

Botswana National Olympic Committee  
Annual Financial Statements  
for the year ended 31 December 2020

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## General Information

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<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	Botswana National Olympic Committee is an elite sports administration organisation in Botswana and an affiliate of the International Olympic Committee and Commonwealth Games Federation
<b>Board members</b>	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 Ms. Wedu Motswetla – Acting Secretary General (Ex-officio)
<b>Postal address</b>	Private Bag 00180 Gaborone
<b>Bankers</b>	First National Bank of Botswana Limited
<b>Auditors</b>	Grant Thornton Chartered Accountants A Botswana member of Grant Thornton International Ltd
<b>Registration date</b>	19 May 1980
<b>Society registration number</b>	CR0546
<b>Functional currency</b>	BWP "Pula"

# **Botswana National Olympic Committee**

Annual Financial Statements for the year ended 31 December 2020

## **Contents**

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	<b>Page</b>
Board Members' Responsibilities and Approval	3
Independent Auditor's Report	4 - 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 18
Notes to the Annual Financial Statements	19 - 35
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	36 - 37



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**Chartered Accountants****Grant Thornton**

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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 35, which comprise the statement of financial position as at 31 December 2020, 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 2020, 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 24 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 2020", which includes 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.

**Partners**

Kalyanaraman Vijay (Managing), Dinesh R Mallan (Deputy Managing)\*, Aswin Vaidyanathan\*, Madhavan Venkatachary\*,  
Norayanaswamy Narasimhan\*, Anthony Quashie, Sunny K Mulakulam\*, Aparna Vijay\* (\*Indian)

## Independent Auditor's Report

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### 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.

### 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.

28 MAY 2021

*Grant Thornton*

Chartered Accountants

Certified Auditor: Madhavan Venkatachary (Memb No: 20030049)

Gaborone

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Statement of Financial Position as at 31 December 2020

Figures in Pula	Note	2020	2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	13 415 460	12 861 651
Right-of-use assets	4	334 117	668 233
		<b>13 749 577</b>	<b>13 529 884</b>
<b>Current Assets</b>			
Receivables and prepayments	5	215 417	2 901 408
Cash and cash equivalents	6	7 482 602	460 789
		<b>7 698 019</b>	<b>3 362 197</b>
<b>Total Assets</b>		<b>21 447 596</b>	<b>16 892 081</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Revaluation surplus		12 282 304	11 862 304
Accumulated deficit		(3 925 448)	(918 454)
		<b>8 356 856</b>	<b>10 943 850</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	4&7	-	417 723
<b>Current Liabilities</b>			
Other payables	9	2 147 889	2 764 879
Lease liabilities	4&7	417 723	372 337
Deferred Grants	10	9 482 299	1 350 463
Grants Payable	8	1 042 829	1 042 829
		<b>13 090 740</b>	<b>5 530 508</b>
<b>Total Liabilities</b>		<b>13 090 740</b>	<b>5 948 231</b>
<b>Total Equity and Liabilities</b>		<b>21 447 596</b>	<b>16 892 081</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note	2020	2019
Grants, subsidies and subscriptions	11	13 065 555	13 441 151
Other operating income	12	11 390	308 959
Other operating expenses		(16 032 560)	(14 366 555)
<b>Operating deficit</b>	13	<b>(2 955 615)</b>	<b>(616 445)</b>
Finance income	14	746	35 338
Finance costs	15	(52 128)	(72 847)
<b>Deficit for the year</b>		<b>(3 006 997)</b>	<b>(653 954)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gains on revaluation of land		420 000	430 000
<b>Other comprehensive income for the year net of taxation</b>	17	<b>420 000</b>	<b>430 000</b>
<b>Total comprehensive deficit for the year</b>		<b>(2 586 997)</b>	<b>(223 954)</b>



# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Statement of Changes in Equity

Figures in Pula	Revaluation surplus	Accumulated deficit	Total funds
<b>Balance at 01 January 2019</b>	<b>11 432 304</b>	<b>(146 122)</b>	<b>11 286 182</b>
Deficit for the year	-	(653 954)	(653 954)
Other comprehensive income	430 000	-	430 000
<b>Total comprehensive Loss for the year</b>	<b>430 000</b>	<b>(653 954)</b>	<b>(223 954)</b>
Transfer between reserves	-	(118 378)	(118 378)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>(118 378)</b>	<b>(118 378)</b>
<b>Balance at 01 January 2020</b>	<b>11 862 304</b>	<b>(918 451)</b>	<b>10 943 853</b>
Deficit for the year	-	(3 006 997)	(3 006 997)
Other comprehensive income	420 000	-	420 000
<b>Total comprehensive Loss for the year</b>	<b>420 000</b>	<b>(3 006 997)</b>	<b>(2 586 997)</b>
<b>Balance at 31 December 2020</b>	<b>12 282 304</b>	<b>(3 925 448)</b>	<b>8 356 856</b>
Note	17	17	

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Statement of Cash Flows

Figures in Pula	Note	2020	2019
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	18	7 632 094	(2 509 856)
Finance costs		(52 128)	(72 847)
<b>Net cash from operating activities</b>		<b>7 579 966</b>	<b>(2 582 703)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(186 562)	-
Sale of financial assets		-	2 148 108
Interest Income		746	35 338
<b>Net cash from investing activities</b>		<b>(185 816)</b>	<b>2 183 446</b>
<b>Cash flows from financing activities</b>			
Payment on lease liabilities		(372 337)	(212 290)
<b>Net cash in cash and cash equivalents</b>		<b>7 021 813</b>	<b>(611 547)</b>
Cash and cash equivalents at the beginning of the year		460 789	1 072 336
<b>Total cash and cash equivalents at end of the year</b>	6	<b>7 482 602</b>	<b>460 789</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 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 3 and note 23.

##### 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 committee 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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 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 committee 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 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:

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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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 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 debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost.

Note 22 Financial instruments and risk management presents the financial instruments held by the committee based on their specific classifications.

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

#### 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).

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Credit risk

Details of credit risk are included in the receivables and prepayments note (note 5) and the financial instruments and risk management note (note 22).

#### Derecognition

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

Any gains or losses arising on the derecognition of receivables and prepayments is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note ).

#### 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.

Trade and other payables expose the committee to liquidity risk and possibly to interest rate risk. Refer to note 22 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.

#### Cash and cash equivalents

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

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 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 13) 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 4 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 4).

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 15).

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

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Accounting Policies

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### 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 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.



# **Botswana National Olympic Committee**

Annual Financial Statements for the year ended 31 December 2020

## **Accounting Policies**

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### **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 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.

### **1.9 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.

# **Botswana National Olympic Committee**

Annual Financial Statements for the year ended 31 December 2020

## **Accounting Policies**

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### **1.10 Grants from Government and donor partners**

Grants from Government and donor partners are recognised when there is reasonable assurance that:

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

Grants from Government and donor partners are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government and donor partners grants 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 and donor partners 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.

### **1.11 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.

# **Botswana National Olympic Committee**

Annual Financial Statements for the year ended 31 December 2020

## **Accounting Policies**

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### **1.12 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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations

#### 2.1 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:

##### **Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7**

Temporary exceptions have been created by the IASB concerning the application of specific hedge accounting requirements as a result of the interest rate benchmark reform. These exceptions apply only to those hedging relationships which are directly affected by the reform, being those where the reform gives rise to uncertainties about:

- (a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or
- (b) the timing or the amount of interest rate benchmark -based cash flows of the hedged item or of the hedging instrument.

The exceptions are as follows:

- (a) When determining whether a forecast transaction is highly probable, it shall be assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.
- (b) When assessing the economic relationship between the hedged item and the hedging instrument, entities shall, in their prospective assessments, assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the reform.
- (c) Entities applying IAS 39 for hedge accounting are not required to undertake the IAS 39 retrospective assessment for hedging relationships directly affected by the reform.
- (d) For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at inception of such hedging relationships.

Entities shall cease applying the exceptions when the uncertainty arising from the reform is no longer present or when the hedging relationship is discontinued.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The company has adopted the amendment for the first time in the 2020 annual financial statements.

The impact of the amendment is not material.

##### **Presentation of Financial Statements: Disclosure initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The company has adopted the amendment for the first time in the 2020 annual financial statements.

The impact of the amendment is not material.

##### **Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The company has adopted the amendment for the first time in the 2020 annual financial statements.

The impact of the amendment is not material.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations (continued)

#### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2021 or later periods:

##### **Classification of Liabilities as Current or Non-Current - Amendment to IAS 1**

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The company expects to adopt the amendment for the first time in the 2023 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### **Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1**

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### **Reference to the Conceptual Framework: Amendments to IFRS 3**

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### **Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9**

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations (continued)

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### **Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16**

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### **Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37**

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### **Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41**

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets.

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2022 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4**

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7**

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations (continued)

#### Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

#### COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2021 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 01 June 2020.

The company expects to adopt the amendment for the first time in the 2021 annual financial statements.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula

2020 2019

### 3. Property, plant and equipment

	2020			2019		
	Cost/ Revaluation	Accumulated depreciation	Carrying value	Cost/ Revaluation	Accumulated depreciation	Carrying value
Land	13 100 000	-	13 100 000	12 680 000	-	12 680 000
Furniture and fixtures	330 584	(258 995)	71 589	330 584	(234 576)	96 008
Motor vehicles	1 404 511	(1 362 699)	41 812	1 404 511	(1 362 699)	41 812
Office equipment	196 274	(181 946)	14 328	196 274	(171 935)	24 339
IT equipment	715 444	(527 713)	187 731	528 882	(509 390)	19 492
<b>Total</b>	<b>15 746 813</b>	<b>(2 331 353)</b>	<b>13 415 460</b>	<b>15 140 251</b>	<b>(2 278 600)</b>	<b>12 861 651</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Revaluations	Depreciation	Total
Land	12 680 000	-	420 000	-	13 100 000
Furniture and fixtures	96 008	-	-	(24 419)	71 589
Motor vehicles	41 812	-	-	-	41 812
Office equipment	24 339	-	-	(10 011)	14 328
IT equipment	19 492	186 562	-	(18 323)	187 731
	<b>12 861 651</b>	<b>186 562</b>	<b>420 000</b>	<b>(52 753)</b>	<b>13 415 460</b>

#### 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
	<b>12 539 663</b>	<b>430 000</b>	<b>(108 012)</b>	<b>12 861 651</b>

#### Revaluations

The committee'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 Friday, 16 April 2021 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 23 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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# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula	2020	2019
<b>3. Property, plant and equipment (continued)</b>		
<b>Details of properties</b>		
<b>Lot 38801 Block 6, Gaborone</b>		
- Purchase price: 1 December 2005	817 696	817 696
- Revaluation	12 282 304	11 432 304
	<b>13 100 000</b>	<b>12 250 000</b>
The property is a vacant plot with no development in it at Block 6, Gaborone opposite the police station and behind a shopping complex		
<b>4. Right-of-use asset</b>		
The Committee leases buildings. The average lease term is 3 years (2019: 3 years).		
Details pertaining to leasing arrangements, where the Committee is lessee are presented below:		
<b>Net carrying amounts of right-of-use assets</b>		
The carrying amounts of right-of-use assets are included in the following line items:		
Buildings	334 117	668 233
<b>Additions to right-of-use assets</b>		
Buildings	-	1 002 350
<b>Depreciation recognised on right-of-use assets</b>		
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 13), as well as depreciation which has been capitalised to the cost of other assets.		
Buildings	334 117	334 117
<b>Other disclosures</b>		
Interest expense on lease liabilities	51 354	72 847
Expenses on short term leases included in operating expenses	245 229	37 375
<b>Lease liabilities</b>		
The maturity analysis of lease liabilities is as follows:		
Within one year	444 875	423 691
Two to five years	-	444 875
	444 875	868 566
Less finance charges component	(27 152)	(78 506)
	<b>417 723</b>	<b>790 060</b>
Non-current liabilities	-	417 723
Current liabilities	417 723	372 337
	<b>417 723</b>	<b>790 060</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula	2020	2019
<b>5. Receivables and prepayments</b>		
Receivables from Botswana Government (MYSC)	-	2 578 055
Other receivable	7 776	-
<b>Non-financial instruments:</b>		
Employee costs in advance	54 805	174 432
Prepayments	152 836	148 921
<b>Total trade and other receivables</b>	<b>215 417</b>	<b>2 901 408</b>
<b>Split between non-current and current portions</b>		
Current assets	215 417	2 901 408

Included in the receivable from government in prior year 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	7 776	1 118 134
Non-financial instruments	207 641	434 601
	<b>215 417</b>	<b>1 552 735</b>

### 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 committee'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:

	2020	2020	2019	2019
<b>Expected credit loss rate:</b>				
31 - 60 days past due: 0% (2019: 0%)				
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
	-	-	2 578 055	-

### Fair value of trade and other receivables

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

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula

	2020	2019
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### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	119
Bank balances	7 482 602	460 670
	<b>7 482 602</b>	<b>460 789</b>

### 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. Lease liabilities

#### Minimum lease payments due

- within one year	444 875	423 691
- in second to fifth year inclusive	-	444 875
	<b>444 875</b>	<b>868 566</b>
less: future finance charges	(27 152)	(78 506)
<b>Present value of minimum lease payments</b>	<b>417 723</b>	<b>790 060</b>

#### Present value of minimum lease payments due

- within one year	417 723	-
- in second to fifth year inclusive	-	-
	<b>417 723</b>	<b>-</b>

Non-current liabilities

Current liabilities	-	417 723
	417 723	372 337
	<b>417 723</b>	<b>790 060</b>

### 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

#### Financial instruments:

Other payables	676 432	1 492 706
Accruals	1 310 885	349 301

#### Non-financial instruments:

Employee benefits	160 572	922 872
	<b>2 147 889</b>	<b>2 764 879</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula	2020	2019
<b>9. Other payables (continued)</b>		
<b>Employee benefits</b>		
<b>Gratuity benefits</b>		
Balance at the beginning of the year	675 691	1 737 803
Payments during the year	(1 066 442)	(1 860 812)
Charge to income statement	458 121	798 700
<b>Balance at the end of the year</b>	<b>67 370</b>	<b>675 691</b>
<b>Leave pay movement</b>		
Balance at the beginning of the year	247 181	353 941
Payments during the year	(325 157)	(398 644)
Charge to the income statement	132 279	291 884
<b>Balance at the end of the year</b>	<b>54 303</b>	<b>247 181</b>
<b>Fair value of trade and other payables</b>		
The fair value of other payables approximates their carrying amounts.		
<b>10. Deferred Grants</b>		
Deferred income relates to income from Government of Botswana grants, International Olympic Committee and member subscriptions which do not qualify to be recognised as income during the period received.		
<b>Deferred income</b>		
IOC programs	2 204 697	-
Anti Doping	-	348 000
MYSC -outdoor facility	2 463	2 463
Commonwealth	57 564	-
Government grant	7 217 575	1 000 000
	<b>9 482 299</b>	<b>1 350 463</b>
<b>Movement in deferred income</b>		
Opening balance	1 350 463	1 719 341
Additions	19 606 525	11 140 130
Utilisation during the year	(11 474 689)	(11 509 008)
	<b>9 482 299</b>	<b>1 350 463</b>
<b>11. Revenue</b>		
<b>Grants, subsidies and subscriptions</b>		
Government grants	10 450 080	8 129 770
IOC - Olympic solidarity programmes	1 462 779	2 145 923
IOC - Other grants	656 082	2 159 987
IOC - Admin subsidy and marketing	482 614	783 915
Commonwealth Games Federation	-	64 980
Subscription	4 000	3 000
Sponsorship	10 000	51 193
ANOCA	-	102 383
	<b>13 065 555</b>	<b>13 441 151</b>
<b>12. Other operating income</b>		
Reimbursements and other income	11 390	308 959

**Botswana National Olympic Committee**  
Annual Financial Statements for the year ended 31 December 2020

**Notes to the Annual Financial Statements**

Figures in Pula 2020                      2019

**13. Operating profit (loss)**

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

**Auditor's remuneration - external**  
Audit fees 89 752                      106 164

**Employee costs**

Salaries and wages 2 820 089                      4 257 540  
Short term benefits 1 420 667                      1 994 556  
**Total employee costs** **4 240 756                      6 252 096**

**Leases**

Short term leases 245 229                      37 375  
**Total lease expenses** **245 229                      37 375**

**Depreciation and amortisation**

Depreciation of property, plant and equipment 52 753                      108 012  
Depreciation of right-of-use assets 334 117                      334 117  
**Total depreciation and amortisation** **386 870                      442 129**

**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 4 240 756                      6 252 096  
Lease expenses 245 229                      37 375  
Depreciation, amortisation and impairment 386 870                      442 129  
Other expenses 11 159 705                      7 634 955  
**16 032 560                      14 366 555**

**14. Finance income**

**Interest income**

**Investments in financial assets:**

Gratuity fund - Africa 53 Provident Fund 746                      35 338

**15. Finance costs**

Lease liabilities 51 354                      72 847  
Other interest paid 774                      -  
**Total finance costs** **52 128                      72 847**

**16. 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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula 2020 2019

### 17. Other comprehensive income

#### Components of other comprehensive income - 2020

	Gross	Tax	Net
<b>Items that will not be reclassified to profit (loss)</b>			
<b>Movements on revaluation</b>			
Gains on revaluation of land	420 000	-	420 000

#### Components of other comprehensive income - 2019

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

### 18. Cash generated from/(used in) operations

Loss before taxation		(3 006 997)	(653 954)
<b>Adjustments for:</b>			
Depreciation and amortisation		386 870	442 129
Interest income		(746)	(35 338)
Finance costs		52 128	72 847
Adoption of IFRS 16		-	(118 375)
<b>Changes in working capital:</b>			
Receivables and prepayments		2 685 991	(1 348 673)
Other payables		(616 988)	(499 614)
Deferred Grants		8 131 836	(368 878)
		<b>7 632 094</b>	<b>(2 509 856)</b>

### 19. Changes in liabilities arising from financing activities

#### Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	Finance cost	Adoption of IFRS 16	Total repayment including interest	Closing balance
Lease liabilities	790 060	51 354	-	(423 691)	417 723
	<b>790 060</b>	<b>51 354</b>	<b>-</b>	<b>(423 691)</b>	<b>417 723</b>
<b>Liabilities from financing activities</b>	<b>790 060</b>	<b>51 354</b>	<b>-</b>	<b>(423 691)</b>	<b>417 723</b>

#### Reconciliation of liabilities arising from financing activities - 2019

	Opening balance	Finance cost	Adoption of IFRS 16	Total repayment including interest	Closing balance
Lease liabilities	-	72 847	1 002 350	(285 137)	790 060
	<b>-</b>	<b>72 847</b>	<b>1 002 350</b>	<b>(285 137)</b>	<b>790 060</b>
<b>Liabilities from financing activities</b>	<b>-</b>	<b>72 847</b>	<b>1 002 350</b>	<b>(285 137)</b>	<b>790 060</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula	2020	2019
<b>20. Contingencies</b>		
There were no contingent liabilities as of year end.		
<b>21. Related parties</b>		
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	Acting CEO and Corporate Services Manager - M Phatshwane	
	Acting CEO and Programmes Manager - W Motswetla	
	Communications and Marketing Manager - L Ramokate	
	Human Resources and Admin Manager - D Motlalekgosi	
<b>Related party balances</b>		
<b>Capital grant receivable at year end</b>		
Government of Botswana	-	1 000 000
<b>Deferred income</b>		
Government of Botswana	7 217 575	1 000 000
International Olympic Committee	2 204 697	-
	<b>9 422 272</b>	<b>1 000 000</b>
<b>Grant Payable</b>		
Government of Botswana	1 042 829	1 042 829
<b>Related party transactions</b>		
<b>Grant Income</b>		
Government of Botswana	10 450 080	8 129 770
International Olympic Committee	2 601 475	5 089 825
	<b>13 051 555</b>	<b>13 219 595</b>
<b>Compensation paid to key personnel</b>		
Board fees	156 707	177 720
Compensation paid to executive management	2 854 975	1 782 587
	<b>3 011 682</b>	<b>1 960 307</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

### 22. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

##### 2020

	Note	Amortised cost	Total	Fair value
Trade and other receivables	5	7 776	7 776	7 776
Cash and cash equivalents	6	7 482 602	7 482 602	7 482 602
		<b>7 490 378</b>	<b>7 490 378</b>	<b>7 490 378</b>

##### 2019

	Note	Amortised cost	Total	Fair value
Trade and other receivables	5	2 578 055	2 578 055	2 578 055
Cash and cash equivalents	6	460 789	460 789	460 789
		<b>3 038 844</b>	<b>3 038 844</b>	<b>3 038 844</b>

#### Categories of financial liabilities

##### 2020

	Note	Amortised cost	Total	Fair value
Trade and other payables	9	1 987 317	1 987 317	1 987 317
Finance lease obligations	4&7	417 723	417 723	417 723
		<b>2 405 040</b>	<b>2 405 040</b>	<b>2 405 040</b>

##### 2019

	Note	Amortised cost	Total	Fair value
Trade and other payables	9	1 842 007	1 842 007	1 842 007
Finance lease obligations	4&7	790 060	790 060	790 060
		<b>2 632 067</b>	<b>2 632 067</b>	<b>2 632 067</b>



# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

Figures in Pula

2020

2019

### 22. 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 stakeholders.

#### 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:

		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Receivables	5	7 776	-	7 776	2 578 055	-	2 578 055
Cash and cash equivalents	6	7 482 602	-	7 482 602	460 789	-	460 789
		<b>7 490 378</b>	<b>-</b>	<b>7 490 378</b>	<b>3 038 844</b>	<b>-</b>	<b>3 038 844</b>

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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

### 22. 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.

#### 2020

		Less than 1 year	Total	Carrying amount
<b>Current liabilities</b>				
Trade and other payables	7	1 987 317	1 987 317	1 987 317
Lease liabilities	7	372 337	372 337	417 723

#### 2019

		Less than 1 year	Over 1 year	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	7	-	417 723	417 723	417 723
<b>Current liabilities</b>					
Trade and other payables	9	1 842 007	-	1 842 007	1 842 002
Lease liabilities	7	372 337	-	372 337	372 337
		<b>2 214 344</b>	<b>417 723</b>	<b>2 632 067</b>	<b>2 632 062</b>

#### 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.

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

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

### 23. 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

Level 3

#### Recurring fair value measurements

##### Assets

	Note(s)		
Property, plant and equipment	3		
Land		13 100 000	12 680 000
<b>Total</b>		<b>13 100 000</b>	<b>12 680 000</b>

#### Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
<b>2020</b>				
<b>Assets</b>				
Property, plant and equipment	3			
Land		12 680 000	420 000	13 100 000
<b>Total</b>		<b>12 680 000</b>	<b>420 000</b>	<b>13 100 000</b>

#### 2019

##### Assets

	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
Property, plant and equipment	3			
Land		12 250 000	430 000	12 680 000
<b>Total</b>		<b>12 250 000</b>	<b>430 000</b>	<b>12 680 000</b>

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

##### Leasehold land

The effective date of the revaluations of land was 16 April 2021. Revaluations were performed by independent valuer, Mr Maje C Maje (B.Sc Hons), of Apex Properties at P13 100 000 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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Annual Financial Statements

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### 24. Going concern

We draw attention to the fact that at 31 December 2020, the committee had accumulated deficit of P 3 925 448 (2019: P 918 454) and that the committee's current liabilities exceed its current assets by P 5 028 855 (2019: P 2168 311). Furthermore, the committee incurred a loss of P 3 044 934 (2019: 653 954).

The effects of COVID 19 pandemic adversely affected operations of the Committee in the current year where sporting activities were limited due to preventative measures put in place by Botswana Government. The Committee also, did not receive subvention for third and fourth quarter amounting to P3million.

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.

These conditions give rise to a material uncertainty which may cast significant doubt about the committee's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal 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.

### 25. 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.

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Detailed Income Statement

Figures in Pula	Note(s)	2020	2019
<b>Revenue</b>			
Government Grants		10 450 080	8 129 770
IOC - Olympic solidarity programmes		1 462 779	2 145 923
IOC - Other grants		656 082	2 159 987
IOC - Admin subsidy and marketing		482 614	783 915
ANOCA		-	102 383
Commonwealth Games Federation		-	64 980
Subscriptions		4 000	3 000
Sponsorships		10 000	51 193
	11	<b>13 065 555</b>	<b>13 441 151</b>
<b>Other operating income</b>			
Other income		11 390	308 959
<b>Expenses (Refer to page 37)</b>		<b>(16 032 560)</b>	<b>(14 366 555)</b>
<b>Operating loss</b>	13	<b>(2 955 615)</b>	<b>(616 445)</b>
Finance income	14	746	35 338
Finance costs	15	(52 128)	(72 847)
<b>Loss for the year</b>		<b>(3 006 997)</b>	<b>(653 954)</b>

# Botswana National Olympic Committee

Annual Financial Statements for the year ended 31 December 2020

## Detailed Income Statement

Figures in Pula	Note(s)	2020	2019
<b>Other operating expenses</b>			
ANOCA Covid-19 relief		(9 709)	-
Accounting fees		(56 003)	(30 802)
Advertising		(46 759)	-
Anti Doping		(522 641)	(53 125)
Auditors remuneration - external auditors	13	(89 752)	(106 164)
Bank charges		(18 912)	(16 465)
Board member allowance		(107 633)	(105 300)
CGF funding games preparation		-	(4 970)
Cleaning		(41 313)	(30 360)
Conferences and meetings		(273 480)	(507 079)
Depreciation and amortisation		(386 870)	(442 129)
Donations		-	(1 900)
Electricity and water expenses		(166 096)	(123 049)
Employee costs		(4 240 756)	(6 252 096)
Event: games, courses and others		-	(216 066)
Games		(2 725 937)	(2 240 355)
Staff welfare expenses		(194 921)	(49 236)
Gold Coast games		-	(73 051)
IOC Solidarity programmes		(350 317)	(2 214 268)
IT expenses		(154 385)	(90 791)
Insurance		(49 955)	(133 481)
Lease rentals on operating lease		(245 229)	(37 375)
Legal and resources		(80 156)	-
Motor vehicle expenses		(44 282)	(183 759)
Per Diem and allowances : games, courses and others		(97 931)	(418 839)
Preparation, game period and post game expenses		(4 740 479)	-
Printing and stationery		(2 300)	(97 174)
Scholarship and membership fees		(662 976)	-
Security		(16 743)	(13 008)
Seminars, hospitality and general assembly expenses		(190 226)	-
Subscriptions		(34 234)	(55 657)
Telephone and fax		(135 798)	(235 999)
Training		(93 077)	(4 832)
Travel		(253 690)	(629 225)
		<b>(16 032 560)</b>	<b>(14 366 555)</b>