17) syllabuses were available, one (1) of which was available to private candidates only. The assessment was carried through forty nine (49) components – thirty eight (38) written examinations, three (3) practical examinations and eight (8) coursework assessments.

#### BGCSE

For 2013 BGCSE, the question papers were moderated externally by CIE as part of the accreditation agreement to ensure their quality and appropriateness. A total of eighty seven (87) syllabus components were available for the 2013 examination series. Out of the eighty seven (87) components, Seventy nine (79) were for BGCSE syllabuses and the remaining eight were from the three syllabuses (Additional Mathematics, Statistics and French) borrowed from CIE. Fifty five (55) were of written format, nine (9) multiple choice, (ten) 10 practical assessment tasks and thirteen (13) coursework assessments.

### 3. CANDIDATURE

#### PSLE

A total of 43 788 candidates sat the PSLE, an increase of 0.47% from the previous year. Of this number, 22 135 were females and 21 653 were males.

#### JCE

A total of 38 944 candidates sat the JCE, an increase of 1.2% from the 2012 examination. There were 19 454 female candidates and 19 490 male candidates. Candidates sat the examination in 268 centres and there were 36 804 school candidates and 2 140 private candidates.

#### BGCSE

A total of 34 069 candidates sat for the 2013 BGCSE examination, an increase of 7.59% compared to the previous year. There were 19 231 females candidates and 14 838 male candidates. Candidates sat the examination in 75 centres and there were 24 494 school candidates and 9 575 private candidates.

## 2013 EXAMINATIONS *Continued*

Examination Level	School Candidates	Private Candidates	No. of centres	No. of syllabuses	No. of papers
<b>PSLE</b>	43 788	-	830	7	9
<b>JCE</b>	36 804	2 140	268	17	49
<b>BGCSE</b>	24 494	9 575	75	31	87

Table 1: 2013 Summary of candidature by level, number of syllabuses, centres and papers

### 4. CONDUCT OF THE EXAMINATIONS

Centres were provided with training to ensure compliance to the BEC regulations for the conduct of examinations. Retired School Heads were also recruited and engaged as Regional Examinations Administrators (REAs) on a part-time basis to conduct centre inspections before and during the examinations to monitor the conduct of examinations. This has resulted in reduced number of malpractice cases across the three examination levels.

#### PSLE

The PSLE was administered from the 14 to the 18 October 2013. Prior to the examination, training was conducted for 851 invigilators and 37 Regional Examination Administrators. During the examination,

35 Regional Examination Administrators (REA) were engaged to monitor the conduct of examinations. Out of 830 centres which were administering PSLE, 739 centres were inspected.

#### JCE

The JCE was administered from 21 October to 07 November 2013. Prior to the examination, training was conducted for 245 Chief Invigilators and 25 Regional Examination Administrators. During the examination, 25 Regional Examination Administrators (REA) were engaged to monitor the conduct of examinations. Out of 268 centres which were administering JCE, 248 centres were inspected.

#### BGCSE

The BGCSE examination papers were administered from 07 October to 15 November 2013. Prior to the examination, training was conducted for 79 Chief Invigilators and 11 Regional Examination Administrators. During the examination, 11 Regional Examination Administrators (REA) were engaged to monitor the conduct of examinations. Out of 75 centres which were administering BGCSE, 66 centres were inspected.

## 2013 EXAMINATIONS *Continued*

Examination Level	Candidature	No. of centres	No. of Chief Invigilators Trained	No. of papers
<b>PSLE</b>	43 788	830	851	37
<b>JCE</b>	38 944	268	245	25
<b>BGCSE</b>	34 069	75	79	11

Table 2: 2013 Summary of candidature by level, number of centres, invigilators trained and number of papers

### 5. MARKING AND MODERATION

Marking of candidates' scripts was conducted for the year under review. Examiners were recruited on a competitive basis through advertising on the local media. Training of personnel engaged to assist with various examination processes continued to provide a pivotal means of enhancing development of skills required for BEC to deliver on its strategic objective of enhancing competitiveness and relevance of its qualifications. Training was conducted for examiners at BGCSE examination level, teachers handling syllabuses with coursework and moderators at JCE and BGCSE.

#### PSLE

The marking of scripts started on 29 October 2013 and was completed on 10 November 2013. A total of 1 098 examiners were engaged to mark the three PSLE free response papers.

#### JCE

The marking of scripts started on 02 December and was completed on 16 December 2013. A total of 2 006 were engaged to mark the 28 free response and practical examination papers. Moderation was conducted for eight coursework components and in all 331 moderators were trained and engaged. Teachers at school level were also trained on the application of the coursework assessment criteria.

#### BGCSE

Training of examiners was conducted for various syllabuses and in all 212 examiners were trained. The marking of scripts started on 02 December and was completed on 24 December 2013. A total of 1 289 were engaged to mark 55 free response and practical examination papers. Moderation was conducted for the thirteen coursework components and in all 185 moderators were trained and engaged. Teachers at school level were also trained on the application of the coursework assessment criteria.



## 2013 EXAMINATIONS *Continued*

Examination Level	No. of Examiners	No. of Moderators
PSLE	1098	-
JCE	2006	331
BGCSE	1289	185

Table 3: 2013 Summary by Examination Level, No of Examiners and No. of Moderators

### 6. CANDIDATES WITH SPECIAL NEEDS

BEC continues to ensure that candidates with Special Needs have access to a fair assessment. This was done through the access arrangements procedure and the special considerations procedure.

#### ACCESS ARRANGEMENTS

Centres were allowed to apply to BEC for arrangements to be made prior to the examination for ease of access for candidates with long-term or permanent disabilities.

#### SPECIAL CONSIDERATION

Candidates who sat the examinations under adverse conditions like illness, bereavement etc. were given special consideration in accordance to the BEC regulations and guidelines. This was to ensure that the conditions under which the candidates wrote the examinations were scrutinized to eliminate possibilities of disadvantaging the candidates.

ACCESS ARRANGEMENTS	NUMBER OF CANDIDATES		
	PSLE	JCE	BGCSE
Modified Papers	54	95	16
Extra-time	102	18	26
Enlarged Print	27	30	12
Reader	17	4	-
Separate Room	37	8	7
Prompter	-	-	-
Braille	4	7	9
Assistive Technology Devices	3	1	10
Rest Breaks	4	3	5
Oral Breaks	4	-	-
Writer/Scribe	9	-	-
Preferential Sitting	1	5	-
Sign Language Interpreter	1	-	-
Alternative to Practical	-	8	-

Table 4: 2013 Summary of candidates and type of access arrangements applied for

## 2013 EXAMINATIONS *Continued*

Examination Level	No. of Candidates
PSLE	34
JCE	178
BGCSE	89

Table 5 2013 Summary of candidates who applied for special consideration.

### 7. GRADING

#### PSLE

The standard setting meetings for the 2013 PSLE examination took place from 13 to 15 November 2013. During the standard setting, cut offs at key grades (A, C and E) are determined using professional judgement done by a panel of judges selected from practicing teachers who are familiar with the curriculum and the capabilities of candidates for the examination.

The meetings were followed by the grading meetings which took place from 20 to 23 November 2013. During grading, the outcomes of judgement were confirmed with statistical evidence.

#### JCE

For JCE, 2013 was the second year in which the standard based grading was used. After the release of the 2012 results it became evident that the stakeholders were still not aware of the expectations of the assessment. As a result, in 2013, BEC embarked on a series of consultation workshops with education officers and schools to conscientise them on the expectations of the new assessment. Five (5) workshops were held in collaboration with the Department of Basic Education of the Ministry of Education and Skills Development to cover all the education regions.

Grading of the 2013 JCE took place from the 3rd to 12th January 2014. The grading process also uses professional judgement and statistical evidence is used to validate the professional judgement. The professional judgement entails setting cut offs at key grades (A, C and E) after marking and this is done by principal examiners and team leaders. The professional judgement of the principal examiners is based on their experiences from the marking of scripts leading to recommendations of cut offs at key grades.

#### BGCSE

The grading procedure at BGCSE uses a combination of professional judgment and statistical evidence. In an effort to improve the process from previous years, one full week was dedicated to the pre-grading stage of the process in which Product Development Officers interrogate all pieces of evidence before them in preparation for an awarding report to be considered by the Grading Advisory Committee (GAC), which is a validation structure.

GAC validates recommendations of cut offs during each grading session for PSLE, JCE and BGCSE. GAC is comprised of members from BEC, 2 members from key stakeholders (Botswana College of Open Distance Learning and Curriculum Development & Evaluation). For BGCSE there is a representative of Cambridge International Examinations (CIE) as part of the accreditation agreement between CIE and BEC. Grading of the three borrowed syllabuses was done by CIE.

For BGCSE, the grading process is followed by grade review. In this process scripts of candidates who are at the greatest risk of being awarded incorrect grades are reviewed to clear doubts. For 2013 these were candidates who were either on the borderline

## 2013 EXAMINATIONS *Continued*

to the next grade or whose component grades had a discrepancy of three. Priority was given to those candidates for whom both conditions were applicable. The process took place from 3 – 7 February 2014 and was audited by the CIE consultant who had attended the grading session. This is also a requirement of the accreditation agreement between CIE and BEC.

### 8. PERFORMANCE OF CANDIDATES - 2013 EXAMINATIONS

#### PSLE

The proportion of candidates obtaining an overall Grade C or better went up by **2.7%** from **64.9%** in 2012 to **67.60%** in this year. The percentage of candidates obtaining Grade A in the 2013 examination was at **12.70%** against **13.2%** of 2012 representing an insignificant decline of **0.5%**. In 2013, **17.60%** of the candidates obtained an overall Grade B compared to **15.2%** of 2012, representing an increase of **2.4%**.

#### JCE

Overall, as shown in the Table 7, the outcome at syllabus level show that a sizeable proportion of candidates demonstrated better acquisition of skills and knowledge in Art (51.4%), Moral Education (40.3%) and Home Economics (40.8%). Science, French, Physical Education and Design and Technology were below 20% at grades A to C which indicated that they really had not satisfied the standard specified at grade C. Moral Education dropped by 2.9% at grade A but the rest of the syllabus performed similar to 2012.

OVERALL GRADE	2012		2013		Diff.
	PCT	CUM PCT	PCT	CUM PCT	
<b>A</b>	13.20	13.20	12.70	12.70	-0.50
<b>B</b>	15.20	28.40	17.60	30.30	+1.90
<b>C</b>	36.60	65.00	37.30	67.60	+2.60
<b>D</b>	34.40	99.40	5.80	93.60	-5.80
<b>E</b>	0.70	100.00	0.00	99.40	-0.60
<b>U</b>	-	-	-	100.00	-

Table 6: Overall cumulative percentages in 2012 and 2013

2013 EXAMINATIONS Continued

SUBJECT	GRADES A TO C			GRADES A		
	2012	2013	% Difference	2012	2013	% Difference
1. Setswana	31.0 %	26.4%	- 4.6	0.3%	0.3%	- 0.0
2. English	35.6 %	28.4%	- 7.2	1.4%	0.1%	- 1.3
3. Mathematics	33.3 %	28.7%	- 4.6	3.9%	3.0%	- 0.9
4. Science	21.4 %	19.8%	- 1.6	1.8%	2.5%	- 0.9
5. Social Studies	33.9 %	33.9%	0.0	1.9%	0.7%	- 1.2
6. Agriculture	29.4 %	29.7%	+0.3	0.6%	0.2%	- 0.4
7. Design and Technology	11.5 %	10.1%	- 1.4	0.8%	0.5%	- 0.3
8. Home Economics	34.7 %	40.8%	+6.1	2.9%	3.6%	+ 0.5
9. Physical Education	16.4 %	14.4%	- 2.0	1.4%	0.6%	- 0.8
10. Commerce and Office Procedures	14.1 %	9.5%	- 4.6	0.1%	0.0%	- 0.1
11. Commerce and Accounting	28.6 %	19.8%	- 8.8	0.2%	0.1%	- 0.1
12. Religious Education	29.5 %	26.4%	- 3.1	0.1%	0.2%	- 0.1
13. Art	53.6 %	51.4%	- 2.2	2.9%	1.8%	- 1.1
14. General Science	10.2 %	2.9%	- 7.3	0.4%	0.3%	- 0.1
15. Moral Education	45.6 %	40.3%	- 5.3	7.1%	4.2%	- 2.90
16. French	11.3 %	8.5%	- 2.8	0.8%	0.6%	- 0.2
16. Music	18.7 %	24.7%	+ 6.0	0.3%	1.3%	- 1.0

Table 7: Summary of grade frequencies (A to C and A) by syllabus

Table 8 below shows proportions of candidates at each overall grade in 2012 and 2013. The proportions show decreases at grades A to D and increases at grades E and U, which is expected. In 2012 five candidates obtained a Merit grade and there were none this year. The proportion of candidates obtaining an overall Grade C or better went down by **5.72%** from **41.0%** in 2012 to **35.28%** in 2013.

GRADE	2012		2013		Difference
	NO	PERCENT	NO	PERCENT	
<b>Merit</b>	5	0.0	0	0.0	0.0
<b>A</b>	592	1.5	325	0.83	-0.67
<b>B</b>	4753	12.4	3788	9.73	-2.67
<b>C</b>	10397	27.1	9626	24.72	-2.38
<b>D</b>	13654	35.6	13662	35.08	-0.52
<b>E</b>	4897	12.8	5540	14.23	+1.43
<b>U</b>	4052*	10.6	5592	14.36	+3.76

Table 8: Summary of overall grades – National Summary

\* In 2012 this number included candidates who had not met the minimum requirement at E and those that had failed to meet the grading requirements. They were separated in 2013, Grade U meant that the candidates failed to meet the minimum requirements at grade E. Candidates who did not meet the grading requirements were denoted by symbol X.



2013 EXAMINATIONS Continued

SYLLABUS	2011	2012	2013	Difference
English Language	17.47	15.37	18.24	2.87
Setswana	40.91	38.17	36.96	-1.21
Mathematics	26.97	27.61	25.38	-2.23
Science Single Award	9.95	4.11	3.80	-0.31
Double Single Award	21.36	19.46	14.00	-5.46
Chemistry	80.28	78.18	83.05	4.87
Physics	76.29	70.92	71.27	0.35
Biology	67.75	69.07	66.28	-2.79
Human & Social Biology	12.98	14.46	9.21	-5.25
History	37.77	31.51	32.96	1.45
Geography	38.55	32.86	30.46	-2.40
Social Studies	36.51	29.94	34.94	5.00
Fashion & Fabrics	18.51	39.45	42.89	3.44
Physical Education	39.64	36.72	36.11	-0.61
Music	8.28	15.85	15.86	0.01
Moral Education	39.39	36.96	40.09	3.31

SYLLABUS	2011	2012	2013	Difference
Development Studies	35.90	36.04	32.47	-3.57
Literature in English	47.91	36.92	44.33	7.41
Religious Education		45.27	42.55	-2.72
Design & Technology	23.58	23.39	24.05	0.66
Art & Design	42.18	43.71	45.28	1.57
Computer Studies	50.29	44.08	46.53	2.45
Commerce	33.17	19.23	18.26	0.97
Agriculture	40.52	35.50	36.98	1.48
Food & Nutrition	36.15	37.15	35.60	-1.55
Home Management	21.88	30.65	37.01	6.36
Accounting	62.08	50.56	49.83	-0.73
Business Studies	37.20	23.96	26.80	2.84

KEY:

Same level of Performance

Significant Decline

Significant Improvement

Slight Change

Table 9: Summary of performance by syllabus (2011 to 2013)

## 2013 EXAMINATIONS *Continued*

### BGCSE

Of the 28 syllabuses considered, six showed significant improvement in cumulative percentages of candidates achieving grade C or better (Chemistry, Social Studies, Literature in English, Fashion & Fabrics, Home Management and Moral Education). Three syllabuses (Science Double Award, Human and Social Biology and Development Studies) recorded significant declines of about 5%, 5% and 4% respectively.

Table 9 shows performance at grade C or better

from 2011 to 2013 for the BGCSE syllabuses.

Three syllabuses (English Language, Computer Studies and Business Studies) recorded slight increases while four others (Mathematics, Religious Education, Biology & Geography) recorded slight decreases. Performance in the remaining 11 syllabuses was similar to that of 2012.

In 2013, the grades issued for all candidates (school and private candidates) and in all syllabuses were **240,109** and 28.0% of these were grades C or better

whereas in the previous year, **225,376** grades were issued in which **28.82%** were grade C or better. For candidates in full time attendance at Government and Government-Aided schools, **207,418** grades were issued and 30.0% of these grades were grade C or better. The total number of candidates in full time attendance at Government and Government-Aided schools obtaining 5 C's or better is 5923 which is **24.18%** compared to **25.54%** in 2012.

## BEC TRANSFORMATION

The National Human Resources Development Strategy (2009) called for a strengthened system level strategic capacity that is coherent and cohesive to be put in place with the capability to provide the human resources that Botswana's future requires. The Strategy recommended that optimal structures be put in place in terms of efficiency and effectiveness and aligned in terms of strategic focus with the ability to collectively deliver the National Human Resources Strategy.

As a result, the former Tertiary Education Council (TEC) was in 2013 transformed into Human Resources Development Council (HRDC) to assume the system level responsibility for planning and funding while the former Botswana Training Authority (BOTA) was also in 2013 transformed into Botswana Qualifications Authority (BQA) to deal with the national qualifications system and the development of a

common quality assurance platform with Botswana Examinations Council (BEC) assuming a broader role for moderation and assessment all under the theme of High Performing Organisations (HPOs).

Currently BEC Act is being reviewed to align the organisation to the system level transformation taking place within the education sector. The Draft Reviewed Act has been sent to Cabinet, where it was agreed that it should be tabled during the July 2014 Meeting of Parliament, however, since the reviewed BEC Act could not be discussed during the July 2014 Parliament Meeting, the hope is that it will be tabled before the November 2014 meeting after which the BEC Transformation Project will gain momentum.

With BEC assuming a broader role for moderation and assessment thus becoming a national assessment Centre, the moderation and assessment

functions that were with pre-tertiary institutions will be transferred to BEC. BEC Transformation project was introduced to employees at the beginning of 2013 and later on, a project team was formed to spear head the project.

The project started officially with the holding of two workshops on the 9th of April and the 25th of June 2013 during which the project charter was developed and later on in 2014 Innolead Consultancy was engaged resulting in the project initiation workshop. Currently, the Consultancy is conducting a situational assessment.

## BEC CORPORATE COMMUNICATIONS STRATEGY

During the period under review the BEC Management and Board approved the Corporate Communications Strategy developed for BEC by Leadership Education and Development (Pty) Ltd (LEAD) consultancy. The Corporate Communications Strategy was to be developed over a period of 12 months and started in the previous year. The project was completed within time and within budget and was undertaken to address communications challenges facing the Council such as past differences between teachers and the Council regarding invigilation and marking fees, to more recent challenges of new system for processing the examinations and releasing results. Increasing stakeholder demands and budgetary constraints have added more challenges and expectations on the operations of the Council which resulted in negative perception of BEC. These expectations are essentially current information management and improving stakeholder's access

to examinations and assessment information that could help in areas of decision-making and policy formulation. Hence the need of a Corporate Communications Strategy tailored to meet such needs.

The objectives of the development of the BEC Corporate Communications Strategy were as follows:

- To ensure dissemination of information on BEC in order to create mutual understanding between BEC and its stakeholders.
- To provide information pertaining to staff issues on a regular basis as might be required.
- To ensure that the BEC Strategic Plan is fully communicated as widely as possible within the organisation and amongst all of its stakeholders.
- To promote and facilitate purposeful communication on all other issues that have to be communicated within and outside the organisation.

- To facilitate proper and appropriate feedback from recipients on communicated information in order to ensure that the purpose of the communicated information is readily understood.

- To position the BEC brand and enhance its reputation amongst stakeholders. Aligned with the BEC Corporate Strategy goals, themes and pillars, it is hoped that the Strategy will deliver to the expected levels and help BEC forge a close relationship with its stakeholders.

BEC continued with its multiple communication platforms to sensitise its customers and stakeholders about its operations. The Council's official newsletter *Maduo* continues to be the medium of communication used by BEC to reach its audience. The Bulletin, an internal newsletter, is produced monthly to keep staff abreast of any developments within BEC. The website and intranet continue to

# OFFICE OF STRATEGY AND MANAGEMENT

## OBJECTIVE

To improve the efforts of realising its mandate, and to also align with the Tenth National Development Plan (NDP 10) and current education reforms such as Human Resource Development Strategy (HRDS). In 2013/14 Botswana Examinations Council refocused its strategic direction that led to the refinement of Strategic Components such as Mission, Values and Strategy Map and formulation of the Customer Value Proposition, maintaining the vision as it was because it was still applicable. The refined BEC strategic components are as follows:

## CUSTOMER VALUE PROPOSITION

We offer locally designed qualifications that are affordable and internationally recognised to be accurate reflections of the candidate's achievement.

### Customer Value Proposition Commentary:

The compelling experience BEC customers will receive from our products and services are:

1. International recognition of our qualifications, yet rich with local content;
2. Affordability and easy access of our products and services to all irrespective of social status;
3. Accurate and correct measure of the candidates

understanding on what they have learnt

## MISSION

Provision of a credible and responsive assessment and examination system.

## VISION

To be a provider of accessible and globally competitive qualifications.

## CORE VALUES:

- **Excellence:** We have passion for quality work and outstanding performance characterised by the use of innovative and creative solutions
- **Integrity:** we uphold best practice standards, honesty, professionalism and ethical behaviour
- **Transparency:** We are open in all matters of public interest while safeguarding confidential information.
- **People Focus:** Our people; employees, the community we serve and nation at large is profoundly important to us. We are thus committed to cultivating a culture that is characterised by mutual respect, professionalism, courtesy, compassion and sharing to build lasting and rewarding relationships.

## MISSION COMMENTARY:

**Credible:** Trustworthy and Error free assessments and examinations that conform to both the local and international standards.

**Responsive:** Examination and Assessment system that is affiliated to the national curriculum, takes into cognisance candidates with special needs and is not detached from current issues in the environment, also relevant to the local market

## VISION COMMENTARY:

**Accessibility:** We envisage a future where our services cater for and attract a diverse clientele, provision of inclusive, affordable assessments that are equitable, easily available, reachable and fair, giving equal opportunity to all irrespective of their background.

**Globally Competitive:** We envisage a future where the quality of our qualifications meet national aspirations and international standards; addressing needs of both national and international markets and able to compete with international qualifications.



# HUMAN RESOURCES

## Introduction

During the year 2013/14 the Council experienced high turnover at the Senior and Executive Management levels further causing tremendous strain on the capacity of departments to deliver on their mandates. Although recruitment was heightened, the Investigation Audit exercise launched in early 2013 together with unattractive emoluments made it difficult for these efforts to bear fruit. In order to improve capacity in the Council, some sections and positions were created but the unfavorable financial situation of the organization necessitated the postponement of training and development activities. Details on the above broad areas are discussed below.

## Improved Capacity

During the 2012/13 financial year, the Board approved recommendations for the creation of the Procurement Division, the Performance Management Office, the Standards Item Banking and Archiving Division. The procurement function was before then within the Finance Division of the Directorate of Corporate Services. A decision was made that a separate Procurement Division headed by a Manager should be created in response to the ever growing scope of work and the critical role of



Human capital is paramount to driving BEC mandate.

the function in the examinations process. During the 2013/14 financial year, the division was created and a manager was appointed. During the same year, the procurement process was streamlined and improved to better respond to demands on the division. It is anticipated that further improvements will be made

through the review of the procurement process and procedures that will ultimately culminate in the approval of a procurement manual.

The Performance Management Office which was approved in 2012/13 was also created on 2013/14

## HUMAN RESOURCES *Continuend*

with the appointment of a Performance Management Coordinator reporting to the Director Corporate Services. In 2013/14 a decision was taken that the office should be part of the Human Resources Division. The appointment of the Coordinator greatly improved the Council's capacity in dealing with performance management matters. Coordination between the Human Resources Division and Office of Strategy Management was greatly improved and problems previously experienced in performance management were minimized.

The Board approved the recommendation for the creation of a separate Directorate of Human Resources to elevate the function from a transactional to a strategic role. It is expected that the approved positions will be filled during the 2014/15 financial year.

The Directorate of Production Development and Standards created a division to be responsible for standards, item banking and archiving in order to facilitate quality paper development. It is expected that this division will commence its operations in 2014/15.

### Training and Development

In order to improve the capacity of the Council's human resources, training and development activities were planned in 2012/13 to commence at the beginning of 2013/14. The Council, however, experienced serious financial problems in 2013/14 leading to the cancellation or postponement of most of the training programmes. Management prioritized training programmes to ensure that only employees who were supporting critical projects were trained. These areas included measurement, strategy management, change management, information communications technology and the training of examinations personnel responsible for marking.

### Remuneration Packages

As already stated, during the 2013/14 financial year BEC experienced high turnover in the senior and Executive Management cadres. The position of Executive Secretary fell vacant and Caretaker Executive Secretary was appointed in October 2013. The position of Director Corporate Services became vacant in June 2013 and remained vacant for the rest of the financial year. Staff turnover was also experienced in the Finance Division, Information and Communications Technology, Strategy Management, Legal Services, Compliance and Quality Assurance. Although the Council increased its efforts in filling these vacancies, it could not attract suitable applicants

Directorate	Approved Establishment	Position Filled	Vacancies
PDS	46	39	7
EAC	51	48	4
RPD	16	13	3
CS	79	69	10
ICT	16	15	1
ES	16	13	2

Table: Summary of the 2013/14 establishment report as at March 2014

## HUMAN RESOURCES *Continuend*

mainly due to the remuneration packages that were evidently not attractive. The Board directed management to review allowances for the Council following a submission on challenges of staff retention. At the end of the financial year management had reviewed allowances but submission to the Board for approval were delayed due to uncertainties over the Council's financial situation. It was anticipated that if approved the allowances would be implemented during the 2014/15 financial year.

### **Employee Relations and Working Environment**

During the 2012/13 examinations cycle, a number of challenges presented themselves the result of which was a nationwide dissatisfaction with the Junior Certificate Examinations results. In early 2013 the Board decided to institute an internal investigation audit on the 2012 Junior Certificate results. This was followed by the suspension of the Executive Secretary which unfortunately created a lot of panic in the Council. The Investigation Audit itself created an extremely tense working environment. It was during this period that a number of senior management employees resigned. Responsibilities for these positions were re-allocated and in most instances acting appointments were made further straining the capacity of the organisation.

The relations between management and employee unions were strained in the past largely due to the polluted working environment and lack of competencies within the union leadership. This became evident when the union leadership led some employees in engaging in an illegal industrial action on the 14th March 2014. Although a lot of effort was made to address employee grievances, more resources still needed to be devoted to this area. To that extent some activities have been planned for 2014/15 mainly focused on the training of shop-stewards, improving and strengthening structures responsible for employee relations management and the filling of vacancies to avoid unreasonable workloads. Dispute resolution mechanisms will be improved and the work life balance challenges will be addressed during the 2014/15 period. Communication over projects such as the BEC Transformation Projects will be improved to address employee concerns over their future with the Council.

## OUTLOOK TO 2014/2015

The challenges experienced by the BEC during the year under review have clearly demonstrated that the sustainability of the organization will depend more and more on the ability to attract and retain qualified human resources, maintaining satisfactory relations with all levels of stakeholders, and more importantly on the identification and development of alternative sources of funding. Total financial dependence on government is undoubtedly the biggest threat to BEC delivering on its mandate. The success of the BEC in the coming years rests on creating a judicious balance between the above three factors.

### RECRUITMENT AND RETENTION OF SENIOR PERSONNEL

As already stated earlier on in this report, this year BEC had serious difficulty in attracting and retaining staff in senior positions. This situation created serious leadership and supervision challenges within the organisation. The BEC was clearly unable to compete for senior human resources with other parastatal organisations because of unattractive remuneration packages. Weak leadership and poor supervision in some of the departments presents a major threat to the delivery of the institutional mandate. BEC will therefore, have to find a creative way to enhance pay package for its senior employees to retain them and

also to recruit into existing senior positions during the next financial year.

### IMPROVING PUBLIC IMAGE OF BEC

The 2013 examination results showed some apparent decline, particularly at Junior Certificate level, which caused national outrage and renewed interest in learner performance in the schools. Questions were raised on how the BEC does its business, which if not attended to may cause the BEC significant reputational damage. Financial resources permitting, BEC should embark on a structured and aggressive public education campaign to educate stakeholders on its business. The campaign should entail sharing of examination reports with stakeholders, working with stakeholders such as the Curriculum Development and Evaluation department in the Ministry of Education and Skills Development, and the dissemination of research findings to stakeholders across the country. The BEC will also intensify training of invigilators and moderators and work with other agents to determine what part the organisation could play in delivering in-service training of teachers. Unfortunately, this important initiative depends to a large extent on the availability of funds.

### BEC TRANSFORMATION

Another major challenge for the BEC during the next financial year is the implementation of its transformation agenda. The transformation of the

BEC is intended to turn it into a national assessment authority. This will require the amendment of the BEC Act to allow it to absorb assessment and moderation functions of technical and vocational education and training. Secondly the BEC will be transformed into a high performance organization to enable it to effectively deliver on a new and expanded mandate. The amendment of the Act rests with the Ministry and Parliament, and its approval and timing by parliament presents the biggest risk to BEC transformation agenda.

### BEC CHANGE MANAGEMENT

When the BEC undertook an assessment of the health of its priority projects, it became obvious that there existed large variations of change management practices between the projects with different change management approaches applied across the organization. It was further revealed that those projects that applied any change management did so only when resistance started to emerge or when the project was nearing implementation. Very few projects used change management at initiation stage. Few projects used communication planning at the beginning, but abandoned it as the projects proceeded, which affected project success. The assessment further revealed lack of interactions between project management and change management and the low change management competencies in the organization,



## OUTLOOK TO 2014/2015 *Continued*

which resulted in poor project implementation. The result was the adoption of structured management methodology by the BEC and training of employees in change management to prepare them for the implementation of projects prioritised in the BEC strategy. This move is expected to ensure that the BEC human resource is capacitated adequately to embrace changes which will ultimately lead to the successful achievement of the Council's strategic objectives.

### EDUCATION STRATEGIC PLAN AND NATIONAL PLANNING PROCESS

More exciting and challenging however, is that the next financial year coincides with the finalisation of the Education and Training Sector Strategic Plan (ETSSP) in which the BEC is an important stakeholder; and the beginning of work on the development of the National Development Plan II. The BEC should therefore, ensure that it is part of the strategy and that its initiatives are accommodated in the education sector chapter of the development plan.

## **BOTSWANA EXAMINATIONS COUNCIL**

(Established under the Botswana Examinations Council Act No 11 of 2002)

### **ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2014

# ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## NATURE OF OPERATION

To conduct school examinations and any other examinations for the Ministry of Education and Skills Development and issue certificates in respect of such examinations.

## EXECUTIVE SECRETARY

Professor Brian Mokopakgosi (Appointed 01 - 10 - 2013)

## CHAIRMAN

Dr Joseph Tsonope

## MEMBERS OF COUNCIL

Mr Richard Matlhare  
Mr Boeletswe Gobotswang  
Dr Daniel Tau  
Mr Abel Modungwa  
Dr Gaelebale NTsheko  
Dr Patrick D Molutsi  
Mr Shandukani Hlabano  
Mrs Daisy Molefhi  
Mr Nasim Miller  
Mr Lesedi Gaolaolwe  
Mr Dominic Khame

## REGISTERED OFFICE

Plot 54862  
KT Motsete Road  
Gaborone

## INDEPENDENT AUDITORS

PricewaterhouseCoopers

## BANKERS

Barclays Bank of Botswana Limited  
First National Bank of Botswana Limited  
Capital Bank Limited  
African Banking Corporation Botswana Limited  
Stanlib Investment Management Services

The following statements are presented in compliance with the requirements of the Botswana Examinations Council Act No 11 of 2002.

CONTENTS	PAGE
Statement of responsibility by the Members of Council	3
Independent auditors' report	4 – 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to the annual financial statements	10 – 34
Detailed income statement	Annexure I
Notes to the detailed income statement	Annexure II

# STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE COUNCIL

for the year ended 31 March 2014

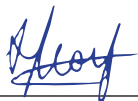
Members of the Council are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Examinations Council Act, 2002.

Botswana Examinations Council (BEC) maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of BEC's assets. The Council is responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the Council to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Council has no reason to believe that BEC will not be a going concern in the foreseeable future, based on the continued support by the Government of Botswana through the Ministry of Education and Skills Development.

Our external auditors conduct an examination of the annual financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between members of the Council and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Members of Council.

The annual financial statements on pages 6 to 34 and the supplementary information on Annexures I and II were authorised for issue by the Council and signed on its behalf by;



Chairperson



Executive secretary

# INDEPENDENT AUDITORS REPORT





# STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2014

		2014	2013
		P	P
<b>Revenue</b>	<b>Note</b>		
Government subvention		121,582,223	195,079,983
Certification fees		207,103	412,343
Registration fees		9,891,362	8,145,110
Remarking fees		138,250	100,575
		<b>131,818,938</b>	203,738,011
<b>Costs of revenue</b>			
Direct costs	5	124,665,248	11,391,417
<b>Gross surplus</b>		<b>7,153,690</b>	92,346,594
Administrative expenses	5	(110,519,271)	(95,896,858)
<b>Operating (deficit) / surplus</b>		<b>(99,354,653)</b>	3,088,377
Finance costs	8	(219,340)	(75,579)
Finance income	8	1,726,158	7,991,870
Net finance income		1,506,818	7,916,291
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(97,847,835)</b>	11,004,668
Aura Profit		<b>97,847,835</b>	-11,004,668
Difference		-	-

# STATEMENT OF FINANCIAL POSITION as at 31 March 2014

	Note	2014 P	2013 P
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	92,099,639	98,953,203
Intangible assets	10	24,543,266	20,908,712
		<b>116,642,905</b>	<b>119,861,91</b>
<b>Current assets</b>			
Inventories	11	421,937	672,442
Receivables	12	6,131,250	
Cash and cash equivalents	13	11,982,652	86,931,808
		<b>18,535,839</b>	<b>89,277, 05</b>
<b>Total assets</b>		<b>135,178,744</b>	<b>209,139,320</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated fund		(17,555,411)	80,292,424
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Capital grants	14	109,232,036	112,184,272
<b>Current liabilities</b>			
Trade and other payables	15	43,502,119	16,662,624
<b>Total equity and liabilities</b>		<b>135,178,744</b>	<b>209,139,320</b>

# STATEMENT OF CHANGES IN FUNDS for the year ended 31 March 2014

	Accumulated fund P	P
<b>Balance at 1 April 2012</b>	69,287,756	69,287,756
Total comprehensive income for the year	11,004,668	11,004,668
<b>Balance at 31 March 2013</b>	<u>80,292,424</u>	<u>80,292,424</u>
<b>Balance at 1 April 2013</b>	80,292,424	<b>80,292,424</b>
Total comprehensive loss for the year	(97,847,835)	<b>(97,847,835)</b>
<b>Balance at 31 March 2014</b>	<u><b>(17,555,411)</b></u>	<u><b>(17,555,411)</b></u>

# STATEMENT OF CASH FLOWS as at 31 March 2014

	Note	2014 P	2013 P
<b>Cash flows from operating activities</b>			
Cash utilised in operations	17	(71,619,485)	22,449,152
<b>Cash flows from investing activities</b>			
Interest income	8	1,726,158	7,991,870
Purchases of property, plant and equipment	9	(1,304,243)	
Purchases of intangible assets	10	(4,063,104)	(6,467,910)
Proceeds from disposal of property, plant and equipment	17	530,858	219,174
Net cash utilised in investing activities		(3,110,331)	(4,375,610)
<b>Cash flows from financing activities</b>			
Capital grants received	14	-	2,706,780
Net cash generated from financing activities		-	2,706,780
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		270,026,616	249,321,873
Exchange loss on cash at bank	8	(219,340)	(75,579)
<b>Cash and cash equivalents at end of year</b>	13	<b>195,077,460</b>	<b>270,026,616</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## 1. GENERAL INFORMATION

Botswana Examinations Council ("BEC") was established by the Botswana Examinations Council Act No 11 of 2002 to conduct school examinations and any other examinations for the Ministry of Education and Skills Development and issue certificates in respect of such examinations. The address of its registered office is Plot 54862, KT Motsetse Road, Gaborone, Botswana.

The financial statements set out on pages 6 to 34 have been approved by the Council on \_\_\_\_\_.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 BASIS OF PREPARATION

The annual financial statements of Botswana Examinations Council ("BEC") have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities.

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 BEC'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. The 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.

### 2.1.1 ADOPTION OF STANDARDS IN THE CURRENT FINANCIAL YEAR

(a) New and amended standards applicable to the current period but not relevant to BEC Management assessed the relevance of the following new standards, amendments and interpretations with respect to BEC's operations and concluded that they are not relevant to BEC.

- Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting - The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. (Effective from 1 January 2013)
- Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI - The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. (Effective from 1 July 2012)



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

- IFRS 13 – Fair value measurement - This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. (Effective 1 January 2013)
  - Amendment to IAS 16, 'Property, plant and equipment' - The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. (Effective 1 January 2013)
  - Amendment to IFRS 1, 'First time adoption' on government loans - This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. (Effective 1 January 2013)
- (a) New and amended standards applicable to the current period but not relevant to BEC**
- IAS 19, "Employee benefits" - The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. (Effective 1 January 2013)
  - IFRS 10 – Consolidated financial statements - This standard builds on existing principles by identifying the concept of control as the determining factor in

whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. (Effective 1 January 2013)

- IFRS 11 – Joint arrangements - This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. (Effective 1 January 2013)
- IFRS 12 – Disclosures of interests in other entities - This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. (Effective 1 January 2013)
- IAS 27 (revised 2011) – Separate financial statements - This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. (Effective 1 January 2013)
- IAS 28 (revised 2011) – Associates and joint ventures - This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. (Effective 1 January 2013)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

- Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' - The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition. (Effective 1 January 2013)
- Amendments to IFRS 1, 'First time adoption of IFRS' - The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances. The amendment clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented. (Effective 1 January 2013)
- Amendment to IAS 1, 'Presentation of financial statements' - The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. (Effective 1 January 2013)
- Amendment to IAS 32, 'Financial instruments: Presentation' - The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. (Effective 1 January 2013)
- Amendment to IAS 34, 'Interim financial reporting' - The amendment brings IAS 34

into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements. (Effective 1 January 2013)

- IFRIC 20 - Stripping costs in the production phase of a surface mine - In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. (Effective 1 January 2013)

## 2.1.2 ADOPTION OF STANDARDS IN FUTURE FINANCIAL PERIODS

The following new standards, amendments and interpretations to existing standards are mandatory for the BEC's accounting periods beginning on or after 1 April 2014. These have not been early adopted by the BEC.

### (a) New standards, amendments and interpretations which are relevant to the BEC's operations

- IFRS 9 – Financial Instruments (2009) - This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. (Effective from 1 January 2015)
- IFRS 9 – Financial Instruments (2010) - The IASB has updated IFRS 9,

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. (Effective from 1 January 2015)

- Amendments to IFRS 9 – Financial Instruments (2011) - The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time.

The requirement to restate comparatives and the disclosures required on transition have also been modified. (Effective 1 January 2015)

- Amendments to IAS 32 – Financial Instruments: Presentation - The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. (Effective 1 January 2014)
- IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' - These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. (Effective 1 January 2014)

- Amendment to IFRS 13, 'Fair value measurement' - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (Effective 1 July 2014)

- IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' - Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross (Effective 1 July 2014)
- IAS 24, 'Related party disclosures' - The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') (Effective 1 July 2014)
- IFRIC 21 – Accounting for levies - IFRIC 21, 'Levies', sets out the accounting for an

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised. (Effective 1 January 2014)

BEC is currently assessing the impact of the application of these new standards, amendments and interpretations on BEC's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in BEC's financial statements.

## (b) New standards, amendments and interpretations which are not relevant to the BEC's operations

Management assessed the relevance of the following new standards, amendments and interpretations with respect to the BEC operations and concluded that they are not relevant to the BEC.

- Amendment to IAS 39 on novation of derivatives - The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'. (Effective 1 January 2014)
- Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities - The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. (Effective 1 January 2014)
- IFRS 14 - The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the

price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (Effective 1 January 2016)

- Amendment to IAS 19 regarding defined benefit plan – These narrow scope amendments apply to contribution from employees or third parties to define benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. (Effective 1 July 2014)
- Amendment to IFRS 2, 'Share based payment' - The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. (Effective 1 July 2014)
- Amendment to IFRS 3, 'Business combinations' - The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. (Effective 1 July 2014)
- Amendment to IFRS 8, 'Operating segments' - The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. (Effective 1 July 2014)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## 2.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BEC and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

- Land and buildings 50 years (over the lease payment)
- Furniture and fittings 10 years
- Office equipment 5 years
- Security system 3 years
- Computer equipment 3 years
- Motor vehicles 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## 2.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.4 CAPITAL WORK-IN-PROGRESS

Properties in the course of construction for rental, administrative purposes or for purposes not yet determined, are carried at cost less any identified impairment loss. When the properties are ready for use or a completion certificate has been issued, such properties are transferred to property, plant and equipment. Depreciation is not charged when properties are still under construction.

## 2.5 INTANGIBLE ASSETS

### (a) Licenses

Separately acquired licenses are shown at historical cost. Licenses that have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 3 years.

### (b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by BEC are recognised as intangible assets when the following criteria are met:



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

- it is technically feasible to complete the software product so that it will be available for use;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over their estimated useful lives from time its ready for the intended use, which do not exceed three years.

## 2.6 CAPITAL GRANTS

Capital grants comprise grants received from the Government of Botswana utilised towards capital expenditure. Funds received are credited to capital funds and the related assets are capitalised. An amount equal to the depreciation charge of the fixed assets funded by the capital grant is recognised as income in the statement of comprehensive income. Subsequent movement of fixed assets in terms of sale and impairment are treated accordingly in the capital grants.

## 2.7 NON-MONETARY GRANTS

Non-monetary grants comprise grants received from the Government of Botswana in the form of non-monetary assets. Government grants relating to assets are presented in the financials by setting up the grants as capital grant which is recognised as income on a systematic and rational basis over the useful life of the asset.

## 2.8 FINANCIAL ASSETS

### 2.8.1 Classification

BEC classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### (a) Financial assets at fair value through profit or loss

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 the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

These are classified as non-current assets. BEC's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position (note 2.9 and 2.10).

### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

## 2.8.2 RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the BEC commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the BEC has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the BEC's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the BEC's right to receive payments is established.

There were no financial assets categorised as fair value through profit or loss or available for sale assets at the statement of financial position date.

## 2.8.3 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the

recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

## 2.8.4 IMPAIRMENT OF FINANCIAL ASSETS

### (a) Assets carried at amortised cost

BEC assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, BEC may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

## **(b) Assets classified as available for sale**

BEC assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, BEC uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

## **2.9 TRADE RECEIVABLES**

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the operation if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **2.10 CASH AND CASH EQUIVALENTS**

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## **2.11 RELATED PARTIES**

A party is deemed related to BEC if they are members of the Council.

## **2.12 TRADE PAYABLES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the operation if longer). If not, they are presented as non-current liabilities. Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **2.13 PROVISIONS**

Provisions claims are recognised when BEC has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## 2.14 FOREIGN CURRENCY TRANSLATION

### 2.14.1 Functional and presentation currency

Items included in the financial statements of BEC are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Botswana Pula, which is the functional and presentation currency of BEC.

### 2.14.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses) / gains-net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

## 2.15 REVENUE RECOGNITION

### 2.15.1 Government subventions

Government subventions are recognised at their fair value where there is a reasonable assurance that the subventions will be received and BEC has complied with all attached conditions.

Subventions relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

### 2.15.2 Registration, certification and remarking fees

Registration, certification and remarking fees comprises of fees payable by private school candidates and private candidates. These fees are recognised on an accrual basis in the period when examinations are held and / or services rendered.

### 2.15.3 INTEREST INCOME

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to BEC.

## 2.16 EMPLOYEE BENEFITS

BEC contributes to a defined contribution pension plan for its permanent citizen employees. The contributions are recognised as employee benefit expense when they are due. A defined contribution plan is a pension plan under which BEC pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees services in the current and prior periods.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## 2.17 INCOME TAXES

BEC is exempt from income tax under the Income Tax Act in Botswana.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

BEC's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. BEC's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on BEC's financial performance. Risk management is carried out under policies approved by the Executive management.

#### (a) Market risk

(i) Foreign currency risk is managed by the finance function. Its objective is to minimise losses arising from BEC's exposure to various currencies by attempting to match foreign currency denominated current liabilities against current assets of similar currencies to the extent possible.

In the normal course of operation, BEC enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to British pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 March 2014, if the functional Currency had weakened/strengthened by 1% against the British Pound, with all other variables held constant, surplus for the year would have been P XXXXXX (2013: P 30,691) higher/lower, mainly as a result of foreign exchange gains/losses on translation of British Pound-denominated bank balances and trade payable.

At 31 March 2014, if the functional Currency had weakened/strengthened by 1% against the South African Rand, with all other variables held constant, surplus for the year would have been P Nil (2013: P 49) higher/lower, mainly as a result of foreign exchange gains/losses on translation of South African Rand trade payable.

(ii) Cash flow and fair value interest rate risk Interest rate risk is managed by the finance function. Its objective is to minimise the cost of financing through the placement of temporary excess funds in high yielding money market investments and cash deposits.

BEC's interest rate risk arises from short-term deposits and its investment in money market. Short-term deposits and the investment in money market obtained at variable rates expose BEC to cash flow interest rate risk.

BEC analyses its interest rate exposure. BEC calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used.

At 31 March 2014, if interest rates on interest-bearing assets had been 0.5% higher/lower with all other variables held constant, surplus for the year would have been P XXXXXX (2013: P 434,659) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

#### (iii) Price risk

BEC is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk, and residual value risk.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used.

Refer note 16 for disclosure on credit risk. No credit limits were exceeded during the reporting period.

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

facilities and the ability to close out market positions.

Surplus cash is invested in interest bearing current accounts, time deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide maximum benefit to BEC. At the reporting date, BEC held short term deposit of P 793,422 (2013: P 70,036,059) and other liquid assets of P 11,188,310 (2013: P 16,894,080) that are expected to readily generate cash inflows for managing liquidity risk.

BEC's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the reporting date. The analysis of financial liabilities into relevant maturity groupings are based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than six months P	Between six and twelve months P
<b>At 31 March 2014</b>		
Trade and other payables	31,179,431	-
	Less than six months P	Between six and twelve months P
<b>At 31 March 2013</b>		
Trade and other payables	3,195,992	-

### 3.2 CAPITAL MANAGEMENT

BEC's objectives when managing capital are to safeguard the BEC's ability to continue as a going concern and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

BEC does not monitor capital on the basis of the gearing ratio.

### 3.3 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

Effective 1 January 2009, the BEC adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
  - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
  - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- There are no financial assets classified as fair value through profit or loss at the reporting date.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

BEC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below.

#### Residual value and useful lives of property, plant and equipment

BEC follows the guidance of IAS 16 (revised) and determines the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

5 Expenses by nature	2014	2013
	P	P
<b>Direct Costs</b>		
External examinations fees	29,962,623	21,953,140
Examiners' meals	10,558,257	11,188,077
Invigilation fees	12,551,919	11,270,798
Marking fees		
Moderation fees	3,059,624	1,650,028
Printing costs	8,032,194	5,155,491
Other direct costs	5,785,149	2,150,485
Travel and subsistence allowances	29,971,934	32,439,167
Venue hire costs	5,217,338	5,735,432
	<b>124,665,248</b>	<b>111,391,417</b>
<b>Administrative expenses</b>		
Advertising, marketing and publicity	2,284,821	1,712,111
AEAA expenses	198,421	2,465,004
Amortisation of intangible assets (Note 10)	428,550	1,201,130
Auditors' remuneration		
Provision for the year		
Under provision-prior year	23,276	50,000
Consultancy fees	2,308,990	2,632,820
Depreciation (Note 9)	8,007,640	8,681,024
Excellence awards	1,552,338	1,627,741
Insurance	1,926,193	1,654,262

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 5 Expenses by nature continued

	2014	2013
	P	P
<b>Administrative expenses Continued</b>		
Licenses and subscriptions	1,766,426	2,025,224
Meals and entertainment expenses	744,182	686,421
Other expenses	8,234,442	4,954,997
Printing and stationery		
Repairs and maintenance	3,937,663	4,314,448
Salaries (Note 7)	66,561,095	52,889,399
Telephone, courier, freight and postage	2,517,717	2,264,478
TIMMS expenses	1,290,973	383,467
Training expenses	2,103,583	2,223,722
Travel and subsistence allowances	3,181,124	3,798,452
	110,519,271	95,896,858
<b>Total direct costs and administrative expenses</b>	235,184,519	207,288,275

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

6 Other Income	2014	2013
	P	P
Amortisation of capital grants	2,952,236	4,768,606
Exchange loss	(1,681)	(148,101)
Profit on disposal of property, plant and equipment	380,691	69,800
Sale of tender documents	48,000	53,000
Sundry income	631,682	1,895,336
	<b>4,010,928</b>	<b>6,638,641</b>
7 Staff costs	2014	2013
	P	P
Salaries and allowances	53,815,577	43,691,989
Gratuity	5,152,826	3,078,824
Leave pay	2,792,697	2,131,626
Pension costs- defined contribution plan	4,799,995	3,986,960
	<b>66,561,095</b>	<b>52,889,399</b>
Number of employees	<b>215</b>	<b>183</b>
8 Finance income and costs	2014	2013
	P	P
Finance costs		
Exchange loss	(219,340)	(75,579)



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 8 Finance income and costs continued

	2014 P	2013 P
Finance income		
Interest received - bank	1,726,158	7,991,870
Net finance income	<u>1,506,818</u>	<u>7,916,291</u>

9 Property, plant and equipment	Buildings	Motor Vehicles	Capital work -in- progress	Security System	Computer Equipment	Office Equipment	Furniture and Fittings	Total
	P	P	P	P	P	P	P	P
<b>At 1 April 2012</b>								
Cost	86,163,220	5,758,473	6,979,299	-	6,602,337	7,017,426	3,883,460	116,404,215
Accumulated depreciation	(4,159,027)	(2,265,514)	-	-	(4,389,577)	(3,051,802)	(873,438)	(14,739,358)
<b>Net book amount</b>	<u>82,004,193</u>	<u>3,492,959</u>	<u>6,979,299</u>	<u>-</u>	<u>2,212,760</u>	<u>3,965,624</u>	<u>3,010,022</u>	<u>101,664,857</u>
<b>Year ended 31 March 2013</b>								
Opening net book amount	82,004,193	3,492,959	6,979,299	-	2,212,760	3,965,624		101,664,857
Additions	-	568,052	3,727,484	-	835,624	786,199	201,385	6,118,744
Transfers	-	-	(10,706,783)	5,880,760	-	1,356,288	3,469,735	-
Disposals	-	(149,374)	-	-	-	-	-	(149,374)
Depreciation	(1,723,266)	(1,326,817)	-	(1,633,381)	(1,860,672)	(1,625,753)	(511,135)	(8,681,024)
<b>Closing net book amount</b>	<u>80,280,927</u>	<u>2,584,820</u>	<u>-</u>	<u>4,247,379</u>	<u>1,187,712</u>	<u>4,482,358</u>	<u>6,170,007</u>	<u>98,953,203</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

9	Property, plant and equipment continued	Buildings	Motor Vehicles	Capital work -in- progress	Security System	Computer Equipment	Office Equipment	Furniture and Fittings	Total
		P	P	P	P	P	P	P	P
<b>At 31 March 2013</b>									
	Cost	86,163,220	6,035,064	-	5,880,760	7,437,961	9,159,913	7,554,580	122,231,498
	Accumulated depreciation	(5,882,293)	(3,450,244)	-	(1,633,381)	(6,250,249)	(4,677,555)	(1,384,573)	(23,278,295)
	<b>Net book amount</b>	<b>80,280,927</b>	<b>2,584,820</b>	<b>-</b>	<b>4,247,379</b>	<b>1,187,712</b>	<b>4,482,358</b>	<b>6,170,007</b>	<b>98,953,203</b>
<b>Year ended 31 March 2014</b>									
	Opening net book amount	80,280,927	2,584,820	-	4,247,379	1,187,712	4,482,358	6,170,007	98,953,203
	Additions	-	314,532	-	-	111,436	466,557	411,718	1,304,243
	Disposals	-	(128,331)	-	-	-	-	(21,836)	(150,167)
	Depreciation	(1,723,264)	(1,212,527)	-	(1,960,253)	(637,563)	(1,692,891)	(781,142)	(8,007,640)
	<b>Closing net book amount</b>	<b>78,557,663</b>	<b>1,558,494</b>	<b>-</b>	<b>2,287,126</b>	<b>661,585</b>	<b>3,256,024</b>	<b>5,778,747</b>	<b>92,099,639</b>
<b>At 31 March 2014</b>									
	Cost	86,163,220	5,282,912	-	5,880,760	7,520,252	9,626,470	7,929,849	122,403,463
	Accumulated depreciation	(7,605,557)	(3,724,418)	-	(3,593,634)	(6,858,667)	(6,370,446)	-	(30,303,824)
	<b>Net book amount</b>	<b>78,557,663</b>	<b>1,558,494</b>	<b>-</b>	<b>2,287,126</b>	<b>661,585</b>	<b>3,256,024</b>	<b>5,778,747</b>	<b>92,099,639</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 9 Property, plant and equipment

The above assets include the assets purchased for the BNEPS project.

### 9 Property, plant and equipment

#### At 31 March 2013

Cost

Accumulated depreciation

**Net book amount**

Computer Equipment and Furniture	Computer Equipment	Total
P	P	P
1,937,490	4,073,069	6,010,559
(1,048,746)	(4,072,664)	(5,121,410)
<u>888,744</u>	<u>405</u>	<u>889,149</u>

### 10 Intangible assets

At 1 April 2012

Cost

Accumulated amortisation

**Net book amount**

BEC Software	BEC Website	BNEPS Licence Fee	BNEPS Programmes	Total
P	P	P	P	P
1,295,428	380,226	1,998,566	14,058,159	17,732,379
(758,069)	-	(1,332,378)	-	(2,090,447)
<u>537,359</u>	<u>380,226</u>	<u>666,188</u>	<u>14,058,159</u>	<u>15,641,932</u>

#### Year ended 31 March 2013

Opening net book amount

Additions

Amortisation charge

**Closing net book amount**

537,359	380,226	666,188	14,058,159	15,641,932
161,077	-	356,734		6,467,910
(360,610)	(95,057)	(745,463)	-	(1,201,130)
<u>337,826</u>	<u>285,169</u>	<u>277,459</u>	<u>20,008,258</u>	<u>20,908,712</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

10 Intangible assets Continued

## 10 Intangible assets

	Computer Equipment and Furniture		Computer Equipment	Total	
	P	P	P	P	
	BEC Software	BEC Website	BNEPS Licence Fee	BNEPS Programmes	Total
	P	P	P	P	P
<b>Year ended 31 March 2014</b>					
Opening net book amount	337,826	285,169	277,459	20,008,258	<b>20,908,712</b>
Additions	28,818	-	-	4,034,286	<b>4,063,104</b>
Amortisation charge	(182,770)	(126,742)	(119,038)	-	<b>(428,550)</b>
<b>Closing net book amount</b>	<b>183,874</b>	<b>158,427</b>	<b>158,421</b>	<b>24,042,544</b>	<b>24,543,266</b>

## At 31 March 2014

Cost	1,485,323	380,226	2,355,300	24,042,544	<b>28,263,393</b>
Accumulated amortisation	(1,301,449)	(221,799)	(2,196,879)	-	<b>(3,720,127)</b>
<b>Net book amount</b>	<b>183,874</b>	<b>158,427</b>	<b>158,421</b>	<b>24,042,544</b>	<b>24,543,266</b>

## 11 Inventories

	2014	2013
	P	P
Consumable stocks - at cost	<b>421,937</b>	672,442

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 12 Receivables

Prepayments  
Other receivables

2014	2013
P	P
491,329	176,934
5,639,921	1,496,221
<b>6,131,250</b>	<b>1,673,155</b>

As of 31 March 2014 (2013: Nil) there were no other receivables that were past due but not impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

BEC does not hold any collateral as security.

The carrying amounts of the BEC's other receivables are denominated in Botswana Pula.

## 13 Cash and cash equivalents

Cash at bank  
Short term deposits  
Cash on hand

2014	2013
P	P
11,188,310	16,894,080
793,422	70,036,059
920	1,669
<b>11,982,652</b>	<b>86,931,808</b>

Short term deposits denotes funds invested in Stanlib Investments Management Services, BancABC and Capital Bank Limited.

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:

Cash at bank  
Short term deposits  
Cash on hand

2014	2013
P	P
11,188,310	16,894,080
793,422	70,036,059
	1,669
<b>11,982,652</b>	<b>86,931,808</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

The cash at bank also comprises of the following amounts denominated in foreign currency which are held with Barclays Bank of Botswana.

	2014	2013
	P	P
British Pounds 482 ( 2013: 245,230)	<b>6,938</b>	3,069,212
	<b>2014</b>	<b>2013</b>
	P	P
<b>14 Capital Grants</b>		
<b>Government grants</b>		
Balance at beginning of year	<b>30,599,309</b>	30,318,019
Capital grant received during the year	-	2,706,780
Less: Amortisation of Government grants	<b>(519,669)</b>	(2,425,490)
Balance at end of year	<b>30,079,640</b>	30,599,309
<b>Capital assets granted by Botswana Government</b>		
Balance at beginning of year	<b>81,584,963</b>	83,928,079
Less: Amortisation	<b>(2,432,567)</b>	(2,343,116)
Balance at end of year	<b>79,152,396</b>	81,584,963
<b>Total grants at end of year</b>	<b>109,232,036</b>	112,184,272
	<b>2014</b>	<b>2013</b>
	P	P
<b>15 Trade and Other Payables</b>		
Trade payables	<b>28,448,969</b>	1,778,560
Accrued expenses	<b>2,013,084</b>	539,182
Other payables	<b>717,378</b>	878,250
Provisions (Note 15.1)	7,258,877	4,466,632



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 15 Trade and Other Payables Continued

	2014	2013
	P	P
Deferred revenue	5,063,811	9,000,000
	<b>43,502,119</b>	<b>16,662,624</b>

### 15.1 Provisions

	Gratuity	Leave pay	Total
	P	P	P
As at 1 April 2013	1,892,238	2,574,394	<b>4,466,632</b>
Provision for the year	5,152,826	2,792,697	<b>7,945,523</b>
Payment during the year	(2,938,682)	(2,214,596)	<b>(5,153,278)</b>
As at 31 March 2014	<b>4,106,382</b>	<b>3,152,495</b>	<b>7,258,877</b>

The carrying amounts of the BEC's trade and other payables denominated in foreign currencies are as follows:

	2014	2013
	P	P
British Pounds 1,836,116 (2013: GBP 2,392)	<b>27,363,867</b>	29,401
South African Rands Nil (2013: R 5,287)	-	4,909
	<b>27,363,867</b>	<b>34,310</b>

## 16 Analysis of financial instruments

### (a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

#### Loans and Receivables

##### *Assets as per statement of financial position*

	2014	2013
	P	P
Other receivables excluding prepayments (Note 12)	<b>5,639,921</b>	1,496,221
Cash and cash equivalents (Note 13)	<b>11,982,652</b>	86,931,808
	<b>17,622,573</b>	<b>88,428,029</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## Analysis of financial instruments Continued

### Other financial liabilities at amortised cost:

	2014	2013
	P	P
<b><i>Liabilities as per statement of financial position</i></b>		
Trade and other payables (Note 15)	<u>31,179,431</u>	<u>3,195,992</u>

### (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

#### Cash at bank and short-term bank deposits

Barclays Bank of Botswana Limited	<b>Not rated</b>	<b>4,883,264</b>	9,612,277
First National Bank of Botswana Limited	<b>Not rated</b>	<b>6,305,046</b>	7,281,803
Capital Bank Limited	<b>Not rated</b>	<b>31,817</b>	28,785,248
African Banking Corporation Botswana Limited	<b>Not rated</b>	<b>256,472</b>	6,155,831
Stanlib Investment Management Services	<b>Not rated</b>	<b>505,133</b>	35,094,980
		<u><b>11,981,732</b></u>	<u>86,930,139</u>

BEC only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. BEC has deposits with Barclays Bank of Botswana Limited, First National Bank of Botswana Limited, Capital Bank Limited, African Banking Corporation Limited and Stanlib Investment Management Services. There are no credit ratings available in Botswana.

Barclays Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of Barclays Bank plc, which is listed on the London Stock Exchange and has a credit rating of A (Fitch rating).

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

Stanlib Investment Management Services is a subsidiary of Stanbic Bank Botswana Limited which is a long established bank in Botswana and a subsidiary of Standard Bank in South Africa. Standard Bank South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of BBB.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 16 Analysis of financial instruments Continued

### (b) Credit quality of financial assets (continued)

African Banking Corporation Botswana Limited is a subsidiary of ABC Holdings. African Banking Corporation Limited has its primary listing on the Botswana Stock Exchange and a secondary listing on the Zimbabwe Stock Exchange.

Capital Bank Limited is a subsidiary of First Merchant Bank Limited (FMB), Malawi, a listed company in Malawi Stock Exchange. FMB has been operating in Malawi since 1995. FMB has a 51% shareholding in Capital Bank, with the remaining shares being held by other parties including local shareholders of Botswana.

None of the financial assets that are fully performing have been renegotiated in the last year.

## 17 Cash utilised in operations

	2014	2013
	P	P
Operating (deficit) / surplus	<b>(99,354,653)</b>	3,088,377
Adjustment for:		
Depreciation (Note 9)	<b>8,007,640</b>	8,681,024
Amortisation of intangible assets (Note 10)	<b>428,550</b>	1,201,130
Amortisation of capital grants (Note 14)	<b>(2,952,236)</b>	(4,768,606)
Profit on disposal of property, plant and equipment	<b>(380,691)</b>	(69,800)
Changes in working capital:		
Inventory	<b>250,505</b>	(672,442)
Trade and other receivables	<b>(4,458,095)</b>	(1,673,155)
Trade and other payables	<b>26,839,495</b>	16,662,624
<b>Cash utilised in operations</b>	<b><u>(71,619,485)</u></b>	<u>22,449,152</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 17 Cash utilised in operations continued

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	<b>2014</b>	2013
	<b>P</b>	P
Net book amount (Note 9)	<b>150,167</b>	149,374
Profit on disposal of property, plant and equipment	<b>380,691</b>	69,800
Proceeds from disposal of property, plant and equipment	<b>530,858</b>	219,174

## 18 Related party transactions

Related parties are Members of Council and senior management of the Botswana Examinations Council. The transactions carried out with the related parties during the year are as follows;

	<b>2014</b>	<b>2013</b>
	<b>P</b>	<b>P</b>
Management - basic salary	<b>2,895,630</b>	2,422,341
Management - allowances	<b>842,683</b>	706,855
Management - gratuity and leave pay	<b>1,247,825</b>	847,859
Management - total	<b>4,986,138</b>	3,977,055
Sitting allowances-board members	<b>598,358</b>	247,772
	<b>5,584,496</b>	4,224,827

## 19 Pension fund

BEC operates a non-contributory pension scheme for its employees, which is provided based on period of service of employees. The pension fund is a defined contribution fund managed by Alexander Forbes Financial Services Botswana (Proprietary) Limited. Other than the regular contributions to be made in terms of the Rules of the Fund, BEC does not have any other liabilities to the fund.

## 20 Contingent liabilities

Members of Council confirm that there were no contingent liabilities outstanding as at 31 March 2014.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014 Continued

## 21 Commitments

At year end, Botswana Examination Council had the following capital nature project;

Botswana National Examinations Processing System (BNEPS)

The total approved budget for the project is P 41,000,000. Total accumulated project expenditure as at the year end was P 30,622,357 and committed funds at the year end was P 10,377,643.

## 22 Events after the reporting period

There were no events that occurred after the reporting date which would require adjustments to or disclosures in these financial statements.

# DETAILED INCOME STATEMENT for the year ended 31 March 2014

## ANNEXURE I

	Note	2014 P	2013 P
<b>Revenue</b>	1	<b>131,818,938</b>	203,738,011
<b>Costs of revenue</b>			
Direct costs	2	<b>124,665,248</b>	111,391,417
<b>Gross surplus</b>		<b>7,153,690</b>	92,346,594
Other income	3	<b>4,010,928</b>	6,638,641
<b>Administrative expenses</b>			
Advertising, marketing and publicity		<b>2,284,821</b>	1,712,111
AEAA expenses		<b>198,421</b>	2,465,004
Amortisation of intangible assets		<b>428,550</b>	1,201,130
Auditors' remuneration		<b>278,652</b>	296,000
Bank charges		<b>258,637</b>	260,675
Consultancy fees		<b>2,308,990</b>	2,632,820
Depreciation		<b>8,007,640</b>	8,681,024
Electricity and water		<b>1,601,804</b>	582,012
Excellence awards		<b>1,552,338</b>	1,627,741
General expenses		<b>340,974</b>	303,288
Hotel and accommodation		<b>1,193,677</b>	769,103
Insurance		<b>1,926,193</b>	1,654,262



# DETAILED INCOME STATEMENT for the year ended 31 March 2014 Continued

## ANNEXURE I

	Note	2014 P	2013 P
Legal fees		266,216	113,847
Licenses and subscriptions		1,766,426	2,025,224
Meals and entertainment expenses		744,182	686,421
Miscellaneous		40,537	115,938
Motor vehicle expenses		987,884	796,857
Office cleaning and supplies		515,381	521,413
Printing and stationery		3,196,461	2,086,158
Recruitment costs		1,643,646	608,373
Repairs and maintenance		3,937,663	4,314,448
Salaries	4	66,561,095	52,889,399
Security		525,671	377,041
Sitting allowance		598,358	247,772
Staff welfare		261,657	258,678
Telephone, courier, freight and postage		2,517,717	2,264,478
TIMMS expenses		1,290,973	383,467
Training expenses		2,103,583	2,223,722
Travel and subsistence allowances		3,181,124	3,798,452
<b>Operating (deficit) / surplus</b>		<b>110,519,271</b>	<b>95,896,858</b>
		<b>(99,354,653)</b>	<b>3,088,377</b>

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 4 and 5".

# NOTES TO DETAILED INCOME STATEMENT for the year ended 31 March 2014

## ANNEXURE II

1	Revenue	2014	2013
		P	P
	Government subvention	121,582,223	195,079,983
	<b>Certification fees</b>	<b>207,103</b>	412,343
	<b>Registration fees</b>	<b>9,891,362</b>	8,145,110
	Remarking fees	<b>138,250</b>	100,575
		<b>131,818,938</b>	203,738,011
2	Direct costs	<b>2014</b>	<b>2013</b>
		P	P
	ABE and student expenses	<b>530,105</b>	349,125
	Consultancy	<b>820,350</b>	229,989
	Examiners' meals	<b>10,558,257</b>	11,188,077
	External examinations fees	<b>29,962,623</b>	21,953,140
	Grading and grade review	<b>452,662</b>	419,069
	Honorarium	-	8,082
	Invigilation fees	<b>12,551,919</b>	11,270,798
	Marking fees	<b>19,526,210</b>	19,848,799
	Moderation fees	<b>3,059,624</b>	1,650,028
	Other examination administration	<b>3,674,605</b>	932,748
	Printing costs	<b>8,032,194</b>	5,155,491
	Setting fees	<b>307,427</b>	211,472
	Travel and subsistence allowances	<b>29,971,934</b>	32,439,167
	Venue hire costs	<b>5,217,338</b>	5,735,432
		<b>124,665,248</b>	<b>111,391,417</b>

## NOTES TO DETAILED INCOME STATEMENT for the year ended 31 March 2014 Continued

### ANNEXURE II

	2014	2013
	P	P
<b>3 Other income</b>		
Amortisation of capital grants	2,952,236	4,768,606
Exchange loss	(1,681)	(148,101)
Profit on disposal of property, plant and equipment	380,691	69,800
Sale of tender documents	48,000	53,000
Sundry income	631,682	1,895,336
	<b>4,010,928</b>	<b>6,638,641</b>
<b>4 Salaries</b>		
Acting allowances	423,765	313,260
Management salary, allowances, gratuity and leave pay	4,986,138	3,977,055
Salaries	56,351,197	44,612,124
	<b>61,761,100</b>	<b>48,902,439</b>
Pension costs	4,799,995	3,986,960
	<b>66,561,095</b>	<b>52,889,399</b>

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 4 and 5".