

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015**

BOTSWANA NATIONAL OLYMPIC COMMITTEE

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2015

COMMITTEE INFORMATION

Domicile and operation:

Botswana National Olympic Committee is an elite sports administration organisation in Botswana and affiliate of International Olympic Committee and Commonwealth Games Federation.

Postal address:

Private Bag 00180
Gaborone

Auditors:

PricewaterhouseCoopers
Gaborone

Bankers:

First National Bank of Botswana Limited

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BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF RESPONSIBILITY BY THE BOARD for the year ended 31 December 2015


The Board of Botswana National Olympic Committee is responsible for the annual financial statements and all other information presented therewith. Its responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

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

The going concern basis has been adopted in preparing the annual financial statements. The Board has no reason to believe that the Botswana National Olympic Committee will not be a going concern in the foreseeable future based on forecasts, available cash resources and the continued support by the Government of Botswana and International Olympic Committee.

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

The Financial Statements presented on pages 5 to 30 and the supplementary information presented in annexures I and II have been authorised for issue by the Board and are signed on its behalf by:



BNOC President
Mr Negroes Kgosietsile



Chief Executive Officer
Mr Tuelo D Serufho



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA NATIONAL OLYMPIC COMMITTEE

We have audited the accompanying financial statements of Botswana National Olympic Committee, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 5 to 30.

Board Members' Responsibility for the Financial Statements

The Board Members 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 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 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw*



Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana National Olympic Committee as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Individual Practising Member: R P De Silva
Membership Number: 19900241

2015-03-31
Gaborone

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Note	2015 P	2014 P
Income			
Grants, subsidies and subscriptions		13,639,037	11,454,293
Other operating income		241,374	261,661
Administrative expenses		<u>(13,536,398)</u>	<u>(24,957,918)</u>
Operating surplus / (deficit)	5	344,013	(13,241,964)
Finance income	7	<u>9,548</u>	<u>32,634</u>
Surplus / (deficit) before income tax		353,561	(13,209,330)
Income tax expenses	8	<u>-</u>	<u>-</u>
Surplus / (deficit) for the year		353,561	(13,209,330)
Other comprehensive income		-	-
Total comprehensive income / (expenses) for the year		<u><u>353,561</u></u>	<u><u>(13,209,330)</u></u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015 P	2014 P
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,508,612	1,848,312
Current assets			
Receivables and prepayments	10	1,445,277	1,458,508
Cash and cash equivalents	11	7,720,476	329,246
		<u>9,165,753</u>	<u>1,787,754</u>
Total assets		<u>10,674,365</u>	<u>3,636,066</u>
FUNDS AND LIABILITIES			
Capital and reserves			
Accumulated funds		(291,566)	(645,127)
Buildings fund	20	500,000	500,000
Capital grants	20	542,829	542,829
		<u>751,263</u>	<u>397,702</u>
Non current liabilities			
Deferred revenue	13	7,982,620	-
Current liabilities			
Accruals and other payables	12	1,940,482	3,238,364
		<u>9,923,102</u>	<u>3,238,364</u>
Total funds and liabilities		<u>10,674,365</u>	<u>3,636,066</u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2015**

	Accumulated funds P	Building fund P	Capital grants P	Total P
Balance at 1 January 2014	12,564,203	500,000	542,829	13,607,032
Comprehensive income				
Total comprehensive expenses for the year	(13,209,330)	-	-	(13,209,330)
Balance at 31 December 2014	(645,127)	500,000	542,829	397,702
Balance at 1 January 2015	(645,127)	500,000	542,829	397,702
Comprehensive income				
Total comprehensive income for the year	353,561	-	-	353,561
Balance at 31 December 2015	(291,566)	500,000	542,829	751,263

BOTSWANA NATIONAL OLYMPIC COMMITTEE**STATEMENT OF CASH FLOWS
for the year ended 31 December 2015**

	Note	2015 P	2014 P
Cash flows from operating activities			
Cash generated from / (used in) operations	14	<u>(612,986)</u>	<u>(10,128,080)</u>
Net cash generated from / (used in) operating activities		<u>(612,986)</u>	<u>(10,128,080)</u>
Cash flows from investing activities			
Interest income	7	9,548	32,634
Proceeds from disposal of property, plant and equipment		12,048	-
Purchase of property, plant and equipment	9	-	(120,840)
Net cash generated from / (used in) investing activities		<u>21,596</u>	<u>(88,206)</u>
Cash flows from financing activities			
Rio games grant received in advance	13	7,182,620	-
Government grants received in advance	13	800,000	-
Net cash generated from financing activities		<u>7,982,620</u>	<u>-</u>
Net change in cash and cash equivalents		7,391,230	(10,216,286)
Cash and cash equivalents at beginning of year		<u>329,246</u>	<u>10,545,532</u>
Cash and cash equivalents at end of year	11	<u><u>7,720,476</u></u>	<u><u>329,246</u></u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1 General information

Botswana National Olympic Committee (“Committee”) is an organisation registered under the Society’s Act in Botswana as an elite sports administration organisation in Botswana. The Committee is registered and domiciled in Botswana.

The financial statements set out on pages 5 to 30 have been approved by the Board on

2 Principal accounting policies

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

2.1 Basis of preparation

The annual financial statements of Botswana National Olympic Committee (“Committee”) have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the Committee’s accounting policies.

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

2.1.1 Adoption of standards in the current financial year

a) New and amended standards applicable to the current period but not applicable to the Committee

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

- Amendment to IFRS 2, ‘Share based payment’- The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’ (effective from 1 July 2014).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

b) New and amended standards applicable to the current period but not applicable to the Committee (continued)

- Amendment to IFRS 3, 'Business combinations'- The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39 (effective from 1 July 2014).
- Amendment to IFRS 8, 'Operating segments'-The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported (effective from 1 July 2014).
- IFRS 1, 'First-time adoption of International Financial Reporting Standards'- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented (effective from 1 July 2014).
- IAS 40, 'Investment property'- The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination (effective from 1 July 2014).
- IFRS 3, 'Business combinations'- The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself (effective from 1 July 2014).

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Committee

The following new standards, amendments, improvements and interpretations to existing standards are mandatory for the branch's accounting periods beginning on or after 1 January 2016. These have not been early adopted by the Committee.

New standards, amendments and interpretations which are relevant to the company's operations

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Committee (continued)

- IFRS 9 – Financial Instruments (2010) – This IFRS is part of the IASB’s project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, ‘Financial instruments’ to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, ‘Financial instruments: Recognition and measurement’, without change, except for financial liabilities that are designated at fair value through profit or loss (effective from 1 January 2018).
- IFRS 15 – Revenue from contracts with customers- The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer (effective from 1 January 2018).
- Amendment to IAS 7, ‘Cash flow statements’ - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity’s debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities (effective from 1 January 2017).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Committee (continued)

- Amendment to IFRS 9, 'Financial instruments', on general hedge accounting - The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: The own credit risk requirements for financial liabilities, Classification and measurement (C&M) requirements for financial assets, C&M requirements for financial assets and financial liabilities, The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9 (effective from 1 January 2018).
- IFRS 16, 'Leases' - After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' (effective from 1 January 2016).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

(d) New standards, amendments and interpretations which are not relevant to the Committee's operations

- IFRS 14- The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body (effective from 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets (Postponed) – The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures (effective from 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption - The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries (effective from 1 January 2016).
- Amendment to IAS 19 regarding defined benefit plan - These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary (effective from 1 January 2016).
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions (effective from 1 January 2016).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

(d) New standards, amendments and interpretations which are not relevant to the Committee's operations (continued)

- IFRS 7 – Financial Instruments; Disclosures- Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report (effective from 1 January 2016).
- IFRS 7 – Financial Instruments; Disclosures Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required (effective from 1 January 2016).
- IAS 34 – Interim Financial Reporting- Disclosure of information 'elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete (effective from 1 January 2016).
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortization- In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset (effective from 1 January 2016).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

(d) New standards, amendments and interpretations which are not relevant to the company's operations (continued)

- IFRS 5- Non-current Assets Held for Sale and Discontinued Operations- This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification (effective from 1 January 2016)

2.2 Property, plant and equipment

All property, plant and equipment are included at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Committee and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Buildings	50 years
Furniture and fittings	10 years
Office equipment	10 years
Motor vehicles	4 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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. (Note 2.3)

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

2.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2.3 Impairment of non-financial assets (continued)

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4 Financial assets

2.4.1 Classification

The Committee classifies its financial assets in 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 classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 reporting date. These are classified as non-current assets. The Committee's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

2.4.1 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Committee 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 losses are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Committee has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other income' in the period in which they arise. Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

2.4.2 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.

2.4.3 Impairment of financial assets

The Committee assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.5.

2.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Committee will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2.6 Cash and cash equivalents

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

2.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.8 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Provisions

Provisions claims are recognised when the Committee 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 has been reliably estimated. Provisions are not recognised for future operating losses.

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

2.9 Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.10 Employee benefits

The Committee migrated from defined contribution pension fund to employment contracts. All employees are on a 5 year contract and are paid gratuity at the end of contract at 25% of gross remuneration earned during the period of the contract.

Employee entitlements to annual leave, medical aid and housing benefits are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by the employee up to the statement of financial position date.

2.11 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the Committee's functional and the presentation currency.

(b) 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Such monetary assets and liabilities are translated at the exchange rates prevailing at the year end.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within administration expenses.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Committee's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is recognised as follows:

2.12.1 Grants

Grants from the Government, International Olympic Committee and Commonwealth Games Federation are recognised in the period that those grants relate to, at their fair value where there is a reasonable assurance that the grant will be received and the Committee will comply with all attached condition.

Grants are recognised as income over the periods necessary to match them with the related costs which they intend to compensate, on a systematic basis.

2.12.2 Grants relating to purchase of property, plant and equipment

Grants relating to the purchase of property, plant and equipment are deferred and recognised in the statement of comprehensive income on a basis that matches the grant with the depreciation charge on the related property, plant and equipment.

2.12.3 Other income

Other income is accounted for on an accrual basis except for other donations which are accounted for on a receipt basis.

2.12.4 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.12.5 Donations

Donations are accounted for on a receipt basis. Donations relating to the purchase of property, plant and equipment are deferred and recognised in the statement of comprehensive income on a basis that matches the donation with the depreciation charge on the related property, plant and equipment.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

3 Financial risk management

3.1 Financial risk factors

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

(I) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Committee is not exposed to foreign currency risk as it does not operate internationally.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is managed by the finance function. Its objective is to minimise the cost of financing through the placement of temporary excess funds in high yielding money market investments and cash deposits and to the extent possible by re-scheduling more expensive borrowings with cheaper finance.

The Committee's interest rate risk arises from short-term deposits. Short-term deposits obtained at variable rates expose the Committee to cash flow interest rate risk.

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

At 31 December 2015, if interest rates on interest-bearing assets had been 0.5% higher/lower with all other variables held constant, surplus / surplus for the year would have been P477 (2014: P 1,632) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(iii) Other price risk

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

3 Financial risk management (continued)

(II) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The credit quality of financial assets is disclosed in Note 18.2

(III) Liquidity risk

Management monitors rolling forecasts of the Committee's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Committee does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Committee's debt financing plans, covenant compliance.

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 sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Committee held money call deposit funds of P 7,720,476 (2014: P 329,246) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Committee's financial liabilities based on the remaining period at the statement of financial position 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.

	<u>31 December 2015</u>		<u>31 December 2014</u>	
	<u>Less than 12 months</u>	<u>Between 1 and 5 years</u>	<u>Less than 12 months</u>	<u>Between 1 and 5 years</u>
	P	P	P	P
Accruals and other payable (Note 12) (excluding statutory liabilities)	1,940,482	-	3,238,364	-

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

3.1 Capital risk management

The Committee's objectives when managing capital are to safeguard the Committee's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.2 Fair value estimation of financial instruments

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

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

4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. 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. In the process of applying the Committee's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

(a) Property, plant and equipment

The Committee follows the guidance of IAS16 (revised) and determines the residual values and useful lives of assets at each balance sheet date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the balance sheet date and the practice adopted by similar organisations.

(b) Impairment of receivables

The committee reviews its receivables to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the committee makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from receivables. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

5 Operating surplus / (deficit)

The following items have been charged in arriving at the operating surplus / (deficit) for the year:

	2015	2014
	P	P
Depreciation on property, plant and equipment (Note 9)	332,906	378,901
Auditors' remuneration - Current year	60,000	60,000
- Previous year underprovision	10,000	17,000
Rent and rates	327,844	408,013
Staff costs (Note 6)	4,961,790	4,694,422
6 Staff costs	2015	2014
	P	P
Salaries and wages	3,372,733	3,821,351
Medical aid	184,360	160,806
Leave pay and other retirement benefits	1,381,006	637,640
Staff training	23,691	74,625
	<u>4,961,790</u>	<u>4,694,422</u>
7 Finance income	2015	2014
	P	P
Finance income		
- Interest income on call account	9,548	32,634
	<u>9,548</u>	<u>32,634</u>

8 Income tax expenses

The income of the Committee is exempt from income tax in terms of Item XL of Part II of Second Schedule to the Income Tax Act of 1995 as amended.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

9 Property, plant and equipment

	Land P	Furniture and fittings P	Office equipment P	Motor vehicles P	Computer equipment P	Total P
At 1 January 2014						
Cost	817,696	384,837	195,675	1,475,701	447,209	3,321,118
Accumulated depreciation	-	(116,320)	(92,616)	(725,351)	(280,458)	(1,214,745)
Net book amount	817,696	268,517	103,059	750,350	166,751	2,106,373
Year ended 31 December 2014						
Opening net book value	817,696	268,517	103,059	750,350	166,751	2,106,373
Additions	-	-	4,000	-	116,840	120,840
Depreciation charge	-	(29,338)	(13,454)	(253,366)	(82,743)	(378,901)
Closing net book amount	817,696	239,179	93,605	496,984	200,848	1,848,312
At 31 December 2014						
Cost	817,696	384,837	199,675	1,475,701	564,049	3,441,958
Accumulated depreciation	-	(145,658)	(106,070)	(978,717)	(363,201)	(1,593,646)
Net book amount	817,696	239,179	93,605	496,984	200,848	1,848,312
Year ended 31 December 2015						
Opening net book value	817,696	239,179	93,605	496,984	200,848	1,848,312
Disposal	-	(61,365)	(4,950)	-	(72,760)	(139,075)
Depreciation charge	-	(27,579)	(13,226)	(186,189)	(105,912)	(332,906)
Depreciation on disposal	-	57,447	3,712	-	71,122	132,281
Closing net book amount	817,696	207,682	79,141	310,795	93,298	1,508,612
At 31 December 2015						
Cost	817,696	323,472	194,725	1,475,701	491,289	3,302,883
Accumulated depreciation	-	(115,790)	(115,584)	(1,164,906)	(397,991)	(1,794,271)
Net book amount	817,696	207,682	79,141	310,795	93,298	1,508,612

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

11 Cash and cash equivalents	2015	2014
	P	P
Cash at bank	7,720,240	328,549
Cash on hand	236	697
	<u>7,720,476</u>	<u>329,246</u>

Cash and cash equivalents are denominated in Botswana Pula.

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

Bank balances	7,720,240	328,549
Cash in hand	236	697
	<u>7,720,476</u>	<u>329,246</u>

Cash at bank balance includes short-term call deposits. The effective interest on those deposits ranges between 0.25% - 1.34% (2013 : 0.25% - 1.34%) per annum.

12 Other payables	Note	2015	2014
		P	P
Accruals	12.1	549,379	2,299,320
Other payables	12.2	1,391,103	939,044
		<u>1,940,482</u>	<u>3,238,364</u>

Accruals comprise of P228,334 Rio expenses and P321,045 of BNOC and Olympic

12.1 Solidarity expenses.

12.2 Other payables comprises P70,000 of Audit fee provision, P915,721 of provisions for gratuity and leave pay (based on current employment contracts), P66,190 of Judo games and P337,708 of Botswana African Youth Games Organising Committee (BAYGOC).

Other payables are denominated in Botswana Pula.

13 Deferred revenue	2015	2014
	P	P
Rio games grant income received	7,182,620	-
Government grant received for 2016	800,000	-
	<u>7,982,620</u>	<u>-</u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

14 Cash generated from / (used in) operations	2015 P	2014 P
Operating surplus / (deficit) for the year	344,013	(13,241,964)
Adjustment for:		
- Depreciation on property, plant and equipment (Note 9)	332,906	378,901
- Profit on disposal of property, plant and equipment	(5,254)	-
Changes in working capital :		
- Receivables and prepayments	13,231	1,631,991
- Other payables	(1,297,882)	1,102,992
Cash generated from / (used in) operations	<u>(612,986)</u>	<u>(10,128,080)</u>

15 Events after the reporting period

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

16 Commitments

Capital commitments

There were no capital commitments outstanding as at year end.

Operating lease commitments - where the company is the lessee

The Committee leases various properties under cancellable operating lease agreements. Rent is renegotiated on an annual basis. The lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 5.

The future aggregate minimum lease payments under cancellable leases are as follows:

	2015 P	2014 P
No later than one year	<u>478,952</u>	<u>435,411</u>

17 Contingent liabilities

There were no contingent liabilities as of the year end.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

18 Analysis of financial instruments

18.1 Financial instruments by category

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

	2015	2014
	P	P
Loans and receivables		
Other receivables (excludes prepayments) (Note 10)	1,445,277	1,418,327
Cash and cash equivalents (Note 11)	7,720,476	329,246
	<u>9,165,753</u>	<u>1,747,573</u>
Financial liabilities at amortised cost		
Other payables (excludes statutory liabilities) (Note 12)	<u>1,940,482</u>	<u>3,238,364</u>

18.2 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:

	2015	2014
	P	P
Other receivables (Note 10)	<u>1,445,277</u>	<u>1,418,327</u>
Cash at bank		
First National Bank of Botswana Limited (Note 11)	<u>7,720,476</u>	<u>329,246</u>

The Committee only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and First National Bank of South Africa Limited is listed on the Johannesburg Stock Exchange which are subsidiaries of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

19 Expenses by nature	2015	2014
	P	P
Advertising and promotions	49,963	131,040
Anti doping	17,041	227,562
AYG-Team Botswana preparations	-	11,998,196
Board members allowance	84,558	111,084
Conferences and meetings	197,566	169,590
Consulting and legal fees	131,000	226,628
Depreciation	332,906	378,901
Events: games, courses and others	1,467,349	2,200,935
IOC solidarity programmes	2,188,711	794,649
Insurance	107,127	100,611
Motor vehicle expenses	105,523	158,270
Other expenses	582,537	667,610
Per Diem and allowances : games, courses and others	433,357	1,261,186
Printing and stationery	93,929	171,875
Rent and rates	327,844	408,013
Rio games	1,617,380	-
Staff costs (Note 6)	4,961,790	4,694,422
Travel and accommodation : games, courses and others	837,817	1,257,346
	<u>13,536,398</u>	<u>24,957,918</u>

20 Buildings fund and capital grants

Funds received towards the cost of construction of the Botswana National Olympic Committee's national head quarters are taken to building fund and capital grant.

BOTSWANA NATIONAL OLYMPIC COMMITTEE
DETAILED INCOME STATEMENT
for the year ended 31 December 2015

	Note	2015 P	2014 P
Income			
Grants, subsidies and subscriptions	1	13,639,037	11,454,293
Other operating income	2	241,374	261,661
		<u>13,880,411</u>	<u>11,715,954</u>
Administrative expenses			
Accounting fees		11,995	7,855
Advertising and promotion		49,963	131,040
African Youth Games-Team Botswana preparations		-	11,998,196
Anti doping		17,041	227,562
Auditors' remuneration - Current year		60,000	60,000
- Previous year underprovision		10,000	17,000
Bank charges		27,495	80,026
Board members allowance		84,558	111,084
Computer expenses		88,338	101,932
Conferences and meetings		197,566	169,590
Consulting and legal fees		131,000	226,628
Depreciation		332,906	378,901
Electricity and water		83,753	84,474
Events: games, courses and others		1,467,349	2,200,935
General expenses		155,232	119,801
IOC solidarity programmes		2,188,711	794,649
Insurance		107,127	100,611
Long term athlete development		-	36,142
Motor vehicle expenses		105,523	158,270
Per Diem and allowances : games, courses and others		433,357	1,261,186
Printing and stationery		93,929	171,875
Rent and rates		327,844	408,013
Salaries and wages		4,961,790	4,694,422
Security expenses		9,975	8,115
Sponsorship and donations		1,000	18,564
Subscriptions		10,743	12,422
Telephone and postage		124,006	121,279
Travel and accommodation : games, courses and others		837,817	1,257,346
Rio-games		1,617,380	-
		<u>13,536,398</u>	<u>24,957,918</u>
Surplus / (deficit) for the year		<u>344,013</u>	<u>(13,241,964)</u>

This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 3 and 4.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 December 2015

1 Grants, subsidies and subscriptions	2015	2014
	P	P
Government grants	10,381,080	8,346,990
IOC-Olympic solidarity programmes	1,619,269	1,760,822
IOC-Other grants	767,403	219,099
IOC-Admin subsidy and marketing	587,809	554,275
Commonwealth Games Federation	130,000	355,163
MYSC anti doping	-	-
ANOCA	150,476	172,511
COSANOC	-	42,933
Subscriptions	3,000	2,500
	<u>13,639,037</u>	<u>11,454,293</u>
2 Other operating income	2015	2014
	P	P
Reimbursements and other income	236,120	261,661
Profit on disposal of property, plant and equipment	5,254	-
	<u>241,374</u>	<u>261,661</u>

These notes to the detailed income statement do not form part of the audited financial statements covered by the audit opinion on pages 3 and 4.