

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016**

BOTSWANA NATIONAL OLYMPIC COMMITTEE

ANNUAL FINANCIAL STATEMENTS for the year ended 31 December 2016

COMMITTEE INFORMATION

Domicile and operation:

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

Postal address:

Private Bag 00180
Gaborone

Auditors:

PricewaterhouseCoopers
Gaborone

Bankers:

First National Bank of Botswana Limited

CONTENTS

Page

Statement of responsibility by the Board	2
Report of the independent auditors	3 – 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in funds	8
Statement of cash flows	9
Significant accounting policies	10-19
Financial risk management	20-22
Critical accounting estimates and judgments	23
Notes to the financial statements	24 – 31
Detailed income statement	Annexure I
Notes to the detailed income statement	Annexure II

BOTSWANA NATIONAL OLYMPIC COMMITTEE

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016**

STATEMENT OF RESPONSIBILITY OF THE BOARD

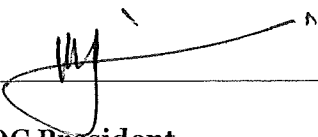
The Board of Botswana National Olympic Committee (“Committee”) is responsible for the annual financial statements and all other information presented therewith. Its responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance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

The Committee maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Committee assets. The Board of Directors is also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control and places considerable importance on maintaining a strong control environment. To enable the Board of Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards includes 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. The focus of risk management in the Committee is on identifying, assessing, managing and monitoring all forms of known risks 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 within predetermined procedures and constraints. Nothing has come to the attention of the Board of Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The ‘going concern’ basis has been adopted in preparing the annual financial statements. The Board of Directors have reviewed the net asset position of the Committee as at 31 December 2016 and cash flow forecast and, in light of this review, they are satisfied that the Committee has adequate resources to continue in operational existence for a foreseeable future. The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Independent auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. The independent auditors have unrestricted access to the Board of Directors.

The financial statements of Botswana National Olympic Committee set out on pages 6 to 31 were authorised for issue by the Board of Directors on the -----, and are certified by them to the best of their knowledge to be true and fair, and are signed on their behalf by:



BNOC President
Mr Negroes Kgosietsile

31 MAR 2017



Chief Executive Officer
Mr Tuelo D Serufho



Independent auditor's report

To the Board of Directors Botswana National Olympic Committee

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana National Olympic Committee as at 31 December 2016, and its financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Botswana National Olympic Committee's financial statements set out on pages 6 to 31 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Committee in accordance with the Botswana Institute of Chartered Accountants code of ethics (BICA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. The BICA Code is consistent with the Code of Ethics for Professional Accountants (Parts A and B) set by the International Federation of Accountants.



Other information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 December 2016 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors 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 directors either intend to liquidate the Committee or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Committee'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.


Individual practicing member: Butler Phirie

05 APR 2017
Gaborone

Registration number: 19900312

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	2016 P	2015
Income			
Grants, subsidies and subscriptions		20,554,293	13,639,037
Other operating income		1,381,804	241,374
Administrative expenses		<u>(20,861,384)</u>	<u>(13,536,398)</u>
Operating surplus	5	1,074,713	344,013
Finance income	7	<u>113,484</u>	<u>9,548</u>
Surplus before income tax		1,188,197	353,561
Income tax expense	8	<u>-</u>	<u>-</u>
Surplus for the year		1,188,197	353,561
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,188,197</u></u>	<u><u>353,561</u></u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	2016 P	2015 P
ASSETS			
Non-current assets			
Property, plant and equipment	9	12,819,361	1,508,612
Current assets			
Receivables and prepayments	10	1,579,908	261,615
Cash and cash equivalents	14	1,550,996	7,728,672
Investment in debt and equity securities	13	1,654,976	1,175,466
		<u>4,785,880</u>	<u>9,165,753</u>
Total assets		<u><u>17,605,241</u></u>	<u><u>10,674,365</u></u>
FUNDS AND LIABILITIES			
Capital and reserves			
Accumulated funds		896,631	(291,566)
Buildings fund	17	500,000	500,000
Capital grants	17	542,829	542,829
Revaluation Surplus		11,382,304	-
		<u>13,321,764</u>	<u>751,263</u>
Current liabilities			
Trade and other payables	15	3,033,477	1,940,482
Deferred revenue	16	1,250,000	7,982,620
		<u>4,283,477</u>	<u>9,923,102</u>
Total funds and liabilities		<u><u>17,605,241</u></u>	<u><u>10,674,365</u></u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2016

	Accumulated funds	Revaluation surplus	Building fund	Capital grants	Total
	P	P	P	P	P
Balance at 1 January 2015	(645,127)	-	500,000	542,829	397,702
Comprehensive income					
Total comprehensive income for the year	353,561	-	-	-	353,561
Balance at 31 December 2015	(291,566)	-	500,000	542,829	751,263
Balance at 1 January 2016	(291,566)	-	500,000	542,829	751,263
Comprehensive income					
Total comprehensive income for the year	1,188,197	-	-	-	1,188,197
Other comprehensive income					
Revaluation of property, plant and equipment	-	11,382,304	-	-	11,382,304
Balance at 31 December 2016	896,631	11,382,304	500,000	542,829	13,321,764

BOTSWANA NATIONAL OLYMPIC COMMITTEE

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	2016 P	2015 P
Cash flows from operating activities			
Cash generated from / (used in) operations	19	<u>(7,444,030)</u>	<u>(604,790)</u>
Net cash generated from / (used in) operating activities		<u>(7,444,030)</u>	<u>(604,790)</u>
Cash flows from investing activities			
Interest income	7	113,484	9,548
Proceeds from disposal of property, plant and equipment		181,832	12,048
Purchase of property, plant and equipment	9	<u>(278,962)</u>	<u>-</u>
Net cash generated from / (used in) investing activities		<u>16,354</u>	<u>21,596</u>
Cash flows from financing activities			
Rio games grant received in advance	16	-	7,182,620
Government grants received in advance	16	<u>1,250,000</u>	<u>800,000</u>
Net cash generated from financing activities		<u>1,250,000</u>	<u>7,982,620</u>
Net change in cash and cash equivalents		<u>(6,177,676)</u>	<u>7,399,426</u>
Cash and cash equivalents at beginning of year		<u>7,728,672</u>	<u>329,246</u>
Cash and cash equivalents at end of year	14	<u><u>1,550,996</u></u>	<u><u>7,728,672</u></u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS for the ended 31 December 2016

1 General information

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

The financial statements set out on pages 6 to 31 have been approved by the Board on 31 March 2017.

2 Principal accounting policies

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

2.1 Basis of preparation

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

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

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

2.1.1 Adoption of standards in the current financial year

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

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

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

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

- IFRS 9 – Financial Instruments (2010) – This IFRS is part of the IASB’s project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, ‘Financial instruments’ to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, ‘Financial instruments: Recognition and measurement’, without change, except for financial liabilities that are designated at fair value through profit or loss (effective from 1 January 2018).
- IFRS 15 – Revenue from contracts with customers- The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer (effective from 1 January 2018).
- Amendment to IAS 7, ‘Statement of Cash flows’ - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity’s debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities (effective from 1 January 2017).
- Amendment to IFRS 9, ‘Financial instruments’, on general hedge accounting - The IASB has amended IFRS 9 to align hedge accounting more closely with an entity’s risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: The own credit risk requirements for financial liabilities, Classification and measurement (C&M) requirements for financial assets, C&M requirements for financial assets and financial liabilities, The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9 (effective from 1 January 2018).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

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

- IFRS 16, 'Leases' - After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' (effective from 1 January 2016).

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

- IFRS 14- The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body (effective from 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets (Postponed) – The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures (effective from 1 January 2016)

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

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

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption - The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries (effective from 1 January 2016).
- Amendment to IAS 19 regarding defined benefit plan - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions (effective from 1 January 2016).
- IFRS 7 – Financial Instruments; Disclosures- Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report (effective from 1 January 2016).
- IFRS 7 – Financial Instruments; Disclosures Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required (effective from 1 January 2016).
- IAS 34 – Interim Financial Reporting- Disclosure of information 'elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete (effective from 1 January 2016).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

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

- Amendment to IAS 16,'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortization- In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset (effective from 1 January 2016).
- IFRS 5- Non-current Assets Held for Sale and Discontinued Operations- This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification (effective from 1 January 2016)

2.2 Property, plant and equipment

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2.3)

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

2.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

2.4 Financial assets

2.4.1 Classification

The Committee classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Committee's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

(c) Available-for-sale financial assets

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

2.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Committee commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

Financial assets (Continued)

are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Committee has transferred substantially all risks and rewards of ownership. Available-for-sale financial

assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

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

2.4.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4.4 Impairment of financial assets

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

2.5 Receivables and prepayments

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

2.6 Cash and cash equivalents

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

2.7 Leases

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

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

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

2.8 Trade and other payables

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

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

2.9 Provisions

Provisions claims are recognised when the Committee has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **for the year ended 31 December 2016**

2.10 Employee benefits

All employees are on a 5 year contract and are paid gratuity at the end of contract at 25% of gross remuneration earned during the period of the contract. As part of its capital management process, the Committee has invested into Africa Fifty Three Provident Fund in a bid to earn investment returns for its employees on contract. Gratuity and leave payment benefits are paid from this investment vehicle.

The Africa Fifty Three Provident Fund is the first umbrella provident fund to be registered and approved in Botswana. It is registered, approved and regulated by the Non Bank Financial Institutions Regulatory Authority (NBFIRA) and Botswana Unified Revenue Service (BURS). The fund offers organisations, provident funds, and individuals the opportunity to collectively save for short term projects, retirement funds, and severance or gratuity benefits. The Africa Three Provident Fund offers the same rate and same fees to all the participating members.

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

2.11 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Such monetary assets and liabilities are translated at the exchange rates prevailing at the year end.

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

2.12 Revenue recognition

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

Revenue recognition (Continued)

2.12.1 Grants

Government grants are assistance by Government, International Olympic Committee and Commonwealth Games Federation in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the Committee.

Grants relating to the acquisition of property, plant and equipment are recorded at fair value where there is a reasonable assurance that the grant will be received and the Committee will comply with all attached conditions by recognising both the asset and the grant in the capital reserve. The amortisation of the grant is credited to the statement of comprehensive income and the related depreciation is deducted from the cost of the asset in determining the carrying amount of the asset.

Operating grants are recognised in the statement of comprehensive income in the period in which the related expenditure is incurred. Grants received for which the related project have not commenced are included in current liabilities as deferred income.

Grants from the Government are recognised at their fair value. Grants relating to the acquisition of property, plant and equipment are recorded at fair value by recognising both the asset and the grant in the capital reserve.

2.12.2 Other income

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

2.12.3 Interest income

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

2.12.4 Donations

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

2.12.5 Subsidies

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

2.12.6 Subscriptions

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

3 Financial risk management

3.1 Financial risk factors

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

(I) Market risk

(a) Foreign currency risk

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

(b) Cash flow and fair value interest rate risk

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

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

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

At 31 December 2016, if interest rates on interest-bearing assets had been 0.5% higher/lower with all other variables held constant, surplus for the year would have been P160,299 (2015: P444 797) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(c) Other price risk

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

(II) Credit risk

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

The credit quality of financial assets is disclosed in Note 18.2

(III) Liquidity risk

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

Surplus cash is invested in interest bearing current accounts, time deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Committee held money call deposit Committees of P1, 550,996 (2015: P 7,720,476) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Committee's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2016 P	2015 P
Trade and other payables (Note 15) (excluding statutory liabilities)	3 033 477	1 940 482

3.1 Capital risk management

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

3.2 Fair value estimation of financial instruments

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Committee's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

(a) Property, plant and equipment

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

(b) Impairment of receivables

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

5 Operating surplus / (deficit)

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

	2016	2015
	P	P
Depreciation on property, plant and equipment (Note 9)	234,022	332,906
Auditors' remuneration - Current year	73,640	60,000
- Previous year underprovision	-	10,000
Rent and rates	319,155	327,844
Staff costs (Note 6)	5,248,847	4,915,886
6 Staff costs	2016	2015
	P	P
Salaries and wages	3,266,509	2,875,778
Medical aid	245,874	184,360
Leave pay and other retirement benefits	1,163,234	1,319,793
Paye	553,627	496,955
Staff rewards	19,603	39,000
	<u>5,248,847</u>	<u>4,915,886</u>
7 Finance income	2016	2015
	P	P
Finance income		
- Interest income on call account	<u>113,484</u>	<u>9,548</u>

8 Income tax expenses

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

Property, plant and equipment

9	Land P	Furniture and fittings P	Office equipment P	Motor vehicles P	Computer equipment P	Total P
At 01 January 2015						
Cost	817,696	384,837	199,675	1,475,701	564,049	3,441,958
Accumulated depreciation	-	(145,658)	(106,070)	(978,717)	(363,201)	(1,593,646)
Net book amount	817,696	239,179	93,605	496,984	200,848	1,848,312
Year ended 31 December 2015						
Opening net book value	817,696	239,179	93,605	496,984	200,848	1,848,312
Disposal	-	(61,365)	(4,950)	-	(72,760)	(139,075)
Depreciation charge	-	(27,579)	(13,226)	(186,189)	(105,912)	(332,906)
Depreciation on disposal	-	57,447	3,712	-	71,122	132,281
Closing net book amount	817,696	207,682	79,141	310,795	93,298	1,508,612
At 31 December 2015						
Cost	817,696	323,472	194,725	1,475,701	491,289	3,302,883
Accumulated depreciation	-	(115,790)	(115,584)	(1,164,906)	(397,991)	(1,794,271)
Net book amount	817,696	207,682	79,141	310,795	93,298	1,508,612
Year ended 31 December 2016						
Opening net book value	817,696	207,682	79,141	310,795	93,298	1,508,612
Additions	-	-	1,549	231,626	45,787	278,962
Revaluation	11,382,304	-	-	-	-	11,382,304
Disposal	-	-	-	(302,816)	(32,939)	(335,755)
Depreciation charge	-	(32,326)	(19,441)	(124,320)	(57,935)	(234,022)
Depreciation on disposal	-	-	-	203,718	15,542	219,260
Closing net book amount	12,200,000	175,356	61,249	319,003	63,753	12,819,361
At 31 December 2016						
Cost	12,200,000	323,472	196,274	1,404,511	504,137	14,628,394
Accumulated depreciation	-	(148,116)	(135,025)	(1,085,508)	(440,384)	(1,809,033)
Net book amount	12,200,000	175,356	61,249	319,003	63,753	12,819,361

Revaluation

During the year the Management of the Committee engaged an Independent valuer to perform valuation of the land. The revaluation was performed by Mr Maje C Maje of Cribs (Pty) t/a Apex Properties. Mr Maje is a registered and active member of the Real Estates Institute of Botswana. The valuers used a direct comparable sales technique, the Replacement value method to determine the residual values of the assets. At reporting date, management did not carry out a further review of the residual values and useful lives of property plant and equipment as there had not been a change in the market conditions that could affect the residual values and useful lives of assets. The residual values and useful lives that were attached to the assets during the year were deemed appropriate at reporting date.

Description of revalued property

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

10 Receivables and prepayments	Note	2016 P	2015
Receivables from Botswana Government (MYSC)	10.1	1,257,130	7,130
Receivables from other funders	10.2	421,994	16,663
Provision for impairment		(557,859)	-
		<u>1,121,265</u>	<u>23,793</u>
Other receivables		193,017	4,185
Deposits		127,362	206,558
Prepayments		138,264	35,275
		<u><u>1,579,908</u></u>	<u><u>269,811</u></u>

10.1 Receivables from Botswana Government (MYSC)

This is a balance receivable from Ministry of Youth, Sports and Culture (MYSC), which has not been disbursed to Botswana National Sports Council (BNSC) on behalf of the Committee. It represents the last quarter subvention as per the Government cycle.

10.2 Receivables from other funders

The

The fair values of receivables approximate their carrying value.

The carrying amount of other receivable are denominated in Botswana Pula.

As of 31 December 2016, trade receivables of P 1,193,017 (2015: P0) were fully performing.

Trade receivables that are less than three months past due are not considered as impaired. As of 31 December 2016, receivables of P557,859 (2015: P 269,811) were past due but not impaired. These relate to mother bodies being MYSC & BNSC for whom there is no history of default. The aging analysis of these trade receivables is as follows:

	2016 P	2015 P
Up to 1 months	1,188,832	-
Up to 2 months	-	-
Up to 3 months	233,069	-
Above 3 months	557,859	269,811
	<u><u>1,979,760</u></u>	<u><u>269,811</u></u>

The maximum exposure to credit risk at the reporting date is the carrying value of other receivables mentioned above and is further analysed in Note 18. The committee does not hold any collateral as security.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2016

10.3 Prepayments comprises deposits of rental P35,400 of MVA fund, P35,025 of Devon Investment and P67,839 of insurance.

11 Analysis of financial instruments

11.1 Financial instruments by category

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

	2016 P	2015 P
Loans and receivables		
Other receivables (excludes prepayments) (Note 10)	1,579,908	269,811
Cash and cash equivalents (Note 12)	<u>1,550,996</u>	<u>7,720,476</u>
	<u>3,130,904</u>	<u>9,165,753</u>
Financial liabilities at amortised cost		
Other payables (excludes statutory liabilities) (Note 13)	<u>3,033,477</u>	<u>1,940,482</u>

12 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2016 P	2015 P
Other receivables (Note 10)	<u>1,579,908</u>	<u>269,811</u>
Cash at bank		
First National Bank of Botswana Limited (Note 11)	<u>1,550,996</u>	<u>7,720,476</u>

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

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

	2016 P	2015 P
13 Investment in debt and equity securities		
Gratuity Fund-Africa 53 Provident Fund	1,654,976	1,175,466
	<u>1,654,976</u>	<u>1,175,466</u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

14 Cash and cash equivalents	2016	2015
	P	P
Cash at bank	1,550,850	7,720,240
Cash in hand	146	236
	<u>1,550,996</u>	<u>7,720,476</u>

Cash and cash equivalents are denominated in Botswana Pula.

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

Cash at bank	1,550,850	7,720,240
Cash in hand	146	236
	<u>1,550,996</u>	<u>7,720,476</u>

Cash at bank balance includes short-term call deposits. The effective interest on those deposits ranges between 0.025% - 0.025% (2015 : 0.30% - 0.30%) per annum.

15 Trade and other payables	Note	2016	2015
		P	
Accruals	15.2	666,587	549,379
Other payables	15.3	381,895	475,382
Provisions	15.1	1,984,995	915,721
		<u>3,033,477</u>	<u>1,940,482</u>

15.1 Gratuity movement	2016	2015
	P	P
Balance at the beginning of the year	783,463	471,915
Payments during the year	(93,959)	(917,447)
Charge to income statement	938,196	1,228,995
Balance at the end of the year	<u>1,627,700</u>	<u>783,463</u>

Leave pay movement	2016	2015
	P	P
Balance at the beginning of the year	132,258	158,285
Payments during the year	-	(120,515)
Charge to income statement	225,037	94,488
Balance at the end of the year	<u>357,295</u>	<u>132,258</u>

15.2 Accruals comprise of P357,238 Rio expenses and P309,349 of BNOC and Olympic Solidarity expenses and P73,640 of Audit fee provision

15.3 Other payables comprises P66,190 of Judo games and P314,215 of Botswana African Youth Games Organising Committee (BAYGOC) P1,489 Athletes Incentives-Olympic Team 2012.

Other payables are denominated in Botswana Pula.

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

16	Deferred revenue	2016	2015
		P	
	Rio games grant income received	-	7,182,620
	Government grant received for 2017	1,250,000	800,000
		<u>1,250,000</u>	<u>7,982,620</u>

17 Buildings fund and capital grants

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

Movement		2016	2015
		P	P
	Building fund	<u>500,000</u>	<u>500,000</u>
	Capital grant	<u>542,829</u>	<u>542,829</u>

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

18 Related party transactions and balances

Transactions with related parties was largely compensation paid to key management and subvention income and capital grants received from the Government of Botswana

Key Management

Key management includes directors (executive and non-executive), members of the executive committee and the Board Secretary. The compensation paid or payable to key management for employee services is shown below:

		2016	2015
		P	P
	Board fees	188,765	84,558
	Compesation paid to Executive management	782,628	711,480
		<u>971,393</u>	<u>796,038</u>

Government of Botswana

	Subvention income received from the Government of Botswanan (note 1)		
	Capital grant received in advance (note 14)	1,250,000	7,982,620
	Capital grant received during the year (note 10)	16,032,620	10,381,080
		<u>17,282,620</u>	<u>18,363,700</u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

19 Cash generated from / (used in) operations	2016	2015
	P	P
Operating surplus / (deficit) for the year	1,074,713	344,013
Adjustment for:		
Depreciation on property, plant and equipment (Note 9)	234,022	332,906
- Profit on disposal of property, plant and equipment	(65,337)	(5,254)
- Deferred revenue from the previous year	(7,982,620)	-
Changes in working capital :		
- Receivables and prepayments	(1,797,803)	21,427
- Other payables	1,092,995	(1,297,882)
Cash generated from / (used in) operations	<u>(7,444,030)</u>	<u>(604,790)</u>
20 Expenses by nature	2016	2015
	P	P
Advertising and promotions	24,662	49,963
Anti doping	15,757	17,041
Audit fees	73,640	70,000
Board members allowance	188,765	84,558
Conferences and meetings	388,011	197,566
Consulting and legal fees	-	131,000
Depreciation	234,022	332,906
Events: courses and others	807,871	1,467,349
IOC solidarity programmes	1,597,181	2,188,711
Insurance	65,406	107,127
Motor vehicle expenses	24,743	105,523
Other expenses	1,210,269	558,441
Per Diem and allowances : courses and others	339,335	433,357
Printing and stationery	14,740	93,929
Rent and rates	319,155	327,844
Rio games	9,984,495	1,617,380
Staff costs (Note 6)	5,248,847	4,915,886
Travel and accommodation: courses and others	324,485	837,817
	<u>20,861,384</u>	<u>13,536,398</u>

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

21 Commitments

Capital commitments

There were no capital commitments outstanding as at year end.

Operating lease commitments - where the company is the lessee

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

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

	2016	2015
	P	P
No later than one year	<u>384,300</u>	<u>478,952</u>

22 Contingent liabilities

There were no contingent liabilities as of the year end.

23 Events after the reporting period

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

24 Going concern

The annual financial statements have been prepared on a going concern basis. 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. During the year, Botswana National Olympic Committee made a surplus of P1 188 197 (2015: 353 561). Botswana National Olympic Committee has a positive net asset position of P13 321 764 (2015: P751 263).

BOTSWANA NATIONAL OLYMPIC COMMITTEE
DETAILED INCOME STATEMENT
for the year ended 31 December 2016

	Note	2016 P	2015 P
Income			
Grants, subsidies and subscriptions	1	20,554,293	13,639,037
Other operating income	2	1,381,804	241,374
		21,936,097	13,880,411
Administrative expenses			
Accounting fees		10,236	11,995
Advertising and promotion		24,662	49,963
Anti doping		15,757	17,041
Auditors' remuneration - Current year		73,640	60,000
- Previous year underprovision		-	10,000
Bank charges		48,875	27,495
Board members allowance		188,765	84,558
CGF Funding Games Preparation		206,141	
Computer expenses		13,764	88,338
Conferences and meetings		388,011	197,566
Consulting and legal fees		-	131,000
Depreciation		234,022	332,906
Electricity and water		88,770	83,753
Events: games, courses and others		807,871	1,467,349
General expenses		21,190	155,232
IOC solidarity programmes		1,597,181	2,188,711
Impairment for receivables		557,859	-
Insurance		65,406	107,127
Motor vehicle expenses		24,743	105,523
Per Diem and allowances : courses and others		339,335	433,357
Printing and stationery		14,740	93,929
Rent and rates		319,155	327,844
Salaries and wages		5,248,847	4,915,886
Security expenses		7,145	9,975
Sponsorship and donations		-	1,000
Staff training		152,540	23,691
Subscriptions		6,710	10,743
Telephone and postage		97,039	146,219
Travel and accommodation :courses and others		324,485	837,817
Rio-games		9,984,495	1,617,380
		20,861,384	13,536,398
Finance income		113,484	9,548
Surplus for the year		1,188,197	353,561

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

BOTSWANA NATIONAL OLYMPIC COMMITTEE

NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 December 2016

1 Grants, subsidies and subscriptions	2016	2015
	P	P
Government grants	16,032,620	10,381,080
IOC-Olympic solidarity programmes	2,249,370	1,619,269
IOC-Other grants	1,201,228	767,403
IOC-Admin subsidy and marketing	716,291	587,809
Commonwealth Games Federation	222,300	130,000
ANOCA	126,984	150,476
Subscriptions	5,500	3,000
	<u>20,554,293</u>	<u>13,639,037</u>
2 Other operating income	2016	2015
	P	P
Reimbursements and other income	1,316,466	236,120
Profit on disposal of property, plant and equipment	65,338	5,254
	<u>1,381,804</u>	<u>241,374</u>

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