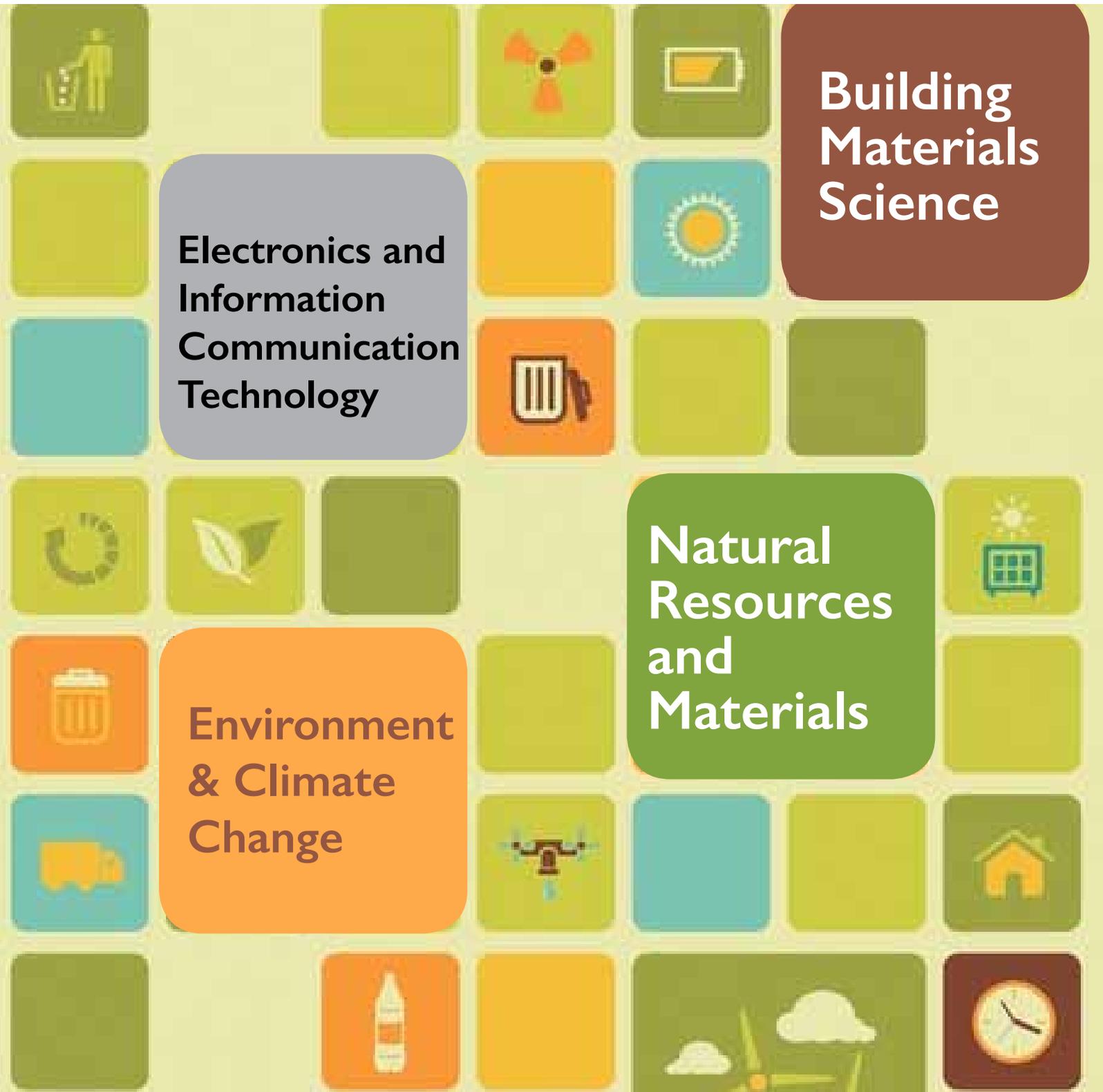




ANNUAL REPORT 2013/14





**Building
Materials
Science**

**Electronics and
Information
Communication
Technology**

**Natural
Resources
and
Materials**

**Environment
& Climate
Change**

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION

ANNUAL REPORT 2013/14

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A vertical sidebar on the left side of the page contains several icons related to energy and technology. From top to bottom: an orange square, a blue square with a yellow plug icon, a green square with a white wind turbine icon, a yellow square, a large teal rounded rectangle with the word 'Energy' in white, a blue square with a red plug icon, a yellow square, a green square with a blue sun icon, and a dark green square with a white battery icon.

Energy

Introduction



The Botswana Institute for Technology Research and Innovation (BITRI) is a parastatal under the Ministry of Infrastructure Science and Technology, established in 2012 through an Act of Parliament, to conduct needs-based research and development in focused areas in accordance with national priorities.

The Mandate of BITRI is to identify and/or develop appropriate technology solutions in line with national priorities and needs of Botswana. The technologies will as much as possible maximize the use of local materials to ensure efficiency and affordability.

BITRI will harness its institutional capacity as well as collaborate with other organizations and institutions.

BITRI is situated at Maranyane House in Gaborone, Botswana. It has other campuses in Gaborone, Kanye and Palapye.

BITRI's priority thematic research areas are;

Technologies

- Electronics
- Energy
- ICT

Natural Resources and Materials

- Environment & Climate Change
- Materials
- Water

DIVISIONS

Building Materials Science

Building Materials Science Division focuses on needs based research and development of new innovative building materials from natural raw materials and from industrial by-products or waste. Additional areas the division will focus on is the development of technologies for re-cycling building materials and Identifying new/innovative uses for conventional building materials and modifying conventional building materials to improve their performance. The Division also hand-holds companies, especially start-up companies, that take up the new/innovative building materials developed in-house or are certified by BITRI. Building materials will also develop algorithms for the selection, specification & quality control of materials for given applications, to meet the following requirements:-

- Cost-effectiveness of both production & application
- Desirability of chemical, physical & mechanical properties
- Environmental friendliness of processes of both production & application
- Aesthetic appeal



Electronics and Information Communication Technology

Electronics and Information Communication Technology Division focuses on research and development to provide technology solutions and next generation products in nine priority areas of Health, Education/Learning, Tourism, Agriculture, Transportation, Security & Forensics, Entertainment, Communication Infrastructures, and Energy.

Energy

Energy Division focuses on needs based research, development and adoption of Energy technologies (renewable and non-renewable) for Botswana. In addition to research and development, the section also offers training and consultancy on energy technologies.

Environment & Climate Change

Environment and Climate Change Division focuses on research to understand the impact of climate change on Botswana's agriculture, water resources and health sectors; such as the risks of droughts, extreme weather events, increasing temperatures, vector borne disease out-breaks and changes in water availability.

Natural Resources and Materials

Natural Resources and Materials Division's research focuses on three areas namely; filtration, diagnostic and encapsulation technologies from which it will develop technologies to purify water and air for rural Botswana and the mining, health and military sectors.

Corporate Services Department

The Corporate Services Department provides support services to the organization. It is made up of Office Support, Human Resources, Finance, Facilities and Registry. The Department is headed by a Director.

Research and Partnerships Department

The Research and Partnerships Division (R&PD) has responsibility for ensuring that BITRI Research policies and guidelines promote a high quality research environment and govern good research practice. R&PD supports BITRI researchers to obtain local and international partners, administer grants and contracts, manage the knowledge needs and assists with the technology transfer and commercialization of our technology solutions to our research and business partners. In addition, the division is also responsible for ensuring that BITRI's brand is marketed and the excellent technology research and impact in society and the economy is communicated.



Message from the Chairperson, Board of Directors

On behalf of the Board of Directors of the Botswana Institute for Technology Research and Innovation (BITRI), it gives me great pleasure to present these few introductory remarks, by way of an endorsement of the BITRI Annual Report for the 2013-14 financial year. This period represents the organisation's first year of operation in which the major activities were the recruitment of key staff to establish the organisation, appointing of the Board of Directors, identification and finalisation of the research focus areas of BITRI, and aligning organisational goals. The Board is satisfied with the accuracy of the information contained in this annual report and in the audited financial statements of the organisation for the financial year, 1 April 2013 to 31 March 2014. We take this opportunity to thank and congratulate the CEO and his Team for producing this report of the organisation's activity during that period.

The Board of Directors took office in June 2013 and therefore this is BITRI's first Annual Report. We thank the Ministry of Infrastructure Science and Technology for BITRI's support since its inception. On 1st July, 2013, Professor Nelson Torto was appointed the Founding Chief Executive Officer of BITRI. He is an accomplished Scholar who has worked at the Universities of Botswana and Rhodes before he joined BITRI. Following this task, an extensive process to assess and finalize the organisational structure of BITRI that was recommended by the DCDM Economic & Management Consultants was done. The BITRI satellite campuses and all of the assets that BITRI inherited as a result of dissolution of the Botswana Technology Centre (BOTECH) and the Rural Industries Innovation Centre (RIIC) also underwent an evaluation and those that were salvageable were kept as part of the BITRI research facility. A number of benchmarking visits to international research organisations that are working in the same area of BITRI were also conducted. These resulted in discussions on solar street light adaptation, ICT entrepreneurship and material sciences, which BITRI pursued as initial projects. A recruitment drive for research and administrative staff was also another major priority, which saw the institution increase the staff complement from one individual in January 2014 to sixteen (16) at the end of March 2014.

The Board is satisfied with the performance of the organisation, the targets at this initial stage were ambitious, and we are happy that the institution was able to have the achievements that it did. Last, but proverbially not least, I conclude by thanking all stakeholders for their support and that together we will take BITRI to greater heights and the organisation will have a significant positive impact on Botswana across the country.



Professor Otlogetswe Totolo
Chairperson, Board of Directors



Message from the CEO

I am honoured to present the first annual report of the Botswana Institute for Technology Research and Innovation (BITRI). The report gives a general overview of events and activities that took place in preparation for the operationalisation of BITRI. BITRI started its operations in July 2013. As the founding Chief Executive Officer my first task was to finalise screening interviews for BOTEC and RIPCO(B) staff members who had applied for employment with BITRI. Note that BITRI has a structure and mandate totally different from the legacy institutions (BOTEC and RIPCO(B)), therefore it was imperative that there was a skills audit and interviews to pick those that suited the profile of the new organization. Concurrently, work was in progress to put in place structures, policies, and rationalize BITRI's research areas of focus. As soon as policies and processes needed for recruitment were in place, the recruitment drive for the rest of the staff began in earnest.

The main challenge in the recruitment process was the fact that BITRI did not have a track record, and that the expectations for a better remuneration package were rather high given that it was a new organization. Notwithstanding the challenges, the recruitment did gain momentum, and that was also coupled with benchmarking exercises undertaken to similar institutions.

I wish to conclude by informing you our valued stakeholder that, my vision is to work with my team to develop BITRI to meet the needs of Batswana operating at the highest level of competence, competitiveness, collaboration and co-creation. I would like to see research facilities and Centres developed and equipped to a level of functionality. This task will be a priority in the next year to ensure that BITRI delivers on its mandate to Batswana. It is my belief that in the next year I will be elaborating on the projects we are undertaking and their relevance to impact the lives of Batswana.

I therefore, wish to encourage you to go through this first BITRI annual report to learn more about us. We look forward to your patronage in our endeavor to address the needs of Batswana through technology research and innovation.



Nelson Torto, PhD, FAAS, FRSC
Chief Executive Officer

Board of Directors



Professor Otlogetswe Totolo
Board Chair



Professor Nelson Torto
CEO



Dr. Martin Mosinyi Kebakile
Member



Professor Brian Mokopakgosi
Member



Ms. Keitseng Nkah Monyatsi
Member



Ms. Latelang Kelebogile Chakalisa
Member



Ms. Mercy Bothojwame Conlon
Member



Dr. Mpaphi Casper Bonyongo
Member



Mr. Edwin Elias
Member



Mr. Mao Segage
Member

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION

COMPANY LIMITED BY GUARANTEE - CO2012/8667

GENERAL INFORMATION

MEMBERS OF THE BOARD

Appointed

Prof. Otlogetswe Totolo	(Board Chairperson)	18 June 2013
Prof. Brian Mokopkgosi	(Deputy Chairperson)	18 June 2013
Prof. Nelson Torto	(Chief Executive Officer)	18 June 2013
Dr. Mpaphi Bonyongo	(Board Member)	18 June 2013
Ms. Keitseng Monyatsi	(Board Member)	18 June 2013
Dr. Martin Kebakile	(Board Member)	18 June 2013
Mr. Edwin Elias	(Board Member)	18 June 2013
Mr. Mao Segage	(Board Member)	18 June 2013
Ms. Mercy Conlon	(Board Member)	18 June 2013
Ms. Latelang Chakalisa	(Board Member)	18 June 2013

NATIONAL DIRECTOR

Prof. Nelson Torto

REGISTERED OFFICE

Maranyane House
Plot 50654
Machel Drive
Gaborone

BANKERS

First National Bank Botswana Limited

AUDITORS

Deloitte & Touche



BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION

ANNUAL FINANCIAL STATEMENTS
31 March 2014

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The following schedule does not form part of the annual financial statements and is presented solely for the information of members:

Detailed income statement	27
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DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS
31 March 2014

Directors' responsibility statement

The Directors are responsible for the preparation and fair presentation of the annual financial statements of Botswana Institute for Technology Research and Innovation, comprising the statement of financial position as at 31 March 2014, and the statement of comprehensive income, the statement of changes in funds and statement of cash flows for the nine months then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Institute as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The external auditors are responsible for independently reviewing and reporting on the annual financial statements. The annual financial statements have been examined by the external auditors and their report is presented on page 4.

Directors' approval of the annual financial statements

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the Board on 18 December 2014 and are signed on its behalf by:



Board Chairman



Director

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION

Report on the financial statements

We have audited the accompanying financial statements of Botswana Institute for Technology Research and Innovation, set out on pages 15 to 26, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the trustees 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 Institute'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.

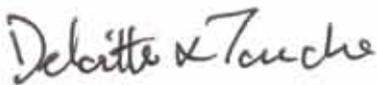
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Botswana Institute for Technology Research and Innovation as at 31 March 2014 and the results of its changes in funds and cash flows for the nine months then ended in accordance with International Financial Reporting Standards.

Other matter - supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 27 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly we do not express an opinion on it.



Deloitte & Touche
Certified Public Accountants
Practicing Member: F C Els (19980074)

18 December 2014

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory NB Kader Tax TP Pillay Consulting K Black Clients & Industries
JK Mazzocco Talent & Transformation CR Beukman Finance M Jordan Strategy S Gwala Special Projects
TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board
Resident Partners: M Marinelli Senior Partner FC Els P Naik CV Ramatlapeng M Bardopoulos

A full list of partners and directors is available on request

Member of Deloitte Touche Tohmatsu Limited

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014

STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 31 March 2014

	Notes	9 months ended 31 March 2014 P
INCOME		
Revenue grant	2	14,973,817
Interest income	3	19,497
Other income	4	19,953
Total income		<u>15,013,267</u>
EXPENSES		
Staff costs		3,619,130
Other operating costs		3,385,306
Total expenses		<u>7,004,436</u>
Other comprehensive income for the year		-
Surplus and total comprehensive income for the period	5	<u>8,008,831</u>

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014 ●

STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Notes	2014 P
ASSETS		
Non-current assets		
Property, plant and equipment	7	<u>786,852</u>
Current Assets		
Other receivables		260,278
Cash and cash equivalents	8	<u>19,781,047</u>
		<u>20,041,325</u>
Total assets		<u>20,828,177</u>
FUNDS AND LIABILITIES		
Funds and reserves		
Accumulated surplus		<u>8,008,831</u>
Non-current liabilities		
Capital grants	9	<u>11,870,000</u>
Current liabilities		
Other payables	10	854,569
Bank overdraft	8	94,777
		<u>949,346</u>
Total funds and liabilities		<u>20,828,177</u>

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014

STATEMENT OF CHANGES IN FUNDS
for the nine months ended 31 March 2014

Total comprehensive income for the period
Balance as at 31 March 2014

Accumulated surplus P
8,008,831
<u>8,008,831</u>

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014 ●

STATEMENT OF CASH FLOWS
for the nine months ended 31 March 2014

	9 months ended 31 March 2014 P
CASH FLOWS FROM OPERATING ACTIVITIES	
Surplus for the period	8,008,831
Adjustment for:	
Depreciation of property, plant and equipment	47,510
Interest received	(19,497)
Cash flows from operations before working capital changes	<u>8,036,844</u>
Increase in trade and other receivables	(260,278)
Increase in trade and other payables	854,569
Net cash generated from operating activities	<u>8,631,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	19,497
Purchase of property, plant and equipment	(834,362)
Net cash used in investing activities	<u>(814,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Grant received	<u>11,870,000</u>
Net cash generated from financing activities	<u>11,870,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,686,270
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>19,686,270</u>
Represented by:	
Cash on hand	19,781,047
Bank overdraft	(94,777)
	<u>19,686,270</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
31 March 2014

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the entity has adopted all the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2013. The adoption of these standards has not resulted in changes to the company's accounting policies.

Standards and interpretations in issue but not yet effective

New/Revised International Financial Reporting Standards	Effective Date
IFRS 7 (amended) - Financial Instruments: Disclosures	1 July 2015
IFRS 9 (amended) - Financial Instruments	1 July 2018
IFRS 10 (amended) - Consolidated Financial Statements	1 July 2014
IFRS 11 (amended) - Joint Arrangements	1 January 2016
IFRS 12 (amended) - Disclosure of Interests in Other Entities	1 January 2014
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2017
IAS 16 (amended) - Property, Plant and Equipment	1 January 2016
IAS 19 (amended) - Employee Benefits	1 July 2014
IAS 27 (amended) - Separate Financial Statements: Investment Entities	1 January 2014
IAS 32 (amended) - Financial instruments	1 January 2014
IAS 36 (amended) - Recoverable amount disclosures for non-financial assets	1 January 2014
IAS 38 (amended) - Intangible Assets	1 January 2016
IAS 39 (amended) - Financial Instruments: Recognition and Measurement	1 January 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014

Based on the current nature of the Entity's operations the directors do not expect the above standards to have a significant impact on the annual financial statements.

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which comply with International Financial Reporting Standards (IFRS).

ACCUMULATED FUND

This fund is financed by grants.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and depreciated as detailed below.

Depreciation is charged on a straight line basis so as to write off the depreciable amount of the asset over their estimated useful lives to their estimated residual values, using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Institute. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

Motor vehicles	25%
Computers	25%
Furniture and fittings	10%
Smartphones and cell phones	50%

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION

Annual Financial Statements

31 March 2014 ●

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

31 March 2014

GRANTS

Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants for compensation of expenses already incurred are recognised as income in the period in which they are receivable.

Capital grants relating to property, plant and equipment are treated as capital grants and released to the statement of comprehensive income over the expected useful lives of the assets.

FOREIGN CURRENCIES

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date.

Exchange differences are recognised in profit or loss in the period in which they arise.

PROJECT FUNDS

Project funds relate to funding received from the donors for specific projects. These are deferred and included in current liabilities as projects funds. The related expenditure is netted off against the project funds received. Over expenditure which is not recoverable from the donors is recognised as expenditure in the profit or loss of the Institute.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank and cash balances.

RELATED PARTY TRANSACTIONS

Related parties are defined as those parties:

- a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the entity;
 - has an interest in the entity that gives it significant influence over the entity; or
- b) that are members of the key management personnel of the Institute or its parent including close members of the family.

FINANCIAL INSTRUMENTS

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

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

The Institute's principal financial assets are 'loans and receivables'.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2014

FINANCIAL INSTRUMENTS (CONTINUED)

Loans and receivables

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

Effective interest method

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

Derecognition of financial assets

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

Financial liabilities

Classification as debt or equity

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Institute's principal financial liabilities are 'other financial liabilities'.

Other financial liabilities

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

Derecognition of financial liabilities

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

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014 ●

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

31 March 2014

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives of plant and equipment and residual values

The Institute's reviews the estimated useful lives of plant and equipment at the end of each annual reporting period.

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 March 2014

1 NATURE OF BUSINESS

Botswana Institute for Technology Research and Innovation is an entity with a registration number CO2012/8667. The primary objective is to conduct needs based research and development in focused areas of national interest and deliver high standard technology solutions that maximise the beneficiation of local resources through both institutional and collaborative programmes.

2 REVENUE GRANT

Grants received

2014
P
14,973,817

3 INTEREST INCOME

Interest received on bank deposits

19,497

4 OTHER INCOME

Other income
 Rental Income

13,305
 6,648
19,953

5 SURPLUS FOR THE YEAR

Surplus for the year is stated after taking the following into account:

Auditors' remuneration
 - current
 Depreciation of property, plant and equipment
 Directors' remuneration

80,000
 47,510
80,870

6 TAXATION

The Institute has estimated assessed surplus amounting to P8 008 831. Under the provisions of the Income Tax Act (Chapter 52:01) Second Schedule, the Institute is exempt from Income Tax.

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
Annual Financial Statements

31 March 2014

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

31 March 2014

7 PROPERTY, PLANT AND EQUIPMENT	Smart Phones & Cell phones P	Furniture Computers P	Motor & Fittings P	Vehicles P	Total P
Additions	18,297	163,412	65,755	586,898	834,362
At 31 March 2014	<u>18,297</u>	<u>163,412</u>	<u>65,755</u>	<u>586,898</u>	<u>834,362</u>
ACCUMULATED DEPRECIATION					
Charge during the year	3,999	21,962	1,986	19,563	47,510
At 31 March 2014	<u>3,999</u>	<u>21,962</u>	<u>1,986</u>	<u>19,563</u>	<u>47,510</u>
Net book value					
At 31 March 2014	<u>14,298</u>	<u>141,450</u>	<u>63,769</u>	<u>567,335</u>	<u>786,852</u>
8 CASH AND CASH EQUIVALENTS					2014 P
Call account					<u>19,781,047</u>
Current account -Bank overdraft					<u>(94,777)</u>
9 CAPITAL GRANT					
Capital grant received					<u>11,870,000</u>
10 OTHER PAYABLES					
Staff accruals					496,882
Other payables					357,687
					<u>854,569</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

11 FINANCIAL INSTRUMENTS

2014
P

Categories of financial instruments

Financial assets

Loans and receivables (including bank balances and cash)

20,041,325

Financial liabilities

Other financial liabilities

452,464

Interest received on loans and receivables

19,497

Capital risk management

The capital of the Institute comprises accumulated funds and project funds. Management actively manages capital to ensure that the Institute remains a going concern in the foreseeable future.

Currency risk

The Institute is not exposed to movements foreign currency due to the fact that all their funding is from the Government of Botswana which is in the local currency.

There is no active foreign currency risk management process adopted by the Institute mainly because expenditure is incurred in Botswana Pula currency.

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances on call whose interest rates are linked to the prime lending rate. If interest rates were 1% higher while all other variables were held constant the surplus for the year would increase by P197,810. At end of the reporting period the following balances were held in call accounts with reputable financial institutions.

Interest bearing financial assets

19 781 047

Liquidity risk

The Institute is funded annually in advance by the Government of Botswana. The Government of Botswana is committed to this arrangement due to the Institute's national significance.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute

12 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

Key management personnel are individuals with significant influence in the day to day operations of the centre. The management considers the Chief Executive Officer to be the only member of key management personnel remunerated by the Institute.

Short term benefits

1,466,465

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

13 CONTINGENT LIABILITIES

There are no contingent liabilities in the current financial year.

14 EVENTS AFTER THE REPORTING DATE

The Board of Directors are not aware of any matters or circumstances arising since the end of the financial year; not otherwise dealt with in these financial statements that would have a significant effect on the operations of the Institute or the result of its operations.

BOTSWANA INSTITUTE FOR TECHNOLOGY RESEARCH AND INNOVATION
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DETAILED INCOME STATEMENT
for the year ended 31 March 2014

INCOME

Revenue grant
Interest income
Other income
Rental Income

**9 months
ended
31 March
2014
P**

14 973 817
19 497
13 305
6 648
15 013 267

EXPENDITURE

Advertising
Auditor's remuneration
Bank charges
Board fees
Cleaning
Computer expenses
Consultancy fees
Depreciation of property, plant and equipment
Internet rentals and service
Legal fees
Telephone expenses
Motor vehicle expenses
Office refreshments
Recruitment expenses
Postage
Printing and stationery
Rent and utilities
Repairs, maintenance and renovations
Security
Social activities
Staff costs
Staff welfare
Subscriptions
Workshops and seminars
Travel

234 326
80 000
25 130
80 870
111 520
22 018
207 376
47 510
51 376
176 066
129 485
5 338
79 051
216 702
1 543
208 118
111 168
175 266
187 309
30 000
3 619 130
1 813
11 981
49 820
1 141 520
7,004,436

OPERATING SURPLUS FOR THE YEAR

8 008 831

The detailed income statement does not form part of the audit opinion on page 4.







Physical Address

Head Office

Maranyane House
Plot No. 50654, Machel Drive
Gaborone, Botswana

Postal Address

Botswana Institute For Technology Research
and Innovation
Private Bag 0082
Gaborone, Botswana

Contact Us

Tel: +267 360 7500 / +267 391 4161
Fax: +267 397 4677
Email: communications@bitri.co.bw
Web: www.bitri.co.bw

ICT Mobile Satellite Office

+267 360 7500

