Botswana National Olympic Committee
Annual financial statements
for the year ended 31 December 2018

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Botswana National Olympic Committee is an elite sports administration organisation in Botswana and an affiliate of the International Olympic Committee and Commonwealth Games Federation
Board members	Col. Botsang Tshenyego Mr. Tshepo Sitale Mr. Moses S. Moruisi Ms. Bernadette Moruti Mr. Michael Moroka Ms. Tebo Segaise Ms. Yarona K. Sharp Mr. Oteng Oteng Mr. Tuelo D. Serufho (Ex-Offico)
Postal address	Private Bag 00180 Gaborone
Bankers	First National Bank of Botswana Limited
Auditors	Grant Thornton Chartered Accountants A Botswana member of Grant Thornton International Ltd
Registration number	19 May 1980
Society registration number	CR0546
Functional currency	BWP "Pula"

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Board Members' Responsibilities and Approval

The members of the executive committee are required in terms of the Societies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements 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 committee as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members of the executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the committee and place considerable importance on maintaining a strong control environment. To enable the members of the executive committee to meet these responsibilities, the members of the executive committee 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 committee and all employees are required to maintain the highest ethical standards in ensuring the committee's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the committee is on identifying, assessing, managing and monitoring all known forms of risk across the committee. While operating risk cannot be fully eliminated, the committee endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the executive committee 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 members of the executive committee have reviewed the committee's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the committee has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the committee's annual financial statements. The annual financial statements have been examined by the committee's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 31, which have been prepared on the going concern basis, were approved by the members of the executive committee on 28 MAR 2019 and were signed on their behalf by:

BNOC President
Col. Botsang Tshenyego

Chief Executive Officer
Mr Tuelo D Serufho

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Chartered Accountants

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Independent Auditor's Report

To the members of Botswana National Olympic Committee

Opinion

We have audited the annual financial statements of Botswana National Olympic Committee set out on pages 6 to 29, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present a true and fair view of, the financial position of Botswana National Olympic Committee as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors for the Annual Financial Statements

The members of the executive committee are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the members of the executive committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members of the executive committee are responsible for assessing the committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the committee or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee's financial reporting process .

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Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the members of the executive committee use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Chartered Accountants
Certified Auditor: Madhavan Venkatachary (Memb No: 20030049)

29 MAR 2019

Gaborone

Statement of Financial Position as at 31 December 2018

Figures in Pula	Note	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	12 539 663	12 596 437
Financial assets	4	2 148 108	1 606 438
		14 687 771	**14 202 875**
Current Assets			
Receivables and prepayments	5	1 552 735	4 290 789
Cash and cash equivalents	6	1 072 336	2 612 689
		2 625 071	**6 903 478**
Total Assets		**17 312 842**	**21 106 353**
Funds and Liabilities			
Capital and reserves			
Building fund and capital grants	7	-	1 042 829
Revaluation surplus		11 432 304	11 382 304
Accumulated funds		(146 120)	5 957
		11 286 184	**12 431 090**
Liabilities			
Current Liabilities			
Other payables	9	3 264 488	2 807 636
Deferred Grants	10	1 719 341	5 867 627
Grants Payable	8	1 042 829	-
		6 026 658	**8 675 263**
Total funds and Liabilities		**17 312 842**	**21 106 353**

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Statement of Comprehensive Income

Figures in Pula	Note(s)	2018	2017
Grants, subsidies and subscriptions	11	20 190 044	14 380 910
Other operating income	12	258 338	790 291
Other operating expenses		(20 658 276)	(16 093 992)
Operating surplus (deficit)	13	**(209 894)**	**(922 791)**
Finance income	14	57 817	32 117
Surplus (deficit) for the year		**(152 077)**	**(890 674)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land		50 000	-
Other comprehensive income for the year net of taxation	16	**50 000**	**-**
Total comprehensive loss for the year		**(102 077)**	**(890 674)**

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Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2018

Statement of Changes in Funds

Figures in Pula	Capital grant and Building fund	Revaluation surplus	Accumulated funds	Total funds
Balance at 01 January 2017	**1 042 829**	**-**	**896 631**	**1 939 460**
Deficit for the year	-	-	(890 674)	(890 674)
Other comprehensive income	-	11 382 304	-	11 382 304
Total comprehensive Loss for the year	**-**	**11 382 304**	**(890 674)**	**10 491 630**
Balance at 01 January 2018	**1 042 829**	**11 382 304**	**5 957**	**12 431 090**
Deficit for the year	-	-	(152 077)	(152 077)
Other comprehensive income	-	50 000	-	50 000
Total comprehensive Loss for the year	**-**	**50 000**	**(152 077)**	**(102 077)**
Transfer to grant payable	(1 042 829)	-	-	(1 042 829)
Total tranfered out of reserves	**(1 042 829)**	**-**	**-**	**(1 042 829)**
Balance at 31 December 2018	**-**	**11 432 304**	**(146 120)**	**11 286 184**
Note(s)	7	16	16	

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Statement of Cash Flows

Figures in Pula	Note	2018	2017
Cash flows from operating activities			
Cash used in operations	17	(2 067 652)	(4 811 815)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5 622)	(26 236)
Purchase of financial assets		(541 670)	-
Interest Income		57 817	32 117
Net cash from investing activities		**(489 475)**	**5 881**
Cash flows from financing activities			
Building fund and capital grant	7	(1 042 829)	-
Non-Government grants received in advance		759 603	700 604
Movement in Government grant payable		500 000	2 167 023
Movement in Government grant receivable		800 000	3 000 000
Net cash from financing activities		**1 016 774**	**5 867 627**
Net cash in cash and cash equivalents		**(1 540 353)**	**1 061 693**
Cash and cash equivalents at the beginning of the year		2 612 689	1 550 996
Total cash and cash equivalents at end of the year	6	**1 072 336**	**2 612 689**

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Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS")

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the committee's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Fair value estimation

Certain assets and liabilities of the committee are either measured at fair value or disclosure is made of their fair values.

The management of the committee determines the appropriate valuation techniques and inputs for each valuation. Significant valuation issues are reported to the audit committee.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 3 and note 22.

Impairment testing

The committee reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

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Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the committee holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for Land which is stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the committee. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold Land	Not depreciated	Lease period
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	10 years
Computer equipment	Straight line	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the committee are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the committee ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

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Financial instruments (continued)

- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 21 Financial instruments and risk management presents the financial instruments held by the committee based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the committee are presented below:

Debt instruments at fair value through other comprehensive income

Classification

The committee holds certain investments which are classified as subsequently measured at fair value through other comprehensive income (note 4).

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the objectives of the committee's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

Recognition and measurement

These debt instruments are recognised when the committee becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at fair value.

Impairment

The committee recognises a loss allowance for expected credit losses on all debt instruments measured at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

Credit risk

Details of credit risk related to debt instruments at fair value through other comprehensive income are included in the specific notes and the financial instruments and risk management (note 21).

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Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Receivables and prepayments, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the committee's business model is to collect the contractual cash flows on receivables and prepayments.

Recognition and measurement

Receivables and prepayments are recognised when the committee becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The committee recognises a loss allowance for expected credit losses on receivables and prepayments, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The committee measures the loss allowance for receivables and prepayments at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The committee makes use of a provision matrix as a practical expedient to the determination of expected credit losses on receivables and prepayments. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 5.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of receivables and prepayments, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 13).

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Financial instruments (continued)

Trade and other payables

Classification

Other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the committee becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the committee to liquidity risk and possibly to interest rate risk. Refer to note 21 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The committee assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the committee estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the committee also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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Accounting Policies

1.6 Impairment of assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.9 Provisions and contingencies

Provisions are recognised when:

- the committee has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the committee will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as capital grant.The capital grant is armotised on an annual basis. The annual amortisation is equivalent to the depreciation on assets that were financed from the grant.

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Accounting Policies

1.11 Other revenue

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

Interest income

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

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 depreciation charge on the related property, plant and equipment.

Subsidies

Subsidies are accounted for on a receipt basis. They are recognised in the statement of comprehensive income in the year of receipt..

Subscriptions

Subscriptions are accounted for on a receipt basis. They are recognised in the statement of comprehensive income in the year of receipt..

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

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Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the committee has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The committee has adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

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2. New Standards and Interpretations (continued)

The committee has adopted the standard for the first time in the 2018 annual financial statements.

The adoption of this standard has not had a material impact on the results of the committee, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The committee has adopted the standard for the first time in the 2018 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The committee has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the committee's accounting periods beginning on or after 01 January 2019 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the committee are as follows:

committee as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fairvalue model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

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Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

committee as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The committee expects to adopt the standard for the first time in the 2019 annual financial statements.

The impact of this standard is currently being assessed.

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

3. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	12 250 000	-	12 250 000	12 200 000	-	12 200 000
Furniture and fixtures	330 584	(208 380)	122 204	330 584	(180 881)	149 703
Motor vehicles	1 404 511	(1 304 792)	99 719	1 404 511	(1 246 886)	157 625
Office equipment	196 274	(161 005)	35 269	196 274	(148 406)	47 868
IT equipment	528 882	(496 411)	32 471	523 261	(482 020)	41 241
Total	**14 710 251**	**(2 170 588)**	**12 539 663**	**14 654 630**	**(2 058 193)**	**12 596 437**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Revaluations	Depreciation	Total
Land	12 200 000	-	50 000	-	12 250 000
Furniture and fixtures	149 703	-	-	(27 499)	122 204
Motor vehicles	157 625	-	-	(57 906)	99 719
Office equipment	47 868	-	-	(12 599)	35 269
IT equipment	41 241	5 622	-	(14 392)	32 471
	12 596 437	**5 622**	**50 000**	**(112 396)**	**12 539 663**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Land	12 200 000	-	-	12 200 000
Furniture and fixtures	175 356	7 112	(32 765)	149 703
Motor vehicles	319 003	-	(161 378)	157 625
Office equipment	61 249	-	(13 381)	47 868
IT equipment	63 753	19 124	(41 636)	41 241
	12 819 361	**26 236**	**(249 160)**	**12 596 437**

Revaluations

The committee's land is stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of 26 February 2019 were performed by Apex Properties, independent valuers not related to the committee. Apex Properties are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Refer to note 22 for specific details regarding the valuation of the land.

The carrying value of the revalued assets under the cost model would have been:

Land	817 696	817 696

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

3. Property, plant and equipment (continued)

Details of properties

Lot 38801 Block 6, Gaborone

	2018	2017
- Purchase price: 1 December 2005	817 696	817 696
- Revaluation	11 432 304	11 382 304
	12 250 000	**12 200 000**

The property is a vacant plot with no development in it at Block 6, Gaborone opposite the police station and behind a shopping complex

4. Financial assets - Comparative information as per IAS 39

	2018	2017
Fair value through other comprehensive income		
Gratuity fund - Africa 53 Provident Fund The fund invest into money market funds and balanced funds in the local and global markets. These are unitised funds whose unit values are derived from various funds invested into. The investments are held in pooled vehicles. Most of the securities held by the underlying investment vehicles are exchange listed (quoted) and each investor, institutional or retail are assigned units held at the fair value of the investment pool.	2 148 108	1 606 438
Non-current assets		
FV through other comprehensive income	2 148 108	1 606 438

Fair value hierarchy of FV through other comprehensive income financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2018	2017
Level 1		
Money market fund	2 148 108	1 606 438

5. Receivables and prepayments

	2018	2017
Receivables from other funders	-	966 184
Receivables from Botswana Government (MYSC)	800 000	3 000 000
Other receivable	318 134	79 933
Non-financial instruments:		
Employee costs in advance	294 925	98 567
Prepayments	139 676	146 105
Total trade and other receivables	**1 552 735**	**4 290 789**

Split between non-current and current portions

	2018	2017
Current assets	1 552 735	4 290 789

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

5. Receivables and prepayments (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	1 118 134	4 046 117
Non-financial instruments	434 601	244 672
	1 552 735	**4 290 789**

Exposure to credit risk

Trade receivables inherently expose the committee to credit risk, being the risk that the committee will incur financial loss if customers fail to make payments as they fall due. The trade receivables to the committee are mainly grants receivable and there is no history of default by the funders.

Expected credit loss rate:	2018 Estimated gross carrying amount at default	2018 Loss allowance (Lifetime expected credit loss)	2017 Estimated gross carrying amount at default	2017 Loss allowance (Lifetime expected credit loss)
31 - 60 days past due: Nil % (2017: Nil %)	800 000	-	3 000 000	-
61 - 90 days past due: Nil % (2017: Nil %)	318 134	-	79 933	-
Total	**1 118 134**	**-**	**3 079 933**	**-**

Fair value of trade and other receivables

The fair value of receivables and prepayments approximates their carrying amounts.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	119	1 562
Bank balances	1 072 217	2 611 127
	1 072 336	**2 612 689**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired are placed with reputable financial institutions and are therefore considered of low credit risk.

7. Building fund and capital grants

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

Building fund	-	500 000
Capital grant	-	542 829
	-	**1 042 829**

The capital grant and building funds were commissioned in 2005 and 2008 respectively. The funds were utilised during the 2014 Africa Youth Games and Glasgow Commonwealth and Ninjing Olympic Youth Games.

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

8. Grant Payable

Funds were received towards the cost of construction of the Botswana National Olympic Committee's national head quarters and were taken to building fund and capital grant. The capital grant and building fund were commissioned in 2005 and 2008 respectively. The funds were utilised during the 2014 Africa Youth Games and Glasgow Commonwealth and Nanjing Olympic Youth Games. Since the criteria for recognising the grant has not been met the amounts are accounted as grant payable.

9. Other payables

	2018	2017
Financial instruments:		
Other payables	381 625	381 625
Accruals	791 119	461 139
Non-financial instruments:		
Employee benefits	2 091 744	1 964 872
	3 264 488	**2 807 636**

Employee benefits

	2018	2017
Gratuity movement		
Balance at the beginning of the year	1 383 469	1 627 700
Payments during the year	(448 303)	(1 067 986)
Charge to income statement	802 637	823 755
Balance at the end of the year	**1 737 803**	**1 383 469**

	2018	2017
Leave pay movement		
Balance at the beginning of the year	581 404	357 295
Payments during the year	(17 447)	(45 573)
Charge to the income statement	(210 016)	269 682
Balance at the end of the year	**353 941**	**581 404**

Fair value of trade and other payables

The fair value of other payables approximates their carrying amounts.

10. Deferred Grants

Deferred income relates to income from Government of Botswana grants, International Olympic Committee and member subscriptions which do not quality to be recognised as income during the period received.

	2018	2017
Deferred income		
Member subscriptions	-	500
IOC programs	916 878	700 104
MYSC -outdoor facility	2 463	2 463
Government grant	800 000	5 164 560
	1 719 341	**5 867 627**

	2018	2017
Movement in deferred income		
Opening balance	5 867 627	1 250 000
Additions	15 819 154	20 711 619
Utilisation during the year	(19 967 440)	(16 093 992)
	1 719 341	**5 867 627**

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

11. Revenue

Grants, subsidies and subscriptions		
Government grants	16 406 832	10 099 708
IOC - Olympic solidarity programmes	873 381	1 509 237
IOC - Other grants	1 703 334	1 338 642
IOC - Admin subsidy and marketing	766 670	765 778
Commonwealth Games Federation	427 827	634 695
Subscription	4 000	20 250
Sponsorship	8 000	12 600
	20 190 044	**14 380 910**

12. Other operating income

Bad debts recovered	-	152 519
Reimbursements and other income	258 338	637 772
	258 338	**790 291**

13. Operating profit (loss)

Operating surplus (deficit) for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

Employee costs	4 967 410	5 525 801
Operating lease charges	425 668	433 907
Depreciation, amortisation and impairment	112 396	249 160
Other expenses	15 152 802	9 885 124
	20 658 276	**16 093 992**

14. Investment income

Interest income		
Investments in financial assets:		
Gratuity fund - Africa 53 Provident Fund	57 817	32 117

15. Taxation

The Committee is exempted to income tax in terms of Section 71(4) subject to paragraph (xxxix) and paragraph (xl) of Part II of the Second Schedule and in accordance with the provisions of paragraph 65 of the Botswana Income Tax Act Chapter 52.01 regarding sporting associations.

16. Other comprehensive income

Components of other comprehensive income - 2018

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Movements on revaluation			
Gains on revaluation of land	50 000	-	50 000

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

17. Cash used in operations

Loss before taxation	(152 077)	(890 674)
Adjustments for:		
Depreciation and amortisation	112 396	249 160
Interest income	(57 817)	(32 117)
Changes in working capital:		
Receivables and prepayments	2 738 054	(2 662 343)
Other payables	456 852	(225 841)
Deferred Grants	(5 165 060)	(1 250 000)
	(2 067 652)	**(4 811 815)**

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	447 552	430 920
- in second to fifth year inclusive	895 104	1 342 656
	1 342 656	**1 773 576**

Operating lease payments represent rentals payable by the committee for certain of its office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.

19. Contingent liabilites

There were no contingent liabilities as of year end.

20. Related parties

Relationships	
Board members	See page 1
The main financier and guarantor	Ministry of Youth-Empowerment, Sports and Culture-Development (MYSC).
Members of key management	Chief Executive Officer - T Serufho Corporate Services Manager - M Phatshwane Programmes Manager - W Motswetla Communications and Marketing Manager - L Ramokate Human Resources and Admin Manager - D Motlalekgosi

Related party transactions

Board fees	168 850	164 186
Compensation paid to executive management	782 628	782 628
Government of Botswana		
Capital grant received during the year	16 406 832	10 099 708
Capital grant receivable at year end	800 000	3 000 000

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

21. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2018

	Note(s)	Fair value through other comprehen-sive income - debt instruments	Amortised cost	Total	Fair value
Africa 53 Provident Fund	4	2 148 108	-	2 148 108	2 148 108
Trade and other receivables	5	-	1 118 134	1 118 134	1 118 134
Cash and cash equivalents	6	-	1 072 336	1 072 336	1 072 336
		2 148 108	**2 190 470**	**4 338 578**	**4 338 578**

2017

	Note(s)	Fair value through other comprehen-sive income - debt instruments	Amortised cost	Total	Fair value
Africa 53 Provident Fund	4	1 606 438	-	1 606 438	1 606 438
Trade and other receivables	5	-	4 046 117	4 046 117	4 046 117
Cash and cash equivalents	6	-	2 612 689	2 612 689	-
		1 606 438	**6 658 806**	**8 265 244**	**5 652 555**

Categories of financial liabilities

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	1 172 744	1 172 744	-

2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	842 764	842 764	-

Capital risk management

The committee's objective when managing capital is to safeguard the committee's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders.

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Notes to the Annual Financial Statements

Figures in Pula	2018	2017

21. Financial instruments and risk management (continued)

Financial risk management

Overview

The committee is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the committee if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The committee is exposed to credit risk on debt instruments at fair value through other comprehensive income, receivables and prepayments, cash and cash equivalents.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

The maximum exposure to credit risk is presented in the table below:

		2018			2017		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Africa 53 Provident Fund	4	2 148 108	-	2 148 108	1 606 438	-	1 606 438
Trade and other receivables	5	1 118 134	-	1 118 134	4 046 117	-	4 046 117
Cash and cash equivalents	6	1 072 336	-	1 072 336	2 612 689	-	2 612 689
		4 338 578	**-**	**4 338 578**	**8 265 244**	**-**	**8 265 244**

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk

The committee is exposed to liquidity risk, which is the risk that the committee will encounter difficulties in meeting its obligations as they become due.

The committee manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met grants and sponsorships.

2018

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	1 172 744	1 172 744	1 172 744

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21. Financial instruments and risk management (continued)

2017

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	842 764	842 764	842 764

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 December 2018, if the interest rate had been 0.5-% per annum (2017: 0.500%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been P 9 636 (2017: P 210 988) lower and P - (2017: P -) higher.

22. Fair value estimation of financial instruments

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the committee can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)		
Debt instruments at fair value through other comprehensive income			
Africa 53 Provident Fund		2 148 108	1 606 438
Total		**2 148 108**	**1 606 438**

Level 3

Recurring fair value measurements

Assets	Note(s)

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Notes to the Annual Financial Statements

Figures in Pula		2018	2017

22. Fair value estimation of financial instruments (continued)

Property, plant and equipment	3		
Land		12 250 000	12 200 000
Total		**12 250 000**	**12 200 000**

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
2018				
Assets				
Property, plant and equipment	3			
Land		12 200 000	50 000	12 250 000
Total		**12 200 000**	**50 000**	**12 250 000**
2017				
Assets				
Property, plant and equipment	3			
Land		12 200 000	-	12 200 000
Total		**12 200 000**	**-**	**12 200 000**

Information about valuation techniques and inputs used to derive level 3 fair values

Leasehold land

The effective date of the revaluations of land was 26 February 2019. Revaluations were performed by independent valuer, Mr Maje C Maje (B.Sc Hons), of Apex Properties at P12 500 000 representing the open market value arrived at using direct comparative sales. Inspection of the properties were conducted during the valuation. Apex Properties are not connected to the committee..

23. Going concern

We draw attention to the fact that at 31 December 2018, the committee had accumulated losses of P (146 120) and that the committee's total assets exceed its liabilities by P 11 286 184. These conditions do not indicate that a material uncertainty exists that may cast doubt on the Committee's ability to continue as a going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the committee to continue as a going concern is dependent on a number of factors. The most significant of these is that the committee continue to procure funding for the ongoing operations for the committee from Botswana Government and other sponsors.

24. Events after the reporting period

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

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Detailed Income Statement

Figures in Pula	Note	2018	2017
Revenue			
Government Grants		16 406 832	10 099 708
IOC - Olympic solidarity programmes		873 381	1 509 237
IOC - Other grants		1 703 334	1 338 642
IOC - Admin subsidy and marketing		766 670	765 778
Commonwealth Games Federation		427 827	634 695
Subscriptions		4 000	20 250
Sponsorships		8 000	12 600
	11	**20 190 044**	**14 380 910**
Other operating income			
Bad debts recovered		-	152 519
Other income		258 338	637 772
	12	**258 338**	**790 291**
Expenses (Refer to page 31)		**(20 658 276)**	**(16 093 992)**
Operating loss	13	**(209 894)**	**(922 791)**
Finance income	14	57 817	32 117
Loss for the year		**(152 077)**	**(890 674)**

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Detailed Income Statement

Figures in Pula	Note(s)	2018	2017
Other operating expenses			
Accounting fees		(29 527)	(27 189)
Advertising		(7 089)	(126 141)
Anti Doping		(114 975)	(410 381)
Auditors remuneration - internal audit	13	(100 000)	(118 664)
Bahamas games		-	(2 652 620)
Bank charges		(20 915)	(28 507)
Board member allowance		(120 162)	(164 186)
CGF funding games preparation		(122 379)	(292 273)
Cleaning		(36 273)	-
Conferences and meetings		(428 690)	(445 204)
Consulting and legal fees		-	(255 115)
Depreciation		(112 396)	(249 160)
Donations		(8 000)	(255 076)
Employee costs		(4 967 410)	(5 525 801)
Event: games, courses and others		(1 452 237)	(437 013)
Games		(4 993 697)	-
General expenses		(22 041)	(62 721)
Gold Coast games		(4 544 527)	(835 645)
IOC Solidarity programmes		(1 843 976)	(2 073 793)
IT expenses		(104 138)	(88 441)
Insurance		(111 125)	(126 816)
Lease rentals on operating lease		(425 668)	(433 907)
Motor vehicle expenses		(93 774)	(96 731)
Municipal expenses		(204 804)	(146 157)
Per Diem and allowances : games, courses and others		(232 510)	(430 217)
Printing and stationery		(62 119)	(60 683)
Security		(21 186)	(17 605)
Subscriptions		(32 006)	(50 837)
Telephone and fax		(95 223)	(127 806)
Training		(9 600)	(53 330)
Travel - local		(341 829)	(501 973)
		(20 658 276)	**(16 093 992)**

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