Botswana National Olympic Committee
Annual Financial Statements
for the year ended 31 December 2019

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 following supplementary information does not form part of the annual financial statements and is unaudited:

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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 2020 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 page s 4 to 5.

The annual financial statements set out on pages 6 to 39, which have been prepared on the going concern basis, were approved by the members of the executive committee on 14 MAY 2020 and were signed on their behalf by:

Director **Director**

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 37, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 give a true and fair view of, the financial position of Botswana National Olympic Committee as at 31 December 2019, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Emphasis of matter

We draw attention to Note 25 to the annual financial statements, which deals with going concern, subsequent events and specifically the possible effects of the future implications of COVID-19 on Botswana National Olympic Committee's future prospects, performance and cashflows. Our opinion is not modified in respect of this matter.

Other information

The members of the executive committee are responsible for the other information. The other information comprises the information included in the document titled "Botswana National Olympic Committee annual financial statements for the year ended 31 December 2019", which includes the members of the executive committee and the Audit Committee's Report and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

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Independent Auditor's Report

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 committe's financial reporting process.

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 company 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 directors 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)

14 MAY 2020

Gaborone

Statement of Financial Position as at 31 December 2019

Figures in Pula	Note	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	4	12 861 651	12 539 663
Right-of-use assets	5	668 233	-
Financial assets	6	-	2 148 108
		13 529 884	**14 687 771**
Current Assets			
Receivables and prepayments	7	2 901 408	1 552 735
Cash and cash equivalents	8	460 789	1 072 336
		3 362 197	**2 625 071**
Total Assets		**16 892 081**	**17 312 842**
Equity and Liabilities			
Equity			
Revaluation surplus		11 862 304	11 432 304
Accumulated funds		(918 454)	(146 120)
		10 943 850	**11 286 184**
Liabilities			
Non-Current Liabilities			
Lease liabilities	5&9	417 723	-
Current Liabilities			
Other payables	11	2 764 879	3 264 488
Lease liabilities	5&9	372 337	-
Deferred Grants	12	1 350 463	1 719 341
Grants Payable	10	1 042 829	1 042 829
		5 530 508	**6 026 658**
Total Liabilities		**5 948 231**	**6 026 658**
Total Equity and Liabilities		**16 892 081**	**17 312 842**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note	2019	2018
Grants, subsidies and subscriptions	13	13 441 151	20 190 044
Other operating income	14	308 959	258 338
Other operating expenses		(14 366 555)	(20 658 276)
Operating loss	15	**(616 445)**	**(209 894)**
Finance income	16	35 338	57 817
Finance costs	17	(72 847)	-
Loss for the year		**(653 954)**	**(152 077)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land		430 000	50 000
Other comprehensive income for the year net of taxation	19	**430 000**	**50 000**
Total comprehensive loss for the year		**(223 954)**	**(102 077)**

Statement of Changes in Equity

Figures in Pula	Capital grant and Building fund	Revaluation surplus	Accumulated funds	Total funds
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 contributions by and distributions to owners of company recognised directly in equity	**(1 042 829)**	**-**	**-**	**(1 042 829)**
Balance at 01 January 2019	**-**	**11 432 304**	**(146 122)**	**11 286 182**
Deficit for the year	-	-	(653 954)	(653 954)
Other comprehensive income	-	430 000	-	430 000
Total comprehensive Loss for the year	**-**	**430 000**	**(653 954)**	**(223 954)**
Transfer between reserves	-	-	(118 378)	(118 378)
Total tranfered out of reserves	**-**	**-**	**(118 378)**	**(118 378)**
Balance at 31 December 2019	**-**	**11 862 304**	**(918 454)**	**10 943 850**
Note		19	19	

Statement of Cash Flows

Figures in Pula	Note	2019	2018
Cash flows from operating activities			
Cash used in operations	20	(2 509 856)	(2 067 652)
Finance costs		(72 847)	-
Net cash from operating activities		**(2 582 703)**	**(2 067 652)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(5 622)
Sale of financial assets		2 148 108	(541 670)
Interest Income		35 338	57 817
Net cash from investing activities		**2 183 446**	**(489 475)**
Cash flows from financing activities			
Building fund and capital grant		-	(1 042 829)
Non-Government grants received in advance		-	759 603
Movement in Government grant payable		-	500 000
Movement in Government grant receivable		-	800 000
Payment on lease liabilities		(212 290)	-
Net cash from financing activities		**(212 290)**	**1 016 774**
Net cash in cash and cash equivalents		**(611 547)**	**(1 540 353)**
Cash and cash equivalents at the beginning of the year		1 072 336	2 612 689
Total cash and cash equivalents at end of the year	8	**460 789**	**1 072 336**

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 BotswanaPulas, which is the company'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 company 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 4 and note 24.

Impairment testing

The committe 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 committe 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. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

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

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the committe 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 committe, 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 committe 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, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are 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 committe. 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 committe are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the committe ,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

Accounting Policies

1.4 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 23 Financial instruments and risk management presents the financial instruments held by the committe 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 company are presented below:

Debt instruments at fair value through other comprehensive income

Classification

The committe holds certain investments in bonds and debentures which are classified as subsequently measured at fair value through other comprehensive income (note).

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 committe'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 committe 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 committe 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 23).

Accounting Policies

1.4 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 7).

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 committe's business model is to collect the contractual cash flows on receivables and prepayments.

Recognition and measurement

Receivables and prepayments are recognised when the committe 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 committe 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 committe 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 committe 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 7.

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 15).

Accounting Policies

1.4 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from related parties (note) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans 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.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 17.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Other payables (note 11), 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 committe 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.

Trade and other payables expose the committe to liquidity risk and possibly to interest rate risk. Refer to note 23 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.

Accounting Policies

1.5 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 15) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 17).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

Accounting Policies

1.5 Leases (continued)

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.6 Leases (Comparatives under IAS 17)

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.

Accounting Policies

1.7 Impairment of assets

The committe 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 v estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the committe 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.

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.

1.8 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.

1.9 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 care), 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.

1.10 Provisions and contingencies

Provisions are recognised when:

- the committe 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.

Accounting Policies

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:
- the committe 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 deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.12 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.

Accounting Policies

1.13 Translation of foreign currencies

Foreign currency transactions

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

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 January 2019. IFRS 16 replaces 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.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's annual financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at01 January 2019.

Leases where company is lessee

Leases previously classified as operating leases

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of01 January 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Notes to the Annual Financial Statements

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

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 company are as follows:

Company 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 fair value 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.
- 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.

Company 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:

3. New Standards and Interpretations (continued)

- 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 company has adopted the standard for the first time in the 2019 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• CF Conceptual Framework for Financial Reporting	01 January 2020	Unlikely there will be a material impact
• IFRS 3 Definition of a Business (Ammendments to IFRS 3)	01 January 2020	Unlikely there will be a material impact
• IAS 8 and IAS 8 Definition of Material (Ammendments to IAS 1 and IAS 8)	01 January 2020	Unlikely there will be a material impact
• IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	01 January 2020	Unlikely there will be a material impact

4. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	12 680 000	-	12 680 000	12 250 000	-	12 250 000
Furniture and fixtures	330 584	(234 576)	96 008	330 584	(208 380)	122 204
Motor vehicles	1 404 511	(1 362 699)	41 812	1 404 511	(1 304 792)	99 719
Office equipment	196 274	(171 935)	24 339	196 274	(161 005)	35 269
IT equipment	528 882	(509 390)	19 492	528 882	(496 411)	32 471
Total	**15 140 251**	**(2 278 600)**	**12 861 651**	**14 710 251**	**(2 170 588)**	**12 539 663**

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Revaluations	Depreciation	Total
Land	12 250 000	430 000	-	12 680 000
Furniture and fixtures	122 204	-	(26 196)	96 008
Motor vehicles	99 719	-	(57 907)	41 812
Office equipment	35 269	-	(10 930)	24 339
IT equipment	32 471	-	(12 979)	19 492
	12 539 663	**430 000**	**(108 012)**	**12 861 651**

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**

Revaluations

The committes's land and buildings are 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 04 March 2020 were performed by Apex Properties, independent valuers not related to the committes. 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 24 for specific details regarding the valuation of the land.

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

	2019	2018
Land	817 696	817 696

Details of properties

Lot 38801 Block 6, Gaborone

	2019	2018
- Purchase price: 1 December 2005	817 696	817 696
- Revaluation	11 862 304	11 432 304
	12 680 000	**12 250 000**

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

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

5. Leases (company as lessee)

The company has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	668 233	-

Additions to right-of-use assets

Buildings	1 002 350	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 15), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	334 117	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	372 337	-
Two to five years	417 723	-
	790 060	-
Non-current liabilities	417 723	-
Current liabilities	372 337	-
	790 060	-

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

Present value of minimum lease payments due		
- within 1 year		447 552
- in second to fifth year inclusive		895 104
		1 342 656

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

6. Financial assets

Available-for-sale		
Gratuity fund - Africa 53 Provident Fund	-	2 148 108
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.		
Non-current assets		
FV through other comprehensive income	-	2 148 108

Fair value hierarchy of available-for-sale 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.

7. Receivables and prepayments

Receivables from Botswana Government (MYSC)	2 578 055	800 000
Other receivable	-	318 134
Non-financial instruments:		
Employee costs in advance	174 432	294 925
Prepayments	148 921	139 676
Total trade and other receivables	**2 901 408**	**1 552 735**

Split between non-current and current portions

Current assets	2 901 408	1 552 735

Included in the receivable from government is an amount of 1.5 million already advance through the Botswana National Sports Commission towards preparation of Tokyo 2020 games.

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2 578 055	1 118 134
Non-financial instruments	323 353	434 601
	2 901 408	**1 552 735**

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

7. Receivables and prepayments (continued)

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. The amounts above are mainly due from the Botswana Government and related companies. The company has not experienced default on balances due from the Botswana Government and related companies are usually fully settled within 3 months.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The Botswana government provides subventions on a quarterly basis and amounts outstanding at year end and represents funds expected in the last quarter. There had been no history of default hence there is no credit allowance recognised.

The committe's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
31 - 60 days past due: % (2018: Nil%)	2 578 055	-	800 000	-
61 - 90 days past due: % (2018: Nil%)	-	-	318 134	-
Total	**2 578 055**	**-**	**1 118 134**	**-**

Fair value of trade and other receivables

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

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019	2018
Cash on hand	119	119
Bank balances	460 670	1 072 217
	460 789	**1 072 336**

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.

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

9. Lease liabilities

Minimum lease payments due		
- within one year	423 691	-
- in second to fifth year inclusive	444 875	-
	868 566	-
less: future finance charges	(78 506)	-
Present value of minimum lease payments	**790 060**	**-**
Present value of minimum lease payments due		
- within one year	372 337	-
- in second to fifth year inclusive	417 723	-
	790 060	**-**
Non-current liabilities	417 723	-
Current liabilities	372 337	-
	790 060	**-**

10. 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.

11. Other payables

Financial instruments:		
Other payables	1 492 706	381 625
Accruals	349 301	791 119
Non-financial instruments:		
Employee benefits	922 872	2 091 744
	2 764 879	**3 264 488**

Employee benefits

Gratuity benefits		
Balance at the beginning of the year	1 737 803	1 383 469
Payments during the year	(1 860 812)	(448 303)
Charge to income statement	798 700	802 637
Balance at the end of the year	**675 691**	**1 737 803**
Leave pay movement		
Balance at the beginning of the year	353 941	581 404
Payments during the year	(398 644)	(17 447)
Charge to the income statement	291 884	(210 016)
Balance at the end of the year	**247 181**	**353 941**

Fair value of trade and other payables

The fair value of other payables approximates their carrying amounts.

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

12. 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.

Deferred income		
IOC programs	-	916 878
Anti Doping	348 000	-
MYSC -outdoor facility	2 463	2 463
Government grant	1 000 000	800 000
	1 350 463	**1 719 341**

Movement in deferred income		
Opening balance	1 719 341	5 867 627
Additions	11 140 130	15 819 154
Utilisation during the year	(11 509 008)	(19 967 440)
	1 350 463	**1 719 341**

13. Revenue

Grants, subsidies and subscriptions		
Government grants	8 129 770	16 406 832
IOC - Olympic solidarity programmes	2 145 923	873 381
IOC - Other grants	2 159 987	1 703 334
IOC - Admin subsidy and marketing	783 915	766 670
Commonwealth Games Federation	64 980	427 827
Subscription	3 000	4 000
Sponsorship	51 193	8 000
ANOCA	102 383	-
	13 441 151	**20 190 044**

14. Other operating income

Reimbursements and other income	308 959	258 338

15. Operating profit (loss)

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

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	6 252 096	4 967 410
Lease expenses	37 375	425 668
Depreciation, amortisation and impairment	442 129	112 396
Other expenses	7 634 955	15 152 802
	14 366 555	**20 658 276**

16. Finance income

Interest income		
Investments in financial assets:		
Gratuity fund - Africa 53 Provident Fund	35 338	57 817

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

17. Finance costs

IFRS 16 Lease liabities	72 847	-

18. 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.

19. Other comprehensive income

Components of other comprehensive income - 2019

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Movements on revaluation			
Gains on revaluation of land	430 000	-	430 000

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

20. Cash used in operations

	2019	2018
Loss before taxation	(653 954)	(152 077)
Adjustments for:		
Depreciation and amortisation	442 129	112 396
Interest income	(35 338)	(57 817)
Finance costs	72 847	-
Adoption of IFRS 16	(118 375)	-
Changes in working capital:		
Receivables and prepayments	(1 348 673)	2 738 054
Other payables	(499 614)	456 852
Deferred Grants	(368 878)	(5 165 060)
	(2 509 856)	**(2 067 652)**

21. Contingencies

There were no contingent liabilities as of year end.

Notes to the Annual Financial Statements

Figures in Pula	2019	2018

22. Related parties

Relationships	
Board members	See page 1
The main financier and guarantor	Government of the Republic of Botswana -Ministry of Youth, Sports and culture (MYSC) International Olympic Committee (IOC)
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

	2019	2018
Board fees	177 720	168 850
Compensation paid to executive management	1 782 587	782 628
	1 960 307	**951 478**

	2019	2018
Government of Botswana		
Capital grant received during the year	-	16 406 832
Capital grant receivable at year end	1 000 000	800 000
	1 000 000	**17 206 832**

Notes to the Annual Financial Statements

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note	Amortised cost	Total	Fair value
Trade and other receivables	7	2 578 055	2 578 055	2 578 055
Cash and cash equivalents	8	460 789	460 789	460 789
		3 038 844	**3 038 844**	**3 038 844**

2018

	Note	Amortised cost	Total	Fair value
Trade and other receivables	7	1 118 134	1 118 134	1 118 134
Cash and cash equivalents	8	1 072 336	1 072 336	1 072 336
		2 190 470	**2 190 470**	**2 190 470**

Categories of financial liabilities

2019

	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	11	1 842 002	-	1 842 002	1 842 002
Finance lease obligations	5&9	-	790 060	790 060	790 060
		1 842 002	**790 060**	**2 632 062**	**2 632 062**

2018

	Note	Amortised cost	Total	Fair value
Trade and other payables	11	1 172 744	1 172 744	1 172 744

Notes to the Annual Financial Statements

Figures in Pula		2019	2018

23. Financial instruments and risk management (continued)

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.

Lease liabilities	9	790 060	-
Trade and other payables	11	2 764 874	3 264 488
Total borrowings		**3 554 934**	**3 264 488**
Cash and cash equivalents	8	(460 789)	(1 072 336)
Net borrowings		**3 094 145**	**2 192 152**
Equity		10 943 851	11 286 182
Gearing ratio		28 %	19 %

Notes to the Annual Financial Statements

23. 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:

		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	7	2 578 055	-	2 578 055	1 118 134	-	1 118 134
Cash and cash equivalents	8	460 789	-	460 789	1 072 336	-	1 072 336
		3 038 844	-	**3 038 844**	**2 190 470**	-	**2 190 470**

The receivable is from government. Government pays subvention quarterly to the Committee in accordance with the government financial year.

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

Notes to the Annual Financial Statements

23. Financial instruments and risk management (continued)

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.

2019

		Less than 1 year	Total	Carrying amount
Non-current liabilities				
Lease liabilities	9	417 723	417 723	417 723
Current liabilities				
Trade and other payables	9	1 842 002	1 842 002	1 842 002
Lease liabilities	9	372 337	372 337	372 337
		2 632 062	**2 632 062**	**2 632 062**

2018

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	11	1 172 744	1 172 744	1 172 744

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 2019, if the interest rate had been 0.5-% per annum (2018: 0.5%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been P - (2018: P 9,636) lower and P - (2018: P)higher.

The interest rate movement is not material and will not have a significant effect on the profit.

Notes to the Annual Financial Statements

24. Fair value information

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

Debt instruments at fair value through other comprehensive income		
Africa 53 Provident Fund	-	2 148 108

Level 3

Recurring fair value measurements

	Note(s)		
Assets			
Property, plant and equipment	4		
Land		12 680 000	12 250 000
Total		**12 680 000**	**12 250 000**

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
2019				
Assets				
Property, plant and equipment	4			
Land		12 250 000	430 000	12 680 000
Total		**12 250 000**	**430 000**	**12 680 000**
2018				
Assets				
Property, plant and equipment	4			
Land		12 200 000	50 000	12 250 000
Total		**12 200 000**	**50 000**	**12 250 000**

Leasehold land

The effective date of the revaluations of land was 26 March 2020. 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.

Notes to the Annual Financial Statements

25. Going concern

We draw attention to the fact that at 31 December 2019, the company had accumulated losses of P (918 454) and that the committee's current liabilities exceed its current assets by P 2 168 311.

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 directors continue to procure funding for the ongoing operations for the committee from Botswana Government and other sponsors.

26. Events after the reporting period

The COVID-19 outbreak, which is spreading around the world occurred close to the Committee's reporting date. Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Government of Botswana has responded with monetary and fiscal interventions to stabilise economic conditions.

On 30 March 2020, the International Olympic Committee and Tokyo Organising Committee announced the postponement of the Tokyo 2020 games to begin from 23 July 2021 to 08 August 2021. This in turn means the Committee operations relating to the Tokyo 2020 games will be restricted to preparatory activities guided by the prevailing regulations and restrictions implemented by the Botswana Government.

The Committee has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Committee for future periods.

Detailed Income Statement

Figures in Pula	Note(s)	2019	2018
Revenue			
Government Grants		8 129 770	16 406 832
IOC - Olympic solidarity programmes		2 145 923	873 381
IOC - Other grants		2 159 987	1 703 334
IOC - Admin subsidy and marketing		783 915	766 670
ANOCA		102 383	-
Commonwealth Games Federation		64 980	427 827
Subscriptions		3 000	4 000
Sponsorships		51 193	8 000
	13	**13 441 151**	**20 190 044**
Other operating income			
Other income		308 959	258 338
Expenses (Refer to page 39)		**(14 366 555)**	**(20 658 276)**
Operating loss	15	**(616 445)**	**(209 894)**
Finance income	16	35 338	57 817
Finance costs	17	(72 847)	-
Loss for the year		**(653 954)**	**(152 077)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

Figures in Pula	Note(s)	2019	2018
Other operating expenses			
Advertising		-	(7 089)
Auditors remuneration - internal audit	15	(106 164)	(100 000)
Bank charges		(16 465)	(20 915)
Cleaning		(30 360)	(36 273)
Accounting fees		(30 802)	(29 527)
Depreciation and amortisation		(442 129)	(112 396)
Donations		(1 900)	(8 000)
Employee costs		(6 252 096)	(4 967 410)
Board member allowance		(105 300)	(120 162)
Per Diem and allowances : games, courses and others		(418 839)	(232 510)
Event: games, courses and others		(216 066)	(1 452 237)
IOC Solidarity programmes		(2 214 268)	(1 843 976)
CGF funding games preparation		(4 970)	(122 379)
Conferences and meetings		(507 079)	(428 690)
Gold Coast games		(73 051)	(4 544 527)
Anti Doping		(53 125)	(114 975)
Games		(2 240 355)	(4 993 697)
Insurance		(133 481)	(111 125)
IT expenses		(90 791)	(104 138)
Lease rentals on operating lease		(37 375)	(425 668)
Motor vehicle expenses		(183 759)	(93 774)
Municipal expenses		(123 049)	(204 804)
Printing and stationery		(97 174)	(62 119)
Security		(13 008)	(21 186)
General expenses		(49 236)	(22 041)
Subscriptions		(55 657)	(32 006)
Telephone and fax		(235 999)	(95 223)
Training		(4 832)	(9 600)
Travel		(629 225)	(341 829)
		(14 366 555)	**(20 658 276)**

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