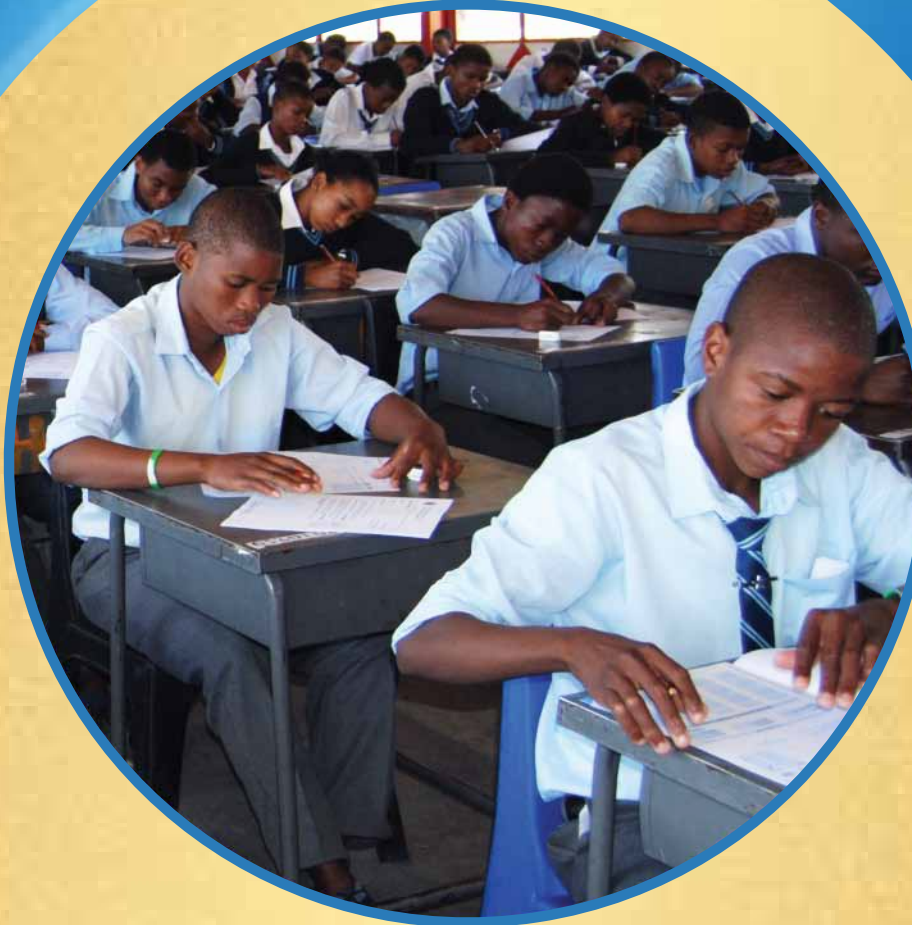




BOTSWANA
EXAMINATIONS
COUNCIL



ANNUAL REPORT 2014/2015



OUR VISION

To be a provider of accessible and globally competitive qualifications.

OUR MISSION

To provide a credible and responsive assessment and examination system.



BOTSWANA
EXAMINATIONS
COUNCIL

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 schools 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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2014/15

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01

BEC COUNCIL MEMBERS

**SEATED (From Left to Right)**

Mr Abel Modungwa | Mrs Daisy Molefhi | Dr. Joseph Tsonope - Chairman |
Dr. Gaelebale Tsheko - Deputy Chairman | Dr. Patrick Molutsi

STANDING (From Left to Right)

Mr. Lesedi Gaolaolwe | Mr. Richard Matlhare - Permanent Secretary - MoESD
Mr. Dominic Khame | Prof. Brian Mokopakgosi - Executive Secretary
Mr. Shandukani Hlabano | Dr. Daniel Tau | Mr. Nasim Miller



02

EXECUTIVE MANAGEMENT TEAM

**SEATED (From Left to Right)**

Mrs. Susan Makgothi - Director, Product Development and Standards
Prof. Brian Mokopakgosi - Executive Secretary
Mrs. Dorcas Morake - Director, Examinations Administration and Certification

STANDING (From Left to Right)

Mr. Letlhokwa Galekhutle - Director, Corporate Services
Mr. Jenamiso Nthele - Director, Human Resource
Mr. Canaan Mathendele - Director, Information and Communications Technology
Dr. Moreetsi Thobega - Director, Research and Policy Development



03

CHAIRMAN'S FOREWORD



It is once again a great pleasure for me to present to all stakeholders the Botswana Examinations Council's 2014/15 Annual Report. Although the BEC operated under a stringent resource environment similar to that of the previous financial year, the report shows marked leadership stability and greater strides in moving the organisation forward. The long anticipated approval of the BEC Amendment Bill did not materialise, but such did not adversely affect progress in other strategic areas. Overall, the report shows greater activity and excitement in the work of the organisation, demonstrated at both board and management

levels. Above all, the report shows closer cooperation between the BEC and government.

One major achievement reported on is the implementation of the BEC strategic plan. With the implementation of the strategy also came the introduction of a new performance management tool, which introduced performance accountability across the organisation. For the first time in its history, the BEC Board was able to go on retreat to deliberate on the performance of the strategy and set targets for the next financial year through the development of an annual business plan.

The report also demonstrates continuing commitment to the observance of corporate governance. Deliberate efforts and energy were invested in developing policy instruments that promote corporate governance. Training in corporate governance was only limited by the serious dearth of resources. Major accomplishments in this regard were the approval by the Board of the first Board Charter, the Delegation of Authority policy, as well as the procedures for handling issues of conflict of interest at board and management levels. The two policy documents clearly articulate the governance relationship between the governing council and management of the BEC.

Although the document records the activities of the year, it also points to the challenges of the next financial year. As in the previous year, the increasing financial challenges of the organisation and the clarion call for the financial independence of the BEC remain paramount. As we move forward into the future, the board expects to see the establishment of a business development function at the BEC, as well as, more initiatives designed to generate alternative funding for the organisation. The inordinate delay in the approval of the BEC Amendment Bill also creates frustration at the BEC as it puts on hold the transformation of the Council into a national assessment authority.

Finally, I wish to express my heartfelt thanks to the Board of the BEC, who worked tirelessly and as a team to move the key agenda of the organisation forward. A special word of appreciation also goes to the staff of the BEC, who worked tenaciously and with great devotion despite resource constraints.

I commend the report to all stakeholders.

Dr Joseph Tsonope



04

EXECUTIVE SECRETARY'S STATEMENT



The report that follows contains the activities of the BEC and the audited financial statements for the 2014/15 financial year. Although the financials show an organisation struggling to finance key operations initiatives, the

year was an enormously exciting one, which saw the implementation of the BEC strategy and the maturation of the examinations processing system, and, as a consequence, the improvement in the quality of operations. The report covers all the six directorates of the BEC as well as the four support divisions in the Office of Executive Secretary.

At BGCSE level, the quality of our operations was confirmed by accreditation by Cambridge.

First and foremost is the maturation of the Botswana National Examinations Processing System (BNEPS). For the first time all the three examinations were successfully processed using the MALEPA application. Also worth reporting is the launch of associated applications such as the Examining Personnel Payment System. The outcome was enhanced stability of the system and quality of BEC examinations processing and related functions. Fewer errors were reported than in the previous years.

Even more noteworthy was the final implementation of the BEC strategy in May 2014. The implementation of the strategy resulted in the development of individual performance agreements designed to drive the accomplishments of the nine strategic objectives agreed upon. The outcome was more focussed performance and accountability. The review of the performance of the strategy at the end of the year assisted to accurately determine the baselines for performance measures, refine the initiatives and identify challenges and actions for the next annual business plan.

The year 2014/15 also recorded important activity in the area of research. The Directorate of Research and Policy Development continued to participate in international comparability studies, and lessons learnt from these were disseminated to stakeholders across the country. The findings from the studies were also carefully summarised into draft policy briefs for possible input into national policy development. The briefs were to be properly packaged and shared with especially the Ministry of Education and Skills Development.

In spite of the less than adequate resources available, the BEC continued to participate in regional, continental and international organisations such as the Southern Africa Association of Educational Assessment (SAAEA), the Association of Educational Assessment in Africa (AEAA) and the International Association for the Evaluation of Educational Achievement (IEA). The latter association is responsible for the administration of Trends in International Mathematics and Science Study (TIMSS) and Progress in International Reading and Literacy Study (PIRLS) in which the BEC participates.

Detailed accounts of our activities and achievements during the year are contained in the sections that follow.

A handwritten signature in blue ink, appearing to read 'Brian Mokopakgosi'.

Brian Mokopakgosi
Executive Secretary



05

GOVERNANCE

GOVERNANCE STRUCTURES

BEC 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

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.

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:

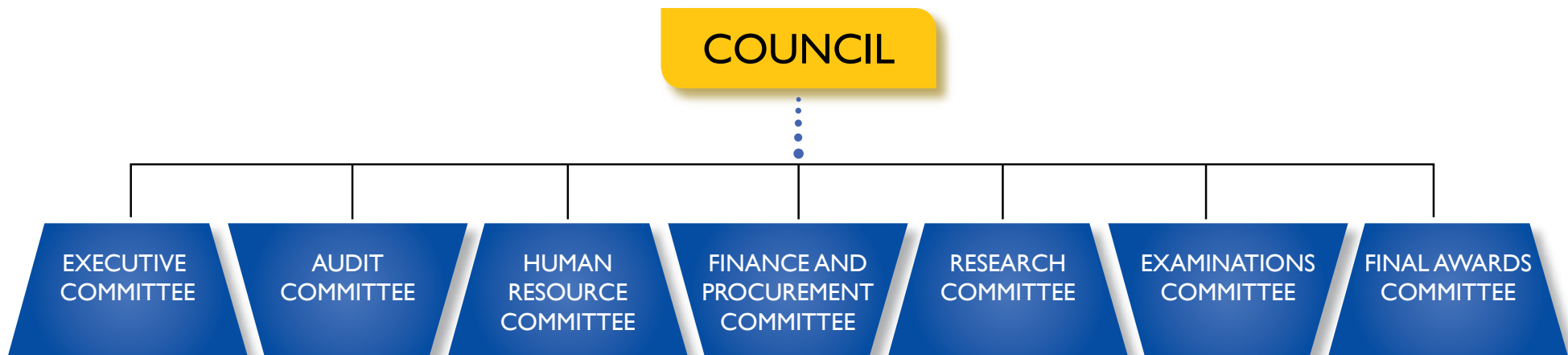


Figure 1: Council Committees' Structure

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.



Figure 2: Organisational Structure

01 OFFICE OF STRATEGY MANAGEMENT

Is responsible for coordinating the implementation of the BEC strategy, its monitoring, evaluation and review.

02 COMPLIANCE AND QUALITY ASSURANCE

Is responsible for compliance to standards, processes and procedures and quality audits as well as coordinating the implementation of quality.

03 INTERNAL AUDIT DIVISION

Is independent of management and reports directly to the Council's Audit Committee. It is responsible for providing a systematic and disciplined approach to evaluate and improve the efficiency and effectiveness of enterprise wide risk management, internal control systems and governance processes.

04 CORPORATE COMMUNICATIONS DIVISION

Is responsible for corporate marketing, communications and educating customers, stakeholders and the general public on the mandate and major operations of BEC.

05 LEGAL SERVICES

Is responsible for strengthening corporate governance in the organisation by putting in place proper corporate governance architecture and ensuring that the organisation complies with all legislation relevant to it. The legal office also provides secretarial services to the Board as well as managing the business of the Board. In this function the legal office acts as a key link between Management and the Board.

DIRECTORATES

Examinations work has been grouped into three business areas. The first group consists of the Directorates of Product Development and Standards, Research and Policy Development and that of Examinations Administration and Certification. The other Directorates: Corporate Services, Human Resources, and that of Information and Communications Technology provide support services required to ensure that examinations are conducted efficiently and cost effectively. In addition to these Directorates, there are stand-alone specialised support divisions in the Office of Executive Secretary. These divisions are Office of Strategy Management (OSM), Compliance and Quality Assurance (CQA), Internal Audit (IA), Legal Services (LS) 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 finance, procurement, 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.

DIRECTORATE OF HUMAN RESOURCES

Is responsible for ensuring that the Council is staffed with appropriately qualified and experienced employees for it to execute its mandate. It also provides a wide range of human resources and records management services in a cost effective manner to ensure that the Council's human resources and records are effectively managed.



06

BEC AT A GLANCE

BEC HIGHLIGHTS DURING THE PERIOD UNDER REVIEW



THE 5TH ANNUAL EXCELLENCE AWARDS OF SIGNIFICANT IMPORTANCE

The 5th BEC Annual Excellence Awards were held on Friday 11th July, 2014 at a colourful ceremony attended by His Excellency the President of Botswana Lt. General Seretse Khama Ian Khama. The awards remain the biggest entry in the BEC annual calendar of events. The purpose of the awards as His Excellency explained, "is not only to recognise and celebrate the achievements of outstanding performers, but also to serve as encouragement to those who may not be doing so well to do better. While very few receive these awards, others out there aspire to receive them the next time. This is the positive side of excellence award."

A total of 71 outstanding performers at primary, junior and senior secondary levels received the awards. These were selected from a total of 116, 801 candidates who sat for the 2013 PSLE, JCE and BGCSE national examinations.



UGANDA NATIONAL EXAMINATION BOARD BENCHMARK VISIT TO BEC

The Uganda National Examination Board (UNEB) visited BEC on a benchmarking mission on the 10th July 2014. UNEB was undertaking a reform of the lower secondary education in Uganda and, therefore, wanted to learn from the BEC context, on the broad national education policy underlying the curriculum and assessment reform that would have influenced the move from norm-referenced to criterion referenced assessment. The team was also interested in the construction of varied assessment instruments; training processes and manuals used to prepare staff; continuous assessment practices at school level (coursework); grading rules; partnerships existing between curriculum and assessment bodies and teacher trainers.

The visit was organised jointly with their counterparts from the National Curriculum Development centre who were hosted by Curriculum Development and Evaluation Division (CD&E) of the MoESD

- 1 His Excellency the President Seretse Khama Ian Khama presenting Golden Star Award to Kago Goveya during the 5th Annual Excellence Awards ceremony.
- 2 Ugandan delegates attending the TIMMS Dissemination conference during their benchmarking mission.



3

BEC PARTICIPATES IN ACTUALISATION OF VISION 2016

BEC took part in actualisation of Vision 2016 held in Tsootsha in September 2014 where the Vision 2016 awareness month was launched. Vision 2016 which is aligned to the National Development Plans aims at improving lives of Batswana. The Council took part as one of the drivers of 'An Educated, Informed Nation' Pillar. The main objective of this pillar is to ensure that Botswana has a rising and high literacy rate by the year 2016.

Minister of Finance and Development Planning Hon. Kenneth Mathambo graced the occasion as the guest of honour where he congratulated the participating organizations including BEC. BEC took time to visit the neighbouring villages of Charles Hill, Karakubis, Chobokwane, New Xanagas and Makunda to educate the residents on the Botswana Examinations Council's mandate and activities.



4

BEC BOPEU MEMBERS INSTALL STANDPIPES IN MABUTSANE SUB-DISTRICT

Botswana Examinations Council (BEC) employees who are members of Botswana Public Employees Union (BOPEU) handed over six standpipes worth P18 000.00 (Eighteen Thousand Pula) at Khonkhwa village in the Mabutsane Sub-District. The Guest of Honour at this ceremony that was held on the 25th July 2014, was the BEC Director of Research and Policy Development Dr. Moreetsi Thobega. The standpipes would go a long way in benefiting the six families and their school going children to prosper in their school work.

Beneficiaries of the donation were drawn from five villages in the Mabutsane Sub-District such as Khonkhwa, Sekoma, Mahotshwane, Keng and Morwamosu. Traditional leaders as well as Village Development Committee members from those villages applauded BEC for caring for the needy.

- 3 BEC Senior Corporate Communications Officer Mr Charles Keikothae addressing stakeholders during the Vision 2016 Actualisation tour in Tsootsha.
- 4 Research and Policy Development Director Dr. Moreetsi Thobega handing over the standpipes to the beneficiaries.

BEC HIGHLIGHTS DURING THE PERIOD UNDER REVIEW *continued*



BEC IN COLLABORATION WITH VIVO ENERGY (SHELL OIL BOTSWANA) DONATE TO EMANG JUNIOR SECONDARY SCHOOL

Even though BEC was facing financial constraints during the period under review, it went an extra mile to do more with less and continued with its Corporate Social Responsibility initiatives. BEC joined hands with AVIVO Energy and donated a Printer, mathematical sets and teaching aids such as maps, history books, geography and environmental books during the Emang Junior Secondary school's prize giving ceremony in Ntlhantlhe village.

The BEC Executive Secretary who was the Guest of Honour graced the event accompanied by the Corporate Communication team. BEC used this opportunity to educate the students and parents about its mandate and activities at the School's Mini Exhibition. BEC continued to give to those who are in need of educational tools despite the financial challenges it faces.



BEC AT THE BOTSWANA TERTIARY EDUCATION FAIR

BEC was amongst the 2015 Botswana Tertiary Education Fair exhibitors. The Fair offers the exhibitors from different education sectors and students the opportunity to interact and identify the career choices in programmes offered by different sectors. Thousands of students from across the country visited the BEC stall to be educated on the services and opportunities that BEC offers.

BEC's participation was made possible by the sponsorship the Council received from the Fair's hosts, the Human Resources Development Council (HRDC). BEC also managed to participate at the Fair's conference which was held on 23rd – 25th March 2015 themed '**Promoting Human Resource Development and Employability Through Technical and Vocational Education Training (TVET) Skills**'.

5 BEC Corporate Communications Staff handing over learning materials to Emang JSS.

6 Mr. Lesego Ntuluki with Mr. Moatlhodi Lister Gaogopolwe attending to students at the Botswana Tertiary Education Fair



BEC HOSTS PUBLIC LECTURE

In the period under review, BEC hosted one public lecture that addressed the relationship between curriculum, the teaching and learning process, classroom assessment and national examinations. The lecture was presented by Professor Jaap Kuiper (PhD), a Senior Education Advisor and Consultant within the Ministry of Education and Skills Development (MoESD). The Public Lecture theme was **'The New Goals of Education: Implications for Assessment'**. Professor Kuiper posited that as Botswana is in the drive to diversify her economy away from minerals, questions of whether the education system is playing its role by developing the right human resource base will become inevitable. He argued that over and above the usual content knowledge, Botswana's education system needed to develop skills and competencies in its learners. Where the education imparts skills and competencies, there needs to be an assessment system that has the capacity to measure acquisition of those skills.

Prof. Kuiper called for a more diverse assessment system. This would be an assessment system that measures knowledge where appropriate, but would also measure a combination of skills, knowledge and attitudes as required. According to Prof. Kuiper, a sophisticated school-based assessment is needed for that. The national examinations measure the level of learning (of standard knowledge, mainly) generated by the education system as a whole. School-based assessment, on the other hand, focuses on the complete set of skills, knowledge and attitudes acquired and constructed by individual learners. Prof. Kuiper concluded that Botswana did not have appropriate school-based assessment system; what obtained at school level was largely a replication of the already existing national examination questions; which would not bode well for the required diversification of the economy.

7 Professor Jaap Kuiper giving a public lecture on Assessment in Botswana.



07

REVIEW OF OPERATIONS

COMPLIANCE AND QUALITY ASSURANCE

In the year under review, BEC had a number of projects under Compliance and Quality Assurance. These projects are ISO 9001:2008 Implementation project, Quality Assurance and Risk Management project.

ISO 9001:2008 IMPLEMENTATION PROJECT

BEC has established and documented a Quality Management System (QMS) in line with the requirements of the ISO 9001:2008 International Standard. The Council aims to attain ISO 9001:2008 certification status by December 2015. The benefits for this initiative include, but not limited to, reduced operational expenses, enhanced reputation, improved customer satisfaction as well as process efficiency and optimisation.

As part of project implementation initiative, twelve members of the ISO 9001:2008 Implementation Team underwent some training. They attended courses on Implementation of QMS, Documentation and Lead Auditor/Auditor. On 16 February 2015, a week long workshop was also conducted to roll out the plan and enable the implementation team members to have adequate skills for documentation review. The review of some key QMS documents has been carried out.

QUALITY ASSURANCE

As part of BEC's quality assurance initiative, a Cambridge International Examinations (CIE) inspection visit was carried out in Botswana for three weeks commencing on 28 October 2014 and involved inspections at twelve (12) centres, including the BEC. A remarkable improvement in terms of compliance to examination regulations was realised. Centres were awarded one of four different ratings, depending on the inspector's assessment of the Centre's understanding and implementation of four key dimensions of examination administration:

- Key Times and Full Centre Supervision
- Security Arrangements
- The Conduct of Examinations
- The Standard of the Examination Room/Set Up

The inspections focused exclusively on matters that fell under these headings. The outcome of the inspection visit indicated that 83% of Centres achieved a rating of 'Satisfactory with Minor Points' or 'Completely Satisfactory' with 58% being 'Completely Satisfactory' compared to three years ago when only 35% of Centres inspected were 'Satisfactory'. BEC has put excellent systems in place from training and security, to the monitoring of Centres and unannounced inspections by BEC staff and Regional Examinations Assessors to ensure the integrity of examinations.

RISK MANAGEMENT PROJECT

BEC has developed a Risk Management Framework to provide a foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management in order to effectively assess and monitor all risks across the organisation.

During the year under review, critical documentation has been developed, these are; the Risk Framework and the Risk Policy. Sensitisation workshops for management and all staff were conducted during the initial stages of the project. This was followed by development of risk registers for all Directorates.

RESEARCH

In the current reporting period, BEC engaged in various research activities that included the following:



TIMSS AND PIRLS 2011 FINDINGS

The Botswana Examinations Council (BEC) in collaboration with the Department of Educational Planning and Research Services (DEPRS) under the auspices of the Ministry of Education and Skills Development (MoESD), held a national dissemination conference on Trends in International Mathematics and Science Study (TIMSS) 2011, Progress in International Reading Literacy Study (PIRLS) 2011 and Southern and Eastern African Consortium of Monitoring Educational Quality (SACMEQ) III studies from the 8th – 9th July 2014 in Gaborone. A total of 106 delegates attended the conference from across various MoESD departments, educational institutions and parastatals in Botswana. Colleagues from the Uganda National Examinations Board who were on a benchmarking exercise also attended the first day of the conference. Regional conferences were then held from the 30th-31st July 2014 in Jwaneng and Francistown and 110 delegates attended the conferences. Recommendations from the conferences were captured in a communique produced from the conferences; some of the recommendations were used to produce policy briefs for the education system.



TRENDS IN INTERNATIONAL MATHEMATICS AND SCIENCE STUDY (TIMSS) 2015

TIMSS 2015 is currently in the last phase of the cycle. International results will be released in December 2015. After the pilot test that took place in March 2014, the main survey was conducted from 16th to 31st October 2014. A hundred and sixty (160) schools participated in the study.

The participating schools were divided into eight (8) groups and each group had an average of twenty schools. The data from schools was captured, cleaned and sent to the TIMSS Data Processing Centre in Hamburg Germany for further analysis together with data from other countries. On the other hand, PIRLS 2016 activities commenced with a pilot test in March 2015. Data from the pilot test was captured, cleaned and sent to the PIRLS Data Processing Centre for analysis.

- 8 TIMSS National Research Coordinator Dr. Mbako Masole presenting at the TIMSS 2011, PIRLS 2011 and SACMEQ III conference.
- 9 TIMSS School Coordinators attending training

DISSEMINATION OF COMPREHENSIVE RESULTS ANALYSIS REPORTS - 2013

Since 2014, BEC made further analysis of results after their release. This was done in response to enquiries from the MoESD which requested BEC to give feedback to schools regarding their performance. Feedback seminars were held in Francistown, Selibe-Phikwe, Gaborone and Kgatleng Educational Regions. The audience for these seminars were regional education staff, school heads and teachers. Final reports were prepared and distributed to stakeholders that included various departments of the MoESD, Regional Offices and schools.

POLICY BRIEFS

The first policy brief was produced out of findings of studies that took place during the 2013/14 reporting period. The policy brief provided insight into findings of various studies conducted during the year; it also guides policy direction. It was particularly based on the findings of the following BEC studies; *TIMSS 2011*, *PIRLS 2011*, *Alignment of Assessment Practices and Education Policies in Botswana*, *Predictive Validity of PSLE on Performance at JCE*, *Trends Analysis of PSLE Results from 2000 to 2011*, and *Comprehensive Results Analysis Studies*. External studies that supported findings of the internal studies were also used to validate the recommendations. Collectively, the studies found that learning achievement was a result of the learners' interaction with several contextual factors that included enabling policy, educational quality assurance system, curriculum structure, parental support, school

environment, and the teaching and learning process. The policy brief was thus structured according to the contextual factors as listed; the factors include the school, the curriculum, the teacher, the learner, the parent and assessment.

PUBLIC AND INTERNAL SEMINARS

In order to share information and engage with its customers and stakeholders, the Botswana Examinations Council organised research seminars. Three such seminars took place between September and November 2014.

- The first of the series was a public lecture by Prof. Jaap Kuiper titled "The New Goals of Education: Implications for Assessment - ETSSP Project". The presentation was on 18th September 2014 and was well attended with 71 participants attending out of the 100 invited.
- The second was an internal seminar by Mr. Tshepiso Masukusuku of BEC entitled "Alignment of Assessment Practices and Education Policies in Botswana: A Case of the JCE Grading Rules". The paper examined the link between Government's education policy and assessment practices. The main question was whether the subject aggregation method in the JCE assessment programme reflected the intention of the education policy. It was attended by management teams from relevant departments in BEC.

- The third seminar was by Dr. Oemetse Mogapi of BEC titled "A Study of BGCSE Students Achievement Patterns and Trends in the Period 2004 to 2013". The study presented initial findings on the ongoing study. The study envisages depicting the trend and pattern of students' achievements and explains that against assessment related factors. The study also intends to measure degree of alignment between educational components such as teaching, assessment and curriculum standards. The seminar was attended by relevant departments at BEC and various officers from Curriculum Development and Evaluation at the MoESD.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The processing of the 2014 examinations on Malepa proceeded without any major setbacks. The results were disseminated using the BEC website and an sms query application. In the previous financial year, BEC used a modem with one sim card from each of the three (3) mobile operators. The Council improved its services during the year under review by increasing the number to a total of eight (8) sim cards to enhance the query response times. However, there were still some delays because of the inherent limitations on sim cards. As a way forward, BEC has since resolved to switch to an Internet Protocol (IP) based method of sms delivery.

The major components of the BNEPS have been successfully implemented and completed. All examination levels are being processed through the Malepa application, which is the core application used for examinations processing. As a result, some business processes have been computerised and are now being executed with little to no paper involved. Others still require the printing of reports, but mainly for error resolution and compliance verification.

Private BGCSE, and lately JCE candidates, can register online via the web portal and pay for their fees via a remote payment method thus reducing the need to come to BEC premises to register and pay. BGCSE centres have, for the past three years, been using the online registration module to register candidates thus reducing the amount of Optical Mark Reader (OMR) sheets needed per year. The utilisation of the online platform for the JCE qualification has been slightly hampered by the lack of availability of high bandwidth at some of the JCE centres. Notwithstanding that, those JCE centres that have adequate bandwidth are being encouraged to utilise the online platform as it provides them with faster access to information, easier access to make amendments and the ability to enjoy faster access to their results once they are published.

EXAMINERS' PAYMENTS

Examiners' payments are now processed through Malepa and this has helped immensely in the verification of accuracy of the claims that examiners submit for payment. As the application matures, other examining personnel's payments will be processed through the application, enabling better management of all BEC's examining personnel related expenses.

POST IMPLEMENTATION REVIEW

A Post Implementation Review is scheduled to occur and through it will come the official close out of what is referred to as BNEPS Phase I. BNEPS Phase II is the continuation of BEC's efforts to attain the automation of those processes that were not automated by the introduction of Malepa. As part of the drive for continuous improvement of the operational landscape, BNEPS Phase II will also aim to improve process consistency and efficiency, avail information and documents in a centralised storage for accessibility and security, and increase the level of information security within BEC, thereby assuring a high quality and secure examinations environment.

HUMAN RESOURCE

The Human Resources Department was formerly established as a directorate during the 2013/14 financial year. It, however, started operating as a Directorate in August 2014 with the appointment of an Acting Director. During the year under review, the Botswana Examinations Council experienced acute financial constraints which, inter alia, necessitated the scaling down of some important activities. Training and Development activities had to be frozen and only those that were meant to support critical projects were conducted. There were, however, some critical activities that were conducted in order to provide important support to Council. These activities are reported in the paragraphs below.

RECRUITMENT OF PERSONNEL

During 2012/13 and 2013/14 financial year, the Council experienced high turnover rates particularly within the Senior and Executive Management cadres. In October 2013, the Council appointed a Caretaker Executive Secretary who was later formerly appointed as a substantive Executive Secretary in June 2014. Recruitment of the Director Corporate Services, Manager Compliance and Quality Assurance, Manager Corporate Communications, Manager Strategy Management, Manager (Finance) , Manager – Practical Subjects, Manager - Programmes, Manager ICT Operations and Manager Legal Services were successfully made during the financial year.

As at 31st March 2015, all Senior and Executive Management positions had been filled except for the newly created positions of Director Human Resources and Manager Standards. Recruitment of a Manager Standards in the Directorate of Product Development and Standards is ongoing. The overall turnover rate that stood at 11% during the 2013/14 was drastically reduced to 1%, an indication that the Council had been successful in attracting and retaining staff. Recruitment at lower cadres has also been successful further reducing the number of vacancies within the council.

Every year the Council recruits examinations personnel to support the conduct of examinations. **Table 2** below shows the number of examiners, moderators, invigilators, regional examination administrators (REA), grade reviewers and chief invigilators (Non-paid) recruited during the year.

STAFF ESTABLISHMENT AND RETENTION

As previously reported during the 2013/14 annual report, the Council revised its allowances in response to the high turnover rates experienced during the 2012/13 and 2013/14 financial years. The reviewed allowances could not be implemented during the 2013/14 financial year due to financial constraints. They were, however, implemented during the 2014/15 financial year. The Council's improved allowances were critical in attracting and retaining critical skills especially at the Senior and Executive Management levels. **The Establishment Report** as at 31st March 2015 is shown on **Table I**.

DIRECTORATE NAME	APPROVED ESTABLISHMENT	IN POST	VACANT
Office of the Executive Secretary	16	15	1
Product Development and Standards	45	39	6
Examinations, Administration and Certification	47	47	0
Human Resources	22	19	3
Information and Communications Technology	20	18	2
Corporate Services	55	50	5
Research and Policy Development	16	13	3

Table I: Establishment Report

EXAMINING PERSONNEL	BGCSE	JCE	PSLE	EXTERNAL EXAMINATIONS	TOTAL
Examiners	1599	2035	1200	0	4834
Moderators	231	354	0	0	585
Invigilators	299	130	0	90	429
Grade Review Examiners	206	0	0	0	206
Trained Examiners	362	0	0	0	362
Regional Examination Administrators	12	30	40	0	82

N.B: The above are not BEC permanent staff members

Table 2: Examination Personnel

DIRECTORATE NAME	RESIGNATIONS	DEATHS	RETIREMENTS	DISMISSALS
Office of the Executive Secretary	0	0	0	0
Corporate Services	2	0	0	0
Examinations, Administration and Certification	0	0	0	0
Human Resources	0	0	0	0
Information and Communications Technology	1	0	0	0
Product Development and Standards	0	0	0	0
Research and Policy Development	1	0	0	0

Table 3: Terminations

TRAINING AND DEVELOPMENT

An organisation's capacity to deliver on its mandate largely depends on the quality of its human capital. Training and Development is one of the vehicles through which an organisation can improve the quality of its human resources. It is quite regrettable that during 2014/15 Council had to drastically scale down its training and development activities due to financial constraints. Most unfortunate was that the scaling down was continued from 2013/14 during which year only training and development activity aimed at providing support to projects was funded. Out of all employees eligible for training and development, only 27 employees were supported for study programmes. It must, however, be noted, that most of these employees were continuing from 2013/14. The actual figure for 2014/15 is far lower. Only one (1) employee was sponsored for block release study programme during 2014/15.

Table 4 below shows Statistics of Training and Development activity for 2014/15 incorporating those that were continued from 2013/14.

DIRECTORATE	PROGRAMME OF STUDY										
	BGCSE	CERTIFICATE	DIPLOMA	PROFESSIONAL	DEGREE	MASTERS	PhD	Total	Direct Sponsorship	Loan/Grant	Self-Sponsor
Office of the Executive Secretary	0	0	0	2	0	0	0	2	1	0	1
Examinations, Administration and Certification	0	0	1	1	5	2	1	10	1	6	3
Product Development and Standards	0	0	0	0	0	18	0	18	18	0	0
Human Resources	0	0	2	1	1	0	0	4	0	1	3
Information and Communications Technology	0	0	1	0	0	0	0	1	0	0	1
Corporate Services	0	0	1	3	1	1	0	6	0	2	4
Research and Policy Development	0	0	0	0	0	2	0	2	0	1	1
TOTAL	0	0	5	7	7	23	1	43	20	10	13

Table 4: Statistics on Training and Development Activity for the 2014/15

In the face of financial challenges referred to above, except for Product Development and Standards, training and development activities were concentrated on seminars, conferences and workshops mainly to support ongoing projects such as ISO 9001:2008, Risk Management, Corporate Governance, Change Management, Strategy Implementation, Performance Management and the Transformation Project.

HUMAN RESOURCES Continued

EMPLOYEES RELATIONS AND WORKING ENVIRONMENT

The Botswana Examinations Council continued with its efforts at improving the work environment through a number of initiatives. General staff meetings were held to provide information and receive employee feedback. Directorate staff meetings were improved to cover staff welfare issues and also address issues relating to operational plan implementation. Employee grievances were managed through various structures such as supervisory management positions and the staff union. Employee disciplinary issues were also dealt with through these structures.

It has to be noted, however, that more efforts need to be made throughout the institution to strengthen line management in order to improve its capacity to manage the human resource. Employee engagement structures were improved and more will be done during the 2015/16 financial year. As the Council enters crucial stages of the transformation project, a lot more will have to be done to improve the working environment.

STAKEHOLDERS ENGAGEMENT

Principal stakeholders within the human resources function are the employee union Botswana Public Employees Union (BOPEU) and the education sector unions mainly Botswana Secondary Teachers Union (BOSEU) and Botswana Teachers Union (BTU). The need to strengthen relations between Management and the staff union have already

been discussed above. Since 2011 the Botswana Examinations Council has had good working relations with education sector unions.

During the reporting year a number of meetings have been held over the following issues:-

- i) The form and nature of the desirable relationship between teacher unions and the BEC.
- ii) Establishment of working groups
- iii) Conditions of service for examinations personnel
- iv) Update meetings

A series of meetings were held which culminated in a decision to form two working groups. One group was to focus on the Conditions of Employment for examinations personnel, the bulk of which come from the teaching service. Another working group was to concentrate on the establishment of formal relations between BEC and Education Sector Unions from which examiners are recruited. This group was to determine the nature and form that within which relationship has to find expression.

The working group on conditions of service became more productive and a decision was later made to merge the two groups. There have been a number of meetings since then but all of them focused on Conditions of Service for examiners. The latest were in 2013/14 when the increase in examiner fees was discussed and agreed.

Discussions on the establishment of formal relations were stalled mainly due to capacity constraints on the BEC side and focus on critical national labour relations issues on the part of education sector unions. Since the Senior and Executive Management cadre was greatly strengthened during the 2014/15 financial year, more effort will be made to finalise discussions on establishing formal relations with education sector unions. The Human Resources Director and Manager Legal Services positions will be filled and proper advice will facilitate discussions on this matter.

FINANCE

The 2014/15 financial year was a very difficult year. The amount of the subvention that was availed immediately after the national budget was 50% lower than expected. This unfortunate situation led to the organisation failing to meet some of its obligations to key stakeholders, such as trade creditors, examiners for Junior Certificate Education (JCE), Botswana General Certificate of Secondary Education (BGCSE) and the accreditation body, Cambridge, on time. In addition, most of the normal operations not directly affecting product quality were considerably scaled down or indefinitely postponed.

In view of the experience of the reporting year, the BEC intends to further examine the costing and pricing of its products with a view to eliminating unintended subsidies and unintended expenses. In this particular endeavour, movement is to be expected on candidate registration fees and inclusion of some levels that were never charged for before.

SERVICES AND FACILITIES

During the reporting period, a number of long outstanding projects were shelved due to financial constraints. Some of these projects included the refurbishment and upgrading of the BEC boardrooms, replacement of the vehicle fleet, office furniture and equipment and general maintenance.

SECURITY

In line with strengthening the security of examinations, BEC continued to look for alternative land on which to construct purpose-built facilities which would meet all the security requirements for the in-house marking and standardisation of examination papers. In addition, a natural request to declare BEC premises a security area in line with Botswana statutes was also pursued with the MoESD.

PROCUREMENT

Botswana Examinations Council continues to value procurement activities at a strategic level. During the year, the Board approved a BEC Procurement Manual that guides the procurement process for works, goods and services. This was a milestone achievement for BEC, more so that the document was fully developed in-house. The document was developed to ensure full compliance with the public procurement requirements as enshrined in the PPAD Act & Regulations. BEC, as a matter of policy, sought to comply with the strict letter of the PPADB rules and regulations to the extent that where these conflict with internal arrangements then the PPADB rules shall prevail. This development is expected to reduce incidences of noncompliance and further promote fairness and transparency.

BEC STRATEGY IMPLEMENTATION

Implementation of the five year strategy (2014-2019) commenced during the period under review. The first year was used as a launch pad to establish baselines and the entire balanced scorecard system. The implementation was over a nine-month period which commenced in July 2014 and completed in March 2015. It was a change journey for the organisation which brought all stakeholders on board to achieve the strategic objectives. The following was done to drive each objective:

1. ENHANCE COMPETITIVENESS AND RELEVANCE OF OUR QUALIFICATIONS

Performance of this objective indicates a steady growth, with room for improvement. There was a 3% growth achieved for private registered candidates; from 5% to 8%. Introduction of varied products in future will attract a greater number from this target group. There is also a plan to expand scope of comparability surveys in the coming year and also compare BEC qualifications with SADC region qualifications.

One of the projects driving this objective is the development of the National Assessment Programme which commenced during the year under review. This policy will guide development of new assessment tools in the education system that will provide high quality information on learner achievements.

2. INCREASE ACCESS

There was a slight increase of 2% by private schools' uptake of BEC qualifications and a 3% constant increase in number of candidates accessing BEC products and services. However, introduction of mid-year assessments and programmes for other category of learners will improve performance of this objective. In an attempt

to increase access, online registration by private candidates at BGCSE was piloted. It is planned to be fully executed at the same examination level in the coming year.

3. ENHANCE FINANCIAL PERFORMANCE

Budgeted and approved funding was not readily available to the Council due to constraints faced by the Ministry of Education and Skills Development (MoESD), consequently resulting in inability to stick to any form of budget throughout the year. This anomaly resulted in most initiatives across the strategy either not being executed or inadequately executed. A number of initiatives to increase internally generated revenue and to reduce costs are still at early stages to achieve desired outcomes.

4. IMPROVE ASSESSMENT SERVICES

To improve our service delivery, it is mandatory to ensure that there is quality and compliance to standards and procedures with minimal errors on our products and services. This will mainly be achieved through a number of initiatives that have commenced and yet to achieve desired outcomes. These are: Implementation of Quality Management

Systems (QMS) in accordance with ISO 9001:2008 Standard, Risk Management Framework and Policy, Integrated planning of core activities; Innovation Repository System, BEC Transformation Project and development of the BEC Assessment Policy. The first four initiatives have already started. Even though the initiatives implemented under this objective are yet to bear fruits, it is worth noting that there were no errors recorded in the 2014 Examinations papers.

5. STRENGTHEN STAKEHOLDER ENGAGEMENT

There was an indication of improvement on engagement with BEC stakeholders. The dipstick survey carried out during the year under review indicates 89% stakeholder satisfaction index against a 75% target. The Council also enjoyed positive relationships with the media. The achievements can be attributed to the implementation of the BEC Communications Strategy.

6. IMPROVE USE OF TECHNOLOGY

Automation of processes is critical to improve use of technology. About 25% of critical processes were automated against a target of 20%. These were processes for processing

examinations. It is anticipated that most processes in the organisation will be automated through implementation of BNEPS II which commenced at the end of the year. Information Security is very critical to the mandate of BEC therefore, part of this objective is to ensure the safety of the Council's information.

For the period under review 16.6% of systems were interfaced against an annual target of 16% (building to a cumulative 80% for the 5-year period). Usage in ICT Systems had a 9% negative variation; it was at 16% against a target of 25%. Educating and training staff on BEC ICT applications has been planned to address this gap. It is worth noting that BNEPS I, which includes Malepa, is now fully operational.

The process to carry out the Post Implementation review of this phase has started. However, BNEPS I project deliverables that were not achieved, such as Materials Management, Business Intelligence Solutions and Malepa Workflow will be addressed through Maintenance Frameworks.

7. IMPROVE KNOWLEDGE, SKILLS AND COMPETENCIES

In an effort to improve employees skills and competences, the following key activities were achieved during the period under review:

- Review of the Training and Development Policy.
- PMS implementation which commenced with setting up of the PMS office.
- Review of the organisation's range of allowances and benefits to retain critical skills, especially at the executive and senior management levels.

- Development of the Knowledge Management Framework Policy, which is in draft form pending the outcome of the BEC Amendment Bill approval.
- 27% of employees trained on varied skills despite financial constraints.

These interventions have resulted in staff turnover reduction from 11% in 2013/14 to 1% and a skills inventory of 85% of Skills Inventory against a target of 100%. It is hoped that with full implementation of the planned projects, there will be an improvement in the performance of this objective.

8. IMPROVE WORK ENVIRONMENT

Work environment that is conducive in terms of infrastructure and conditions of employment such as health, safety and wellness programmes is reflected by the level of facilities meeting standards; staff sick leave and the organisation's performance score which indicate productivity levels.

- In the period under review, the level of facilities meeting standards was at 50% against a target of 90%. Most infrastructure initiatives require funding which was not available.
- Staff on sick leave was 0.85% against a target of 1% which was an acceptable range.
- The annual organisational performance score for 2014/15 was 103 against a target of 95. This means that the organisational performance for 2014/15 exceeds expected performance output. However it is worth noting that the PMS experienced some implementation challenges which are to be addressed during 2015/2016 financial year.

9. STRENGTHEN GOVERNANCE

The BEC Amendment Bill which was submitted to Parliament for approval has taken longer than anticipated. However, the bill was expected to be approved at the July 2015 sitting of Parliament. The delay in its approval has resulted in a ripple effect on execution of a number of initiatives within the BEC Transformation Project.

There has been notable progress on the development of the governance Framework which has resulted in the development and adoption of the Board Charter, Procurement and Asset Disposal Manual, the Delegation of Authority Policy, Conflict of Interest and Declaration of Interest procedures.

2014 EXAMINATIONS

For the year under review, processing of data of all the three examinations, Primary School Leaving Examination (PSLE), Junior Certificate Examination (JCE) and Botswana General Certificate of Secondary Education (BGCSE) examination, was done through the Malepa Examination Processing application. A deliberate decision to phase-in implementation of the Malepa system for the three examinations had been made to allow for thorough preparation at each level. BEC successfully processed the 2012, 2013 and 2014 BGCSE, the 2013 and 2014 PSLE and 2014 JCE using Malepa.

Registration of candidates for PSLE, JCE and BGCSE was carried out using MALEPA application. However, since all the PSLE centres and most of the JCE centres were still experiencing difficulties with internet connectivity, the registration data was captured through the optical mark reader (OMR) technology and scanned into the system. It is hoped that with MOESD intervention some JCE centres will be able to register online in 2015.

CANDIDATURE

A total of 42 797 candidates sat the PSLE, a decrease of 2.23% from the previous year. Of this number, 21 319 were females and 21 478 males.

The total number of candidates who satisfied the requirements of the 2014 Junior Certificate Examination (JCE) is 40 559 which is an increase of 4.2% from the 2013 candidature. There were 19 963 male candidates and 20 596 female candidates.

A total of 37 384 candidates sat for the 2014 BGCSE examination, of which 15 754 (42.14%) were males and 21 630 (57.86%) females. There was an increase of 3 315 in candidature representing 9.73% increase in total candidature compared to the previous year.

CONDUCT OF THE EXAMINATIONS

Examinations for the reporting period were conducted between the months of October and November 2014; PSLE from 6th to 10th October 2014, JCE from 14th October to 7th November 2014 and BGCSE from 6th October to 14th November 2014. BEC provided 830 invigilators for PSLE, 224 for JCE and 329 for BGCSE with training prior to the examinations to ensure compliance with the BEC regulations on the conduct of examinations.

Retired School Heads were recruited and trained as Regional Examinations Administrators (REAs) on a part-time basis to conduct centre inspections before and during the examinations and to monitor the conduct of examinations. During the examinations, 43 REAs were engaged to monitor the conduct of examinations at PSLE, 31 at JCE and 12 at BGCSE. All the centres administering PSLE and JCE were inspected. This has resulted in reduced number of mal-administration cases across the three examination levels.

Examination Level	Total Candidature	School Candidates	Private Candidates	No. of Centres
PSLE	42797	42797	-	832
JCE	40559	38263	2296	245
BGCSE	37722	25446	12276	74

Table 5: Summary of the 2014 Candidature by level and centres.

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. PSLE marking was successfully conducted with 1 200 examiners, JCE engaged 2 035 examiners and 354 moderators, while BGCSE engaged 1 599 examiners and 231 moderators.

The table below shows the examination personnel engaged in examination processes and the centres that were inspected at the different levels.



Examination Level	No. of Examiners	No. of Moderators	No. of Examiners Trained	No. of Invigilators Trained	Regional Examination Administrators	No. of Centres Inspected	No. of Scripts Marked
PSLE	1200	-	-	830	40	832	385 209
JCE	2035	354	-	224	30	245	959 814
BGCSE	1599	231	361	329	12	70	647 682

Table 6: Examining personnel for the 2014 examinations.

CANDIDATES WITH SPECIAL NEEDS

In an effort to increase access to assessment services for candidates with special needs, BEC offers centres opportunity to apply for access arrangements and/or special consideration during examination time. In the reporting year, there was an increase in the number of candidates who applied for access arrangements

across the three examination levels compared to the previous year (582 in 2014, 444 in 2013) and a decrease in the applications for special consideration (94 in 2014, 263 in 2013). This is an indication that centres are gaining understanding of the support that can be given to candidates under this category before

and during examinations. **Table 8** shows the number of candidates who applied for **Access Arrangements and Special Consideration** in 2014.

10 Kalamare Primary School students taking part in the 2014 Trial Test examination.

ACCESS ARRANGEMENTS	NUMBER OF CANDIDATES		
	PSLE	JCE	BGCSE
Modified Papers	60	223	12
Extra-time	97	182	84
Enlarged print	20	18	21
Reader	14	74	2
Seperate Room	48	189	80
Prompter	-	-	-
Braille	13	9	9
Assistive Technology Devices	11	9	15
Rest Breaks	6	4	5
Oral Response/Scribe	14	102	11
Preferential Sitting	15	-	-
Sign Language Interpreter	10	-	-
Coloured paper	-	2	2
Exemption from Map Reading	-	-	9

Table 7: Access arrangements types at PSLE, JCE and BGCSE in 2014

Table 8 showing the number of candidates who applied for both **Access Arrangements and Special Consideration** during the 2014 examinations across the three levels.

	PSLE	JCE	BGCSE
Access Arrangements	209	260	113
Special Consideration	12	55	27

Table 8: Number of candidates who applied for Access arrangements and special considerations in 2014

PERFORMANCE OF CANDIDATES - PSLE

Performance of candidates in the 2014 PSLE indicated similar outcomes as those of 2013 with insignificant improvement of less than two percent at each grade



	Grade A, 14.2%
	Grade B, 17.4%
	Grade C, 37.6%
	Series I, Grade D, 25.4%
	Grade E, 5.2%
	Grade X, 0.3%

Diagram 1: Performance of candidates at PSLE

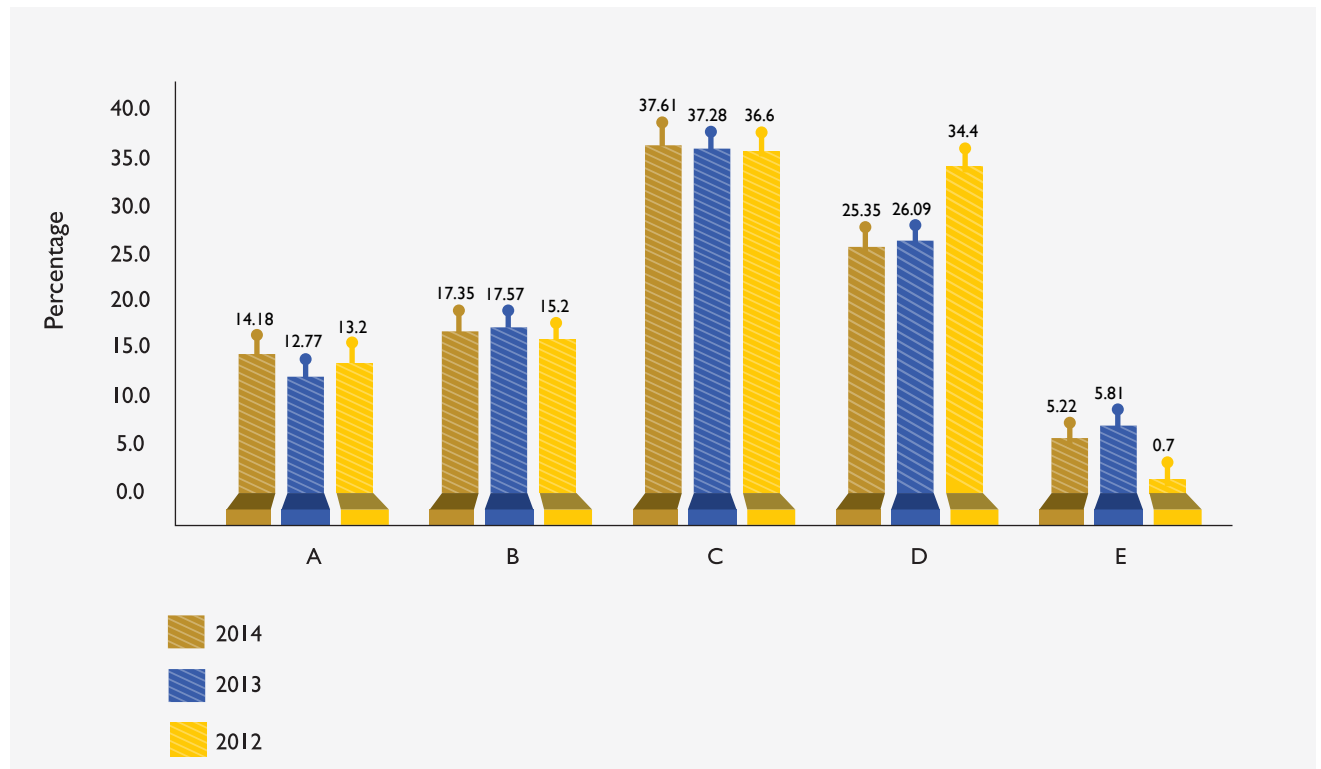


Diagram 2: Comparison of PSLE Overall performance in 2014, 2013, 2012 and 2011.

The proportion of candidates obtaining an overall Grade C or better went up by 1.4% from 67.9% in 2013 to 69.2% in 2014. The percentage of candidates obtaining Grade A was 14.2% compared to 12.8% of 2013 representing a rise of about 1.4%. In 2014, 17.4% of the candidates obtained an overall Grade B compared to 17.6% of 2013; 37.6% obtained Grade C, 25.4% Grade D and 5.2% Grade E compared to 37.3%, 26.1% and 5.8% in 2013 respectively. Only 0.3% (X) of the candidates did not meet the requirements of an overall qualification.

PERFORMANCE OF CANDIDATES - JCE

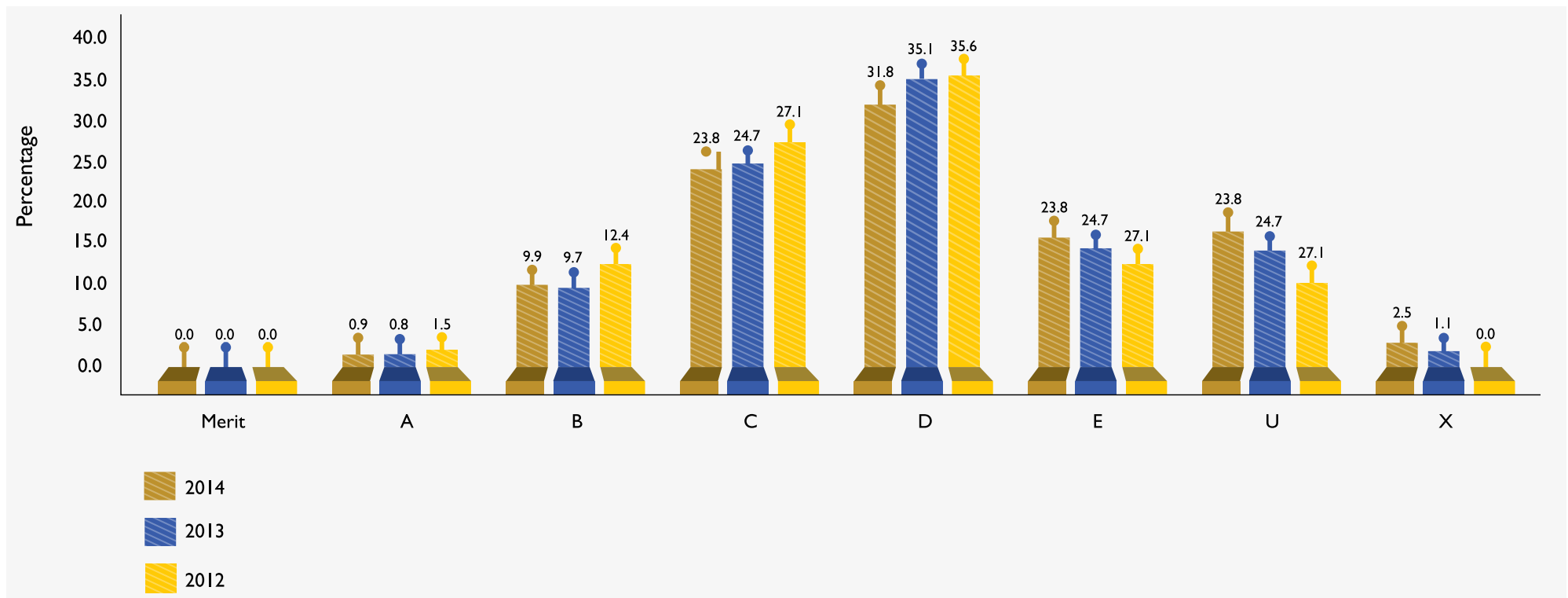


Diagram 3: Overall performance of candidates at JCE

The overall qualification results of 2014 JCE show that 34.6% of candidates were awarded Grade C or better compared to 35.2% in 2013. Two candidates satisfied the requirement for the award of Merit compared to none in 2013. There was an insignificant increase as well in the percentage of candidates awarded grades A (+0.1%) and B (+0.2%) this year compared to 2013. The proportion of candidates at grade D decreased by 3.3% while at grade E there was an increase of 1.1%. Furthermore, in 2014, 15.8% of candidates failed to obtain an overall qualification grade compared to 14.4% in 2013, which was an increase of 1.4%.

Generally, performance of candidates in the 2014 Junior Certificate Examination remained more or less the same as in 2013 with a few subjects recording a significant improvement or decline in the cumulative percentage of candidates obtaining grade C or better:

PERFORMANCE OF CANDIDATES - BGCSE

The 2014 BGCSE results generally showed a decline compared to 2013 measured by proportion of candidates obtaining grade C or better across the various syllabi. Five syllabi, Science Double Award, Art & Design, Physical Education, French and Statistics showed significant improvements of 2.90%, 4.72%, 3.40%, 5.72% and 5.32% respectively compared

to nine in 2013. Thirteen syllabi showed a decline: - Setswana, Mathematics, Geography, Development Studies, Commerce, Religious Education, Food & Nutrition, Home Management, Fashion & Fabrics, Additional Mathematics, Accounting, Human & Social Biology and Business Studies compared to three in 2013. Setswana, Additional Mathematics, Religious Education and Business Studies declined by 7%, 6.7%, 13.32% and 13.52% respectively. The remaining syllabi (11) recorded similar levels of performance in 2013 and 2014.

The 2014 Moral Education examination was the last as it will not be available from 2015 onwards.

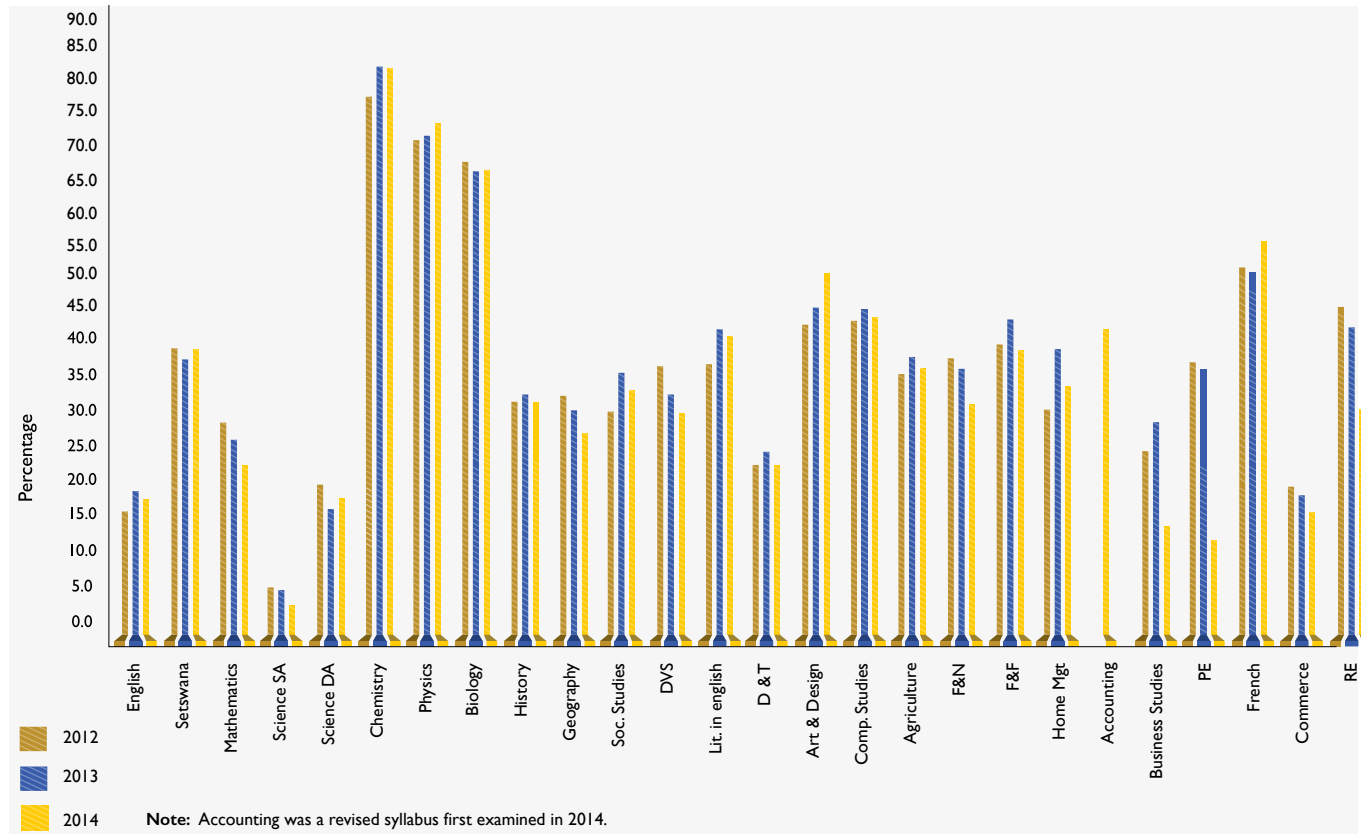


Diagram 4: Performance of Candidates by BGCSE Syllabi (Cum % Grade C or better)

TRAINING OF EXAMINATION PERSONNEL

Training was conducted for personnel engaged to assist with various examination processes. This 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 syllabi with coursework and moderators at JCE and BGCSE. All in all, 361 examiners were trained to increase the already existing pool.

Cambridge facilitated training workshops in moderation and construction of question papers for Music as well as levels of response marking for Religious Education and Business Studies.

BGCSE ACCREDITATION

The 2014 BGCSE was accredited by Cambridge, based on evidence from Grading Report and the Cambridge Inspection of Centres Report carried out during the examination session in October/November 2014.

BEC TRANSFORMATION PROJECT

Review of the BEC Act was not completed during the reporting period as expected; the amendment Bill is yet to be submitted to the National Assembly for consideration. Purpose of review of the Act is to align the Botswana Examinations Council to the system level transformation taking place in the education sector that has resulted in the establishment of the Botswana Qualifications Authority and the Human Resource Development Council. These organisations are to facilitate effective and efficient delivery of the National Human Resource Development Strategy.



A pre-establishment plan was developed to guide project activities while the Act was undergoing review. The activities being undertaken during this phase were to ensure that BEC was ready to implement most of the sub-projects after approval of the Bill. A project inception document, situational assessment analysis and implementation plan were developed during this period.

Implementation of the change management and communication plans commenced. Since all members of the organisation are key players in the change journey, change management skills is a necessity. Therefore, to build capacity on change management in order to close the gap of

change management skills identified during assessments, after training 18 Change Agents, the Executive Management was taken through the Sponsor training, followed by training of middle management. It is hoped that supervisors, project team members and the rest of the employees will be trained in 2015.

Furthermore, to communicate with employees and discuss all change management issues and share information on the Transformation, a fortnight forum called "Change Friday" was formed. This forum was branded with transformation messages and employees also branded with corporate wear communicating the impending change. All these activities were meant to build more interest in the project by the employees.



11 BEC Staff during the launch of the 'Change Friday' one of the Change management project.

12 BEC's Product Development Officer, Mr. Oteng Otukile giving a motivational speech during the Transformation 'Change Friday' meeting.

2016/17 OUTLOOK

As we move into 2016/17, there are a number of internal as well as external threats and opportunities that the BEC will need to resolve and seize on to ensure its sustainability in the coming years. These include, among others, financial sustainability and the transformation of the BEC into a high performance national assessment authority. Some of the key challenges and opportunities are presented below.

FINANCIAL SUSTAINABILITY

Experience over the past years has shown that inadequate funding limits the ability of the organisation to innovate and makes it sometimes difficult to meet legitimate obligations. The BEC, will therefore, need to review the manner in which it has been pricing products and services and also develop new strategies of generating alternative funding for its key operations and initiatives.

TRANSFORMATION OF THE BEC

The process of transforming the BEC into a high performance national examinations and assessment authority with an expanded mandate to include moderation and assessment of pre-tertiary vocational and technical education and training has been on the cards for a long time. The main stumbling block has been the approval by parliament of the BEC Amendment Bill. The expectation is that the Bill will be approved during the next financial year. Among other things, the transformation will ensure that the processes are restructured and appropriate human resources engaged to deliver on the new expanded mandate.

CONTINUED IMPROVEMENT OF INSTITUTIONAL IMAGE

During the year under review, the BEC did a lot to improve public perception of it. This was done through providing more information to stakeholders and arranging seminars and workshops to disseminate research findings and to discuss candidates' performance and examination results. These efforts were affected by resource limitations, but there was observable reduction in negative reporting on the BEC. These efforts will be intensified during the next financial year.

ISO 9001: 2008 CERTIFICATION

Quality underpins any claim to efficiency and high performance. The BEC has chosen the approach of implementing the ISO 9001: 2008 standard as a base for its quality management system. The next financial year will therefore see the intensification of document review across the organisation as well as training of staff, with the view to attaining certification during the year. Certification will go a long way in improving the image of the organisation and should place it firmly on the route to becoming a high performance national examinations and assessment authority.

EDUCATION AND TRAINING SECTOR STRATEGIC PLAN (ETSSP)

It is expected that government will approve the Education and Training Sector Strategic Plan (ETSSP) during the next financial year. The approval of the strategy will open new opportunities for the BEC to contribute more to the development of education in the country.

NATIONAL DEVELOPMENT PLAN II

The nation has begun the process of developing the next development plan and the next national vision. It is important that the BEC ensures that its own plan and vision are fully accommodated in the final national plan. Any misalignment between the two can only cripple the future development of the BEC.



08

FINANCIAL STATEMENTS

BOTSWANA EXAMINATIONS COUNCIL

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

ANNUAL FINANCIAL STATEMENTS

for the year ended 31st March 2015

ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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The Council has pleasure in submitting its report and the annual financial statements for the year ended 31 March 2015.

INCORPORATION

Botswana Examinations Council was established under the Botswana Examinations Council Act (No. 11 of 2002).

NATURE OF OPERATIONS

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

FINANCIAL RESULTS AND POSITION

The Council's financial results and position are reflected in the financial statements set out on pages 45 to 71. The company employed 239 employees at the reporting date (2014: 215 employees).

EXECUTIVE SECRETARY: Prof. Brian Mokopakgosi

CHAIRMAN: Dr Joseph Tsonope

MEMBERS OF COUNCIL:

Mr Richard Matlhare
Dr Daniel Tau
Mr Abel Modungwa
Dr Gaelebale N.Tsheko
Dr Patrick D. Molutsi
Mr Shandukani Hlabano
Mrs Daisy Molefhi
Mr Nasim Miller
Mr Lesedi Gaolaolwe
Mr Dominic Khome

BANKERS



Barclays Bank of Botswana Limited



Capital Bank Limited



First National Bank of Botswana Limited



African Banking Corporation Botswana Limited



Stanlib Investment Management Services

REGISTERED OFFICE



Plot 54864
KT Motsete Road
Gaborone

AUDITORS



Plot 67977, Off Tlokweng Road
Fairgrounds Office Park
Gaborone

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE COUNCIL

For the year ended 31st March 2015

The Council members are responsible for the preparation and fair presentation of the annual financial statements of Botswana Examinations Council, comprising the statement of financial position at 31 March 2015 and the statements of profit or loss and other comprehensive income, changes in funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information in accordance with International Financial Reporting Standards and in the manner required by the Botswana Examinations Council Act, No. 11 of 2002.

The Council members are also responsible for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Council members have made an assessment of the ability of the entity to continue as a going concern and have no reason to believe that the entity will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Botswana Examinations Council, as identified in the first paragraph, were approved by the Council members on 01 September 2015 and signed on their behalf by:



CHAIRMAN



EXECUTIVE SECRETARY



**KPMG, Chartered Accountants
Audit**
Plot 67977, Off Tlokweng Road,
Fairground Park
PO Box 1519, Gaborone, Botswana

Telephone +267 391 2400
Fax +267 397 5281
Web <http://www.kpmg.com/>

Independent Auditor's Report To the members of Botswana Examinations Council

We have audited the annual financial statements of Botswana Examinations Council, which comprise the statement of financial position at 31 March 2015, and the statements of profit or loss and other 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 45 to 71.

Council members' responsibility for the financial statements

The Council members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Examinations Council Act, No. 11 of 2002, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana Examinations Council at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Botswana Examinations Council Act, No. 11 of 2002.

Other matter

The supplementary schedules set out on pages 71 to 75 do not form part of the financial statements and are presented as additional information. We have not audited these schedules and accordingly, we do not express an opinion on them.

Report on Other Legal and Regulatory Requirements

In accordance with Section 20 of the Botswana Examinations Council Act, No. 11 of 2002, we confirm that:

- We have received all information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of Botswana Examinations Council has been properly kept;
- The Botswana Examinations Council has complied with all 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 2.2 of these financial statements.

KPMG

KPMG

Certified Auditors

Practicing Member: Francois Roos (20010078:45)

**Gaborone
09 September 2015**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2015

IN PULA

	Note	2015	2014
Revenue			
Government subvention		216 050 618	121 582 223
Certification fees		333 573	207 103
Registration fees		12 434 494	9 891 362
Remarking fees		142 206	138 250
		228 960 891	131 818 938
Costs of revenue			
Direct costs		(126 773 278)	(124 665 248)
Gross surplus		102 187 613	7 153 690
Other Income		5 721 419	6 152 686
Administrative expenses		(118 006 921)	(113 274 212)
Operating deficit	5	(10 097 889)	(99 967 836)
Finance costs	6	-	(219 340)
Finance income	6	206 882	1 726 158
Net finance income		206 882	1 506 818
Deficit for the year		(9 891 007)	(98 461 018)
Total comprehensive income for the year		(9 891 007)	(98 461 018)

STATEMENT OF FINANCIAL POSITION

31st March 2015

IN PULA

	Note	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	7	86 701 557	92 099 639
Intangible assets	8	19 165 709	21 788 325
		105 867 266	113 887 964
Current assets			
Inventories	9	940 044	421 937
Trade and other receivables	10	8 873 936	6 131 250
Cash and cash equivalents	11	10 935 804	11 982 652
		20 749 784	18 535 839
Total assets		126 617 050	132 423 803
FUNDS AND LIABILITIES			
Reserves			
Accumulated deficit		(28 059 601)	(18 168 594)
Non-current liabilities			
Capital grants	12	109 755 401	107 090 278
Current liabilities			
Trade and other payables	13	43 989 129	43 502 119
Bank overdraft	11	932 121	-
		44 921 250	43 502 119
Total equity and liabilities		126 617 050	132 423 803

STATEMENT OF CHANGES IN FUNDS

For the year ended 31st March 2015

IN PULA

	Accumulated deficit
Balance at 1 April 2013	80 292 424
Total comprehensive income for the year	(98 461 018)
Balance at 31 March 2014	(18 168 594)
Total comprehensive income for the year	(9 891 007)
Balance at 31 March 2015	(28 059 601)

STATEMENT OF CHANGES IN FUNDS

For the year ended 31st March 2015

IN PULA

	Note	2015	2014
Cash flows from operating activities			
Cash utilised in operations	15	(6 854 133)	72 232 668
Cash flows from investing activities			
Interest received	6	206 882	1 726 158
Purchase of plant and equipment	7	(2 093 343)	(1 304 243)
Additions to intangible assets	8	-	(3 449 921)
Proceeds from disposal of plant and equipment	15	-	530 858
Net cash utilised in investing activities		(1 886 461)	(2 497 148)
Cash flows from financing activities			
Capital grants received	12	(6 761 625)	-
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		11 982 652	86 931 808
Exchange loss on cash at bank	6	-	(219 340)
Cash and cash equivalents at end of year	11	10 003 683	11 982 652

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Botswana Examinations Council ("BEC") was established under 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 54864, KT Motsete Road, Gaborone, Botswana.

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 except where otherwise stated.

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 reporting date 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.

2.2 ADOPTION OF STANDARDS AND AMENDMENTS TO STANDARDS IN THE CURRENT FINANCIAL YEAR

The following amendments to standards were adopted by BEC during the year:

- a) Amendments to IAS 32, Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
- b) Amendments to IAS 19, Defined Benefit Plans: Employee Contributions.
- c) Amendments to IAS 36, Recoverable amount disclosure for non-financial assets

The adoption of these amendments did not have a significant impact on these financial statements.

2.3 ADOPTION OF STANDARDS IN FUTURE FINANCIAL PERIODS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2015, and have not been applied in preparing these financial statements. These new standards, amendments to standards and interpretations are set out below. BEC do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

charged to its customers for goods and services is subject to oversight and/or approval by an authorised body. The standard, which is effective for financial reporting years beginning on or after 1 January 2016, with early adoption permitted, is not expected to have any impact on the entity's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. These amendments, which are applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted, are not expected to have any impact on the entity's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. These amendments, which are applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted, are not expected to have any impact on the entity's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 *Property, Plant and Equipment* instead of IAS 41 *Agriculture*. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments, which are applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted, are not expected to have any impact on the entity's financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures. The amendments which are applied retrospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted, is not expected to have any impact on the entity's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 *Business Combinations*. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. These amendments, which are applied prospectively for annual periods beginning on or after 1 January

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

2016, with early adoption permitted, are not expected to have any impact on the entity's financial statements.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, other comprehensive income of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income. These amendments, which are applied for annual periods beginning on or after 1 January 2016, with early application permitted, are not expected to have any impact on the entity's financial statements.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to *IFRS 12 Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are

measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to *IAS 28 Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

These amendments which applies retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted, are not expected to have any impact on the entity's financial statements.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This standard may have an impact on when revenue is recognised and

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

the amount of revenue to be recognised by BEC. BEC is currently in the process of performing a more detailed assessment of the impact of this standard on BEC and will provide more information in the financial statements for the year ending 31 March 2016.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments Standard*, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard may have an impact on BEC, which will include changes in the measurement bases of BEC's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised by entities.

2.4 PROPERTY AND EQUIPMENT

Property and equipment is included at historical cost less accumulated depreciation and any accumulated impairment losses. 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 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 costs are recognised in profit or loss during the financial period in which they are incurred.

Depreciation 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 period)
Furniture and fittings	10 years
Office equipment	5 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in profit or loss.

2.5 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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.

2.6 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 profit or loss 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:

- BEC Software – 3 years
- BEC Website – 3 years
- BNEPS Programmes – 10 years; and
- BNEPS Licence fee – term of the licence.

2.7 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 profit or loss. Subsequent movement of fixed assets in terms of sale and impairment are treated accordingly in the capital grants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

2.8 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 non-monetary grants assets are recognised as income on a systematic and rational basis over the useful life of the asset.

2.9 FINANCIAL ASSETS

2.9.1 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 2.11 and 2.12).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets 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, in which case these are classified as current assets.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which 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 profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and 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 profit or loss 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 profit or loss as part of other income when BEC's right to receive payments is established.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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 profit or loss as 'gains and losses from investment securities'.

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

2.9.3 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.

2.9.4 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 the 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 profit or loss. 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 rate. 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 profit or loss.

(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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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 profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The cost of inventories is based on the average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Obsolete, redundant and slow moving inventories are identified on a regular basis and written down to their estimated net realisable values.

2.11 TRADE RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. 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.

2.12 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 disclosed within current liabilities on the statement of financial position.

2.13 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business 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 measured at amortised cost using the effective interest method.

2.14 PROVISIONS

Provisions 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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 part of finance cost.

2.15 FOREIGN CURRENCY TRANSLATION

2.15.1 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 and rounded to the nearest Botswana Pula, which is the functional and presentation currency of BEC.

2.15.2 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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in profit

or loss 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.

2.16 REVENUE RECOGNITION

2.16.1 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 required conditions.

Subventions relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

2.16.2 Registration, certification and remarking fees

Registration, certification and remarking fees comprises of fees payable by private school candidates and private candidates. These fees are

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

recognised on an accrual basis in the period when examinations are held and/or services rendered.

2.16.3 Finance income

Finance 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.

2.17 EMPLOYEE BENEFITS

BEC contributes to a defined contribution pension plan for its permanent citizen employees. The fund is managed by an independent third party, Alexander Forbes Financial Services Botswana (Pty) Ltd. The contributions are recognised as employee benefit expenses 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.

2.18 INCOME TAXES

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

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, 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 the reporting date, if the functional currency had weakened/strengthened by 1% against the British Pound, with all other variables held constant, the deficit for the year would have been P10,370 (2014: P262,019) higher/lower, mainly as a result of foreign exchange gains/losses on translation of British Pound-denominated bank balances and trade payables.

(ii) 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 deposits. Short-term deposits and the investment in money market deposits at variable rates expose BEC to cash flow interest rate risk.

BEC analyses its interest rate exposure and calculates the impact on profit and loss of a defined interest rate shift for each simulation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

At reporting date, if interest rates on interest-bearing assets had been 0.5% higher/lower with all other variables held constant, the deficit for the year would have been P50,018 (2014: P 59,913) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(iii) Price risk

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

(b) Credit risk

Credit risk arises from investments in 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 10 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.

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 deposits of P826 335 (2014: P793 422) and other liquid assets of P10 109 469 (2014: P11 189 230)

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
At 31 March 2014		
Trade and other payables (note 13)	31 243 073	-
	Less than six months P	Between six and twelve months P
At 31 March 2013		
Trade and other payables (note 13)	31 179 431	-

3.2 CAPITAL MANAGEMENT

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

3.3 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of cash equivalents, trade and other receivables and trade and other payables 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.

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 the next financial year are discussed below.

Residual values and useful lives of property, plant and equipment

BEC follows the guidance of IAS 16 (revised) and evaluates the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making these judgements 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 evaluates the useful lives of these assets at each reporting date. This determination requires significant judgement. In making these judgements 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 31st March 2015

IN PULA

5 Operating deficit

The operating deficit is stated after taking into account the following:

Income

Unwinding of capital grants

Profit on disposal of plant and equipment

2015

2014

4 096 502

5 093 994

-

380 691

Expenses

Auditors' remuneration

- Provision for the year

- Under provision in prior year

Amortisation of intangible assets (Note 10)

Consultancy fees

Travel and subsistence allowances

Depreciation (Note 9)

Exchange loss

Salaries and Allowances

Gratuity

Leave pay

Pension costs – defined contribution plan

Number of employees

181 000

255 376

-

23 276

2 622 616

2 570 308

2 585 634

2 308 990

30 793 421

29 971 934

7 491 425

8 007 640

52 787

1 681

64 019 681

53 815 577

6 512 584

5 152 826

2 490 297

2 792 697

5 253 559

4 799 995

239

215

6 Finance income and costs

Finance costs

Exchange loss

-

(219 340)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

6 Finance Income and costs (continued)

	2015	2014
Finance income		
Interest received - bank	206 882	1 726 158
Net finance income	206 882	1 506 818

7 Property and equipment

2015	Cost	Accumulated depreciation	Net book value
Land and buildings	86 163 220	(9 328 821)	76 834 399
Motor vehicles	5 282 912	(4 519 931)	762 981
Computer equipment	15 149 786	(13 149 239)	2 000 547
Office equipment	9 971 039	(7 854 199)	2 116 840
Furniture and fittings	7 929 849	(2 943 059)	4 986 790
Total	124 496 806	(37 795 249)	86 701 557

2014	Cost	Accumulated depreciation	Net book value
Land and buildings	86 163 220	(7 605 557)	78 557 663
Motor vehicles	5 282 912	(3 724 418)	1 558 494
Computer equipment	13 401 012	(10 452 301)	2 948 711
Office equipment	9 626 470	(6 370 446)	3 256 024
Furniture and fittings	7 929 849	(2 151 102)	5 778 747
Total	122 403 463	(30 303 824)	92 099 639

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

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7 Property and equipment (continued)

2015	Opening net book value	Additions	Disposals	Depreciation	Closing net book value
Land and buildings	78 557 663	-	-	(1 723 264)	76 834 399
Motor vehicles	1 558 494	-	-	(795 513)	762 981
Computer equipment	2 948 711	1 748 774	-	(2 696 938)	2 000 547
Office equipment	3 256 024	344 569	-	(1 483 753)	2 116 840
Furniture and fittings	5 778 747	-	-	(791 957)	4 986 790
Total	92 099 639	2 093 343	-	(7 491 425)	86 701 557

2014	Opening net book value	Additions	Disposals	Depreciation	Closing net book value
Land and buildings	80 280 927	-	-	(1 723 264)	78 557 663
Motor vehicles	2 584 820	314 532	(128 331)	(1 212 527)	1 558 494
Security Systems	4 247 379	-	-	(1 960 253)	2 287 126
Computer equipment	1 187 712	111 436	-	(637 563)	661 585
Office equipment	4 482 358	466 557	-	(1 692 891)	3 256 024
Furniture and fittings	6 170 007	411 718	(21 836)	(781 142)	5 778 747
Total	98 953 203	1 304 243	(150 167)	(8 007 640)	92 099 639

Land and buildings comprises of commercial property which is located on Plot 54864 in the Gaborone Administrative District, measuring 1.8501 ha and held under Certificate of Registered Title No. 2423/09 dated 2nd November, 2009. The land was acquired at an original cost of P85 500 000.

The market value of land and buildings was determined by Willy Kathurima Associates (Pty) Ltd, an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being revalued. The valuation was performed on 04 June 2013. The valuer provides the fair value of the entity's land and buildings at least every three years, however Council members consider the fair value of

land and buildings at each reporting date. The fair value is determined on the open market value which is the price at which the property might reasonably be expected to be sold at the date of the valuation, assuming an arm's length transaction between a willing seller and a willing buyer and that a reasonable period of time is allowed for the disposal of the property and was determined at P 60 million. The gross replacement value was determined at P 91 million.

No impairment was recognised as the land and buildings is owner occupied and the value in use is considered in excess of the current net book value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015
IN PULA

8 Intangible assets

	2015			2014		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
BEC Software	1 485 323	(1 451 594)	33 729	1 485 323	(1 301 449)	183 874
BEC Website	380 226	(348 541)	31 685	380 226	(221 799)	158 427
BNEPS Licence Fee	2 355 300	(2 315 917)	39 383	2 355 300	(2 196 879)	158 421
BNEPS Programmes	23 429 361	(4 368 449)	19 060 912	23 429 361	(2 141 758)	21 287 603
Total	27 650 210	(8 484 501)	19 165 709	27 650 210	(5 861 885)	21 788 325

Intangible assets relates to costs incurred towards the Botswana National Examinations Processing System ("BNEPS programme), a programme used for the capturing of candidate and examiners information and the administration of payments and receipts relating to examinations, as well as other software acquired by BEC.

Intangible assets are amortised in accordance with policy note 2.6.

Management has evaluated the carrying value of the BNEPS programme by using the PESTEL analysis. The PESTEL ('Political, Economic, Social and Technological Environment') analysis is an internally adopted framework used for evaluating the business environment to the extent that any changes in the PESTEL factors may affect the performance of a business as well as the value of its assets.

In addition, management has considered the following external and internal sources of impairment indicators in the evaluation of the carrying value of intangible assets.

External

- Economic, social and political environment

Internal

- Obsolesce or physical damage
- Asset is idle, part of a restructuring or held for disposal
- Worse economic performance than expected

No impairment indicators were identified and these intangible assets continue to provide economic benefits to the entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

8 Intangible assets (continued)

2015

	Opening net book value	Additions	Amortisation	Closing net book value
BEC Software	183 874	-	(150 145)	33 729
BEC Website	158 427	-	(126 742)	31 685
BNEPS Licence Fee	158 421	-	(119 038)	39 383
BNEPS Programmes	21 287 603	-	(2 226 691)	19 060 912
Total	21 788 325	-	(2 622 616)	19 165 709

2014

	Opening net book value	Additions	Depreciation	Closing net book value
BEC Software	337 826	28 818	(182 770)	183 874
BEC Website	285 169	-	(126 742)	158 427
BNEPS Licence Fee	277 459	-	(119 038)	158 421
BNEPS Programmes	20 008 258	3 421 103	(2 141 758)	21 287 603
Total	20 908 712	3 449 921	(2 570 308)	21 788 325

9 Inventories

	2015	2014
Consumable stocks - at cost	940 044	421 937

10 Trade and other receivables

Prepayments	46 238	491 329
Other receivables	8 827 698	5 639 921

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015
IN PULA

10 Trade and other receivables (continued)

The fair value of receivables is equal to the carrying amounts due to the short term nature of these balances.

As at the reporting date no receivables were past due and not impaired, (2014: nil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as noted above. BEC does not hold any collateral as security.

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

11 Cash and cash equivalents

	2015	2014
Cash at bank	10 106 969	11 188 310
Short term deposits	826 335	793 422
Cash on hand	2 500	920
	10 935 804	11 982 652
Bank overdraft	(932 121)	-
	10 003 583	11 982 652

Short term deposits denotes funds invested with Stanlib Investments Management Services, African Banking Corporation of Botswana Limited and Capital Bank Limited.

For the purpose of the statement of cash flows, cash and cash equivalents at the reporting date comprise the following:

Cash at bank	9 174 848	11 188 310
Short term deposits	826 335	793 422
Cash on hand	2 500	920
	10 003 683	11 982 652

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

11. Cash and cash equivalents

The cash at bank balances included the following amounts denominated in foreign currency:

	2015	2014
British Pounds	-	6 938

12 Capital grants

Governments grants

Balance at beginning of year	27 937 882	30 599 309
Capital grants received during the year	6 761 625	-
Unwinding of capital grants	(2 133 519)	(2 661 427)
Balance at end of year	32 565 988	27 937 882

Capital assets granted by Botswana Government

Balance at beginning of year	79 152 396	81 584 963
Unwinding of capital grants	(1 962 983)	(2 432 567)
Balance at end of year	77 189 413	79 152 396

Total grants at end of year	109 755 401	107 090 278
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

	2015	2014
13 Trade and other payables		
Trade payables	3 921 765	28 448 969
Accrued expenses	17 176 037	2 013 084
Other payables	10 145 271	717 378
Provisions (Note 13.1)	12 040 123	7 258 877
Deferred revenue	705 933	5 063 811
	43 989 129	43 502 119

	Gratuity	Leave	Total
13.1 Provisions			
As at beginning of the year	4 106 382	3 152 495	7 258 877
Additional provisions during the year	6 512 584	2 490 298	9 002 882
Payments during the year	(3 513 016)	(708 620)	(4 221 636)
As at end of the year	7 105 950	4 934 173	12 040 123

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

	2015	2014
British Pounds	1 036 969	27 363 867

14 Financial instruments

(a) Financial instruments by category.

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

Loans and receivables:

Assets as per statement of financial position

Other receivables excluding prepayments (Note 10)	8 827 698	5 639 921
Cash and cash equivalents (Note 11)	10 003 583	11 982 652
	18 831 281	17 622 573

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

14 Financial instruments (continued)

Other financial liabilities at amortised cost:

Liabilities as per statement of financial position

Trade and other payables excluding provisions
and deferred revenue (Note 13)

	2015	2014
	31 243 073	31 179 431

(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

	Rating		
Barclays Bank of Botswana Limited	Not rated	326 266	4 883 264
First National Bank of Botswana Limited	Not rated	8 848 582	6 305 046
Capital Bank Limited	Not rated	31 990	31 817
African Banking Corporation of Botswana Limited	Not rated	258 924	256 472
Stanlib Investment Management Services	Not rated	535 421	505 133
		10 001 183	11 981 732

BEC only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. There are no credit ratings available in Botswana.

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 Limited in South Africa, listed on the Johannesburg Stock Exchange.

African Banking Corporation Botswana Limited is a subsidiary of ABC Holdings Limited.

Capital Bank Limited is a subsidiary of First Merchant Bank Limited (FMB), Malawi, a listed company on the 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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

	2015	2014
15 Cash utilised in operations		
Operating deficit	(10 097 889)	(99 967 836)
Adjustment for:		
Depreciation (Note 7)	7 491 425	8 007 640
Amortisation of intangible assets (Note 8)	2 622 616	2 570 308
Unwinding of capital grants (Note 12)	(4 096 502)	(5 093 994)
Profit on disposal of plant and equipment	-	(380 691)
Changes in working capital:		
Movement in inventories	(518 107)	250 505
Movement in trade and other receivables	(2 742 686)	(4 458 095)
Movement in trade and other payables	487 010	26 839 495
Cash utilised in operations	(6 854 133)	(72 232 668)
In the statement of cash flows, proceeds from the sale of plant and equipment comprise:		
Net book amount (Note 7)	-	150 167
Profit on disposal of property, plant and equipment	-	380 691
Proceeds from disposal of property, plant and equipment	-	530 858
16 Related party transactions		
(a) Transactions with the Ministry of Education and Skills Development		
Government subvention	216 050 618	121 582 223
Capital grants received during the year	6 761 625	-
Deferred revenue	705 933	5 063 811
(b) Receivables from Ministry of Education and Skills Development		
Back to School Programme	7 590 304	4 332 323

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For the year ended 31st March 2015

IN PULA

16 Related party transactions (continued)

Key personnel remuneration consists of short term employee benefits paid to council members and senior management. Key personnel remuneration is analysed as follows:

	2015	2014
Management - basic salary	2 895 630	2 895 630
Management - allowances	1 359 163	842 683
Management - gratuity and leave pay	133 809	1 247 825
Management - total	4 388 602	4 986 138
Sitting allowances – council members	332 593	598 358
	4 721 195	5 584 496

17 Commitments

BEC had a capital commitment relating to the continuing development of the Botswana National Examinations Processing System (BNEPS 2) at reporting date.

The total approved budget for this project is P 6 000 000. Total accumulated project expenditure as at the reporting date was P 111 852 and committed funds at the reporting date amounted to P 5 888 148.

18 Going concern

BEC incurred a deficit of P 9 891 007 for the year ended 31 March 2015 and its total liabilities exceeded its total assets by P 28 059 601. BEC is dependent on the Ministry of Education and Skills Development for financial and operational support. The Ministry of Education and Skills Development has approved the Council's 2015/2016 budget and continues to provide financial support to the Council through the payment of government subventions and government grants.

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2015
IN PULA

	Note	2015	2014
Revenue			
Revenue	1	228 960 891	131 818 938
Cost of revenue			
Direct costs	2	126 773 278	124 665 248
Gross surplus		102 187 613	7 153 690
Other income	3	5 721 419	6 152 686
Administrative expenses			
Advertising, marketing and publicity		1 319 934	2 284 821
AEAA expenses		26 843	198 421
Amortisation of intangible assets		2 622 616	2 570 308
Auditors' remuneration		181 000	278 652
Bank charges		173 044	258 637
Consultancy fees		2 585 634	2 308 990
Depreciation		7 491 425	8 007 640
Electricity and water		1 136 857	1 601 804
Excellence awards		1 296 784	1 552 338
General expenses		440 573	340 974
Hotel and accommodation		209 028	1 193 677
Insurance		1 736 537	1 926 193
Legal fees		49 321	266 216
Licenses and subscriptions		3 375 201	1 766 426
Meals and entertainment expenses		370 228	744 182
Miscellaneous		1 048	40 537

This schedule is presented solely for the information of the members and is not covered by the audit opinion.

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2015

IN PULA

	2015	2014
Administrative expenses (continued)	2015	2014
Motor vehicle expenses	695 041	987 884
Office cleaning and supplies	490 823	515 381
Printing and stationery	2 346 081	3 196 461
Recruitment costs	667 279	1 643 646
Repairs and maintenance	3 246 935	4 550 846
Salaries	78 276 121	66 561 095
Security	548 265	525 671
Sitting allowance	332 593	598 358
Staff welfare	75 536	261 657
Telephone, courier, freight and postage	2 472 999	2 517 717
TIMMS expenses	3 152 724	1 290 973
Training expenses	319 499	2 103 583
Travel and subsistence allowances	2 366 952	3 181 124
	118 006 921	113 274 212
Operating deficit	(10 097 889)	(99 967 836)

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DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2015
IN PULA

	2015	2014
1 Revenue		
Government subvention	216 050 618	121 582 223
Certification fees	333 573	207 103
Registration fees	12 434 494	9 891 362
Remarking fees	142 206	138 250
	228 960 891	131 818 938
2 Direct costs		
ABE and student expenses	318 401	530 105
Consultancy	-	820 350
Examiners' meals	10 879 325	10 558 257
External examinations fees	34 863 912	29 962 623
Grading and grade review	384 957	452 662
Invigilation fees	13 022 643	12 551 919
Marking fees	21 442 846	19 526 210
Moderation fees	2 434 503	3 059 624
Other examination administration	1 195 477	3 674 605
Printing costs	4 146 678	8 032 194
Setting-fees	189 210	307 427
Travel and subsistence allowances	30 793 421	29 971 934
Venue hire costs	7 101 905	5 217 338
	126 773 278	124 665 248

This schedule is presented solely for the information of the members and is not covered by the audit opinion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31st March 2015

IN PULA

	2015	2014
3 Other income		
Unwinding of capital grants	4 096 502	5 093 994
Exchange loss	(52 787)	(1 681)
Profit on disposal of property, plant and equipment	-	380 691
Sale of tender documents	69 050	48 000
Sundry income	1 608 654	631 682
	5 721 419	6 152 686
4 Salaries		
Acting allowances	428 904	423 765
Management salary, allowances, gratuity and leave pay	4 388 602	4 986 138
Salaries	68 205 056	56 351 197
	73 022 562	61 761 100
Pension contributions	5 253 559	4 799 995
	78 276 121	66 561 095

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NOTES

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