



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







# OUR MISSION

To provide a credible and responsive assessment and examination system.



# 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 the nation at large are 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 (Act No. 11 of 2002) 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 processes;
- 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.



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







Mr. Lesedi Gaolaolwe  
Member



Dr. Patrick Molutsi  
Member



Mr. Nasim Miller  
Member



Mrs Daisy Molefhi  
Member



Mr. Shandukani Hlabano  
Member



Dr. Gaelebale Tsheko  
Member and Deputy Chair

Dr. Joseph Tsonope  
Chairman





Prof. Brian Mokopagosi  
Executive Secretary

Mr. Dominic Khame  
Member

Dr. Daniel Tau  
Member

Mr. Abel Mudungwa  
Member

Mr. Boeletswe Gobotswang  
Member

Mrs. Grace Muzila  
Member

Mr. David Ratsatsi Member - Retired December 2013 (Not Pictured)





# 02

# EXECUTIVE MANAGEMENT TEAM



**Mr. Canaan Mathendele**  
Director  
Information and  
Communication Technology

**Dr. Moreetsi Thobega**  
Director  
Research and Policy Development

**Mr. Jenamiso Nthele**  
Acting Director  
Corporate Services

**Prof. Brian Mokopakgosi**  
Executive Secretary

**Mrs. Dorcas Morake**  
Director  
Examinations Administration  
and Certification

**Mrs. Susan Makgothi**  
Director  
Product Development  
and Standards



# CHAIRMAN'S Foreword

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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 phenoms 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, hangs 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 that the security and integrity of the 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. 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

**B**EC is committed to upholding the principles of corporate governance, independence, transparency, sustainability, accountability and integrity, amongst others. As an examinations 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 integrity.

## 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:

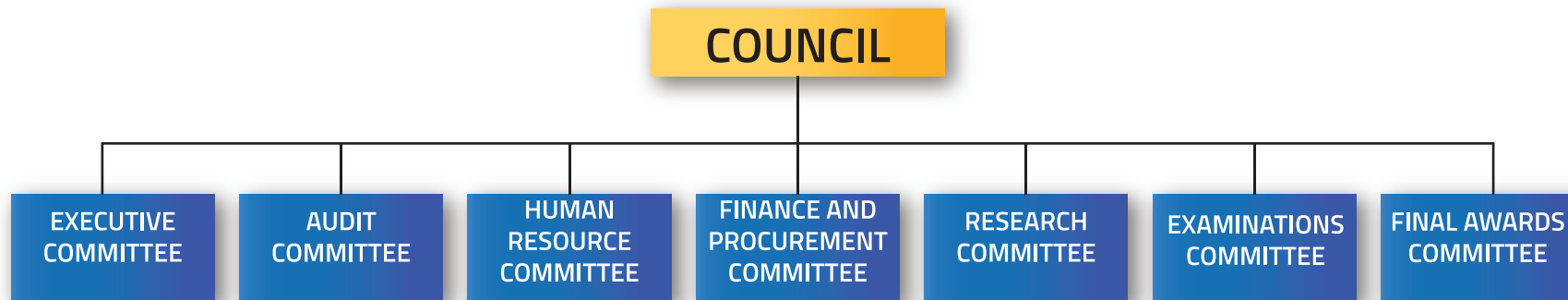


Figure I: Council Committees' Structure

### 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 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.

## AUDIT COMMITTEE

The committee is responsible for audit functions and the risk control strategy of BEC. The committee ensures the integrity of financial reporting and audit processes as well as the maintenance of a sound internal control and risk management system.

## HUMAN RESOURCE 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 main functions of the committee are to make recommendations to the Council for the approval of financial policies, the budget, and the financial statements. The committee is also responsible for the procurement of goods and services that are above the limit of the Management Tender Committee.

## RESEARCH COMMITTEE

The committee endorses the research plan of the organisation on behalf of Council and advises on the conduct of research and policy options emanating from research findings.

## EXAMINATIONS COMMITTEE

The committee is tasked with the responsibility of ensuring accessibility, equity and fairness in the conduct of examinations, which include among others decisions on malpractice, special considerations and applications for access arrangements. The committee also approves procedures in paper development and appointment of examinations personnel.

## 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

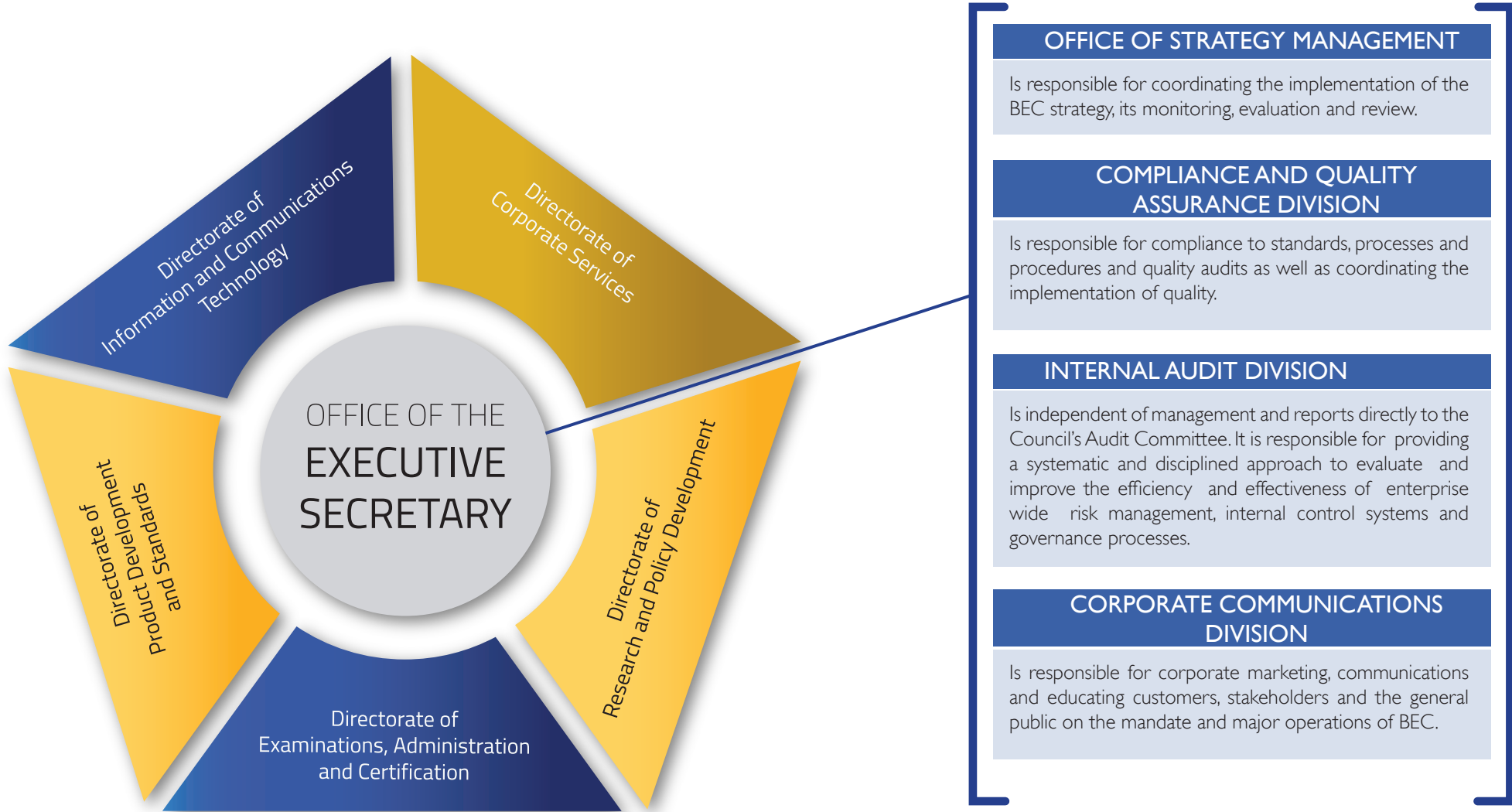


Figure 2: Organisational Structure



## DIRECTORATES

Examinations work has been grouped into two core business areas within the directorates of Product Development and Standards and that of Examinations Administration and Certification. The other directorates; Corporate Services, Research and Policy Development and that of Information and Communications Technology provide support services required in ensuring that examinations are conducted efficiently and cost effectively. In addition to these directorates there are stand-alone specialised support divisions. These divisions are Office of Strategy Management (OSM), Compliance and Quality Assurance (CQA), Internal Audit (IA) and Corporate Communications Division (CCD).

### DIRECTORATE OF PRODUCT DEVELOPMENT AND STANDARDS

Is responsible for the development of assessment policy, procedures and instruments as well as maintaining internationally competitive standards. It is also responsible for advising Council on emerging assessment needs within the education system.

### DIRECTORATE OF EXAMINATIONS ADMINISTRATION AND CERTIFICATION

Provides regulatory mechanisms and logistics for effective administration of all national examinations and assessments. Furthermore, the directorate administers examinations and tests offered by external organisations and conducts aptitude tests for vocational institutions.

### DIRECTORATE OF RESEARCH AND POLICY DEVELOPMENT

Designs, implements and conducts validation studies to inform policy decisions on assessment, operations of the Council and the monitoring of educational and assessment standards.

### DIRECTORATE OF CORPORATE SERVICES

Is responsible for the management of financial, human resources, assets, facilities, logistics and the provision of security services.

### DIRECTORATE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

Is responsible for providing ICT support services to BEC to ensure effective, efficient, and secure processing and delivery of examinations including the release of results.



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.

## 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 organisations to discuss the 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 Mokopagosi was appointed in October 2013 as a Caretaker Executive Secretary.

Botswana Examinations Council appointed Professor Brian Mokopagosi as the Caretaker Executive Secretary in October 2013. Professor Mokopagosi 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 Mokopagosi 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.



Certification Assistant Mr Kenneth Thokweng explaining BEC mandate to parents.

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.

### BEC Facebook Page

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.



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

### 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, registration dates, external examinations offered by BEC and replacement of lost or damaged certificates.



Senior Corporate Communications Officer Mr Charles Keikothae addressing the public at Charleshill kgotla during a road show.



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



## COMPLIANCE AND QUALITY ASSURANCE

BEC is in the process of establishing 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 Examinations (CIE) 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 were security of examination papers and the inconsistency in the application of the examination regulations across centres. These are the areas that BEC had started to address during the 2013/14 and the BEC Management assured the CIE Inspector that BEC was 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 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.



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





# RESEARCH

## Research and Policy Development

In the current reporting period, BEC engaged in various research activities. The activities were aimed at enhancing competitiveness and relevance of BEC qualifications. The studies included Customer Satisfaction baseline survey, Trends Analysis Study, international comparative studies like 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 appreciate how their respective divisions performed in Customer Service. The baseline customer satisfaction index (CSI) for BEC was 69.9% which was not too far off the 75% target for the year.

## Trends Analysis Study

This study was supported by a research grant. The study purports to determine factors that influence the observed patterns in candidates performance. A call for proposals was released late during the current reporting period. By year-end, only one proposal had been submitted. 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 of 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 the third quarter of 2014/15.

The following studies were conducted to inform operations and help BEC to improve its assessment services:

*Examiners' Level of Satisfaction with Marking Conditions, Agriculture Examiners' Scoring Consistency in the Junior Certificate Examinations and Reliability of Coursework Assessment were conducted for the said purpose.*

Examiners level of Satisfaction with Marking conditions was conducted so that BEC could have empirical information of what examiners expect from the organisation during marking so that improvements could be made where there is need.

Agriculture Examiners's Scoring Consistency in the Junior Certificate Examination was a follow up to an earlier

consistency study that purported to evaluate consistency of marking among examiners through out the marking period. What is expected is that a marker should be consistent in marking through-out the marking period so that the marks they produce could be relied upon.

BEC conducted trial tests for PSLE and JCE to enhance the quality of assessment products. Information from trial test analysis is used to improve items for future examination papers.

The **National Assessment Project**, a project for which a memorandum has been sent to the Ministry of Education and Skills Development for possible funding, is another project that will help BEC improve assessment services.

Results summary reports for the PSLE, JCE and BGCSE examinations were also 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. The Research directorate also continued to give examination data and other research information to external customers.

## 2013 EXAMINATIONS

### ASSESSMENT SYLLABI

BEC develops assessment syllabi 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.

For the 2013 *Junior Certificate Examination (JCE)*, development of the Moral Education and Physical Education assessment syllabi 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.

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.

### SYLLABI QUESTION PAPERS AND MARK SCHEMES PRODUCTION

The question papers and mark schemes ensure that standards of assessment across syllabi 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) syllabi 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) syllabi 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 syllabi and the remaining eight were from the three syllabi (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.

### 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.

## 2013 EXAMINATIONS *Continued*

### 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. (See table 1)

### 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 as shown on Table 1.

Table 1: Summary of the 2013 candidature by level, number of syllabi, centres and papers.

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

\* 3 of BGCSE are borrowed syllabi (Additional Mathematics, Statistics and French)



## 2013 EXAMINATIONS *Continued*

### CONDUCT OF THE EXAMINATIONS

Centres were provided with training to ensure compliance to the BEC regulations on 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<sup>th</sup> to the 18<sup>th</sup> October 2013. Prior to the examination, training was conducted for 851 invigilators and 37 Regional Examination Administrators (See Table 2).

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<sup>st</sup> October to 7<sup>th</sup> November 2013. Prior to the examination, training was conducted for 245 Chief Invigilators and 25 Regional Examination Administrators (See Table 2). 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 7<sup>th</sup> October to 15<sup>th</sup> November 2013. Prior to the examination, training was conducted for 79 Chief Invigilators and 11 Regional Examination Administrators as shown on Table 2. 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.

Table 2: Summary of candidature by level, number of centres, invigilators trained and number of REA's.

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

## 2013 EXAMINATIONS *Continued*

### MARKING AND MODERATION

Marking of candidates' scripts was conducted for the year under review. Examiners were recruited on a competitive basis through advertising in 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 as shown on Table 3.

#### PSLE

The marking of scripts started on 29<sup>th</sup> October 2013 and was completed on 10<sup>th</sup> 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 the 2<sup>nd</sup> December and was completed on the 16<sup>th</sup> 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.

Table 3: Summary of number of examiners and moderators by examination level.

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

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

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	-

## 2013 EXAMINATIONS *Continued*

### BGCSE

Training of examiners was conducted for various syllabuses and in all 212 examiners were trained. The marking of scripts started on the 2<sup>nd</sup> December and was completed on the 24<sup>th</sup> 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.

### 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 and the special considerations procedures.

### 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. The number of candidates and the access arrangements they applied for are shown on Table 4.

### SPECIAL CONSIDERATION

Candidates who sat the examinations under adverse conditions like illness, bereavement etc. were given special consideration in accordance with 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. Table 5 shows the number of candidates given special consideration per level.

### GRADING

#### PSLE

The standard setting meetings for the 2013 PSLE examination took place from the 13<sup>th</sup> to the 15<sup>th</sup> November 2013. During the meetings, cut offs at key

grades (A, C and E) were determined. The meetings were followed by the grading which took place from the 20<sup>th</sup> to the 23<sup>rd</sup> November 2013.

#### JCE

Grading of the 2013 JCE took place from the 3<sup>rd</sup> to the 12<sup>th</sup> January 2014.

For JCE, 2013 was the second year in which the standard based grading procedure was used. The procedure allows for detailed and meaningful reporting of candidate's capabilities unlike the norm-referenced procedure that was applied before 2012 and does not communicate the levels of achievement of the candidate. Adoption of the standard-based grading procedure was guided by the new curriculum implemented in 2010 which puts emphasis on acquisition of skills.

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 consultative workshops with education officers and schools to further 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.

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

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



## 2013 EXAMINATIONS *Continued*

### BGCSE

Grading took place from 3<sup>rd</sup> – 7<sup>th</sup> February 2014 and was audited by the CIE consultant as part of the accreditation agreement between CIE and BEC. Grading of the three borrowed syllabuses was done by CIE.

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 preparation of the awarding report to be considered by the Grading Advisory Committee (GAC), which is a validation structure, was made.

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, the grading process was 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. In most cases, these are candidates on the borderline to the next grade.

### PERFORMANCE OF CANDIDATES

#### PSLE

The proportion of candidates obtaining an overall Grade C or better as shown in Table 6, 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. 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 on 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.

## 2013 EXAMINATIONS *Continued*

Table 6: Overall cumulative (CUM) percentages (PCT) at PSLE for 2012 and 2013

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 7 below shows proportion of candidates at each overall grade in 2012 and 2013. The proportion show decreases at grades A to D and increases at grades E and U. 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.

Table 7: Proportion of candidates at JCE for overall grade in 2012 and 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

\* 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.

### 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.

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 Resource 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 Resource Development Strategy.

As a result, the former Tertiary Education Council (TEC) was, in 2013, transformed into the Human Resource 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 the Botswana Qualifications Authority (BQA) to deal with the National Credit and Qualifications Framework 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). The moderation and assessment of non-tertiary technical, vocational education and training will be transferred to BEC.

Currently BEC Act is being reviewed to align the organisation to the system level transformation taking place within the education sector. The BEC Amendment Bill was drafted and was expected to be tabled during the July 2014 Parliamentary Session.

## PERFORMANCE OF BOTSWANA NATIONAL EXAMINATIONS PROCESSING SYSTEM (BNEPS)

As a major achievement during the reporting period, the Council managed to successfully process both the BGCSE and PSLE 2013 national examinations through the newly established Botswana National Examinations Processing System (BNEPS) called "Malepa" in Setswana. While challenges of connectivity were experienced in some places, those were overcome by the utilisation of private internet providers and by allowing some registration to be carried out at BEC.

Private candidates were registered through mobile registration exercise throughout the country in places such as Maun, Kang, Francistown and Palapye with registration at PSLE level done through the Optical Mark Reader.

To avoid change saturation, the 2013 JCE examination series was processed using the legacy system with the intention to process all the three levels through Malepa by 2014.

The results for the three levels were successfully released through SMS technology and the website. The processing of the national examinations using Malepa started in 2012 after the Council embarked on the system in 2009 to deliver a secure, robust and scalable web-based application to process all the three levels; BGCSE, JCE and PSLE. At the time of project inception, BGCSE examinations were being processed outside the country while the other levels, JCE and PSLE were processed locally through a legacy system.

In the reporting period, BEC also upgraded its storage equipment from HP EVA to the newer, bigger and faster HP 3-Par storage system as well as acquiring and implementing Symantec Encryption. The latter will enhance information security by implementing Data Loss Prevention technology to mitigate data loss risks.



## BEC CORPORATE COMMUNICATIONS

During the period under review the BEC Council approved the Corporate Communications Strategy. The Corporate Communications Strategy project was completed within time and within budget. The project 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 by the public. These expectations are essentially current information management and improving stakeholders' access to examinations and assessment information that could help in areas of decision-making and policy formulation, hence the need for a Corporate Communications Strategy tailored to meet such needs.

The motivation for 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 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 serve as channels of communication for external and internal stakeholders respectively.

### BEC featured in the following main 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

## REVIEW OF BEC STRATEGY

Analysis by the Office of Strategy Management in conjunction with that of consultants engaged by the BEC over time persuaded the Council of the need to review the strategy of the organisation. The purpose of the review was to improve the planning, execution and monitoring of the strategy at BEC. The review process commenced in February 2013, with a number of consultative workshops arranged for key stakeholders. The workshops were arranged for the BEC Board and all employees within BEC.

The Board and Executive Management led the process by articulating the organisation's policy position; defining strategic elements and committing resources. Different Teams involving employees developed these further into a strategy. The draft strategy was finally approved by the Board in June 2013. The revised strategy resulted in the refinement of strategic components such as mission, values and strategy map as well as the formulation of the customer value proposition, but maintained the vision as it was. The crowning of the process was the launch of the strategy (2014/15-2018/19) in March 2014 in readiness for implementation in financial year 2014/15.

One of the major outcomes of the new strategy was the prioritisation of strategic projects to drive it. These included:

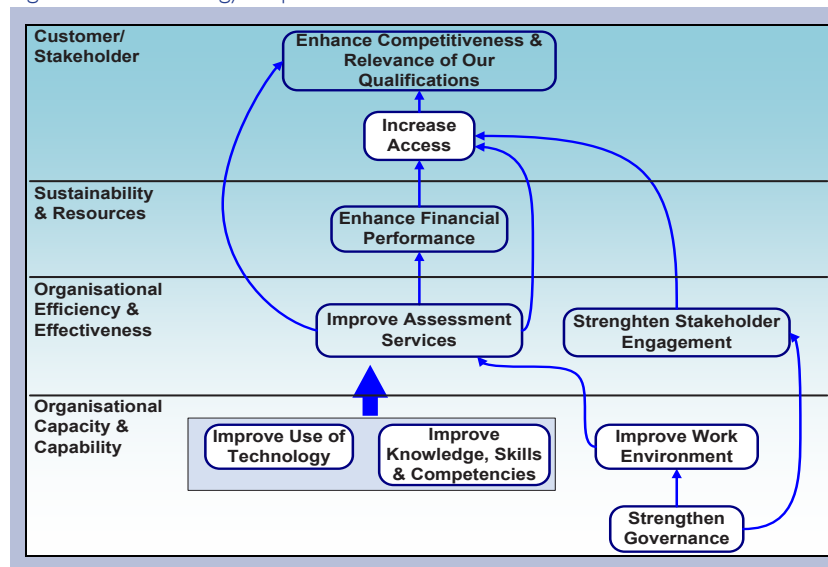
- BEC Transformation Project

- BNEPS Project Completion
- Implementation of QMS in accordance with ISO 9001
- Change Management Strategy
- Corporate Communications Strategy

To ensure the effective implementation of the strategy, activities of all departments were aligned to it. The Performance Management System was also reviewed and aligned to the new strategy. This exercise included

the alignment of individual performance contracts that drive the objectives of the Council. The Office of Strategy Management as the coordinator of performance at a corporate level was expected to work closely with the Performance Improvement Coordinator, who coordinates performance at an individual level. In summary, the BEC strategy map was revised as shown on Figure 3.

Figure 3: BEC Strategy Map



## CORPORATE SERVICES

During the financial year 2013/14, the Council experienced high turnover at the Senior and Executive Management levels further exerting 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

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



Human capital is paramount to driving BEC mandate.

performance management were minimised.

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.



### 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 and 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. 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 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 was 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. 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.

Efforts were made to address employee grievances, some 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,

Table 8: Summary of the 2013/14 establishment report as at March 2014

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

## CORPORATE SERVICES *Continuend*

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.

### Recruitment of Examinations Personnel

The Council is heavily dependent on the teaching service in the conduct of examinations. Paper development, moderation, marking, grading and grade review are activities that are conducted with the assistance of teachers. It is therefore crucial that the quality of personnel performing these activities should be of a high standard of professionalism, commitment and discipline. To that extent a decision was made that applicants for these positions should be vetted by school heads or deputies. The vetting exercise experienced difficulties emanating from varying degrees of accountability in schools. More efforts will be made to ensure that this exercise achieves the intended results.

### Procurement

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 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.

### Office Facilities and Services

With the looming expansion of the BEC mandate that is expected to put a strain on office and workspace facilities in mind, management has identified an empty adjacent plot that is ideal for expansion. It has since emerged that the plot is owned by Gaborone City Council and the negotiation process to have City Council cede it to BEC have long been commenced and the process is expected to be concluded within the calendar year 2015.

## 2014/2015 OUTLOOK

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. 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 vacant 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 organisation, which resulted in poor project implementation.



## 2014/2015 OUTLOOK Continued

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

Dr Serara Moahi (Resigned on 31<sup>st</sup> October 2013)

## CARETAKER EXECUTIVE SECRETARY

Professor Brian Mokopakgosi (Appointed 1<sup>st</sup> October 2013)

## CHAIRMAN

Dr Joseph Tsonope

## MEMBERS OF COUNCIL

Mrs Grace Muzila

Mr David Ratsatsi (Resigned December 2013)

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 Khampe

## 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.

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Notes to the detailed income statement	Annexure II



# STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE COUNCIL

for the year ended 31<sup>st</sup> March 2014

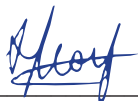
Members of the Council are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting 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 38 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 AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA EXAMINATIONS COUNCIL

### Report on the Financial Statements

We have audited the accompanying annual financial statements of Botswana Examinations Council, which comprise the statement of financial position as at 31 March 2014, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 38.

### Council Members' Responsibility for the Financial Statements

The Members of Council are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Botswana Examinations Council Act, 2002, and for such internal controls as the Members of Council determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana Examinations Council as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

In accordance with Section 20 of the Botswana Examinations Council Act, 2002, we confirm that:

- We have received all information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Botswana Examinations Council have been properly kept;
- The Botswana Examinations Council has complied with all the financial provisions of the Act; and
- The financial statements prepared by the Botswana Examinations Council were prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2 to the financial statements.

**Individual practising member: Butler Phirie Gaborone**

**Membership number: 19900312**

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T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)*

Country Senior Partner: B D Phirie  
Partners: R Binedell, R P De Silva, A S Edirisinghe

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

		2014	2013
	Note	P	P
<b>Revenue</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
		<u>131,818,938</u>	203,738,011
<b>Costs of revenue</b>			
Direct costs	5	124,665,248	11,391,417
		<u>7,153,690</u>	92,346,594
<b>Gross surplus</b>			
Other Income		6,152,686	6,638,641
Administrative expenses	5	(113,274,212)	(95,896,858)
		<u>(99,967,836)</u>	3,088,377
<b>Operating (deficit) / surplus</b>			
Finance costs	8	(219,340)	(75,579)
Finance income	8	1,726,158	7,991,870
Net finance income		<u>1,506,818</u>	7,916,291
		<u>(98,461,018)</u>	11,004,668
<b>(Deficit)/Surplus for the year</b>			
Other comprehensive income		-	-
		<u>(98,461,018)</u>	11,004,668
<b>Other comprehensive income</b>			



# 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	21,788,325	20,908,712
		<b>113,887,964</b>	119,861,91
<b>Current assets</b>			
Inventories	11	421,937	672,442
Receivables	12	6,131,250	1,673,155
Cash and cash equivalents	13	11,982,652	86,931,808
		<b>18,535,839</b>	89,277, 05
<b>Total assets</b>		<b>132,423,803</b>	209,139,320
<b>FUNDS AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated fund		(18,168,594)	80,292,424
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Capital grants	14	107,090,278	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>132,423,803</b>	209,139,320

# 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	(98,461,018)	<b>(98,461,018)</b>
<b>Balance at 31 March 2014</b>	<u><b>(18,168,594)</b></u>	<u><b>(18,168,594)</b></u>



# STATEMENT OF CASH FLOWS as at 31 March 2014

	2014	2013
Note	P	P
<b>Cash flows from operating activities</b>		
Cash utilised in operations	17	(72,232,668) 184,054,878
<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) (6,118,744)
Purchases of intangible assets	10	(3,449,921) (6,467,910)
Proceeds from disposal of property, plant and equipment	17	530,858 219,174
Net cash utilised in investing activities		<u>(2,497,148) (4,375,610)</u>
<b>Cash flows from financing activities</b>		
Capital grants received	14	- 2,706,780
Net cash generated from financing activities		<u>- 2,706,780</u>
<b>Net change in cash and cash equivalents</b>		<b>(74,729,816) (185,723,708)</b>
Cash and cash equivalents at beginning of year		<b>86,931,808 272,731,095</b>
Exchange loss on cash at bank	8	(219,340) (75,579)
<b>Cash and cash equivalents at end of year</b>	13	<b>11,982,652 86,931,808</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 38 to 69 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

- 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)
- 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.



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

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)

### (b) New and amended standards applicable to the current period but not relevant to BEC

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

- 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)
- 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).

## 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, '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.

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

- 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, '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)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 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 carrying amount (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 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)



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

- 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)

- IFRIC 21 – Accounting for levies - IFRIC 21, 'Levies', sets out the accounting for an 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).

### 2.2 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 3 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.

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

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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.4 INTANGIBLE ASSETS SOFTWARE AND LICENCES

Software and licences are recognised and measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable software products controlled by BEC that will probably generate economic benefits beyond one year and for which the costs can be measured reliably, are recognised as intangible assets when the following criteria are met:

- 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 and;

- It can be demonstrated how the software product will generate probable future economic benefits;

Direct costs include the software development employee costs and other directly related development costs. Costs relating to the acquisition of licences are capitalised and amortised on a straight-line basis over the licence period when available for use.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income as incurred.

Amortisation shall begin when the asset is available for use, i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. The estimated useful lives for the current and comparative periods are as follows:

- Accounting software – three years
- BNEPS software – ten years; and
- Licences – term of the licence.

## 2.5 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

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

impairment are treated accordingly in the capital grants.

## 2.6 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.

## 2.7 FINANCIAL ASSETS

### 2.7.1 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 2.8 and 2.9).

#### (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 non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### 2.7.2 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 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'.

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

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.

## 2.7.3 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.

## 2.7.4 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 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



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

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.

## 2.8 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.

## 2.9 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.

## 2.10 RELATED PARTIES

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

## 2.11 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. Trade payables 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.12 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.

## 2.13 FOREIGN CURRENCY TRANSLATION

### 2.13.1 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.

### 2.13.2 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 year-end exchange rates of monetary assets and liabilities denominated in foreign

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

currencies are recognised in the statement of comprehensive income.

## 2.13.2 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 year-end 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.

## 2.14 REVENUE RECOGNITION

### 2.14.1 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.

### 2.14.2 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.

### 2.14.3 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.

## 2.15 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.

## 2.16 INCOME TAXES

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

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

## 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

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 262,019 (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.

##### 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 59,913 (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. 2.8.2 Recognition and measurement.

##### (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 facilities and the ability to close out market positions.

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

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).

The fair value of cash equivalents, accounts receivable and account payable approximate their carrying values due to their short-term nature. There are no other 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.

#### Useful lives of intangible assets

BEC follows the guidance of IAS 38 and determines the 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 developed, 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	19,526,210	19,848,799
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)	2,570,308	1,201,130
Auditors' remuneration		
Provision for the year	255,376	246,000
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	3,196,461	2,086,158
Repairs and maintenance	4,550,846	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
	113,274,212	95,896,858
<b>Total direct costs and administrative expenses</b>	<b>237,939,460</b>	<b>207,288,275</b>



# 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	5,093,994	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>6,152,686</b>	<b>6,638,641</b>
	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>
	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 continued.

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)
888,744	405	889,149

## 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)
537,359	380,226	666,188	14,058,159	15,641,932

### 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)
337,826	285,169	277,459	20,008,258	20,908,712

# 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	
	<b>BEC Software</b>	<b>BEC Website</b>	<b>BNEPS Licence Fee</b>	<b>BNEPS Programmes</b>	<b>Total</b>
	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
<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	-	-	3,421,103	<b>3,449,921</b>
Amortisation charge	(182,770)	(126,742)	(119,038)	(2,141,758)	<b>(2,570,308)</b>
<b>Closing net book amount</b>	<b>183,874</b>	<b>158,427</b>	<b>158,421</b>	<b>21,287,603</b>	<b>21,788,325</b>
<b>At 31 March 2014</b>					
Cost	1,485,323	380,226	2,355,300	23,429,361	<b>28,263,393</b>
Accumulated amortisation	(1,301,449)	(221,799)	(2,196,879)	(2,141,758)	<b>(5,861,885)</b>
<b>Net book amount</b>	<b>183,874</b>	<b>158,427</b>	<b>158,421</b>	<b>21,287,603</b>	<b>21,788,325</b>

Intangible assets relates to costs incurred towards the computerisation project (the BNEPS programme) as well as other software acquired by BEC. Intangible assets are amortised in accordance with policy note 2.5.

## 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

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

The fair values of receivables equal to the carrying amount.  
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

	2014	2013
	P	P
Cash at bank	11,188,310	16,894,080
Short term deposits	793,422	70,036,059
Cash on hand	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:

	2014	2013
	P	P
Cash at bank	11,188,310	16,894,080
Short term deposits	793,422	70,036,059
Cash on hand	920	1,669
	<b>11,982,652</b>	<b>86,931,808</b>

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

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

	2014	2013
	P	P
British Pounds 482 ( 2013: 245,230)	<b>6,938</b>	3,069,212
	<b>2014</b>	<b>2013</b>
	<b>P</b>	<b>P</b>
<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>(2,661,427)</b>	(2,425,490)
Balance at end of year	<b>27,937,882</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>107,090,278</b>	112,184,272
<b>15 Trade and Other Payables</b>	<b>2014</b>	<b>2013</b>
	<b>P</b>	<b>P</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)	<b>7,258,877</b>	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:

	2014	2013
	P	P
<b>Loans and Receivables:</b>		
<b><i>Assets as per statement of financial position</i></b>		
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
<i>Liabilities as per statement of financial position</i>		
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.

## 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	(99,354,653)	3,088,377
Adjustment for:		
Depreciation (Note 9)	8,007,640	8,681,024
Amortisation of intangible assets (Note 10)	2,570,308	1,201,130
Amortisation of capital grants (Note 14)	(5,093,994)	(4,768,606)
Profit on disposal of property, plant and equipment	(380,691)	(69,800)
Changes in working capital:		
Inventory	250,505	(96,986)
Trade and other receivables	(4,458,095)	701,828
Trade and other payables	26,839,495	(192,985,817)
<b>Cash utilised in operations</b>	<b>(72,232,668)</b>	<b>(184,985,817)</b>

# 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:

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

## 18 Related party transactions

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.

### (a) Transactions with the Ministry of Education and Skills Developments;

	2014	2013
	P	P
Government subvention	121,582,223	195,079,983
Capital grant received during the year	-	2,706,780
Deferred revenue - Restructuring and alignment to BQA	5,000,000	-

### (b) Receivables from Ministry of Education and Skills Developments;

	2014	2013
	P	P
Back to School Programme	<u>4,332,323</u>	

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

Members of Council and senior management compensation, is shown in the table below:

	2014	2013
	P	P
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.

## 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 35,832,868 and committed funds at the year end was P 5,167,132.

## 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>6,152,686</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>2,570,308</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		4,550,846	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>113,274,212</b>	<b>95,896,858</b>
<b>Operating (deficit) / surplus</b>		<b>(99,967,836)</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 37".

# 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
	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>	<b>203,738,011</b>
2	Direct costs	2014	2013
		P	P
	ABE and student expenses	530,105	349,125
	Consultancy	820,350	229,989
	Examiners' meals	10,558,257	11,188,077
	External examinations fees	29,962,623	21,953,140
	Grading and grade review	452,662	419,069
	Honorarium	-	8,082
	Invigilation fees	12,551,919	11,270,798
	Marking fees	19,526,210	19,848,799
	Moderation fees	3,059,624	1,650,028
	Other examination administration	3,674,605	932,748
	Printing costs	8,032,194	5,155,491
	Setting fees	307,427	211,472
	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>

# 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	5,093,994	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>6,152,686</b>	<b>6,638,641</b>
<b>4 Salaries</b>		
	2014	2013
	P	P
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 page 37".

